



# Annual Report 2014

Grampians Regional  
Community Enterprises Limited

ABN 29 139 414 234

Dunkeld & District **Community Bank**<sup>®</sup> Branch

# Annual Reports

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# Chairman's Annual Report

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## **Grampians Regional Community Enterprises Ltd Dunkeld & District Community Bank® Branch Cavendish Dunkeld Peshurst**

I open this report, as always, by thanking our customers for your business. To state the very obvious it is your willingness to bank with Dunkeld & District **Community Bank®** Branch that makes the difference, it is your support which underpins our successes. Since opening in excess of \$85,000 has been returned to our communities.

Thanks also to the shareholders of Grampians Regional Community Enterprises Ltd (GRCEL) for your support and patience. We look forward to the day when the business enables dividends to be paid. We encourage shareholders to also provide your support as a banking customer which will help us achieve profitability sooner.

Growth over the 12 months has again been solid. By June 2014 funds under management had been built to almost \$49 million, an increase of 34% from our close of \$36 million in 2013. Challenges ahead remain much the same as last year. Margins are tight, customer loans continue to be paid down and banking competition is intense. Our earnings per \$1 million of funds under management remains relatively low compared to the 2011/12 period. If and when this improves is beyond my ability to predict, however we are close to achieving our goal of sustainable profitability as evidenced by our monthly result toward the end of the year.

At the forefront of this business are the Branch Manager and staff. I congratulate Anna Watson for her achievements as Manager and also to the staff. Costs were kept below the previous year levels, compliance has been excellent and the branch is always tidy and a welcoming place for those who visit, a credit to all at the branch!

Rural Bank is an important contributor to our business and one with potential to grow. Hugh MacDonald and Jo Hogg are well known and respected in our communities. Both visit the branch regularly and are closely involved at branch and board level. Much of our growth is due to their willingness to canvass and grow our rural customer base.

Support from Bendigo and Adelaide Bank at state and regional level from day one has been, and remains strong. We welcome our new Regional Manager Scott Whatley to the area and look forward to a close working relationship in the years to come with him and his staff.

The GRCEL Board has changed with the departure of Scott Olsen and Jill Lewis, both from Cavendish. They made important contributions and we are grateful for their time and effort. Scott has been on this journey from the start, his influence and drive inspired us all and much of the success we celebrate now is thanks to him.

The new faces are Glen Darroch, our Treasurer and Dee-Anne Gerring, Company Secretary. Many thanks also to Pam Coates our previous Company Secretary and previous Treasurer Craig Oliver, all these executive roles are time consuming and challenging.

As previously stated, the immediate goals for the business remain similar as in the last few years, and we are on track to achieve our goal of sustainability. We can't influence the wider economy and we are limited to how we impact our earning capacity, but we can continue to grow the business and have a proven history of doing so, the outlook is good.

I see the real challenge as continuing to inspire and excite our wider community about the benefits of being part of the **Community Bank®** network which enables our branch to retain capital in our community. This is money which otherwise would go out of our community. It gives us the power to shape our towns and communities in many ways.

The \$1.6 million Dunkeld Community Centre is the biggest project we have supported so far.

This has been a great overall community effort and we at the branch level were able to make a real difference. Our cash donation helped but the real difference came because the Bendigo and Adelaide Bank guaranteed funds, and the appeal was run by the Community Enterprise FoundationTM.

By this time next year, well over \$100,000 will have been returned locally to schools, clubs, community committees and many service groups. Think about what can be achieved in three years if we grow as we have in the past three years!

### **National Community Bank® Network report**

#### **305 communities with a \$122 million reasons to celebrate**

Thanks to the support of **Community Bank®** customers and shareholders, the Australia-wide network has now returned more than \$122 million to support and strengthen local communities.

This enormous achievement came as the **Community Bank®** network celebrated the opening of its 305th branch in Penola, South Australia, 16 years after the **Community Bank®** concept was born in the western Victorian farming townships of Rupanyup and Minyip in 1998.

These branches join a robust and maturing banking network where valued partnerships enhance banking services, taking the profits their banking business generates and reinvesting that funding into initiatives that will ultimately strengthen their community.

# Chairman's Annual Report (continued)

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## Interest rate movements

Our Community Bank® company and our partner Bendigo and Adelaide Bank, encourage transparency when setting interest rates and fees.

We believe it is our shared responsibility to ensure customers understand the environment banks operate in, so they can make educated judgement calls on who they choose to do their banking business with.

We support our partner Bendigo and Adelaide Bank in its decision making and believe it is committed to striking a fair balance between all key stakeholders – borrowers, depositors, shareholders, staff and the wider communities – when it sets interest rates.

## Ratings upgrade

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.

This means the 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.

## Government Guarantee

In September 2011, the Federal Government announced changes to its Financial Claims Scheme (FCS), also known as the "government guarantee", lowering it from \$1 million to a permanent guarantee cap of \$250,000 per account holder per Authorised Deposit-taking Institution (ADI) effective 1 February 2012.

All Community Bank® branches operate under Bendigo and Adelaide Bank's banking licence, and as such the first \$250,000 of a depositor's funds held with a Community Bank® branch are guaranteed by the Federal Government, free of charge, and supported by the capital base and financial strength of their franchise partner, Bendigo and Adelaide Bank.

Lowering the cap is an indication of the strength of Australian banks, including Bendigo and Adelaide Bank and the combination of healthy, profitable banks and strong prudential regulation is the best guarantee our customers have that their money is safe in our bank.

### Review of **Community Bank®** model

The review of the **Community Bank®** model currently underway is a collaborative effort to rigorously explore and analyse the model; an approach strongly underpinned by financial modelling and empirical analysis. The future model will then be tested and reviewed through extensive consultation and enquiry.

With a holistic strategic review of the **Community Bank®** model, and with a joint commitment to

set the vision and strategy for a sustainable commercial model, the Bank and its **Community Bank®** partners will create a shared vision for future long-term success regardless of changes to operational and market conditions.

### Bank launches largest scholarship program yet

Hundreds of Australian students have benefitted from Bendigo and Adelaide Bank's scholarship program since it began in 2007. In March, the Bank launched its largest ever scholarship program, with more than 160 first and second year scholarships offered in 2014.

In 2014, Rural Bank offered eight scholarships to rural and regional students pursuing a career in agribusiness, in partnership with selected **Community Bank®** branches.

La Trobe University and Melbourne University have also partnered with the Bank to offer specialised scholarship programs for their rural and regional students, while several metropolitan **Community Bank®** branches are also helping local students from their district with study costs.

These scholarships can give students the financial help they need to take the first step on their pathway to higher learning, and maybe one day they will be able to bring these skills back to their local community.

For more information about the 2014 Bendigo and Adelaide Bank Scholarship, visit [www.bendigoadelaide.com.au/](http://www.bendigoadelaide.com.au/)



**Gary Simpson**

**Chair**

**Grampians Regional Community Enterprises Limited.**

# Manager's Report

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For year ending 30 June 2014

It is with pleasure that I submit my Annual Report to the Board and shareholders for the 2013/14 financial year.

This financial year, we have seen our business grow to total "footings" (loans and deposits) of \$48.9 million, as at 30 June 2014. This is an increase of 34 per cent for the year.

At 30 June 2014 we had 742 customers, with 1,385 accounts, an increase of 11 per cent and 21 per cent respectively.

We have contributed \$30,605.94 to the local community in the 2013/14 financial year.

I would like to thank the Board of Directors, along with our Bendigo and Adelaide Bank representatives, especially our Regional Manager Scott Whatley and Retail Sales Lead Tim Mason, and my team for their dedicated work and support.

We welcomed Rebecca Howell to our team this year, she joined Pedita van Hees and Susan Tully, who continue to provide our customers with a unique banking experience based upon personalised attention. Kaitlin Lewis resigned in October 2013 and we wish her all the best for the future.

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

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

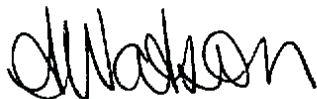
Bendigo and Adelaide Bank offers specialists in Agribusiness, Business Banking, Insurance and Financial Planning, regular visits from these specialists are made to meet this need.

Going forward the Bank has launched a new marketing initiative, **Bigger than a bank**. Being **bigger** usually refers to size, but in the case of **Community Bank®** branches, it's about being **bigger** with our actions, in particular support of the communities in which we operate.

People have come to expect banks to focus on profit. But we look to share value to create success for all - for example, more than \$120 million so far has been invested in community projects across the **Community Bank®** network Australia-wide.

We listen to what our customers say and believe that successful customers and successful communities create a successful bank - in that order.

We give our customers everything they expect from a big bank but also many things they don't. That makes us Bigger than a bank.



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

# Bendigo and Adelaide Bank report

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For year ending 30 June 2014

The past year marked two very significant milestones for our **Community Bank**<sup>®</sup> network, celebrating the opening of its 300th branch while also reaching \$120 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 doors.

Sixteen years later, the model has grown into something even bigger than that. It has rapidly developed into a partnership that generates a valued, alternative source of income for a community, funding activities or initiatives that make a local town or suburb a better place to live.

In June 2014, the network welcomed its 305th branch in Penola, South Australia, and in the same week, the Victorian coastal town of Port Fairy introduced its community to our unique style of banking. These branches join a robust and maturing banking network where valued partnerships enhance banking services, taking the profits their banking business generates and reinvesting that funding into initiatives that will ultimately strengthen their community.

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 projects that make a difference to a community; improved health services, sports programs, aged care facilities, education initiatives and community events that connect communities and encourage prosperity.

Demand from communities remains strong, with about 30 **Community Bank**<sup>®</sup> branch sites currently in development, and 10 branches expected to open nationally in the next 12 months. The network's steady expansion demonstrates the strength and relevance of a banking model where the desire to support the financial needs of customers is equalled by the desire to realise shared aspirations by harnessing the power of community.

At the end of the financial year 2013/14 the **Community Bank**<sup>®</sup> network had achieved the following:

- Returns to community – \$122.2 million
- **Community Bank**<sup>®</sup> branches – 305
- **Community Bank**<sup>®</sup> branch staff – more than 1,500
- **Community Bank**<sup>®</sup> company Directors – 1,900
- Banking business – \$24.46 billion
- Customers – 550,000
- Shareholders – 72,000
- Dividends paid to shareholders since inception – \$36.7 million.

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<sup>™</sup> (philanthropic arm), Community Sector Banking (banking service for not-for-profit organisations), Generation Green<sup>™</sup> (environment and sustainability initiative), Community Telco<sup>®</sup> (telecommunications solution), tertiary education scholarships and Connected Communities Enterprises that provide **Community Bank**<sup>®</sup> companies with further development options.



# Bendigo and Adelaide Bank report (continued)

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In September last year the Bank announced it would commence a comprehensive review of the **Community Bank**<sup>®</sup> model. The intention of the review is to rigorously explore and analyse the model, setting the vision and strategy for a sustainable and successful commercial model, regardless of changes to operational and market conditions. An update of this review will be provided at the **Community Bank**<sup>®</sup> National Conference in Darwin in September.

Bendigo and Adelaide Bank's vision is to be Australia's most 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 respectfully listen and respond to every customer's choice, needs and objectives. We partner for sustainable long-term outcomes and aim to be relevant, connected and valued.

To this aim, the Bank supports the Financial Systems Inquiry (FSI) which calls for an even playing field for all banks in an effort to increase customer choice. It takes a principled approach to governing, encouraging banks to consider all members of a community when they do business.

Bendigo and Adelaide Bank is a signatory to the Regional Banking submission in collaboration with Bank of Queensland, Suncorp and ME Bank, while our independent submission focuses on the important role banks play in communities.

Banks inject a high-level of capability and knowledge in the places they operate, supporting the sustainability of communities and helping to ensure they're viable. The Bank calls for a framework that incentivises banks, and the people who work for them, to be good corporate citizens, while promoting ethical decision making, innovation and better outcomes for customers and communities.

This financial year we launched our new **www.bendigobank.com.au** website. Packed with useful information and easy to access online services, our 1.4 million customers can easily connect with us at home, at work or on their mobile or tablet as well as learn more about our commitment to strengthening and supporting local communities.

In line with increasing demand for "anywhere, anytime" banking, we're excited about the impending introduction of our improved online banking platform to our customers later this year.

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

The **Community Bank**<sup>®</sup> model is the ultimate example of a win/win partnership and 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 2014.

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  
Gary John Simpson (chairman)  
Craig Gordon Oliver  
Carly Renee Behncke  
James William Schofield  
Scott Andrew Olsen (resigned 18th December 2013)  
David Andrew McLeod  
Jillian Lesley Lewis (resigned 30th June 2014)  
Glen Darroch (appointed 18th December 2013)  
Dee- Anne Gerring (appointed 28th March 2014)

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 2014 amounted to \$(57,810).

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 and funds under management have 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 \$30,000 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.



## 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.

**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 Pannabyr 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.

**Glen Darroch** grew up in Dunkeld and has returned to live in the town with his wife and three children. Glen is an experienced finance professional, currently working as a Commercial Manager for a multinational mining company. He and his family are active in the Dunkeld community, heavily involved in the Glenthompson Dunkeld Football Netball Club, the Dunkeld Recreation Reserve Committee and the Dunkeld School.

**Dee-Anne Gerring** grew up in Dunkeld, attending primary school locally, then secondary education at Monivae College. After completing a Bachelor of Education, Dee-Anne worked in the surrounding towns of Edenhope, Balmoral and Cavendish before returning to Dunkeld to settle with her husband and teach at the Dunkeld Consolidated School. Dee-Anne is an active member and player of the Glenthompson Dunkeld Football Netball Club and other community groups.

# 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	11	6
Penny Fraser	11	9
Brendan John Kelly	11	8
Anthony John Page	11	7
Gary John Simpson	11	9
Craig Gordon Oliver	11	9
Carly Renee Behncke	11	7
James William Schofield	11	9
Scott Andrew Olsen	4	1
David Andrew McLeod	11	10
Jillian Lesley Lewis	11	10
Glen Stuart Darroch	6	4
Dee-Anne Gerring	4	4


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.

Gary Simpson: 

Dated: 16/9/14

# Auditor's Independence Declaration

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**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 2014 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, 11<sup>th</sup> September 2014

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# Statement of Comprehensive Income

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For year ending 30 June 2014

39,840	Note	30 June 2014 \$	30 June 2013 \$
Revenue from ordinary activities	3	294,291	223,739
Other revenue		39,840	30,309
Salaries and employee benefits		(197,888)	(196,698)
Charitable donations, sponsorship, advertising and promotion		(32,475)	(20,940)
Occupancy and associated costs		(34,305)	(39,727)
System costs		(34,081)	(37,495)
Depreciation and amortisation expenses		(29,110)	(29,536)
General administration expenses		(64,082)	(73,541)
Profit/(loss) before income tax		(57,810)	(143,889)
Income tax expense	5	-	-
Profit/(loss) for the year		(57,810)	(143,889)
Total comprehensive income for the year		(57,810)	(143,889)
Basic earnings per share (dollars)		NIL	NIL

The accompanying notes form part of these financial statements

# Statement of Financial Position

As at 30 June 2014

	Note	30 June 2014 \$	30 June 2013 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	114,279	129,741
Other current assets		7,164	8,776
<b>TOTAL CURRENT ASSETS</b>		<b>121,443</b>	<b>138,517</b>
NON-CURRENT ASSETS			
Property, plant and equipment	7	11,502	18,612
Intangible assets	8	33,090	55,090
<b>TOTAL NON-CURRENT ASSETS</b>		<b>44,592</b>	<b>73,702</b>
<b>TOTAL ASSETS</b>		<b>166,035</b>	<b>212,219</b>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	18,115	10,383
Provisions	10	9,913	9,176
<b>TOTAL CURRENT LIABILITIES</b>		<b>28,028</b>	<b>19,559</b>
NON-CURRENT LIABILITIES			
Provisions	10	4,843	1,686
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>4,843</b>	<b>1,686</b>
<b>TOTAL LIABILITIES</b>		<b>32,871</b>	<b>21,245</b>
<b>NET ASSETS</b>		<b>133,164</b>	<b>190,974</b>
EQUITY			
Issued capital	11	612,891	612,891
Retained earnings/(losses)		(479,727)	(421,917)
<b>TOTAL EQUITY</b>		<b>133,164</b>	<b>190,974</b>

The accompanying notes form part of these financial statements

# Statement of Changes in Equity

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For year ending 30 June 2014

	<b>Issued Capital</b>	<b>Retained Earnings/ (Losses)</b>	<b>Total Equity</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<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
<b>Balance at 1 July 2013</b>	612,891	(421,917)	190,974
Total comprehensive income for the year	-	(57,810)	(57,810)
<b>Balance at 30 June 2014</b>	612,891	(479,727)	133,164

The accompanying notes form part of these financial statements



# Statement of Cash Flows

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For year ending 30 June 2014

	<b>Note</b>	<b>30 June 2014 \$</b>	<b>30 June 2013 \$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and commissions received		332,521	247,348
Payments to suppliers and employees		(349,592)	(363,665)
Interest received		1,609	6,700
Net cash (used in) operating activities	12	<u>(15,462)</u>	<u>(109,617)</u>
Net (decrease)/increase in cash held		(15,462)	(109,617)
Cash and cash equivalents at beginning of the period		129,741	239,358
Cash and cash equivalents at end of financial period	6	<u>114,279</u>	<u>129,741</u>

The accompanying notes form part of these financial statements

# Notes to the Financial Statements

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For year ending 30 June 2014

## **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 2014 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 2014 can be seen in the statement of comprehensive income.

	Note	2014 \$	2013 \$
<b>NOTE 3: REVENUE</b>			
Commissions received		292,682	217,039
Interest received		1,609	6,700
		294,291	223,739

## NOTE 4: AUDITORS REMUNERATION

Auditors remuneration – auditing or reviewing the financial report	3,177	3,530
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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	(57,810)	(143,889)
Prima Facie tax on profit from ordinary activities at 30%	(17,343)	(67,122)
Add back:		
Deferred tax asset not yet recognised	17,343	67,122
Income Tax Expense	-	-

The components of income tax expense comprise:

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

# Notes to the Financial Statements (continued)

	Note	2014 \$	2013 \$
<b>NOTE 6: CASH AND CASH EQUIVALENTS</b>			
Cash at bank		80,875	77,915
Term Deposits		33,404	51,826
		114,279	129,741
<b>Reconciliation of cash</b>			
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		80,875	77,915
Term Deposits		33,404	51,826
		114,279	129,741
<b>NOTE 7: PROPERTY, PLANT AND EQUIPMENT</b>			
<b>Furniture and fittings</b>			
At cost		24,209	24,209
Less accumulated depreciation		(13,242)	(9,244)
		10,967	14,965
<b>Computer software</b>			
At cost		10,409	10,409
Less accumulated depreciation		(10,409)	(7,806)
		-	2,603
<b>Improvements</b>			
At cost		1,363	1,363
Less accumulated depreciation		(828)	(555)
		535	808
<b>Low value pool</b>			
At cost		1,770	1,770
Less accumulated depreciation		(1,770)	(1,534)
		-	236
		11,502	18,612



# Notes to the Financial Statements (continued)

	Note	2014 \$	2013 \$
<b>NOTE 7: PROPERTY, PLANT AND EQUIPMENT continued</b>			
<b>Movements in carrying amounts:</b>			
<b>Furniture and Fittings</b>			
Carrying amount at beginning of year		14,965	18,963
Additions		-	-
Less: depreciation expense		(3,998)	(3,998)
Carrying amount at end of year		10,967	14,965
<b>Computer Software</b>			
Carrying amount at beginning of year		2,603	5,205
Additions		-	-
Less: depreciation expense		(2,602)	(2,602)
Carrying amount at end of year		-	2,603
<b>Improvements</b>			
Carrying amount at beginning of year		808	1,081
Additions		-	-
Less: depreciation expense		(273)	(273)
Carrying amount at end of year		535	808
<b>Low value pool</b>			
Carrying amount at beginning of year		236	899
Additions		-	-
Less: depreciation expense		(236)	(663)
Carrying amount at end of year		-	236
Total written down amount		11,502	18,612
<b>NOTE 8: INTANGIBLE ASSETS</b>			
Franchise and Establishment Fee at Cost		110,000	110,000
Less accumulated amortisation		(76,910)	(54,910)
		33,090	55,090
<b>NOTE 9: TRADE AND OTHER PAYABLES</b>			
Other creditors and accruals		18,115	10,383

## Notes to the Financial Statements (continued)

	<b>Note</b>	<b>2014</b> \$	<b>2013</b> \$
<b>NOTE 10: PROVISIONS</b>			
<b>Current</b>			
Annual Leave		9,913	9,176
<b>Non-Current</b>			
Long Service Leave		4,843	1,686
		14,756	10,862
<b>NOTE 11: 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 11: 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	2014 \$	2013 \$
<b>NOTE 12: CASH FLOW INFORMATION</b>			
Profit/(loss) from ordinary activities after income tax		(57,810)	(143,889)
Non-cash flows in profit:			
Depreciation		7,110	7,536
Amortisation		22,000	22,000
Changes in assets and liabilities:			
(Increase)/decrease in other assets		1,612	(5,267)
Increase/(decrease) in payables		7,732	1,973
(Increase)/decrease in tax assets		-	2,508
Increase/(decrease) in provisions		3,894	5,522
Net cash provided by/(used in) operating activities		<u>(15,462)</u>	<u>(109,617)</u>

### NOTE 13: 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

Gary John Simpson

Craig Gordon Oliver

Carly Renee Quinn

Scott Andrew Olsen (resigned 18th December 2013)

James William Schofield

David Andrew McLeod

Jillian Lesley Lewis (resigned 30th June 2014)

Glen Darroch (appointed 18th December 2013)

Dee- Anne Gerring (appointed 28th March 2014)

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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	NO.	NO.
<b>Directors shareholdings</b>	<b>2014</b>	<b>2013</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
Gary John Simpson	2,000	2,000
Craig Gordon Oliver	3,500	3,500
Carly Renee Quinn	500	500
James William Schofield	1,000	1,000
David Andrew McLeod	10,000	10,000
Glen Darroch	5,000	
Dee-Anne Gerring	500	

## **NOTE 14: 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 15: 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 16: 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 0.05%. The term deposit has a fixed interest rate of 3.35% maturing in December 2014.

# Notes to the Financial Statements (continued)

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## **NOTE 17: CONTINGENT ASSETS AND LIABILITIES**

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



# Directors' Declaration

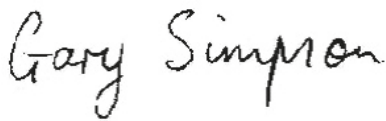
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In accordance with a resolution of the directors of Grampians Regional Community Enterprises Limited, the directors of the company declare that:

1. The financial statements and notes, as set out on pages 2 to 20 , 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 2014 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: 16/9/14

**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 2014, 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*.

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199 Koroit Street, P.O. Box 677, Warrnambool Victoria 3280

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*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 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.

*Coffey Hunt*  
COFFEY HUNT  
CHARTERED ACCOUNTANTS

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

Dated at Warrnambool, 11<sup>th</sup> September 2014



Dunkeld & District **Community Bank**® Branch  
92-94 Parker Street, Dunkeld Victoria 3294  
Phone: (03) 5577 2488 Fax: (03) 5577 2332

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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)  
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