

Daylesford District Community Developments Limited

ABN: 72 149 942 067

Financial Report

As at 31 December 2016

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 2016.

Directors

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

Marek Julius Rak (Chair)
Jeffrey Colin Bain
Adam Edward Criddle
Peter John Benedict Duncan AO
Philip Roy Gay
Joan Mary Janssen
Fiona Kay Robson (resigned 15 November 2016)
Carol Louise Ross
Gregory Eugene Thompson

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

Operations have continued to perform in line with expectations. The net profit of the Company for the financial period after provision for income tax was \$36,448 (December 2015: loss of \$7,196). The Company's business portfolio grew by \$10.076 Million to \$95.32 Million (11.8% increase) over the 6 months to 31 December, which was \$4.16 Million in excess of budget growth expectations. Whilst the business environment continues to be challenging, revenue from ongoing operations has continued to improve (by 22.7%) over the previous corresponding period in 2015.

On the 26th October 2016, the Company declared its first dividend of 4 cents per share unfranked.

Matters subsequent to the end of the reporting period

The Company's franchise agreement with Bendigo and Adelaide Bank Limited is due for renewal in April 2017. The Board of Directors is in the process of determining whether to agree to a new franchise agreement under which the revenue share agreements would change, or to renew the current Agreement and remain with the existing profit share arrangements. The Board is yet to determine what renewal option is in the best interests of the Company.

Other than the above, 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

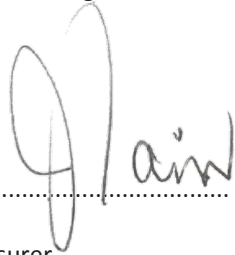
In the opinion of the Directors, there were no significant changes in the state of affairs of the Company that occurred during the financial period under review not otherwise disclosed in this Report.

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 2016.

The Director's Report is signed in accordance with a resolution of the Board of Directors at Daylesford on 7 March 2017.



.....
Jeffrey Bain
Director and Treasurer



.....
Marek Rak
Chairman

Dated: 7 March 2017

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 2016 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

3 March 2017

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 2016

	31 Dec 2016	31 Dec 2015
	\$	\$
Income		
Revenue	<u>367,404</u>	<u>299,546</u>
	367,404	299,546
Expenses		
Employee benefits expense	148,538	137,273
Depreciation and amortisation	21,822	24,146
Administration and general costs	26,000	24,953
Finance costs	6,088	8,092
Occupancy expenses	31,415	36,192
IT costs	17,688	17,080
ATM costs	2,843	2,537
Motor vehicle expenses	4,976	9,520
Board expenses	17,551	17,888
Loss on disposal of assets	3,038	-
Other expenses	<u>22,344</u>	<u>18,505</u>
	302,303	296,186
Profit before charitable donations & sponsorships	<u>65,101</u>	<u>3,360</u>
Charitable donations and sponsorship	13,126	12,801
Profit / (loss) before income tax	<u>51,975</u>	<u>(9,441)</u>
Income tax expense / (benefit)	15,527	(2,245)
Profit / (loss) for the period	<u>36,448</u>	<u>(7,196)</u>
Other comprehensive income	-	-
Total comprehensive income for the period	<u><u>36,448</u></u>	<u><u>(7,196)</u></u>
Profit / (loss) attributable to members of the company	36,448	(7,196)
Total comprehensive income attributable to members of the company	<u><u>36,448</u></u>	<u><u>(7,196)</u></u>
Earnings per share (cents per share)		
- basic earnings per share	6.07	(1.20)
- diluted earnings per share	6.07	(1.20)

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 2016

	31 Dec 2016	30 Jun 2016
	\$	\$
ASSETS		
Current Assets		
Cash and cash equivalents	601	895
Trade and other receivables	73,708	60,559
Other assets	18,502	21,603
Total Current Assets	92,811	83,057
Non-Current Assets		
Property, plant and equipment	161,151	149,032
Intangible assets	2,680	16,264
Deferred tax assets	173,175	188,702
Total Non-Current Assets	337,006	353,998
Total Assets	429,817	437,055
LIABILITIES		
Current Liabilities		
Trade and other payables	47,929	52,207
Borrowings	202,479	233,168
Provisions	47,463	19,325
Total Current Liabilities	297,871	304,700
Non-Current Liabilities		
Borrowings	28,426	43,493
Provisions	6,032	3,822
Total Non-Current Liabilities	34,458	47,315
Total Liabilities	332,329	352,015
Net Assets	97,488	85,040
Equity		
Issued capital	575,520	575,520
Retained earnings / (Accumulated losses)	(478,032)	(490,480)
Total Equity	97,488	85,040

The accompanying notes form part of these financial statements

Daylesford District Community Developments Limited

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**Statement of Changes in Equity
for the half-year ended 31 December 2016**

	Note	Issued Capital \$	Retained earnings \$	Reserves \$	Total Equity \$
Balance at 1 July 2015		575,520	(488,009)	-	87,511
Total comprehensive income for the period		-	(7,196)	-	(7,196)
<i>Transactions with owners in their capacity as owners:</i>					
Dividends recognised for the period	5	-	-	-	-
Balance at 31 December 2015		<u>575,520</u>	<u>(495,205)</u>	<u>-</u>	<u>80,315</u>
Balance at 1 July 2016		575,520	(490,480)	-	85,040
Total comprehensive income for the period		-	36,448	-	36,448
<i>Transactions with owners in their capacity as owners:</i>					
Dividends recognised for the period	5	-	(24,000)	-	(24,000)
Balance at 31 December 2016		<u>575,520</u>	<u>(478,032)</u>	<u>-</u>	<u>97,488</u>

The accompanying notes form part of these financial statements

Daylesford District Community Developments Limited
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Statement of Cash Flows
for the half-year ended 31 December 2016

	31 Dec 2016	31 Dec 2015
	\$	\$
Cash Flows From Operating Activities		
Receipts from customers	354,255	286,900
Payments to suppliers and employees	(278,309)	(277,491)
Interest paid	(6,088)	(8,092)
Net cash flows from operating activities	69,858	1,317
Cash Flows From Investing Activities		
Purchase of motor vehicle	(29,523)	-
Proceeds from the sale of property, plant and equipment	6,136	-
Net cash flows from / (used in) investing activities	(23,387)	-
Cash Flows From Financing Activities		
Repayment of borrowings	(26,060)	(8,496)
Net cash flows used in financing activities	(26,060)	(8,496)
Net increase / (decrease) in cash held	20,411	(7,179)
Cash and cash equivalents at beginning of period	(213,774)	(262,273)
Cash and cash equivalents at end of period	(193,363)	(269,452)

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 2016**

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 2016 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 2016, 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 2016.

(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 2016.

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

The Company has considered the implications of any new or amended Accounting Standards, but determined that their application to the interim Financial Statements is either not relevant or not material.

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

	2016	2015
	\$	\$
Dividends recorded during the half year:		
Unfranked dividend of 4 cents (2015: nil)	24,000	-

5. Earnings per share

Basic earnings per share (cents)	6.07	-
Earnings used in calculating basic and diluted earnings per share	36,448	(7,196)

Daylesford District Community Developments Limited

ABN 72 149 942 067

Notes to the Financial Statements
for the half-year ended 31 December 2016

6. Fair Value Measurement

Fair value hierarchy

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1	Level 2	Level 3
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	Measurements based on unobservable inputs for the asset or liability.

The Company did not measure any financial assets or financial liabilities at fair value at 31 December 2016 or 31 December 2015.

The Company has a number of financial instruments which are not measured at fair value in the statement of financial position. These had the following fair values as at 31 December 2016:

	Carrying amount	Fair value
	\$	\$
Financial assets		
Cash and cash equivalents	601	601
Trade and other receivables	73,708	73,708
Total financial assets	<u>74,309</u>	<u>74,309</u>
Financial liabilities		
Trade and other payables	47,929	47,929
Bank overdraft	193,963	193,963
Borrowings	36,942	36,942
Total financial liabilities	<u>278,835</u>	<u>278,835</u>

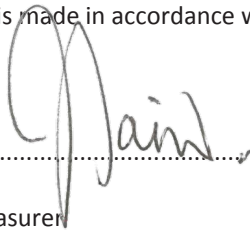
The carrying amounts of the current receivables, current payables and current borrowings are considered to be a reasonable approximation of their fair value.

Daylesford District Community Developments Limited
ABN 72 149 942 067
Directors' Declaration
for the half-year ended 31 December 2016

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 the Corporations Regulations 2001*;
 - (b) giving a true and fair view of the Company's financial position as at 31 December 2016 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
Chair

Signed at Daylesford on 7 March 2017

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 2016, 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 2016 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 2016 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*.

PPT Audit Pty Ltd

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Jason Hargreaves
Director

Signed at Ballarat

8 March 2017