



Annual Report 2014

Agecom Enterprises Limited

ABN 68 138 046 303

Aspendale Gardens-Edithvale
Community Bank®Branch

2014 Chairman's Report

Dear Shareholders,

On behalf of the Board of Directors, I present this fifth Annual Report of AGEKOM Enterprises Limited for your information.

The year has seen significant growth and further development of the business which, while still behind original projections as set out in our 2009 Prospectus, has established a substantial platform for growth in the 2014/15 financial year. Total business footings grew from \$48.2 million at the start of the year to \$56.3 million at year end. The Board is confident that growth trends will continue.

There has been pleasing engagement with many community groups and their members throughout the year. Our thanks go to the many volunteers who give their time, skills and energy to those community organisations with which we deal. At the end of the financial year, our contributions back into our community stands at over \$110,000 since we commenced.

The Board congratulates Russell Mactaggart and his team for their excellent service. We receive constant positive feedback about the customer experience when people contact the branch.

The branch location in the Aspendale Gardens shopping centre has proven to be convenient and popular for our customers over recent years. We believe that the shopping centre is a vibrant hub for the local community and the branch's presence there is a very important aspect of our community involvement.

Products and services offered through the Aspendale Gardens – Edithvale Community Bank® Branch have proved attractive for a wide cross section of individuals and businesses in the local area. There has been good growth in the range of financial products and services accessed by our customers.

ATM services at the branch have been well supported, although the business case for continuing the ATM in the Edithvale shopping centre will be reviewed during the next 12 months. Unless customer traffic increases, it is possible that this service will be terminated when the lease comes up for renewal. If customers value the ATM at Edithvale it is important to ensure that the service is utilised.

Increasingly on-line services are being used by customers, and the Board is happy that Bendigo Bank's services are in line with industry standards. The Board sees this as critical to our ongoing success, and we have incorporated an improved social media presence as a part of our marketing.

The Board is also very happy with the support provided by Bendigo Bank, particularly through Regional Manager for the Bayside Region, Michelle McDonald, and her team.

Some changes in Directors and roles have occurred during the financial year.

Last year's Chairman John Bainbridge stepped aside as Chairman early in 2014, but continues as a Director. The Board thanks John for his contribution as Chairman and continuing participation in the company.

Dillon Jansz took on the role as Chairman for a short period, but elected to resign as Chairman and Director in 29 April 2014. The Board thanks Dillon for his involvement in the company's activities during challenging times.

Director David Newbond resigned at the last Annual General Meeting and did not seek re-election. The Board thanks David for his contribution.

2014 Chairman's Report (Cont.)

Two Directors joined the Board during the year. Anna McDonald and Adam Miller were appointed on 3 February 2014, and since then have been valuable members of the Board, bringing new perspectives at an important time in the company's development.

I accepted appointment as Chairman on 5 May 2014. I have been encouraged by the support from Directors and staff and thank them very much for helping my transition.

As we look forward, the Board is excited by the prospects for continued growth. When the Board meets each month it is always interesting to read the Branch Manager's report and review the Regional Manager's report to compare our performance against our targets.

With each success we move closer to the point where we will be able to generate profits which can be used to contribute even more significantly to the local community. To do this we rely on the continuing support of local people and businesses. As a Board, we are confident that this will happen.

Kind regards

Steven Lamandé
Chairman



2014 Manager's Report

It is with pleasure that I submit my report to shareholders for the financial year ended 30 June 2014.

Over the year our total business grew to \$56.3 million, which was slightly below expectations but a pleasing result in a very competitive market. Our business was split \$27.6 million in deposits and \$28.6 million in lending. This is a growth of \$8.1 million from our previous year.

We now hold around 2,598 accounts from our 1,915 customers an increase of 463 accounts and 253 customers from the previous year. Support for our unique Bendigo Bank brand has come from all sectors of our community, including both personal and business.

Our branch continues to grow, as existing customers become our advocates and promote the benefits of supporting our Community Bank® branch. This advocacy is being lead particularly by the many local non-for-profit groups that we have partnered since opening. These organisations are already seeing the rewards that banking with our Community Bank® branch can bring to them. Over the next 12 months we remain committed to developing our partnerships with these not-for-profit customers, so that we can all continue to share in building a stronger and more financially secure local community. With the support of these groups and our existing customers I am confident that we can continue to grow our business to a level that enables us to record consistent month-on-month profits. We believe that to achieve this goal we need to grow our business this year by at least a similar amount as the year just past.

Over the year we have again had some staff changes with Rochelle moving to a fulltime role at another Community Bank® branch. She was replaced with the employment of Elisha Cridge – Neves, who was looking to return to the workforce after having her family. Unfortunately she needed to resign for family reasons in May 2014. These changes put considerable strain on the remainder of the team at different times and I would like to acknowledge the excellent support and service they continue to provide to our fantastic customers, our Boards, our regional support team and myself.

I would also like to thank my Board of Directors who has worked tirelessly in promoting our Community Bank® branch along with our regional team, including our specialist business bankers and financial planners, who have all supported both the staff and me in our efforts to continue to grow our business.

Last but not least I would like to thank all our customers and shareholders who have supported our branch this year and in previous years. Without your support we would not have been able to achieve the results we have to date. I continue to ask that you be advocates for our branch and encourage your family, friends and associates to also support our branch to grow. It is with your support through banking products that we are able to grow our business into profit and thereby contribute more money back into our community.

I look forward to the year ahead and the many challenges I am sure it will bring. Please feel free to contact us at anytime here at Aspendale Gardens – Edithvale Community Bank® branch.

Russell Mactaggart
Branch Manager



Bendigo & Adelaide Bank Report

For year ending 30 June 2014

The past year marked two very significant milestones for our **Community Bank**[®] network, celebrating the opening of its 300th branch while also reaching \$120 million in community contributions. Both achievements could not have been accomplished without your ongoing support as shareholders and customers.

The **Community Bank**[®] network has grown considerably since it was first launched in 1998, in partnership with the people from the western Victorian farming towns of Rupanyup and Minyip. For these communities the **Community Bank**[®] model was seen as a way to restore branch banking services to the towns, after the last of the major banks closed its doors.

Sixteen years later, the model has grown into something even bigger than that. It has rapidly developed into a partnership that generates a valued, alternative source of income for a community, funding activities or initiatives that make a local town or suburb a better place to live.

In June 2014, the network welcomed its 305th branch in Penola, South Australia, and in the same week, the Victorian coastal town of Port Fairy introduced its community to our unique style of banking. These branches join a robust and maturing banking network where valued partnerships enhance banking services, taking the profits their banking business generates and reinvesting that funding into initiatives that will ultimately strengthen their community.

The **Community Bank**[®] network has returned more than \$20 million in contributions to local communities in this financial year alone. Our branches have been able to fund projects that make a difference to a community; improved health services, sports programs, aged care facilities, education initiatives and community events that connect communities and encourage prosperity.

Demand from communities remains strong, with about 30 **Community Bank**[®] branch sites currently in development, and 10 branches expected to open nationally in the next 12 months. The network's steady expansion demonstrates the strength and relevance of a banking model where the desire to support the financial needs of customers is equalled by the desire to realise shared aspirations by harnessing the power of community.

At the end of the financial year 2013/14 the **Community Bank**[®] network had achieved the following:

- Returns to community – \$122.2 million
- **Community Bank**[®] branches – 305
- **Community Bank**[®] branch staff – more than 1,500
- **Community Bank**[®] company Directors – 1,900
- Banking business – \$24.46 billion
- Customers – 550,000
- Shareholders – 72,000
- Dividends paid to shareholders since inception – \$36.7 million.

The communities we partner with also have access to Bendigo and Adelaide Bank's extensive range of other community building solutions including the Community Enterprise Foundation[™] (philanthropic arm), Community Sector Banking (banking service for not-for-profit organisations), Generation Green[™] (environment and sustainability initiative), Community Telco[®] (telecommunications solution), tertiary education scholarships and Connected Communities Enterprises that provide **Community Bank**[®] companies with further development options.

Bendigo & Adelaide Bank Report (Cont.)

In September last year the Bank announced it would commence a comprehensive review of the **Community Bank®** model. The intention of the review is to rigorously explore and analyse the model, setting the vision and strategy for a sustainable and successful commercial model, regardless of changes to operational and market conditions. An update of this review will be provided at the **Community Bank®** National Conference in Darwin in September.

Bendigo and Adelaide Bank's vision is to be Australia's most customer-connected bank. We believe our strength comes from our focus on the success of our customers, people, partners and communities. We take a 100-year view of our business; we respectfully listen and respond to every customer's choice, needs and objectives. We partner for sustainable long-term outcomes and aim to be relevant, connected and valued.

To this aim, the Bank supports the Financial Systems Inquiry (FSI) which calls for an even playing field for all banks in an effort to increase customer choice. It takes a principled approach to governing, encouraging banks to consider all members of a community when they do business.

Bendigo and Adelaide Bank is a signatory to the Regional Banking submission in collaboration with Bank of Queensland, Suncorp and ME Bank, while our independent submission focuses on the important role banks play in communities.

Banks inject a high-level of capability and knowledge in the places they operate, supporting the sustainability of communities and helping to ensure they're viable. The Bank calls for a framework that incentivises banks, and the people who work for them, to be good corporate citizens, while promoting ethical decision making, innovation and better outcomes for customers and communities.

This financial year we launched our new **www.bendigobank.com.au** website. Packed with useful information and easy to access online services, our 1.4 million customers can easily connect with us at home, at work or on their mobile or tablet as well as learn more about our commitment to strengthening and supporting local communities.

In line with increasing demand for "anywhere, anytime" banking, we're excited about the impending introduction of our improved online banking platform to our customers later this year.

As **Community Bank®** shareholders you are part of something special, a unique banking movement founded on a whole new way of thinking about banking and the role it plays in modern society.

The **Community Bank®** model is the ultimate example of a win/win partnership and I thank you for your important support of your local **Community Bank®** branch.



Robert Musgrove
Executive Community Engagement



Partners in success

Chartered Accountants

Agecom Enterprises Limited

Financial Statements

30 June 2014

Agecom Enterprises Limited
ABN 68 138 046 303
Directors' Report

Your directors submit the financial statements of the company for the financial year ended 30 June 2014.

Directors

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

Steven Francis Lamande

Acting Chairman from 29 April 2014 (*Appointed 8 May 2014*)

Occupation: Consultant

Qualifications, experience and expertise: B. Juris, LLB, FGIA. Primary Qualifications in Law with Post Graduate Management qualifications. Experience in strategic and operational general corporate management. Since 2006 Partner of business advisory firm Nem Australasia Pty Ltd.

Special responsibilities: Since April 2014 Chairman and Company Secretary. Convener HR Committee.

Interest in shares: 1

Malcolm Andrew Cameron

Treasurer

Occupation: Chief Financial Officer

Qualifications, experience and expertise: With a formal qualification (Bachelor of Economics obtained from Monash University Clayton Campus in 1981), Mal has been employed by Ritchies Stores Pty Ltd on a full time basis for over 25 years and currently heads up the Finance and Accounting Department. He was appointed Company Secretary on 28 June 1988 and Director on 31 Jan 2002.

Special responsibilities: Treasurer

Interest in shares: 45,001

Raymond John Smith

Director

Occupation: Retired

Qualifications, experience and expertise: Owned and operated body repair company for 45 years. Past President Rotary Club of Aspendale. Past Commodore Patterson River Motot Yacht Club.

Special responsibilities: Marketing and Audit Committee

Interest in shares: 5,001

John Gerhard Bainbridge

Director

Occupation: Retired

Qualifications, experience and expertise: John has been a resident of Chelsea for over 50 years and is now retired. John has had many years of experience in working for and with small to medium enterprises (SME's) including the role of general manager of a manufacturing business and the role of marketing and product development manager of an international company. John's industry and community involvement included establishment of trade related groups and chairman of a number of community organisations including the Chelsea and District Credit Co-operative Limited. John was appointed to the board of the Victoria Co-operative Association in 1975. John and Patricia have lived in the area for over 50 year raising their 5 children and are now enjoying time with their 8 grandchildren.

Special responsibilities: Chairman to 27 January 2014, Public Officer to 25 March 2014. Marketing & Sponsorship committee, Finance Committee, Policy & Procedure Committee

Interest in shares: 2,001

Kathryn Frances Walker

Director

Occupation: Accountant and HR Manager

Special Responsibilities: HR Committee, Finance Committee

Interest in shares: 500

Kathryn is qualified in both human resource management and accounting with a Bachelor of Business (Personnel Management). She works as Accountant and HR Manager for Mikkat Management Pty Ltd. She is an Associate of CPA Australia, a member of the Australian Human Resource Institute and the Australian Institute of Management.

Agecom Enterprises Limited
ABN 68 138 046 303
Directors' Report

Directors (continued)

Domenic Nicolas Brasacchio
Director

Occupation: Financial Advisor

Qualifications, experience and expertise: Bachelor of Commerce, Grad Dip App Fin and CFP. 16 years experience in Financial Services encompassing Funds Management, Distribution, Marketing and Financial Advise working with ANZ, CBA, IPAC.

Special responsibilities: Nil

Interest in shares: Nil

Adam Ashley Miller

Director (*Appointed 3 February 2014*)

Occupation: Real Estate Agent

Qualifications, experience and expertise: Licensed Estate Agent, Advanced Certificate in Real Estate, Diploma of Marketing, Australian Marketing Institute National Finalist in 2011 for campaign submission 'Experiential Marketing'. Experienced in Marketing Communications Campaign Planning, Project Management, Event Management.

Special responsibilities: Chairperson Agecom Marketing and Sponsorships Committee

Interest in shares: Nil

Anna McDonald

Director (*Appointed 3 February 2014*)

Occupation: CTO, Community Elco

Qualifications, experience and expertise: Past: Senior Manager for IT and New Product Development, AGL Solar CTO, Shareholder and Board Member, Rezeko Pty Ltd 2007-2011. Tertiary: Masters in Entrepreneurship and Innovation - Swinburne University Bachelor of Arts, PGrad Diploma (Pol Sci) - University of Melbourne.

Special responsibilities: Grants and Marketing Committee

Interest in shares: Nil

Dillon Heston Jansz

Chairman (*Resigned 29 April 2014*)

Occupation: Retail Licencee/Wine Maker

Interest in shares: 2,501

David Rodney Newbond

Director (*Resigned 12 November 2013*)

Occupation: Small Business Owner

Interest in shares: 2,001

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

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

Company Secretary

The company secretary is Steven Lamande. Steven was appointed to the position of secretary on 8 May 2014.

Agecom Enterprises Limited
ABN 68 138 046 303
Directors' Report

Principal Activities

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

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

Operating Results

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

Year ended 30 Jun 14	Year ended 30 Jun 13
\$	\$
(144,026)	(328,953)

Remuneration Report

Agecom Enterprises Limited has accepted the Community Bank® Directors' Privileges package. The package is available to all directors who can elect to avail themselves of the benefits based on their personal banking with the Agecom Community Bank® branch. There is no requirement to own Bendigo and Adelaide Bank Limited shares and there is no qualification period to qualify to utilise the benefits. The package mirrors the benefits currently available to Bendigo and Adelaide Bank shareholders. The Directors have estimated the total benefits received from the Directors' Privilege Package to be \$329 for the year ended 2014.

For the year ended 30 June 2014, the directors received total benefits of:

	Amount (\$)
Steven Francis Lamande	100
Malcolm Andrew Cameron	-
Raymond John Smith	-
John Gerhard Bainbridge	149
Katheryn Frances Walker	-
Domenic Nicolas Brasacchio	-
Adam Ashley Miller	-
Anna McDonald	80
Dillon Heston Jansz	-
David Rodney Newbond	-
Total	329

Directors Shareholdings

Steven Francis Lamande (*Appointed 8 May 2014*)
Malcolm Andrew Cameron
Raymond John Smith
John Gerhard Bainbridge
Katheryn Frances Walker
Domenic Nicolas Brasacchio
Adam Ashley Miller (*Appointed 3 February 2014*)
Anna McDonald (*Appointed 3 February 2014*)
Dillon Heston Jansz (*Resigned 29 April 2014*)
David Rodney Newbond (*Resigned 12 November 2013*)

Balance at start of the year	Changes during the year	Balance at end of the year
1	-	1
45,001	-	45,001
5,001	-	5,001
2,001	-	2,001
500	-	500
-	-	-
-	-	-
-	-	-
2,501	-	2,501
2,001	-	2,001

Agecom Enterprises Limited
ABN 68 138 046 303
Directors' Report

Dividends

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

Significant Changes in the State of Affairs

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

Events Since the End of the Financial Year

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

Likely Developments

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

Environmental Regulation

The company is not subject to any significant environmental regulation.

Indemnification and Insurance of Directors and Officers

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

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

Directors' Meetings

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

	Board Meetings		Committee Meetings Attended					
	Attended		Finance		Sponsorship		Human Resources	
	<i>Eligible</i>	<i>Attended</i>	<i>Eligible</i>	<i>Attended</i>	<i>Eligible</i>	<i>Attended</i>	<i>Eligible</i>	<i>Attended</i>
Steven Francis Lamande (<i>Appointed 8 May 2014</i>)	9	9	-	-	6	3	1	1
Malcolm Andrew Cameron	12	10	12	11	-	-	-	-
Raymond John Smith	12	11	-	-	8	4	-	-
John Gerhard Bainbridge	12	11	12	12	9	7	-	-
Katheryn Frances Walker	10	8	12	4	-	-	1	1
Domenic Nicolas Brasacchio	12	9	-	-	10	6	-	-
Adam Ashley Miller (<i>Appointed 3 February 2014</i>)	4	4	-	-	5	4	-	-
Anna McDonald (<i>Appointed 3 February 2014</i>)	4	2	-	-	4	2	-	-
Dillon Heston Jansz (<i>Resigned 29 April 2014</i>)	10	8	-	-	7	7	-	-
David Rodney Newbond (<i>Resigned 12 November 2013</i>)	5	5	-	-	-	-	-	-

Agecom Enterprises Limited
ABN 68 138 046 303
Directors' Report

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.

Non Audit Services

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

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

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

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

Auditors' Independence Declaration

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 6.

Signed in accordance with a resolution of the board of directors at Aspendale Gardens, Victoria on 26 September 2014.



Steven Francis Lamande, Chairman

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

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2014 there have been no contraventions of:

- the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review
- any applicable code of professional conduct in relation to the review.



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

Dated: 26 September 2014

Agecom Enterprises Limited
ABN 68 138 046 303
Statement of Comprehensive Income
for the year ended 30 June 2014

	Notes	2014 \$	2013 \$
Revenue from ordinary activities	4	424,103	349,977
Employee benefits expense		(328,490)	(303,797)
Charitable donations, sponsorship, advertising and promotion		(49,195)	(57,112)
Occupancy and associated costs		(38,137)	(34,707)
Systems costs		(35,134)	(35,730)
Depreciation and amortisation expense	5	(35,115)	(36,950)
Finance costs	5	(8,815)	(1,126)
General administration expenses		(73,243)	(70,766)
Loss before income tax expense		(144,026)	(190,211)
Income tax expense	6	-	(138,742)
Loss after income tax expense		(144,026)	(328,953)
Total comprehensive income for the year		(144,026)	(328,953)
Earnings per share for loss attributable to the ordinary shareholders of the company:		¢	¢
Basic earnings per share	20	(19.41)	(44.34)

The accompanying notes form part of these financial statements

Agecom Enterprises Limited
ABN 68 138 046 303
Balance Sheet
as at 30 June 2014

	Notes	2014 \$	2013 \$
ASSETS			
Current Assets			
Cash and cash equivalents	7	19,300	19,300
Trade and other receivables	8	20,406	17,271
Total Current Assets		39,706	36,571
Non-Current Assets			
Property, plant and equipment	9	107,599	120,714
Intangible assets	10	42,334	64,334
Total Non-Current Assets		149,933	185,048
Total Assets		189,639	221,619
LIABILITIES			
Current Liabilities			
Trade and other payables	11	32,792	32,259
Borrowings	12	242,775	131,197
Provisions	13	19,302	6,361
Total Current Liabilities		294,869	169,817
Non-Current Liabilities			
Trade and other payables	12	-	14,167
Provisions	13	5,118	3,957
Total Non-Current Liabilities		5,118	18,124
Total Liabilities		299,987	187,941
Net Assets/(Liabilities)		(110,348)	33,678
Equity			
Issued capital	14	712,707	712,707
Accumulated losses	15	(823,055)	(679,029)
Total Equity		(110,348)	33,678

The accompanying notes form part of these financial statements

Agecom Enterprises Limited
ABN 68 138 046 303
Statement of Changes in Equity
for the year ended 30 June 2014

	Issued capital \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2012	<u>712,707</u>	<u>(350,076)</u>	<u>362,631</u>
Total comprehensive income for the year	<u>-</u>	<u>(328,953)</u>	<u>(328,953)</u>
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	-	-
Balance at 30 June 2013	<u><u>712,707</u></u>	<u><u>(679,029)</u></u>	<u><u>33,678</u></u>
Balance at 1 July 2013	<u>712,707</u>	<u>(679,029)</u>	<u>33,678</u>
Total comprehensive income for the year	<u>-</u>	<u>(144,026)</u>	<u>(144,026)</u>
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	-	-
Balance at 30 June 2014	<u><u>712,707</u></u>	<u><u>(823,055)</u></u>	<u><u>(110,348)</u></u>

The accompanying notes form part of these financial statements

Agecom Enterprises Limited
ABN 68 138 046 303
Statement of Cash Flows
for the year ended 30 June 2014

	Notes	2014 \$	2013 \$
Cash flows from operating activities			
Receipts from customers		460,770	374,661
Payments to suppliers and employees		(564,363)	(542,070)
Interest received		830	1,306
Interest paid		(8,815)	(1,126)
Net cash used in operating activities	16	<u>(111,578)</u>	<u>(167,229)</u>
Net decrease in cash held		(111,578)	(167,229)
Cash and cash equivalents at the beginning of the financial year		(111,897)	55,332
Cash and cash equivalents at the end of the financial year	7(a)	<u><u>(223,475)</u></u>	<u><u>(111,897)</u></u>

The accompanying notes form part of these financial statements

Note 1. Summary of significant accounting policies

a) Basis of preparation

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

Compliance with IFRS

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

Critical accounting estimates

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

Historical cost convention

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

Comparative figures

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

Adoption of new and amended accounting standards

The company adopted the following standards and amendments, mandatory for the first time for the annual reporting period commencing 1 July 2013:

- AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements.
- AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosure of Interests in Other Entities, AASB 128 Investments in Associates and Joint Ventures, AASB 127 Separate Financial Statements and AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards.
- AASB 2012-9 Amendment to AASB 1048 arising from the Withdrawal of Australian Interpretation 1039.
- AASB 2012-10 Amendments to Australian Accounting Standards – Transition Guidance and other Amendments which provides an exemption from the requirement to disclose the impact of the change in accounting policy on the current period.
- AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13.
- AASB 119 Employee Benefits (September 2011) and AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011).
- AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle.
- AASB 2012-2 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities.

Note 1. Summary of significant accounting policies (continued)

a) Basis of preparation (continued)

Adoption of new and amended accounting standards (continued)

AASB 2011-4 removes the individual key management personnel disclosure requirements in AASB 124 Related Party Disclosures. As a result the company now only discloses the key management personnel compensation in total and for each of the categories required in AASB 124. Detailed key management personnel compensation is outlined in the remuneration report, included as part of the directors report.

The adoption of revised standard AASB 119 has resulted in a change to the accounting for the company's annual leave obligations. As the entity does not expect all annual leave to be taken within 12 months of the respective service being provided, annual leave obligations are now classified as long-term employee benefits in their entirety. This changes the measurement of these obligations, as the entire obligation is now measured on a discounted basis and no longer split into a short-term and a long-term portion. However, the impact of this change is considered immaterial on the financial statements overall as the majority of the annual leave is still expected to be taken within 12 months after the end of the reporting period.

None of the remaining new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2013 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

The company has not elected to apply any pronouncements before their mandatory operative date in the annual reporting period beginning 1 July 2013.

Economic dependency - Bendigo and Adelaide Bank Limited

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

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

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

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

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

Agecom Enterprises Limited
ABN 68 138 046 303
Notes to the Financial Statements
for the year ended 30 June 2014

Note 1. Summary of significant accounting policies (continued)

a) Basis of preparation (continued)

Going concern

The net liabilities of the company as at 30 June 2014 were \$110,348 and the loss made for the year before tax was \$144,026, bringing accumulated losses to \$823,055.

In addition:	\$
Total assets were	189,639
Total liabilities were	299,987
Operating cash outflows were	111,578

There was a 24.28% decrease in the loss recorded for the financial year ended 30 June 2014 when compared to the prior year.

The company meets its day to day working capital requirements through an overdraft facility. The overdraft has an approved limit of \$350,000 and was drawn to \$242,775 as at 30 June 2014.

An interest free period of two years has expired. As a result \$8,815 of interest expense was incurred during the 2014 financial year.

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the directors' report on pages 1 to 5. The financial position of the company, its cash flows, liquidity position and borrowing facilities are described in the financial statements.

The current economic environment is difficult and while revenue continues to increase the company has again reported an operating loss for the year. The directors' consider that the outlook presents significant challenges in terms of banking business volume and pricing as well as for operating costs. Whilst the directors have instituted measures to preserve cash and secure additional finance, these circumstances create material uncertainties over future trading results and cash flows.

The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company will be required to seek an increase in its overdraft facility

The company has held discussions with Bendigo and Adelaide Bank Limited about its future borrowing needs. It is likely that these discussions will not be completed for some time but no matters have been drawn to its attention to suggest that renewal may not be forthcoming on acceptable terms. The company has also obtained an undertaking of support from Bendigo and Adelaide Bank Limited that it will continue to support the company and its operations for the 2014/15 financial year. This 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

The directors have concluded that the combination of the circumstances above represents a material uncertainty that casts significant doubt upon the company's ability to continue as a going concern and that, therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business.

Nevertheless, after making enquiries and considering the uncertainties described above, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Note 1. Summary of significant accounting policies (*continued*)

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

b) Revenue

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

Revenue calculation

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

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

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

c) Income tax

Current tax

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

Deferred tax

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

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

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

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

Note 1. Summary of significant accounting policies (continued)

c) Income tax (continued)

Current and deferred tax for the period

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

d) Employee entitlements

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

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

e) Cash and cash equivalents

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

f) Trade receivables and payables

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

g) Property, plant and equipment

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

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

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

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

h) Intangibles

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

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

i) Payment terms

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

Note 1. Summary of significant accounting policies (*continued*)

j) Borrowings

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

k) Financial instruments

Recognition and initial measurement

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

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

Derecognition

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

Classification and subsequent measurement

- (i) *Loans and receivables*
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.
- (ii) *Held-to-maturity investments*
Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the entity's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.
- (iii) *Available-for-sale financial assets*
Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.
They are subsequently measured at fair value with changes in such fair value (i.e. gains or losses) recognised in the Statement of Comprehensive Income. Available-for-sale financial assets are included in non-current assets except where they are expected to be sold within 12 months after the end of the reporting period. All other financial assets are classified as current assets.
- (iv) *Financial liabilities*
Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Impairment

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

l) Leases

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

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

Note 1. Summary of significant accounting policies (*continued*)

m) Provisions

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

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

n) Contributed equity

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

o) Earnings per share

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

p) Goods and Services Tax

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

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

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

Note 2. Financial risk management

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

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

(i) Market risk

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

(ii) Price risk

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

(iii) Credit risk

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

(iv) Liquidity risk

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

Note 2. Financial risk management (continued)

(v) Cash flow and fair value interest rate risk

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

(vi) Capital management

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

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

The distribution limit is the greater of:

- (a) 20% of the profit or funds of the franchisee otherwise available for distribution to shareholders in that 12 month period; and
- (b) subject to the availability of distributable profits, the relevant rate of return multiplied by the average level of share capital of the franchisee over that 12 month period 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 2014 can be seen in the statement of comprehensive income.

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

Note 3. Critical accounting estimates and judgements

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

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

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

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

Taxation

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

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

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

Agecom Enterprises Limited
ABN 68 138 046 303
Notes to the Financial Statements
for the year ended 30 June 2014

Note 3. Critical accounting estimates and judgements (continued)

Estimation of useful lives of assets

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

Impairment of assets

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

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

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

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

Note 4. Revenue from ordinary activities	2014	2013
	\$	\$
Operating activities:		
- services commissions	423,273	348,667
- other revenue	-	4
Total revenue from operating activities	<u>423,273</u>	<u>348,671</u>
Non-operating activities:		
- interest received	830	1,306
Total revenue from non-operating activities	<u>830</u>	<u>1,306</u>
Total revenues from ordinary activities	<u>424,103</u>	<u>349,977</u>

Note 5. Expenses

Depreciation of non-current assets:		
- plant and equipment	8,994	10,423
- leasehold improvements	4,121	4,527
Amortisation of non-current assets:		
- franchise agreement	2,000	2,000
- franchise renewal fee	20,000	20,000
	<u>35,115</u>	<u>36,950</u>
Finance costs:		
- interest paid	<u>8,815</u>	<u>1,126</u>
Bad debts	<u>-</u>	<u>732</u>

Agecom Enterprises Limited
ABN 68 138 046 303
Notes to the Financial Statements
for the year ended 30 June 2014

Note 6. Income tax expense

	2014	2013
	\$	\$
The components of tax expense comprise:		
- Current tax		-
- Future income tax benefit attributable to losses	(42,837)	(55,836)
- Movement in deferred tax	4,174	3,563
- Write back of prior year tax losses	-	138,742
- Under provision of tax in the prior period	246	-
- Tax losses not brought to account	38,417	52,273
	<u>-</u>	<u>138,742</u>

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

Operating loss	(144,026)	(190,211)
Prima facie tax on loss from ordinary activities at 30%	(43,208)	(57,063)
Add tax effect of:		
- non-deductible expenses	6,600	6,600
- timing difference expenses	(4,420)	(3,563)
- other deductible expenses	(1,810)	(1,810)
	<u>(42,838)</u>	<u>(55,836)</u>
Movement in deferred tax	4,174	3,563
Tax losses not brought to account	38,417	52,273
Under provision of income tax in the prior year	246	-
Write back of prior year tax losses	-	138,742
	<u>-</u>	<u>138,742</u>

Income tax losses and deferred tax not brought to account

Future income tax benefit not brought to account:	221,160	178,570
Deferred tax asset on timing differences not brought to account:	8,272	12,446
	<u>229,432</u>	<u>191,016</u>

Future income tax benefits arising from tax losses are not recognised at reporting date as realisation of the benefit is not regarded as virtually certain.

Note 7. Cash and cash equivalents

Term deposits	<u>19,300</u>	<u>19,300</u>
---------------	---------------	---------------

Note 7.(a) Reconciliation to cash flow statement

The above figures reconcile to the amount of cash shown in the statement of cash flows at the end of the financial year as follows:

Term deposits		19,300	19,300
Bank overdraft	12	(242,775)	(131,197)
		<u>(223,475)</u>	<u>(111,897)</u>

Note 8. Trade and other receivables

Trade receivables	<u>20,406</u>	<u>17,271</u>
-------------------	---------------	---------------

Agecom Enterprises Limited
ABN 68 138 046 303
Notes to the Financial Statements
for the year ended 30 June 2014

Note 9. Property, plant and equipment

	2014 \$	2013 \$
Plant and equipment		
At cost	64,906	64,906
Less accumulated depreciation	(34,549)	(28,157)
	<u>30,357</u>	<u>36,749</u>
Leasehold improvements		
At cost	115,853	115,853
Less accumulated depreciation	(39,263)	(35,142)
	<u>76,590</u>	<u>80,711</u>
<u>Software</u>		
At cost	10,409	10,409
Less accumulated depreciation	(9,757)	(7,155)
	<u>652</u>	<u>3,254</u>
Total written down amount	<u>107,599</u>	<u>120,714</u>

Movements in carrying amounts:

Plant and equipment		
Carrying amount at beginning	36,749	44,571
Additions	-	-
Disposals	-	-
Less: depreciation expense	(6,392)	(7,822)
Carrying amount at end	<u>30,357</u>	<u>36,749</u>
Leasehold improvements		
Carrying amount at beginning	80,711	85,238
Additions	-	-
Disposals	-	-
Less: depreciation expense	(4,121)	(4,527)
Carrying amount at end	<u>76,590</u>	<u>80,711</u>
<u>Software</u>		
Carrying amount at beginning	3,254	5,855
Additions	-	-
Disposals	-	-
Less: depreciation expense	(2,602)	(2,601)
	<u>652</u>	<u>3,254</u>
Total written down amount	<u>107,599</u>	<u>120,714</u>

Note 10. Intangible assets

Franchise fee		
At cost	10,000	10,000
Less: accumulated amortisation	(8,333)	(6,333)
	<u>1,667</u>	<u>3,667</u>
Establishment fee		
At cost	100,000	100,000
Less: accumulated amortisation	(83,333)	(63,333)
	<u>16,667</u>	<u>36,667</u>
Redomicile fee		
At cost	<u>24,000</u>	<u>24,000</u>
Total written down amount	<u>42,334</u>	<u>64,334</u>

Agecom Enterprises Limited
ABN 68 138 046 303
Notes to the Financial Statements
for the year ended 30 June 2014

Note 11. Trade and other payables	2014	2013
	\$	\$
Current:		
Trade creditors	4,796	6
Lease incentive	14,167	17,000
Other creditors and accruals	13,829	15,253
	<u>32,792</u>	<u>32,259</u>
Non-Current:		
Trade creditors	<u>-</u>	<u>14,167</u>

Note 12. Borrowings

Current:		
Bank overdrafts	<u>242,775</u>	<u>131,197</u>

The bank overdraft has an approved limit of \$350,000 and currently attracts an interest rate of 4.695% per agreement with Bendigo and Adelaide Bank Limited. The bank overdraft is secured by a fixed and floating charge over the company's assets.

Note 13. Provisions

Current:		
Provision for annual leave	7,888	6,361
Provision for sponsorship	11,414	-
Provision for sponsorship	<u>19,302</u>	<u>6,361</u>
Non-Current:		
Provision for long service leave	<u>5,118</u>	<u>3,957</u>

Note 14. Contributed equity

741,909 Ordinary shares fully paid (2013: 741,909)	741,909	741,909
Less: equity raising expenses	<u>(29,202)</u>	<u>(29,202)</u>
	<u>712,707</u>	<u>712,707</u>

Rights attached to shares

(a) *Voting rights*

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

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

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

(b) *Dividends*

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

Agecom Enterprises Limited
ABN 68 138 046 303
Notes to the Financial Statements
for the year ended 30 June 2014

Note 15. Contributed equity (continued)

Rights attached to shares (continued)

(c) *Transfer*

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

Subject to the foregoing, shareholders may transfer shares by a proper transfer effected in accordance with the company's constitution and the *Corporations Act 2001*.

Prohibited shareholding interest

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

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

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").
- Where the person is a shareholder, after the transfer of shares in the company to that person the number of shareholders in the company is (or would be) lower than the base number (the "base number test"). The base number is 118. As at the date of this report, the company had 208 shareholders.

As with voting rights, the purpose of this prohibited shareholding provision is to reflect the community-based nature of the company.

Where a person has a prohibited shareholding interest, the voting and dividend rights attaching to the shares in which the person (and his or her associates) have a prohibited shareholding interest, are suspended.

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

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

	2014 \$	2013 \$
Note 15. Accumulated losses		
Balance at the beginning of the financial year	(679,029)	(350,076)
Net loss from ordinary activities after income tax	(144,026)	(328,953)
Dividends paid or provided for	-	-
Balance at the end of the financial year	<u>(823,055)</u>	<u>(679,029)</u>

Note 16. Statement of cash flows

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

Loss from ordinary activities after income tax	(144,026)	(328,953)
Non cash items:		
- depreciation	13,115	14,950
- amortisation	22,000	22,000
Changes in assets and liabilities:		
- increase in receivables	(3,135)	(7,190)
- decrease in other assets	-	138,742
- decrease in payables	(13,634)	(11,900)
- increase in provisions	14,102	5,122
Net cash flows used in operating activities	<u>(111,578)</u>	<u>(167,229)</u>

Agecom Enterprises Limited
ABN 68 138 046 303
Notes to the Financial Statements
for the year ended 30 June 2014

Note 17. Leases	2014 \$	2013 \$
Operating lease commitments		
Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Payable - minimum lease payments:		
- not later than 12 months	40,371	39,678
- between 12 months and 5 years	161,483	158,712
- greater than 5 years	33,642	72,743
	<u>235,496</u>	<u>271,133</u>

The property lease is a non-cancellable lease with a ten-year term expiring on 24 March 2020, with rent payable monthly in advance and increases with CPI each year. The company has one five-year extension option.

Note 18. Auditor's remuneration

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

- audit and review services	4,500	7,947
- non audit services	1,781	700
	<u>6,281</u>	<u>8,647</u>

Note 19. Director and related party disclosures

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

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

Detailed shareholding disclosures are provided in the remuneration report, included as part of the directors' report.

Note 20. Earnings per share	2014 \$	2013 \$
(a) Loss attributable to the ordinary equity holders of the company used in calculating earnings per share	(144,026)	(328,953)
	Number	Number
(b) Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	741,909	741,909

Note 21. Events occurring after the reporting date

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

Note 22. Contingent liabilities and contingent assets

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

Note 23. Segment reporting

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

Note 24. Registered office/Principal place of business

The entity is a company limited by shares, incorporated and domiciled in Australia. The registered office and principal place of business is:

Registered Office	Principal Place of Business
95 Thames Promenade	Shop 12
Chelsea VIC 3196	Aspendale Gardens Shopping Centre
	11 Narelle Drive
	Aspendale Gardens VIC 3195

Agecom Enterprises Limited
ABN 68 138 046 303
Notes to the Financial Statements for the Year Ended 30 June 2014

Note 25. Financial instruments

Financial Instrument Composition and Maturity Analysis

The table below reflects the undiscounted contractual settlement terms for all financial instruments, as well as the settlement period for instruments with a fixed period of maturity and interest rate.

Financial instrument	Floating interest		Fixed interest rate maturing in						Non interest bearing		Weighted average	
			1 year or less		Over 1 to 5 years		Over 5 years					
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%
Financial assets												
Cash and cash equivalents	-	-	19,300	19,300	-	-	-	-	-	-	4.3	4.01
Receivables	-	-	-	-	-	-	-	-	20,406	17,271	N/A	N/A
Financial liabilities												
Interest bearing liabilities	242,775	131,197	-	-	-	-	-	-	-	-	4.4	1.61
Payables	-	-	-	-	-	-	-	-	32,792	32,259	N/A	N/A

Net Fair Values

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

Credit Risk

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

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

Interest Rate Risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from the interest bearing financial assets and liabilities in place subject to variable interest rates, as outlined above.

Sensitivity Analysis

The company has performed sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in interest rates.

As at 30 June 2014, the effect on profit and equity as a result of changes in interest rate, with all other variables remaining constant would be as follows:

	2014	2013
	\$	\$
Change in profit/(loss)		
Increase in interest rate by 1%	(2,428)	(1,312)
Decrease in interest rate by 1%	(2,428)	(1,312)
Change in equity		
Increase in interest rate by 1%	(2,428)	(1,312)
Decrease in interest rate by 1%	(2,428)	(1,312)

Agecom Enterprises Limited
ABN 68 138 046 303
Directors' Declaration

In accordance with a resolution of the directors of Agecom 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 2014 and of its performance for the financial year ended on that date; and
 - (ii) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
- (c) the audited remuneration disclosures set out in the remuneration report section of the directors' report comply with Accounting Standard AASB124 Related Party Disclosures and the Corporations Regulations 2001.

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



Steven Francis Lamande, Chairman

Signed on the 26th of September 2014.

Independent auditor's report to the members of Agecom Enterprises Limited

Report on the financial report

I have audited the accompanying financial report of Agecom Enterprises Limited, which comprises the balance sheet as at 30 June 2014, statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes and the directors' declaration.

Directors' responsibility for the financial report

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

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on my 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, I consider internal controls relevant to the entity's preparation and presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

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

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

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

Independence

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

Auditor's opinion on the financial report

In my opinion:

1. The financial report of Agecom Enterprises Limited is in accordance with the *Corporations Act 2001* including giving a true and fair view of the company's financial position as at 30 June 2014 and of its financial performance and its cash flows for the year then ended and complying with Australian Accounting Standards and the Corporations Regulations 2001.
2. The financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Emphasis of matter

Without modifying my opinion, I draw attention to Note 1 in the financial report, which indicates that the company incurred a loss before tax of \$144,026 during the year ended 30 June 2014, and as of that date, the company's liabilities exceeded its total assets by to \$110,348. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt over the company's ability to continue as a going concern and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business.

Report on the remuneration report

I have audited the remuneration report included in the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. My responsibility is to express an opinion on the remuneration report, based on the audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion on the remuneration report

In my opinion, the remuneration report of Agecom Enterprises Limited for the year ended 30 June 2014, complies with section 300A of the *Corporations Act 2001*.

David Hutchings
Andrew Frewin Stewart
61 Bull Street Bendigo Vic 3550

Dated: 26 September 2014

We are proud to have supported the following community groups and activities

AGPS Suns Cricket Club
AGRA
Aspendale Cricket Club
Aspendale Edithvale Cricket Club
Aspendale Garden Community Centre
Aspendale Gardens Cricket Club
Aspendale Gardens Primary School
Aspendale Gardens Residents Association
Aspendale Life Saving Club
Aspendale Primary School
Aspendale Senior Citizens Club
Aspendale Sporting Club
Bauer Kokoda Charity Challenge
Bayside District Scouting Association
Bonbeach Football Netball Club
Carrum Primary School
Carrum/ Patterson Lakes Senior Football Club
Bert Thomas Pavilion at Edithvale
Chelsea & District Basketball Ass.
Chelsea & District Netball Ass.
Chelsea Activity Hub Working Group
Chelsea Baseball Club
Chelsea Bowling Club
Chelsea Calisthronics Club
Chelsea Community Support Services
Chelsea Cricket Club
Chelsea FC (Soccer)
Chelsea Heights Community Centre
Chelsea Heights Football Club
Chelsea Junior Football Club
Chelsea Kindergarten
Chelsea Pony Club
Chelsea SES
Chelsea Sports Club Inc.
Chelsea Longbeach Surf Life Saving Club
Chelsea Activity Hub
Cornish College
Daniel Glenister - World Challenge
Dragons Abreast Peninsula Dragonflies
Edithvale & Aspendale Life Saving Clubs
Edithvale Aspendale Junior Football Club
Edithvale Aspendale Sporting Club
Edithvale Bowling Club
Edithvale Fire Brigade
Hockey Victoria - Lachlan Stock
Individuals Application
Kieran Carroll - Playwright
Kilbreda College

*We are proud to have supported the following
community groups and activities (Cont.)*

Kingston Calisthenics
Little Athletics Chelsea
Melbourne Summer Biathlon
Mordialloc College
Nola Barber Kindergarten
Parkdale Secondary College
Patterson River Golf Club
Richfield Retirement Residents Ass
Richfield Retirement Village
Richfield Village Garden Club
Rossdale Golf Club
Rotary Club of Chelsea
Rotary Club of Chelsea, Vital Volunteers Committee
Rotary Clubs of Aspendale & Chelsea
Rotary District 9810
Sandringham Hospital
St Bedes College
St Bedes College Hockey Club
St Brigids/ St Louis Cricket Club
St Louis de Montfort's Primary School
Student Expedition
Somerville Football Netball Club
Very Special Kids Golf Day
Waterways Owners Corporation
Yarrabah School



Aspendale Gardens-Edithvale **Community Bank®** Branch
Shop 12, 11 Narelle Drive, Aspendale Gardens, Vic, 3195
Phone: (03) 9588 0610 Fax: (03) 9587 6757

Franchisee: Agecom Enterprises Limited
Shop 12, 11 Narelle Drive, Aspendale Gardens, Vic, 3195
Phone: (03) 9588 0610 Fax: (03) 9587 6757



Bendigo Bank

Bigger than a bank.™

bendigobank.com.au

