

Upwey **Community Bank**<sup>®</sup> Branch  
Belgrave **Community Bank**<sup>®</sup> Branch  
Cockatoo/Gembrook **Community Bank**<sup>®</sup> Branch  
Olinda-Mt Dandenong branch



# annual report **2012**

Dandenong Ranges  
Community Finance Limited

ABN 28 084 480 035

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# Chairman's report

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For year ending 30 June 2012

I have great pleasure to again present this report on behalf of your Board.

## **Our business achievements**

Despite the continuing impact associated with global financial crisis, it is most pleasing to report that we managed to minimise the associated impact on our growth.

It is most pleasing that whilst slow, I can again report that our Belgrave and Cockatoo/Gembrook **Community Bank**<sup>®</sup> branches continue to demonstrate growth despite the adverse climate. We have always highlighted our expectations for the Cockatoo/Gembrook **Community Bank**<sup>®</sup> branch's development to be a long term process given the reliance on that area's development as a dormitory area for the Berwick/Pakenham growth corridor which continues to be the case. However, there are encouraging indications that this growth is starting to gain momentum.

I again emphasise that we have allocated grants and sponsorships of \$424,600 for the Upwey area, \$234,387 for the Belgrave area; \$236,619 for the Cockatoo – Gembrook – Emerald areas and \$113,159 for the Mount Dandenong – Ferny Creek areas since these branches opened rather than waiting for accumulated profit attainment which obviously has, and will continue to delay these outlets reaching accumulated profit status.

Upwey **Community Bank**<sup>®</sup> Branch continues to be the pinnacle of our Group despite a continued reduced growth trend which as previously mentioned, is synonymous with older branches where loans etc mature and other related situations result in loss of long term business. However, the branch still attracts an impressive number of new accounts each month which provides the opportunity to develop new relationships with these customers and maintains a creditable profit base.

As previously reported, our Olinda/Mount Dandenong branch, is now starting to produce encouraging business volumes and we are constantly looking at ways to ensure we optimise our business opportunities along the ridge.

We also continue our valued partnerships with the operators of the Emerald and Marysville Agencies which is proving to be commercially beneficial to your company and an asset to the local communities.

## **Our staff**

We have again been very fortunate to have progressed though another year where a pleasing number of messages of appreciation were forwarded to Bendigo and Adelaide Bank complimenting our management team and staff. To this end, we extend our sincere appreciation to all concerned for their commitment and professionalism in coping with the increased workload and associated challenges and of course providing such a high standard of customer service commensurate with our Mission Statement.

We have welcomed the following new staff over the past year and thank them for their commitment to our company:-

- Maria Bell – Customer Relationship Officer at Upwey
- Margaret Trezise – Customer Service Officer at Belgrave.

## **Our management team**

Our sincere appreciation is again extended to our Senior Group Manager Mike Fleming and our Managers for their continuing exemplary commitment over the past year and providing the excellent service delivery standards that is most appreciated by our customers and of course our Board.

# Chairman's report (continued)

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## **Our Board**

I also proudly report on the ongoing outstanding contribution of our Board.

All Directors continue to provide a cohesive team approach to their roles and excellent support to me and a professional commitment to their roles and responsibilities. I extend my sincere appreciation to them all for their outstanding effort.

I wish to acknowledge the support and assistance of our Deputy Chairperson Jean McLennan. Jean continues to substitute for me at a number of official commitments and most capably acts Chairman of meetings in my absence. Similarly, our Chairs of our Audit and Business Development Committees – Jean McLennan; Craig Dennis and Rob Fredericks have done a great job in leading their respective committees.

I again record the generous assistance of Director Tony Thompson for his support to Mike Fleming in the business development of the Marysville area. Despite his extensive commitment to his community service in the Marysville area, Tony continues to provide great support to Mike in procuring business and enhancing our profile in this area for which we are most appreciative.

I also record our appreciation to our Company Secretary/Treasurer Devendra Desai for his professional management of the legal and financial requirements of the company and his excellent standard of financial reporting to the Board.

## **Our community support initiatives**

It is extremely pleasing to report that consequential to the Community Forums we conducted previously, two major "Community/Recreational Hub" projects at Upwey and Olinda have significantly progressed to exciting phases of their development. We have committed \$250,000 to each of these projects which has been widely appreciated by the respective local communities and already provided increased profiling opportunities. We are actively involved with developing another two projects in Emerald and Belgrave areas which we hope we can provide more detail in next year's Annual Report.

We proudly report that we have donated \$232,819 in grants and sponsorships in this year's grant programme. The overall total of our community support initiatives is now over \$1.4 million and combined with \$1 million allocated towards four major community projects and \$890,000 paid in dividends, this represents an investment of \$3.3 million in community strengthening within our catchment.

## **Your investment**

Commensurate with our company policy, it was resolved to allocate a dividend of 5 cents per share this year, which is the same as last year.

## **Bendigo and Adelaide Bank support**

We continue to maintain excellent relations and support from Bendigo and Adelaide Bank.

We particularly thank our Regional Manager Mark Nolan for his personal support and cooperation along with a number of operations, Business Banking, marketing and support staff, who also provide valued assistance.

## **Business development**

As mentioned previously, we are confident that our new sub branch at Olinda and the agencies at Emerald and Marysville will provide growth opportunities and enable us to consolidate our business catchment which is even more important with the opening of Branches at Montrose and Monbulk.

Our Senior Group Manager continues to develop our presence in Marysville which produces impressive business figures and our management team continues to explore opportunities such as our rewards programme initiative to further strengthen our relationships with our community.

# Chairman's report (continued)

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## **Our Executive Officer and Community Liaison Officer**

We continue to be excellently supported by our Executive Officer Melisa Hepworth and our Community Liaison Officer Suzan Prass.

Melisa and Suzan manage all of our Marketing, Grant/Sponsorship Programme and most other community liaison and support functions in a most professional and extremely capable manner which is greatly appreciated.

Our utmost appreciation is extended to both for their ongoing excellent service.

## **Governance**

Our Audit Committee continues to assist us with our governance and fiduciary responsibilities. All policies and procedures are reviewed by this committee, including our OH&S procedures and other risk management arrangements.



**Peter Marke AFSM JP MAICD**  
**Chairman**

# Senior Group Manager's report

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For year ending 30 June 2012

In a year that saw strong competition from the major banks and credit unions, our group grew by \$18 million. As the four large banks ramp up their activity in growing their market share by price, we are concentrating on providing a "total" banking environment which has direct and positive flow on to each of our local communities.

Belgrave **Community Bank**<sup>®</sup> Branch was the highest achiever, followed by Upwey, Cockatoo and Olinda.

Many of our local sporting clubs are now part of our Club Rewards program which offers incentives to the clubs from their referral of family and members who elect to bank with our Group. This offer is only for branches/agencies that are in the Dandenong Ranges Banking Group and it provides much needed funds which otherwise has to be raised by the clubs and members directly.

Marysville and Emerald agencies are also growing their business in dollars and numbers of accounts and particularly pleasing to see our business clients rebuilding in Marysville's main street. A number of multiple shop sites are in the planning one of which will contain our agency and ATM.

Our total staff has settled at 23 which includes three Relievers to cope with holidays, sick leave etc. We welcomed Maria and Margaret to our Group (Upwey & Belgrave) and both have warmed quickly to our community style of doing business.

Total business held is now \$300 million which includes Marysville and Emerald agency areas. This amount is made up of Deposits at \$170 million and loans of \$130 million. Accounts held now closing in on 17,000. Whilst the Home Lending market is slowing, our business banking area is on the rise with a couple of large scale projects commencing in the coming financial year

Once again staff have attended many community functions after hours and on weekends to help grow our relationships and attract new business. Events such as football games, fetes, markets and school events are becoming prevalent. My sincere thanks go to all staff who have attended these functions and assisted our branch engage with its community. This is also backed up by the number of "compliments" we receive through the network regarding our great customer service and our staff "going the extra mile".



**Mike Fleming**  
**Senior Group Manager**

# Secretary and Treasurer's report

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For year ending 30 June 2012

In the year ended 30 June 2012, the group reported a net profit before tax and before sponsorships and grants of \$672,247 compared to \$622,302 in the previous year. The impact of the GFC is still with us and the increase in the group profit by \$49,945 is a remarkable achievement despite the continued losses resulting from the new branch in Olinda. It may take the Olinda branch about four to five years to reach break-even position. Cockatoo/Gembrook **Community Bank**<sup>®</sup> branch is now showing a profit before tax and before sponsorships and grants. Upwey **Community Bank**<sup>®</sup> Branch and Belgrave **Community Bank**<sup>®</sup> Branch both continued to show profits before tax, sponsorships and grants.

As a group, the net profit after tax has increased from \$219,052 in 2011 to \$387,919 in 2012 resulting in our equity being a very healthy \$2.862 million at 30 June 2012.

Our Senior Group Manager, Mike Fleming, continued his role in overseeing and assisting the Branch Managers and growing the business of the group. A tremendous effort had been put in by Luan, Manager at Upwey **Community Bank**<sup>®</sup> Branch, Charmaine, the Manager at Belgrave **Community Bank**<sup>®</sup> Branch and Elise, the Manager at Cockatoo/Gembrook **Community Bank**<sup>®</sup> Branch and all the staff in all the branches.

Your Board recommended a fully franked dividend of 5 cents per share that was paid out to shareholders during the year. Fully franked dividends to be paid in March 2013 will be finalised by the Board in January 2013.

The financial position of your **Community Bank**<sup>®</sup> branches continues to remain strong with cash assets of \$1.956 million and a total liability amounting to \$327,212. This leaves a net cash surplus of \$ 1.629 million as at 30 June 2012. The total equity of the group increased by \$276,817.

There were no changes in Directors during the year.

The administration of the Share Registry is being handled by Melisa Hepworth, our Executive Officer. All shareholders are advised that they must inform Melisa of a change of address to ensure that all correspondence and dividend payments are received by them. Also, for those shareholders receiving their dividends by direct credit, please ensure that Melisa is informed of any changes to their banking details. Melisa can be contacted on 9754 6540 or 0400 110 385.



**Devendra Desai B.Com, C.A. (S.A.), FPA**  
**Secretary/Treasurer**

# Directors' report

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For the financial year ended 30 June 2012

Your Directors submit the financial report of the company for the financial year ended 30 June 2012.

## Directors

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

### **Peter Gordon Marke**

Chairman

Occupation: Consultant

Board member since September 1998

### **Devendra Kantilal Desai**

Treasurer/Secretary

Occupation: Public Accountant

Board member since November 1999

### **Peter James Jones**

Director

Occupation: Builder

Board member since September 1998

### **Karel Leslie Coxhill**

Director

Occupation: Real Estate Agent

Board member since September 1998

### **Jean Marie McLennan**

Director

Occupation: Legal Accountant

Board member since January 2003

### **Anthony James Thompson**

Director

Occupation: B & B Operator

Board member since September 1998

### **Craig John Dennis**

Director

Occupation: IT Project Manager

Board member since July 2010

### **Dorothy Joan Griffin**

Director

Occupation: Home Duties

Board member since April 2005

### **John Ronald Faul**

Director

Occupation: Proprietor of Retirement Village

Board member since March 2008

### **Robert John Fredericks**

Director

Occupation: Finance Manager - Consumer Operations

Board member since June 2011

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

## Principal activities

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

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 \$ 387,919 (2011: \$219,052).



# Directors' report (continued)

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Dividends	Year ended 30 June 2012	
	Cents per share	\$
Dividends paid in the year (final dividend):	5	111,102

## Financial position

The net assets of the company have increased by \$276,817 from 30 June 2011 to \$ 2,861,795 in 2012. The increase is largely due to improved operating performance of the company.

## 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.

## Events after the reporting period

Since balance date, the world financial markets have shown volatility that may have an impact on investment earnings in the 2012/2013 financial year. The company continues to maintain a conservative investment strategy to manage the exposure to market volatility.

There are no other 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.

## Future developments

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

## Environmental issues

The company is not subject to any significant environmental regulation.

## Proceedings on behalf of company

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

## Remuneration report

Other than detailed below, no Director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a Director, a firm which a Director is a member or an entity in which a Director has a substantial financial interest. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by Directors shown in the company's accounts, or the fixed salary of a full-time employee of the company, controlled entity or related body corporate.

Accounting services were provided by Desai Popat & Associates Pty Ltd, a company of which Devendra Desai is a Director. The fees paid during the year to Desai Popat & Associates Pty Ltd amounted to \$76,800 (2011: \$72,000).

Administration fees, for the reimbursement of expenses, were paid during the year to Peter Marke amounting to \$15,000 (2011: \$15,000).

During the 2012 financial year repair at the Upwey branch costing \$ 1,197 (2011: NIL) was undertaken by P X J Constructions Pty Ltd. Peter Jones is a Director of P X J Constructions Pty Ltd.

# Directors' report (continued)

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## Remuneration report (continued)

The above transactions were made on normal commercial terms and conditions.

## Indemnifying Officers or Auditor

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

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

## Directors' meetings

The number of Directors' meetings attended during the year were:

Director	Board meetings#	Audit committee meetings#
Peter Gordon Marke	12 (13)	3 (4)
Devendra Kantilal Desai	11 (13)	4 (4)
Karel Leslie Coxhill	10 (13)	4 (4)
Anthony James Thompson	10 (13)	N/A
Peter James Jones	10 (13)	N/A
Dorothy Joan Griffin	11 (13)	N/A
Jean Marie McLennan	12 (13)	4 (4)
Craig John Dennis	12 (13)	N/A
John Ronald Faull	10 (13)	N/A
Robert John Fredericks	8 (13)	2 (3)

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

N/A - not a member of that Committee.

## Company Secretary

Devendra Desai has been the Company Secretary of Dandenong Ranges Community Finance Limited since 1999. Devendra Desai's qualifications and experience include a Bachelor Of Commerce qualification and over 30 years experience as a practising accountant.

# Directors' report (continued)

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## **Corporate governance**

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

- (a) The establishment of an audit committee in 2007. Members of the audit committee are Peter Marke, Jean McLennan, Karel Coxhill, Devendra Desai & Robert Fredericks.
- (b) Director approval of operating budgets and monitoring of progress against these budgets;
- (c) Ongoing Director training; and
- (d) Monthly Director meetings to discuss performance and strategic plans.

## **Auditor independence declaration**

The Auditor's independence declaration for the year ended 30 June 2012 has been received and can be found on page 11 of this financial report.

Signed in accordance with a resolution of the Board of Directors at Upwey, Victoria on 10 September 2012.



**Peter Marke**  
**Chairman**

# Auditor's independence declaration

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[www.rsdadvisors.com.au](http://www.rsdadvisors.com.au)

10<sup>th</sup> September 2012

The Directors  
Dandenong Ranges Community Finance Limited  
PO Box 399  
Ferntree Gully VIC 3156

To the Directors of Dandenong Ranges Community Finance Limited

## Auditor's Independence Declaration under section 307C of the Corporations Act 2001

I declare that to the best of my knowledge and belief, during the year ended 30 June 2012 there has been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

*Richmond Sinnott & Delahunty*

**RICHMOND SINNOTT & DELAHUNTY**  
Chartered Accountants

*Warren Sinnott*

**Warren Sinnott**  
**Partner**

**Dated at Bendigo, 10<sup>th</sup> September 2012**

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Richmond Sinnott & Delahunty  
ABN 60 616 244 309

Liability limited by a scheme  
approved under Professional  
Standards Legislation

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

# Financial statements

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## Statement of comprehensive income for the year ended 30 June 2012

	Note	2012 \$	2011 \$
Revenues	2	3,159,330	3,038,663
Employee benefits expense	3	(1,569,902)	(1,455,922)
Depreciation and amortisation expense	3	(144,191)	(169,087)
Other expenses		(772,990)	(791,354)
<b>Operating profit before charitable donations &amp; sponsorships</b>		<b>672,247</b>	<b>622,300</b>
Charitable donations and sponsorship		(117,842)	(280,165)
<b>Profit before income tax expense</b>		<b>554,405</b>	<b>342,135</b>
Income tax expense	4	166,486	123,083
<b>Net profit for the year</b>		<b>387,919</b>	<b>219,052</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>387,919</b>	<b>219,052</b>
<b>Earnings per share (cents per share)</b>			
- basic for profit for the year	21	17.46	9.86
- diluted for profit for the year	21	17.46	9.86

The accompanying notes form part of these financial statements.

# Financial statements (continued)

## Statement of financial position as at 30 June 2012

	Note	2012 \$	2011 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	6	1,956,022	1,459,710
Receivables	7	253,373	233,061
<b>Total current assets</b>		<b>2,209,395</b>	<b>1,692,771</b>
<b>Non-current assets</b>			
Property, plant and equipment	8	879,656	968,459
Intangible assets	9	99,956	136,051
<b>Total non-current assets</b>		<b>979,612</b>	<b>1,104,510</b>
<b>Total assets</b>		<b>3,189,007</b>	<b>2,797,281</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Payables	10	89,580	71,593
Current tax liability	4	83,815	11,129
Provisions	11	153,817	129,581
<b>Total current liabilities</b>		<b>327,212</b>	<b>212,303</b>
<b>Total liabilities</b>		<b>327,212</b>	<b>212,303</b>
<b>Net assets</b>		<b>2,861,795</b>	<b>2,584,978</b>
<b>Equity</b>			
Issued capital	12	701,300	701,300
Retained earnings	13	2,160,495	1,883,678
<b>Total equity</b>		<b>2,861,795</b>	<b>2,584,978</b>

The accompanying notes form part of these financial statements.

# Financial statements (continued)

## Statement of cash flows for the year ended 30 June 2012

	Note	2012 \$	2011 \$
<b>Cash flows from operating activities</b>			
Cash receipts in the course of operations		3,361,890	3,265,194
Cash payments in the course of operations		(2,725,527)	(2,791,162)
Interest paid and other costs of finance		-	-
Interest received		84,143	53,083
Income tax paid		(93,800)	(82,998)
<b>Net cash flows from/(used in) operating activities</b>	<b>14b</b>	<b>626,706</b>	<b>444,117</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of property, plant & equipment		-	-
Payments for property, plant and equipment		(19,292)	(7,270)
Payments for intangible assets		-	(138,847)
<b>Net cash flows from/(used in) investing activities</b>		<b>(19,292)</b>	<b>(146,117)</b>
<b>Cash flows from financing activities</b>			
Dividends paid		(111,102)	(155,543)
<b>Net cash flows from/(used in) financing activities</b>		<b>(111,102)</b>	<b>(155,543)</b>
<b>Net increase/(decrease) in cash held</b>		<b>496,312</b>	<b>142,457</b>
Cash and cash equivalents at start of year		1,459,710	1,317,253
<b>Cash and cash equivalents at end of year</b>	<b>14a</b>	<b>1,956,022</b>	<b>1,459,710</b>

The accompanying notes form part of these financial statements.

## Financial statements (continued)

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### Statement of changes in equity for the year ended 30 June 2012

	Note	2012 \$	2011 \$
<b>Issued capital</b>			
Balance at start of year		701,300	701,300
Issue of share capital		-	-
Share issue costs		-	-
<b>Balance at end of year</b>		<b>701,300</b>	<b>701,300</b>
<b>Retained earnings</b>			
Balance at start of year		1,883,678	1,820,169
Net profit for the year		387,919	219,052
Dividends paid	15	(111,102)	(155,543)
<b>Balance at end of year</b>		<b>2,160,495</b>	<b>1,883,678</b>

The accompanying notes form part of these financial statements.



# Notes to the financial statements

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For year ended 30 June 2012

## Note 1. Summary of significant accounting policies

### (a) Basis of preparation

Dandenong Ranges Community Finance Limited ('the company') is domiciled in Australia. The financial statements for the year ending 30 June 2012 are presented in Australian dollars. The company was incorporated in Australia and the principal operations involve providing **Community Bank**<sup>®</sup> services.

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

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the IASB. 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 have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement of fair value of selected non current assets, financial assets and financial liabilities.

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

The financial statements were authorised for issue by the Directors on 10 September 2012.

### (b) Income tax

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

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

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

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

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

### (c) Property, plant and equipment

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

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

# Notes to the financial statements (continued)

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

### (c) Property, plant and equipment (continued)

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

Class of asset	Depreciation rate
Buildings	2.5%
Plant & equipment	10.0 - 100%

#### Impairment

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

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

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

#### Revaluations

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

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

### (d) Impairment of assets

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

### (e) Goods and services tax

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

Receivables and payables are stated with the amount of GST included.

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

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

# Notes to the financial statements (continued)

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

### **(f) Employee benefits**

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

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

### **(g) Intangibles**

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

### **(h) Cash**

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

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

### **(i) Revenue**

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

### **(j) Receivables and payables**

Receivables and payables are non interest bearing and generally have payment terms of between 30 and 90 days. Receivables are recognised and carried at original invoice amount less a provision for any uncollected debts. Liabilities for trade creditors and other amounts are carried at cost that is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the company.

### **(k) New accounting standards for application in future periods**

Australian Accounting Standards that have been recently issued or amended but not yet effective have not been adopted in the preparation of these financial statements. These changes have been assessed by Directors and determined they will not have a material impact on the company's financial statements.

### **(l) Loans and borrowings**

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

### **(m) Provisions**

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

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

# Notes to the financial statements (continued)

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

### **(n) Share capital**

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

### **(o) Comparative figures**

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

### **(p) Critical accounting estimates and judgements**

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

#### Estimation of useful lives of assets

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

#### Income tax

The company is subject to income tax. Significant judgement is required in determining the provision for income tax.

#### Impairment

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

### **(q) Financial instruments**

#### Initial recognition and measurement

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

#### Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method or cost. Where available quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

# Notes to the financial statements (continued)

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

### (q) Financial instruments (continued)

#### Classification and subsequent measurement (continued)

Amortised costs is calculated as the amount which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

#### (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.

#### (ii) Financial liabilities

Non derivative financial liabilities are subsequently measured at amortised cost.

#### Impairment

At the end of each reporting period, the company assesses whether there is objective evidence that a financial asset has been impaired. A financial asset is deemed impaired if and only if, there is objective evidence of impairment as a result of one or more events (a loss event) having occurred, which has an impact on the estimated future cash flows of the financial asset. In the case of financial assets carried at amortised cost, loss events may include indications that the debtors are experiencing significant financial difficulty or changes in economic conditions.

	2012	2011
	\$	\$
<b>Note 2. Revenue</b>		
<b>Revenue from continuing activities</b>		
- services commissions	3,072,067	2,984,488
- other revenue	3,120	1,092
	<b>3,075,187</b>	<b>2,985,580</b>
<b>Other revenue</b>		
- interest received	84,143	53,083
	<b>84,143</b>	<b>53,083</b>
	<b>3,159,330</b>	<b>3,038,663</b>

## Note 3. Expenses

### Employee benefits expense

- wages and salaries	1,307,470	1,217,233
- superannuation costs	139,805	127,850
- workers' compensation costs	5,489	3,459
- other costs	117,138	107,380
	<b>1,569,902</b>	<b>1,455,922</b>

## Notes to the financial statements (continued)

	2012 \$	2011 \$
Note 3. Expenses (continued)		
<b>Depreciation of non-current assets:</b>		
- plant and equipment	89,163	112,298
- motor vehicles	5,278	7,038
- buildings	10,174	10,174
- leasehold improvements	3,481	3,481
<b>Amortisation of non-current assets:</b>		
- intangible assets	36,095	36,096
	<b>144,191</b>	<b>169,087</b>
<b>Finance costs:</b>		
- Interest paid	-	-
Bad debts	2,826	2,915

### Note 4. Income tax expense

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

Prima facie tax on profit before tax at 30%	166,322	102,641
Add tax effect of:		
- Non-deductible expenses	11,340	20,442
Less tax effect of:		
- Overs/Unders provision of income tax	(11,176)	-
<b>Current income tax expense</b>	<b>166,486</b>	<b>123,083</b>
<b>Income tax expense</b>	<b>166,486</b>	<b>123,083</b>
<b>Tax liabilities</b>		
<b>Current tax payable / (refundable)</b>	<b>83,815</b>	<b>11,129</b>

### Note 5. Auditors' remuneration

Remuneration of the Auditor for:

- <b>Audit or review of the financial report</b>	<b>3,900</b>	<b>3,900</b>
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### Note 6. Cash and cash equivalents

<b>Cash at bank and on hand</b>	<b>1,956,022</b>	<b>1,459,710</b>
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## Notes to the financial statements (continued)

	2012 \$	2011 \$
<b>Note 7. Receivables</b>		
<b>Trade debtors</b>	<b>253,373</b>	<b>233,061</b>
<b>Note 8. Property, plant and equipment</b>		
<b>Land</b>		
Freehold land at cost	136,909	136,909
<b>Buildings</b>		
At cost	406,960	406,960
Less accumulated depreciation	(62,140)	(51,966)
	<b>344,820</b>	<b>354,994</b>
<b>Plant, equipment and leasehold improvements</b>		
At cost	1,061,629	1,042,337
Less accumulated depreciation	(679,508)	(586,865)
	<b>382,121</b>	<b>455,472</b>
<b>Motor vehicles</b>		
At cost	38,301	38,301
Less accumulated depreciation	(22,495)	(17,217)
	<b>15,806</b>	<b>21,084</b>
<b>Total written down amount</b>	<b>879,656</b>	<b>968,459</b>
<b>Movements in carrying amounts</b>		
<b>Land</b>		
Carrying amount at beginning of year	136,909	136,909
Additions	-	-
<b>Carrying amount at end of year</b>	<b>136,909</b>	<b>136,909</b>
<b>Buildings</b>		
Carrying amount at beginning of year	354,994	365,168
Additions	-	-
Disposals	-	-
Depreciation expense	(10,174)	(10,174)
<b>Carrying amount at end of year</b>	<b>344,820</b>	<b>354,994</b>

## Notes to the financial statements (continued)

	2012 \$	2011 \$
Note 8. Property, plant and equipment (continued)		
<b>Plant, equipment and leasehold improvements</b>		
Carrying amount at beginning of year	455,472	563,981
Additions	19,291	7,270
Disposals	-	-
Depreciation expense	(92,644)	(115,779)
<b>Carrying amount at end of year</b>	<b>382,119</b>	<b>455,472</b>
<b>Motor vehicles</b>		
Carrying amount at beginning of year	21,084	28,122
Additions	-	-
Disposals	-	-
Depreciation expense	(5,278)	(7,038)
<b>Carrying amount at end of year</b>	<b>15,806</b>	<b>21,084</b>

## Note 9. Intangible assets

### Franchise fee

At cost	319,562	319,562
Less accumulated amortisation	(219,606)	(183,511)
	<b>99,956</b>	<b>136,051</b>

## Note 10. Payables

GST payable	57,131	37,916
Trade creditors	29,549	30,777
Accrued expenses	2,900	2,900
	<b>89,580</b>	<b>71,593</b>

## Note 11. Provisions

Employee benefits	153,817	129,581
	<b>153,817</b>	<b>129,581</b>
<b>Movement in employee benefits</b>		
Opening balance	129,591	106,466
Additional provisions recognised	138,982	93,633
Amounts utilised during the year	(114,756)	(70,508)
<b>Closing balance</b>	<b>153,817</b>	<b>129,591</b>



## Notes to the financial statements (continued)

	2012 \$	2011 \$
<b>Note 12. Share capital</b>		
701,300 Ordinary shares fully paid of \$1 each	701,300	701,300
1,520,739 Ordinary shares fully paid of \$1 each issued for no consideration as bonus shares on 27 April 2005	-	-
	<b>701,300</b>	<b>701,300</b>

### Note 13. Retained earnings

Balance at the beginning of the financial year	1,883,678	1,820,169
Net profit after income tax	387,919	219,052
Dividends	(111,102)	(155,543)
<b>Balance at the end of the financial year</b>	<b>2,160,495</b>	<b>1,883,678</b>

### Note 14. Statement of cash flows

#### (a) Cash and cash equivalents

<b>Cash assets</b>	<b>1,956,022</b>	<b>1,459,710</b>
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#### (b) Reconciliation of profit after tax to net cash provided from/(used in) operating activities

Profit after income tax	387,919	219,052
Non cash items		
- Depreciation	108,095	132,991
- Amortisation	36,095	36,096
Changes in assets and liabilities		
- (Increase) decrease in receivables	(20,312)	(16,387)
- Increase (decrease) in payables	17,987	9,165
- Increase (decrease) in current tax liability / refundable	72,686	40,085
- Increase (decrease) in provisions	24,236	23,115
<b>Net cash flows from / (used in) operating activities</b>	<b>626,706</b>	<b>444,117</b>

### Note 15. Dividends paid or provided for on ordinary shares

#### (a) Dividends paid during the year

(i) Current year final		
<b>Franked dividends - 5 cents per share (2011: 7 cents per share)</b>	<b>111,102</b>	<b>155,543</b>

## Notes to the financial statements (continued)

	2012 \$	2011 \$
Note 15. Dividends paid or provided for on ordinary shares (continued)		
<b>(b) Franking credit balance</b>		
The amount of franking credits available for the subsequent financial year are:		
- Franking account balance as at the end of the financial year	1,026,572	980,387
- Franking credits / (debits) that will arise from the payment / (refund) of income tax payable as at the end of the financial year	83,815	11,129
	<b>1,110,387</b>	<b>991,516</b>

The tax rate at which dividends have been franked is 30% (2011: 30%).

### Note 16. Director and related party disclosures

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

Peter Gordon Marke  
Devendra Kantilal Desai  
Karel Leslie Coxhill  
Anthony James Thompson  
Peter James Jones  
Dorothy Joan Griffin  
Jean Marie McLennan  
Craig John Dennis  
John Ronald Faull  
Robert John Fredericks

The following related party transactions occurred during the financial year:

Accounting services were provided by Desai Popat & Associates Pty Ltd, a company of which Devendra Desai is a Director. The fees paid during the year to Desai Popat & Associates Pty Ltd amounted to \$76,800 (2011: \$72,000).

Administration fees, for the reimbursement of expenses, were paid during the year to Peter Marke amounting to \$15,000 (2011: \$15,000).

During the 2012 financial year repair at the Upwey branch costing \$ 1,197 (2011: NIL) was undertaken by P X J Constructions Pty Ltd. Peter Jones is a Director of P X J Constructions Pty Ltd.

The above transactions were made on normal commercial terms and conditions.

No Director's fees have been paid as the positions are held on a voluntary basis.

## Notes to the financial statements (continued)

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### Note 16. Director and related party disclosures (continued)

<b>Directors' shareholdings</b>	<b>2012</b>	<b>2011</b>
Peter Gordon Marke	133,255	133,255
Devendra Kantilal Desai	11,985	11,985
Karel Leslie Coxhill	51,435	51,435
Anthony James Thompson	32,500	32,500
Peter James Jones	90,010	90,010
Dorothy Joan Griffin	28,840	28,840
Jean Marie McLennan	9,135	9,135
Craig John Dennis	-	-
John Ronald Faull	-	-
Robert John Fredericks	-	-

There was no movement in Directors' shareholdings during the year.

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

### Note 17. Events after the reporting period

Since balance date, the world financial markets have shown volatility that may have an impact on investment earnings in the 2012/13 financial year. The company continues to maintain a conservative investment strategy to manage the exposure to market volatility.

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

### Note 18. Contingent liabilities and assets

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

### Note 19. Operating segments

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

# Notes to the financial statements (continued)

## Note 20. Corporate information

Dandenong Ranges Community Finance Limited is a company limited by shares incorporated in Australia.

The registered office and principal place of business is: 30 Main Street, Upwey VIC 3158

	2012	2011
	\$	\$

## Note 21. Earnings per share

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

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

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

<b>Profit after income tax expense</b>	<b>387,919</b>	<b>219,052</b>
<b>Weighted average number of ordinary shares for basic and diluted earnings per share</b>	<b>2,222,039</b>	<b>2,222,039</b>

## Note 23. Financial risk management

The company's financial instruments consist mainly of deposits with banks, account receivables and payables, bank overdraft and loans.

The totals for each category of financial instruments measured in accordance with AASB 139 are as follows:

	Note	2012	2011
		\$	\$
<b>Financial assets</b>			
Cash & cash equivalents	6	1,956,022	1,459,710
Receivables	7	253,373	233,061
<b>Total financial assets</b>		<b>2,209,395</b>	<b>1,692,771</b>
<b>Financial liabilities</b>			
Payables	10	89,580	71,593
<b>Total financial liabilities</b>		<b>89,580</b>	<b>71,593</b>

### Financial risk management policies

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

# Notes to the financial statements (continued)

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## Note 23. Financial risk management (continued)

### Specific financial risk exposure and management

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

#### **(a) Credit risk**

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

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

The company's maximum exposure to credit risk at reporting date was:

	Carrying amount	
	2012 \$	2011 \$
Cash and cash equivalents	1,956,022	1,459,710
Receivables	253,373	233,061
	<b>2,209,395</b>	<b>1,692,771</b>

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

None of the assets of the company are past due (2011: nil past due) and based on historic default rates, the company believes that no impairment allowance is necessary in respect of assets not past due.

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

#### **(b) Liquidity risk**

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

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

## Notes to the financial statements (continued)

Note 23. Financial risk management (continued)

### (b) Liquidity risk (continued)

Financial liability and financial asset maturity analysis

	Total \$	Within 1 year \$	1 to 5 years \$	Over 5 years \$
<b>30 June 2012</b>				
<b>Financial liabilities due for payment</b>				
Payables	(89,580)	(89,580)	-	-
Loans and borrowings	-	-	-	-
<b>Total expected outflows</b>	<b>(89,580)</b>	<b>(89,580)</b>	<b>-</b>	<b>-</b>
<b>Financial assets - cashflow realisable</b>				
Cash & cash equivalents	1,956,022	1,956,022	-	-
Receivables	253,373	253,373	-	-
<b>Total anticipated inflows</b>	<b>2,209,395</b>	<b>2,209,395</b>	<b>-</b>	<b>-</b>
<b>Net (outflow)/inflow on financial instruments</b>	<b>2,119,815</b>	<b>2,119,815</b>	<b>-</b>	<b>-</b>

	Total \$	Within 1 year \$	1 to 5 years \$	Over 5 years \$
<b>30 June 2011</b>				
<b>Financial liabilities due for payment</b>				
Payables	(71,593)	(71,593)	-	-
Loans and borrowings	-	-	-	-
<b>Total expected outflows</b>	<b>(71,593)</b>	<b>(71,593)</b>	<b>-</b>	<b>-</b>
<b>Financial assets - cashflow realisable</b>				
Cash & cash equivalents	1,459,710	1,459,710	-	-
Receivables	233,061	233,061	-	-
<b>Total anticipated inflows</b>	<b>1,692,771</b>	<b>1,692,771</b>	<b>-</b>	<b>-</b>
<b>Net (outflow)/inflow on financial instruments</b>	<b>1,621,178</b>	<b>1,621,178</b>	<b>-</b>	<b>-</b>

Financial assets pledged as collateral

There are no material amounts of collateral held as security as at 30 June 2012 and 30 June 2011.

### (c) Market risk

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

# Notes to the financial statements (continued)

## Note 23. Financial risk management (continued)

### (c) Market risk (continued)

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

#### Sensitivity analysis

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

	Carrying amount	
	2012	2011
	\$	\$
<b>Fixed rate instruments</b>		
Financial assets	1,072,029	1,012,316
Financial liabilities	-	-
	<b>1,072,029</b>	<b>1,012,316</b>
<b>Floating rate instruments</b>		
Financial assets	883,693	447,094
Financial liabilities	-	-
	<b>883,693</b>	<b>447,094</b>

#### Fair value sensitivity analysis for fixed rate instruments

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

#### Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have no impact on profit or retained earnings. For the analysis performed on the same basis as at 30 June 2011 there was also no impact. As at both dates this assumes all other variables remain constant.

The company has no exposure to fluctuations in foreign currency.

### (d) Price risk

The company is not exposed to any material price risk.

#### Fair values

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

#### Capital management

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

## Notes to the financial statements (continued)

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Note 23. Financial risk management (continued)

**(c) Market risk (continued)**

Capital management (continued)

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

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

The Board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the year ended 30 June 2012 can be seen in the Statement of Comprehensive Income.

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



# Directors' declaration

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In accordance with a resolution of the Directors of Dandenong Ranges Community Finance Limited, the Directors of the company declare that:

- 1 the financial statements and notes of the company as set out on pages 12 to 31 are in accordance with the Corporations Act 2001 and:
  - (i) comply with Australian Accounting Standards, which as stated in accounting policy Note 1(a) to the financial statements constitutes compliance with International Financial Reporting Standards (IFRS); and
  - (ii) give a true and fair view of the company's financial position as at 30 June 2012 and of the performance for the year ended on that date;
- 2 in the Directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.



**Peter Marke**  
**Chairman**

Signed at Upwey, Victoria on 10 September 2012.

# Independent audit report

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**Richmond  
Sinnott &  
Delahunty**

Chartered Accountants

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Bendigo, Victoria  
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**INDEPENDENT AUDIT REPORT  
TO THE MEMBERS OF DANENONG RANGES COMMUNITY FINANCE  
LIMITED**

## Report on the Financial Report

We have audited the accompanying financial report of Dandenong Ranges Community Finance Limited, which comprises the statement of financial position as at 30 June 2012, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the company for the year ended 30 June 2012.

### *Directors' Responsibility for the Financial Report*

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

### *Auditor's Responsibility*

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

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

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Richmond Sinnott & Delahunty  
ABN 60 616 244 309

Liability limited by a scheme  
approved under Professional  
Standards Legislation

**Partners:**

Warren Sinnott  
Cara Hall  
Brett Andrews

Philip Delahunty  
Kathie Teasdale  
David Richmond

# Independent audit report (continued)

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

## *Independence*

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

## *Auditor's Opinion*

In our opinion:

- (a) the financial report of Dandenong Ranges Community Finance 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 2012 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- (b) the financial report also complies with the International Financial Reporting Standards as disclosed in Note 1(a).

*Richmond Sinnott & Delahunty*  
**RICHMOND SINNOTT & DELAHUNTY**  
Chartered Accountants

*W. J. Sinnott*

**W. J. SINNOTT**  
Partner

Dated at Bendigo, 10<sup>th</sup> September 2012







Upwey **Community Bank**<sup>®</sup> Branch  
 30-32 Main Street, Upwey VIC 3158  
 Phone: (03) 9754 1200  
[www.bendigobank.com.au/upwey](http://www.bendigobank.com.au/upwey)

Belgrave **Community Bank**<sup>®</sup> Branch  
 1656 Burwood Highway, Belgrave VIC 3160  
 Phone: (03) 9752 6606  
[www.bendigobank.com.au/belgrave](http://www.bendigobank.com.au/belgrave)

Cockatoo/Gembrook **Community Bank**<sup>®</sup> Branch  
 Shop 3/50 McBride Street, Cockatoo VIC 3781  
 Phone: (03) 5968 8831  
[www.bendigobank.com.au/cockatoo\\_gembrook](http://www.bendigobank.com.au/cockatoo_gembrook)

Olinda-Mt Dandenong branch  
 232 Ridge Road, Olinda VIC 3158  
 Phone: (03) 9751 0744  
[www.bendigobank.com.au/olinda](http://www.bendigobank.com.au/olinda)

Franchisee:  
 Dandenong Ranges Community Finance Limited  
 30-32 Main Street, Upwey VIC 3158  
 ABN: 28 084 480 035  
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