



Dandenong Ranges Community Finance Limited

ABN 28 084 480 035

ANNUAL REPORT 2013

Upwey **Community Bank**[®] Branch
Belgrave **Community Bank**[®] Branch
Cockatoo/Gembrook **Community Bank**[®] Branch
Olinda-Mt Dandenong branch

Contents

Chairman’s report	2
Senior Group Manager’s report	5
Secretary’s report	6
Directors’ report	7
Auditor’s independence declaration	12
Financial statements	13
Notes to the financial statements	17
Directors’ declaration	36
Independent audit report	37

Chairman's report

For year ending 30 June 2013

I again have pleasure in presenting this report.

Business achievements

Overall, the past year has been challenging relative to business performance. This was primarily due to Bendigo and Adelaide Bank correcting the profit share split and the general economic situation. However, thanks to the outstanding commitment of your Board, management and staff, we are proud that we have maintained a growth trend albeit to a lesser degree than we have experienced previously.

It is particularly pleasing to report that our Cockatoo Branch is now operating in profit. We thank the Manager Elise Turnedge and her staff for their excellent work. Conversely and as previously indicated, we do not expect our Olinda Sub Branch to reach profit status until at least 2016. However, we continue to be confident about its long-term success.

We continue to enjoy good relationships with our partners who operate the Emerald and Marysville Agencies and as always remain willing to work with them on appropriate business development initiatives.

Our staff

We continue to benefit from a committed and professional team of branch staff to whom we are most appreciative for their excellent service standards which is demonstrated by numerous messages of appreciation from customers and creditable business performances.

We also extend our appreciation to management and staff for their cooperation and extra effort following the reduction of our relief staff contingent and temporary reduced staff levels due to resignations.

The past year has seen the departure of Margaret Trezise from our Belgrave branch, Tracey Lewis and Glenys Watson from our Olinda branch and Barbara Owen from our Upwey branch. We thank those people for their contribution and in turn, we welcomed Lisa Tsolakidis to our Olinda branch. We are currently advertising for a Branch Manager at our Olinda branch, a Customer Service Officer at our Cockatoo branch and a Relief Customer Service Officer for the group.

I must also again recognise the outstanding contribution of our Executive Officer Melisa Hepworth. As can be appreciated, the role of this position obviously increases commensurate with our growth. Melisa continues to manage her duties most professionally. Similarly, our Community Liaison Officer Suzan Prass continues to make a great contribution and provides exemplary and professional support to Melisa, management and the Board.

Our management team

Our management team, led by Mike Fleming, maintains an impressive standard of managerial leadership.

As mentioned above, we enjoy receiving numerous messages of appreciation from customers which at least in part, is testimony to the service culture generated by our management team. Likewise, our impressive business performance under difficult circumstances over the past year is largely due to the efforts of our management team. We extend our sincere appreciation to Luan Hanlen, Charmaine Jeffrey and Elise Turnedge for their ongoing excellent achievements at our Upwey, Belgrave, Cockatoo/Gembrook and Olinda/Mt Dandenong branches.

Our Board

Our Company Secretary Devendra Desai retired during the past year. Devendra made an outstanding contribution to our company in this role and as a Director. His professional contribution is gratefully appreciated. His business partner Naren Popat has assumed the role as Company Secretary and we welcome him to the position and already recognise the valuable input from his associate Bimal Sekhon.

Chairman's report (continued)

I am proud to again be able to record the outstanding contribution of our Board and each Director. We clearly benefit from an overall commitment, mutual respect and the team culture that has existed since the inception of the Board.

I also express my personal appreciation to our Deputy Chair Jean McLennan for her loyal and valuable support to me as Chair and in particular, her Counsel and willingness to represent the company in my absence.

We must also recognise our appreciation to Craig Dennis for his impressive leadership of our important Business Development Committee. This committee meets monthly and always has a challenging and important agenda which drives our marketing and business development initiatives.

The Board continues to operate efficient Audit and Human Resources Committees which meet Quarterly. We thank those Directors who participated on all committees.

I highlight that one of our strengths as a Board is that we proudly enjoy the benefits of having Directors who are local "Community Champions" and who are well placed to act as excellent advocates and in turn, represent the Board at community events; assist our Managers and staff with their business development endeavours and to manage maintenance issues etc at our respective branches. Which in this regard, we recognise the valuable work of Peter Jones; John Faull and Shane Miller.

I also again thank Tony Thompson for his great work in assisting Mike and in promoting our business in the Marysville Triangle area.

Our community support initiatives

Your Board has contributed \$176,000 in Grants and Sponsorships during 2012/13. This results in an impressive total commitment of \$1.55 million since we commenced these initiatives. The significant item for this financial year is a \$50,000 sponsorship commitment to the proposed Emerald Sporting Club project. We are proud to support this commendable community project at its concept stage in the hope it will influence other efforts to secure grants etc. A commitment of \$500,000 from the recently elected Liberal candidate Jason Wood was made during the election campaign for this project which should secure its viability.

We continue to be represented on the project committees of the proposed Olinda and Upwey (UT CRASH) projects which appear to most likely to proceed. In fact, the Olinda Community Hub project is due to commence shortly and the Upwey Community and Sporting Hub (UT CRASH) continues to progress despite some challenging site issues but its Executive remains most confident that it will proceed. You will be aware that we have indicatively committed \$250,000 to each of these projects.

Conversely, the Emerald community project auspiced by the Eastern Dandenong Ranges Project Group is still to progress to a stage whereby we can progress our support. Similarly, the consultative committee established following the Belgrave Community Forum we convened in 2011 has been unable to produce an appropriate project for our consideration and unfortunately we resolved to temporarily suspend our commitment to a community project in the Belgrave area at this time. It is emphasised however that the inability of this committee to progress is largely due to the failure of the Shire of Yarra Ranges to recognise its existence let alone its work. To exemplify, without any dialogue with the committee who had been publicly exploring the viability of a Community Hub project for some time, Council released Concept Plans and announced its intention to undertake a consultative process for such a project which is outside our scope of purpose for such a project. Viz:- Location; Proposed tenancies; lack of genuine community space; etc.

Our Board extends its sincere appreciation to all members of the community who have participated in this Committee for their contribution.

Your investment

It has been decided to allocate a dividend of 5 cents per share this year. This is the same as the payment made for the last financial year. Please note that the Board has decided to move the next payment to mid December 2013.

Chairman's report (continued)

We remain confident that we will be able to consider increased dividends in future years commensurate with the continued growth of the new sites and associated increased profits.

Bendigo and Adelaide Bank support

We continue to maintain an excellent relationship and enjoy valuable support from Bendigo and Adelaide Bank. We particularly thank our Regional Manager Mark Nolan for his personal support and cooperation along with our Operations Manager Natalie Goold; our Retail Sales Lead – Ronny Bellini and numerous Operations, Business Banking, Marketing and support staff, who also provide valued assistance.

Business development

We maintain and where possible, strengthen our commitment to pro-actively and prominently market our business via local media and promotional opportunities such as local community events, seminars, sponsorships etc which appear to be productive and are being extended.

Our successful Club Rewards Programme continues to be an outstanding success for both our community partners and ourselves. To date, we have contributed \$18,090 to participating Clubs/Groups which has resulted in an additional \$14.523 million of business gained from this Programme.

Governance

Our Audit Committee continues to assist the Board 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. Additionally, our Human Resources Committee provides valuable support in the area of its charter. Viz:- Staff structures; Relevant support to Management; Resource planning and management and Industrial issues.

I thank you for the opportunity to present this report and commend it to you.



Peter Marke AFSM JP MAICD
Chairman

Senior Group Manager's report

For year ending 30 June 2013

Another very competitive year in a very low interest rate environment which has made every banker "sharpen his pencil". Low rates flow to tighter margins and have us working twice as hard to maintain our profit.

The Managers of all our branches have worked tirelessly to grow their business and be at the forefront with ideas to market our bank products.

This year's main target has been members of local clubs and groups who can earn returns for their nominated group by changing their banking to us.

Total business now under management \$312 million with nearly 17,000 accounts with over half of the funds held being deposits.

Marysville Agency continues to grow along with the new business's opening which sees old residents returning to town along with some new families. Emerald Agency has a new CEO who is looking to build the banking business we have there already.

Thanks to Charmaine, Luan and Elise for the dedication to their branches and communities and thanks to the Board members for their assistance.



Mike Fleming
Senior Group Manager

Secretary's report

For year ending 30 June 2013

Financial results

The Group reported a net profit before tax, sponsorships and grants of \$645,652 for the year ended 30 June 2013, compared to \$672,247 in the previous year. This is a decrease of \$26,595. The Group's net profit for the current year has been achieved despite a downturn in the general economic climate and the Bendigo and Adelaide Bank correcting the profit share split. The Upwey, Belgrave and Cockatoo-Gembrook branches have continued to show profits before tax, sponsorships and grants. We expect the Olinda Branch to become profitable from about 2016.

The Group net profit after tax has decreased by \$18,983 from \$387,919 in 2012 to \$368,936 in 2013.

Financial position

The financial position of the Group continues to remain strong with total assets of \$3.401 million and total liabilities of \$281,677 resulting in a net equity position of \$3.119 million at 30 June 2013. This is an increase of \$257,834 from the previous year.

The cash balances at 30 June 2013 amounted to \$2.305 million which is an increase of \$348,350 from the previous year.

Managers and staff

Our Senior Manager, Mike Fleming continued his role in overseeing and assisting Branch Managers and growing the business of the Group. We thank Mike Fleming and the Branch Managers, Luan Hanlen, Charmaine Jeffery and Elise Turnedge and all the staff for their excellent performance at Upwey, Belgrave, Cockatoo-Gembrook and Olinda branches.

Dividends

The Board recommended a fully franked dividend of 5 cents per share that was paid out during the year. A fully franked dividend of 5 cents per share is to be paid in December 2013.

Resignation of Director/Secretary

Devendra Desai resigned as Director and Secretary during the year.

Shareholder information

The administration of the Share Registry is being managed by Melisa Hepworth, our Executive Officer, who we thank for her outstanding contribution. 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, all shareholders receiving their dividends by direct credit must please ensure that Melisa is informed of any changes to their banking details. Melisa can be contacted on 9754 6540 or 0400 110 385.



Naren Popat
B.Acc, CA, MTax

Directors' report

For the financial year ended 30 June 2013

Your Directors submit their report of the company for the financial year ended 30 June 2013.

Directors

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

Name and position held	Qualifications	Experience and other Directorships
Peter Gordon Marke Director since September 1998 Chairman	Justice of the Peace Member of Australian Institute of Company Directors	Director of Fire & Recovery Planning Pty Ltd Former Board Member of Bendigo Adelaide Bank Strategic Advisory Board Former Board Member Country Fire Authority
Devendra Kantilal Desai Director since November 1999 Treasurer/Secretary Resigned		
Peter James Jones Director since September 1998 Director	Certified Civil Engineer Licensed Builder	Director of P.X.J Constructions from 1981 to 2013 Sole Director of P & J Jones Super P/L from 1987 to present.
Karel Leslie Coxhill Director since September 1998 Director		
Jean Marie McLennan Director since January 2003 Director	Associate Diploma of Business Accounting	Member ALPMA (Australian Legal Practice Management Association) Associate Member LIV (Law Institute of Victoria)
Anthony James Thompson Director since September 1998 Director		Chair - Lake Mountain Alpine Resort Chair - DEPI-Long Term Contracts Chair - Gallipoli Park Committee of Management Director - Regional Development Australia

Directors' report (continued)

Directors (continued)

Name and position held	Qualifications	Experience and other Directorships
Craig John Dennis Director since July 2010 Director		Director and Part owner of AchieveIT Australia Pty Ltd Director and Part owner of Australian Project & Consulting Services Pty Ltd Director and Part owner of Intelligrate Pty Ltd
Dorothy Joan Griffin Director since April 2005 Director Resigned		
John Ronald Faulf Director since March 2008 Director	Certificate 3 in Aged Care	Director of Collier Pty Ltd 50 Years experience in CFA as volunteer 10 Years experience in Aged Care and Manager of Management company operating Rhodoglade Retirement
Robert John Fredericks Director since June 2011 Director	Bachelor of Business (Accounting & Marketing) CPA (Qualified)	12 Years Experience working in corporate accounting and finance
Shane Miller Director since October 2012 Director	Intermediate Certificate	Director Energize Australia Pty Ltd (2005-2007) Director of Security Response Pty Ltd (1999-Present)

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

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

Principal activities

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

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

Review of operations

The profit/(loss) of the company for the financial year after income tax was \$ 368,936 (2012 profit/(loss): \$387,919), which is a 4.86% decrease as compared with the previous year. The net assets of the company have increased to \$ 3,119,629 (2012: \$2,861,795). The increase is largely due to cash at bank.

Directors' report (continued)

Dividends

	Year ended 30 June 2013	
	Cents per share	\$
Dividends paid in the year (final dividend):	0.05	111,102

Significant changes in the state of affairs

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

Events subsequent to reporting date

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

Remuneration report

Remuneration policy

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

Remuneration benefits and payments

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

Accounting services were provided by Desai Popat & Associates Pty Ltd, a company of which Devendra Desai was a Director. The fees paid during the year to Desai Popat & Associates Pty Ltd amounted to \$76,800 (2012: \$76,800).

Administration fees, for the reimbursement of expenses, were paid during the year to Peter Marke amounting to \$15,000 (2012: \$15,000).

During the 2013 financial year repair at the Upwey branch costing \$ NIL (2012: \$1,197) 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.

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

Directors' report (continued)

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 incurred by the Officer, which includes the Officer's liability for legal costs, in or arising out of the conduct of the business of the company or in or arising out of the discharge of the Officer's duties.

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

Directors' meetings

The number of Directors' meetings held during the year were 13 including annual general meeting. Attendances by each Director during the year were as follows:

Director	Board meetings*	Audit committee meetings*
Peter Gordon Marke	13 (13)	4(4)
Devendra Kantilal Desai (resigned)	11 (13)	3(4)
Peter James Jones	12 (13)	N/A
Karel Leslie Coxhill	13 (13)	4(4)
Jean Marie McLennan	12 (13)	3(4)
Anthony James Thompson	10 (13)	N/A
Craig John Dennis	11 (13)	N/A
Dorothy Joan Griffin (resigned)	0 (13)	N/A
John Ronald Faull	11 (13)	N/A
Robert John Fredericks	7 (13)	1(4)
Shane Miller	10(10)	N/A

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

N/A - not a member of that Committee.

Likely developments

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

Environmental regulations

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

Directors' report (continued)

Proceedings on behalf of company

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

Company Secretary

Narandra Popat has been appointed as the Company Secretary of Dandenong Community Finance Limited on 18 April 2013. Narandra Popat's qualifications and experience include a Bachelor Of Commerce and Masters of Tax and over 25 years experience as a practising accountant.

Devendra Desai has been the Company Secretary from 1 July 2012 until 18 April 2013.

Auditor independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set at page 12 of this financial report. No officer of the company is or has been a partner of the Auditor of the company.

Signed in accordance with a resolution of the Board of Directors at Upwey, Victoria on 26 September 2013.



Peter Marke
Director

Auditor's independence declaration



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

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

Auditor's Independence Declaration under section 307C of the Corporations Act 2001 to the Directors of Dandenong Ranges Community Finance Limited

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

- (i) the Auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

RICHMOND SINNOTT & DELAHUNTY

Chartered Accountants

A handwritten signature in black ink that reads 'W Sinnott'.

Warren Sinnott
Partner

Bendigo

Dated at Bendigo, 26 September 2013

Richmond Sinnott & Delahunty
ABN 60 616 244 309

Liability limited by a scheme
approved under Professional
Standards Legislation

Partners:
Warren Sinnott
Cara Hall
Brett Andrews

Philip Delahunty
Kathie Teasdale
David Richmond

Financial statements

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

	Notes	2013 \$	2012 \$
Revenue	2	3,123,081	3,159,330
Employee benefits expense	3	(1,574,998)	(1,569,902)
Depreciation and amortisation expense	3	(129,576)	(144,191)
Bad and doubtful debts expense	3	(3,991)	(2,826)
Other expenses		(768,864)	(770,164)
Operating profit/(loss) before charitable donations & sponsorships		645,652	672,247
Charitable donations and sponsorships		(120,690)	(117,842)
Profit/(loss) before income tax expense		524,962	554,405
Tax expense / (benefit)	4	156,026	166,486
Profit/(loss) for the year		368,936	387,919
Other comprehensive income		-	-
Total comprehensive income		368,936	387,919
Profit/(loss) attributable to:			
Members of the company		-	-
Total		368,936	387,919
Earnings per share (cents per share)			
- basic for profit / (loss) for the year	20	16.60	17.46
- diluted for profit / (loss) for the year	20	16.60	17.46

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of financial position as at 30 June 2013

	Notes	2013 \$	2012 \$
Assets			
Current assets			
Cash and cash equivalents	6	2,304,372	1,956,022
Trade and other receivables	7	227,303	253,373
Total current assets		2,531,675	2,209,395
Non-current assets			
Property, plant and equipment	8	805,770	879,656
Intangible assets	9	63,861	99,956
Total non-current assets		869,631	979,612
Total assets		3,401,306	3,189,007
Liabilities			
Current liabilities			
Trade and other payables	10	108,777	89,580
Current tax liability	4	37,225	83,815
Provisions	11	135,675	153,817
Total current liabilities		281,677	327,212
Total liabilities		281,677	327,212
Net assets / (liabilities)		3,119,629	2,861,795
Equity			
Issued capital	12	701,300	701,300
Retained earnings / (accumulated losses)	13	2,418,329	2,160,495
Total equity		3,119,629	2,861,795

The accompanying notes form part of these financial statements.

Financial statements (continued)

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

	Notes	Issued Capital \$	Retained Earnings \$	Total Equity \$
Balance at 1 July 2011		701,300	1,883,678	2,584,978
Total comprehensive income for the year		-	387,919	387,919
Transactions with owners, in their capacity as owners				
Shares issued during the year		-	-	-
Dividends paid or provided	21	-	(111,102)	(111,102)
Balance at 30 June 2012		701,300	2,160,495	2,861,795
Balance at 1 July 2012		701,300	2,160,495	2,861,795
Total comprehensive income for the year		-	368,936	368,936
Transactions with owners, in their capacity as owners				
Shares issued during the year		-	-	-
Dividends paid or provided	21	-	(111,102)	(111,102)
Balance at 30 June 2013		701,300	2,418,329	3,119,629

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of cash flows for the year ended 30 June 2013

	Notes	2013 \$	2012 \$
Cash flows from operating activities			
Receipts from clients		3,359,963	3,361,890
Payments to suppliers and employees		(2,770,194)	(2,725,527)
Dividend revenue received		-	-
Income tax paid		(202,615)	(93,800)
Interest received		91,893	84,143
Net cash flows from/(used in) operating activities	14b	479,047	626,706
Cash flows from investing activities			
Purchase of property, plant & equipment		(19,595)	(19,292)
Net cash flows from/(used in) investing activities		(19,595)	(19,292)
Cash flows from financing activities			
Dividends paid		(111,102)	(111,102)
Net cash flows from/(used in) financing activities		(111,102)	(111,102)
Net increase/(decrease) in cash held		348,350	496,312
Cash and cash equivalents at start of year		1,956,022	1,459,710
Cash and cash equivalents at end of year	14a	2,304,372	1,956,022

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2013

The financial statements and notes represent those of Dandenong Community Finance Limited.

Dandenong Community Finance Limited ('the company') is a company limited by shares, incorporated and domiciled in Australia.

The financial statements were authorised for issue by the Directors on 26 September 2013.

Note 1. Summary of significant accounting policies

(a) Basis of preparation

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

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

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

(b) Income tax

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

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

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

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

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(c) Property, plant and equipment

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

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

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

Class of asset	Depreciation rate
Buildings	2.5%
Plant & Equipment	10 - 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 Australian Taxation Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the Statement of Financial Position. Cash flows are presented on a gross basis. The GST components of investing and financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(f) Employee benefits

Provision is made for the company's liability for employee benefits arising from the services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy any vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows attributable to the employee benefits.

(g) Intangibles

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

(h) Cash

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

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

(i) Revenue

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

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

(j) Receivables and payables

Receivables and payables are non interest bearing and generally have payment terms of between 30 and 90 days. Receivables expected to be collected within 12 months at the end of the reporting period are classified as current assets. Receivables are recognised and carried at original invoice amount less a provision for any uncollected debts. Liabilities for trade creditors and other amounts are carried at cost that is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the company and are recognised as a current liability.

(k) New accounting standards and interpretations not yet adopted

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

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

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

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

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

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

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

(ii) AASB 13 Fair Value Measurement (2011)

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

(iii) AASB 119 Employee Benefits (2011)

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

(l) Loans and borrowings

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

(m) Provisions

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

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

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

(n) Share capital

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

(o) Comparative figures

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

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(p) Critical accounting estimates and judgements

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

Estimation of useful lives of assets

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

Income tax

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

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.

Fair value represents the amount for which an asset would be exchanged or a liability settled, between knowledgeable willing parties. Where available quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are applied to determine the fair value.

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

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(q) Financial instruments (continued)

Classification and subsequent measurement (continued)

(i) Loans and receivables

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

(ii) Financial liabilities

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

Impairment

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

Derecognition of financial instruments

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

	2013 \$	2012 \$
Note 2. Revenue and other income		
Revenue		
- services commissions	3,027,060	3,072,067
- other revenue	4,128	3,120
	3,031,188	3,075,187
Other revenue		
- interest received	91,893	84,143
- other revenue	-	-
	91,893	84,143
Total revenue	3,123,081	3,159,330

Notes to the financial statements (continued)

	2013 \$	2012 \$
Note 3. Expenses		
Employee benefits expense		
- wages and salaries	1,340,849	1,307,470
- superannuation costs	154,971	139,805
- other costs	79,178	122,627
	1,574,998	1,569,902
Depreciation of non-current assets:		
- plant and equipment	75,870	89,163
- motor vehicles	3,956	5,278
- buildings	10,174	10,174
- leasehold improvements	3,481	3,481
Amortisation of non-current assets:		
- intangible assets	36,095	36,095
	129,576	144,191
Bad debts	3,991	2,826

Note 4. Tax expense

a. The prima facie tax on profit/(loss) from ordinary activities

before income tax is reconciled to the income tax expense as follows:

Prima facie tax on profit/(loss) before income tax at 30% (2012: 30%)	157,488	166,322
Add tax effect of:		
- Adjustments in respect of current income tax of previous year	-	(11,176)
- Utilisation of previously unrecognised carried forward tax losses	-	-
- Non-deductible expenses	(1,462)	11,340
Current income tax expense	156,026	166,486
Income tax attributable to the entity	156,026	166,486
The applicable weighted average effective tax rate is	29.7%	30.0%
The applicable income tax rate is the Australian Federal tax rate of 30% (2012: 30%) applicable to Australian resident companies.		
Tax liabilities		
Current tax payable	37,225	83,815

Notes to the financial statements (continued)

	2013 \$	2012 \$
--	------------	------------

Note 5. Auditors' remuneration

Remuneration of the Auditor for:

- Audit or review of the financial report	4,150	3,900
--	--------------	--------------

Note 6. Cash and cash equivalents

Cash at bank and on hand	2,304,372	1,956,022
---------------------------------	------------------	------------------

Note 7. Trade and other receivables

Current

Trade debtors	227,303	253,373
----------------------	----------------	----------------

Credit risk

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

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

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

	Gross amount	Past due and impaired	Past due but not impaired			Not past due
			< 30 days	31-60 days	> 60 days	
2013						
Trade receivables	227,303	-	-	-	-	227,303
Total	227,303	-	-	-	-	227,303
2012						
Trade receivables	253,373	-	-	-	-	253,373
Other receivables	-	-	-	-	-	-
Total	253,373	-	-	-	-	253,373

Notes to the financial statements (continued)

	2013 \$	2012 \$
Note 8. Property, plant and equipment		
Land		
Freehold land at cost	136,909	136,909
Buildings		
At cost	406,960	406,960
Less accumulated depreciation	(72,314)	(62,140)
	334,646	344,820
Plant, equipment and leasehold improvements		
At cost	1,081,224	1,061,629
Less accumulated depreciation	(758,859)	(679,508)
	322,365	382,121
Motor Vehicles		
At cost	38,301	38,301
Less accumulated depreciation	(26,451)	(22,495)
	11,850	15,806
Total written down amount	805,770	879,656
Movements in carrying amounts		
Land		
Carrying amount at beginning of year	136,909	136,909
Additions	-	-
Carrying amount at end of year	136,909	136,909
Buildings		
Balance at the beginning of the reporting period	344,820	354,994
Additions	-	-
Disposals	-	-
Depreciation expense	(10,174)	(10,174)
Balance at the end of the reporting period	334,646	344,820
Plant, equipment and leasehold improvements		
Balance at the beginning of the reporting period	382,119	455,472
Additions	19,597	19,291
Disposals	-	-
Depreciation expense	(79,351)	(92,644)
Balance at the end of the reporting period	322,365	382,119

Notes to the financial statements (continued)

	2013 \$	2012 \$
Note 8. Property, plant and equipment (continued)		
Motor vehicles		
Balance at the beginning of the reporting period	15,806	21,084
Additions	-	-
Disposals	-	-
Depreciation expense	(3,956)	(5,278)
Balance at the end of the reporting period	11,850	15,806

Note 9. Intangible assets

Franchise fee		
At cost	319,562	319,562
Less accumulated amortisation	(255,701)	(219,606)
	63,861	99,956
Movements in carrying amounts		
Franchise fee		
Balance at the beginning of the reporting period	99,956	136,051
Additions	-	-
Disposals	-	-
Amortisation expense	(36,095)	(36,095)
Balance at the end of the reporting period	63,861	99,956

Note 10. Trade and other payables

Current		
Unsecured liabilities:		
Trade creditors	55,347	29,549
GST payable	50,330	57,131
Accrued expenses	3,100	2,900
	108,777	89,580

Notes to the financial statements (continued)

	2013 \$	2012 \$
Note 11. Provisions		
Employee benefits	135,675	153,817
Movement in employee benefits		
Opening balance	153,817	129,591
Additional provisions recognised	83,290	138,982
Amounts utilised during the year	(101,432)	(114,756)
Closing balance	135,675	153,817
Current		
Annual Leave	51,506	74,922
Long-service leave	84,169	78,895
Total provisions	135,675	153,817

Provision for employee benefits

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

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

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

	2013 \$	2012 \$
Note 12. Share capital		
701300 Ordinary shares fully paid of \$1 each	701,300	701,300
Less: Equity raising costs	-	-
	701,300	701,300
Movements in share capital		
Fully paid ordinary shares:		
At the beginning of the reporting period	701,300	701,300
Shares issued during the year	-	-
At the end of the reporting period	701,300	701,300

Notes to the financial statements (continued)

Note 12. Share capital (continued)

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

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

Capital management

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

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

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

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

	2013	2012
	\$	\$
Note 13. Retained earnings		
Balance at the beginning of the reporting period	2,160,495	1,883,678
Profit/(loss) after income tax	368,936	387,919
Dividends	(111,102)	(111,102)
Balance at the end of the reporting period	2,418,329	2,160,495

Notes to the financial statements (continued)

	2013 \$	2012 \$
Note 14. Statement of cash flows		
(a) Cash and cash equivalents balances as shown in the statement of financial position can be reconciled to that shown in the statement of cash flows as follows		
As per the statement of financial position	2,304,372	1,956,022
less Bank overdraft	-	-
As per the statement of cash flow	2,304,372	1,956,022
(b) Reconciliation of profit / (loss) after tax to net cash provided from/(used in) operating activities		
Profit / (loss) after income tax	368,936	387,919
Non cash items		
- Depreciation	93,481	108,095
- Amortisation	36,095	36,095
Changes in assets and liabilities		
- (Increase) decrease in receivables	26,070	(20,312)
- (Increase) decrease in deferred tax asset	-	-
- Increase (decrease) in payables	22,097	17,987
- Increase (decrease) in provisions	(21,042)	24,236
- Increase (decrease) in current tax liability / refundable	(46,590)	72,686
Net cash flows from/(used in) operating activities	479,047	626,706

Note 15. Related party transactions

The company's main related parties are as follows:

(a) Key management personnel

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

(b) Other related parties

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

(c) Transactions with key management personnel and related parties

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

Accounting services were provided by Desai Popat & Associates Pty Ltd, a company of which Devendra Desai was a Director. The fees paid during the year to Desai Popat & Associates Pty Ltd amounted to \$76,800 (2012: \$76,800).

Notes to the financial statements (continued)

Note 15. Related party transactions (continued)

(c) Transactions with key management personnel and related parties (continued)

Administration fees, for the reimbursement of expenses, were paid during the year to Peter Marke amounting to \$15,000 (2012: \$15,000).

During the 2013 financial year repair at the Upwey branch costing \$ NIL (2012: \$1,197) 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.

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

(d) Key management personnel shareholdings

The number of ordinary shares in Dandenong Ranges Community Finance Limited held by each key management personnel of the company during the financial year is as follows:

	2013	2012
Peter Gordon Marke	\$133,255	\$133,255
Devendra Kantilal Desai (Resigned)	\$11,985	\$11,985
Peter James Jones	\$90,010	\$90,010
Karel Leslie Coxhill	\$51,435	\$51,435
Jean Marie McLennan	\$9,135	\$9,135
Anthony James Thompson	\$32,500	\$32,500
Craig John Dennis	-	-
Dorothy Joan Griffin (Resigned)	\$28,840	\$28,840
John Ronald Faull	-	-
Robert John Fredericks	-	-
Shane Miller	-	-

There was no movement in key management personnel shareholdings during the year. Each share held has a paid up value of \$1 and is fully paid.

(e) Other key management transactions

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

Notes to the financial statements (continued)

Note 16. Events after the reporting period

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

Note 17. Contingent liabilities and assets

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

Note 18. 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 & Adelaide Bank Limited who account for 100% of the revenue (2012: 100%).

Note 19. Company details

The registered office & principle place of business is: 30 Main St. Upwey VIC 3158

2013	2012
\$	\$

Note 20. Earnings per share

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

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

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

Profit/(loss) after income tax expense	368,936	387,919
Weighted average number of ordinary shares for basic and diluted earnings per share	2,222,039	2,222,039

Note 21. Dividends paid or provided for on ordinary shares

(a) Dividends paid during the year

(i) Current year final

Franked dividends - 5 cents per share (2012: 5 cents per share)	111,102	111,102
--	----------------	----------------

Notes to the financial statements (continued)

	2013 \$	2012 \$
Note 21. Dividends paid or provided for on ordinary shares (continued)		
(b) Franking credit balance		
The amount of franking credits available for the subsequent financial year are:		
- Franking account balance as at the end of the financial year	1,181,573	1,026,572
- Franking credits / (debits) that will arise from the payment / (refund) of income tax payable as at the end of the financial year	37,225	83,815
	1,218,798	1,110,387

The tax rate at which dividends have been franked is 30% (2012: 30%).

Note 22. Financial risk management

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

	Note	2013 \$	2012 \$
Financial assets			
Cash & cash equivalents	6	2,304,372	1,956,022
Trade and other receivables	7	227,303	253,373
Total financial assets		2,531,675	2,209,395
Financial liabilities			
Trade and other payables	10	108,777	89,580
Total financial liabilities		108,777	89,580

Financial Risk Management Policies

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

Specific Financial Risk Exposure and Management

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

(a) Credit risk

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

Credit risk is managed through maintaining procedures that ensure, to the extent possible, that clients and counterparties to transactions are of sound credit worthiness and their financial stability is monitored and assessed on a regular basis. Such monitoring is used in assessing receivables for impairment. Credit terms for

Notes to the financial statements (continued)

Note 22. Financial risk management (continued)

(a) Credit risk (continued)

normal fee income are generally 30 days from the date of invoice. For fees with longer settlements, terms are specified in the individual client contracts. In the case of loans advanced, the terms are specific to each loan. The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period is equivalent to the carrying amount and classification of those financial assets as presented in the statement of financial position.

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

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

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

	2013 \$	2012 \$
Cash and cash equivalents:		
A rated	2,304,372	1,956,022

(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.

Financial liability and financial asset maturity analysis:

	Note	Total \$	Within 1 year \$	1 to 5 years \$	Over 5 years \$
30 June 2013					
Financial liabilities due					
Trade and other payables	10	108,777	108,777	-	-
Total expected outflows		108,777	108,777	-	-
Financial assets - realisable					
Cash & cash equivalents	6	2,304,372	2,304,372	-	-
Trade and other receivables	7	227,303	227,303	-	-
Total anticipated inflows		2,531,675	2,531,675	-	-
Net (outflow)/inflow financial instruments		2,422,898	2,422,898	-	-

Notes to the financial statements (continued)

Note 22. Financial risk management (continued)

	Note	Total \$	Within 1 year \$	1 to 5 years \$	Over 5 years \$
30 June 2012					
Financial liabilities due					
Trade and other payables	10	89,580	89,580	–	–
Total expected outflows		89,580	89,580	–	–
Financial assets - realisable					
Cash & cash equivalents	6	1,956,022	1,956,022	–	–
Trade and other receivables	7	253,373	253,373	–	–
Total anticipated inflows		2,209,395	2,209,395	–	–
Net (outflow)/inflow financial instruments		2,119,815	2,119,815	–	–

(c) Market risk

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

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

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

Financial assets	2013 %	2012 %
Cash and cash equivalents (net of bank overdrafts)	4.07%	4.74%

Sensitivity analysis

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

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

Notes to the financial statements (continued)

Note 22. Financial risk management (continued)

	Profit \$	Equity \$
Year ended 30 June 2013		
+/- 1% in interest rates (interest income)	23,044	23,044
	23,044	23,044
Year ended 30 June 2012		
+/- 1% in interest rates (interest income)	19,560	19,560
	19,560	19,560

The company has no exposure to fluctuations in foreign currency.

(d) Price risk

The company is not exposed to any material price risk.

Fair values

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

Directors' declaration

In accordance with a resolution of the Directors of 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 13 to 35 are in accordance with the Corporations Act 2001 and:
 - (i) comply with Australian Accounting Standards, which as stated in accounting policy Note 1(a) to the financial statements constitutes compliance with International Financial Reporting Standards (IFRS); and
 - (ii) give a true and fair view of the company's financial position as at 30 June 2013 and of the performance for the year ended on that date;
- 2 in the Directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



Peter Marke
Director

Signed at Upwey on 26 September 2013.

Independent audit report



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

Telephone: (03) 5445 4200

Fax: (03) 5444 4344

Email: rsd@rsdadvisors.com.au

www.rsdadvisors.com.au

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF DANDENONG 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 2013, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the company at the year's end.

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

Richmond Simon Delahunty Pty Ltd
ABN 34 083 512 438

Liability limited by a scheme
approved under Professional
Standards Association

Directors:

Warren Sinnott
Brett Andrews
Cara Hall

Philip Delahunty
David Richmond
Katie Teasdale

Independent audit report (continued)

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

Independence

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

Auditor's Opinion

In our opinion:

- (a) the financial report of 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 2013 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- (b) the financial report also complies with the International Financial Reporting Standards as disclosed in Note 1.

Richmond Sinnott & Delahunty
RICHMOND SINNOTT & DELAHUNTY
Chartered Accountants

W. J. Sinnott

W. J. SINNOTT
Partner

Dated at Bendigo, 26th September 2013



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

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

Cockatoo/Gembrook **Community Bank**® Branch
 Shop 3/50 McBride Street, Cockatoo VIC 3781
 Phone: (03) 5968 8831
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



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

www.bendigobank.com.au
 (BMPAR13047) (08/13)

