



# **2021** Annual Report

## **Mission Beach Community Enterprises Limited**

ABN 15 129 575 560

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# Chair's report

For year ending 30 June 2021

This past 2020/21 financial year has again proved challenging with a continuation of unprecedented low interest rates and the ongoing COVID-19 pandemic. Despite these impacts, we have been fortunate that our business model has still managed to generate a before tax profit during these uncertain economic times. The low interest rate environment has meant that the margin on banking products has also experienced a reduction. With a similar lending and deposit holding, the company has experienced a reduction in revenue of \$12,753. The company has managed to keep operating cost down in line with our reduction in revenue to record a net profit before income tax of \$23,330. This is an increase on last years profit before income tax of \$9,326. The company income tax rate also reduced in this financial year from 27.5% to 26% which has resulted in a write-off of our deferred tax asset. This has impacted our income tax expense for the current year which has put the business into an after-tax loss of \$192.

## Community

This year has also been a challenge for our local community. The COVID-19 pandemic meant that many groups within our community whom we proudly sponsor had to cancel events or place them on hold. Due to this the Board made the difficult decision to place our sponsorship program on hold in 2020 as so many groups were not running events. We have since re-instated our sponsorship program in 2021 and have just finished a first round of applications where we have received some very worthy projects and events for consideration. We look forward to being able to again support our community and its various groups with their many worthy requests.

## Our strategy

The Board has continued to focus on the reduction of our banking overdraft which we have carried since the inception of our business some 12 years ago. Our overdraft saw a reduction during the financial year of \$34,498 and now sits at the lowest level we have seen to date. The Board will continue to promote the bank through our franchisee partners Bendigo Bank and social media platforms as to ensure that the local community is kept informed about the key role the bank plays within our local community.

The Board also remains committed to ensuring that shareholder returns are maintained via dividends on a yearly basis.

## Our people

Over the past twelve months we have seen several changes at Board level. We say goodbye this year to Cate Heys, Richard Giuliani, Leah Mangano, Katie Hatten and Neil Gabiola, all who resigned from the Board in the past year. I would personally like to thank all the retiring Directors for all their hard work while sitting on the Board and wish them well in their future endeavours.

The Board has welcomed the appointments of Andrew Cripps, Maria Ribbeck, Jael Napper and Gurbindar Singh (who resigned in 2020, however has recently re-joined the Board as a Director). Our new members are eager to serve both our business and the local community.

## Our Community Bank Mission Beach

In a year with so much change, our Community Bank Mission Beach has also undergone some changes of its own. The branch continues to operate within a COVID-19 safe plan. You may have also seen some new faces in branch.

We welcome with pleasure Kerry Mamo as our new Branch Manager. Kerry comes to us with a vast banking background and immense amount of experience. It is very exciting for our branch to have someone of Kerry's caliber on board and we look forward to the high level of expertise and professionalism she will be able to offer to both our existing and new customers. We also welcome Brittany Wasson to our team as our new Customer Service officer. You will also still find the familiar smiling faces of both Emily Kelly and Stefanie Raiti.

## Chairman's report (continued)

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Our Community Bank Mission Beach team remain committed to providing the best possible banking experience to Mission Beach and surrounds. We would like to thank them for their continued dedication and support throughout the year.

### **Our shareholders**

The Board has declared a dividend of \$0.01 per share unfranked to be paid at the end of March 2022. Upon payment of this dividend, this will bring the total dividends paid to shareholders since the business became profitable back in 2017 to \$78,750.

I would like to thank all our loyal shareholders for your ongoing support and for the business that many of you transact with our Community Bank. I would also like to send out a call to arms to all of you to continue to refer business back to our branch. Your assistance with ongoing referrals from your networks helps us to grow the business which not only increases returns to our community but also to yourselves as our shareholders.

We look forward to another positive year for our business and our community.



**Kelly Cavallaro**  
**Chair / Secretary**

# Manager's report

For year ending 30 June 2021

Hello and welcome!

I would like to begin by introducing myself as the new Branch Manager for Community Bank Mission Beach. My name is Kerry Mamo, and I joined this team in May 2021 from Bendigo Bank Tully branch. I have nine years lending experience, previous Branch Manager experience, and a banking background that has provided a wealth of knowledge I have been able to impart on my team.

Although I officially joined Community Bank Mission Beach branch within the last few months, I have been assisting this team in their lending space since December last year, which allowed me to hit the ground running upon commencement into the Branch Manager role.

We have worked very hard to grow this business over the last financial year, though we assure you it has come with its challenges. Despite dealing with the continued ramifications of COVID-19 as well as Mayfair 101, we have overcome. With the liquidation of Mayfair 101 there has been an increased interest in remote properties and we have had several applications for receivership sales as well as other local properties. We are excited to see what the future holds for Community Bank Mission Beach and look forward to a successful year ahead.

We would also like to advise that the sponsorship program is running again. We received many quality applications and look forward to supporting and giving back to our local community.

If you have attended the branch, you may have noticed a few changes, other than the staff. Bendigo Bank has officially rolled out its brand refresh. With the new branding came new uniforms, new bank cards, and more offerings on our digital platforms, which we have continued to educate our customers on and are excited to see and assist our people and customers in taking more control of their finances. There is more to come in the new branding, so please watch this space for the next phases of the new branding roll out.

I would like to thank our Customer Relationship Manager, Stefanie Raiti, and our Customer Service Officer, Emily Kelly, for their hard work to keep the branch running efficiently and compliantly while recruiting a Branch Manager, and I would like to welcome our newest employee, Brittany Wasson, to the team.

Brittany joined us on a casual basis at the end of August and has been an amazing asset to the team. Brittany has grown up in Innisfail, so while not a Mission Beach local, still a Cassowary Coast local who understands and appreciates just how special our little slice of paradise is. Brittany has over nine years of customer service experience and is happy to help in any capacity she can.

We would like to thank you, our shareholders and customers, for your continued support. Without which, we would not be able to provide the essential banking services to our local community.

We would like to thank the board of directors. It has been a challenging year and we appreciate all the hard work, long hours, and dedication you have provided to this business to keep it going and growing.

Our purpose has stood the test of time and drives us still:

*To feed into the prosperity of our customers and communities – not off it.*

Thank you again to all who have been directly involved in the success of Community Bank Mission Beach.



**Kerry Mamo**  
Branch Manager

# Bendigo and Adelaide Bank report

For year ending 30 June 2021

On behalf of Bendigo and Adelaide Bank, thank you! As a shareholder of your local Community Bank company, you are playing an important role in supporting your community.

It has been a tumultuous year for every community across Australia, and across the world. For our business, recognition that banking is an essential service has meant that we've kept the doors open, albeit with conditions that none of us could ever imagine having to work with.

Face masks, perspex screens, signed documents to cross state borders, checking in customers with QR codes and ensuring hand sanitiser stations are filled aren't what you would expect as a bank employee.


Then there's the fact that while communities have been, and continue to go in and out of lockdown, digital and online banking has become the norm.

So, what does that mean for Bendigo Bank and the Community Bank that you are invested in both as a shareholder, and a customer?

What we're seeing is that your Community Bank is still as important, if not more so, than when you first invested as a shareholder. If the pandemic has taught us anything, it has taught us the importance of place, of our local community, our local economy, our community-based organisations, the importance of social connection and the importance of your local Community Enterprise – your Community Bank in providing, leadership, support, and assistance in these difficult times.

As we continue to adapt to this rapidly changing world one thing that continues to be important to us all is supporting each another and our strong sense of community.

Your continued support as a shareholder is essential to the success of your local community. Thank you for continuing to back your Community Bank company and your community.



**Collin Brady**  
Head of Community Development

# Directors' report

## For the year ended 30 June 2021

The Directors present their report, together with the financial statements, of Mission Beach Community Enterprises Limited for the financial year ended 30 June 2021.

## Board of Directors

The following persons were Directors of Mission Beach Community Enterprises Limited during the whole of the financial year up to the date of this report, unless otherwise stated:

### Richard Mason Giullany (*Resigned 22 September 2021*)

Title:	Chair
Qualifications:	AICD, MBA, Dip Acc, Member of Internal Auditors
Experience & Expertise:	Richard has been retired for the last seven plus years. He is a member of the Institute of Internal Auditors and the Australian Institute of Company Directors. Richard's formal qualifications include an Undergraduate Diploma in Accounting and a Post Graduate Masters of Business Administration degree. Richard started his professional life in Sydney in Management Accounting over 50 years ago. He moved to Far North Qld in 1972 and worked as Chief Accountant for the Agricultural Co-operative (NQTGA) and as Chief Accountant for NQEA in Cairns. In 1978, Richard became self employed running two service stations and a mechanical workshop for eleven years. Richard then retired momentarily before returning to work professional in 1992 for a firm of Chartered Accountants for 5 years. He was then employed as an Accountant for the then Johnson Shire Council for another five years before moving on as Business Manager for the Parish of Innisfail for the next four years. Richard finished his professional Career as Corporate Services Team Leader and Company Secretary for Terrain (and environment NGO) for an 18 month contract. While working professional, Richard was also the Owner/Licensee for two very successful Childcare Centres in Cairns and Mission Beach. Richard has since retired from full time work. Richard has a long history with MBCEL, he was chair of the first meeting of interest locals for starting a Community Bank in Mission Beach back in July of 2005. From there he became a member of the original Steering Group Committee in 2007/08 and was one of the inaugural Directors of MBCEL. Richard has been actively involved in a variety of community groups in the Mission Beach area for many years.

### Kelly Cavallaro (*Resigned 28 July 2021, Appointed 13 September 2021*)

Title:	Chair/Secretary
Qualifications:	FIPA, MBA, B.Bus(Acc)
Experience & Expertise:	Accountant and Director of KLP Taxation Pty Ltd. Kelly is a Fellow 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 12 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 enjoys the challenges and rewards she had in her time on the Board.

### Catherine Heys (*Resigned 25 August 2021*)

Title:	Non-Executive Director
Qualifications:	AICD, MBA
Experience & 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' report (continued)

### Andrew Peter Cripps (*Appointed 25 August 2020*)

Title:	Non-Executive Director
Qualifications:	ACID, Becon/BA (Political Science), Justice of the Peace (Qual)
Experience & Expertise:	<p>Andrew was born and raised in Tully. After completing his secondary education at Tully State High School, Andrew attended the University of Queensland, graduating with degrees in Agricultural Economics and Political Science. He is a Graduate of the Australian Institute of Company Directors and a Justice of the Peace (Qual).</p> <p>Andrew served as the Member for Hinchinbrook from 2006 to 2017 and as the Queensland Minister for Natural Resources and Mines between 2012 and 2015. In 2018 he was elected a Councillor for the Hinchinbrook Shire. In March 2020, he was re-elected and subsequently appointed Deputy Mayor of the Hinchinbrook Shire.</p> <p>As Director of Front Row Advisory Services Pty Ltd, Andrew is also a consultant and contractor, working mainly in the areas of agriculture, natural resource management, mining, regional economic development and community development. Andrew was a foundation shareholder of Mission Beach Community Enterprises Ltd.</p>

### Maria Paz Ribbeck Donoso (*Appointed 16 September 2020*)

Title:	Non-Executive Director
Qualifications:	BSc (Agricultural Engineering & Agribusiness)
Experience & Expertise:	<p>Maria actively works with cane and banana growers in Tully by providing support in the implementation of farming practices that will help them conform with environmental regulations associated to water quality entering the GBR, this is part of Canegrowers and the Wet Tropics Major Integrated Project initiatives.</p> <p>Maria holds a bachelor's degree in Agricultural Resource Management and Engineering, as well as a diploma in Agribusiness from Pontificia Universidad Católica de Chile, ranked one of the best Universities in Latin America. Part of her degree was completed at the renowned University of California, Davis USA. In the past she has represented growers and fresh produce export companies from South America in England and Holland. Maria has extensive experience holding diverse managerial positions in Sales, Business Development and more recently as a Division Manager at one of the major Australian fresh produce corporations. Currently managing two small family businesses in the industries of building and housing. Co-author of a research paper that studies the potential for water quality credit trading run by Griffith University. As part of her current role Maria has been granted funding to develop a theatre piece that will facilitate the understanding of difficult science topics, she has undertaken the role of the play writer as well. Maria is a member of the Mission Beach &amp; Burgundy Club. She greatly enjoys her time living in Mission Beach and engaging with such vibrant community.</p>

### Gurbindar Singh (*Resigned 26 August 2020*)

Title:	Non-Executive Director
Qualifications:	CPA. BA (Accounting & Financial Management, Information Services).
Experience & Expertise:	<p>Gurbindar is a results-focused executive who has extensive experience in managing finances and brings experience from customer interactions, exposure to information technology and management expertise to aid decision-making processes. He is a Certified Practising Accountant with qualifications including a Bachelor of Arts degree (Accounting and Financial Management, Information Services) and a Master of Business Administration. After commencing his accounting career in a financial institution in Fiji, Gurbindar and his family emigrated to Australia. He has subsequently held various roles within the Queensland Local Government sector and is currently Chief Financial Officer at Cassowary Coast Regional Council. He is a member of Local Government Managers Australia (Queensland) and is Secretary of the Cassowary Coast River Improvement Trust. Gurbindar and his family live at Mission Beach and are active in the local school and sporting communities.</p>



## Directors' report (continued)

### Leah Dee Mangano (Resigned 30 January 2021)

Title:	Non-Executive Director
Qualifications:	
Experience & 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. Leah's professional skills, together with her keen interest to see our local area to 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.

### Katie Ella Hatten (Resigned 31 March 2021)

Title:	Non-Executive Director
Qualifications:	BA (Communications).
Experience & Expertise:	Kate Hatten is a passionate marketing, communication, business and regional development professional with a demonstrated history of working with global brands, business and local government. Kate is skilled in community engagement, business, industry and regional development, strategic development and communications. Kate holds a Bachelor of Arts (B.A.) focused on Communication and Related Programs from Griffith University, Diploma of Business focused on Tourism and currently studying an MBA focused on innovation and entrepreneurship. Kate was fortunate to have grown up in Mission Beach and has returned to the region she loves. In her spare time, Kate enjoys spending time either out on the water or exploring the surrounding national parks with her partner and two young children.

### Neil Gabiola (Resigned 27 April 2021)

Title:	Non-Executive Director
Qualifications:	Boilermaker
Experience & Expertise:	As the son of a local cane farming family Neil grew up and went to school in the Tully and Mission Beach area. He completed a boiler making apprenticeship at Tully sugar mill before working in the mining and boatbuilding industries. Neil returned to the area to take a position at the Kareeya Hydro power station in the Tully Gorge. Neil and his family live at 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.

### Directors' Meetings

Attendances by each Director during the year were as follows:

Director	Board Meetings	
	A	B
Richard Mason Giullany (Resigned 22 September 2021)	11	9
Kelly Cavallaro (Resigned 28 July 2021, Appointed 13 September 2021)	11	11
Catherine Heys (Resigned 25 August 2021)	11	8
Andrew Peter Cripps (Appointed 25 August 2020)	10	10
Maria Paz Ribbeck Donoso (Appointed 16 September 2020)	9	7
Gurbindar Singh (Resigned 26 August 2020)	2	-
Leah Dee Mangano (Resigned 30 January 2021)	6	4
Katie Ella Hatten (Resigned 31 March 2021)	8	8
Neil Gabiola (Resigned 27 April 2021)	9	3

A - The number of meetings eligible to attend.

B - The number of meetings attended.

- Not a member of that committee.

## Directors' report (continued)

### Company Secretary

The following person held the position of Company Secretary at the end of the financial year.

#### Kelly Cavallaro (Appointed 13 September 2021)

Qualifications:	CA, B.Bus(Acc)
Experience & Expertise:	Kelly is a principal of a local accounting firm. She has many years of experience in secretarial roles with various community and professional groups.

### 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.

### Operating Results

The profit of the company for the financial year after provision for income tax was:

	30 June 2021 (\$)	30 June 2020 (\$)	Movement
<b>Profit/(Loss) after Tax</b>	(192)	9,673	-102%

### Directors' Benefits

No director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a director, a firm which a director is a member or an entity in which a director has a substantial financial interest.

### Director's Interests

Director	Fully Paid Ordinary Shares		
	Balance at July 1 2020	Changes During the Year	Balance at 30 June 2021
Richard Mason Giullany	4,000	-	4,000
Kelly Cavallaro (Resigned 28 July 2021, Appointed 13 September 2021)	-	-	-
Catherine Heys (Resigned 25 August 2021)	-	-	-
Andrew Peter Cripps (Appointed 25 August 2020)	1,000	-	1,000
Maria Paz Ribbeck Donoso (Appointed 16 September 2020)	-	-	-
Gurbindar Singh (Resigned 26 August 2020)	-	-	-
Leah Dee Mangano (Resigned 30 January 2021)	-	-	-
Katie Ella Hatten (Resigned 31 March 2021)	-	-	-
Neil Gabiola (Resigned 27 April 2021)	1,000	-	1,000

### Dividends

During the financial year, the following dividends were provided for and paid. The dividends have been provided for in the financial statements.

	Cents per Share	Total Amount (\$)
Unfranked dividend paid	1	8,750
<b>Total Amount</b>	<b>1</b>	<b>8,750</b>

### 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

During the financial year, the Australian economy was greatly impacted by COVID-19. Bendigo Bank, as franchisor, announced a suite of measures aimed at providing relief to customers affected by the COVID-19 pandemic. The uncertain economic conditions has not materially impacted the company's earnings for the financial year. As the pandemic continues to affect the economic environment, uncertainty remains on the future impact of COVID 19 to the company's operations.

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

### Events Since the end of the Financial Year

No matters or circumstances have arisen since the end of the financial year that significantly impact or may significantly impact 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.

### Indemnification & Insurance of Directors & Officers

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

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

### Proceedings on Behalf of the Company

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

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the *Corporations Act 2001*.

## Directors' report (continued)

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### Non-audit Services

The company may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the company are important. Details of the amounts paid or payable to the auditor (RSD Audit) for audit and non-audit services provided during the year are set out in Note 28 of the accounts.

The Board of Directors has considered the non-audit services provided during the year by the auditor and is satisfied that the provision of the non-audit services is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non audit services are reviewed and approved by the Board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the company, acting as an advocate for the company or jointly sharing risks and rewards.

### Auditor's Independence Declaration

A copy of the Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 12 of this financial report.

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



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**Kelly Cavallaro**

Secretary

Dated this 29th day of September, 2021

# Auditor's independence declaration



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

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admin@rsdaudit.com.au  
www.rsdaudit.com.au

## **Auditors Independence Declaration under section 307C of the *Corporations Act 2001* to the Directors of Mission Beach Community Enterprises Limited**

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Mission Beach Community Enterprises Limited. As the lead audit partner for the audit of the financial report for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) The auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) Any applicable code of professional conduct in relation to the audit.

**RSD Audit**

A handwritten signature in black ink, appearing to read 'P. P. Delahunty'.

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

**Dated:** 30 September 2021

# Financial statements

## Statement of Profit or Loss and Other Comprehensive Income For the year ended 30 June 2021

	Note	2021 \$	2020 \$
<b>Revenue</b>			
Revenue from contracts with customers	7	446,058	458,631
Other revenue	8	37,500	37,500
Finance income	9	83	166
		<b>483,641</b>	<b>496,297</b>
<b>Expenses</b>			
Employee benefits expense	10	(251,973)	(267,453)
Depreciation and amortisation	10	(73,571)	(75,304)
Finance costs	10	(6,403)	(8,686)
Administration and general costs		(72,773)	(69,684)
Occupancy expenses		(24,813)	(21,351)
IT expenses		(19,088)	(16,281)
Bad and doubtful debts expense		(40)	(4,192)
Other expenses		(9,177)	(10,915)
		<b>(457,838)</b>	<b>(473,866)</b>
<b>Operating profit before charitable donations and sponsorship</b>		<b>25,803</b>	<b>22,431</b>
Charitable donations and sponsorship		(2,473)	(8,427)
<b>Profit before income tax</b>		<b>23,330</b>	<b>14,004</b>
Income tax expense	11	(23,522)	(4,331)
<b>Profit/(loss) for the year after income tax</b>		<b>(192)</b>	<b>9,673</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>(192)</b>	<b>9,673</b>
Profit/(loss) attributable to the ordinary shareholders of the company		(192)	9,673
<b>Total comprehensive income attributable to ordinary shareholders of the company</b>		<b>(192)</b>	<b>9,673</b>
<b>Earnings per share</b>		<b>¢</b>	<b>¢</b>
- basic and diluted earnings per share	30	(0.02)	1.11

The accompanying notes form part of these financial statements

## Financial statements (continued)

### Statement of Financial Position For the year ended 30 June 2021

	Note	2021 \$	2020 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	12	-	154
Trade and other receivables	13	11,873	13,951
Financial assets	14	8,712	8,438
Other assets	15	6,529	6,054
<b>Total current assets</b>		<b>27,114</b>	<b>28,597</b>
<b>Non-current assets</b>			
Property, plant and equipment	16	58,572	83,873
Right-of-use assets	17	72,517	107,325
Intangible assets	18	26,444	39,665
Deferred tax assets	19	175,641	199,163
<b>Total non-current assets</b>		<b>333,174</b>	<b>430,026</b>
<b>Total assets</b>		<b>360,288</b>	<b>458,623</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	20	22,704	23,504
Borrowings	21	70,321	100,046
Lease liabilities	22	36,869	34,020
<b>Total current liabilities</b>		<b>129,894</b>	<b>157,570</b>
<b>Non-current liabilities</b>			
Trade and other payables	20	15,432	30,863
Borrowings	21	-	9,417
Lease liabilities	22	39,905	76,774
<b>Total non-current liabilities</b>		<b>55,337</b>	<b>117,054</b>
<b>Total liabilities</b>		<b>185,231</b>	<b>274,624</b>
<b>Net assets</b>		<b>175,057</b>	<b>183,999</b>
<b>Equity</b>			
Issued capital	23	856,704	856,704
Accumulated losses	24	(681,647)	(672,705)
<b>Total equity</b>		<b>175,057</b>	<b>183,999</b>

The accompanying notes form part of these financial statements



## Financial statements (continued)

### Statement of Changes in Equity For the year ended 30 June 2021

	Note	Issued Capital \$	Retained Earnings \$	Total Equity \$
<b>Balance at 1 July 2019</b>		<b>856,704</b>	<b>(656,128)</b>	<b>200,576</b>
<b>Comprehensive income for the year</b>				
Profit for the year		-	9,673	9,673
<b>Transactions with owners in their capacity as owners</b>				
Dividends paid or provided	29	-	(26,250)	(26,250)
<b>Balance at 30 June 2020</b>		<b>856,704</b>	<b>(672,705)</b>	<b>183,999</b>
<b>Balance at 1 July 2020</b>		<b>856,704</b>	<b>(672,705)</b>	<b>183,999</b>
<b>Comprehensive income for the year</b>				
Loss for the year		-	(192)	(192)
<b>Transactions with owners in their capacity as owners</b>				
Dividends paid or provided	29	-	(8,750)	(8,750)
<b>Balance at 30 June 2021</b>		<b>856,704</b>	<b>(681,647)</b>	<b>175,057</b>

The accompanying notes form part of these financial statements

## Financial statements (continued)

### Statement of Cash Flows For the year ended 30 June 2021

	Note	2021 \$	2020 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		533,991	491,591
Payments to suppliers and employees		(429,583)	(403,555)
Interest paid		(6,403)	(8,686)
Interest received		83	166
<b>Net cash flows provided by operating activities</b>	25	<b>98,088</b>	<b>79,516</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of property, plant and equipment		(239)	(1,350)
Purchase of investments		(274)	(8,438)
Purchase of intangible assets		(15,432)	(16,841)
<b>Net cash flows used in investing activities</b>		<b>(15,945)</b>	<b>(26,629)</b>
<b>Cash flows from financing activities</b>			
Repayment of borrowings		(4,029)	(3,668)
Repayment of lease liabilities		(34,020)	(31,339)
Dividends paid		(8,750)	(26,250)
<b>Net cash flows used in financing activities</b>		<b>(46,799)</b>	<b>(61,257)</b>
<b>Net increase/(decrease) in cash held</b>		<b>35,344</b>	<b>(8,370)</b>
Cash and cash equivalents at beginning of financial year		(96,054)	(87,684)
<b>Cash and cash equivalents at end of financial year</b>	25a	<b>(60,710)</b>	<b>(96,054)</b>

The accompanying notes form part of these financial statements

# Notes to the financial statements

For the year ended 30 June 2021

## Note 1. Corporate Information

These financial statements and notes represent those of Mission Beach Community Enterprises Limited (the Company) as an individual entity. Mission Beach Community Enterprises Limited is a company limited by shares, incorporated and domiciled in Australia. The financial statements were authorised for issue by the Directors on 30 September 2021.

Further information on the nature of the operations and principal activity of the company is provided in the directors' report. Information on the company's related party relationships is provided in Note 27.

## Note 2. 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 (AASB) and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). 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, where applicable, by the measurement at fair value of selected non current assets, financial assets and financial liabilities.

The financial report is presented in Australian dollars and all values are rounded to the nearest dollar, unless otherwise stated.

## Note 3. Summary of Significant Accounting Policies

The company has consistently applied the following accounting policies to all periods presented in these financial statements, except if mentioned otherwise.

### (a) Economic Dependency

The Company has entered into a franchise agreement with Bendigo and Adelaide Bank Limited that governs the management of the following Community Banks branch:

Mission Beach

The company is economically dependent on the ongoing receipt of income under the franchise agreement with Bendigo Bank. The directors have no reason to believe a new franchise arrangement under mutually acceptable terms will not be forthcoming following expiry.

The company operates as a franchise of Bendigo Bank, using the name "Bendigo Bank" and the logo and system of operations of Bendigo Bank. The company manages the Community Bank on behalf of Bendigo Bank, however all transactions with customers conducted through the Community Bank are effectively conducted between the customers and Bendigo Bank.

## Notes to the financial statements (continued)

### Note 3. Summary of Significant Accounting Policies (*continued*)

All deposits are made with Bendigo Bank, and all personal and investment products are products of Bendigo Bank, 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 Bank, must be approved by Bendigo Bank. All credit transactions are made with Bendigo Bank, and all credit products are products of Bendigo Bank.

The company promotes and sells the products and services, but is not a party to the transaction.

The credit risk (i.e. the risk that a customer will not make repayments) is for the relevant Bendigo Bank entity to bear as long as the company has complied with the appropriate procedures and relevant obligations and has not exercised a discretion in granting or extending credit.

Bendigo Bank provides significant assistance in establishing and maintaining the Community Bank 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 and assistance in relation to:

- the design, layout and fit out of the Community Bank premises
- training for the branch manager and other employees in banking, management systems and interface protocol
- methods and procedures for the sale of products and provision of services
- calculation of company revenue and payment of many operating and administrative expenses
- the formulation and implementation of advertising and promotional programs
- sales techniques and proper customer relations.

#### (b) Revenue From Contracts With Customers

The company has entered into a franchise agreement with Bendigo Bank. The company delivers banking and financial services of Bendigo Bank to its community. The franchise agreement provides for a share of interest, fee, and commission revenue earned by the company. Interest margin share is based on a funds transfer pricing methodology which recognises that income is derived from deposits held, and that loans granted incur a funding cost. Fees are based on the company's current fee schedule and commissions are based on the agreements in place. All margin revenue is recorded as non-interest income when the company's right to receive the payment is established.

The company acts as an agent under the franchise agreement and revenue arises from the rendering of services through its franchise agreement.

Revenue is recognised on an accruals basis, at the fair value of consideration specified in the franchise agreement. Under AASB 15 *Revenue from Contracts with Customers* (AASB 15), revenue recognition for the company's revenue stream is as follows:

Revenue	Includes	Performance Obligation	Timing of Recognition
Franchise agreement profit share	Margin, commission and fee income	When the company satisfies its obligation to arrange the services to be provided to the customer by the supplier (Bendigo & Adelaide Bank)	On completion of the provision of the relevant service. Revenue is accrued monthly and paid within 10 business days of month end

All revenue is stated net of the amount of Goods and Services Tax (GST).

## Notes to the financial statements (continued)

### Note 3. Summary of Significant Accounting Policies (*continued*)

#### Revenue Calculation

The franchise agreement provides that three forms of revenue may be earned by the company – margin, commission and fee income. Bendigo Bank decides the form of revenue the company earns on different types of products and services.

The revenue earned by the company is dependent on the business that it generates. It may also be affected by other factors, such as economic and local conditions, for example, interest rates.

#### Margin

Margin is arrived at through the following calculation:

Interest paid by customers on loans, less interest paid to customers on deposits
<i>plus</i>
Deposit returns (i.e. interest return applied by BABL on deposits)
<i>minus</i>
Any costs of funds (i.e. interest applied by BABL to fund a loan)

The company is entitled to a share of the margin earned by Bendigo and Adelaide Bank. If this reflects a loss, the company incurs a share of that loss.

#### Commission

Commission revenue is in the form of commission generated for products and services sold. This commission is recognised at a point in time which reflects when the company has fulfilled its performance obligation.

The company receives trailing commission for products and services sold. Ongoing trailing commission payments are recognised on receipt as there is insufficient detail readily available to estimate the most likely amount of income without a high probability of significant reversal in a subsequent reporting period. The receipt of ongoing trailing commission income is outside the control of the company, and is a significant judgement area.

#### Fee Income

Fee income is a share of what is commonly referred to as 'bank fees and charges' charged to customers by Bendigo and Adelaide Bank entities including fees for loan applications and account transactions.

#### Core Banking Products

Bendigo Bank has identified some products and services as 'core banking products'. It may change the products and services which are identified as core banking products by giving the company at least 30 days notice. Core banking products currently include Bendigo Bank branded home loans, term deposits and at call deposits.

#### Ability to Change Financial Return

Under the franchise agreement, Bendigo and Adelaide Bank may change the form and amount of financial return that the company receives. The reasons it may make a change include changes in industry or economic conditions or changes in the way Bendigo and Adelaide Bank earns revenue.

The change may be to the method of calculation of margin, the amount of margin, commission and fee income or a change of a margin to a commission or vice versa. This may affect the amount of revenue the company receives on a particular product or service. The effect of the change on the revenue earned by the company is entirely dependent on the change.

Bendigo and Adelaide Bank must not reduce the margin and commission the company receives on core banking products and services to less than 50% (on an aggregate basis) of Bendigo and Adelaide Bank's margin at that time. For other products and services, there is no restriction on the change Bendigo and Adelaide Bank may make.

## Notes to the financial statements (continued)

### Note 3. Summary of Significant Accounting Policies (*continued*)

#### (c) Other Revenue

The company's activities include the generation of income from sources other than the core products under the franchise agreement. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and can be reliably measured.

Revenue	Revenue Recognition Policy
Discretionary financial contributions (also "Market Development Fund" or "MDF" income)	MDF income is recognised when the right to receive the payment is established. MDF income is discretionary and provided and receivable at month-end and paid within 14 days after month-end.
Other income	All other revenues that did not contain contracts with customers are recognised as goods and services are provided.

All revenue is stated net of the amount of Goods and Services Tax (GST).

#### Discretionary Financial Contributions

In addition to margin, commission and fee income, and separate from the franchise agreement, Bendigo Bank has also made MDF payments to the company.

The amount has been based on the volume of business attributed to a branch. The purpose of the discretionary payments is to assist with local market development activities, including community sponsorships and grants. It is for the board to decide how to use the MDF.

The payments from Bendigo Bank are discretionary and may change the amount or stop making them at any time. The company retains control over the funds, the funds are not refundable to Bendigo Bank.

#### (d) Employee Benefits

##### Short-term Employee Benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for salary and wages (including non-monetary benefits), annual leave, and sick leave which are expected to be wholly settled within 12 months of the reporting date. They are measured at amounts expected to be paid when the liabilities are settled, plus related on-costs. Expenses for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

An annual leave liability is recognised for the amount expected to be paid if the company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be reliably estimated.

##### Other Long-term Employee Benefits

The company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior reporting periods.

That benefit is discounted to determine its present value. Consideration is given to expected future wage and salary levels plus related on-costs, experience of employee departures, and years of service achieved. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimate future cash outflows.

Remeasurements are recognised in profit or loss in the period in which they arise.

# Notes to the financial statements (continued)

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## **Note 3. Summary of Significant Accounting Policies (*continued*)**

### **(e) Tax**

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income.

#### **Current Income Tax**

Current tax assets and liabilities are measured at amounts expected to be recovered from or paid to the taxation authorities. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

#### **Deferred Tax**

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are recognised for all deductible temporary differences, carried-forward tax losses, and unused tax credits to the extent that it is probable that future taxable profits will be available against which they can be used.

The carrying amount of deferred 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 tax asset to be utilised.

Deferred tax is measured at the rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any.

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

#### **Goods & Services Tax**

Revenues, expenses and assets are recognised net of the amount of GST, except:

- when the amount of GST incurred on a sale or purchase of assets or services is not payable to or recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the revenue or expense item.
- when receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

### **(f) Cash & Cash Equivalents**

For the purposes of the statement of financial position and statement of cash flows, cash and cash equivalents comprise: cash on hand, deposits held with banks, and short-term, highly liquid investments (mainly money market funds) that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.



## Notes to the financial statements (continued)

### Note 3. Summary of Significant Accounting Policies (continued)

#### (g) Property, Plant & Equipment

##### Recognition & Measurement

Items of property, plant and equipment are measured at cost.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

##### Subsequent Expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the company.

##### Depreciation

Depreciation is calculated to write-off the cost of items of property, plant and equipment less their estimated residual values using diminishing value method over their estimated useful lives, and is recognised in profit or loss.

The estimated useful lives of property, plant and equipment for the current and comparative periods are as

Asset Class	Method	Useful Life
Leasehold improvements	Straight line	40 years
Plant & equipment	Straight line	4 - 25 years
Motor vehicles	Straight line	3 years

Depreciation methods, useful life, and residual values are reviewed at each reporting date and adjusted if appropriate.

#### (h) Intangible Assets

Intangible assets of the company include the franchise fees paid to Bendigo Bank conveying the right to operate the Community Bank franchise.

##### Recognition & Measurement

Intangible assets acquired separately are measured on initial recognition at cost.

##### Subsequent Expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill, is recognised in profit or loss as incurred.

##### Amortisation

Intangible assets are amortised over their useful life and assessed for impairment whenever impairment indicators are present.

The estimated useful life and amortisation method for the current and comparative periods are as follows:

Asset Class	Method	Useful Life
Establishment fee	Straight line	Franchise term (5 years)
Franchise fee	Straight line	Franchise term (5 years)

Amortisation methods, useful life, and residual values are reviewed at each reporting date and adjusted if appropriate.

## Notes to the financial statements (continued)

### Note 3. Summary of Significant Accounting Policies (*continued*)

#### (i) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The company's financial instruments include trade debtors and creditors, cash and cash equivalents, leases.

Sub-note (i) and (j) refer to the following acronyms:

Acronym	Meaning
FVTPL	Fair value through profit or loss
FVTOCI	Fair value through other comprehensive income
SPPI	Solely payments of principal and interest
ECL	Expected credit loss
CGU	Cash-generating unit

#### Recognition & Initial Measurement

Trade receivables are initially recognised when they originated. All other financial assets and financial liabilities are initially recognised when the company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to the acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

#### Classification & Subsequent Measurement

##### *Financial Assets*

On initial recognition, a financial asset is classified as measured at: amortised cost.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

##### *Financial Assets - Business Model Assessment*

The company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed.

##### *Financial Assets - Subsequent Measurement, Gains & Losses*

For financial assets at amortised cost, these assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

##### *Financial Liabilities - Classification, Subsequent Measurement, Gains & Losses*

Borrowings and other financial liabilities (including trade payables) are classified as measured at amortised cost. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Any gain or loss on derecognition is also recognised in profit or loss.

## Notes to the financial statements (continued)

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### **Note 3. Summary of Significant Accounting Policies (*continued*)**

#### *Derecognition*

##### *Financial Assets*

The company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Where the company enters into transactions where it transfers assets recognised in the statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred asset, the transferred assets are not derecognised.

##### *Financial Liabilities*

The company derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire. The company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

#### *Offsetting*

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the company currently has a legally enforceable right to set off the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

### **(j) Impairment**

#### *Non-financial Assets*

At each reporting date, the company reviews the carrying amount of its non-financial assets (other than investment property, contracts assets, and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The company has assessed for impairment indicators and noted no material impacts on the carrying amount of non-financial assets.

### **(k) Issued Capital**

#### *Ordinary Shares*

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

#### *As Lessee*

At commencement or on modification of a contract that contains a lease component, the company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for leases of property the company has elected not to separate lease and non-lease components and account for the lease and non-lease components as a single lease component.

The company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

# Notes to the financial statements (continued)

## Note 3. Summary of Significant Accounting Policies (continued)

### (l) Leases (continued)

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the company by the end of the lease term or the costs of the right-of-use asset reflects that the company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate.

The company determines its incremental borrowing rate by obtaining interest rates from funding sources and where necessary makes certain adjustments to reflect the terms of the lease and type of asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual guarantee; and
- the exercise price under a purchase option the company is reasonable certain to exercise, lease payments in an option renewal period if the company is reasonably certain to exercise that option, and penalties for early termination of a lease unless the company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the company's estimate of the amount expected to be payable under a residual value guarantee, if the company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

#### Short-term Leases & Leases of Low-value Assets

The company has elected not to recognise right-of-use assets and lease liabilities for leases of short-term leases and low-value assets, including IT equipment. The company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

A short-term lease is a lease that, at commencement date, has a lease term of 12 months or less.

#### As Lessor

The company has not been a party in an arrangement where it is a lessor.

### (m) Standards Issued But Not Yet Effective

There are no new standards effective for annual reporting periods beginning after 1 January 2020 that are expected to have a significant impact on the company's financial statements.

### (n) Comparative Figures

Where 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 3. Summary of Significant Accounting Policies (continued)

#### (o) Going Concern

For the period ended 30 June 2021, there are several factors that may cast a doubt on the entities ability to continue as a going concern. These conditions include:

- the net assets of the company as at 30 June 2021 were \$175,057;
- the loss made for the period was \$192, bringing accumulated losses to \$681,647; and
- the company generated a net cash inflow from operating activities of \$98,088.

Over the past 12 - 18 months, the directors have implemented measures to increase the footings of the bank since 30 June 2020. In conjunction with a change in commission rates earned on banking products from Bendigo and Adelaide Bank Limited, revenue has remained consistent even though footings growth has been 9% since 30 June 2020. The Company meets its day to day working capital requirements through an overdraft facility that is subject to normal commercial terms and conditions. The overdraft has an approved limit of \$200,000 and was drawn down to \$60,710 as at 30 June 2021.

The directors will continue to review their growth forecast budget and cash flows throughout the 2021/2022 financial year, and continue to implement measures to preserve cash, and secure additional finance.

Bendigo and Adelaide Bank Limited has confirmed that it will continue to support the Company and its operations for the 2021/2022 financial year, and beyond, through the provision of the overdraft facility on normal commercial terms and conditions to assist with working capital requirements. The support is provided on the basis that the company continues to fulfil its obligations under the franchise agreement and continues to work closely with Bendigo and Adelaide Bank Limited to further develop its business. During the year, the Company reduced its borrowings by \$39,142.

Based on the above, the directors believe that it is reasonably foreseeable that the company will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial statements.

### Note 4. Significant Accounting Judgements, Estimates & Assumptions

During preparation of the financial statements, management has made judgements and estimates that affect the application of the company's accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual outcomes and balances may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Any revisions to these estimates are recognised prospectively.

#### (a) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

Note	Judgement
Note 7 - Revenue	Whether revenue is recognised over time or at a point in time
Note 22 - Leases:	
(a) Control	Whether a contract is or contains a lease at inception by assessing whether the company has the right to direct the use of the identified asset and obtain substantially all the economic benefits from the use of that asset
(b) Lease term	Whether the company is reasonably certain to exercise extension options, termination periods, and purchase options
(c) Discount rates	Judgement is required to determine the discount rate, where the discount rate is the company's incremental borrowing rate if the rate implicit in the lease cannot be readily determined. The incremental borrowing rate is determined with reference to factors specific to the company and underlying asset including: <ul style="list-style-type: none"><li>• the amount</li><li>• the lease term</li><li>• economic environment</li><li>• any other relevant factors</li></ul>

## Notes to the financial statements (continued)

### Note 4. Significant Accounting Judgements, Estimates & Assumptions

#### (b) Assumptions & Estimation Uncertainty

Information about assumptions and estimation uncertainties at 30 June 2020 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

Note	Assumption
Note 19 - Recognition of deferred tax assets	Availability of future taxable profit against which deductible temporary differences and carried-forward tax losses can be utilised
Note 16 - Estimation of asset useful lives	Key assumptions on historical experience and the condition of the asset

### Note 5. Financial Risk Management

The company has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the company. The company does not utilise any derivative instruments.

Risk management is carried out directly by the Board of Directors.

#### (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, and arises principally from the company's receivables from customers.

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

#### (b) Liquidity Risk

Liquidity risk is the risk that the company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

The following are the remaining contractual maturities of financial liabilities. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements.

30 June 2021		Contractual Cash Flows		
Non-derivative Financial Liability	Carrying Amount	< 12 Months	1 - 5 Years	> 5 Years
Lease liabilities	76,774	39,750	37,024	-

#### (c) Market Risk

Market risk is the risk that changes in market prices - e.g. foreign exchange rates, interest rates, and equity prices - will affect the company's income or the value of its holdings in financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

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

## Notes to the financial statements (continued)

### Note 5. Financial Risk Management (*continued*)

#### Price Risk

The company is not exposed to equity securities price risk as it does not hold investments for sale or at fair value. There is no exposure to the company in regard to commodity price risk.

#### Cash Flow & Fair Values Interest Rate Risk

Interest-bearing assets are held with Bendigo and Adelaide Bank and subject to movements in market interest. Interest-rate risk could also arise from long-term borrowings. Borrowings issued at variable rates expose the company to cash flow interest-rate risk.

The company held cash and cash equivalents of \$Nil at 30 June 2021 (2020: \$154). The cash and cash equivalents are held with Bendigo & Adelaide Bank, which are rated BBB on Standard & Poor's credit ratings.

### Note 6. 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 distributions 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.

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 company over that 12 month period where 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 2021 can be seen in the statement of profit or loss and other comprehensive Income.

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

### Note 7. Revenue From Contracts With Customers

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.

	2021 \$	2020 \$
<b>Revenue</b>		
- Revenue from contracts with customers	446,057	458,631
	<b>446,057</b>	<b>458,631</b>
<b>Disaggregation of Revenue From Contracts With Customers</b>		
- Margin income	340,409	355,369
- Fee income	46,376	49,266
- Commission income	59,273	53,996
	<b>446,058</b>	<b>458,631</b>

All revenue from contracts customers shown above was recognised at a point in time. There was no revenue from contracts with customers recognised over time during the financial year.



## Notes to the financial statements (continued)

### Note 8. Other Revenue

The company generates other sources of revenue as outlined below.

	2021 \$	2020 \$
<b>Other Revenue</b>		
- Market development fund income	37,500	37,500
	<b>37,500</b>	<b>37,500</b>

### Note 9. Finance Income

The company holds financial instruments measured at amortised cost. Interest income is recognised at the effective interest rate.

Term deposits which can be readily converted to a known amount of cash and subject to an insignificant risk of change may qualify as a cash equivalent.

	2021 \$	2020 \$
<b>Finance Income</b>		
At amortised cost:		
- Interest from term deposits	83	166
	<b>83</b>	<b>166</b>

### Note 10. Expenses

Profit before income tax from continuing operations includes the following specific expenses:

#### (a) Employee Benefits Expense

	2021 \$	2020 \$
Employee Benefits Expense		
- Wages & salaries	205,253	211,107
- Superannuation costs	20,226	20,048
- Other expenses related to employees	26,494	36,298
	<b>251,973</b>	<b>267,453</b>

#### (b) Depreciation & Amortisation Expense

	2021 \$	2020 \$
Depreciation of Non-current Assets		
- leasehold improvements	18,859	17,004
- plant and equipment	6,681	10,269
	<b>25,540</b>	<b>27,273</b>
Depreciation of Right-of-use Assets		
- leased buildings	34,808	34,808
	<b>34,808</b>	<b>34,808</b>
Amortisation of Intangible Assets		
- franchise fee	2,204	2,204
- franchise renewal fee	11,019	11,019
	<b>13,223</b>	<b>13,223</b>
<b>Total depreciation &amp; amortisation expense</b>	<b>73,571</b>	<b>75,304</b>

The non-current tangible and intangible assets listed above are depreciated and amortised in accordance with the company's accounting policy (see Note 3(g) and 3(h) for details).

## Notes to the financial statements (continued)

### Note 10. Expenses (continued)

#### (c) Finance Costs

	Note	2021 \$	2020 \$
Finance Costs			
- Interest paid		1,800	2,557
- Other		4,603	6,129
		<b>6,403</b>	<b>8,686</b>

Finance costs are recognised as expenses when incurred using the effective interest rate.

#### (d) Community Investments & Sponsorship

The overarching philosophy of the Community Bank model, is to support the local community in which the company operates. This is achieved by circulating the flow of financial capital into the local economy through community contributions (such as donations and grants).

	Note	2021 \$	2020 \$
Community Investments & Sponsorship			
- Direct sponsorship and grant payments		2,473	8,427
		<b>2,473</b>	<b>8,427</b>

### Note 11. Income Tax Expense

Income tax expense comprises current and deferred tax. Attributable current and deferred tax expense is recognised in the other comprehensive income or directly in equity as appropriate.

#### (a) The Components of Tax Expense

	2021 \$	2020 \$
Current tax expense	7,156	4,778
Deferred tax expense	22,094	4,331
Recoupment of prior year tax losses	(7,156)	(4,778)
Under/(over) provision of prior years	1,428	-
	<b>23,522</b>	<b>4,331</b>

#### (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:

	2021 \$	2020 \$
Prima facie tax on profit before income tax at 26% (2020: 27.5%)	6,066	3,851
Add Tax Effect Of:		
- Utilisation of previously unrecognised carried forward tax losses		
- Under / (over) provision of prior years	1,428	-
- Reduction in company tax rate	17,821	-
- Non-deductible expenses	21	-
<b>Income tax attributable to the entity</b>	<b>25,336</b>	<b>3,851</b>
The applicable weighted average effective tax rate is:	-100.82%	-30.93%

## Notes to the financial statements (continued)

### Note 12. Cash & Cash Equivalents

	2021 \$	2020 \$
Cash at bank and on hand	-	154
	-	<b>154</b>

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.

### Note 13. Trade & Other Receivables

	2021 \$	2020 \$
<b>Current</b>		
Trade receivables	11,873	13,951
	<b>11,873</b>	<b>13,951</b>

Trade and other receivables are initially measured at the transaction price. Trade and other receivables are due for settlement usually no more than 30 days from the date of recognition.

The Company's main debtor relates to the Bendigo & Adelaide Bank monthly profit share distribution, which is deposited within a reasonable timeframe each month. There are no items that require the application of the lifetime expected credit loss model.

### Note 14. Financial Assets

	2021 \$	2020 \$
<b>At Amortised Cost</b>		
Term deposits	8,712	8,438
	<b>8,712</b>	<b>8,438</b>

Term deposits classified as financial assets include only those with a maturity period greater than three months. Where maturity periods are less than three months, these investments are recorded as cash and cash equivalents.

### Note 15. Other Assets

	2021 \$	2020 \$
Prepayments	6,529	6,054
	<b>6,529</b>	<b>6,054</b>

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 16. Property, Plant & Equipment

#### (a) Carrying Amounts

	2021 \$			2020 \$		
	At Cost	Accumulated Depreciation	Written Down Value	At Cost	Accumulated Depreciation	Written Down Value
Leasehold improvements	117,757	(66,952)	50,805	117,757	(48,093)	69,664
Plant & equipment	83,840	(76,073)	7,767	83,601	(72,919)	10,682
Motor vehicles	25,244	(25,244)	-	25,244	(21,717)	3,527
	<b>226,841</b>	<b>(168,269)</b>	<b>58,572</b>	<b>226,602</b>	<b>(142,729)</b>	<b>83,873</b>

## Notes to the financial statements (continued)

### Note 16. Property, Plant & Equipment (*continued*)

#### (b) Movements in Carrying Amounts

2021	Leasehold Imp \$	Plant & Equipment \$	Motor Vehicles \$
Opening carrying value	69,664	10,682	3,527
Additions	-	239	-
Depreciation expense	(18,859)	(3,154)	(3,527)
<b>Closing carrying value</b>	<b>50,805</b>	<b>7,767</b>	<b>-</b>

2020	Leasehold Imp. \$	Plant & Equipment \$	Motor Vehicles \$
Opening carrying value	86,668	11,186	11,943
Additions	-	1,350	-
Depreciation expense	(17,004)	(1,854)	(8,416)
<b>Closing carrying value</b>	<b>69,664</b>	<b>10,682</b>	<b>3,527</b>

#### (c) Capital Expenditure Commitments

The entity does not have any capital expenditure commitments as at 30 June 2021 (2020: None).

#### (d) Changes in Estimates

During the financial year, the company assessed estimates used for property, plant and equipment including useful lives, residual values, and depreciation methods.

There were no changes in estimates for the current reporting period.

### Note 17. Right-of-use Assets

Right-of-use assets are measured at amounts equal to the present value of enforceable future payments on the adoption date, adjusted for lease incentives, make-good provisions, and initial direct costs.

The company derecognises right-of-use assets at the termination of the lease period or when no future economic benefits are expected to be derived from the use of the underlying asset.

The company's lease portfolio includes buildings, plant and equipment.

#### Options to Extend or Terminate

The option to extend or terminate are contained in the property lease of the Company. All extension or termination options are only exercisable by the Company. The extension options or termination options which were probable to be exercised have been included in the calculation of the right-of-use asset.

#### AASB 16 Amounts Recognised in the Statement of Financial Position

	Leased Buildings \$	Total ROU Asset \$
Leased asset	142,133	142,133
Accumulated depreciation	(69,616)	(69,616)
	<b>72,517</b>	<b>72,517</b>

## Notes to the financial statements (continued)

### Note 17. Right-of-use Assets (continued)

Movements in carrying amounts:

	Leased Buildings \$	Total ROU Asset \$
Recognised on initial application of AASB 16	142,133	142,133
Depreciation expense	(69,616)	(69,616)
<b>Net carrying amount</b>	<b>72,517</b>	<b>72,517</b>

AASB 16 Amounts Recognised in the Statement of Profit or Loss of Other Comprehensive Income

	2021 \$	2020 \$
Depreciation expense related to right-of-use assets	(34,808)	(34,808)
Interest expense on lease liabilities	(4,603)	(6,129)

### Note 18. Intangible Assets

#### (a) Carrying Amounts

	2021			2020		
	At Cost	Accumulated Amortisation	Written Down Value	At Cost	Accumulated Amortisation	Written Down Value
Franchise fee	11,018	(6,611)	4,407	11,018	(4,408)	6,610
Franchise renewal fee	55,093	(33,056)	22,037	55,093	(22,038)	33,055
	<b>66,111</b>	<b>(39,667)</b>	<b>26,444</b>	<b>66,111</b>	<b>(26,446)</b>	<b>39,665</b>

#### (b) Movements in Carrying Amounts

2021	Franchise Fee \$	Franchise Renewal Fee \$
Opening carrying value	6,610	33,055
Additions	-	-
Disposals	-	-
Amortisation expense	(2,203)	(11,018)
<b>Closing carrying value</b>	<b>4,407</b>	<b>22,037</b>

2020	Franchise Fee \$	Franchise Renewal Fee \$
Opening carrying value	8,814	44,074
Additions	-	-
Disposals	-	-
Amortisation expense	(2,204)	(11,019)
<b>Closing carrying value</b>	<b>6,610</b>	<b>33,055</b>

## Notes to the financial statements (continued)

### Note 19. Tax Assets & Liabilities

#### (a) Current Tax

	2021 \$	2020 \$
Income tax payable/(refundable)	-	-

#### (b) Deferred Tax

Movement in the company's deferred tax balances for the year ended 30 June 2021:

	30 June 2020 \$	Recognised in P & L \$	30 June 2021 \$
Deferred Tax Assets			
- Expense accruals	954	(4)	950
- Unused tax losses	199,874	(24,615)	175,259
- Right-of-use assets	-	1,064	1,064
<b>Total deferred tax assets</b>	<b>200,828</b>	<b>(23,555)</b>	<b>177,273</b>
Deferred Tax Liabilities			
- Prepayments	(1,665)	3	(1,632)
<b>Total deferred tax liabilities</b>	<b>(1,665)</b>	<b>3</b>	<b>(1,632)</b>
<b>Net deferred tax assets</b>	<b>199,163</b>	<b>(23,552)</b>	<b>175,641</b>

Movement in the company's deferred tax balances for the year ended 30 June 2020:

	30 June 2019 \$	Recognised in P & L \$	30 June 2020 \$
Deferred Tax Assets			
- Expense accruals	480	(480)	-
- Unused tax losses	204,653	(4,779)	199,874
- Property, plant & equipment	-	954	954
<b>Total deferred tax assets</b>	<b>205,133</b>	<b>(4,305)</b>	<b>200,828</b>
Deferred Tax Liabilities			
- Prepayments	(1,638)	(27)	(1,665)
<b>Total deferred tax liabilities</b>	<b>(1,638)</b>	<b>(27)</b>	<b>(1,665)</b>
<b>Net deferred tax assets</b>	<b>203,495</b>	<b>(4,332)</b>	<b>199,163</b>

## Notes to the financial statements (continued)

### Note 20. Trade & Other Payables

	2021 \$	2020 \$
<b>Current</b>		
Trade creditors	3,142	1,873
Other creditors and accruals	19,562	21,631
	<b>22,704</b>	<b>23,504</b>
<b>Non-Current</b>		
Other creditors and accruals	15,432	30,863
	<b>15,432</b>	<b>30,863</b>

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.

Trade and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

### Note 21. Borrowings

	2021 \$	2020 \$
<b>Current</b>		
Unsecured Liabilities		
Bank overdraft	60,710	96,208
Secured Liabilities		
Bank loan	9,611	3,838
	<b>70,321</b>	<b>100,046</b>
<b>Non-Current</b>		
Unsecured liabilities		
Bank overdraft	-	-
Secured Liabilities		
Bank loan	-	9,417
	<b>-</b>	<b>9,417</b>
<b>Total borrowings</b>	<b>70,321</b>	<b>109,463</b>

#### Loans

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measures at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings as 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.

The company has a motor vehicle loan which is subject to normal terms and conditions. The current interest rate is 4.5%. This loan is due for final balloon payment of \$7,797 is due on 18 December 2021.

#### Bank Overdraft

The company has an overdraft facility of \$200,000 which is subject to normal commercial terms and conditions.



## Notes to the financial statements (continued)

### Note 22. Lease Liabilities

Lease liabilities were measured at amounts equal to the present value of enforceable future payments of the term reasonably expected to be exercised, discounted at the appropriate incremental borrowing rate on the adoption date. The discount rate used on recognition was 3.75%.

The discount rate used in calculating the present value of enforceable future payments takes into account the particular circumstances applicable to the underlying leased assets (including the amount, lease term, economic environment, and other relevant factors).

The company has applied judgement in estimating the remaining lease term including the effects of any extension or termination options reasonably expected to be exercised, applying hindsight if appropriate.

#### (a) Lease Portfolio

The company's lease portfolio includes:

Lease	Details
Mission Beach	The lease agreement is a non-cancellable lease with an initial term of four years which commenced in July 2019. The lease has no further extension option available.

The company assesses at the lease commencement date whether it is reasonably certain to exercise extension options. The company reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

#### (b) Lease Liabilities

Lease liabilities are presented in the consolidated statement of financial position as follows:

	2021 \$	2020 \$
Current	36,869	34,020
Non-current	39,905	76,774
	76,774	110,794

The lease liabilities are secured by the related underlying assets. Future minimum lease payments at 30 June 2021 were as follows:

	Minimum lease payments due				
	< 1 Year	1 - 2 Years	3 - 5 Years	> 5 years	Total
<b>30 June 2021</b>					
Lease payments	39,750	40,954	-	-	80,704
Finance charges	(2,881)	(1,049)	-	-	(3,930)
<b>Net present values</b>	<b>36,869</b>	<b>39,905</b>	<b>-</b>	<b>-</b>	<b>76,774</b>
<b>30 June 2020</b>					
Lease payments	38,592	39,750	40,952	-	119,294
Finance charges	(4,572)	(2,881)	(1,049)	-	(8,502)
<b>Net present values</b>	<b>34,020</b>	<b>36,869</b>	<b>39,903</b>	<b>-</b>	<b>110,792</b>

## Notes to the financial statements (continued)

### Note 23. Issued Capital

#### (a) Issued Capital

	2021		2020	
	Number	\$	Number	\$
Ordinary shares - fully paid	875,000	875,000	875,000	875,000
Less: equity raising costs		(18,296)		(18,296)
	875,000	856,704	875,000	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.

#### (b) Movements in share capital

	2021 \$	2020 \$
Fully paid ordinary shares:		
At the beginning of the reporting period	875,000	875,000
Shares issued during the year	-	-
<b>At the end of the reporting period</b>	<b>875,000</b>	<b>875,000</b>

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.

### Note 24. Retained Earnings

	Note	2021 \$	2020 \$
Balance at the beginning of the reporting period		(672,705)	(656,128)
Profit/(loss) for the year after income tax		(192)	9,673
Dividends paid	29	(8,750)	(26,250)
<b>Balance at the end of the reporting period</b>		<b>(681,647)</b>	<b>(672,705)</b>

## Notes to the financial statements (continued)

### Note 25. Cash Flow Information

(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:

	2021 \$	2020 \$
Cash and cash equivalents (Note 12)	-	154
Less bank overdraft (Note 21)	(60,710)	(96,208)
As per the Statement of Cash Flows	<b>(60,710)</b>	<b>(96,054)</b>

### (b) Reconciliation of cash flow from operations with profit/loss after income tax

	2021 \$	2020 \$
Profit/(loss) for the year after income tax	(192)	9,673
Non-cash flows in profit		
- Depreciation	25,540	27,273
- Amortisation	13,222	13,222
- Lease depreciation	34,808	34,808
Changes in assets and liabilities		
- (Increase) / decrease in trade and other receivables	2,463	(4,540)
- Increase in prepayments and other assets	(475)	(98)
- Decrease in deferred tax asset	23,522	4,331
- Decrease in trade and other payables	(800)	(5,154)
<b>Net cash flows from operating activities</b>	<b>98,088</b>	<b>79,515</b>

### Note 26. Financial Instruments

The following shows the carrying amounts for all financial instruments at amortised costs. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Note	2021 \$	2020 \$
<b>Financial Assets</b>			
Trade and other receivables	13	11,873	13,951
Cash and cash equivalents	12	-	154
Term deposits	14	8,712	8,438
		<b>20,585</b>	<b>22,543</b>
<b>Financial Liabilities</b>			
Trade and other payables	20	38,136	54,367
Borrowings	21	70,321	109,463
Lease liabilities	22	76,774	110,794
		<b>185,231</b>	<b>274,624</b>

### Note 27. Related Parties

#### (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. The only key management personnel identified for the company are the Board of Directors, the members of which are listed in the Directors' report.

## Notes to the financial statements (continued)

### Note 27. Related Parties (continued)

#### (b) Key Management Personnel Compensation

No Director of the company receives remuneration for services as a company director or committee member. These positions are held on a voluntary basis.

##### Short-term Employee Benefits

These amounts include fees and benefits paid to the non-executive Chair and non-executive Directors as well as all salary, paid leave benefits, fringe benefits and cash bonuses awarded to Executive Directors and other key management personnel.

##### Post-employment Benefits

These amounts are the current year's estimated cost of providing the company's defined benefits scheme post-retirement, superannuation contributions made during the year and post-employment life insurance benefits.

##### Other Long-term Benefits

These amounts represent long service leave benefits accruing during the year, long-term disability benefits and deferred bonus payments.

##### Share-based payments

These amounts represent the expense related to the participation of key management personnel in equity-settled benefits schemes as measured by the fair value of the options, rights and shares granted on grant date.

#### (c) 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.

#### (d) Transactions With Key Management Personnel & Related Parties

No key management personnel or related party has entered into any contracts with the company.

#### (e) Key Management Personnel Shareholdings

The number of ordinary shares in the company held by each key management personnel during the financial year has been disclosed in the Director's Report.

#### (f) Other Key Management Transactions

There has been no other transactions key management or related parties other than those described above.

### Note 28. Auditor's Remuneration

The appointed auditor of Mission Beach Community Enterprises Limited for the year ended 30 June 2021 is RSD Audit. Amounts paid or due and payable to the auditor are outlined below.

	2021 \$	2020 \$
<b>Audit &amp; Review Services</b>		
Audit and review of financial statements (RSD Audit)	5,182	5,400
	<b>5,182</b>	<b>5,400</b>
<b>Non-Audit Services</b>		
Preparation of the financial statements	2,018	-
Other non-audit services	250	-
	<b>2,268</b>	<b>-</b>
<b>Total auditor's remuneration</b>	<b>7,450</b>	<b>5,400</b>

## Notes to the financial statements (continued)

### Note 29. Dividends

The following dividends were provided for and paid to shareholders during the reporting period as presented in the statement of changes in equity and statement of cash flows.

	2021		2020	
	Number	\$	Number	\$
Unfranked dividends	1	8,750	3	26,250
Dividends provided for and paid during the year	<b>1</b>	<b>8,750</b>	<b>3</b>	<b>26,250</b>

The tax rate at which dividends have been franked is 26% (2020: 27.5%).

### Note 30. Earnings Per Share

The calculation of basic and diluted earnings per share has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding.

	2021	2020
	\$	\$
Profit attributable to ordinary shareholders	(192)	9,673
	Number	Number
Weighted average number of ordinary shares	875,000	875,000
	\$	\$
Basic and diluted earnings per share	(0.02)	1.11

### Note 31. Events After the Reporting Period

There have been no significant events after the end of the financial year that would have a material impact on the financial statements or the company's state of affairs.

### Note 32. Commitments & Contingencies

Any commitments for future expenditure associated with leases are recorded in Note 22. Details about any capital commitments are detailed in Note 16(d).

The company has no other commitments requiring disclosure.

There were no contingent liabilities or assets at the date of this report that would have an impact on the financial statements.

### Note 33. Company Details

The registered office of the company is:

Mission Beach Community Enterprises Limited	Shop 5, 34-40 Dickinson Street, Wongaling Beach QLD 4852
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The principal place of business are:

Mission Beach	Shop 5, 34-40 Dickinson Street, Wongaling Beach QLD 4852
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# Directors' declaration

## For the year ended 30 June 2021

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

In the opinion of the directors:

- (a) The financial statements and notes of the company are in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the company's financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and
  - (ii) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable

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



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**Kelly Cavallaro**  
Secretary

Dated this 29th day of September, 2021

# Independent audit report



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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 (the Company), which comprises the statement of financial position as at 30 June 2021, 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 other explanatory information, and the directors' declaration.

In our opinion the accompanying 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 2021 and of its performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*

#### **Material Uncertainty Related to Going Concern**

We draw attention to note 3 to the financial statements which highlights a material uncertainty regarding the going concern basis of accounting. The Company incurred a net loss of \$192 during the year ended 30 June 2021 and as of that date, the Company's accumulated losses is now \$681,647. As stated in note 3, these events or conditions, along with other matters further detailed in note 3, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our audit report is not modified in respect of this matter.

#### **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 Company 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.

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 for the Audit of the Financial Report**

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.

We identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. 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.

### 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 2021 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. In 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

A handwritten signature in black ink, appearing to read 'P. P. Delahunty'.

**P. P. Delahunty**

Partner

Bendigo

Dated: 30 September 2021

**Community Bank • Mission Beach**

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**Franchisee:**

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