



Annual Report 2015

Grampians Regional
Community Enterprises Limited

ABN 29 139 414 234

Dunkeld & District **Community Bank**[®] Branch

Annual Reports

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Chairman's Annual Report

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

I open this report as I always do by thanking each customer of the Dunkeld & District **Community Bank®** Branch for your support. I particularly wish to thank those who don't have the convenience of having a local branch, mainly from Peshurst and Cavendish but also from other areas who support our business in the most important way, as customers. The only reason we have invested over \$100,000, into our communities is because of our customers.

The Funds Under Management (FUM) grew by approximately \$10 million to close at \$58.8 million in June 2015. This is an outstanding result in context of a tough banking environment.

Branch Manager Anna Watson particularly deserves to be congratulated for this result. Anna has had an outstanding year and has been acknowledged at a Regional and State level for what she has achieved. She is an active participant in the community and gives many hours as a volunteer. On behalf of the Grampians Regional Community Enterprises Limited Board we are very thankful and grateful for her commitment and leadership.

Our branch staff must also to be congratulated and thanked for their commitment. Pedita, Susan and Rebecca all give personal time to attend meetings and participate in Board and community activities. The branch is always neat and tidy, customers greeted warmly and treated with respect. After four years since opening I still receive many complimentary remarks regarding our staff.

Building our total business to a point of sustainable profit remains our primary focus. For the 2014/15 financial year we traded six months in profit. Reaching our goal has been difficult and frustrating. Despite consistent growth our earnings per \$1 million of Funds Under Management remain low in comparison to earlier years. We have a good balance of loans, deposits and Rural business.

Factors such as low interest rates, customer debt pay down and so forth are challenges of today, of which we have no control. Focus on developing other segments of our business (such as Insurances, credit cards, wealth products) has growth potential, something we can influence and helps stabilise ongoing profits.

Rural Business remains a key focus moving forward. The emergence of Rural Bank and the more recent acquisition of Rural Finance by Bendigo Bank are positives as we move forward. On the local front I wish to thank both Hugh Macdonald and Jo Hogg for the professional and positive manner in which they have supported our business. Our long term profitability is closely linked to our ability to increase our rural portfolio. To all our Rural shareholders all we ask is the opportunity to quote on your business.

At almost \$60 million Funds Under Management (FUM) we have become a significant business locally. After four years of steep learning our Board recognises the need to review and rethink how we best move forward. Under guidance of Business Consultant Daryl Brook, funded and supported by Bendigo Bank and with close Branch and Board input we have developed a 3 to 5-year Strategic Plan.


This Plan is professionally written, is transparent and is created by the group as a whole. Actioning the plan is the real challenge for all involved.

Chairman's Annual Report (continued)

Our partners at Bendigo Bank provide strong support for our company at both Regional and State Levels. We are reliant on Bendigo Bank to be competitive in the market, to train and develop our staff, to be a modern bank of today and into the future. Our success depends on Bendigo Bank success. Our relationship is strong with our partners and I appreciate the availability and willingness to support us as we grow.

Scott Whatley finishes as Warrnambool Regional Manager early in 2016. Whilst we are disappointed to see him go, we all wish him and his family well and thank him for his support. Pam Coates resigns from the Board at this Annual General Meeting. She is a founding Director and as a Cavendish person has supported her local community well. Pam was Company Secretary and then Assistant. She worked closely with our staff through roles on sub committees and is very much a quiet achiever.

To the Board; once again we have dealt with many challenges and face more in the year ahead. The purpose for doing what we do often becomes lost in the doing. It is important to remember WHY we are doing this, to be proud of what has been achieved and enjoy the ongoing journey.



Gary Simpson

Chair

Grampians Regional Community Enterprises Limited.

Manager's Report

For year ending 30 June 2015

It is with pleasure that I submit my annual report to the Board and shareholders for the 2014/15 financial year.

I need to begin by thanking the members of our community whom have moved their banking to us. Because of your support and trust we have achieved some fantastic results in our full fourth year of trading.

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

This financial year, we have seen our business grow to total "footings" (loans and deposits) of \$58.8 million, as at 30 June 2015. This is an increase of 20 percent for the year.

At 30 June 2015 we had 930 customers, with 1,572 accounts, an increase of 25 percent and 13 per cent respectively from the previous year.

We have contributed \$22,728 to the local community in the 2014/15 financial year and celebrated the exciting milestone of \$100,000 investing in to the community since we started.

Pedita van Hees, Susan Tully and Rebecca Howell are our familiar faces who deliver a high level of service on a daily basis and who continue to provide our customers with a unique banking experience based upon personalised attention.

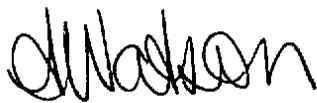
I would like to thank all our customers and shareholders and commend them for their understanding of the **Community Bank**[®] philosophy, and their spirit of community.

You can help your branch grow by acting as advocates 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.

Our aim for the next 12 months is to continue to drive the business forward through strong footings growth and deepening our current customer relationships.

If you haven't visited the branch, I would like to invite you to drop in and experience first-hand what your collective funds have created.



Anna Watson
Branch Manager
Dunkeld & District Community Bank[®] Branch

Bendigo and Adelaide Bank report

For year ending 30 June 2015

In the 2015 financial year, the **Community Bank**[®] network opened its 310th branch and community contributions since the model's inception exceed \$130 million. Both of these achievements could not have been achieved without your ongoing support as a shareholder, customer and advocate of what is a truly unique way of banking for the benefit of your local community.

Local communities continue to embrace the **Community Bank**[®] model, a banking movement founded on the simple belief that successful customers and successful communities create a successful bank.

Seventeen years later communities are still approaching us and the model is as robust and relevant as ever, however a review of what we were doing, why and how we could do it better was timely.

During an 18 month period the Bank, in partnership with the **Community Bank**[®] network, undertook a comprehensive review of the **Community Bank**[®] model. Project Horizon was the largest single engagement process ever undertaken by our organisation.

As a result, a focus for the next 18 months will be the implementation of 64 recommendations. What was overwhelmingly obvious is that our **Community Bank**[®] network, and our Bank, care deeply about what has been developed and in what the future holds for the network.

In the early days of **Community Bank**[®] development, the **Community Bank**[®] model was seen as a way to restore branch banking services to rural towns, regional cities and metropolitan suburbs after the last of the banks closed their doors.

Today, although the focus is still about providing banking services, there is perhaps an even greater interest in the way in which the model creates a successful community enterprise used to effectively, and sustainably, build community capacity.

In October 2014, we welcomed **Community Bank**[®] branches in Bacchus Marsh, Kilmore, Maffra, Kwinana and Nubeena. All of these branches join a strong and mature banking network where valued partnerships enhance banking services, taking the profits their banking business generates and reinvesting that funding into initiatives to ultimately strengthen their community.

Following consultation with local residents and business owners responding to other banks reducing their branch presence, Aldinga Beach **Community Bank**[®] Branch opened the Willunga Customer Service Centre in April 2015, providing a full banking service to local people five days a week.

The **Community Bank**[®] model is a great example of shared value and was centre stage at an international Shared Value conference in the United States earlier this year.

Funding generated by **Community Bank**[®] branches support projects that make a difference to a community. But no matter how big or small the place people call home, the **Community Bank**[®] network recognises that when they act as one, powered by the good that money can bring, bigger things can happen for local towns, regions and states.

In WA, a \$125,000 commitment to Ronald McDonald House by Collie & Districts **Community Bank**[®] Branch resulted in a further \$125,000 from 21 branches (both community and company owned) in the state.

In QLD, Longreach farming families are now feeding their stock thanks to a dedicated Rotary Club and financial contributions from 16 **Community Bank**[®] (and company) branches.

Across regional and rural NSW, young people are today better drivers thanks to a driver education program supported by **Community Bank**[®] branches and across Australia, 58 young people headed off to their first year of university with the help of a **Community Bank**[®] scholarship.

Bendigo and Adelaide Bank report (continued)

Interest in the **Community Bank**[®] model remains strong, with 20 **Community Bank**[®] sites currently in development and a further six **Community Bank**[®] branches expected to open nationally during 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 support the community with the good that money can bring.

By the end of the financial year 2014/15 the **Community Bank**[®] network achieved the following:

- Returns to community – over \$130 million since the model's inception
- **Community Bank**[®] branches – 310
- **Community Bank**[®] branch staff – more than 1,500
- **Community Bank**[®] company Directors – 1,946
- Banking business – \$28.79 billion
- Customers – 699,000
- Shareholders – 74,393
- Dividends paid to shareholders since inception – \$38.6 million

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

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

Our **Community Bank**[®] partners played an integral role in the Bank's involvement in the Financial Systems Inquiry, lobbying their local Federal Government representatives and calling for a level playing field.

Recent APRA announcements regarding changes to risk weights on mortgages will positively impact our Bank – providing customers with a level playing field by giving them more choice from a wider variety of financial providers.

Thanks to the efforts of our people, our peers and **Community Bank**[®] partners, we're starting to see the benefits. In continuing to take a collaborative approach, we act as one network driving positive outcomes for all Australians.

As **Community Bank**[®] company shareholders you are part of a unique banking movement.

The model offers an alternative way to think about banking and the role banks play in modern society, and because of your support there really is no limit to what can be achieved for local people and the communities in which you live.

Thank you for your ongoing support of your local **Community Bank**[®] branch.



Robert Musgrove
Executive Community Engagement

Directors' Report

Your directors present their report for Grampians Regional Community Enterprises Limited "the company" for the financial year ended 30 June 2015.

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

Pamela Dawn Coates
Penny Fraser (resigned 5th November 2014)
Brendan John Kelly
Anthony John Page
Gary John Simpson (chairman)
Craig Gordon Oliver
Carly Renee Behncke
James William Schofield
David Andrew Mcleod
Glen Darroch
Dee- Anne Gerring

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 2015 amounted to \$(21,713).

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.

In February 2015 the Directors became aware the company had been incorrectly reporting its GST obligations to the Australian Taxation Office in relation to revenue. The necessary disclosures were made to the taxation office which resulted in a GST liability of \$76,212. A payment arrangement was subsequently negotiated which requires a monthly instalment of \$3,500. Payments commenced in April 2015 and the liability will be paid in full by March 2017.

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)

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, Penshurst Race Club, 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)

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

	Number of board meetings eligible to attend	Number attended
Pamela Dawn Coates	11	4
Penny Fraser	4	4
Brendan John Kelly	11	8
Anthony John Page	11	7
Gary John Simpson	11	7
Craig Gordon Oliver	11	8
Carly Renee Behncke	11	8
James William Schofield	11	8
David Andrew McLeod	11	10
Glen Stuart Darroch	11	7
Dee-Anne Gerring	11	8

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.

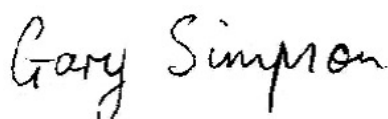
No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

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 9.

Gary Simpson:



Dated: 21/9/15

Auditor's Independence Declaration



**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 2015 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, 21st September 2015

199 Koroit Street, P.O. Box 677, Warrnambool Victoria 3280
T: (03) 5562 3544 • F: (03) 5562 0689 • E: info@coffeyhunt.com.au • DX: DX 28023 Warrnambool
www.coffeyhunt.com.au

Statement of Comprehensive Income

For year ending 30 June 2015

	Note	30 June 2015 \$	30 June 2014 \$
REVENUE			
Revenue from ordinary activities	3	334,750	264,266
Other revenue		51,667	39,840
EXPENSES			
Salaries and employee benefits		(217,336)	(197,888)
Charitable donations, sponsorship, advertising and promotion		(31,678)	(32,475)
Finance costs		(1,058)	-
Occupancy and associated costs		(33,638)	(34,305)
System costs		(35,263)	(34,081)
Depreciation and amortisation expenses		(25,669)	(29,110)
General administration expenses		(63,488)	(64,082)
Profit/(loss) before income tax		(21,713)	(87,835)
Income tax expense	5	-	-
Profit/(loss) for the year		(21,713)	(87,835)
Total comprehensive income for the year		(21,713)	(87,835)
Basic earnings per share (dollars)		NIL	NIL

The accompanying notes form part of these financial statements

Statement of Financial Position

As at 30 June 2015

	Note	30 June 2015 \$	30 June 2014 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	96,532	114,279
Other current assets	7	28,291	-
TOTAL CURRENT ASSETS		124,823	114,279
NON-CURRENT ASSETS			
Property, plant and equipment	8	7,833	11,502
Intangible assets	9	11,090	33,090
TOTAL NON-CURRENT ASSETS		18,923	44,592
TOTAL ASSETS		143,746	158,871
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	85,690	88,692
Provisions	11	15,233	9,913
TOTAL CURRENT LIABILITIES		100,923	98,605
NON-CURRENT LIABILITIES			
Provisions	11	9,113	4,843
TOTAL NON-CURRENT LIABILITIES		9,113	4,843
TOTAL LIABILITIES		110,036	103,448
NET ASSETS		33,710	55,423
EQUITY			
Issued capital	12	612,891	612,891
Retained earnings/(losses)		(579,181)	(557,468)
TOTAL EQUITY		33,710	55,423

The accompanying notes form part of these financial statements

Statement of Changes in Equity

For year ending 30 June 2015

	Issued Capital	Retained Earnings/ (Losses)	Total Equity
	\$	\$	\$
Balance at 1 July 2013	612,891	(421,917)	190,974
Opening Balance Adjustment	-	(47,716)	(47,716)
Restated balance 1 July 2013	612,891	(469,633)	143,258
Total comprehensive income for the year	-	(87,835)	(87,835)
Balance at 30 June 2014	612,891	(557,468)	55,423
Balance at 1 July 2014	612,891	(557,468)	55,423
Total comprehensive income for the year	-	(21,713)	(21,713)
Balance at 30 June 2015	612,891	(579, 181)	(33,710)

The accompanying notes form part of these financial statements

Statement of Cash Flows

For year ending 30 June 2015

	Note	30 June 2015 \$	30 June 2014 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and commissions received		393,851	302,497
Payments to suppliers and employees		(412,721)	(319,568)
Interest received		1,123	1,609
Net cash (used in) operating activities	13	<u>(17,747)</u>	<u>(15,462)</u>
Net (decrease)/increase in cash held		(17,747)	(15,462)
Cash and cash equivalents at beginning of the period		114,279	129,741
Cash and cash equivalents at end of financial period	6	<u>96,532</u>	<u>114,279</u>

The accompanying notes form part of these financial statements

Notes to the Financial Statements

For year ending 30 June 2015

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)

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)

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 2015 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 2015 can be seen in the statement of comprehensive income.

	Note	2015 \$	2014 \$
NOTE 3: REVENUE			
Commissions received		333,627	262,657
Interest received		1,123	1,609
		334,750	264,266

NOTE 4: AUDITORS REMUNERATION

Auditors remuneration – auditing or reviewing the financial report	2,970	3,177
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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	(23,242)	(87,835)
Prima Facie tax on profit from ordinary activities at 30%	(6,973)	(26,351)
Add back:		
Deferred tax asset not yet recognised	6,973	26,351
Income Tax Expense	-	-

The components of income tax expense comprise:

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

Notes to the Financial Statements (continued)

	Note	2015 \$	2014 \$
NOTE 6: CASH AND CASH EQUIVALENTS			
Cash at bank		62,042	80,875
Term Deposits		34,490	33,404
		96,532	114,279
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		62,042	80,875
Term Deposits		34,490	33,404
		96,532	114,279
NOTE 7: TRADE & OTHER RECEIVABLES			
Trade & Other Receivables		28,291	-
NOTE 8: PROPERTY, PLANT AND EQUIPMENT			
Furniture and fittings			
At cost		24,209	24,209
Less accumulated depreciation		(16,638)	(13,242)
		7,571	10,967
Computer software			
At cost		10,409	10,409
Less accumulated depreciation		(10,409)	(10,409)
		-	-
Improvements			
At cost		1,363	1,363
Less accumulated depreciation		(1,101)	(828)
		262	535
Low value pool			
At cost		1,770	1,770
Less accumulated depreciation		(1,770)	(1,770)
		-	-
		7,833	11,502

Notes to the Financial Statements (continued)

	Note	2015 \$	2014 \$
NOTE 8: PROPERTY, PLANT AND EQUIPMENT continued			
Movements in carrying amounts:			
Furniture and Fittings			
Carrying amount at beginning of year		10,967	14,965
Additions		-	-
Less: depreciation expense		(3,396)	(3,998)
Carrying amount at end of year		7,571	10,967
Computer Software			
Carrying amount at beginning of year		-	2,603
Additions		-	-
Less: depreciation expense		-	(2,603)
Carrying amount at end of year		-	-
Improvements			
Carrying amount at beginning of year		535	808
Additions		-	-
Less: depreciation expense		(273)	(273)
Carrying amount at end of year		262	535
Low value pool			
Carrying amount at beginning of year		-	236
Additions		-	-
Less: depreciation expense		-	(236)
Carrying amount at end of year		-	-
Total written down amount		7,833	11,502
NOTE 9: INTANGIBLE ASSETS			
Franchise and Establishment Fee at Cost		110,000	110,000
Less accumulated amortisation		(98,910)	(76,910)
		11,090	33,090
NOTE 10: TRADE AND OTHER PAYABLES			
Other creditors and accruals		3,006	2,283
BAS Holding Account - subject to payment arrangement		66,770	77,741
BAS Holding Account		15,914	8,668
		85,690	88,692

Notes to the Financial Statements (continued)

	Note	2015 \$	2014 \$
NOTE 11: PROVISIONS			
Current			
Annual Leave		15,232	9,913
Non-Current			
Long Service Leave		9,113	4,843
		24,345	14,756
NOTE 12: ISSUED CAPITAL			
Fully paid ordinary shares		623,400	623,400
Less transaction costs arising on share issue		(10,508)	(10,508)
		612,892	612,892
		No.	No.
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)

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	2015 \$	2014 \$
NOTE 13: CASH FLOW INFORMATION			
Profit/(loss) from ordinary activities after income tax		(21,713)	(57,810)
Non-cash flows in profit:			
Depreciation		3,669	7,110
Amortisation		22,000	22,000
Changes in assets and liabilities:			
(Increase)/decrease in other assets		(28,291)	1,612
Increase/(decrease) in payables		(3,002)	7,732
Increase/(decrease) in provisions		9,590	3,894
Net cash provided by/(used in) operating activities		<u>(17,747)</u>	<u>(15,462)</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 (resigned 5th November 2014)

Brendan John Kelly

Anthony John Page

Gary John Simpson

Craig Gordon Oliver

Carly Renee Quinn

James William Schofield

David Andrew Mcleod

Glen Darroch

Dee- Anne Gerring

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)

	NO.	NO.
Directors shareholdings	2015	2014
Pamela Dawn Coates	2,500	2,500
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	5,000
Dee-Anne Gerring	500	500

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 0.05%. The term deposit has a fixed interest rate of 2.65% maturing in December 2015.

NOTE 18: CONTINGENT ASSETS AND LIABILITIES

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

Directors' Declaration

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 including: 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 2015 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: 21/9/15



CHARTERED ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GRAMPPIANS 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 2015, 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*.

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

T: (03) 5562 3544 • F: (03) 5562 0689 • E: info@coffeyhunt.com.au • DX: DX 28023 Warrnambool

www.coffeyhunt.com.au

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 2015 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, 21st September 2015



21 September 2015

Mr Gary Simpson
Chairman
Board of Directors
Grampians Regional Community Enterprises Limited
PO Box 47
DUNKELD VIC 3294

Dear Gary,

Management letter – Financial Audit Year Ended 30 June 2015

We have completed our financial statement audit of Grampians Regional Community Enterprises Limited. The purpose of this correspondence is to bring to your attention matters arising from the financial audit of Grampians Regional Community Enterprises Limited for the financial year ended 30 June 2015.

The financial audit is designed to enable us to express an opinion on the annual financial report. It does not constitute a complete examination of all relevant data and was not designed to uncover all processing errors and therefore may not have detected all breaches and irregularities that could have occurred.

We confirm that we did not encounter any specific financial or compliance issues during the course of our audit that we believe should be brought to your attention.

The assistance provided by the directors during the course of the audit is acknowledged.

Yours sincerely,

N.L. MCLEAN
PARTNER

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www.coffeyhunt.com.au

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

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



bendigobank.com.au

