

**Daylesford District  
Community Developments Limited  
Financial Statements  
as at  
31 December 2015**

**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 2015.

**Directors**

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

Marek Julius Rak (Chair)  
Jeffrey Colin Bain (appointed 28 July 2015)  
Peter John Benedict Duncan (appointed 29 September 2015)  
Susan Wendy Ewart (retired 8 February 2016)  
Philip Roy Gay  
Joan Mary Janssen  
Trevor Ross Miller (retired 24 September 2015)  
Fiona Kay Robson  
Carol Louise Ross  
Gregory Eugene Thompson  
Geoffrey William Vincent (retired 25 August 2015)

**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 and Adelaide Bank Limited.

**Review and results of operations**

The net loss of the Company after the provision for income tax for the financial period was \$7,196 (2014: \$45,410).

The Company's business portfolio grew by \$9.29 Million to \$83.55 Million (12.5% increase) over the 6 months to 31 December, exceeding expectations. Whilst the business environment continues to be challenging, revenue from ongoing operations has improved significantly (by 31%) over the previous corresponding period in 2014, exceeding expectations.

In November 2015, the Company appointed an experienced Branch Manager, Simon Robinson, following the resignation and relocation of the previous Manager.

**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.

**Auditor's independence declaration**

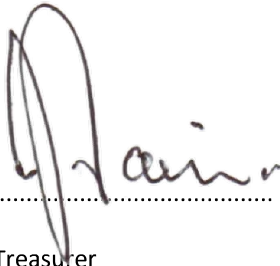
The auditor's independence declaration under Section 307C of the Corporations Act 2001 is set out on page 3 for the half year ended 31 December 2015.

**Daylesford District Community Developments Limited**

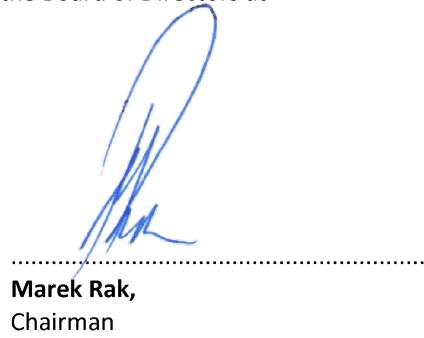
**ABN 72 149 942 067**

**Directors' Report**

The Directors' Report is signed in accordance with a resolution of the Board of Directors at Daylesford on 8 March 2015



.....  
**Jeffrey Bain,**  
Director and Treasurer



.....  
**Marek Rak,**  
Chairman

Dated: 8 March 2016

## **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 2015 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

Signed at Ballarat

1 March 2016

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 2015**

	31 Dec 2015 \$	31 Dec 2014 \$
Revenue	299,546	228,424
Employee benefits expense	(137,273)	(132,279)
Depreciation and amortisation expense	(24,146)	(25,149)
Finance costs	(8,092)	(6,632)
Other expenses from ordinary activities	<u>(126,675)</u>	<u>(124,662)</u>
<b>Profit before charitable donations &amp; sponsorships</b>	3,360	(60,298)
Non-operating income	-	7,255
Charitable donations and sponsorship	<u>(12,801)</u>	<u>(10,991)</u>
<b>Profit before income tax</b>	(9,441)	(64,034)
Income tax benefit	<u>2,245</u>	<u>18,624</u>
<b>Profit for the period</b>	(7,196)	(45,410)
Other comprehensive income	<u>-</u>	<u>-</u>
<b>Total comprehensive income for the period</b>	<u><u>(7,196)</u></u>	<u><u>(45,410)</u></u>
<b>Profit attributable to members of the company</b>	<b>(7,196)</b>	<b>(45,410)</b>
<b>Total comprehensive income attributable to members of the company</b>	<u><u><b>(7,196)</b></u></u>	<u><u><b>(45,410)</b></u></u>
<b>Earnings per share (cents per share)</b>		
- basic earnings per share	(1.20)	(7.57)
- diluted earnings per share	(1.20)	(7.57)

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 2015**

	<b>31 Dec 2015 \$</b>	<b>30 Jun 2015 \$</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	563	348
Trade and other receivables	58,723	46,076
Prepayments	19,817	17,089
<b>Total Current Assets</b>	<u>79,103</u>	<u>63,513</u>
<b>Non-Current Assets</b>		
Property, plant and equipment	157,628	166,357
Prepayments	521	601
Intangible assets	31,680	47,098
Deferred tax asset	205,764	203,518
<b>Total Non-Current Assets</b>	<u>395,593</u>	<u>417,574</u>
<b>Total Assets</b>	<u>474,696</u>	<u>481,087</u>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Trade and other payables	33,501	34,532
Borrowings	287,897	279,906
Provisions	17,277	17,146
<b>Total Current Liabilities</b>	<u>338,675</u>	<u>331,584</u>
<b>Non-Current Liabilities</b>		
Borrowings	52,899	61,992
Provisions	2,807	-
<b>Total Non-Current Liabilities</b>	<u>55,706</u>	<u>61,992</u>
<b>Total Liabilities</b>	<u>394,381</u>	<u>393,576</u>
<b>Net Assets</b>	<u>80,315</u>	<u>87,511</u>
<b>Equity</b>		
Issued capital	575,520	575,520
Retained earnings	(495,205)	(488,009)
<b>Total Equity</b>	<u>80,315</u>	<u>87,511</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 2015**

	Note	Issued Capital \$	Retained Earnings \$	Total Equity \$
<b>Balance at 1 July 2014</b>		575,520	(393,474)	182,046
Total comprehensive income for the period		<u>-</u>	<u>(45,410)</u>	<u>(45,410)</u>
<b>Balance at 31 December 2014</b>		<u>575,520</u>	<u>(438,884)</u>	<u>136,636</u>
 <b>Balance at 1 July 2015</b>		 575,520	 (488,009)	 87,511
Total comprehensive income for the period		<u>-</u>	<u>(7,196)</u>	<u>(7,196)</u>
<b>Balance at 31 December 2015</b>		<u>575,520</u>	<u>(495,205)</u>	<u>80,315</u>

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 2015**

	<b>31 Dec 2015 \$</b>	<b>31 Dec 2014 \$</b>
<b>Cash Flows From Operating Activities</b>		
Receipts from customers	286,900	216,641
Payments to suppliers and employees	(277,491)	(270,412)
Interest paid	<u>(8,092)</u>	<u>(6,631)</u>
<b>Net cash flows from operating activities</b>	<u>1,317</u>	<u>(60,402)</u>
<b>Cash Flows From Investing Activities</b>		
Receipts from non-operating income	<u>-</u>	<u>7,255</u>
<b>Net cash flows from investing activities</b>	<u>-</u>	<u>7,255</u>
<b>Cash Flows From Financing Activities</b>		
Repayment of borrowings	<u>(8,496)</u>	<u>(7,938)</u>
<b>Net cash flows from financing activities</b>	<u>(8,496)</u>	<u>(7,938)</u>
<b>Net decrease in cash held</b>	(7,179)	(61,085)
Cash and cash equivalents at beginning of period	<u>(262,273)</u>	<u>(163,666)</u>
<b>Cash and cash equivalents at end of period</b>	<u><u>(269,452)</u></u>	<u><u>(224,751)</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	563	233
Bank overdrafts	<u>(270,015)</u>	<u>(224,984)</u>
	<u><u>(269,452)</u></u>	<u><u>(224,751)</u></u>

The accompanying notes form part of these financial statements



**Notes to the Financial Statements  
for the half-year ended 31 December 2015**

**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 2015 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 2015, together with any public announcements made during the following half-year.

**(b) Accounting policies**

The interim financial statements have been prepared in accordance with the same accounting policies adopted in the entity's last annual financial statements for the year ended 30 June 2015.

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

The critical judgements, estimates and assumptions applied in the interim financial statements were the same as those applied in the entity's last annual financial statements for the year ended 30 June 2015.

**(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 2015:

- AASB 111 Construction Contracts
- AASB 1004 Contributions
- AASB 1039 Concise Financial Reports
- AASB 2015-3 Amendments to Australian Accounting Standards arising from the withdrawal of AASB 1031 Materiality
- AASB 2015-4 Amendments to Australian Accounting Standards – Financial Reporting Requirements for Australian Groups with a Foreign Parent

None of the above new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2015 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 2015.

**(e) Going Concern**

The net assets of the company as at 31 December 2015 were \$80,315 and the after tax loss made for the period was \$7,196, bringing accumulated after tax losses to \$495,196.

The Company meets its day to day working capital requirements through an overdraft facility with Bendigo and Adelaide Bank Limited that is due for renewal on 30 September 2016. The overdraft facility has an approved limit of \$350,000, of which \$270,015 had been utilised at 31 December 2015. This loan is provided on normal commercial terms and conditions.

**Notes to the Financial Statements  
for the half-year ended 31 December 2015**

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

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

The Company has experienced continued improvement in financial performance and business portfolio growth. The actual results to the end of January 2016 show a small loss, however, the Company anticipates a profitable period for the final 5 months of the financial year.

The Company recognises that losses will be incurred during the development of the business and while market access is being developed within the district, with Bendigo and Adelaide Bank Limited disclosing in recent prospectuses that, on average, community bank branches do not generate profitable operating results until their fifth year of trading. The 2015/16 financial year is the fourth year of operation of the Company.

Notwithstanding the more positive outlook, the Directors will continue to monitor growth and cash flow forecasts throughout the 2015/16 financial year and implement measures to preserve cash where possible.

Bendigo and Adelaide Bank Limited have confirmed that it will continue to support the Company and its operations for the 2015/16 financial year, through the provision of the overdraft facility and by working closely with the Company to further develop its business. Bendigo and Adelaide Bank have also confirmed that further financial support may be provided, however, such support is dependent upon the Company meeting its obligations under the Franchise Agreement. A letter confirming ongoing financial support was provided by Bendigo and Adelaide Bank Limited on 11 June 2015.

Based on the information disclosed above, and after making further enquiries, the Directors believe that it is reasonably foreseeable that the Company will continue to be able to meet its debts as and when they fall due and accordingly, that it is appropriate to adopt the going concern basis in the preparation of these financial statements.

**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 liabilities.

**4. Dividends**

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

**Daylesford District Community Developments Limited**  
**ABN 72 149 942 067**  
**Directors Declaration**  
**for the half-year ended 31 December 2015**

In the opinion of the Directors of Daylesford District Community Developments Limited:

(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 2015 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

.....  
**Jeffrey Bain,**  
Director and Treasurer

.....  
**Marek Rak,**  
Chairman

Signed at Daylesford on 8 March 2016

## **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 2015, 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 2015 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.

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

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

#### *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 2015 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 Note 1(e) "Going Concern" in the financial statements. The company recorded an after tax loss of \$7,196 for the half year ended 31 December 2015 (Half year ended 31 December 2014: \$45,410), bringing accumulated after tax losses to \$495,196. The company has net assets of \$80,315 at 31 December 2015 (30 June 2015: \$87,511), which includes a deferred tax asset of \$205,764, of which \$196,468 relates to carried forward tax losses.

The company continues to receive the support of Bendigo and Adelaide Bank, through formal financing and franchise agreements, and is generating business in line with industry expectations. The Directors expect the company to record a profit for the 2017 financial year. Given the support provided by Bendigo and Adelaide Bank and also the expected improvements in trading results, the Directors believe that it is appropriate to continue to prepare the financial statements on a going concern basis, and accordingly, to continue to recognise the deferred tax asset in relation to carried forward tax losses.

*PPT Audit Pty Ltd*  
PPT Audit Pty Ltd



Jason Hargreaves  
Director

Signed at Ballarat

8 March 2016