



# Grampians Regional Community Enterprises Limited

ABN 29 139 414 234

# ANNUAL REPORT 2013

# Annual Reports

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# Chairman's Annual Report

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For year ending 30 June 2013

First and most importantly I wish to thank each customer of the Dunkeld & District **Community Bank®** Branch for your support. The only reason we have funded over \$20,000, into our communities this year and \$55,000 in total is because of you, our customers.

The current focus of our business remains as when we opened, to achieve sustainable profitability as soon as possible. The Funds Under Management (FUM) in June 2012 was approximately \$23 million; by June 2013 we have grown to exceed \$36 million. Once again this is an excellent outcome and I commend all; Branch staff and Grampians Regional Community Enterprises Limited Board alike on this result. Whilst business growth has been pleasing, our income has reduced in the current economic climate of lower interest rates and reduced margins.

Achieving Break Even Point (BEP) is still no closer than 12 months ago, despite our \$13 million growth. Earnings per \$1 million of FUM dropped off over the financial year as predicted at the last Annual General Meeting, not only for our business, but across the network. Loans are a key revenue generator and the trend remains for customers to reduce debt rather than borrow more.

Whilst we have no control over the factors influencing the Australian economy, we have plenty of scope to continue to expand our own business locally.

To our shareholders who are yet to be customers I ask you to give our **Community Bank®** branch the chance to quote on your business. If we are competitive why wouldn't you support the business which you own shares in?

Building our Rural Business is a key challenge moving forward. Our long term profitability is closely linked to our ability to increase our rural portfolio. This is certainly a challenge for our business. Our rural community, like most, is conservative and winning business is competitive. Once again all we ask of our rural community is the opportunity to quote on your business.

One very exciting aspect of Community Banking is being able to support projects which shape our communities. To date the largest one we have been involved with is the Dunkeld Community Centre Project. By utilising the expertise of the Bendigo Bank Community Enterprise Foundation and Bendigo Bank state executives our **Community Bank®** branch has played a key role in securing \$500,000 of state funding, organised the fundraising appeal and enabled donations to be tax free. The project has currently secured \$1.5 million in funding and is well underway. Our involvement in this project is far more than just funding; it is the expertise, contacts and knowledge the Bendigo Bank provided to local committee which made a difference.

Gary Attrill recently resigned from the Bendigo Bank as South West Victoria's Regional Manager. He supported us from day one and was a key person in our growth and development; we all wish him well and thank him for his support.

Welcome to our new Regional Manager Sophia Cole. Whilst still early days I look forward to continuing the strong working relationship we have established in the Warrnambool Region and with the state Bendigo Bank team.

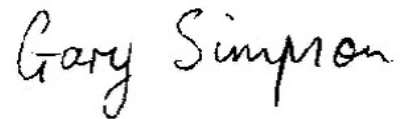
Congratulations and thank-you to Branch Manager Anna Watson. Anna understands the business very well, supports the board and is a key reason why our growth continues.

# Chairman's Annual Report (continued)

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And to our Branch Staff; thank-you too, so often I hear comments about our friendly and helpful staff.

In closing I thank each Director for your support and commitment, finding the balance between family, work and being a volunteer Director is challenging. Our next 12 months will be as demanding as the past. We have a history of achieving our targets and I am confident we will continue to do so.



**Gary Simpson**

**Chair**

**Grampians Regional Community Enterprises Limited.**

# Manager's Report

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For year ending 30 June 2013

It is with pleasure that I submit my Annual Report to the Board and shareholders for the 2012/2013 financial year.

This financial year, we have seen our business grow to total "footings" (loans and deposits) of \$36.5 million, as at 30 June 2013. This is an increase of 58 per cent for the year.

At 30 June 2013 we had 668 customers, with 1,144 accounts, an increase of 32 per cent and 38 per cent respectively.

We have contributed almost \$22,000 to the local community in the 2013 financial year.

I would like to thank the Board of Directors, along with our Bendigo and Adelaide Bank Limited representatives and my team, for their dedicated work and support.

The branch team consists of Pedita van Hees our Customer Relationship Officer, along with Susan Tully and Kaitlin Lewis our Customer Service Officers, all of whom continue to provide our customers with a unique banking experience based upon personalised attention.

We have been setting up incentive programmes for local sporting clubs. The intention is to reward the clubs when their members bring their banking business to our **Community Bank®** branch. This has started to produce some good results for both our branch and the clubs.

I would like to thank all our customers and shareholders, and commend them for their understanding of the **Community Bank®** branch philosophy, and their spirit of community.

You can help your branch grow by acting as advocates in encouraging your family, friends and neighbours to think of Dunkeld & District **Community Bank®** Branch whenever they are considering their banking, financial and insurance needs.

Bendigo Bank offers specialists in Agribusiness, Business Banking, Insurance and Financial Planning. Regular visits from these specialists are made to meet this need.

The year ahead is full of challenges and I look forward to another positive and successful 12 months with sustained growth, strengthening and developing our partnerships with our community.



**Anna Watson**  
**Branch Manager**  
**Dunkeld and District Community Bank® Branch**

# Bendigo and Adelaide Bank report

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For year ending 30 June 2013

This year has marked two very significant milestones for our **Community Bank**<sup>®</sup> network, celebrating its 15th anniversary of operation while also reaching \$100 million in community contributions. Both achievements could not have been accomplished without your ongoing support as shareholders and customers.

The **Community Bank**<sup>®</sup> network has grown considerably since it was first launched in 1998, in partnership with the people from the western Victorian farming towns of Rupanyup and Minyip. For these communities the **Community Bank**<sup>®</sup> model was seen as a way to restore branch banking services to the towns, after the last of the major banks closed its services. But in the years since, the **Community Bank**<sup>®</sup> model has become so much more.

The **Community Bank**<sup>®</sup> network has returned more than \$20 million in contributions to local communities in this financial year alone. Our branches have been able to fund health services, sports programs, aged care facilities, education initiatives, community events and much more.

These contributions have come at a time of continued economic uncertainty, and shows the high level of support the **Community Bank**<sup>®</sup> model has in the communities in which it operates.

While our established branches grow their business at a healthy rate, demand for the model in other communities continues to be strong. There are currently another 40 **Community Bank**<sup>®</sup> sites in development, and 15 new branches are expected to open in the next 12 months.

At the end of the financial year 2012/13 the **Community Bank**<sup>®</sup> network had achieved the following:

- Returns to community – \$102 million
- **Community Bank**<sup>®</sup> branches – 298
- **Community Bank**<sup>®</sup> branch staff – more than 1,460
- **Community Bank**<sup>®</sup> company Directors – 1,925
- Banking business – \$24.46 billion
- Customers – 640,159
- Shareholders – 72,062
- Dividends paid to shareholders since inception – \$30.88 million.

Almost 300 communities have now partnered with Bendigo and Adelaide Bank, to not only enhance banking services, but more importantly take the profits their banking business generates and reinvest it in local groups and projects that will ultimately strengthen their community. This \$100 million goes to new community facilities, improved services, more opportunities for community engagement activities and generally speaking, a more prosperous society.

The communities we partner with also have access to Bendigo and Adelaide Bank's extensive range of other community building solutions including the Community Enterprise Foundation™ (philanthropic arm), Community Sector Banking (banking service for not-for-profit organisations), Generation Green™ (environment and sustainability initiative), Community Telco<sup>®</sup> (telecommunications solution), tertiary education scholarships and Community Enterprises that provide **Community Bank**<sup>®</sup> companies with further development options.

In Bendigo and Adelaide Bank, your **Community Bank**<sup>®</sup> company has a committed and strong partner and over the last financial year our company has continued its solid performance.

## Bendigo and Adelaide Bank report (continued)

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Bendigo and Adelaide Bank remains one of the few banks globally to be awarded an upgraded credit rating since the onset of the Global Financial Crisis. Our Bank continues to be rated at least “A-” by Standard & Poor’s, Moody’s and Fitch in recognition of its strong performance in the face of what continues to be a challenging economic environment.

While continued ratings affirmation is a welcome boost for the Bank and its partners, trading conditions are still difficult, with consumer confidence and demand for credit remaining low, and competition remaining very strong for retail deposits.

Not surprisingly, these factors continue to place pressure on the 50/50 margin share agreement between the Bank and our **Community Bank**<sup>®</sup> partners. As a result some **Community Bank**<sup>®</sup> companies are receiving much more than 50 per cent of revenue earned.

In April, the Bank took a further step to restore this balance, ensuring that the **Community Bank**<sup>®</sup> model produced a more appropriate balance of return for all stakeholders within this partnership model. The Bank will continue to review this remuneration model to ensure it is fair and equitable for all parties and is as resilient as possible to the fast changing economic environment.

It continues to be Bendigo and Adelaide Bank’s vision to be Australia’s leading customer-connected bank. We believe our strength comes from our focus on the success of our customers, people, partners and communities. We take a 100-year view of our business; we listen and respect every customer’s choice, needs and objectives. We partner for sustainable long-term outcomes and aim to be relevant, connected and valued.

This is what drives each and every one of our people and we invite you as **Community Bank**<sup>®</sup> shareholders to support us as we work with your community to deliver on our goals and ensure our sustained and shared success.

As **Community Bank**<sup>®</sup> shareholders you are part of something special, a unique banking movement which has evolved into a whole new way of thinking about banking and the role it plays in modern society.

With the community’s support, there really is no limit to what can be achieved under the **Community Bank**<sup>®</sup> model, and I look forward to seeing what the next 15 years will bring.

I thank you for your important support of your local **Community Bank**<sup>®</sup> branch.



**Robert Musgrove**  
**Executive Community Engagement**



# Directors' Report

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Your directors present their report for Grampians Regional Community Enterprises Limited "the company" for the financial year ended 30 June 2013.

The names of the directors in office at any time during or since the end of the year are:

Pamela Dawn Coates  
Penny Fraser  
Brendan John Kelly  
Anthony John Page  
Timothy John Fletcher Sanders (resigned 7 December 2012)  
Gary John Simpson (chairman)  
Craig Gordon Oliver  
Carly Renee Behncke  
James William Scholfield  
Scott Andrew Olsen  
David Andrew McLeod  
Jillian Lesley Lewis

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

The profit/(loss) of the company for the year ended 30 June 2013 amounted to \$(143,889).

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

No significant change in the nature of these activities occurred during the year.

Business growth has continued to perform in line with expectations from the feasibility study undertaken prior to establishing the business. Despite profitability being lower than forecast due to record low interest rates we have been able to invest over \$20,000 into community organisations in the Dunkeld, Peshurst and Cavendish regions.

No matters or circumstances have arisen since the end of the financial year which significantly affected 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, apart from the allocation of shares as identified above.

Likely developments in the operations of the company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the company.

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

No dividends have been paid or provided for.

Information on Directors:

**Gary Simpson** lives in Dunkeld with his wife and has three adult children. He was born in Bacchus Marsh and spent his childhood on the family sheep farm. He has spent his working life in the wool industry and is currently employed as a wool broker. Since moving to Dunkeld in 2003 he has been a committeeman and Vice Captain at the local golf club, founding chairman of Hockey Monivae, Secretary of the Grampians Cricket Club and is a member of the Dunkeld Community Centre committee.

**Tim Sanders** is a retired business manager who now works in the Disability Services sector. Originally from the UK he has a BA (Hons) Arts Degree and has had extensive experience in IT, most of it with a large UK Retail Bank. He moved to Australia in 1992 with his wife and two daughters. Tim has led an active community life as President of the Hamilton Regional Business Association, been a member of the inaugural Dunkeld Mosaic of Arts Committee and has cofounded a local community choir.



# Directors' Report (continued)

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**Pamela Coates** grew up on a farm near Heywood. She is involved in a mixed family farm operation at Cavendish. Pam has experience of management, administration and accounting within the private sector and public service as well as involvement in various community committees. Pam provides accounting support to a local branch of an international wool buying firm.

**Penny Fraser** grew up on a dairy farm and attended Heywood Consolidated School and subsequently Hamilton and Alexandra College. She has a Bachelor of Applied Science (Prosthetics and Orthotics) and has worked for several years in this field. Penny now lives on a farm at Glenthompson with her husband and daughter. As well as running the farm in partnership with her husband, Penny currently works as a Project Officer for a local health service and is a member of the Glenthompson Progress Association and local Red Cross.

**Brendan Kelly** is the owner of a long standing rural merchandise, fertiliser and hardware businesses in Penshurst and has run a similar business in partnership at Dunkeld since 2005. Brendan is fourth generation of the Kelly family to live and work in Penshurst and district. He currently resides in Penshurst with his wife and three children. He and his family are active in the local community being involved in the football netball club, pre school, St Joseph's School and swimming pool.

**Scott Olsen** Scott has been a member of Victoria Police for 28 years. After living and being the sole police officer in Cavendish since 1999, Scott together with his wife and three children now reside in Mildura. Scott is actively involved and in close contact with a number of community organisations including the Cavendish RSL and Cavendish Recreation Ground Committee.

**Anthony Page** has lived in Penshurst all his life. He is married with two teenage children. As a member of the local fire brigade, Apex Club and Advance Penshurst he has undertaken a number of key roles. He started his working life as an electrical apprentice in 1981 before purchasing his current service station and electrical contracting business in 1986.

**Craig Oliver** Craig has an Associate Diploma of Farm Management and a Graduate Diploma of Business Studies (Finance and Management). Living in Dunkeld since 1991 with his wife and children, he worked for several national and multi national agribusiness companies before pursuing a full time farming career running fine wool merinos, prime lambs and Freisian bull beef cattle. Craig has served on various industry and community committees, and is currently a member of the Pannyabyr Landcare Group and the Dunkeld CFA.

**James Schofield** has managed his farming enterprise for the last 30 years. He has worked as a wool classer and more recently as Regional Officer with Greening Australia. He is President of the Woodhouse Hall and Recreational Reserve Committee.

**Carly Behncke** grew up on a farm in Cavendish and was educated at the Cavendish Primary School and Baimbridge College Hamilton. She and her husband have purchased a farming property in Penshurst. She is currently employed as the Sales Manager with the local radio network and is an active member of the community, plays netball for Penshurst Football/Netball Club and sits on many local committees.

**David McLeod** David is a Structural Engineer and farmer from Woodhouse. He is currently the treasurer of Woodhouse Rural Fire Brigade and Chairperson of Monivae College Parents and Friends. David is also an active member of the Players Sid Club Building Committee and the Woodhouse Hall Committee.

**Jillian Lewis** Jill grew up in the Cavendish area, attended the Cavendish Primary School and Hamilton High School. Jill studied in Warrnambool and attained her Bachelor of Education. She taught in various Primary Schools in the West of the State before giving up teaching and marrying a local Cavendish Farmer. She now loves and works on the farm with her husband and two teenage children. She has held prominent positions on School Council, in the Tennis Club, at Kindergarten and now at Monivae College, and is an active volunteer in the community.

## Directors' Report (continued)

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The number of board meetings attended by the directors of the company during the year were:

	<b>Number of board meetings eligible to attend</b>	<b>Number attended</b>
Pamela Dawn Coates	12	10
Penny Fraser	12	11
Brendan John Kelly	12	11
Anthony John Page	12	9
Timothy John Fletcher Sanders	6	2
Gary John Simpson	12	10
Craig Gordon Oliver	12	11
Carly Renee Behncke	12	10
James William Scholfield	12	11
Scott Andrew Olsen	12	6
David Andrew McLeod	12	8
Jillian Lesley Lewis	12	10

The company has premiums to insure each of the directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the company, other than conduct involving a wilful breach of duty in relation to the company.

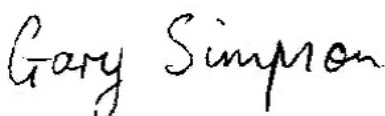
No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

### **Auditor's Independence Declaration**

A copy of the auditor's independence declaration as required under s 307C of the Corporations Act 2001 is set out on page 5.

Signed in accordance with a resolution of the Board of Directors

Gary Simpson: 

Dated: 1/10/13

# Auditor's Independence Declaration

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CHARTERED ACCOUNTANTS

**AUDITOR'S INDEPENDENCE DECLARATION  
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001  
TO THE MEMBERS OF GRAMPIANS REGIONAL COMMUNITY ENTERPRISES LIMITED**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2013 there have 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.

*Coffey Hunt*  
**COFFEY HUNT**  
**CHARTERED ACCOUNTANTS**

*N.L. McClean*  
**N.L. MCLEAN**  
**PARTNER**

Dated at Warrnambool, 25 September 2013

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# Statement of Comprehensive Income

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For year ending 30 June 2013

	<b>Note</b>	<b>30 June 2013 \$</b>	<b>30 June 2012 \$</b>
Revenue from ordinary activities	3	223,739	198,692
Other revenue		30,309	18,541
Salaries and employee benefits		(196,698)	(185,682)
Charitable donations, sponsorship, advertising and promotion		(20,940)	(16,108)
Occupancy and associated costs		(39,727)	(35,172)
System costs		(37,495)	(40,623)
Depreciation and amortisation expenses		(29,536)	(29,102)
General administration expenses		(73,541)	(62,452)
Profit/(loss) before income tax		(143,889)	(151,906)
Income tax expense	5	-	-
Profit/(loss) for the year		(143,889)	(151,906)
Total comprehensive income for the year		(143,889)	(151,906)
Basic earnings per share (dollars)		NIL	NIL

The accompanying notes form part of these financial statements

# Statement of Financial Position

As at 30 June 2013

	Note	30 June 2013 \$	30 June 2012 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	129,741	239,358
Tax Assets	7	-	2,508
Other current assets		8,776	3,509
<b>TOTAL CURRENT ASSETS</b>		<b>138,517</b>	<b>245,375</b>
NON-CURRENT ASSETS			
Property, plant and equipment	8	18,612	26,148
Intangible assets	9	55,090	77,090
<b>TOTAL NON-CURRENT ASSETS</b>		<b>73,702</b>	<b>103,238</b>
<b>TOTAL ASSETS</b>		<b>212,219</b>	<b>348,613</b>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	10,383	8,410
Provisions	11	9,176	5,340
<b>TOTAL CURRENT LIABILITIES</b>		<b>19,559</b>	<b>13,750</b>
NON-CURRENT LIABILITIES			
Provisions	11	1,686	-
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>1,686</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>		<b>21,245</b>	<b>13,750</b>
<b>NET ASSETS</b>		<b>190,974</b>	<b>334,863</b>
EQUITY			
Issued capital	12	612,891	612,891
Retained earnings/(losses)		(421,917)	(278,028)
<b>TOTAL EQUITY</b>		<b>190,974</b>	<b>334,863</b>

The accompanying notes form part of these financial statements

# Statement of Changes in Equity

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For year ending 30 June 2013

	<b>Issued Capital</b>	<b>Retained Earnings/ (Losses)</b>	<b>Total Equity</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance at 1 July 2011</b>	612,891	(126,122)	486,769
Total comprehensive income for the year	-	(151,906)	(151,906)
<b>Balance at 30 June 2012</b>	612,891	(278,028)	334,863
<b>Balance at 1 July 2012</b>	612,891	(278,028)	334,863
Total comprehensive income for the year	-	(143,889)	(143,889)
<b>Balance at 30 June 2013</b>	612,891	(421,917)	190,974

The accompanying notes form part of these financial statements

# Statement of Cash Flows

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For year ending 30 June 2013

	<b>Note</b>	<b>30 June 2013 \$</b>	<b>30 June 2012 \$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and commissions received		247,348	201,562
Payments to suppliers and employees		(363,665)	(339,756)
Interest received		6,700	15,671
Net cash (used in) operating activities	13	<u>(109,617)</u>	<u>(122,523)</u>
Net (decrease)/increase in cash held		(109,617)	(122,523)
Cash and cash equivalents at beginning of the period		239,358	361,881
Cash and cash equivalents at end of financial period	6	<u>129,741</u>	<u>239,358</u>

The accompanying notes form part of these financial statements



# Notes to the Financial Statements

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For year ending 30 June 2013

## **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **Reporting Basis and Conventions**

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

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

The financial statements, except for cash flow information, have been prepared on an accrual 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.

### **Comparative Figures**

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

### **Accounting Policies**

#### **a. Income Tax**

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

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax assets are yet to be recognised as it is not yet probable that future tax profits will be available against which deductible temporary differences can be utilised.

#### **b. Financial Instruments**

Initial recognition and measurement Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

Financial instruments are initially measured at fair value plus transaction costs. Financial instruments are classified and measured as set out below.

##### *(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.

##### *(ii) Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

# Notes to the Financial Statements (continued)

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## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

### c. **Impairment of Assets**

At the end of each reporting period, the company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

### d. **Intangibles**

The franchise and establishment fee is recognised at the cost of acquisition. The fee has a finite life and is carried at cost less any accumulated amortisation and impairment losses. The franchise and establishment fee is amortised over its effective life of five years commencing from the opening of the branch.

### e. **Plant and Equipment**

Plant and equipment are measured on a cost basis and are carried at cost less accumulated depreciation and any accumulated impairment losses.

### f. **Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand and deposits held at call with banks.

### g. **Revenue and Other Income**

Interest, commission and fee revenue is recognised when earned. All revenue is stated net of the amount of Goods and Services Tax.

### h. **Depreciation**

The depreciable amount of all fixed assets is depreciated on a straight line basis over their useful lives commencing from the time the assets is held ready for use.

The following estimated useful lives are used in the calculation of depreciation:

- Furniture & Fittings	3.33 – 20 years
- Computer Software	4 years
- Improvements	5 years

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

### i. **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 Tax Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

# Notes to the Financial Statements (continued)

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## **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued**

### **j. Employee benefits**

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

### **k. Contributed Equity**

Ordinary shares are recognised at the fair value of the consideration received by the Company.

Any transaction costs arising on the allotment of ordinary shares are to be recognised directly in equity as a reduction in the share proceeds received.

### **l. Earnings per share**

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

### **m. Trade and Other Payables**

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

### **n. New Accounting Standards Note**

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2013 reporting periods. Management have assessed these and no material differences have been identified.

## **NOTE 2: FINANCIAL RISK MANAGEMENT**

The company's activities expose it to a limited variety of financial risks, including interest rate risk, credit risk, and liquidity risk. The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the entity. The entity does not use derivative instruments.

Risk management is carried out directly by the Board of Directors

### **a. Credit Risk**

The company has no significant concentrations of credit risk. It has policies in place to ensure that customers have an appropriate credit history. The company's franchise agreement limits the company's credit exposure to one financial institution, being Bendigo and Adelaide Bank Ltd.

### **b. Liquidity risk**

Prudent liquidity management implies maintaining sufficient cash and marketable securities and the availability of funding from credit facilities. The company believes that its sound relationship with Bendigo and Adelaide Bank Ltd mitigates this risk significantly.

### **c. Interest rate risk**

Interest-bearing assets are held with Bendigo and Adelaide Bank Ltd and are subject to movements in market interest. Interest-rate risk could also arise from long-term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest-rate risk. The company believes that its sound relationship with the Bendigo and Adelaide Bank Ltd mitigates this risk significantly.

# Notes to the Financial Statements (continued)

## NOTE 2: FINANCIAL RISK MANAGEMENT continued

### d. 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 Balance Sheet.

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

### e. 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

### f. 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%.

### g. There are no other externally imposed capital requirements, although the nature of the company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the year ended 30 June 2013 can be seen in the statement of comprehensive income.

	Note	2013 \$	2012 \$
<b>NOTE 3: REVENUE</b>			
Commissions received		217,039	183,021
Interest received		6,700	15,671
		223,739	198,692

## NOTE 4: AUDITORS REMUNERATION

Auditors remuneration – auditing or reviewing the financial report	3,530	3,120
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## NOTE 5: INCOME TAX EXPENSE

The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:

Operating profit	(143,889)	(151,906)
Prima Facie tax on profit from ordinary activities at 30%	(67,122)	(45,572)
Add back:		
Deferred tax asset not yet recognised	67,122	45,572
Income Tax Expense	-	-

The components of income tax expense comprise:

Current tax	-	-
Deferred tax	-	-
Income Tax Expense	-	-

## Notes to the Financial Statements (continued)

	Note	2013 \$	2012 \$
<b>NOTE 6: CASH AND CASH EQUIVALENTS</b>			
Cash at bank		77,915	63,407
Term Deposits		51,826	175,951
		129,741	239,358

### Reconciliation of cash

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

Cash at bank	77,915	63,407
Term Deposits	51,826	175,951
	129,741	239,358

### NOTE 7: TAX ASSETS

Income Tax refundable	-	2,508
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### NOTE 8: PROPERTY, PLANT AND EQUIPMENT

#### Furniture and fittings

At cost	24,209	24,209
Less accumulated depreciation	(9,244)	(5,246)
	14,965	18,963

#### Computer software

At cost	10,409	10,409
Less accumulated depreciation	(7,806)	(5,204)
	2,603	5,205

#### Improvements

At cost	1,363	1,363
Less accumulated depreciation	(555)	(282)
	808	1,081

#### Low value pool

At cost	1,770	1,770
Less accumulated depreciation	(1,534)	(871)
	236	899
	18,612	26,148

# Notes to the Financial Statements (continued)

	Note	2013 \$	2012 \$
<b>NOTE 8: PROPERTY, PLANT AND EQUIPMENT continued</b>			
<b>Movements in carrying amounts:</b>			
<b>Furniture and Fittings</b>			
Carrying amount at beginning of year		18,963	22,654
Additions		-	-
Less: depreciation expense		(3,998)	(3,691)
Carrying amount at end of year		14,965	18,963
<b>Computer Software</b>			
Carrying amount at beginning of year		5,205	7,807
Additions		-	-
Less: depreciation expense		(2,602)	(2,602)
Carrying amount at end of year		2,603	5,205
<b>Improvements</b>			
Carrying amount at beginning of year		1,081	1,351
Additions		-	-
Less: depreciation expense		(273)	(270)
Carrying amount at end of year		808	1,081
<b>Low value pool</b>			
Carrying amount at beginning of year		899	1,438
Additions		-	-
Less: depreciation expense		(663)	(539)
Carrying amount at end of year		236	899
Total written down amount		18,612	26,148
<b>NOTE 9: INTANGIBLE ASSETS</b>			
Franchise and Establishment Fee at Cost		110,000	110,000
Less accumulated amortisation		(54,910)	(32,910)
		55,090	77,090
<b>NOTE 10: TRADE AND OTHER PAYABLES</b>			
Other creditors and accruals		10,383	8,410

## Notes to the Financial Statements (continued)

	Note	2013 \$	2012 \$
<b>NOTE 11: PROVISIONS</b>			
<b>Current</b>			
Annual Leave		9,176	5,340
<b>Non-Current</b>			
Long Service Leave		1,686	-
		10,862	5,340
<b>NOTE 12: ISSUED CAPITAL</b>			
Fully paid ordinary shares		623,400	623,400
Less transaction costs arising on share issue		(10,508)	(10,508)
		612,892	612,892
		<b>No.</b>	<b>No.</b>
a. Ordinary Shares			
At the beginning of the reporting period		623,400	623,400
Shares issued during the year		-	-
At reporting date		623,400	623,400



# Notes to the Financial Statements (continued)

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## **NOTE 12: ISSUED CAPITAL continued**

### **Rights attached to shares**

a. Voting rights

Subject to some limited exceptions, each member has the right to vote at a general meeting. On a show of hands or a poll, each member attending the meeting (whether they are attending the meeting in person or by attorney, corporate representative or proxy) has one vote, regardless of the number of shares held. However, where a person attends a meeting in person and is entitled to vote in more than one capacity (for example, the person is a member and has also been appointed as proxy for another member) that person may only exercise one vote on a show of hands. On a poll, that person may exercise one vote as a member and one vote for each other member that person represents as duly appointed attorney, corporate representative or proxy.

The purpose of giving each member only one vote, regardless of the number of Shares held, is to reflect the nature of the company as a community based company, by providing that all members of the community who have contributed to the establishment and ongoing operation of the branch have the same ability to influence the operation of the company.

b. Dividends

Generally, dividends are payable to members in proportion to the amount of the share capital paid up on the shares held by them, subject to any special rights and restrictions for the time being attaching to shares. The Franchise Agreement with Bendigo and Adelaide Bank Ltd contains a limit on the level of profits or funds that may be distributed to shareholders. There is also a restriction on the payment of dividends to certain shareholders if they have a prohibited shareholding interest (see below).

c. Transfer

Generally, ordinary shares are freely transferable. However, the Directors have a discretion to refuse to register a transfer of shares.

Subject to the foregoing, shareholders may transfer shares by a proper transfer effected in accordance with the company's constitution and the Corporations Act.

### **Prohibited shareholding interest**

A person must not have a prohibited shareholding interest in the company.

In summary, a person has a prohibited shareholding interest if any of the following applies:

- They control or own 10% or more of the shares in the company (the "10% limit").

As with voting rights, the purpose of this prohibited shareholding provision is to reflect the community-based nature of the company.

Where a person has a prohibited shareholding interest, the voting and dividend rights attaching to the shares in which the person (and his or her associates) have a prohibited shareholding interest, are suspended. The Board has the power to request information from a person who has (or is suspected by the Board of having) a legal or beneficial interest in any shares in the company or any voting power in the company, for the purpose of determining whether a person has a prohibited shareholding interest. If the Board becomes aware that a member has a prohibited shareholding interest, it must serve a notice requiring the member (or the member's associate) to dispose of the number of Shares the Board considers necessary to remedy the breach. If a person fails to comply with such a notice within a specified period (that must be between three and six months), the Board is authorised to sell the specified Shares on behalf of that person. The holder will be entitled to the consideration from the sale of the Shares, less any expenses incurred by the Board in selling or otherwise dealing with those shares.

In the Constitution, members acknowledge and recognise that the exercise of the powers given to the Board may cause considerable disadvantage to individual members, but that such a result may be necessary to enforce the prohibition.

## Notes to the Financial Statements (continued)

	Note	2013 \$	2012 \$
<b>NOTE 13: CASH FLOW INFORMATION</b>			
Profit/(loss) from ordinary activities after income tax		(143,889)	(151,906)
Non-cash flows in profit:			
Depreciation		7,536	7,102
Amortisation		22,000	22,000
Changes in assets and liabilities:			
(Increase)/decrease in other assets		(5,267)	2,076
Increase/(decrease) in payables		1,973	(58)
(Increase)/decrease in tax assets		2,508	(1,688)
Increase/(decrease) in provisions		5,522	(49)
Increase/(decrease) in tax liabilities		-	-
Net cash provided by/(used in) operating activities		(109,617)	(122,523)

### NOTE 14: DIRECTOR AND RELATED PARTY DISCLOSURES

The names of Directors who have held office during the period are:

Pamela Dawn Coates

Penny Fraser

Brendan John Kelly

Anthony John Page

Timothy John Fletcher Sanders (resigned 7/12/12)

Gary John Simpson

Craig Gordon Oliver

Carly Renee Quinn

Scott Andrew Olsen

James William Scholfield

David Andrew McLeod

Jillian Lesley Lewis

No Director or related entity has entered into a material contract with the company. No Director's fees have been paid as the positions are held on a voluntary basis.

# Notes to the Financial Statements (continued)

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	<b>NO.</b>	<b>NO.</b>
<b>Directors shareholdings</b>	<b>2013</b>	<b>2012</b>
Pamela Dawn Coates	2,500	2,500
Penny Fraser	1,500	1,500
Brendan John Kelly	11,500	11,500
Anthony John Page	5,000	5,000
Timothy John Fletcher Sanders (director and secretary)	3,000	3,000
Gary John Simpson	2,000	2,000
Craig Gordon Oliver	3,500	3,000
Carly Renee Quinn	500	500
Scott Andrew Olsen	1,200	1,200
James William Scholfield	1,000	1,000
David Andrew McLeod	10,000	10,000
Jillian Lesley Lewis	1,000	1,000

## **NOTE 15: COMPANY DETAILS**

The registered office of the company is:

92-94 Parker Street  
Dunkeld, Victoria, 3294

The principal place of business is:

92-94 Parker Street  
Dunkeld, Victoria, 3294

## **NOTE 16: OPERATING SEGMENTS**

The economic entity operates in the service sector where it facilitates Community Bank® services in the Dunkeld district of Victoria pursuant to a franchise agreement with the Bendigo and Adelaide Bank Limited.

## **NOTE 17: FINANCIAL INSTRUMENTS**

### **Net fair values**

The net fair values of financial assets and liabilities approximate the carrying values as disclosed in the Statement of Financial Position. The Company does not have any unrecognised financial instruments at the year end.

### **Credit risk**

The maximum exposure to credit risk at balance date to recognised financial assets is the carrying amount of those assets as disclosed in the Statement of Financial Position and notes to the financial statements.

### **Interest rate risk**

All cash assets are at call with a weighed average interest rate of 1.5%. The term deposit has a fixed interest rate of 3.9% maturing in December 2013.

# Notes to the Financial Statements (continued)

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## **NOTE 18: CONTINGENT ASSETS AND LIABILITIES**

There are no known contingent assets or liabilities at balance date.

# Directors' Declaration


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In accordance with a resolution of the directors of Grampians Regional Community Enterprises Limited, the directors of the company declare that:

1. The financial statements and notes, as set out on pages 2 to 19 , are in accordance with the *Corporations Act 2001*, including:
  - a. Comply with Australian Accounting Standards which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS) ; and
  - b. Give a true and fair view of the financial position as at 30 June 2013 and of the performance for the year ended on that date of the company.
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.

Gary Simpson:



Dated: 25/9/13

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GRAMPIANS REGIONAL COMMUNITY ENTERPRISES LIMITED**

**Report on the financial report**

We have audited the accompanying financial report of Grampians Regional Community Enterprises Limited, which comprises the statement of financial position as at 30 June 2013, and the statement of comprehensive income, statement of changes in equity and 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.

*Directors' responsibility for the financial report*

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

*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 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 that gives a true and fair view 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*.

*Auditor's opinion*

In our opinion:

- a) the financial report of Grampians Regional Community Enterprises Limited is in accordance with the *Corporations Act 2001*, including:
- (i) giving a true and fair view of the company's financial position as at 30 June 2013 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b) the financial report also complies with the International Financial Reporting Standards as disclosed in note 1.

*Coffey Hunt*  
**COFFEY HUNT**  
**CHARTERED ACCOUNTANTS**

  
**N.L. MCLEAN**  
**PARTNER**

Dated at Warrnambool, 25 September 2013





Franchisee: Grampians Regional Community Enterprises Limited  
c/- 92-94 Parker Street, Dunkeld Victoria 3294  
Phone: (03) 5577 2488 Fax: (03) 5577 2332  
ABN: 29 139 414 234  
Email: grcel87@gmail.com

Bendigo and Adelaide Bank Limited,  
The Bendigo Centre, Bendigo, VIC 3550  
ABN 11 068 049 178. AFSL 237879.

[www.bendigobank.com.au/dunkeld](http://www.bendigobank.com.au/dunkeld)  
(S33463) (09/13)

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