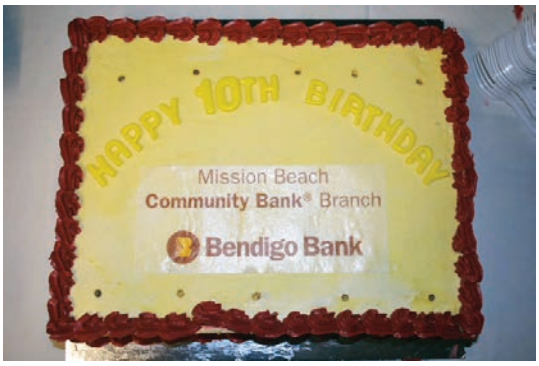
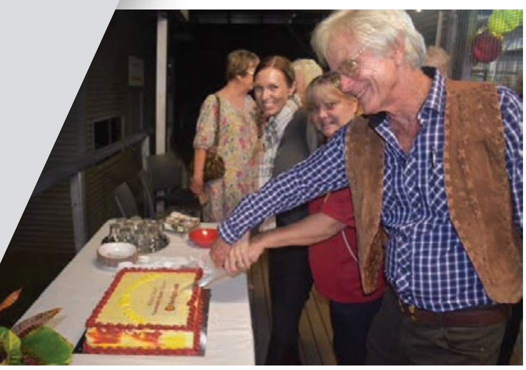
Mission Beach **Community Bank**® Branch

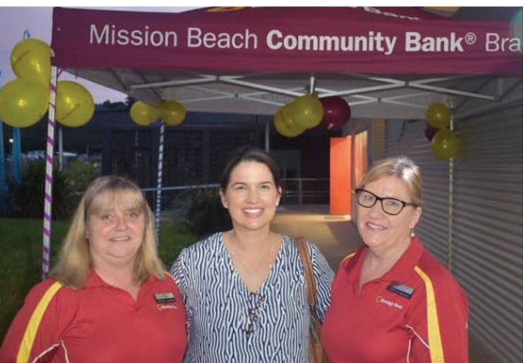
Mission Beach Community Enterprises Limited

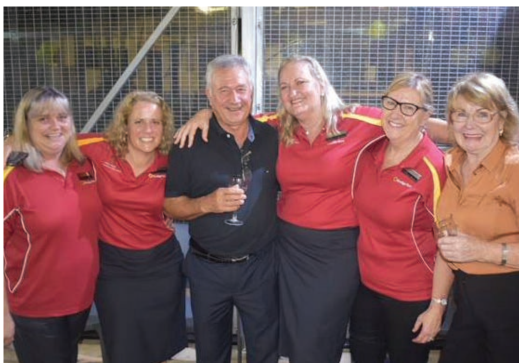
ABN 15 129 575 560

2018 Annual Report



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Chair's report

For year ending 30 June 2018

On 30 June 2018, I took over the role of Chairman from Tony Lee. After ten years, Tony has now resigned from our Board. Tony is the longest standing member our Board has seen as has been here from inception. I would like to take this opportunity on behalf of the current Board and branch staff to extend my sincere thanks to Tony for his hard work and dedication to the company.

Our branch has continued to perform well in the preceding financial year. We have seen modest grown in our overall profit for the year with it increasing to $24,539 for the financial year, up from $20,029 the previous year.

These pleasing results have allowed the Board to move on payment of a second consecutive dividend to our shareholders of .02c per share. It excites our Board to be able to again reward our shareholders for their faith and patience in the company. It took a long time for our branch to reach profitability and now we are continuing to grow into the future.

It is with sadness that we say goodbye to our Branch Manager Kerryn Thompson. Kerryn has served a three-year tenure with our branch and is now relocating back to her home in Victoria to spend time with her family and enjoy her well-earned retirement. We thank Kerryn for her contribution to the branch and company and wish her all the best in her return home. Currently we are in the process of recruiting an exciting new Manager for our **Community Bank**® branch. In the mean time our fantastic branch team of Judith, Kerrie and Maureen are getting the job done!

I would like to take a moment to applaud our current branch team. We are continually receiving feedback in relation to the outstanding customer service our team is providing which I find especially pleasing to hear. It's important that businesses get back to the basics in providing such great service as it is something that tends to be lacking in today's business world. The team in branch have been recipients of many corporate awards within Bendigo Bank this past year and I would like to congratulate them on their success.

Our Board is presently running low on Directors which is placing additional pressures on our current members, Leah Mangano, Judith Giddings and Cate Heys. I wholeheartedly thank these members for their support and dedication to the **Community Bank**® company and for giving up so much of their time to our **Community Bank**® branch.

Mission Beach Community Enterprises Limited is a franchisee of Bendigo and Adelaide Bank Limited. None of what we achieve could be done without the support of our franchise partner. The **Community Bank**® concept is one which is unique and a real difference from the other major banks. During my time on the Board it has been extremely rewarding for myself personally to be able to 'give back' to community groups in the Mission Beach region. By banking with our branch you really do make a difference to our community. I challenge all of you who may still hold accounts with other banks to really think about the difference your money can make to our beautiful region by banking with our branch.

Here's to another exciting and successful year of banking with the Mission Beach **Community Bank**® Branch.

Kelly Cavallaro
Chair

Manager's report

For year ending 30 June 2018

The last 12 months has flown by. We have had our challenges. Growth in our lending and investment book has steadied.

We have had some great wins in branch business lending with $200,000 in equipment finance lending this financial year. We are looking to build on these business relationships. New business customers, when they see what we can deliver, will hopefully morph in to our personal banking and home loan customers.

Our "Tradies Night" was a great success and our business partner's Senior Business Banking Manager David Pollock and Business Banking Manager Leanne Tullemans made the journey from Cairns to be a part of and contribute to the evening.

We also celebrated 10 years since Mission Beach **Community Bank**® Branch opened its door on 22 July 2008. We marked this special milestone with a function at Mission Arts and it was great to hear the stories of that journey, both triumphs and challengers that the inaugural Board and branch staff faced.

Of course, we were active in the community this year with our sponsorship partnerships.

Branch staff and Directors were out and about supporting the local events which include The Cassowary Festival, Mission Beach Game Fishing and the Outdoor Film Festival.

I would like to acknowledge the wonderful staff at the Mission Beach **Community Bank**® Branch, Judith Giddings, Maureen Blennerhassett and Kerrie-Anne Casey who always go above and beyond.

Thanks also the hardworking Mission Beach Board – the Directors generously donate their time and expertise to ensure we have a successful full-service Bank in Mission Beach. Also, the Board being comprised of Tony Lee (retired Chairperson), Kelly Cavallaro (new Chairperson), Leah Mangano, Cate Hays, and its pleasing that Judith Giddings has taken on the role of Secretary of the Board.

Thanks to all our Bendigo and Adelaide Bank Limited partners. Regional Manager Judy Blackall, Regional Community Manager Ross Growcott and the Local Connection team for their assistance during the year.

I would like to advise that I am retiring as my husband and I are returning to Melbourne. We have loved our time in Mission Beach and made some great friends and acquaintances. We will miss beautiful Mission Beach; however, family calls us home.

Good luck to the wonderful community of Mission Beach and surrounds.

Please continue to support and spread the word that by supporting your local **Community Bank**® branch you are also supporting your community. We can confidently offer a full range of banking services including lending, insurance, Telco facilities, financial planning, business, commercial and rural banking.

I look forward to retirement and starting a new chapter. I will be interested to see the next chapter of Mission Beach **Community Bank**® Branch, which I am sure will be a successful one.

Kerryn Thompson
Branch Manager

Bendigo and Adelaide Bank report

For year ending 30 June 2018

It's been 20 years since the doors to the first **Community Bank**® branch opened. And it has only been a few months since the latest, the 321st, **Community Bank**® branch opened its doors.

In the last 20 years, much has changed. A staggering 92 per cent of our customers do their banking online and we pay for goods and services on a range of mobile phones, our watches and even our fitness devices. Many are embracing this online world with a sense of excitement and confidence. Our model will be even more accessible to people right across Australia.

Despite the change many things have also remained constant through the last two decades. Commitment within communities remains as strong today as it has ever been; from our first **Community Bank**® branch to the most recent one, and the 319 in between.

This year, five of our **Community Bank**® branches are celebrating 20 years in business. Bendigo Bank has celebrated 160 years in business. We farewelled Managing Director Mike Hirst and welcomed into the MD role long-time Bendigo employee Marnie Baker.

Our **Be the change** online marketing campaign has been the most successful online marketing campaign ever run by our organisation. The premise behind **Be the change** is simple – it thanks individual customers for banking with their **Community Bank**® branch.

But it's not the Bank thanking the customers. It's not the staff, volunteer directors or shareholders thanking the customers. It's the kids from the local little athletics and netball clubs, it's the man whose life was saved by a **Community Bank**® funded defib unit, it's members of the local community choir and the animal rescue shelter. These people whose clubs and organisations have received a share of over $200 million in **Community Bank**® contributions, all because of people banking with their local **Community Bank**® branch.

Be the change has further highlighted the power of the model. For others, customers are important. For our **Community Bank**® network, customer support ensures our point of difference. It's the reason we can share in the revenue generated by their banking business. Without this point of difference, we would be just another bank.

But we're not, we're Bendigo Bank and we're Australia's only 'community bank', recently named by Roy Morgan Research as Australia's third most trusted brand and most trusted bank. As one of 70,000-plus **Community Bank**® company shareholders across Australia, these are outcomes we hope you too are proud of.

I'd like to thank you for your decision to support your local **Community Bank**® company as a shareholder. Your support has been vitally important to enhancing the prospects and outcomes within your community.

Without you, there would be no **Community Bank**® branch network in Australia.

We value your initial contribution and your ongoing support of your **Community Bank**® branch and your community. Thank you for continuing to play a role in helping your community **Be the change**.

Robert Musgrove
Bendigo and Adelaide Bank

Directors' report

For the financial year ended 30 June 2018

The Directors present their report of the company for the financial year ended 30 June 2018.

Directors

The following persons were Directors of Mission Beach Community Enterprise Limited during or since the end of the financial year up to the date of this report:

Anthony Trevor Lee
(Resigned 30 June 2018)

Position	Chairperson
Experience and expertise	Tony is a Solicitor and Mediator in Mission Beach. He graduated in Law from Monash University in 1971, settling in Townsville in North Queensland in 1973 where he, his wife Rosemary, and another Monash graduate established the firm of Lee Turnbull & Co. In 1984 Tony and Rosemary opened Lee & Co Solicitors at Mission Beach. Tony is also involved in a number of community organisations such as the Local Marine Advisory Committee (LMAC), Mission Beach Seabed Watch Inc. and the Coast Guard, and is the only original Director from the very beginning in 2008.

Kelly Cavallaro

Position	Chairperson
Experience and expertise	Accountant and Director of KLP Taxation Pty Ltd. Kelly is a member of the Institute of Public Accountants with over 15 years' experience in both public practice and corporate accounting roles. Originally growing up in Stawell in country Victoria, Kelly relocated to the Sunshine coast where she began her career in an accounting practice. She studied her Bachelor's Degree externally through the University of Southern Queensland. During her career Kelly spent some time in Mount Isa where she met her husband, and then relocated to Mission Beach to start a family and her own practice KLP Taxation. Kelly has successfully ran her own practice for the past 11 years and is well known in the Mission Beach area. She is actively involved in many community groups including the Mission Beach Junior Australian Football Club. Kelly brings a wealth of knowledge to the Board in the field of Accounting and Finance and is looking forward to the challenges and rewards her term on the Board will bring.

Leah Mangano
(Appointed 27 July 2017)

Position	Director
Experience and expertise	Solicitor and Principal Director of Ross Mangano Solicitors Pty Ltd. Leah grew up in Mission Beach and attended local schools before attending University where she obtained her Bachelor of Laws and later, her Master of Laws. Leah, together with her father Ross Mangano, enjoy a busy local law firm servicing the Cassowary Coast and beyond. Leah is involved in several local not for profit organisations, including her role as an ongoing member of the Tigers Leagues Club Board Committee, also the secretary of the Tully Tennis Club and previously the Vice-President of the Cassowary Coast Business Women's' Network. Leah's professional skills, together with her keen interest to see our local area thrive and be enjoyed by those who both live in and visit the region, make her an asset to the Board. Leah and her husband Stephen live on their cane farm in Tully.

Directors (continued)

Regan Sedgman

(Resigned 25 September 2017)

Position	Director
Experience and expertise	Director of Sedgman Electrical Pty Ltd

Jay Whittem

Position	Director
Experience and expertise	Senior Physiotherapist for Cassowary Area Community Health. Jay grew up in Mission Beach before studying Physiotherapy at UQ, Brisbane. Following living and travelling in various countries and continents around the globe he has resettled in Mission Beach with his partner and two young children. He has been involved in various community and sporting organisations to date, such as judging Youth of the Year, as well as coaching/umpiring young sailors. Working in a multidisciplinary team and possessing the ability to establish and maintain networks makes Jay a positive and contributing Board member. With a strong interest in improving health outcomes so as to enable residents to engage in our community, Jay brings an open view and a youthful perspective to the Board.

Amanda Pym Wiltshire

(Resigned 25 September 2017)

Position	Director
Experience and expertise	As a Solicitor, Property Manager, Small Business Owner and daughter of a well-known local family, Amanda brings a wealth of local experience to the Board. Amanda was born in Melbourne and grew up in Mission Beach attending the Mission Beach State School, Tully High School and James Cook University in Townsville, completing a Bachelor of Law. Amanda was employed by Vandeleur's Solicitors in Innisfail becoming fully qualified in 1995 and was also Director of a corporation involved in Banana, Cane and Cattle farming whilst raising her three children on the farming property in Tully. Amanda and her siblings own and operate the Helen Wiltshire Gallery in Mission Beach and she also provides office administrative support to her father's Real Estate business.

Peter Cameron

(Appointed 28 April 2018, Resigned 25 July 2018)

Position	Director
Experience and expertise	Peter comes from a mining background possessing over 50 years' experience in mining and minerals processing including managing operations, engineering and technology. Peter is actively involved in the Mission Beach community also holding the roles of secretary for the Mission Beach Meals on Wheels and Treasurer of the Mission Beach and Burgundy Club.

Directors (continued)

Judith Giddings

(Appointed 26 April 2018)

Position	Secretary
Experience and expertise	Judith relocated to Mission Beach in January 2012 from the Gold Coast with her husband who is a local tradesman. Born and raised in Sydney where she completed her high school education and University Master's degree in Law. After leaving the legal field she started her banking career in the Southern NSW town of Vincentia in 1998, where she lived for many years with her two daughters before taking a transfer to the Gold Coast, has been involved with many community groups over the years, from local cricket club to P & C with daughters' school. Judith started working in Bendigo Bank Innisfail and then in Tully before Mission Beach. Judith has 20 years of banking experience from being a teller to manager over the years. Just recently become involved with a few local community groups and looking forward to doing more in the community, with her husband. Judith and her husband have settled in Mission Beach and purchased property and looking forward to their retirement in years to come in the beautiful place we call home. Judith brings the knowledge of how the bank comes together and supports the **Community Bank**® model. Looking forward to the challenges ahead and working with the Board from now and the future.

Cate Heys

(Appointed 28 April 2018)

Position	Director
Experience and expertise	Cate has a wide range of management and leadership experience in both the UK and Australia. An MBA graduate and a graduate of the AICD she semi-retired to MB in 2016 and has become involved in the community in a number of roles including President of Mission Arts. Before retiring Cate held senior federal government roles in the NT including State Manager for various departments and was a Board Member for the RSPCA.

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

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

Directors' meetings

Attendances by each Director during the year were as follows:

	Board meetings	
Director	**A**	**B**
Anthony Trevor Lee (Resigned 30 June 2018)	12	12
Kelly Cavallaro	12	11
Leah Mangano (Appointed 27 July 2017)	12	4
Regan Sedgman (Resigned 25 September 2017)	2	0
Jay Whittem	12	3
Amanda Pym Wiltshire (Resigned 25 September 2017)	5	5
Peter Cameron (Appointed 28 April 2018, Resigned 25 July 2018)	3	3
Judith Giddings (Appointed 26 April 2018)	3	3
Cate Heys (Appointed 28 April 2018)	3	3

A - The number of meetings eligible to attend.

B - The number of meetings attended.

Company Secretary

Judith Giddings has been the Company Secretary of Mission Beach Community Enterprise Limited since April 2018. Judith's qualifications and experience include a university masters degree in law and over 20 years in the banking industry.

Principal activities

The principal activities of the company during the course of the financial year were in providing **Community Bank®** branch 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 profit of the company for the financial year after provision for income tax was $24,539 (2017 profit: $20,029), which is a 22.5% increase as compared with the previous year.

Dividends

A fully franked final dividend of 2 cents per share was declared and paid during the year for the year ended 30 June 2018.

Options

No options over issued shares were granted during or since the end of the financial year and there were no options outstanding as at the date of this report.

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 the end of the reporting period

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.

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.

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.

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.

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 on 27 September 2018.

Kelly Cavallaro
Director

Auditor's independence declaration

RSD Audit

41A Breen Street
Bendigo, Victoria
PO Box 448, Bendigo, VIC, 3552

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Auditors 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 2018 there have been no contraventions of:

(i) The auditor independence requirements 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.

RSD Audit
Chartered Accountants

P.P. Delahunty
Partner
41A Breen Street
Bendigo VIC 3550

Dated: 27 September 2018

Richmond Sinnott & Delahunty, trading as RSD Audit
ABN 85 619 186 908
Liability limited by a scheme approved under Professional Standards Legislation

Financial statements

Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2018

	Notes	2018 $	2017 $
Revenue	2	527,180	511,193
Expenses			
Employee benefits expense	3	(278,357)	(274,300)
Depreciation and amortisation	3	(25,284)	(21,903)
Finance costs	3	-	(9,002)
Bad and doubtful debts expense	3	(295)	(340)
Administration and general costs		(81,681)	(77,655)
Occupancy expenses		(55,826)	(51,495)
IT expenses		(17,531)	(16,669)
Other expenses		(13,973)	(9,792)
		(472,947)	**(461,156)**
Operating profit before charitable donations & sponsorship		**54,233**	**50,037**
Charitable donations and sponsorships		(17,249)	(10,005)
Profit before income tax		**36,984**	**40,032**
Income tax expense	4	(12,445)	(20,003)
Profit for the year after income tax		**24,539**	**20,029**
Other comprehensive income		-	-
Total comprehensive income for the year		**24,539**	**20,029**
Profit attributable to members of the company		24,539	20,029
Total comprehensive income attributable to members of the company		**24,539**	**20,029**
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company (cents per share):			
- basic earnings per share	17	2.80	2.29

These financial statements should be read in conjunction with the accompanying notes.

Statement of Financial Position
as at 30 June 2018

	Notes	2018 $	2017 $
Assets			
Current assets			
Cash and cash equivalents	5	7,871	7,744
Trade and other receivables	6	23,055	19,674
Other assets	7	3,831	4,415
Total current assets		**34,757**	**31,833**
Non-current assets			
Property, plant and equipment	8	123,876	110,171
Intangible assets	9	-	13,745
Deferred tax assets	4	221,539	233,984
Total non-current assets		**345,415**	**357,900**
Total assets		**380,172**	**389,733**
Liabilities			
Current liabilities			
Trade and other payables	11	31,938	38,037
Borrowings	12	157,654	185,873
Provisions	13	1,940	2,357
Total current liabilities		**191,532**	**226,267**
Non-current liabilities			
Borrowings	12	18,135	-
Total non-current liabilities		**18,135**	**-**
Total liabilities		**209,667**	**226,267**
Net assets		**170,505**	**163,466**
Equity			
Issued capital	14	856,704	856,704
Accumulated losses	15	(686,199)	(693,238)
Total equity		**170,505**	**163,466**

These financial statements should be read in conjunction with the accompanying notes.

Statement of Changes in Equity for the year ended 30 June 2018

	Note	Issued capital $	Accumulated losses $	Total equity $
Balance at 1 July 2017		856,704	(693,238)	163,466
Comprehensive income for the year				
Profit for the year		-	24,539	24,539
Other comprehensive income for the year		-	-	-
		-	**24,539**	**24,539**
Transactions with owners in their capacity as owners				
Dividends paid or provided	16	-	(17,500)	(17,500)
Balance at 30 June 2018		**856,704**	**(686,199)**	**170,505**
Balance at 1 July 2016		856,704	(713,267)	143,437
Comprehensive income for the year				
Profit for the year		-	20,029	20,029
Other comprehensive income for the year		-	-	-
		-	**20,029**	**20,029**
Transactions with owners in their capacity as owners				
Dividends paid or provided	16	-	-	-
Balance at 30 June 2017		**856,704**	**(693,238)**	**163,466**

These financial statements should be read in conjunction with the accompanying notes.

Statement of Cash Flows
for the year ended 30 June 2018

	Notes	2018 $	2017 $
Cash flows from operating activities			
Receipts from customers		523,631	566,089
Payments to suppliers and employees		(470,844)	(478,723)
Interest paid		-	(9,002)
Interest received		168	287
Net cash flows provided by operating activities	**18b**	**52,955**	**78,651**
Cash flows from investing activities			
Purchase of property, plant and equipment		(25,244)	(965)
Purchase of intangible assets		-	(16,004)
Net cash flows used in investing activities		**(25,244)**	**(16,969)**
Cash flows from financing activities			
Proceeds from borrowings		22,490	-
Dividends paid		(17,500)	-
Net cash flows provided by financing activities		**4,990**	**-**
Net increase in cash held		**32,701**	**61,682**
Cash and cash equivalents at beginning of financial year		(178,129)	(239,811)
Cash and cash equivalents at end of financial year	**18a**	**(145,428)**	**(178,129)**

These financial statements should be read in conjunction with the accompanying notes.

Notes to the financial statements

For year ended 30 June 2018

These 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 27 September 2018.

Note 1. Summary of significant accounting policies

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. The company is a for profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these 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, were applicable, by the measurement at fair value of selected non current assets, financial assets and financial liabilities.

Economic dependency

The company has entered into a franchise agreement with Bendigo and Adelaide Bank Limited that governs the management of the **Community Bank**® branches at Mission Beach.

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

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

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

- Advice and assistance in relation to the design, layout and fit out of the **Community Bank**® branches;
- Training for the Branch Managers and other employees in banking, management systems and interface protocol;
- Methods and procedures for the sale of products and provision of services;
- Security and cash logistic controls;
- Calculation of company revenue and payment of many operating and administrative expenses;
- The formulation and implementation of advertising and promotional programs; and
- Sale techniques and proper customer relations.

Note 1. Summary of significant accounting policies (continued)

(b) Impairment of assets

At the end of each reporting period, the company assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less cost to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard. Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

(c) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

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 with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or 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.

(d) Comparative figures

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

(e) 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 charges 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>Fair value assessment of non-current physical assets</u>

The AASB 13 Fair Value standard requires fair value assessments that may involved both complex and significant judgement and experts. The value of land and buildings may be materially misstated and potential classification and disclosure risks may occur.

<u>Employee benefits provision</u>

Assumptions are required for wage growth and CPI movements. The likelihood of employees reaching unconditional service is estimated. The timing of when employee benefit obligations are to be settled is also estimated.

Note 1. Summary of significant accounting policies (continued)

(e) Critical accounting estimates and judgements (continued)

Income tax

The company is subject to income tax. Significant judgement is required in determining the deferred tax asset. 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.

Impairment

The company assesses impairment at the end of each reporting period by evaluating 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.

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

A number of new and revised standards became effective for the first time to annual periods beginning on or after 1 July 2017. Information on the more standard(s) applicable to this entity are presented below.

AASB 2016-1 Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses

AASB 2016-1 amends AASB 112 Income Taxes to clarify how to account for deferred tax assets related to debt instruments measured at fair value, particularly where changes in the market interest rate decrease the fair value of a debt instrument below cost.

AASB 2016-1 is applicable to annual reporting periods beginning on or after 1 January 2017.

(g) New accounting standards for application in future periods

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 out on the proceeding pages

(i) AASB 9 Financial Instruments and associated Amending Standards (applicable for annual reporting periods beginning on or after 1 January 2018)

AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities and includes a forward-looking 'expected loss' impairment model and a substantially-changed approach to hedge accounting.

These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are:

a) Financial assets that are debt instruments will be classified based on:

   (i) the objective of the entity's business model for managing the financial assets; and

   (ii) the characteristics of the contractual cash flows.

b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income (instead of in profit or loss). Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.

Note 1. Summary of significant accounting policies (continued)

(g) New accounting standards for application in future periods (continued)

(i) AASB 9 Financial Instruments and associated Amending Standards (applicable for annual reporting periods beginning on or after 1 January 2018) (continued)

c) Introduces a 'fair value through other comprehensive income' measurement category for particular simple debt instruments.

d) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.

e) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:

- the change attributable to changes in credit risk are presented in Other Comprehensive Income (OCI)
- the remaining change is presented in profit or loss If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.

Otherwise, the following requirements have generally been carried forward unchanged from AASB 139 into AASB 9:

- classification and measurement of financial liabilities; and
- derecognition requirements for financial assets and liabilities

AASB 9 requirements regarding hedge accounting represent a substantial overhaul of hedge accounting that enable entities to better reflect their risk management activities in the financial statements.

Furthermore, AASB 9 introduces a new impairment model based on expected credit losses. This model makes use of more forward-looking information and applies to all financial instruments that are subject to impairment accounting.

When this standard is first adopted for the year ending 30 June 2019, there will be no material impact on the transactions and balances recognised in the financial statements.

(ii) AASB 15: Revenue from Contracts with Customers (applicable for annual reporting periods commencing on or after 1 January 2018)

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with customers;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

This Standard will require retrospective restatement, as well as enhanced disclosure regarding revenue.

When this Standard is first adopted for the year ending 30 June 2019, it is not expected that there will be a material impact on the transactions and balances recognised in the financial statements.

Note 1. Summary of significant accounting policies (continued)

(g) New accounting standards for application in future periods (continued)

(iii) AASB 16: Leases (applicable for annual reporting periods commencing on or after 1 January 2019)

AASB 16:

- replaces AASB 117 Leases and some lease-related Interpretations;
- requires all leases to be accounted for 'on-balance sheet' by lessees, other than short-term and low value asset leases;
- provides new guidance on the application of the definition of lease and on sale and lease back accounting;
- largely retains the existing lessor accounting requirements in AASB 117; and
- requires new and different disclosures about leases.

The entity is yet to undertake a detailed assessment of the impact of AASB 16. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2020.

	2018 $	2017 $

Note 2. Revenue

	2018 $	2017 $
Revenue		
- service commissions	523,512	510,906
	523,512	**510,906**
Other revenue		
- interest received	168	287
- other revenue	3,500	-
	3,668	**287**
Total revenue	**527,180**	**511,193**

Revenue arises from the rendering of services through its franchise agreement with the Bendigo and Adelaide Bank Limited. The revenue recognised is measured by reference to the fair value of consideration received or receivable, excluding sales taxes, rebates, and trade discounts.

The entity applies the revenue recognition criteria set out below to each separately identifiable sales transaction in order to reflect the substance of the transaction.

Rendering of services

The entity generates service commissions on a range of products issued by the Bendigo and Adelaide Bank Limited. The revenue includes upfront and trailing commissions, sales fees and margin fees.

Interest and other income

Interest income is recognised on an accrual basis using the effective interest rate method.

Other revenue is recognised when the right to the income has been established.

All revenue is stated net of the amount of goods and services tax (GST).

Note 3. Expenses

	2018 $	2017 $
Profit before income tax includes the following specific expenses:		
Employee benefits expense		
- wages and salaries	211,899	203,183
- superannuation costs	21,421	20,456
- other costs	45,037	50,661
	278,357	**274,300**
Depreciation and amortisation		
Depreciation		
- leasehold improvements	2,943	2,944
- plant and equipment	3,709	5,218
- motor vehicles	4,887	-
	11,539	**8,162**
Amortisation		
- franchise fees	2,293	2,289
- establishment costs	11,452	11,452
	13,745	**13,741**
Total depreciation and amortisation	**25,284**	**21,903**
Finance costs		
- Interest paid	-	9,002
Bad and doubtful debts expenses	295	340
Auditors' remuneration		
Remuneration of the Auditor, RSD Audit, for:		
- Audit or review of the financial report	6,422	4,600
- Taxation services	-	600
	6,422	**5,200**

Operating expenses

Operating expenses are recognised in profit or loss on an accurals basis, which is typically upon utilisation of the service or at the date upon which the entity becomes liable.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs.

Note 3. Expenses (continued)

Depreciation

The depreciable amount of all fixed assets, including buildings and capitalised leased assets, are depreciated over the asset's useful life to the company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable asset are:

Class of asset	Rate	Method
Leasehold improvements	2.5%	Straight line
Plant and equipment	4 - 25%	Straight line
Motor vehicle	33%	Straight line

Note 4. Income tax

	2018 $	2017 $
a. The components of tax expense comprise:		
Current tax expense	10,494	13,383
Deferred tax expense	10,171	20,003
Recoupment of prior year tax losses	(10,494)	(13,383)
Under / (over) provision of prior years	2,274	-
	12,445	**20,003**
b. Prima facie tax payable		
The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Prima facie tax on profit before income tax at 27.5% (2017: 27.5%)	10,171	11,009
Add tax effect of:		
- Under / (over) provision of prior years	2,274	8,911
- Non-deductible expenses	-	83
Income tax attributable to the entity	**12,445**	**20,003**
The applicable weighted average effective tax rate is:	33.65%	49.97%
c. Current tax liability		
Current tax relates to the following:		
Current tax liabilities / (assets)		
Current tax	10,494	13,383
Recoupment of prior years tax losses	(10,494)	(13,383)
	-	**-**

Note 4. Income tax (continued)

	2018 $	2017 $
d. Deferred tax asset		
Deferred tax relates to the following:		
Deferred tax assets comprise:		
Accruals	2,126	1,849
Employee provisions	534	648
Unused tax losses	219,933	231,487
	222,593	**233,984**
Deferred tax liabilities comprise:		
Prepayments	1,054	-
	1,054	**-**
Net deferred tax asset	**221,539**	**233,984**
e. Deferred income tax included in income tax expense comprises:		
Decrease in deferred tax assets	8,056	20,003
(Decrease) / increase in deferred tax liabilities	(161)	-
Under / (over) provision prior years	2,275	-
	10,170	**20,003**

The income tax expense for the year comprises current income tax expense and deferred tax expense.

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities are measured at the amounts expected to be paid to from the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Deferred income tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Note 5. Cash and cash equivalents

	2018 $	2017 $
Cash at bank and on hand	53	95
Short-term bank deposits	7,818	7,649
	7,871	**7,744**

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are reported within short-term borrowings in current liabilities in the statement of financial position.

Note 6. Trade and other receivables

	2018 $	2017 $
Current		
Trade receivables	23,055	19,674
	23,055	**19,674**

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost, less any provision for doubtful debts. Trade and other receivables are due for settlement usually no more than 30 days from the date of recognition.

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts, which are known to be uncollectable, are written off. A provision for doubtful debts is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the assets carrying amount and the present value of estimated cash flows, discounted at the effective interest rate. The amount of the provision is recognised on profit or loss.

Credit risk

The main source of credit risk relates to a concentration of trade receivables owing by Bendigo and Adelaide Bank Limited, which is the source of the majority of the company's income.

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.

Note 6. Trade and other receivables (continued)

Credit risk (continued)

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

	Gross amount $	Not past due $	Past due but not impaired			Past due and impaired $
			< 30 days $	31-60 days $	> 60 days $	
2018						
Trade receivables	23,055	23,055	-	-	-	-
Total	**23,055**	**23,055**	**-**	**-**	**-**	**-**
2017						
Trade receivables	19,674	19,674	-	-	-	-
Total	**19,674**	**19,674**	**-**	**-**	**-**	**-**

(a) Classification of financial assets

The company classifies its financial assets in the following categories:

- loans and receivables,

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at the end of each reporting period.

<u>Loans and receivables</u>

This category is the most relevant to the company. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the period end, which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the statement of financial position.

(b) Measurement of financial assets

At initial recognition, the entity measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discount estimated future cash payments or receipts over the expected life (or where this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in the profit or loss.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal 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.

Note 6. Trade and other receivables (continued)

(c) Impairment of financial assets

The entity assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Assets carried at amortised cost

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the company may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

(d) Derecognition

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 7. Other assets

	2018 $	2017 $
Prepayments	3,831	4,415
	3,831	**4,415**

Other assets represent items that will provide the entity with future economic benefits controlled by the entity as a result of past transactions or other past events.

Note 8. Plant and equipment

	2018 $			2017 $		
	At cost	Accumulated depreciation	Written down value	At cost	Accumulated depreciation	Written down value
Leasehold improvements	117,757	(28,146)	89,611	117,757	(25,203)	92,554
Plant and equipment	82,251	(68,343)	13,908	87,051	(69,434)	17,617
Motor vehicles	25,244	(4,887)	20,357	-	-	-
Total plant and equipment	**225,252**	**(101,376)**	**123,876**	**204,808**	**(94,637)**	**110,171**

Plant and equipment

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised in profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount of these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(a) Capital expenditure commitments

The entity does not have any capital expenditure commitments at 30 June 2018 (2017: None)

(b) Movements in carrying amounts of P&E

2018	Opening written down value $	Additions	Depreciation	Closing written down value $
Leasehold improvements	92,554	-	(2,943)	89,611
Plant and equipment	17,617	-	(3,709)	13,908
Motor vehicles	-	25,244	(4,887)	20,357
Total plant and equipment	**110,171**	**25,244**	**(11,539)**	**123,876**

Note 8. Plant and equipment (continued)

(b) Movements in carrying amounts of P&E (continued)

2017	Opening written down value $	Additions	Depreciation	Closing written down value $
Leasehold improvements	95,498	-	(2,944)	92,554
Plant and equipment	21,870	965	(5,218)	17,617
Total plant and equipment	**117,368**	**965**	**(8,162)**	**110,171**

Note 9. Intangible assets

	2018 $			2017 $		
	At cost	Accumulated amortisation	Written down value	At cost	Accumulated amortisation	Written down value
Franchise fee	21,453	(21,453)	-	21,453	(19,160)	2,293
Franchise renewal fee	57,260	(57,260)	-	57,260	(45,808)	11,452
Total intangible assets	**78,713**	**(78,713)**	**-**	**78,713**	**(64,968)**	**13,745**

Franchise fees and renewal fees 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 in the Statement of Profit or Loss and Other Comprehensive Income.

Mission Beach Community Enterprises Limited have signed a new franchise fee agreement to come into affect on the 1st July 2018, and covering a 5 year term.

Movements in carrying amounts

2018	Opening written down value $	Amortisation	Closing written down value $
Franchise fees	2,293	(2,293)	-
Franchise renewal fee	11,452	(11,452)	-
Total intangible assets	**13,745**	**(13,745)**	**-**

2017	Opening written down value $	Amortisation	Closing written down value $
Franchise fees	4,582	(2,289)	2,293
Franchise renewal fee	22,904	(11,452)	11,452
Total intangible assets	**27,486**	**(13,741)**	**13,745**

Note 10. Financial liabilities

Financial liabilities include trade payables, other creditors, loans from third parties and loans from or other amounts due to related entities. Financial liabilities are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Financial liabilities are initially measured at fair value plus transaction costs, except where the instrument is classified as "fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Non-derivative financial liabilities other than financial guarantees 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.

Note 11. Trade and other payables

	2018 $	2017 $
Current		
Unsecured liabilities:		
Trade creditors	9,386	2,052
Other creditors and accruals	22,552	35,985
	31,938	**38,037**

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

The average credit period on trade and other payables is one month.

Note 12. Borrowings

	2018 $	2017 $
Current		
Unsecured liabilities		
Bank overdraft	153,299	185,873
Secured liabilities		
Finance leases	4,355	-
	157,654	**185,873**
Non-current		
Secured liabilities		
Finance leases	18,135	-
	18,135	**-**
Total borrowings	**175,789**	**185,873**

Note 12. Borrowings (continued)

Finance Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset - but not the legal ownership - are transferred to the company, are classified as finance leases.

Finance leases are capitalised by recognising an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses in the periods in which they are incurred.

(a) Bank overdraft

The company has an overdraft facility of $350,000 which is subject to normal commercial terms and conditions.

(b) Lease liabilities

Lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

Note 13. Provisions

	2018 $	2017 $
Current		
Employee benefits	1,940	2,357
Total provisions	**1,940**	**2,357**

Short-term employee benefits

Provision is made for the company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The liability for annual leave is recognised in the provision for employee benefits. All other short term employee benefit obligations are presented as payables.

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurement for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

Note 13. Provisions (continued)

Other long-term employee benefits (continued)

The company's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the company does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

Note 14. Share capital

	2018 $	2017 $
875,000 Ordinary shares fully paid	875,000	875,000
Less: Equity raising costs	(18,296)	(18,296)
	856,704	**856,704**
Ordinary shares are classified as equity.		
Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.		
(a) 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.

(b) 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 company 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%.

Note 14. Share capital (continued)

(b) Capital management (continued)

The Board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid 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.

Note 15. Accumulated losses

	2018 $	2017 $
Balance at the beginning of the reporting period	(693,238)	(713,267)
Profit for the year after income tax	24,539	20,029
Dividends paid	(17,500)	-
Balance at the end of the reporting period	**(686,199)**	**(693,238)**

Note 16. Dividends paid or provided for on ordinary shares

	2018 $	2017 $
Dividends paid or provided for during the year		
Final unfranked ordinary dividend of 2 cents per share (2017:Nil).	17,500	-

Note 17. Earnings per share

	2018 $	2017 $
Basic earnings per share (cents)	2.80	2.29
Earnings used in calculating basic earnings per share	24,539	20,029
Weighted average number of ordinary shares used in calculating basic earnings per share.	875,000	875,000

Basic earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to owners of the company, excluding any costs of servcing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the year, adjsuted for bonus elements in ordinary shares issues during the year.

Note 18. Statement of cash flows

	2018 $	2017 $
(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:		
Cash and cash equivalents (Note 5)	7,871	7,744
Less bank overdraft (Note 13)	(153,299)	(185,873)
As per the Statement of Cash Flow	**(145,428)**	**(178,129)**
(b) Reconciliation of cash flow from operations with profit after income tax		
Profit for the year after income tax	24,539	20,029
Non-cash flows in profit		
- Depreciation and amortisation	25,284	21,903
Changes in assets and liabilities		
- (Increase) / decrease in trade and other receivables	(3,381)	4,094
- (increase) / decrease in prepayments and other assets	584	2,119
- (Increase) / decrease in deferred tax asset	12,445	20,003
- Increase / (decrease) in trade and other payables	(6,099)	8,893
- Increase / (decrease) in provisions	(417)	1,610
Net cash flows from operating activities	**52,955**	**78,651**

(c) Credit standby arrangement and loan facilities

The company has a bank overdraft facility amounting to $350,000 (2017: $350,000). This may be terminated at any time at the option of the bank. At 30 June 2018, $153,299 of this facility was used (2017: $185,873). Variable interest rates apply to this overdraft facility.

Note 19. Key management personnel and related party disclosures

(a) Key management personnel

Key management personnel includes any person 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.

No remuneration was paid to key management personnel of the company during the year.

(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.

Note 19. Key management personnel and related party disclosures (continued)

(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.

During the year, the company purchased goods and services under normal terms and conditions, from related parties as follows:

Name of related party	Description of goods/services	Value $
Lee & Co	Admin Charges	246
Peter Thompson	Cleaning Charges	370

The Mission Beach Community Enterprises Limited has not accepted the Bendigo and Adelaide Bank Limited's **Community Bank**® Directors Privileges package.

(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:

	2018	2017
Anthony Trevor Lee (Resigned 30 June 2018)	-	3,000
Kelly Cavallaro	-	-
Leah Mangano (appointed 27 July 2017)	-	-
Regan Sedgman (resigned 25 September 2017)	-	-
Jay Whittem	-	-
Amanda Pym Wiltshire (Resigned 25 September 2017)	-	-
Peter Cameron (Appointed 28 April 2018, Resigned 25 July 2018)	-	-
Judith Giddings (Appointed 26 April 2018)	-	-
Cate Heys (Appointed 28 April 2018)	-	-
	-	**3,000**

There was no movement in key management personnel shareholdings during the year. 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 key management or related parties other than those described above.

Note 20. 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 21. Contingent liabilities and contingent assets

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

Note 22. Operating segments

The company operates in the financial services sector where it provides banking services to its clients. The company operates in one 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 (2017: 100%).

Note 23. Commitments

Operating lease commitments

	2018 $	2017 $
Payable:		
- no later than 12 months	48,715	47,207
- between 12 months and five years	220,467	2,832
- greater than five years	-	-
Minimum lease payments	**269,182**	**50,039**

The property lease is a non-cancellable lease with a initial 5 year term expiring 21 July 2023, with rent payable monthly in advance and with 5% increases each year on 1 Feburary.

Non-cancellable operating leases contracted but not capitalised in the Statement of Financial Position.

Franchise fee renewal

The franchise fee agreement with Bendigo and Adelaide Bank Limited is due for renewal on the 22 July 2018. The total payable to Bendigo and Adelaide Bank Limited is $77,158.40 and payable over a 5 year term.

Note 24. Company details

The registered office is 52 Holland Street, Wongaling Beach QLD 4852.

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

Note 25. Financial instrument risk

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.

Note 25. Financial instrument risk (continued)

Specific financial risk exposure and management

The main risks the company is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk and other price risk. There have been no substantial 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.

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

	Note	2018 $	2017 $
Financial assets			
Cash and cash equivalents	5	7,871	7,744
Trade and other receivables	6	23,055	19,674
Financial assets	7	-	-
Total financial assets		**30,926**	**27,418**
Financial liabilities			
Trade and other payables	11	31,938	38,037
Borrowings	12	22,490	-
Bank overdraft	12	153,299	185,873
Total financial liabilities		**207,727**	**223,910**

(a) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the company.

Credit risk is managed through maintaining procedures ensuring, to the extent possible, that clients and counterparties to transactions are of sound credit worthiness. 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.

Credit risk exposures

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 table above.

The company has significant concentrations of credit risk with Bendigo and Adelaide Bank Limited. The company's exposure to credit risk is limited to Australia by geographic area.

None of the assets of the company are past due (2017: 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 25. Financial instrument risk (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 $350,000 with Bendigo and Adelaide Bank Limited. The undrawn amount of this facility is $196,701 (2017: $164,126).

The table below reflects an undiscounted contractual maturity analysis for financial liabilities. The Bank overdraft facility is subject to annual review, may be drawn at any time, and may be terminated by the bank without notice. Therefore the balance of the overdraft facility outstanding at year end could become repayable within 12 months.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward.

Financial liability and financial asset maturity analysis:

30 June 2018	Weighted average interest rate %	Total $	Within 1 year $	1 to 5 years $	Over 5 years $
Financial assets					
Cash and cash equivalents	2.48%	7,871	7,871	-	-
Trade and other receivables		23,055	23,055	-	-
Total anticipated inflows		**30,926**	**30,926**	**-**	**-**
Financial liabilities					
Trade and other payables		31,938	31,938	-	-
Borrowings		22,490	4,355	18,135	-
Bank overdraft *	6%	153,299	153,299	-	-
Total expected outflows		**207,727**	**189,592**	**18,135**	**-**
Net inflow / (outflow) on financial instruments		**(176,801)**	**(158,666)**	**(18,135)**	**-**

Note 25. Financial instrument risk (continued)

(b) Liquidity risk (continued)

30 June 2017	Weighted average interest rate %	Total $	Within 1 year $	1 to 5 years $	Over 5 years $
Financial assets					
Cash and cash equivalents	2.50%	7,744	7,744	-	-
Trade and other receivables		19,674	19,674	-	-
Total anticipated inflows		**27,418**	**27,418**	**-**	**-**
Financial liabilities					
Trade and other payables		38,037	38,037	-	-
Bank overdraft *	3.74%	185,873	185,873	-	-
Total expected outflows		**223,910**	**223,910**	**-**	**-**
Net inflow / (outflow) on financial instruments		**(196,492)**	**(196,492)**	**-**	**-**

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

(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.

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The company has no exposure to fluctuations in foreign currency, or any exposure to a material price risk.

The financial instruments that primarily expose the company to interest rate risk are borrowings, fixed interest securities, and cash and cash equivalents.

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.

	2018		2017	
	Profit $	**Equity $**	**Profit $**	**Equity $**
+/- 1% in interest rates (interest income)	79	79	77	77
+/- 1% in interest rates (interest expense)	(1,758)	(1,758)	(1,859)	(1,859)
	(1,679)	**(1,679)**	**(1,781)**	**(1,781)**

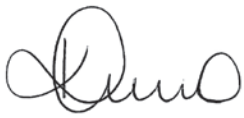
There have been no changes in any of the methods or assumptions used to prepare the above sensitivity analysis from the prior year.

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, as set out on pages 11 to 37 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 2018 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.



Kelly Cavallaro
Director

Signed at Mission Beach on 27 September 2018.

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

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of Mission Beach Community Enterprises Limited, which comprises the statement of financial position as at 30 June 2018, 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, and notes to the financial statements, including a summary of significant accounting policies and the directors' declaration.

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 2018 and of its performance for the year then ended; and

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

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

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements related to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report.

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

Independence

We are independent of the entity in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the company, would be in the same terms if given to the directors as at the time of this auditor's report.

Director's 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.

rsd Audit

In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit.
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 entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We obtain sufficient appropriate audit evidence regarding the financial information of the entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent audit report (continued)

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. On connection with our audit of the financial report, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RSD Audit
Chartered Accountants

P.P. Delahunty
Partner
Bendigo
Dated: 27 September 2018

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