Mission Beach Community Enterprises Ltd

ABN 15 129 575 560

ANNUAL REPORT 2013

Mission Beach **Community Bank®** Branch

Contents

Chairman’s report

For year ending 30 June 2013

Our **Community Bank®** branch continues to steadily grow despite a stagnant world and local economy. This has occurred in a market of depressed economic growth in the Cassowary Coast region, and record low interest rates prevailing across the continent.

We remain indebted to our former Manager Geoff Beckley who left us in May of this year, our new Manager Evelyn Swarbrick, and our dedicated staff Angela Jackson, Diana Kennedy-Wood and Jodi Hunt. They work tirelessly at the branch and have won a number of customer commendations throughout the year.

I would also like to thank our hard working team of volunteer Directors who continue to ensure compliance with governance issues and our Franchise Agreement with Bendigo and Adelaide Bank, and most importantly take an active role within the community that our branch services.

We are proud to be one of now 300 **Community Bank®** branches in Australia which in total have created 1,800 jobs and over $100 million of new community investment. Alone in the last year we have donated $30,000 in projects assisting the Mission Beach community. Our passion and dedication to the community both within the Board, and the staff of the branch together with our franchise partner Bendigo and Adelaide Bank, ensures that our community will benefit from the growth of the branch.

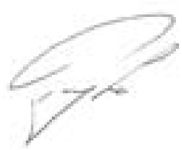
Our total contributions to the community since we opened over five years ago is now over $100,000 and we are very proud of this fact. Significant community contributions include regular sponsorship of the Mission Beach State School Banana Festival, Mission Beach Evolve Festival, Mission Beach Arts Centre, Rotary Park and the proposed Mission Beach Aquatic Facility project.

A community BBQ organised by our branch was attended by the community groups who benefitted from our sponsorship and ensured our close liaison with these groups with a view to continuing our ongoing support of the community at large.

Record low interest rates require an increase in banking business to move us into profitability, the state of which we are very close to at the present time. Our continuing success and contribution to the community will depend on the further expansion of our banking business. We need the support of community members and shareholders, and most importantly their banking business.

The year 2014 and beyond will be an exciting time for our branch. We look forward to rising to the challenge of moving our operation into profitability through an increase in support of the community in which we live and work. The Board is confident that with an improvement in the economy will come a commensurate improvement in the economy of this region and specifically our company. With the subsequent increase in business both our company and the community will benefit.

New businesses and indeed existing businesses recovering from Cyclone Yasi and the expected interruption to tourism and agriculture are now showing signs of confidence and this past tourist season has shown much improved trading within our community which of course, leads to stability in employment for locals, and an upturn in business confidence.



Tony Lee
Chair

Manager's report

For year ending 30 June 2013

I would like to take the opportunity to introduce myself as the new Branch Manager of Mission Beach **Community Bank®** Branch. With having over 25 years experience in banking and residing in Mission Beach, I give my full commitment and experience to my new position along with working with the community. For those I have not met already, I look forward to in the near future.

It is with pleasure to report another successful year for Mission Beach **Community Bank®** Branch in this our 5th year of operation.

During this period the Mission Beach **Community Bank®** Branch with the assistance from Bendigo and Adelaide Bank has returned another $30,000 to the community, which takes our total return to the community over the last five years to over $100,000.

The aftermath of Cyclone Yasi has continued to affect our community, however we have continued to grow and as at 30 June 2013 our total Business exceeded $36.5 million. In an environment where margins on lending and deposits continue to drop, this is considered satisfactory, however has delayed our reaching profitability.

Throughout the year our dedicated staff members and Board of Directors have continued their support of community charities, projects and local functions, such as The Banana Festival, Mission Beach Evolve Festival, Mission Beach Craft Group, Mission Beach Arts, Rotary with their Water Park and many more.

Many thanks to our Board of Directors, shareholders and staff for their continued commitment to the community.

With the support of our Board, staff and our loyal customer base I am confident that our business will continue to grow in this 2013/14 financial year.

Mission Beach **Community Bank®** Branch provides a full range of banking Services, for both personal and business needs, as well as providing access to business specialists. Bendigo and Adelaide Bank in fact now has a dedicated rural Agri-business Manager for this region.

Our operating hours are from 10.00am to 6.00pm Monday to Friday for your convenience.

Evelyn Swarbrick
Branch Manager

Regional Manager's report

For year ending 30 June 2013

I am very pleased to provide you with an update on the progress of Mission Beach **Community Bank®** Branch.

For the 5th year now, the community of Mission Beach and surrounding areas have supported their locally owned **Community Bank®** branch by transferring their business, obtaining new loans and investing in the Mission Beach **Community Bank®** Branch.

We are pleased to announce that we now exceeded $36.5 million of loans and deposit funds, which represents an almost 10 % increase from last financial year. In today's current economic environment, this is considerably good business growth.

We have recently seen a change in management, and welcome Evelyn Swarbrick to the team. Evelyn has in excess of 25 years banking experience and joins the business with much enthusiasm. Living locally, I'm sure the community and local businesses will support Evelyn and her dedicated staff in her new role.

As many of you would be aware, Bendigo Bank formed the **Community Bank®** model over 15 years ago and is now represented in over 300 towns, cities and communities across the nation. We expect to open another 20 branches this financial year. We continue to grow.

It has been through this partnership, the Bendigo **Community Bank®** model and through your efforts, that over $100 million has been contributed to vital community projects and has breathed new life and a greater sense of purposes to many communities.

Each year, the Mission Beach management team and volunteer Board are able to look towards the future, deliberately and strategically planning to ensure the business, our people and your community can continue to be successful and thrive in a rapidly changing world.

Mission Beach **Community Bank®** Branch has played a key role in this milestone, returning more than $100,000 over the past five years to your local community. These grants and sponsorships have made a significant difference to a number of local organisations that many of you and your families are part of. We look forward to continuing to support these groups and others as more people bank with us and we become more successful.

Again, on behalf of Bendigo Bank, the **Community Bank®** company Directors, management and staff, I would like to thank the community for your contribution to the success of the Mission Beach **Community Bank®** Branch. We consider our relationship with our franchise partners to be strong and we look forward to further growth of the business in this financial year.

Sincerely,

Ross Growcott
Regional Manager

Directors' report

For the financial year ended 30 June 2013

Your Directors submit their report 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 are:

Name and position held	Qualifications	Experience and other Directorships
Anthony Trevor Lee Director Board member since October 2011	Solicitor & Mediator	Involved in the Local Marine Advisory Committee; (under GBRMPA); Mission Beach Seabed Watch Inc; the Coast Guard, and is a founding Director of Mission Beach Harbour Pty Ltd. Assoc Lee & Co Solicitors.
Christopher Rodney Norton Director Board member since October 2011	Chartered Accountant	20 years public accounting experience in Australia & England. Specialising in tax and business consulting to primary producers, small & medium size enterprises assisting them with strategies to promote success.
Debbie Lee Brittain Director Board member since February 2008	Masters Health Services Management	27 years in the health industry; owner/operator of local restaurant for 7 years; Secretary of Beachtown Body Corporate Committee 5 years; 7 years real estate experience; currently working as a legal Secretary.
Helen Louise Vasta Director Board member since October 2011	Bachelor Commerce Accounting Major	Worked Commonwealth Bank 13 years; extensive community fundraising; worked for NAB; operates family business as Harvesting Contractors; partner Stewart & Associates Accounting Practice.
Stephen William Oliver Director Appointed August 2012	Travel Agent and Management Consultant	30 year career in travel and tourism throughout the UK, USA & Australian corporate industries. Managed own Consultancy business liaising with senior corporate firms world-wide. Consultation, education & training.
Michelle Louise Dore Director Appointed August 2012	Hairdresser	Opened her own salon at 22 years of age; experience with both Stefan and Headmaster Franchises in England & Australia; family focussed and committed to community growth. Operates her own salon at present.
Jennifer Ann Downs Director Appointed March 2013	Training and Development Specialist HR Qualifications	Over 30 years in Training & Development in various industries in Qld. Completed a four year term with the Cassowary Coast Council as Councillor in 2012. Was founding president of local Business Women's Network.

Directors (continued)

Cosimo Tedesco Director Appointed March 2013	Retired Business Owner	Background in maitenance in various organisations in Australia, specialising in welding & drafting. Started his own business as a steel fabricator in 1974 & expanded across the region
Lynda Mae Hannah Chairperson Board member since April 2009 Resigned November 2012	Masters Health Sciences Degree Education & Special Ed.	Taught for several years; managed WHO accredited injury prevention unit at Royal Childrens Hospital Melb; Manager Business & Community Liaison Dept Roads Transport NSW; Owner of local eco-development Mission Beach.
Patrick Bernard Biddlecombe Director Board member since Feb 2008 Resigned November 2012	Retired Executive Chef	Lived and worked as a chef in 11 countries for International Hotel companies; involved in opening of 5 hotels, including Cairns Hilton; owned restaurant on the Gold Coast; volunteer Meals on Wheels; culinary competition judge.
Richard Thomas Brant Company Secretary Board member since Feb 2008 Resigned November 2012	Behavioual Science Degree	10 years construction, management & design in the building industry; 17 years Commonwealth Counselling, Training, HR; HR consultant private sector; has own business in IT, computer design & systems training.
Karen Maguire Director Board member since October 2010 Resigned November 2012	Bachelor of Teaching	Worked Manchester Social Services 10 years; Kindegarten Director; Child Care Director; School Teacher locally 10 years; Practice Manager of Family Medical Centre in Mission Beach.

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

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

Principal activities

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

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

Review of operations

The (loss) of the company for the financial year after providing for income tax was 44,589. (2012 (loss): $41,186), which is a 8% increase as compared with the previous year.

The company improved its revenue during the year however expenses continued to increase.

The net assets of the company have decreased to $219,624 (2012: $264,213). The decrease is largely due to the increase in the bank overdraft.

Dividends

	Year ended 30 June 2013	
	Cents per share	**$**
Dividends paid in the year (final dividend):	Nil	Nil

Significant changes in the state of affairs

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

Events subsequent to reporting date

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

Remuneration report

Remuneration policy

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

Remuneration benefits and payments

Other than detailed below, 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.

The Mission Beach Community Enterprises Limited has accepted the Bendigo and Adelaide Bank Limited's **Community Bank®** Directors Privileges package. The package is available to all Directors who can elect to avail themselves of the benefits based on their personal banking with the branch. There is no requirement to own Bendigo and Adelaide Bank Limited shares and there is no qualification period to qualify to utilize the benefits. The package mirrors the benefits currently available to Bendigo and Adelaide Bank Limited shareholders. The Directors have estimated the total benefits received from the Directors Privilege Package to be nil for the year ended 30 June 2013.

Indemnifying Officers or Auditor

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

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

Directors' meetings

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

Director	Board meetings*
Debbie Lee Brittain	10 (11)
Christopher Rodney Norton	10 (11)
Helen Louise Vasta	10 (11)
Anthony Trevor Lee	9 (11)
Michelle Louise Dore (appointed August 2012)	9 (11)
Stephen William Oliver (appointed August 2012)	9 (11)
Patrick Bernard Biddlecombe (resigned November 2012)	4 (5)
Richard Thomas Brant (resigned November 2012)	3 (5)
Lynda Mae Hannah (resigned November 2012)	5 (5)
Karen Maguire (resigned November 2012)	1 (5)
Jennifer Ann Downs (appointed March 2013)	4 (4)
Cosimo Tedesco (appointed March 2013)	2 (4)

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

Likely developments

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

Environmental regulations

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

Proceedings on behalf of company

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

Company Secretary

Debbie Lee Brittain has been a Board member since the company's inception. She assumed the role of Company Secretary of Mission Beach Community Enterprises in November 2012. She has completed the requirements for the Low Volume Market Modules, attended an Understanding Financials Workshop, and has completed the AICD course and has experience in both the Government sector and the private sector.

Directors' report (continued)

Non audit services

The Directors in accordance with advice from the audit committee, are satisfied that the provision of non audit services during the year is compatible with the general standard of independence for Auditors imposed by the Corporations Act 2001. The Directors are satisfied that the services disclosed in Note 5 did not compromise the external Auditor's independence for the following reasons:

- all non audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the Auditor; and
- the nature of the services provided does not compromise the general principles relating to Auditor independence in accordance with APES 110 "Code of Ethics for Professional Accountants" set by the Accounting Professional and Ethical Standards Board.

Auditor independence declaration

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

Signed in accordance with a resolution of the Board of Directors at Mission Beach, Queensland on 20 September 2013.

Anthony (Tony) Trevor Lee
Director

Auditor's independence declaration

Richmond
Sinnott &
Delahunty
Chartered Accountants

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

Telephone: (03) 5445 4200
Fax: (03) 5444 4344
Email: rsd@rsdadvisors.com.au

www.rsdadvisors.com.au

Auditor's Independence Declaration under section 307C of the Corporations Act 2001 to the Directors of Mission Beach Community Enterprises Limited

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2013 there has been no contraventions of:

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

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

RICHMOND SINNOTT & DELAHUNTY
Chartered Accountants

Warren Sinnott
Partner
Bendigo
Dated at Bendigo, 20 September 2013

Richmond Sinnott & Delahunty
ABN 60 616 244 309
Liability limited by a scheme approved under Professional Standards Legislation

Partners
Warren Sinnott, Cara Hall, Brett Andrews, Philip Delahunty, Kathie Teasdale, David Richmond

Financial statements

Statement of profit or loss and other comprehensive income for the year ended 30 June 2013

	Notes	2013 $	2012 $
Revenue	2	352,182	336,521
Employee benefits expense	3	(214,985)	(225,677)
Depreciation and amortisation expense	3	(12,724)	(13,485)
Finance costs	3	(7,381)	(2,202)
Bad and doubtful debts expense	3	(10)	(272)
Rental expense		(45,413)	(43,531)
Other expenses		(115,011)	(113,741)
Operating profit/(loss) before charitable donations & sponsorships		**(43,342)**	**(62,387)**
Charitable donations and sponsorships		(21,035)	(832)
Profit/(loss) before income tax expense		**(64,377)**	**(63,219)**
Tax expense / (benefit)	4	(19,788)	(22,033)
Profit/(loss) for the year		**(44,589)**	**(41,186)**
Other comprehensive income		-	-
Total comprehensive income		**(44,589)**	**(41,186)**
Profit/(loss) attributable to:			
Members of the company		(44,589)	(41,186)
Total		**(44,589)**	**(41,186)**

Earnings per share (cents per share)			
- basic for profit / (loss) for the year	22	(5.10)	(4.71)
- diluted for profit / (loss) for the year	22	(5.10)	(4.71)

The accompanying notes form part of these financial statements.

Statement of financial position
as at 30 June 2013

	Notes	2013 $	2012 $
Assets			
Current assets			
Trade and other receivables	7	18,479	16,822
Other current assets	8	6,851	5,321
Total current assets		**25,330**	**22,143**
Non-current assets			
Property, plant and equipment	9	144,960	155,684
Deferred tax asset	4	238,470	218,682
Intangible assets	10	-	2,000
Total non-current assets		**383,430**	**376,366**
Total assets		**408,760**	**398,509**
Liabilities			
Current liabilities			
Bank overdraft	6	173,681	105,128
Trade and other payables	11	11,061	23,190
Provisions	12	4,394	5,978
Total current liabilities		**189,136**	**134,296**
Total liabilities		**189,136**	**134,296**
Net assets		**219,624**	**264,213**
Equity			
Issued capital	13	856,704	856,704
Retained earnings / (accumulated losses)	14	(637,080)	(592,491)
Total equity		**219,624**	**264,213**

The accompanying notes form part of these financial statements.

Statement of changes in equity for the year ended 30 June 2013

	Notes	Issued Capital $	Retained Earnings $	Total Equity $
Balance at 1 July 2011		856,704	(551,305)	305,399
Total comprehensive income for the year		-	(41,186)	(41,186)
Transactions with owners, in their capacity as owners				
Shares issued during the year		-	-	-
Dividends paid or provided	22	-	-	-
Balance at 30 June 2012		**856,704**	**(592,491)**	**264,213**
Balance at 1 July 2012		856,704	(592,491)	264,213
Total comprehensive income for the year		-	(44,589)	(44,589)
Transactions with owners, in their capacity as owners				
Shares issued during the year		-	-	-
Dividends paid or provided	22	-	-	-
Balance at 30 June 2013		**856,704**	**(637,080)**	**219,624**

The accompanying notes form part of these financial statements.

Statement of cash flows for the year ended 30 June 2013

	Notes	2013 $	2012 $
Cash flows from operating activities			
Receipts from clients		350,090	377,286
Payments to suppliers and employees		(411,697)	(428,486)
Dividend revenue received		-	-
Interest paid		(7,381)	(2,202)
Interest received		435	465
Net cash flows from/(used in) operating activities	**15b**	**(68,553)**	**(52,937)**
Cash flows from investing activities			
Purchase of property, plant & equipment		-	(3,706)
Net cash flows from/(used in) investing activities		**-**	**(3,706)**
Cash flows from financing activities			
Dividends paid		-	-
Net cash flows from/(used in) financing activities		**-**	**-**
Net increase/(decrease) in cash held		**(68,553)**	**(56,643)**
Cash and cash equivalents at start of year		(105,128)	(48,485)
Cash and cash equivalents at end of year	**15a**	**(173,681)**	**(105,128)**

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2013

The financial statements and notes represent those of Mission Beach Community Enterprises Limited. Mission Beach Community Enterprises Limited (‘the company’) is a company limited by shares, incorporated and domiciled in Australia.

The financial statements were authorised for issue by the Directors on 20 September 2013.

Note 1. Summary of significant accounting policies

(a) Basis of preparation

The financial statements are general purpose financial statements, that have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) of the Australian Accounting Standards Board and the Corporations Act 2001. The company is a for profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards (IFRS). Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless stated otherwise.

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

(b) 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.

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.

Note 1. Summary of significant accounting policies (continued)

(c) 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:

Class of asset	Depreciation rate
Plant & Equipment	4 - 25%
Fitout Costs	2.5%

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.

(d) Impairment 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.

(e) 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 Australian Taxation Office (ATO). 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 inclusive of the amount of GST receivable or payable.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the Statement of Financial Position. Cash flows are presented on a gross basis.

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

Note 1. Summary of significant accounting policies (continued)

(f) Employee benefits

Provision is made for the company's liability for employee benefits arising from the services rendered by employees to the end of the reporting period. 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. 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. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy any vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows attributable to the employee benefits.

(g) Intangibles

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

(h) Cash

Cash on hand and in banks are stated at nominal value. Bank overdrafts are shown as short term borrowings in current liabilities in the statement of financial position.

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

(i) Revenue

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

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

(j) Receivables and payables

Receivables and payables are non interest bearing and generally have payment terms of between 30 and 90 days. Receivables expected to be collected within 12 months at the end of the reporting period are classified as current assets. 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 and are recognised as a current liability.

(k) New accounting standards and interpretations not yet adopted

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

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

Note 1. Summary of significant accounting policies (continued)

(k) New accounting standards and interpretations not yet adopted (continued)

(i) AASB 9 Financial Instruments (2010), AASB 9 Financial Instruments (2009)

AASB 9 (2009) introduces new requirements for the classification and measurement of financial assets. Under AASB 9 (2009), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. AASB 9 (2010) introduces additions relating to financial liabilities. The IASB currently has an active project that may result in limited amendments to the classification and measurement requirements of AASB 9 and add new requirements to address the impairment of financial assets and hedge accounting.

AASB 9 (2010 and 2009) are effective for annual periods beginning on or after 1 January 2015 with early adoption permitted. The adoption of AASB 9 (2010) is not expected to have an impact on the company's financial assets or financial liabilities.

(ii) AASB 13 Fair Value Measurement (2011)

AASB 13 provides a single source of guidance on how fair value is measured, and replaces the fair value measurement guidance that is currently dispersed throughout Australian Accounting Standards. Subject to limited exceptions, AASB 13 is applied when fair value measurements or disclosures are required or permitted by other AASBs. The company is currently reviewing its methodologies in determining fair values. AASB 13 is effective for annual periods beginning on or after 1 January 2013 with early adoption permitted.

(iii) AASB 119 Employee Benefits (2011)

AASB 119 (2011) changes the definition of short-term and other long-term employee benefits to clarify the distinction between the two. For defined benefit plans, removal of the accounting policy choice for recognition of actuarial gains and losses is not expected to have any impact on the company. However, the company may need to assess the impact of the change in measurement principles of expected return on plan assets. AASB 119 (2011) is effective for annual periods beginning on or after 1 January 2013 with early adoption permitted.

(l) Loans and borrowings

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

(m) Provisions

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

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

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

(n) 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.

(o) Comparative figures

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

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(p) Critical accounting estimates and judgements

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

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

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

<u>Income tax</u>

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

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

(q) Financial instruments

<u>Initial recognition and measurement</u>

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

<u>Classification and subsequent measurement</u>

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

Fair value represents the amount for which an asset would be exchanged or a liability settled, between knowledgeable willing parties. Where available quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are applied to determine the fair value. Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less repayments and any reduction for impairment and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

(i) Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

Note 1. Summary of significant accounting policies (continued)

(q) Financial instruments (continued)

Classification and subsequent measurement (continued)

(ii) Financial liabilities

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

Impairment

At the end of each reporting period, the company assesses whether there is objective evidence that a financial asset has been impaired. A financial asset is deemed to be impaired if and only if, there is objective evidence of impairment as a result of one or more events (a loss event) having occurred, which has an impact on the estimated future cash flows of the financial asset. In the case of financial assets carried at amortised cost, loss events may include indications that the debtor is experiencing significant financial difficulty, default or delinquency in payments, indications that they will enter bankruptcy or other financial reorganisation and changes in arrears or economic conditions that correlate with defaults.

Derecognition of financial instruments

Financial assets are derecognised when the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Note 2. Revenue and other income

	2013 $	2012 $
Revenue		
- services commissions	351,747	336,056
- other revenue	-	-
	351,747	**336,056**
Other revenue		
- interest received	435	465
- other revenue	-	-
	435	**465**
Total revenue	**352,182**	**336,521**

	2013 $	2012 $

Note 3. Expenses

Employee benefits expense		
- wages and salaries	185,470	198,463
- superannuation costs	16,736	17,387
- workers' compensation costs	1,518	968
- other costs	11,261	8,859
	214,985	**225,677**
Depreciation of non-current assets:		
- plant and equipment	7,780	8,540
- leasehold improvements	2,944	2,945
	10,724	**11,485**
Amortisation of non-current assets:		
- intangible assets	2,000	2,000
	12,724	**13,485**
Finance costs:		
- Interest paid	7,381	2,202
Bad debts	10	272

Note 4. Tax expense

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

Prima facie tax on profit/(loss) before income tax at 30% (2012: 30%)	(13,377)	(12,356)
Add tax effect of:		
- Adjustments in respect of current income tax of previous year	-	-
- Utilisation of previously unrecognised carried forward tax losses	-	-
- Non-deductible expenses	(6,411)	(9,677)
Current income tax expense	**(19,788)**	**(22,033)**
Income tax attributable to the entity	**(19,788)**	**(22,033)**
The applicable weighted average effective tax rate is	30.74%	34.85%
Deferred tax asset		
Future income tax benefits arising from tax losses are recognised at reporting date as realisation of the benefit is regarded as probable.	**(238,470)**	**(218,682)**

The applicable income tax rate is the Australian Federal tax rate of 30% (2012: 30%) applicable to Australian resident companies.

	2013 $	2012 $

Note 5. Auditors' remuneration

Remuneration of the Auditor for:

	2013 $	2012 $
- Audit or review of the financial report	4,150	3,900
- Taxation services	550	1,000
- Share registry services	-	-
	4,700	**4,900**

Note 6. Bank overdraft

	2013 $	2012 $
Cash at bank and on hand	**(173,681)**	**(105,128)**

The company has an overdraft facility of $250,000 which is subject to standard terms and conditions.

Note 7. Trade and other receivables

Current

	2013 $	2012 $
Trade debtors	18,479	16,822
Other receivables	-	-
	18,479	**16,822**

Credit risk

The company has no significant concentration of credit risk with respect to any single counterparty or group of counterparties.

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

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

Note 7. Trade and other receivables (continued)

Credit risk (continued)

	Gross amount	Past due and impaired	Past due but not impaired			Not past due
			< 30 days	31-60 days	> 60 days	
2013						
Trade receivables	18,479	-	-	-	-	18,479
Other receivables	-	-	-	-	-	-
Total	**18,479**	**-**	**-**	**-**	**-**	**18,479**
2012						
Trade receivables	16,822	-	-	-	-	16,822
Other receivables	-	-	-	-	-	-
Total	**16,822**	**-**	**-**	**-**	**-**	**16,822**

	2013 $	2012 $
Note 8. Other current assets		
Prepayments	6,851	5,321
	6,851	**5,321**
Note 9. Property, plant and equipment		
Leasehold improvements		
At cost	117,757	117,757
Less accumulated depreciation	(13,427)	(10,483)
	104,330	**107,274**
Plant and equipment		
At cost	78,045	78,045
Less accumulated depreciation	(37,415)	(29,635)
	40,630	**48,410**
Total written down amount	**144,960**	**155,684**

	2013 $	2012 $

Note 9. Property, plant and equipment (continued)

Movements in carrying amounts

	2013 $	2012 $
Leashold improvements		
Balance at the beginning of the reporting period	107,274	110,219
Additions	-	-
Disposals	-	-
Depreciation expense	(2,944)	(2,945)
Balance at the end of the reporting period	**104,330**	**107,274**
Plant and equipment		
Balance at the beginning of the reporting period	48,410	53,244
Additions	-	3,706
Disposals	-	-
Depreciation expense	(7,780)	(8,540)
Balance at the end of the reporting period	**40,630**	**48,410**

Note 10. Intangible assets

	2013 $	2012 $
Franchise fee		
At cost	10,000	10,000
Less accumulated amortisation	(10,000)	(8,000)
	-	**2,000**
Movements in carrying amounts		
Franchise fee		
Balance at the beginning of the reporting period	2,000	4,000
Additions	-	-
Disposals	-	-
Amortisation expense	(2,000)	(2,000)
Balance at the end of the reporting period	**-**	**2,000**

Notes to the financial statements (continued)

	2013 $	2012 $

Note 11. Trade and other payables

	2013 $	2012 $
Current		
Unsecured liabilities:		
Trade creditors	2,369	5,394
Credit card	239	183
Other creditors and accruals	8,453	17,613
	11,061	**23,190**

Note 12. Provisions

	2013 $	2012 $
Employee benefits	**4,394**	**5,978**
Movement in employee benefits		
Opening balance	5,978	14,544
Additional provisions recognised	6,272	15,266
Amounts utilised during the year	(7,856)	(23,832)
Closing balance	**4,394**	**5,978**
Current		
Annual leave	**4,394**	**5,978**
Total provisions	**4,394**	**5,978**

Provision for employee benefits

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

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

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

	2013 $	2012 $
Note 13. Share capital		
875,000 Ordinary shares fully paid of $1 each	875,000	875,000
Less: Equity raising costs	(18,296)	(18,296)
	856,704	**856,704**
Movements in share capital		
Fully paid ordinary shares:		
At the beginning of the reporting period	875,000	875,000
Shares issued during the year	-	-
At the end of the reporting period	**875,000**	**875,000**

Ordinary shares participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held. At the shareholders' meetings each shareholder is entitled to one vote when a poll is called, or on a show of hands.

The company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid. All shares rank equally with regard to the company's residual assets.

Capital management

The Board's policy is to maintain a strong capital base so as to sustain future development of the company. The Board of Directors monitor the return on capital and the level of dividends to shareholders. Capital is represented by total equity as recorded in the Statement of Financial Position.

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

(i) the Distribution Limit is the greater of:

  (a) 20% of the profit or funds of the Franchisee otherwise available for distribution to shareholders in that 12 month period; and

  (b) subject to the availability of distributable profits, the Relevant Rate of Return multiplied by the average level of share capital of the Franchisee over that 12 month period; and

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

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

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

	2013 $	2012 $

Note 14. Retained earnings / (accumulated losses)

	2013 $	2012 $
Balance at the beginning of the reporting period	(592,491)	(551,305)
Profit/(loss) after income tax	(44,589)	(41,186)
Balance at the end of the reporting period	**(637,080)**	**(592,491)**

Note 15. Statement of cash flows

(a) Cash and cash equivalents balances as shown in the statement of financial position can be reconciled to that shown in the statement of cash flows as follows

	2013 $	2012 $
As per the statement of financial position	(173,681)	(105,128)
As per the statement of cash flow	**(173,681)**	**(105,128)**

(b) Reconciliation of profit / (loss) after tax to net cash provided from/(used in) operating activities

	2013 $	2012 $
Profit / (loss) after income tax	(44,589)	(41,186)
Non cash items		
- Depreciation	10,724	11,485
- Amortisation	2,000	2,000
Changes in assets and liabilities		
- (Increase) decrease in deferred tax asset	(19,788)	(22,033)
- (Increase) decrease in receivables	(1,657)	11,253
- (Increase) decrease in prepayments	(5,503)	(5,321)
- Increase (decrease) in payables	(8,155)	(569)
- Increase (decrease) in provisions	(1,584)	(8,566)
Net cash flows from/(used in) operating activities	**(68,553)**	**(52,937)**

(c) Credit standby arrangement and loan facilities

The company has a bank overdraft and commercial bill facility amounting to $250,000 (2012: $250,000). This may be terminated at any time at the option of the bank. At 30 June 2013, $175,318 of this facility was used (2012: $112,826). Variable interest rates apply to these overdraft and bill facilities.

Note 16. Related party transactions

The company's main related parties are as follows:

(a) Key management personnel

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

Note 16. Related party transactions (continued)

(b) Other related parties

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

(c) Transactions with key management personnel and related parties

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

The Mission Beach Community Enterprises Limited has accepted the Bendigo and Adelaide Bank Limited's **Community Bank®** Directors Privileges package. The package is available to all Directors who can elect to avail themselves of the benefits based on their personal banking with the branch. There is no requirement to own Bendigo and Adelaide Bank Limited shares and there is no qualification period to qualify to utilize the benefits. The package mirrors the benefits currently available to Bendigo and Adelaide Bank Limited shareholders. The Directors have estimated the total benefits received from the Directors Privilege Package to be nil for the year ended 30 June 2013.

(d) Key management personnel shareholdings

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

	2013	2012
Debbie Lee Brittain	1,000	1,000
Christopher Rodney Norton	1,000	-
Helen Louise Vasta	500	-
Anthony Trevor Lee	3,000	2,000
Michelle Louise Dore (appointed August 2012)	500	-
Stephen William Oliver (appointed August 2012)	500	-
Patrick Bernard Biddlecombe (resigned November 2012)	26,000	26,000
Richard Thomas Brant (resigned November 2012)	500	500
Lynda Mae Hannah (resigned November 2012)	1,500	6,000
Karen Maguire (resigned November 2012)	4,000	4,000
Jennifer Ann Downs (appointed March 2013)	2,000	-
Cosimo Tedesco (appointed March 2013)	10,000	-

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

(e) Other key management transactions

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

Note 17. Events after the reporting period

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

Note 18. Contingent liabilities and assets

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

Note 19. Operating segments

The company operates in the financial services sector where it provides banking services to its clients. The company operates in one geographic area being Mission Beach, Queensland. The company has a franchise agreement in place with Bendigo and Adelaide Bank Limited who account for 100% of the revenue (2011: 100%).

Note 20. Company details

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 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:

	2013 $	2012 $
Profit/(loss) after income tax expense	**(44,589)**	**(41,186)**
Weighted average number of ordinary shares for basic and diluted earnings per share	**875,000**	**875,000**

Note 22. Dividends paid or provided for on ordinary shares

No dividends were paid or proposed by the company during the period.

Note 23. Financial risk management

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

	Note	2013 $	2012 $
Financial assets			
Trade and other receivables	7	18,479	16,822
Total financial assets		**18,479**	**16,822**
Financial liabilities			
Trade and other payables	11	11,061	23,190
Bank overdraft	6	173,681	105,128
Total financial liabilities		**184,742**	**128,318**

Financial risk management policies

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.

Specific financial risk exposure and management

The company has exposure to credit risk, liquidity risk and market risk from their use of financial instruments. There have been no substantive changes in the types of risks the company is exposed to, how the risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

(a) Credit risk

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

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

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

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

None of the assets of the company are past due (2012: nil past due) and based on historic default rates, the company believes that no impairment allowance is necessary in respect of assets not past due.

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

Note 23. Financial risk management (continued)

(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.

In addition the company has established an overdraft facility of $250,000 with Bendigo and Adelaide Bank Limited.

Financial liability and financial asset maturity analysis:

30 June 2013	Note	Total $	Within 1 year $	1 to 5 years $	Over 5 years $
Financial liabilities due					
Trade and other payables	11	11,061	11,061	–	–
Bank overdraft	6	173,681*	173,681	–	–
Total expected outflows		**184,742**	**184,742**	**–**	**–**
Financial assets - realisable					
Trade and other receivables	7	18,479	18,479	–	–
Total anticipated inflows		**18,479**	**18,479**	**–**	**–**
Net (outflow)/inflow financial instruments		**(166,263)**	**(166,263)**	**–**	**–**

30 June 2012	Note	Total $	Within 1 year $	1 to 5 years $	Over 5 years $
Financial liabilities due					
Trade and other payables	11	23,190	23,190	–	–
Bank overdraft	6	105,128*	105,128	–	–
Total expected outflows		**128,318**	**128,318**	**–**	**–**
Financial assets - realisable					
Trade and other receivables	7	16,822	16,822	–	–
Total anticipated inflows		**16,822**	**16,822**	**–**	**–**
Net (outflow)/inflow financial instruments		**(111,496)**	**(111,496)**	**–**	**–**

* The Bank overdraft has no set repayment period and as such all has been included as current.

Note 23. Financial risk management (continued)

(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 is the risk 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.

The weighted average interest rates of the company's interest-bearing financial assets are as follows:

Financial assets	**2013** %	**2012** %
Cash and cash equivalents (net of bank overdrafts)	-%	-%

Sensitivity analysis

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

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

	Profit **$**	**Equity** **$**
Year ended 30 June 2013		
+/- 1% in interest rates (interest income)	1,737	1,737
	1,737	**1,737**
Year ended 30 June 2012		
+/- 1% in interest rates (interest income)	1,051	1,051
	1,051	**1,051**

The company has no exposure to fluctuations in foreign currency.

(d) Price risk

The company is not exposed to any material price risk.

Fair values

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

Directors' declaration

In accordance with a resolution of the Directors of Mission Beach Community Enterprises Limited, the Directors of the company declare that:

1. the financial statements and notes of the company as set out on pages 11 to 32 are in accordance with the Corporations Act 2001 and:
   - (i) comply with Australian Accounting Standards, which as stated in accounting policy Note 1(a) to the financial statements constitutes compliance with International Financial Reporting Standards (IFRS); and
   - (ii) give a true and fair view of the company's financial position as at 30 June 2013 and of the performance for the year ended on that date;
2. in the Directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

Anthony (Tony) Trevor Lee
Director

Signed in Mission Beach, Queensland on 20 September 2013.

Independent audit report

Richmond Sinnott & Delahunty
Chartered Accountants

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

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

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF MISSION BEACH COMMUNITY ENTERPRISES LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Mission Beach Community Enterprises Limited, which comprises the statement of financial position as at 30 June 2013, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the company at the year's end.

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

Richmond Sinnott & Delahunty
ABN 60 616 244 309
Liability limited by a scheme approved under Professional Standards Legislation

Partners:
Warren Sinnott, Cara Hall, Brett Andrews, Philip Delahunty, Kathie Teasdale, David Richmond

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

Independence

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

Auditor's Opinion

In our opinion:

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

(i) giving a true and fair view of the company's financial position as at 30 June 2013 and of its performance for the year ended on that date; and

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

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

Emphasis of Matter

Without qualification to the audit opinion expressed above, attention is drawn to the following matter. Note 1(b) "Going Concern' in the financial statements indicates the company recorded a loss after tax of $44,589 (2012: loss of $41,186). The directors have prepared a budget for the 2013/14 year which indicates a budgeted loss before tax of $86,080 will be recorded.

The directors have received a financial facility to assist with working capital requirements for the next twelve months. Without the financial facility, there is significant uncertainty whether Mission Beach Community Enterprises Limited will continue as a going concern.

These conditions indicate the existence of a material uncertainty which may cast doubt about the Company's ability to continue as a going concern and whether it will realise its assets and extinguish its liabilities in the normal course of business at the amounts stated in the financial report.

Richmond Sinnott + Delahunty

RICHMOND SINNOTT & DELAHUNTY
Chartered Accountants

W Sinnott

W. J. SINNOTT
Partner

Dated at Bendigo, 20 September 2013

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

Franchisee: Mission Beach Community Enterprises Ltd
35 Reid Road, Wongaling Beach QLD 4852
ABN: 15 129 575 560
www.bendigobank.com.au/mission_beach

(BMPAR13072) (08/13)

Bendigo Bank