



Donnybrook Capel Districts Community  
Financial Services Limited

ABN 23 103 003 416

**ANNUAL  
REPORT  
2014**

Donnybrook & Capel **Community Bank®** branches

## CHAIRMAN'S REPORT

### FOR YEAR ENDING 30 JUNE 2014

On behalf of the Donnybrook Capel Districts Community Financial Services Limited Board, I am pleased to advise shareholders that both branches are performing well, with Capel **Community Bank**<sup>®</sup> Branch being the shining light. Branch Manager, Bernadette Brown and staff taking out the State Lending Awards for business, residential lending and insurance. This business is increasing at a very rapid rate. Donnybrook **Community Bank**<sup>®</sup> Branch has been performing steadily with lending in agribusiness, equipment lending and insurance.

Donnybrook & Capel **Community Bank**<sup>®</sup> branches between them have contributed over \$27,000 back into our communities and we have also pledged \$7,500 to the new Ronald McDonald House which will be built at the Perth children's hospital.

In October 2013, Capel **Community Bank**<sup>®</sup> Branch celebrated their 10-year anniversary with a function at the Capel Bowling Club which was well attended by shareholders and customers.

Collectively the **Community Bank**<sup>®</sup> Network across Australia has returned over \$120 Million to our communities. This is a fantastic achievement and continues to grow year on year. My sincerest thanks go to all our customers that support our **Community Bank**<sup>®</sup> branches.

I would like to take this opportunity to thank our Managers Bernadette Brown, Jaimie Haines and all the staff for the outstanding commitment that they provide to the customers.

Since the last Annual Report, we have had some Board member changes, Linda Hayes has retired after seven years as a Board Director but continues in the Treasurer's position. Michelle Plumme has joined the Board. I thank Linda Hay, for her commitment to the Board over the seven years as a Board member and Treasurer.

My thanks go to all the Board members, Secretary and Treasurer for the work they have put in over the last 12 months. This allows us to achieve our ongoing commitment to our shareholders, customers and the community.

Angelo Logiudice  
Board Chairman

## Donnybrook Manager's Report

For the year ending 30 June 2014

The 2013/14 financial year has been a much better year for the Donnybrook **Community Bank®** Branch. We celebrated our 10-year anniversary in July by holding a Charity Ball to raise funds for Cancer. The event was a success with over 100 people coming for the night. We were proud to celebrate the anniversary with local people from the community and surrounds making it a great event.

Over the year we strengthened our business relationship with our Financial Planner, Business Banking Manager and Agribusiness Manager. This has seen us extend our services as far south as Pemberton and as far north as Preston Beach. We have found the widespread client base is due to people understanding we provide the same products at a better service level and give back to the community groups people care about.

This year saw the **Community Bank®** branch support many different local community groups and clubs. This is made possible by the local people who bank with us, with more people supporting our **Community Bank®** branch, the more the **Community Bank®** branch has been able to give back in sponsorship to local groups and clubs. It also helps us support larger causes like Ronald McDonald House, Relay for Life and the Coronary Heart Unit in Bunbury. Without some of these sponsorships clubs would not be able to achieve certain goals.

I would like to take this opportunity thank all the hardworking people involved in making the **Community Bank®** branch a success and keeping it going, this includes but is not limited to the branch staff, the **Community Bank®** company Board members, our Agribusiness and Business Banking Managers, Financial Planners and our most valued clients, helping us to achieve our dream of giving back to the community.

I look forward to the successful year ahead partnering with the local community.

Jaime Haines  
Branch Manager

## Capel Manager's Report

For the year ending 30<sup>th</sup> June 2014

2013/2014 has been a very successful year for the Capel Community Bank Branch. We achieved excellent results for the financial year which saw us receive two State Awards. Our success is due to continued support from our valued customers and local community getting behind the Community Bank.

Bendigo Bank isn't like other banks. In fact, our focus ensures we share a percentage of the profits we make with the communities we are part of. It is pleasing to report that we have contributed to over twenty community groups between the two shires of Capel and Donnybrook. Some of our local recipients included St John of God Southwest Cancer and Coronary Unit, Capel Girl Guides, Capel Campdraft, Capel Playgroup and Capel RSL.

Business is developing with the support services of our Business Banking Manager, Financial Planner and Agri Business Manager that enables us to provide a diverse range of products and services to our customers. We are all proud to be part of a community focused bank, dedicated to building long term relationships with our customers, shareholders and the communities we serve.

I would like to take this opportunity thank our dedicated and hardworking branch staff Jo, Sonia, Morgan and Kym they are an integral part of growth and success of this business. Thankyou also must go to our Board of Directors who volunteers their time and knowledge to create a successful community bank. Thank you to all who support the Capel Community Bank Branch. We appreciate your business and look forward to a successful 2014/2015 year ahead.

Bernadette Brown  
Branch Manager

**Donnybrook Capel District Community  
Finance Limited**

**Financial Statements**

**as at**

**30 June 2014**

**Donnybrook Capel District Community Financial Services Limited**  
**ABN 23 103 003 416**  
**Directors' report**

Your Directors present their report of the company for the financial year ended 30 June 2014. The information in the preceding operating and financial review forms part of this Directors' report for the financial year ended 30 June 2014 and is to be read in conjunction with the following information:

**Directors**

The following persons were directors of Donnybrook Capel District Community Financial Services Limited during or since the end of the financial year up to the date of this report:

<b>Name and position held</b>	<b>Qualifications</b>	<b>Experience and other Directorships</b>
<b>Angelo Logiudice</b> Director since 29/03/2007 <b>Chairman</b>	Councillor Local Govt. Vice Chair Chamber of Commerce	Orchardist & Business Proprietor
<b>Jefferis Heath</b> Director since 28/07/2011 <b>Director</b>	Real Estate Licence	Real Estate Agent
<b>Kingsley Smith</b> Director since 24/02/2011 <b>Director</b>	Chartered Accountant	Chartered Accountant
<b>Walter Hearman</b> Director since 29/11/2002 Secretary since 28/01/2010 <b>Secretary</b>		Business Proprietor
<b>Linda Hay</b> Director since 28/01/2010 Resigned 30/06/2014 <b>Director</b>	Bachelor of Business (Accounting Major)	Business Partner and Bookkeeper
<b>Martin Ladyman</b> Director since 29/11/2013 <b>Director</b> Appointed 29/11/2014	Masters Business Administration	Involved in farming the Broomehill region for 30 years and has owned and operated his own business with 20 employees in Perth for 10 years. Served on various Boards in the past, including, the WA Government Regional Agriculture Management Board
<b>Patricia Worrell</b> Director since 22/04/2010 <b>Director</b>	Graduate Diploma (Teaching)	Primary School Teacher
<b>John Cross</b> Director since 30/10/2012 <b>Director</b>		Ag Consultant

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

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

**Donnybrook Capel District Community Financial Services Limited**  
**ABN 23 103 003 416**  
**Directors' report**

**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 have been no significant changes in the nature of these activities during the year.

**Review of operations**

The profit of the company for the financial year after provision for income tax was \$66,503 (2013 profit: \$30,419), which is a 119% increase as compared with the previous year.

The net assets of the company have increased to \$222,834 (2013: \$175,533).

**Dividends**

	<b>Year ended 30 June 2014</b>	
	<b>cents per share</b>	<b>\$</b>
Dividends paid in the year	5	32,411

The total dividends paid during the year (October 2013) consisted of the 2 cents declared and provided for for the year ended 30 June 2012 and the 3 cents paid for the year ended 30 June 2013.

**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.

For the year ended 30 June 2014 Linda Hay was paid \$5,478 (2013: \$5,544) for accounting and reporting advice to the company. These payments were made under normal commercial arrangements.

**Donnybrook Capel District Community Financial Services Limited**  
**ABN 23 103 003 416**  
**Directors' report**

**Remuneration report (continued)**

The Donnybrook Capel Financial Services Limited has accepted the Bendigo and 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 and Adelaide Bank Limited shares and there is no qualification period to qualify to utilise 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 2014.

**Indemnifying officers or Auditor**

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

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

**Directors' meetings**

The number of Directors' meetings held during the year were 11. Attendances by each Director during the year were as follows:

<b>Director</b>	<b>Board meetings #</b>
Angelo Logiudice	11 (11)
Jefferis Heath	9 (11)
Kingsley Smith	9 (11)
Walter Hearman	8 (11)
Linda Hay (resigned 30 June 2014)	7 (11)
Martin Ladyman (appointed 29 November 2014)	7 (7)
Patricia Worrell	9 (11)
John Cross	9 (11)

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

**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.

**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.



**Donnybrook Capel District Community Financial Services Limited**  
**ABN 23 103 003 416**  
**Directors' report**

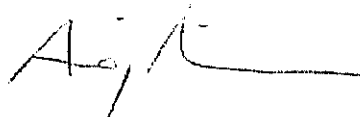
**Company Secretary**

Walter Herman has been the Company Secretary of Donnybrook Capel District Community Financial Services Limited since January 2010. He has been a Shire Councillor since 1984, including over 10 years as President, served on numerous community committees, is a life member of Apex, a Past District Governor of Lions Club International and a member of the Board since the inception of the company in 2003.

**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 5 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 Donnybrook on  
7 October 2014.

A handwritten signature in black ink, appearing to read 'Angelo Logiudice', with a long horizontal stroke extending to the right.

Angelo Logiudice  
Chairman



**Richmond  
Sinnott &  
Delahunty**

**Chartered Accountants**

Level 2, 10-16 Forest Street  
Bendigo, Victoria  
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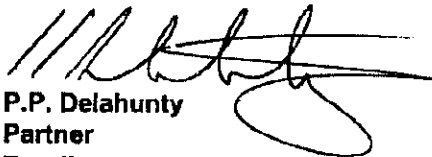
[www.rsdadv.com.au](http://www.rsdadv.com.au)

**Auditor's Independence Declaration under section 307C of the Corporations Act 2001 to the Directors of Donnybrook Capel District Community Finance Limited**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2014 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



**P.P. Delahunty**  
Partner  
Bendigo

**Dated at Bendigo, 7 October 2014**

Richmond Sinnott & Delahunty  
ABN 60 616 544 309  
Liability limited by a scheme  
approved under Professional  
Standards Legislation

**Partners:**

Cathy Hall  
Brett Andrews

Philip Delahunty  
Kathie Teasdale  
David Richmond

**Donnybrook Capel District Community Financial Services Limited**  
**ABN 23 103 003 416**  
**Statement of profit or loss and Other Comprehensive Income**  
**for the year ended 30 June 2014**

	<u>Notes</u>	<b>2014</b> <b>\$</b>	<b>2013</b> <b>\$</b>
Revenue	2	996,369	947,873
Employee benefits expense	3	(558,432)	(544,119)
Depreciation and amortisation expense	3	(46,560)	(32,126)
Finance costs	3	(18,104)	(21,604)
Bad and doubtful debts expense	3	(248)	(710)
Rental expense		(61,040)	(56,351)
Other expenses	3	<u>(193,567)</u>	<u>(199,504)</u>
<b>Operating profit before charitable donations &amp; sponsorships</b>		118,418	93,459
Charitable donations and sponsorships		<u>(27,576)</u>	<u>(48,869)</u>
<b>Profit before income tax expense</b>		90,842	44,590
Tax expense	4	<u>24,339</u>	<u>14,171</u>
<b>Profit for the year</b>		66,503	30,419
Other comprehensive income		<u>-</u>	<u>-</u>
<b>Total comprehensive income</b>		<u><u>66,503</u></u>	<u><u>30,419</u></u>
Profit attributable to members of the company		66,503	30,419
Total comprehensive income attributable to members of the company		<u><u>66,503</u></u>	<u><u>30,419</u></u>
<b>Earnings per share (cents per share)</b>			
- basic for profit for the year	24	10.07	4.61

The accompanying notes form part of these financial statements

**Donnybrook Capel District Community Financial Services Limited**  
**ABN 23 103 003 416**  
**Statement of financial position**  
**As at 30 June 2014**

	<u>Notes</u>	2014 \$	2013 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	6	163,864	144,340
Trade and other receivables	7	97,798	90,115
Other assets	8	6,111	6,667
<b>Total current assets</b>		<u>267,773</u>	<u>241,122</u>
<b>Non-current assets</b>			
Property, plant and equipment	9	31,176	44,217
Deferred tax asset	14	122,054	146,393
Other assets	8	-	6,111
Intangible assets	10	102,960	60,000
<b>Total non-current assets</b>		<u>256,190</u>	<u>256,721</u>
<b>Total assets</b>		<u>523,963</u>	<u>497,843</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	11	50,703	35,547
Loans and borrowings	12	38,067	42,339
Provisions	13	41,753	39,386
<b>Total current liabilities</b>		<u>130,523</u>	<u>117,272</u>
<b>Non current liabilities</b>			
Loans and borrowings	12	171,216	205,038
<b>Total non current liabilities</b>		<u>171,216</u>	<u>205,038</u>
<b>Total liabilities</b>		<u>301,739</u>	<u>322,310</u>
<b>Net assets</b>		<u>222,224</u>	<u>175,533</u>
<b>Equity</b>			
Issued capital	15	660,435	660,435
Accumulated losses	16	(438,211)	(484,902)
<b>Total equity</b>		<u>222,224</u>	<u>175,533</u>

The accompanying notes form part of these financial statements

**Donnybrook Capel District Community Financial Services Limited**  
**ABN 23 103 003 416**  
**Statement of changes in equity**  
**for the year ended 30 June 2014**

		Issued capital \$	Accumulated losses \$	Total equity \$
<b>Balance at 1 July 2012</b>		660,435	(502,112)	158,323
Total comprehensive income for the year			30,419	30,419
Transactions with owners, in their capacity as owners				
Dividends provided for	25	<u>-</u>	<u>(13,209)</u>	<u>(13,209)</u>
<b>Balance at 30 June 2013</b>		<u><b>660,435</b></u>	<u><b>(484,902)</b></u>	<u><b>175,533</b></u>
<b>Balance at 1 July 2013</b>		660,435	(484,902)	175,533
Total comprehensive income for the year		-	66,503	66,503
Transactions with owners, in their capacity as owners				
Dividends paid	25	<u>-</u>	<u>(19,812)</u>	<u>(19,812)</u>
<b>Balance at 30 June 2014</b>		<u><b>660,435</b></u>	<u><b>(438,211)</b></u>	<u><b>222,224</b></u>

The accompanying notes form part of these financial statements

**Donnybrook Capel District Community Financial Services Limited**  
**ABN 23 103 003 416**  
**Statement of cash flows**  
**For the year ended 30 June 2014**

	<u>Notes</u>	<b>2014</b> <b>\$</b>	<b>2013</b> <b>\$</b>
<b>Cash flows from operating activities</b>			
Receipts from customers		1,094,052	1,049,960
Payments to suppliers and employees		(921,285)	(939,047)
Interest paid		(18,104)	(21,604)
Interest received		211	1,349
<b>Net cash provided by operating activities</b>	17	<u>154,874</u>	<u>90,658</u>
<b>Cash flows from investing activities</b>			
Proceeds from sale of property, plant & equipment		(7,766)	(11,148)
Purchase of intangible assets		(68,713)	(60,000)
<b>Net cash flows used in investing activities</b>		<u>(76,479)</u>	<u>(71,148)</u>
<b>Cash flows from financing activities</b>			
Repayment of borrowings		(39,669)	(17,992)
Dividends paid		(19,202)	(13,209)
<b>Net cash used in financing activities</b>		<u>(58,871)</u>	<u>(31,201)</u>
<b>Net increase/(decrease) in cash held</b>		19,524	(11,691)
Cash and cash equivalents at beginning of financial year		144,340	156,031
<b>Cash and cash equivalents at end of financial year</b>	6	<u>163,864</u>	<u>144,340</u>

The accompanying notes form part of these financial statements

**Donnybrook Capel District Community Financial Services Limited**  
**ABN 23 103 003 416**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2014**

These financial statements and notes represent those of Donnybrook Capel District Community Financial Services Limited.

Donnybrook Capel District Community Financial Services 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 xx September 2014.

## **1. Summary of significant accounting policies**

### **(a) Basis of preparation**

These general purpose financial statements have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. The company is a for profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, 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.

#### *Economic Dependency*

The company has entered into a franchise agreement with Bendigo and Adelaide Bank Limited that governs the management of the Community Bank® branches.

The branches operate as a franchise of Bendigo and Adelaide Bank Limited, using the name "Bendigo Bank" and the logo and system of operations of Bendigo and Adelaide Bank Limited. The company manages the **Community Bank®** branches on behalf of Bendigo and Adelaide Bank Limited, however all transactions with customers conducted through the **Community Bank®** branches are effectively conducted between the customers and Bendigo and Adelaide Bank Limited.

All deposits are made with Bendigo and Adelaide Bank Limited, and all personal and investment products are products of Bendigo and Adelaide Bank Limited, with the company facilitating the provision of those products. All loans, leases or hire purchase transactions, issues of new credit or debit cards, temporary or bridging finance and any other transaction that involves creating a new debt, or increasing or changing the terms of an existing debt owed to Bendigo and Adelaide Bank Limited, must be approved by Bendigo and Adelaide Bank Limited. All credit transactions are made with Bendigo and Adelaide Bank Limited, and all credit products are products of Bendigo and Adelaide Bank Limited.

Bendigo and Adelaide Bank Limited provides significant assistance in establishing and maintaining the Community Bank® branch franchise operations. It also continues to provide ongoing management and operational support, and other assistance and guidance in relation to all aspects of the franchise operation, including advice in relation to:

- Advice and assistance in relation to the design, layout and fit out of the Community Bank® branch;
- Training for the branch managers and employees in banking, systems and interface protocol;
- Methods and procedures for the sale of products and provision of services;
- Security and cash logistic controls;
- Calculation of company revenue and payment of many operating and administrative expenses;
- The formulation and implementation of advertising and promotional programs; and
- Sale techniques and proper customer relations.

**Donnybrook Capel District Community Financial Services Limited**  
**ABN 23 103 003 416**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2014**

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

**(b) Income tax**

The income tax expense for the year comprises current income tax expense and deferred tax expense.

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities/(assets) are measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

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

**(c) Fair value of assets and liabilities**

The company measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the company would receive to sell an assets or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closes equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair value of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.



**Donnybrook Capel District Community Financial Services Limited**  
**ABN 23 103 003 416**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2014**

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

**(c) Fair value of assets and liabilities (continued)**

The fair value of the liabilities and the entity's own equity instruments may be valued, where there is no observable market price in relation to the transfer of such financial instrument, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted, and where significant, are detailed in the respective note to the financial statements.

**(d) Property, plant and equipment**

Each class of property, plant and equipment is carried at cost or fair value as indicated, less, where applicable, any accumulated depreciation and impairment losses.

*Plant and equipment*

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses related to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount of these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

*Depreciation*

The depreciable amount of all fixed assets is depreciated on a straight-line basis over the asset's useful life to the company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable asset are:

<i>Class of asset</i>	<i>Depreciation rate</i>
Plant & equipment	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An assets' carrying amount is written down immediately to its recoverable amount if the assets' carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

**Donnybrook Capel District Community Financial Services Limited**  
**ABN 23 103 003 416**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2014**

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

**(e) Impairment of assets**

At each reporting period, the company assesses whether there is any indication that an asset may be impaired. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less cost to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard. Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

**(f) Goods and services tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

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 with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or 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.

**(g) Employee benefits**

*Short-term employee benefits*

Provision is made for the company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages and salaries. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

*Other long-term employee benefits*

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations.

The company's obligation for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the company does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

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

**(h) 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.

**(i) Cash and cash equivalents**

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are reported within 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.

**(j) 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, dividend and fee revenue is recognised when earned.

All revenue is stated net of the amount of goods and services tax (GST).

**(k) Trade and other receivables**

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

**(l) Trade and other payables**

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

**(m) Borrowing costs**

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

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

**(n) New and amended accounting policies adopted by the company**

*Employee benefits*

The company adopted AASB 119: Employee Benefits (September 2011) and AASB 2011-10: Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) from the mandatory application date of 1 January 2013. The company has applied these Standards retrospectively in accordance with AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors and the transitional provisions of AASB 119 (September 2011).

For the purpose of measurement, AASB 119 (September 2011) defines obligations for short-term employee benefits as obligations expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related services. In accordance with AASB 119 (September 2011), provisions for short-term employee benefits are measured at the (undiscounted) amounts expected to be paid to employees when the obligation is settled, whereas provisions that do not meet the criteria for classification as short-term (other long-term employee benefits) are measured at the present value of the expected future payments to be made to employees.

As the company expects that all of its employees would use all of their annual leave entitlements earned during a reporting period before 12 months after the end of the reporting period, adoption of AASB 119 (September 2011) did not have a material impact on the amounts recognised in respect of the company's employee provisions. Note also that adoption of AASB 119 (September 2011) did not impact the classification of leave entitlements between current and non-current liabilities in the company's financial statements.

AASB 119 (September 2011) also introduced changes to the recognition and measurement requirements applicable to termination benefits and defined benefit plans. As the company did not have any of these types of obligations in the current or previous reporting periods, these changes did not impact the company's financial statements.

*Fair value measurement*

The company has applied AASB 13: Fair Value Measurement and the relevant consequential amendments arising from the related Amending Standards prospectively from the mandatory application date of 1 January 2013 and in accordance with AASB 108 and the specific transitional requirements in AASB 13.

AASB 13 defines fair value, sets out in a single Standard a framework for measuring fair value, and requires disclosures about fair value measurement.

No material adjustments to the carrying amounts of any of the company's assets or liabilities were required as a consequence of applying AASB 13. Nevertheless, AASB 13 requires enhanced disclosures regarding assets and liabilities that are measured at fair value and fair values disclosed in the company's financial statements.

The disclosure requirements in AASB 13 need not be applied by the company in the comparative information provided for periods before initial application of AASB 13 (that is, periods beginning before 1 January 2013). However, as some of the disclosures now required under AASB 13 were previously required under other Australian Accounting Standards, such as AASB 7: Financial Instruments: Disclosures, the company has provided this previously provided information as comparatives in the current reporting period.

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

**(o) New accounting standards for application in future periods**

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:

**(i) AASB 9 *Financial Instruments* and associated Amending Standards (applicable for annual reporting periods commencing on or after 1 January 2017).**

This Standard will be applicable retrospectively and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

Although the Directors anticipate that the adoption of AASB 9 may have an impact on the company's financial instruments, it is impractical at this stage to provide a reasonable estimate of such impact.

**(ii) AASB 2012-3: *Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities* (applicable for annual reporting periods commencing on or after 1 January 2014).**

This Standard provides clarifying guidance relating to the offsetting of financial instruments, which is not expected to impact the company's financial statements.

**(iii) AASB 2013-3: *Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets* (applicable for annual reporting periods commencing on or after 1 January 2014).**

This Standard amends the disclosure requirements in AASB 136: *Impairment of Assets* pertaining to the use of fair value in impairment assessment and is not expected to significantly impact the company's financial statements.

**(p) Loans and borrowings**

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

**(q) 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.

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

**(r) 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.

**(s) Comparative figures**

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

**(t) 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.

*Employee benefits provision*

Assumptions required for wage growth and CPI movements. The likelihood of employees reaching unconditional service is estimated. Treatment of leave under updated AASB 119 standard.

*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 evaluating 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.

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

**(t) Financial instruments (continued)**

*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.

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

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discount estimated future cash payments or receipts over the expected life (or where this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability.

**(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*

A financial asset (or group of financial assets) 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(s).

In the case of financial assets carried at amortised cost loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency on interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

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

**(t) Financial instruments (continued)**

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial asset is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the company recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

*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.

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
<b>2. Revenue and other income</b>		
Revenue		
- franchise margin income	609,584	587,889
- services commissions	157,075	173,407
	<u>766,659</u>	<u>761,296</u>
Other revenue		
- interest received	211	1,353
- other revenue	229,499	185,224
	<u>229,710</u>	<u>186,577</u>
Total revenue	<u>996,369</u>	<u>947,873</u>
<b>3. Expenses</b>		
Employee benefits expense		
- wages and salaries	476,994	455,119
- superannuation costs	50,453	44,084
- other costs	30,985	44,916
	<u>558,432</u>	<u>544,119</u>



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<b>3. Expenses (continued)</b>	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Depreciation of non-current assets:		
- building improvements	8,754	5,568
- furniture and fittings	3,245	4,060
- motor vehicles	8,808	8,808
Amortisation of non-current assets:		
- franchise fee	13,753	13,690
- establishment franchise fee (Capel)	12,000	-
	<u>46,560</u>	<u>32,126</u>
Finance costs:		
- Interest paid	18,104	21,604
Bad debts	248	710
Other expenses:		
- marketing	9,204	6,955
- freight/cartage/delivery	10,447	10,869
- Insurance	20,487	20,728
- printing and stationery	13,949	15,151
- telephone	11,050	11,303
- IT costs	38,293	40,044
- share registry	4,564	4,297
- other expenses	85,573	90,157
	<u>193,567</u>	<u>199,504</u>
<b>4. Tax Expense</b>		
a. The components of tax expense comprise:		
- current tax expense	35,601	14,465
- deferred tax on provisions	(12,526)	-
- adjustment for under provision of current income tax of previous years	1,264	(294)
	<u>24,339</u>	<u>14,171</u>
b. The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Prima facie tax on profit before income tax at 30% (2013: 30%)	27,262	13,377
Add tax effect of:		
- Adjustments in respect of current income tax of previous year	1,264	(294)
- Non deductible expenses	8,339	1,088
- Movement in deferred tax asset	(12,526)	-
<i>Current income tax expense</i>	<u>24,339</u>	<u>14,171</u>
Income tax attributable to the entity	<u>24,339</u>	<u>14,171</u>
The applicable weighted average effective tax rate is	26.79%	31.78%

The applicable income tax rate is the Australian Federal tax rate of 30% (2013: 30%) applicable to Australian resident companies.

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	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
<b>5. Auditors' remuneration</b>		
Remuneration of the Auditor for:		
- Audit or review of the financial report	<u>4,300</u>	<u>4,150</u>
<b>6. Cash and cash equivalents</b>		
Cash at bank and on hand	<u>163,864</u>	<u>144,340</u>
<b>7. Trade and other receivables</b>		
<b>Current</b>		
Trade debtors	94,050	86,318
Other assets	<u>3,748</u>	<u>3,797</u>
	<u>97,798</u>	<u>90,115</u>

**Credit risk**

The company has no significant concentration of credit risk with respect to any single counterparty or group of counterparties other than those receivables specifically provided for and mentioned within this note. The main sources of credit risk to the company are considered to relate to the classes of assets described as trade and other receivables and "loans" (see Note 12).

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.

			<b>Past due but not impaired</b>			
	<b>Gross amount</b>	<b>Past due and impaired</b>	<b>&lt; 30 days</b>	<b>31-60 days</b>	<b>&gt; 60 days</b>	<b>Not past due</b>
<b>2014</b>						
Trade receivables	94,050	-	-	-	-	94,050
<b>Total</b>	<u>94,050</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>94,050</u>
<b>2013</b>						
Trade receivables	86,318	-	-	-	-	86,318
<b>Total</b>	<u>86,318</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>86,318</u>

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	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
<b>8. Other assets</b>		
<i>Current</i>		
Donnybrook Football club loan	6,111	6,667
<i>Non current</i>		
Donnybrook Football club loan	-	6,111
	<u>6,111</u>	<u>19,444</u>

This is an interest free loan to the football club to be paid by monthly instalments over 36 months.

**9. Property, plant and equipment**

<i>Building improvements</i>		
At cost	173,563	165,797
Less accumulated depreciation	<u>(153,049)</u>	<u>(144,295)</u>
	<u>20,514</u>	<u>21,502</u>
<i>Furniture &amp; fittings</i>		
At cost	40,721	40,721
Less accumulated depreciation	<u>(37,109)</u>	<u>(33,864)</u>
	<u>3,612</u>	<u>6,857</u>
<i>Motor vehicle</i>		
At cost	44,091	44,091
Less accumulated depreciation	<u>(37,041)</u>	<u>(28,233)</u>
	<u>7,050</u>	<u>15,858</u>
Total written down amount	<u>31,176</u>	<u>44,217</u>

**Movements in carrying amounts**

<i>Building improvements</i>		
Balance at the beginning of the reporting period	21,502	15,922
Additions	7,766	11,148
Disposals	-	-
Depreciation expense	<u>(8,754)</u>	<u>(5,568)</u>
Balance at the end of the reporting period	<u>20,514</u>	<u>21,502</u>
<i>Furniture &amp; fittings</i>		
Balance at the beginning of the reporting period	6,857	10,917
Additions	-	-
Disposals	-	-
Depreciation expense	<u>(3,245)</u>	<u>(4,060)</u>
Balance at the end of the reporting period	<u>3,612</u>	<u>6,857</u>
<i>Motor vehicle</i>		
Balance at the beginning of the reporting period	15,858	24,666
Additions	-	-
Disposals	-	-
Depreciation expense	<u>(8,808)</u>	<u>(8,808)</u>
Balance at the end of the reporting period	<u>7,050</u>	<u>15,858</u>

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	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
<b>10. Intangible assets</b>		
<i>Franchise fee</i>		
At cost	197,575	128,862
Less accumulated amortisation	<u>(142,615)</u>	<u>(128,862)</u>
	<u>54,960</u>	<u>-</u>
<i>Establishment Franchise Fee (Capel)</i>		
At cost	60,000	60,000
Less accumulated amortisation	<u>(12,000)</u>	<u>-</u>
	<u>48,000</u>	<u>60,000</u>
Total Intangible assets	<u><u>102,960</u></u>	<u><u>60,000</u></u>
<b>Movements in carrying amounts</b>		
<i>Franchise fee</i>		
Balance at the beginning of the reporting period	-	13,690
Additions	68,713	-
Disposals	-	-
Amortisation expense	<u>(13,753)</u>	<u>(13,690)</u>
Balance at the end of the reporting period	<u><u>54,960</u></u>	<u><u>-</u></u>
<i>Establishment Franchise Fee (Capel)</i>		
Balance at the beginning of the reporting period	60,000	-
Additions	-	60,000
Disposals	-	-
Amortisation expense	<u>(12,000)</u>	<u>-</u>
Balance at the end of the reporting period	<u><u>48,000</u></u>	<u><u>60,000</u></u>
<b>11. Trade and other payables</b>		
<b>Current</b>		
Unsecured liabilities:		
Trade creditors	10,463	12,989
Other creditors and accruals	<u>40,240</u>	<u>22,558</u>
	<u><u>50,703</u></u>	<u><u>35,547</u></u>
<b>12. Borrowings</b>		
Credit card	1,575	2,703
Bank loan - current	<u>36,492</u>	<u>39,636</u>
	<u><u>38,067</u></u>	<u><u>42,339</u></u>
Bank loan - non current	<u><u>171,216</u></u>	<u><u>205,038</u></u>

The bank loan is principal and interest variable non residential secured loan over a 10 year period and the current interest rate is 8.050%.

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<b>13. Provisions</b>	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Employee benefits	41,753	26,177
Provision for dividend	-	13,209
	<u>41,753</u>	<u>39,386</u>
<b>Movement in employee benefits</b>		
Opening balance	26,177	26,851
Additional provisions recognised	52,110	35,009
Amounts utilised during the year	(36,534)	(35,683)
Closing balance	<u>41,753</u>	<u>26,177</u>
<b>Current</b>		
Annual leave	36,133	26,177
Long-service leave	5,620	13,209
	<u>41,753</u>	<u>39,386</u>
<b>Total provisions</b>	<u>41,753</u>	<u>39,386</u>

**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.

**14. Tax**

**Non-Current**

Deferred tax asset comprises:

Carried forward losses

Provisions

109,528	146,393
12,526	-
<u>122,054</u>	<u>146,393</u>

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<b>15. Share capital</b>	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
660,435 Ordinary shares fully paid of \$1 each	660,435	660,435
	<u>660,435</u>	<u>660,435</u>
<b>Movements in share capital</b>		
Fully paid ordinary shares:		
At the beginning of the reporting period	660,435	660,435
Shares issued during the year	-	-
At the end of the reporting period	<u>660,435</u>	<u>660,435</u>

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 2014 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.

<b>16. Accumulated losses</b>	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Balance at the beginning of the reporting period	(484,902)	(502,112)
Less: Dividends paid	(19,812)	(13,209)
Profit after income tax	66,503	30,419
Balance at the end of the reporting period	<u>(438,211)</u>	<u>(484,902)</u>

**Donnybrook Capel District Community Financial Services Limited**  
**ABN 23 103 003 416**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2014**

<b>17. Statement of cash flows</b>	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
<i>Reconciliation of profit after tax to net cash provided from/(used in) operating activities</i>		
Profit after income tax	66,503	30,419
Non cash items		
- Depreciation	20,807	5,568
- Amortisation	25,753	-
Changes in assets and liabilities		
- (Increase) decrease in receivables	(1,016)	8,651
- (Increase) decrease in deferred tax asset	24,339	14,171
- Increase (decrease) in payables	2,912	5,965
- Increase (decrease) in provisions	15,576	(674)
Net cash flows from operating activities	<u>154,874</u>	<u>64,100</u>

**18. Leases**

Operating lease commitments

Non-cancellable operating leases contracted for but not capitalised

Payable - minimum lease payments

- no later than 12 months	47,168	47,168
- between 12 months and 5 years	112,860	160,028
- greater than 5 years	-	-
	<u>160,028</u>	<u>207,196</u>

The two property leases are non-cancellable leases with varying terms (5 years and 2 years), with rent payable monthly in advance. The leases varying extension options (1 5-year term and 2 1-year terms).

**19. 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.

No director of the company receives remuneration for services as a company director or committee member.

There are no executives within the company whose remuneration is required to be disclosed.

**(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.

**Donnybrook Capel District Community Financial Services Limited**  
**ABN 23 103 003 416**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2014**

**19. Related party transactions (continued)**

**(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.

For the year ended 30 June 2014, Linda Hay was paid \$5,478 (2013: \$5,544) for accounting and reporting advice to the company. These payments were made under normal commercial arrangements.

The Donnybrook Capel District Community Financial Services Limited has accepted the Bendigo and 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 and Adelaide Bank Ltd shares and there is no qualification period to qualify to utilise 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 2014.

**(d) Key management personnel shareholdings**

The number of ordinary shares in Donnybrook Capel District Community Financial Services Limited held by each key management personnel of the company during the financial year is as follows:

	<b>2014</b>	<b>2013</b>
Angelo Logiudice	-	-
Jefferis Heath	250	250
Kingsley Smith	5,000	5,000
Walter Hearman	2,000	2,000
Linda Hay	-	-
Martin Ladyman	250	250
Patricia Worrell	1,000	1,000
John Cross	-	-

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.

**20. Events after the reporting period**

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

**21. Contingent liabilities and assets**

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



**Donnybrook Capel District Community Financial Services Limited**  
**ABN 23 103 003 416**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2014**

**22. 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 Donnybrook, Western Australia. The company has a franchise agreement in place with Bendigo and Adelaide Bank Limited who account for 100% of the revenue (2013: 100%).

**23. Company details**

The registered office and principle place of business is: 70 South Western Highway  
Donnybrook WA

**24. Earnings per share**

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>

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

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

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

Profit after income tax expense	<u>66,503</u>	<u>30,419</u>
Weighted average number of ordinary shares for basic and diluted earnings per share	<u>660,435</u>	<u>660,435</u>

**25. Dividends paid or provided for on ordinary shares**

**Dividends provided for during the year**

Unfranked dividends - Nil cents per share (2013: 2 cents per share)	<u>-</u>	<u>13,209</u>
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**Dividends declared and paid during the year**

Unfranked dividends - 3 cents per share (2013: Nil cents per share)	<u>19,812</u>	<u>-</u>
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The total dividends paid during the year (October 2013) consisted of the 2 cents declared and provided for for the year ended 30 June 2012 and the 3 cents paid for the year ended 30 June 2013.

**Donnybrook Capel District Community Financial Services Limited**  
**ABN 23 103 003 416**  
**Notes to the financial statements**  
**For the year ended 30 June 2014**

**26. 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	2014 \$	2013 \$
<b>Financial assets</b>			
Cash and cash equivalents	6	163,864	144,340
Trade and other receivables	7	97,798	90,115
<b>Total financial assets</b>		<u>261,662</u>	<u>234,455</u>
<b>Financial liabilities</b>			
Trade and other payables	11	50,703	35,547
Loans and borrowings	12	207,708	244,674
<b>Total financial liabilities</b>		<u>258,411</u>	<u>280,221</u>

**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 main risks the company is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk, foreign currency risk and other price risk. There have been no substantial 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. Such monitoring is used in assessing receivables for impairment. Credit terms for 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 (2013: 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.

**Donnybrook Capel District Community Financial Services Limited**  
**ABN 23 103 003 416**  
**Notes to the financial statements**  
**For the year ended 30 June 2014**

**26. Financial risk management (continued)**

**(a) Credit risk (continued)**

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.

	2014 \$	2013 \$
<b>Cash and cash equivalents:</b>		
A rated	<u>163,864</u>	<u>144,340</u>

**(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.

In addition the company has established an overdraft facility of \$80,000 with Bendigo and Adelaide Bank Limited.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward.

Financial liability and financial asset maturity analysis:

30 June 2014		Total \$	Within 1 year \$	1 to 5 years \$	Over 5 years \$
	Note				
<b>Financial liabilities due</b>					
Trade and other payables	11	50,703	50,703	-	-
Loans and borrowings	12	207,708	207,708	-	-
<b>Total expected outflows</b>		<u>258,411</u>	<u>258,411</u>	<u>-</u>	<u>-</u>
<b>Financial assets - realisable</b>					
Cash & cash equivalents	6	163,864	163,864	-	-
Trade and other receivables	7	97,798	97,798	-	-
<b>Total anticipated inflows</b>		<u>261,662</u>	<u>261,662</u>	<u>-</u>	<u>-</u>
<b>Net inflow on financial instruments</b>		<u>3,251</u>	<u>3,251</u>	<u>-</u>	<u>-</u>

**Donnybrook Capel District Community Financial Services Limited**  
**ABN 23 103 003 416**  
**Notes to the financial statements**  
**For the year ended 30 June 2014**

**26. Financial risk management (continued)**

**(b) Liquidity risk (continued)**

<b>30 June 2013</b>		<b>Total</b>	<b>Within</b>	<b>1 to</b>	<b>Over</b>
		<b>\$</b>	<b>1 year</b>	<b>5 years</b>	<b>5 years</b>
			<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Financial liabilities due</b>					
Trade and other payables	11	35,547	35,547	-	-
Loans and borrowings	12	244,674	244,674	-	-
<b>Total expected outflows</b>		<u>280,221</u>	<u>280,221</u>	<u>-</u>	<u>-</u>
<b>Financial assets - realisable</b>					
Cash & cash equivalents	6	144,340	144,340	-	-
Trade and other receivables	7	90,115	90,115	-	-
<b>Total anticipated inflows</b>		<u>234,455</u>	<u>234,455</u>	<u>-</u>	<u>-</u>
<b>Net outflow on financial instruments</b>					
		<u>(45,766)</u>	<u>(45,766)</u>	<u>-</u>	<u>-</u>

**(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.

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments.

The financial instruments that primarily expose the company to interest rate risk are borrowings, fixed interest securities, and cash and cash equivalents.

**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.

	<b>Profit</b>	<b>Equity</b>
	<b>\$</b>	<b>\$</b>
<b>Year ended 30 June 2014</b>		
+/- 1% in interest rates (interest income)	(195)	(195)
	<u>(195)</u>	<u>(195)</u>
<b>Year ended 30 June 2013</b>		
+/- 1% in interest rates (interest income)	(1,006)	(1,006)
	<u>(1,006)</u>	<u>(1,006)</u>

**Donnybrook Capel District Community Financial Services Limited**  
**ABN 23 103 003 416**  
**Notes to the financial statements**  
**For the year ended 30 June 2014**

**26. Financial risk management (continued)**

**(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 Performance. 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.

**Donnybrook Capel District Community Financial Services Limited**  
**ABN 23 103 003 416**  
**Directors' Declaration**

In accordance with a resolution of the Directors of Donnybrook Capel District Community Financial Services Limited, the Directors of the company declare that:

- 1 the financial statements and notes, as set out on pages 6 to 32 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 2014 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.



Angelo Logiudice  
Director

Signed at Donnybrook 7 October 2014.



**Richmond  
Sinnott &  
Delahunty**

Chartered Accountants

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

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rsd@rsd advisors.com.au  
www.rsdadvisors.com.au

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF DONNYBROOK CAPEL DISTRICT  
COMMUNITY FINANCE LIMITED**

**Report on the Financial Report**

We have audited the accompanying financial report of Donnybrook Capel District Community Finance Limited, which comprises the statement of financial position as at 30 June 2014, 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.

*Directors' Responsibility for the Financial Report*

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, 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.

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 Donnybrook Capel District 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 Donnybrook Capel District 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 2014 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- (b) the financial report also complies with the International Financial Reporting Standards as disclosed in Note 1.

**RICHMOND SINNOTT & DELAHUNTY**  
Chartered Accountants



**P. P. DELAHUNTY**  
Partner

Dated at Bendigo, 7<sup>th</sup> October 2014



**Donnybrook Capel District Community  
Financial Services Limited**

**Financial Statements**

**as at**

**31 December 2013**

**Donnybrook Capel Community Financial Services Limited**  
**ABN 23 103 003 416**  
**Directors' Report**

Your Directors submit the financial report of the Company for the half year ended 31 December 2013.

**Directors**

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

Angelo Logiudice (Chairman)

Patricia Worrell

Walter Hearman

Linda Hay

Kingsley Smith

Jeffris Heath

John Cross

Martin Ladyman (appointed 29 November 2013)

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

**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**

Operations have continued to perform in line with expectations. The net profit of the company for the financial period was \$21,799 (2012: \$27,138).

**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.

**Donnybrook Capel Community Financial Services Limited**  
**ABN 23 103 003 416**  
**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 2013.

The director's report is signed in accordance with a resolution of the Board of Directors at Donnybrook Capel District Community Financial Services Limited on XX February 2014.

.....  
XXXXXXXX, Chairperson



**Richmond  
Sinnott &  
Delahunt**

**Chartered Accountants**

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

Telephone: (03) 5445 4200  
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Email: [rsd@rsdadvisors.com.au](mailto:rsd@rsdadvisors.com.au)

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

**Auditor's Independence Declaration under section 307C of the Corporations Act  
2001 to the Directors of Donnybrook Capel District Community Services Limited**

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2013 there have been no contraventions of:

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

**RICHMOND SINNOTT & DELAHUNT**  
Chartered Accountants

**P. P. Delahunt**  
Partner  
Level 2, 10-16 Forest Street  
Bendigo VIC 3550

**Dated, xx February 2014**

Richmond Sinnott & Delahunt  
ABN 60 616 244 309  
Liability limited by a scheme  
approved under Professional  
Standards Legislation

Partners:	Phillip Delahunt
Warren Sinnott	Kathie Teasdale
Cara Hall	David Richmond
Brett Andrews	

**Donnybrook Capel Community Financial Services Limited**  
**ABN 23 103 003 416**  
**Statement of Profit or Loss and Other Comprehensive Income**  
**for the half-year ended 31 December 2013**

	<b>31-Dec 2013 \$</b>	<b>31-Dec 2012 \$</b>
Revenue	492,992	487,176
Employee benefits expense	(274,304)	(275,675)
Depreciation and amortisation expense	(23,707)	(16,056)
Borrowing cost expense	(9,464)	(11,244)
Other expenses from ordinary activities	<u>(132,276)</u>	<u>(124,744)</u>
<b>Profit before charitable donations &amp; sponsorships</b>	53,241	59,457
Charitable donations and sponsorship	<u>(15,883)</u>	<u>(23,583)</u>
<b>Profit before income tax</b>	37,358	35,874
Income tax expense	<u>15,559</u>	<u>8,736</u>
<b>Profit for the period</b>	21,799	27,138
Other comprehensive income	<u>-</u>	<u>-</u>
<b>Total comprehensive income for the period</b>	<u><u>21,799</u></u>	<u><u>27,138</u></u>
<b>Earnings per share (cents per share)</b>		
- basic earnings per share	0.03	4.11

The accompanying notes form part of these financial statements

**Donnybrook Capel District Community Financial Services Limited**  
**ABN 23 103 003 416**  
**Statement of Financial Position**  
**as at 31 December 2013**

	31-Dec 2013 \$	30-Jun 2013 \$
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	86,706	144,340
Trade and other receivables	103,299	90,115
Other	6,667	6,667
<b>Total Current Assets</b>	<u>196,672</u>	<u>241,122</u>
<b>Non-Current Assets</b>		
Property, plant and equipment	41,160	44,217
Deferred tax asset	130,834	146,393
Other assets	2,778	6,111
Intangible assets	115,830	60,000
<b>Total Non-Current Assets</b>	<u>290,602</u>	<u>256,721</u>
<b>Total Assets</b>	<u>487,274</u>	<u>497,843</u>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Trade and other payables	44,602	35,547
Loans and borrowings	40,173	42,339
Provisions	30,199	39,386
<b>Total Current Liabilities</b>	<u>114,974</u>	<u>117,272</u>
<b>Non-Current Liabilities</b>		
Loans and borrowings	194,170	205,038
<b>Total Non-Current Liabilities</b>	<u>194,170</u>	<u>205,038</u>
<b>Total Liabilities</b>	<u>309,144</u>	<u>322,310</u>
<b>Net Assets</b>	<u>178,130</u>	<u>175,533</u>
<b>Equity</b>		
Issued capital	660,435	660,435
Accumulated losses	<u>(482,305)</u>	<u>(484,902)</u>
<b>Total Equity</b>	<u>178,130</u>	<u>175,533</u>

The accompanying notes form part of these financial statements

**Donnybrook Capel District Community Financial Services Limited**  
**ABN 23 103 003 416**  
**Statement of Changes in Equity**  
**for the half-year ended 31 December 2013**

		Issued Capital \$	Accumulated losses \$	Total Equity \$
<b>Balance at 1 July 2012</b>		660,435	(502,112)	158,323
Total comprehensive income for the period		-	27,138	27,138
Transactions with owners in their capacity as owners:				
Dividends recognised for the period	5	-	-	-
<b>Balance at 31 December 2012</b>		<u><u>660,435</u></u>	<u><u>(474,974)</u></u>	<u><u>185,461</u></u>
<b>Balance at 1 July 2013</b>		660,435	(484,902)	175,533
Total comprehensive income for the period		-	21,799	21,799
Transactions with owners in their capacity as owners:				
Dividends recognised for the period	5	-	(19,202)	(19,202)
<b>Balance at 31 December 2013</b>		<u><u>660,435</u></u>	<u><u>(482,305)</u></u>	<u><u>178,130</u></u>

The accompanying notes form part of these financial statements

**Donnybrook Capel District Community Financial Services Limited**  
**ABN 23 103 003 416**  
**Statement of Cash Flows**  
**for the half-year ended 31 December 2013**

	31-Dec 2013 \$	31-Dec 2012 \$
<b>Cash Flows From Operating Activities</b>		
Receipts from customers	531,387	533,435
Payments to suppliers and employees	(470,951)	(483,690)
Interest paid	(9,464)	(11,244)
Interest received	109	733
<b>Net cash flows from operating activities</b>	<u>51,081</u>	<u>39,234</u>
<b>Cash Flows From Investing Activities</b>		
Purchase of property, plant and equipment	(7,766)	-
Purchase of intangible assets	(68,713)	-
<b>Net cash flows used in investing activities</b>	<u>(76,479)</u>	<u>-</u>
<b>Cash Flows From Financing Activities</b>		
Repayment of borrowings	(13,034)	(10,406)
Dividends paid	(19,202)	-
<b>Net cash flows from / (used in) financing activities</b>	<u>(32,236)</u>	<u>(10,406)</u>
<b>Net increase / (decrease) in cash held</b>	(57,634)	28,828
Cash and cash equivalents at beginning of period	<u>144,340</u>	<u>156,031</u>
<b>Cash and cash equivalents at end of period</b>	<u><u>86,706</u></u>	<u><u>184,859</u></u>

The accompanying notes form part of these financial statements



**Donnybrook Capel District Community Financial Services Limited**  
**ABN 23 103 003 416**  
**Notes to the Financial Statements**  
**for the half-year ended 31 December 2013**

**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 2013 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 Donnybrook Capel District Community Financial Services 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 2013, 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 2013 annual report.

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

For the half year reporting period to 31 December 2013, a number of new and revised Accounting Standard requirements became mandatory for the first time, some of which are relevant to the Company. A discussion of these new and revised requirements that are relevant to the Company is provided below:

**Fair Value Measurements and disclosures**

The Company has adopted AASB 13: Fair Value Measurement and AASB 2011-8: *Amendments to Australian Accounting Standards arising from AASB 13* from July 1 2013 together with consequential amendments to other Standards. These Standards became mandatorily applicable from 1 January 2013 and became applicable to the Company for the first time in the current half-year reporting period 1 July 2013 to 31 December 2013. AASB 13 sets out a comprehensive framework for measuring the fair value of assets and liabilities and prescribes enhanced disclosures regarding all assets and liabilities measured at fair value. New disclosures prescribed by AASB 13 that are material to this interim financial report have been provided in Note 7. Although these Standards do not significantly impact the fair value amounts reported in the Company's financial statements, the directors have determined that additional accounting policies providing a general description of fair value measurement and each level of the fair value hierarchy should be incorporated in these financial statements.

**Other**

Other new and amending Standards that became applicable to the Group for the first time during this half-year reporting period are as follows:

*AASB 2012-2: Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities* and *AASB 2012-5: Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle*.

**Donnybrook Capel District Community Financial Services Limited**  
**ABN 23 103 003 416**  
**Notes to the Financial Statements**  
**for the half-year ended 31 December 2013**

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

These Standards make changes to presentation and disclosure requirements, but did not affect the Company's accounting policies or the amounts reported in the financial statements.

*AASB 119: Employee Benefits* (September 2011) and *AASB 2011-10: Amendments to Australian Accounting Standards arising from AASB 119* (September 2011).

These Standards did not affect the Company's accounting policies or the amounts reported in the financial statements, mainly because the Company does not have defined benefit plan assets or obligations.

The Company has not elected to adopt any other new standards or amendments that are issued but not yet effective.

**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. Segment reporting**

The economic entity operates in the financial services sector where it provides banking services to its clients. The economic entity operates in two geographic areas being Donnybrook and Capel, Western Australia.

**5. Dividends**

Dividends of \$13,209 provided for at 30 June 2013 were paid during the period.

**6. Analysis of other comprehensive income**

There was no other comprehensive income during the reporting period.

**Donnybrook Capel District Community Financial Services Limited**  
**ABN 23 103 003 416**  
**Directors Declaration**  
**for the half-year ended 31 December 2013**

In accordance with a resolution of the directors of Donnybrook Capel District Community Financial Services 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 2013 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

.....  
XXXXXX, Chairperson

Signed at XXXXXX on XX February 2014