

**Daylesford District  
Community Developments Limited**

**Financial Statements**

**as at**

**31 December 2014**

**Daylesford District Community Developments Limited**  
**ABN 72 149 942 067**  
**Directors' Report**

Your Directors submit the financial report of the Company for the half year ended 31 December 2014.

**Directors**

The names of Directors who held office during or since the end of the half-year:

Marek Julius Rak (Chair)  
Susan Wendy Ewart  
Philip Roy Gay  
Joan Mary Janssen  
Trevor Ross Miller  
Joy Elizabeth Nunn  
Fiona Kay Robson  
Carol Louise Ross (appointed 28 October 2014)  
Gregory Eugene Thompson (appointed 23 September 2014)  
Geoffrey William Vincent

**Principal activities**

The principal activities of the Company during the course of the financial period were providing community banking services under management rights to operate a franchised branch of Bendigo & Adelaide Bank Limited.

**Review and results of operations**

The net loss of the Company after provision for income tax for the financial period was \$45,410 (2013: Loss \$65,919).

The Company's performance saw the banking business portfolio grow by approximately \$3 million (5% increase) over the past 6 months, with approximately a further \$4.6 million growth to 28 February 2015, which is in line with budget expectations. Whilst the business environment has not improved and revenue continues to be below Prospectus forecasts, revenue from ongoing operations has improved by 10.3% over the previous corresponding period in 2013. Furthermore, on a like for like basis, excluding the Market Development Fund provided by Bendigo & Adelaide Bank Limited, operating revenue has increased by 20% over the previous corresponding period in 2013

**Matters subsequent to the end of the reporting period**

There are no matters or circumstances that have arisen since the end of the half year reporting period 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.

**Significant changes in the state of affairs**

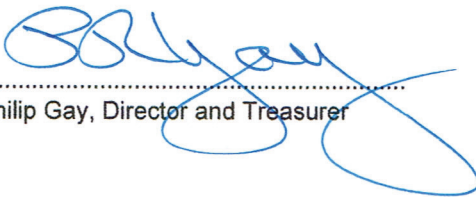
In the opinion of the Directors, there were no significant changes in the state of affairs of the Company that occurred during the financial period under review not otherwise disclosed in this report.

**Daylesford District Community Developments Limited**  
**ABN 72 149 942 067**  
**Directors' Report**

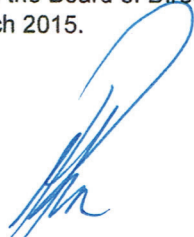
**Auditor's independence declaration**

The auditor's independence declaration under Section 307C of the Corporations Act 2001 is set out on page 3 for the half year ended 31 December 2014.

The Directors' Report is signed in accordance with a resolution of the Board of Directors at Daylesford District Community Developments Limited on 10 March 2015.



.....  
Philip Gay, Director and Treasurer



.....  
Marek Rak, Chair

## **Auditor Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of Daylesford District Community Developments Limited**

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2014 there have been:

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

*PPT Audit Pty Ltd*

PPT Audit Pty Ltd



Jason Hargreaves  
Director

20 Lydiard Street South, Ballarat

10 March 2015

**Daylesford District Community Developments Limited**  
**ABN 72 149 942 067**  
**Statement of Profit or Loss and Other Comprehensive Income**  
**for the half-year ended 31 December 2014**

	<b>31-Dec 2014 \$</b>	<b>31-Dec 2013 \$</b>
Revenue	228,424	207,142
Employee benefits expense	(132,279)	(126,920)
Depreciation and amortisation expense	(25,149)	(26,757)
Other expenses from ordinary activities	<u>(131,294)</u>	<u>(142,923)</u>
<b>Loss before charitable donations &amp; sponsorships</b>	(60,298)	(89,458)
Non-operating income	7,255	-
Charitable donations and sponsorship	<u>(10,991)</u>	<u>(6,628)</u>
<b>Loss before income tax</b>	(64,034)	(96,086)
Income tax benefit	<u>(18,624)</u>	<u>(30,167)</u>
<b>Loss for the period</b>	(45,410)	(65,919)
Other comprehensive income	<u>-</u>	<u>-</u>
<b>Total comprehensive income for the period</b>	<u><u>(45,410)</u></u>	<u><u>(65,919)</u></u>
Loss attributable to members of the company	(45,410)	(65,919)
Total comprehensive income attributable to members of the company	<u><u>(45,410)</u></u>	<u><u>(65,919)</u></u>
<b>Earnings per share (cents per share)</b>		
- basic earnings per share	(7.57)	(10.99)
- diluted earnings per share	(7.57)	(10.99)

The accompanying notes form part of these financial statements

**Daylesford District Community Developments Limited**  
**ABN 72 149 942 067**  
**Statement of Financial Position**  
**as at 31 December 2014**

	<b>31-Dec 2014 \$</b>	<b>30-Jun 2014 \$</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	233	159
Trade and other receivables	49,672	37,888
Other	14,293	18,137
<b>Total Current Assets</b>	<u>64,198</u>	<u>56,184</u>
<b>Non-Current Assets</b>		
Property, plant and equipment	175,930	185,662
Deferred tax asset	183,308	164,685
Intangible assets	62,514	77,931
Prepayments	680	760
<b>Total Non-Current Assets</b>	<u>422,432</u>	<u>429,038</u>
<b>Total Assets</b>	<u>486,630</u>	<u>485,222</u>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Overdraft	224,984	163,635
Trade and other payables	20,661	29,335
Loans and borrowings	16,708	16,341
Provisions	16,860	14,588
<b>Total Current Liabilities</b>	<u>279,213</u>	<u>223,899</u>
<b>Non-Current Liabilities</b>		
Loans and borrowings	70,781	79,277
<b>Total Non-Current Liabilities</b>	<u>70,781</u>	<u>79,277</u>
<b>Total Liabilities</b>	<u>349,994</u>	<u>303,176</u>
<b>Net Assets</b>	<u>136,636</u>	<u>182,046</u>
<b>Equity</b>		
Issued capital	575,520	575,520
Accumulated losses	<u>(438,884)</u>	<u>(393,474)</u>
<b>Total Equity</b>	<u>136,636</u>	<u>182,046</u>

The accompanying notes form part of these financial statements

**Daylesford District Community Developments Limited**  
**ABN 72 149 942 067**  
**Statement of Changes in Equity**  
**for the half-year ended 31 December 2014**

		<b>Issued Capital \$</b>	<b>Retained Earnings \$</b>	<b>Total Equity \$</b>
<b>Balance at 1 July 2013</b>		<b>575,520</b>	<b>(266,252)</b>	<b>309,268</b>
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>(65,919)</b>	<b>(65,919)</b>
<b>Transactions with owners in their capacity as owners:</b>				
Shares issued during the period		-	-	-
Dividends recognised for the period	5	-	-	-
<b>Balance at 31 December 2013</b>		<b><u>575,520</u></b>	<b><u>(332,171)</u></b>	<b><u>243,349</u></b>
<b>Balance at 1 July 2014</b>		<b>575,520</b>	<b>(393,474)</b>	<b>309,268</b>
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>(45,410)</b>	<b>(45,410)</b>
<b>Transactions with owners in their capacity as owners:</b>				
Shares issued during the period		-	-	-
Dividends recognised for the period	5	-	-	-
<b>Balance at 31 December 2014</b>		<b><u>575,520</u></b>	<b><u>(438,884)</u></b>	<b><u>136,636</u></b>

The accompanying notes form part of these financial statements

**Daylesford District Community Developments Limited**  
**ABN 72 149 942 067**  
**Statement of Cash Flows**  
**for the half-year ended 31 December 2014**

	<b>31-Dec 2014 \$</b>	<b>31-Dec 2013 \$</b>
<b>Cash Flows From Operating Activities</b>		
Receipts from customers	216,641	204,689
Payments to suppliers and employees	(270,412)	(289,965)
Interest paid	(6,631)	(4,330)
<b>Net cash flows used in operating activities</b>	<u>(60,402)</u>	<u>(89,606)</u>
<b>Cash Flows From Investing Activities</b>		
Receipts from non-operating income	<u>7,255</u>	<u>-</u>
<b>Net cash flows from investing activities</b>	<u>7,255</u>	<u>-</u>
<b>Cash Flows From Financing Activities</b>		
Repayment of borrowings	(7,938)	(12,724)
<b>Net cash flows used in financing activities</b>	<u>(7,938)</u>	<u>(12,724)</u>
<b>Net decrease in cash held</b>	(61,085)	(102,330)
Cash and cash equivalents at beginning of period	<u>(163,666)</u>	<u>6,205</u>
<b>Cash and cash equivalents at end of period</b>	<u><u>(224,751)</u></u>	<u><u>(96,125)</u></u>

**Reconciliation of cash and cash equivalents**

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

Cash and cash equivalents	233	433
Bank overdrafts	<u>(224,984)</u>	<u>(96,558)</u>
	<u><u>(224,751)</u></u>	<u><u>(96,125)</u></u>

The accompanying notes form part of these financial statements



**Daylesford District Community Developments Limited**

**ABN 72 149 942 067**

**Notes to the Financial Statements**

**for the half-year ended 31 December 2014**

**1. Summary of significant accounting policies**

**(a) Basis of preparation**

These general purpose interim financial statements for the half-year reporting period ended 31 December 2014 have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134: Interim Financial Reporting. The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Daylesford District Community Developments Limited ("the Company"). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Company. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended 30 June 2014, together with any public announcements made during the following half-year.

**(b) Accounting policies**

The same accounting policies and methods of computation have been followed in this interim financial report as were applied to the most recent annual financial statements.

**(c) Critical accounting estimates and judgements**

The critical estimates and judgements are consistent with those applied and disclosed in the June 2014 annual report.

**(d) New and revised accounting requirements applicable to the current half year reporting period**

The following Australian Accounting Standards and amendments to Australian Accounting Standards have become mandatory for the reporting period commencing 1 July 2014:

- AASB 2012-3: Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial
- AASB 2013-3: Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets.
- AASB 2013-4: Amendments to Australian Accounting Standards - Derivatives and Continuation of Hedge
- AASB 2013-5: Amendments to Australian Accounting Standards - Investment Entities.
- AASB 2013-9: Amendments to Australian Accounting Standards - Part B: Materiality.
- Interpretation 21: Levies.
- AASB 2014-1: Amendments to Australian Accounting Standards:
  - Part A: Annual Improvements 2010-2012 and 2011-2013 Cycles
  - Part B: Defined Benefit Plans: Employee Contributions (Amendments to AASB 119)
  - Part C: Materiality

None of the above new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2014 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods. There were no other new or revised Accounting Standards and Interpretations effective for the current reporting period relevant to the company that were not disclosed in the annual financial report for the year ended 30 June 2014.

**(e) Going Concern**

The net assets of the company as at 31 December 2014 were \$136,636 and the after tax loss made for the period was \$45,410, bringing accumulated after tax losses to \$438,884.

The company meets its day to day working capital requirements through an overdraft facility that is due for renewal on 30 September 2015. The overdraft has an approved limit of \$300,000 and was drawn to \$224,984 as at 31 December 2014.

The company recognises that losses will be incurred during the development of the business and while market access is being developed within the district. The directors will continue to review their growth and cash flow forecasts throughout the 2014/15 year, and implement measures to preserve cash where possible. However, material uncertainties over future trading results and cash flow remain.

**Daylesford District Community Developments Limited**  
**ABN 72 149 942 067**  
**Notes to the Financial Statements**  
**for the half-year ended 31 December 2014**

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

**(e) Going Concern (continued)**

Bendigo and Adelaide Bank Limited has confirmed that it will continue to support the Company and its operations for the 2014/15 financial year and beyond, through the provision of an overdraft facility on normal commercial terms and conditions to assist with working capital requirements. The support is provided on the basis that the company continues to fulfil its obligations under the franchise agreement and continues to work closely with Bendigo and Adelaide Bank Limited to further develop its business.

Notwithstanding accumulated losses of \$438,884, based on the above, and after making additional enquiries, the directors believe that it is reasonably foreseeable that the company will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial statements and continue to recognise deferred tax assets of \$183,308 in relation to unused tax losses.

**(f) Deferred tax assets**

Included in the Balance Sheet at 31 December 2014 is a deferred tax asset of \$183,308 (30 June 2014: \$164,685). Based on the improvement in trading results during the current period and profit forecasts through to 30 June 2016, at which stage directors believe the Company will be trading profitably, the directors are of the opinion that the deferred tax asset can continue to be recognised in the Balance Sheet.

**2. Events after the End of the Interim Period**

There have been no events subsequent to reporting date that would materially effect the financial statements at the reporting date.

**3. Contingent assets and liabilities**

Since the last annual reporting date there has been no material change of any contingent assets or contingent

**4. Segment reporting**

The economic entity operates in the financial services sector where it provides banking services to its clients. The economic entity operates in one geographic area being Daylesford and surrounding districts.

**5. Dividends**

There were no dividends provided or paid for during the reporting period.

**6. Analysis of other comprehensive income**

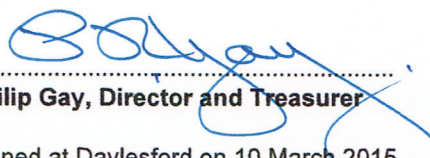
There was no other comprehensive income during the reporting period.

**Daylesford District Community Developments Limited**  
**ABN 72 149 942 067**  
**Directors Declaration**  
**for the half-year ended 31 December 2014**

In accordance with a resolution of the Directors of Daylesford District Community Developments Limited, the Directors of the Company declare that:

- (1) The financial statements and notes, as set out on pages 4 to 9 are in accordance with the Corporations Act 2001, including:
  - (a) complying with Accounting Standard AASB 134, "Interim Financial Reporting"; and
  - (b) giving a true and fair view of the Company's financial position as at 31 December 2014 and of its performance for the half-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 declaration is made in accordance with a resolution of the Board of Directors

  
.....  
**Philip Gay, Director and Treasurer**  
Signed at Daylesford on 10 March 2015

  
.....  
**Marek Rak, Chair**

## **Independent Auditor's Review Report**

### **To the Directors of Daylesford District Community Developments Limited**

We have reviewed the accompanying half-year financial report of Daylesford District Community Developments Limited, which comprises the statement of financial position as at 31 December 2014, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half year ended on that date, a statement of significant accounting policies and other explanatory information and the directors' declaration.

#### *Directors' Responsibility for the Half-Year Financial Report*

The directors of the company are responsible for the preparation of the half-year 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.

#### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Company's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*. As the auditor of Daylesford District Community Developments Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an 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 Daylesford District Community Developments Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

### Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Daylesford District Community Developments Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the company's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

### Emphasis of Matter

Without qualification to the review opinion expressed above, we draw attention to the following matters:

- Note 1(e) "Going Concern" in the Financial Statements indicates the company recorded a half year loss after tax of \$45,410 (2013: loss of \$65,919). The directors have prepared a budget for the 2014/15 year which indicates a budgeted loss before tax of \$125,000 will be recorded.

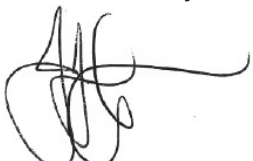
The directors have received a financial facility to assist with working capital requirements that is due for renewal on 30 September 2015. Without the financial facility, there is significant uncertainty whether Daylesford District Community Developments Limited will continue as a going concern.

These conditions indicate the existence of a material uncertainty which may cast doubt about the Company's ability to continue as a going concern and whether it will realise its assets and extinguish its liabilities in the normal course of business at the amounts stated in the financial report.

- Note 1(f) "Deferred Tax Assets" in the Financial Statements indicates the Company has included in the Statement of Financial Position a deferred tax asset of \$183,308 relating to tax losses incurred in the current and prior financial periods. The Directors believe the Company will be trading profitably from 30 June 2016 at which time the deferred tax asset can be realised. If the Company continues to incur operating losses, there may be a need to reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that the assets' benefit will be utilised.

*PPT Audit Pty Ltd*

PPT Audit Pty Ltd



Jason Hargreaves  
Director

20 Lydiard Street South, Ballarat

13 March 2015