

Heywood & District  
Community Enterprise Limited

ABN 25 137 222 345

# annual report 2013



Heywood & District **Community Bank®** Branch



**HEYWOOD & DISTRICT  
COMMUNITY ENTERPRISE LTD  
ABN 25 137 222 345**

**2013  
ANNUAL  
REPORT**

**Heywood & District  
Community Bank® Branch**

## **Contents**

Chairman's report

Manager's report

Bendigo Bank Report

Director's report

Director's declaration

Financial statements

Notes to the financial statements

Auditor's report

Auditor's declaration

## CHAIRMAN'S REPORT

30 June 2013



It is with pleasure I present the fourth Annual Report of the Heywood & District Community Enterprise Limited to shareholders.

As our business continues to grow I am pleased to report that we were able to meet our year three modified forecasts as shown in our prospectus of \$41 million.

With strict management of our expenses we have been able to show some small profit results within recent months.

Over the last 12 months we have maintained our support for the local community with sponsorships and grants. The sponsorship program has continued and at the time of writing this report we have contributed more than \$45,000 to the community groups. The Board has also allocated \$17,850 to be distributed at the 2013 Annual General Meeting.

Thanks to the support of our customers and shareholders we were able to make these contributions to our community.

In recognition of our third birthday we made available a small gift to our shareholders as a thank you for your support and in anticipation of your ongoing support and business to ensure we continue to grow.

The Board of Directors show a great commitment to the company partnered by a true vision for the community. I am really appreciative of my fellow Board members. A special thank you to Company Secretary Robyn Phillips and Treasurer Nancy Genardini for their continued support and contribution.

The company owes a great deal to our staff - Jennifer, Rita, Lee-Ann and Robyn. The team is committed and passionate about developing our branch and I would like to recognise and thank our staff for their involvement and dedication over the past 12 months.

### 2013

Heywood Bowling Club	\$500
Heywood Model Train Group	\$300
Glenelg Shire Council L2P Learner Driver Program	\$2,000
Promoting Heywood & District Committee	\$4,700
Tyrendarra Sporting Clubs	\$500
Dartmoor Football Netball Club	\$1,050
Narrawong Mouth to Mouth	\$300
CWA Heywood Evening Branch	\$300
Heywood Light Harness Club	\$100
Heywood Lions Club	\$100
Heywood Golf Club	\$600
Heywood Football Netball Club	\$50

Heywood Pony Club	\$500
Casterton Racing Club	\$550
Heywood TOWN Club	\$300
Heywood Consolidated School	\$600
Dartmoor Golf Club	\$150

Remember the better our **Community Bank®** branch performs the more we will be able to distribute to our community. The concept is simple. Why wouldn't you bank with our **Community Bank®** branch.



Des Gray  
Chairman

## BRANCH MANAGER REPORT

30 June 2013



At the start of the 2012/2013 financial year, we set our branch goals to achieve results well above our targets set by Bendigo Bank – and we did it! This marks another year of milestones for Heywood & District **Community Bank®** Branch.

Our total portfolio is nearly \$43 million. Our business grew by \$16 million in 2012/2013. What a fantastic effort from the Heywood and district community, thank you.

At the end of June 2013, Heywood & District **Community Bank®** Branch has contributed \$44,947 in sponsorship to our community groups. Every time we grow our business by an increment of \$5 million, we earn an additional \$5,000 of sponsorship and grant money from Bendigo and Adelaide Bank to distribute from our Market Development Fund into our community. Sponsorship by Bendigo and Adelaide Bank Limited is a permanent income stream and this is what makes us different from every other bank.

Our customer numbers continue to grow from 729 customers at the start of the year to 870 customers at the end of 2012/2013. Account numbers increased by 26 per cent, to 1,383 accounts.

A big thank you to all of our customers for your ongoing support. We are very fortunate to be able to provide a full range of banking services at the Heywood & District **Community Bank®** Branch. We have a skilled and experienced team to assist our community with all banking needs.

During 2012/2013 we continued with our staff goal to participate and support community events by volunteering at the following events:

- Wood Wine & Roses Festival
- Dartmoor Rodeo
- Heywood Football Netball Club final training night
- Meals on Wheels
- Tyrendarra Rodeo
- Nelson Boat Club Raffle Ticket night
- Narrawong Mouth to Mouth Walk/Run

As a team, we have set our goal to again grow our businesses by a further \$9 million during the next year, and to increase the number of products per customer to at least two.

Thank you to Rita, Lee-Ann, and Robyn for your support and commitment during the year, we cannot do this without you. Thank you to the directors and most importantly, thank you to our customers. And thank you to our community for your ongoing support.

Jennifer Tod  
Branch Manager



# Bendigo and Adelaide Bank report

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For year ending 30 June 2013

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

The **Community Bank®** 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®** model was seen as a way to restore branch banking services to the towns, after the last of the major banks closed its services. But in the years since, the **Community Bank®** model has become so much more.

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

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

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

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

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

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

The communities we partner with also have access to Bendigo and Adelaide Bank's extensive range of other community building solutions including the Community Enterprise Foundation™ (philanthropic arm), Community Sector Banking (banking service for not-for-profit organisations), Generation Green™ (environment and sustainability initiative), Community Telco® (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.



## Bendigo and Adelaide Bank report (continued)

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

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

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

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

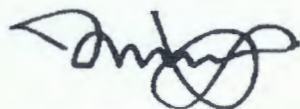
It continues to be Bendigo and Adelaide Bank's vision to be Australia's leading customer-connected bank. We believe our strength comes from our focus on the success of our customers, people, partners and communities. We take a 100-year view of our business; we listen and respect every customer's choice,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

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

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

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

I thank you for your important support of your local **Community Bank®** branch.



**Robert Musgrove**  
Executive Community Engagement

**Heywood & District Community Enterprise Limited**  
**ABN 25 137 222 345**  
**Directors' Report**

Your directors submit their report of the company for the financial year ended 30 June 2013.

**Directors**

The names and details of the company's directors who held office during or since the end of the financial year are:

<b>Name and position held</b>	<b>Qualifications</b>	<b>Experience and Other Directorships</b>
Desmond Newton Gray Chairman Appointed: April 2009 Re-elected Nov 2012		<ul style="list-style-type: none"> <li>• Company Director - Heywood Hardware</li> <li>• Member of Heywood Community Bank Steering Committee</li> <li>• Foundation Secretary &amp; Life Member Heywood Apex</li> <li>• 23 years member of the Heywood Football Netball Club</li> </ul>
Robyn Leslie Phillips Company Secretary Appointed: April 2009 Re-elected Nov 2011		<ul style="list-style-type: none"> <li>• Customer Relations Manager - Wannon Water</li> <li>• Member of Heywood Community Bank Steering Committee</li> <li>• Office bearer with various community groups - including Heywood Football Netball Club, Heywood Wood Wine &amp; Roses Committee.</li> </ul>
Gregory Phillip Colliver Director Appointed: April 2009 Re-elected Nov 2011		<ul style="list-style-type: none"> <li>• Farmer</li> <li>• Member of Heywood Community Bank Steering Committee</li> <li>• Life member of Apex. CFA. Past President, Secretary and Branch delegate of the VFF.</li> </ul>
Nancy May Genardini Director Appointed: April 2009	B.A., T.S.T.C., Post Grad B. Special Education	<ul style="list-style-type: none"> <li>• Office Manager</li> <li>• Member of Heywood Community Bank Steering Committee</li> <li>• 30 years Secondary Teacher &amp; Administrator.</li> <li>• 30 years involvement with Heywood Community Newsletter.</li> </ul>
Rosalie Linda Hart Director Appointed: April 2009 Re-elected Nov 2012		<ul style="list-style-type: none"> <li>• Administration Support Officer</li> <li>• Member of Heywood Community Bank Steering Committee</li> <li>• Treasurer Heywood Wood Wine &amp; Roses Committee.</li> </ul>
Robin Vinson Walter Director Appointed: April 2009		<ul style="list-style-type: none"> <li>• Communication Officer with DEPI for Emergency Management</li> <li>• Member of Heywood Community Bank Steering Committee</li> <li>• Life membership Heywood Golf Club. Held many positions including District Governor and Heywood Board member.</li> </ul>
Craig James Keating Director Appointed: April 2009 Re-elected Nov 2011	B. Pharm	<ul style="list-style-type: none"> <li>• Senior Pharmacist Newcomb Central Pharmacy</li> <li>• Member of Heywood Community Bank Steering Committee</li> <li>• Board member Heywood Rural Health 1986 -2012.</li> <li>• Chairman AFL Barwon Football Commission.</li> </ul>
Andrew George McRae Director Appointed: April 2009 Re-elected Nov 2012	Dairy Farm Management	<ul style="list-style-type: none"> <li>• Dairy Farmer</li> <li>• Member of Heywood Community Bank Steering Committee</li> <li>• 8 years Secondary School Council. President for UDF.</li> </ul>
Jacob Jan Doeven Director Appointed: April 2009		<ul style="list-style-type: none"> <li>• Small Business Operator - Vineyard</li> <li>• Member of Heywood Community Bank Steering Committee</li> <li>• Drumborg CFA. Past President &amp; Secretary Henty Wine Region Inc.</li> <li>• Long involvement Heywood Football Netball Club &amp; Lions.</li> </ul>
Darryl James Melano Director Appointed: April 2009		<ul style="list-style-type: none"> <li>• Small Business Operator (Heywood Ag Sales &amp; Service)</li> <li>• Member of Heywood Community Bank Steering Committee</li> <li>• Gorae West CFA. Member of Heywood Wood Wine &amp; Roses Committee.</li> </ul>

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

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



**Heywood & District Community Enterprise Limited**  
**ABN 25 137 222 345**  
**Directors' Report**

**Principal activities**

The principal activities of the company during the course of the financial year were in providing community banking services under management rights to operate a franchised branch of Bendigo and Adelaide Bank Limited.

There has been no significant changes in the nature of these activities during the year.

**Review of operations**

The profit/(loss) of the company for the financial year after providing for income tax was (\$38,604) (2012 loss: \$96,498), which is a 60% decrease as compared with the previous year.

The net assets of the company have decreased to \$387,553 (2012: \$426,157). The decrease is largely due to normal trading.

**Significant changes in the state of affairs**

No significant changes in the company's state of affairs occurred during the financial year.

**Events subsequent to reporting date**

No matters or circumstances have arisen since the end of the financial year that significantly affect or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company, in future financial years.

**Remuneration report**

**Remuneration policy**

There has been no remuneration policy developed as director positions are held on a voluntary basis and directors are not remunerated for their services.

**Remuneration benefits and payments**

Other than detailed below, no director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a director, a firm which a director is a member or an entity in which a director has a substantial financial interest. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the company's accounts, or the fixed salary of a full-time employee of the company, controlled entity or related body corporate.

The Heywood & District Community Enterprise Limited has accepted the Bendigo & Adelaide Bank Limited's Community Bank® Directors Privileges package. The package is available to all directors who can elect to avail themselves of the benefits based on their personal banking with the branch. There is no requirement to own Bendigo & Adelaide Bank Ltd shares and there is no qualification period to qualify to utilize the benefits. The package mirrors the benefits currently available to Bendigo and Adelaide Bank Limited shareholders. The Directors have estimated the total benefits received from the Directors Privilege Package to be Nil for the year ended 30 June 2013.

# Heywood & District Community Enterprise Limited

ABN 25 137 222 345

## Directors' Report

### Indemnifying officers or auditor

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

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

### Directors meetings

The number of directors meetings held during the year were 11. Attendances by each director during the year were as follows:

Director	Board Meetings #	Audit Committee Meetings #
Desmond Newton Gray	9(11)	N/A
Robyn Leslie Phillips	9(11)	0(4)
Gregory Phillip Colliver	9(11)	0(4)
Nancy May Genardini	10(11)	N/A
Rosalie Linda Hart	9(11)	N/A
Robin Vinson Walter	4(11)	N/A
Craig James Keating	0(11)	N/A
Andrew George McRae	10(11)	N/A
Jacob Jan Doeven	6(11)	0(4)
Darryl James Melano	10(11)	N/A

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

N/A - not a member of that Committee.

### Likely developments

The company will continue its policy of providing banking services to the community.

### Environmental regulations

The company is not subject to any significant environmental regulation. However, the board believes that the company has adequate systems in place for the management of its environment requirements and is not aware of any breach of these environmental requirements as they apply to the company.

### Proceedings on behalf of company

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings. The company was not a party to any such proceedings during the year.

**Heywood & District Community Enterprise Limited**  
**ABN 25 137 222 345**  
**Directors' Report**

**Company secretary**

Robyn Leslie Phillips has been the company secretary of Heywood & District Community Enterprise Limited since 8 June 2010. Robyn has a number of years experience as a customer relationship manager.

**Auditor independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set at page 5 of this financial report. No officer of the company is or has been a partner of the auditor of the company.

Signed in accordance with a resolution of the Board of directors at Heywood on  
25 September 2013.

A handwritten signature in black ink, appearing to read 'Desmond Newton Gray', with a stylized flourish at the end.

Desmond Newton Gray  
Director



**Heywood & District Community Enterprise Limited**  
**ABN 25 137 222 345**  
**Statement of Profit or Loss and Other Comprehensive Income**  
**for the year ended 30 June 2013**

	<u>Notes</u>	<b>2013</b> <b>\$</b>	<b>2012</b> <b>\$</b>
Revenue	2	323,066	254,810
Employee benefits expense	3	(190,738)	(190,658)
Depreciation and amortisation expense	3	(27,772)	(28,141)
Other expenses		<u>(137,769)</u>	<u>(137,868)</u>
<b>Operating profit/(loss) before charitable donations &amp; sponsorships</b>		(33,213)	(101,857)
Charitable donations and sponsorships		<u>(13,705)</u>	<u>(7,565)</u>
<b>Profit/(loss) before income tax expense</b>		(46,918)	(109,422)
Tax expense / (benefit)	4	<u>(8,314)</u>	<u>(12,924)</u>
<b>Profit/(loss) for the year</b>		(38,604)	(96,498)
Other comprehensive income		<u>-</u>	<u>-</u>
<b>Total comprehensive income</b>		<u><u>(38,604)</u></u>	<u><u>(96,498)</u></u>
Profit/(loss) attributable to:			
Members of the company		<u>-</u>	<u>-</u>
Total		<u><u>(38,604)</u></u>	<u><u>(96,498)</u></u>
<b>Earnings per share (cents per share)</b>			
- basic for profit / (loss) for the year	20	(5.29)	(13.24)
- diluted for profit / (loss) for the year	20	(5.29)	(13.24)

The accompanying notes form part of these financial statements

**Heywood & District Community Enterprise Limited**  
**ABN 25 137 222 345**  
**Statement of Financial Position**  
**As at 30 June 2013**

	<u>Notes</u>	<b>2013</b> <b>\$</b>	<b>2012</b> <b>\$</b>
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	6	64,541	100,043
Trade and other receivables	7	49,611	22,418
<b>Total Current Assets</b>		<u>114,152</u>	<u>122,461</u>
<b>Non-Current Assets</b>			
Property, plant and equipment	8	169,000	174,772
Deferred tax asset	4	106,955	98,641
Intangible assets	9	33,000	55,000
<b>Total Non-Current Assets</b>		<u>308,955</u>	<u>328,413</u>
<b>Total Assets</b>		<u>423,107</u>	<u>450,874</u>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables	10	23,610	13,102
Provisions	11	11,944	11,615
<b>Total Current Liabilities</b>		<u>35,554</u>	<u>24,717</u>
<b>Total Liabilities</b>		<u>35,554</u>	<u>24,717</u>
<b>Net Assets / (Liabilities)</b>		<u>387,553</u>	<u>426,157</u>
<b>Equity</b>			
Issued capital	12	713,435	713,435
Retained earnings / (accumulated losses)	13	(325,882)	(287,278)
<b>Total Equity</b>		<u>387,553</u>	<u>426,157</u>

The accompanying notes form part of these financial statements

**Heywood & District Community Enterprise Limited**  
**ABN 25 137 222 345**  
**Statement of Changes in Equity**  
**for the year ended 30 June 2013**

		<b>Issued Capital \$</b>	<b>Accumulated Losses \$</b>	<b>Total Equity \$</b>
<b>Balance at 1 July 2011</b>		713,435	(190,780)	522,655
<b>Total comprehensive income for the year</b>		-	(96,498)	(96,498)
<b>Transactions with owners, in their capacity as owners</b>				
Dividends paid or provided	21	<u>-</u>	<u>-</u>	<u>-</u>
<b>Balance at 30 June 2012</b>		<u><b>713,435</b></u>	<u><b>(287,278)</b></u>	<u><b>426,157</b></u>
<b>Balance at 1 July 2012</b>		713,435	(287,278)	426,157
<b>Total comprehensive income for the year</b>		-	(38,604)	(38,604)
<b>Transactions with owners, in their capacity as owners</b>				
Dividends paid or provided	21	<u>-</u>	<u>-</u>	<u>-</u>
<b>Balance at 30 June 2013</b>		<u><b>713,435</b></u>	<u><b>(325,882)</b></u>	<u><b>387,553</b></u>

The accompanying notes form part of these financial statements

**Heywood & District Community Enterprise Limited**  
**ABN 25 137 222 345**  
**Statement of Cash Flows**  
**For the year ended 30 June 2013**

	<u>Notes</u>	<b>2013</b> <b>\$</b>	<b>2012</b> <b>\$</b>
<b>Cash Flows From Operating Activities</b>			
Receipts from clients		290,921	227,989
Payments to suppliers and employees		(331,375)	(331,126)
Interest received		4,952	8,642
<b>Net cash flows from/(used in) operating activities</b>	14b	<u>(35,502)</u>	<u>(94,495)</u>
<b>Cash Flows From Investing Activities</b>			
Purchase of property, plant & equipment		-	(562)
<b>Net cash flows from/(used in) investing activities</b>		<u>-</u>	<u>(562)</u>
<b>Cash Flows From Financing Activities</b>			
Dividends paid		-	-
<b>Net cash flows from/(used in) financing activities</b>		<u>-</u>	<u>-</u>
<b>Net increase/(decrease) in cash held</b>		(35,502)	(95,057)
Cash and cash equivalents at start of year		100,043	195,100
<b>Cash and cash equivalents at end of year</b>	14a	<u><u>64,541</u></u>	<u><u>100,043</u></u>

The accompanying notes form part of these financial statements

**Heywood & District Community Enterprise Limited**  
**ABN 25 137 222 345**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2013**

The financial statements and notes represent those of Heywood & District Community Enterprise Limited.

Heywood & District Community Enterprise Limited ('the company') is a company limited by shares, incorporated and domiciled in Australia.

The financial statements were authorised for issue by the Directors on 20 September 2013.

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

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

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 out accounting policies that the Australian Accounting Standards Board 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 (IFRS). Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non current assets, financial assets and financial liabilities.

### **(b) Income tax**

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

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



**Heywood & District Community Enterprise Limited**  
**ABN 25 137 222 345**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2013**

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

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

Property, plant and equipment are brought to account at cost less accumulated depreciation and any impairment in value.

Land and buildings are measured at fair value less accumulated depreciation.

Depreciation is calculated on a straight line basis over the estimated useful life of the asset as follows:

<i>Class of Asset</i>	<i>Depreciation Rate</i>
Leasehold Improvements	2.5%
Furniture & Fittings	20%

*Impairment*

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

*Revaluations*

Following initial recognition at cost, land and buildings are carried at a revalued amount which is the fair value at the date of the revaluation less any subsequent accumulated depreciation on buildings and accumulated impairment losses.

Fair value is determined by reference to market based evidence, which is the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date.

**(d) Impairment of assets**

At each reporting date, the company assesses whether there is any indication that an asset is impaired. Where an indicator of impairment exists, the company makes a formal estimate of the recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

**Heywood & District Community Enterprise Limited**  
**ABN 25 137 222 345**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2013**

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

**(e) Goods and services tax**

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the Statement of Financial Position. Cash flows are presented on a gross basis.

The GST components of investing and financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

**(f) Employee benefits**

Provision is made for the company's liability for employee benefits arising from the 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 match the expected timing of cash flows attributable to the employee benefits.

**(g) Intangibles**

Establishment costs have been initially recorded at cost and amortised on a straight line basis at a rate of 20% per annum. The current amortisation charges for intangible assets are included under depreciation and amortisation expense per the Statement of Profit or Loss and Other Comprehensive Income.

**(h) Cash**

Cash on hand and in banks are stated at nominal value. Bank overdrafts are shown as short term borrowings in current liabilities in the statement of financial position.

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts.

**(i) Revenue**

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Revenue comprises service commissions and other income received by the company.

Interest and fee revenue is recognised when earned. All revenue is stated net of the amount of goods and services tax (GST).

**Heywood & District Community Enterprise Limited**  
**ABN 25 137 222 345**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2013**

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

**(j) Receivables and payables**

Receivables and payables are non interest bearing and generally have payment terms of between 30 and 90 days. Receivables expected to be collected within 12 months at the end of the reporting period are classified as current assets. Receivables are recognised and carried at original invoice amount less a provision for any uncollected debts. Liabilities for trade creditors and other amounts are carried at cost that is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the company and are recognised as a current liability.

**(k) New accounting standards and interpretations not yet adopted**

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the company.

The company has decided not to early adopt any of the new and amended pronouncements. The company's assessment of the new and amended pronouncements that are relevant to the company but applicable in the future reporting periods is set below:

**(i) AASB 9 Financial Instruments (2010), AASB 9 Financial Instruments (2009)**

AASB 9 (2009) introduces new requirements for the classification and measurement of financial assets. Under AASB 9 (2009), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. AASB 9 (2010) introduces additions relating to financial liabilities. The IASB currently has an active project that may result in limited amendments to the classification and measurement requirements of AASB 9 and add new requirements to address the impairment of financial assets and hedge accounting.

AASB 9 (2010 and 2009) are effective for annual periods beginning on or after 1 January 2015 with early adoption permitted. The adoption of AASB 9 (2010) is not expected to have an impact on the company's financial assets or financial liabilities.

**(ii) AASB 13 Fair Value Measurement (2011)**

AASB 13 provides a single source of guidance on how fair value is measured, and replaces the fair value measurement guidance that is currently dispersed throughout Australian Accounting Standards. Subject to limited exceptions, AASB 13 is applied when fair value measurements or disclosures are required or permitted by other AASBs. The company is currently reviewing its methodologies in determining fair values. AASB 13 is effective for annual periods beginning on or after 1 January 2013 with early adoption permitted.

**(iii) AASB 119 Employee Benefits (2011)**

AASB 119 (2011) changes the definition of short-term and other long-term employee benefits to clarify the distinction between the two. For defined benefit plans, removal of the accounting policy choice for recognition of actuarial gains and losses is not expected to have any impact on the company. However, the company may need to assess the impact of the change in measurement principles of expected return on plan assets. AASB 119 (2011) is effective for annual periods beginning on or after 1 January 2013 with early adoption permitted.

**Heywood & District Community Enterprise Limited**  
**ABN 25 137 222 345**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2013**

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

**(l) Loans and borrowings**

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

**(m) Provisions**

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which is probable that the outflow of economic benefits will result and the outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

A provision for dividends is not recognised as a liability unless the dividends are declared, determined or publicly recommended on or before the reporting date.

**(n) Share capital**

Issued and paid up capital is recognised at the fair value of the consideration received by the company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

**(o) Comparative figures**

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

**(p) Critical accounting estimates and judgements**

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company. Estimates and judgements are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The estimates and judgements that have a significant risk of causing material adjustments to the carrying values of assets and liabilities are as follows:

*Estimation of useful lives of assets*

The company determines the estimated useful lives and related depreciation and amortisation changes for its property, plant and equipment and intangible assets. The depreciation and amortisation charge will increase where useful lives are less than previously estimated lives.

*Income tax*

The company is subject to income tax. Significant judgement is required in determining the deferred tax asset or the provision for income tax liability. Deferred tax assets are recognised only when it is considered sufficient future profits will be generated. The assumptions made regarding future profits is based on the company's assessment of future cash flows.

*Impairment*

The company assesses impairment at the end of each reporting period by calculating conditions and



**Heywood & District Community Enterprise Limited**  
**ABN 25 137 222 345**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2013**

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

**(p) Critical accounting estimates and judgements (continued)**

events specific to the company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value in use calculations which incorporate various key assumptions.

**(q) Financial instruments**

**Initial recognition and measurement**

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (ie trade date accounting is adopted). Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to the profit or loss immediately.

**Classification and subsequent measurement**

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method or cost.

Fair value represents the amount for which an asset would be exchanged or a liability settled, between knowledgeable willing parties. Where available quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are applied to determine the fair value. Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less repayments and any reduction for impairment and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

**(i) Loans and receivables**

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

**(ii) Financial liabilities**

Non derivative financial liabilities are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

**Impairment**

At the end of each reporting period, the company assesses whether there is objective evidence that a financial asset has been impaired. A financial asset is deemed to be impaired if and only if, there is objective evidence of impairment as a result of one or more events (a loss event) having occurred, which has an impact on the estimated future cash flows of the financial asset. In the case of financial assets carried at amortised cost, loss events may include indications that the debtor is experiencing significant financial difficulty, default or delinquency in payments, indications that they will enter bankruptcy or other financial reorganisation and changes in arrears or economic conditions that correlate with defaults.

**Derecognition of financial instruments**

Financial assets are derecognised when the contractual rights to receipt of cash flows expire or the



**Heywood & District Community Enterprise Limited**  
**ABN 25 137 222 345**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2013**

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

**(q) Financial instruments (continued)**

asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
<b>2. Revenue and other income</b>		
Revenue		
- services commissions	79,144	61,048
- other revenue	238,970	185,120
	<u>318,114</u>	<u>246,168</u>
Other revenue		
- interest received	4,952	8,642
	<u>4,952</u>	<u>8,642</u>
Total Revenue	<u>323,066</u>	<u>254,810</u>
<b>3. Expenses</b>		
Employee benefits expense		
- wages and salaries	173,509	169,403
- superannuation costs	14,998	15,055
- employee entitlements	328	3,461
- other costs	1,903	2,739
	<u>190,738</u>	<u>190,658</u>
Depreciation of non-current assets:		
- plant and equipment	1,603	1,865
- property improvements	4,169	4,276
Amortisation of non-current assets:		
- intangible assets	22,000	22,000
	<u>27,772</u>	<u>28,141</u>

**Heywood & District Community Enterprise Limited**  
**ABN 25 137 222 345**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2013**

**4. Tax Expense**

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

Prima facie tax on profit/(loss) before income tax at 30% (2012: 30%)	(14,075)	(32,827)
Add tax effect of:		
- Adjustment for overprovision of tax in previous year	-	13,203
- Non-deductible expenses	5,761	6,700
<i>Current income tax expense</i>	<u>(8,314)</u>	<u>(12,924)</u>
Income tax attributable to the entity	<u>(8,314)</u>	<u>(12,924)</u>
<b>Deferred tax asset</b>		
Future income tax benefits arising from tax losses are recognised at reporting date as realisation of the benefit is regarded as probable.	<u>106,955</u>	<u>98,641</u>

The applicable income tax rate is the Australian Federal tax rate of 30% (2012: 30%) applicable to Australian resident companies.

**5. Auditors' remuneration**

Remuneration of the auditor for:

- Audit or review of the financial report	<u>4,150</u>	<u>3,900</u>
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**6. Cash and cash equivalents**

Cash at bank and on hand	<u>64,541</u>	<u>100,043</u>
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**7. Trade and other receivables**

**Current**

Trade debtors	24,934	17,232
Other assets	<u>24,677</u>	<u>5,186</u>
	<u>49,611</u>	<u>22,418</u>

**Heywood & District Community Enterprise Limited**  
**ABN 25 137 222 345**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2013**

**7. Trade and other receivables (continued)**

**Credit risk**

The company has no significant concentration of credit risk with respect to any single counterparty or group of counterparties.

The following table details the company's trade and other receivables exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as "past due" when the debt has not been settled within the terms and conditions agreed between the company and the customer or counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the company.

The balances of receivables that remain within initial trade terms (as detailed in the table below) are considered to be high credit quality.

			<b>Past Due but Not Impaired</b>			
	<b>Gross Amount</b>	<b>Past Due and impaired</b>	<b>&lt; 30 days</b>	<b>31-60 days</b>	<b>&gt; 60 days</b>	<b>Not Past Due</b>
<b>2013</b>						
Trade receivables	24,934	-	-	-	-	24,934
Other receivables	24,677	-	-	-	-	24,677
<b>Total</b>	<b>49,611</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>49,611</b>

**2012**

Trade receivables	17,232	-	-	-	-	17,232
Other receivables	5,186	-	-	-	-	5,186
<b>Total</b>	<b>22,418</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>22,418</b>

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
<b>8. Property, plant and equipment</b>		
<i>Leasehold improvements</i>		
At cost	176,542	176,542
Less accumulated depreciation	(13,951)	(9,782)
	<u>162,591</u>	<u>166,760</u>
<i>Furniture &amp; Fittings</i>		
At cost	12,321	12,321
Less accumulated depreciation	(5,912)	(4,309)
	<u>6,409</u>	<u>8,012</u>
Total written down amount	<u>169,000</u>	<u>174,772</u>

**Heywood & District Community Enterprise Limited**  
**ABN 25 137 222 345**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2013**

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
<b>8. Property, plant and equipment (continued)</b>		
<b>Movements in carrying amounts</b>		
<i>Leashold improvements</i>		
Balance at the beginning of the reporting period	166,760	171,036
Depreciation expense	<u>(4,169)</u>	<u>(4,276)</u>
Balance at the end of the reporting period	<u><u>162,591</u></u>	<u><u>166,760</u></u>
<i>Furniture &amp; Fittings</i>		
Balance at the beginning of the reporting period	8,012	9,315
Additions	-	562
Depreciation expense	<u>(1,603)</u>	<u>(1,865)</u>
Balance at the end of the reporting period	<u><u>6,409</u></u>	<u><u>8,012</u></u>
<b>9. Intangible assets</b>		
<i>Franchise Fee</i>		
At cost	10,000	10,000
Less accumulated amortisation	<u>(7,000)</u>	<u>(5,000)</u>
	<u><u>3,000</u></u>	<u><u>5,000</u></u>
<i>Preliminary expenses</i>		
At cost	100,000	100,000
Less accumulated amortisation	<u>(70,000)</u>	<u>(50,000)</u>
	<u><u>30,000</u></u>	<u><u>50,000</u></u>
Total Intangible assets	<u><u>33,000</u></u>	<u><u>55,000</u></u>
<b>Movements in carrying amounts</b>		
<i>Franchise Fee</i>		
Balance at the beginning of the reporting period	5,000	7,000
Amortisation expense	<u>(2,000)</u>	<u>(2,000)</u>
Balance at the end of the reporting period	<u><u>3,000</u></u>	<u><u>5,000</u></u>
<i>Preliminary expenses</i>		
Balance at the beginning of the reporting period	50,000	70,000
Amortisation expense	<u>(20,000)</u>	<u>(20,000)</u>
Balance at the end of the reporting period	<u><u>30,000</u></u>	<u><u>50,000</u></u>

**Heywood & District Community Enterprise Limited**  
**ABN 25 137 222 345**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2013**

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
<b>10. Trade and other payables</b>		
<b>Current</b>		
Unsecured liabilities:		
Trade creditors	5,217	2,087
Other creditors and accruals	18,393	11,015
	<u>23,610</u>	<u>13,102</u>
<b>11. Provisions</b>		
Employee benefits	<u>11,944</u>	<u>11,615</u>
<b>Movement in employee benefits</b>		
Opening balance	11,615	8,155
Additional provisions recognised	15,334	15,440
Amounts utilised during the year	(15,005)	(11,980)
Closing balance	<u>11,944</u>	<u>11,615</u>
<b>Current</b>		
Annual Leave	<u>11,944</u>	<u>11,615</u>
<b>Total provisions</b>	<u>11,944</u>	<u>11,615</u>

**Provision for employee benefits**

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience the company does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the company does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.



**Heywood & District Community Enterprise Limited**  
**ABN 25 137 222 345**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2013**

<b>12. Share capital</b>	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
729,060 Ordinary Shares fully paid of \$1 each	729,060	729,060
Less: Equity raising costs	<u>(15,625)</u>	<u>(15,625)</u>
	<u><u>713,435</u></u>	<u><u>713,435</u></u>

**Movements in share capital**

Fully paid ordinary shares:		
At the beginning of the reporting period	729,060	729,060
At the end of the reporting period	<u><u>729,060</u></u>	<u><u>729,060</u></u>

Ordinary shares participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held. At the shareholders' meetings each shareholder is entitled to one vote when a poll is called, or on a show of hands.

The company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid. All shares rank equally with regard to the company's residual assets.

**Capital management**

The Board's policy is to maintain a strong capital base so as to sustain future development of the company. The Board of Directors monitor the return on capital and the level of dividends to shareholders. Capital is represented by total equity as recorded in the Statement of Financial Position.

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

- (i) the Distribution Limit is the greater of:
  - (a) 20% of the profit or funds of the Franchisee otherwise available for distribution to shareholders in that 12 month period; and
  - (b) subject to the availability of distributable profits, the Relevant Rate of Return multiplied by the average level of share capital of the Franchisee over that 12 month period; and
- (ii) the Relevant Rate of Return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

The Board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the year ended 30 June 2013 can be seen in the Statement of Profit or Loss and Other Comprehensive Income.

There were no changes in the company's approach to capital management during the year.

**13. Retained earnings / (accumulated losses)**

Balance at the beginning of the reporting period	(287,278)	(190,780)
Profit/(loss) after income tax	<u>(38,604)</u>	<u>(96,498)</u>
Balance at the end of the reporting period	<u><u>(325,882)</u></u>	<u><u>(287,278)</u></u>

**Heywood & District Community Enterprise Limited**  
**ABN 25 137 222 345**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2013**

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
<b>14. Statement of cash flows</b>		
<i>(a) Cash and cash equivalents balances as shown in the statement of financial position can be reconciled to that shown in the statement of cash flows as follows</i>		
As per the statement of financial position	64,541	100,043
As per the statement of cash flow	<u>64,541</u>	<u>100,043</u>
<i>(b) Reconciliation of profit / (loss) after tax to net cash provided from/(used in) operating activities</i>		
Profit / (loss) after income tax	(38,604)	(96,498)
Non cash items		
- Depreciation	5,772	6,141
- Amortisation	22,000	22,000
Changes in assets and liabilities		
- (Increase) decrease in receivables	(27,193)	(18,179)
- (Increase) decrease in deferred tax asset	(8,314)	(12,924)
- Increase (decrease) in payables	10,508	1,505
- Increase (decrease) in provisions	329	3,460
Net cash flows from/(used in) operating activities	<u>(35,502)</u>	<u>(94,495)</u>

**15. Related party transactions**

The company's main related parties are as follows:

**(a) Key management personnel**

Any person(s) having authority or responsibility for planning, directing or controlling the activities of the entity, directly or indirectly including any director (whether executive or otherwise) of that company is considered key management personnel.

**(b) Other related parties**

Other related parties include close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel, individually or collectively with their close family members.

**(c) Transactions with key management personnel and related parties**

Other than detailed below, no key management personnel or related party has entered into any contracts with the company. No director fees have been paid as the positions are held on a voluntary basis.

The Heywood & District Community Enterprise Limited has accepted the Bendigo & Adelaide Bank Limited's Community Bank® Directors Privileges package. The package is available to all directors who can elect to avail themselves of the benefits based on their personal banking with the branch. There is no requirement to own Bendigo & Adelaide Bank Ltd shares and there is no qualification period to qualify to utilize the benefits. The package mirrors the benefits currently available to Bendigo and Adelaide Bank Limited shareholders. The Directors have estimated the total benefits received from the Directors Privilege Package to be Nil for the year ended 30 June 2013.

**Heywood & District Community Enterprise Limited**  
**ABN 25 137 222 345**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2013**

(d) Key management personnel shareholdings

The number of ordinary shares in Heywood & District Community Enterprise Limited held by each key management personnel of the company during the financial year is as follows:

	<b>2013</b>	<b>2012</b>
Desmond Newton Gray	21,001	21,001
Robyn Leslie Phillips	501	501
Gregory Phillip Colliver	6,251	6,251
Nancy May Genardini	1,001	1,001
Rosalie Linda Hart	6,001	6,001
Robin Vinson Walter	2,001	2,001
Craig James Keating	20,001	20,001
Andrew George McRae	15,001	15,001
Jacob Jan Doeven	4,001	4,001
Darryl James Melano	5,001	5,001

There was no movement in key management personnel shareholdings during the year. Each share held has a paid up value of \$1 and is fully paid.

(e) Other key management transactions

There has been no other transactions involving equity instruments other than those described above.

**16. Events after the reporting period**

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

**17. Contingent liabilities and assets**

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

**18. Operating segments**

The company operates in the financial services sector where it provides banking services to its clients. The company operates in one geographic area being Heywood, Victoria. The company has a franchise agreement in place with Bendigo & Adelaide Bank Limited who account for 100% of the revenue (2012: 100%).

**Heywood & District Community Enterprise Limited**  
**ABN 25 137 222 345**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2013**

**19. Company details**

The registered office is: 25 – 27 Scott Street,  
Heywood Vic 3304

The principal place of business is: 61 Edgar Street  
Heywood VIC 3304

**20. Earnings per share**

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

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

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

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
Profit/(loss) after income tax expense	<u>(38,604)</u>	<u>(96,498)</u>
Weighted average number of ordinary shares for basic and diluted earnings per share	<u>729,060</u>	<u>729,060</u>

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

No dividends were paid or proposed by the company during the period.



**Heywood & District Community Enterprise Limited**  
**ABN 25 137 222 345**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2013**

**22. Financial risk management**

The company's financial instruments consist mainly of deposits with banks, account receivables and payables. The totals for each category of financial instruments measured in accordance with AASB 139 as detailed in the accounting policies are as follows:

	Note	2013 \$	2012 \$
<b>Financial Assets</b>			
Cash & cash equivalents	6	64,541	100,043
Trade and other receivables	7	49,611	22,418
<b>Total Financial Assets</b>		<u>114,152</u>	<u>122,461</u>
<b>Financial Liabilities</b>			
Trade and other payables	10	23,610	13,102
<b>Total Financial Liabilities</b>		<u>23,610</u>	<u>13,102</u>

**Financial Risk Management Policies**

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established an Audit Committee which reports regularly to the Board. The Audit Committee is assisted in the area of risk management by an internal audit function.

**Specific Financial Risk Exposure and Management**

The company has exposure to credit risk, liquidity risk and market risk from their use of financial instruments. There have been no substantive changes in the types of risks the company is exposed to, how the risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

**(a) Credit Risk**

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. For the company it arises from receivables and cash assets.

Credit risk is managed through maintaining procedures that ensure, to the extent possible, that clients and counterparties to transactions are of sound credit worthiness and their financial stability is monitored and assessed on a regular basis. Such monitoring is used in assessing receivables for impairment. Credit terms for normal fee income are generally 30 days from the date of invoice. For fees with longer settlements, terms are specified in the individual client contracts.

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period is equivalent to the carrying amount and classification of those financial assets as presented in the statement of financial position.

The company's exposure to credit risk is limited to Australia by geographic area. The majority of receivables are due from Bendigo and Adelaide Bank Limited.

None of the assets of the company are past due (2012: nil past due) and based on historic default rates, the company believes that no impairment allowance is necessary in respect of assets not past due.

The company limits its exposure to credit risk by only investing in liquid securities with Bendigo and Adelaide Bank Limited and therefore credit risk is considered minimal.

**Heywood & District Community Enterprise Limited**  
**ABN 25 137 222 345**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2013**

<b>(a) Credit Risk (continued)</b>	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
<b>Cash and cash equivalents:</b>		
A rated	<u>64,541</u>	<u>100,043</u>

**(b) Liquidity risk**

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company ensures it will have enough liquidity to meet its liabilities when due under both normal and stressed conditions. Liquidity management is carried out within the guidelines set by the Board.

Typically, the company maintains sufficient cash on hand to meet expected operational expenses, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Financial liability and financial asset maturity analysis:

<b>30 June 2013</b>		<b>Total</b>	<b>Within</b>	<b>1 to</b>	<b>Over</b>
	<b>Note</b>	<b>\$</b>	<b>1 year</b>	<b>5 years</b>	<b>5 years</b>
			<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Financial Liabilities due</b>					
Trade and other payables	10	23,610	23,610	-	-
<b>Total expected outflows</b>		<u>23,610</u>	<u>23,610</u>	<u>-</u>	<u>-</u>
<b>Financial Assets - realisable</b>					
Cash & cash equivalents	6	64,541	64,541	-	-
Trade and other receivables	7	49,611	49,611	-	-
<b>Total anticipated inflows</b>		<u>114,152</u>	<u>114,152</u>	<u>-</u>	<u>-</u>
<b>Net (Outflow)/Inflow on financial instruments</b>		<u>90,542</u>	<u>90,542</u>	<u>-</u>	<u>-</u>
<b>30 June 2012</b>		<b>Total</b>	<b>Within</b>	<b>1 to</b>	<b>Over</b>
		<b>\$</b>	<b>1 year</b>	<b>5 years</b>	<b>5 years</b>
			<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Financial Liabilities due</b>					
Trade and other payables	10	13,102	13,102	-	-
<b>Total expected outflows</b>		<u>13,102</u>	<u>13,102</u>	<u>-</u>	<u>-</u>
<b>Financial Assets - realisable</b>					
Cash & cash equivalents	6	100,043	100,043	-	-
Trade and other receivables	7	22,418	22,418	-	-
<b>Total anticipated inflows</b>		<u>122,461</u>	<u>122,461</u>	<u>-</u>	<u>-</u>
<b>Net (Outflow)/Inflow on financial instruments</b>		<u>109,359</u>	<u>109,359</u>	<u>-</u>	<u>-</u>



**Heywood & District Community Enterprise Limited**  
**ABN 25 137 222 345**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2013**

**(c) Market risk**

Market risk is the risk that changes in market prices, such as interest rates, will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The company reviews the exposure to interest rate risk as part of the regular board meetings.

The weighted average interest rates of the company's interest-bearing financial assets are as follows:

<b>Financial assets</b>	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
Cash and cash equivalents	0.5%	5.30%

**Sensitivity analysis**

The following table illustrates sensitivities to the company's exposures to changes in interest rates and equity prices. The table indicates the impact on how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible.

These sensitivities assume that the movement in a particular variable is independent of other variables.

	<b>Profit</b>	<b>Equity</b>
	<b>\$</b>	<b>\$</b>
<b>Year ended 30 June 2013</b>		
+/- 1% in interest rates (interest income)	645	645
	<u>645</u>	<u>645</u>
<b>Year ended 30 June 2012</b>		
+/- 1% in interest rates (interest income)	1,000	1,000
	<u>1,000</u>	<u>1,000</u>

The company has no exposure to fluctuations in foreign currency.

**(d) Price risk**

The company is not exposed to any material price risk.

**Fair values**

The fair values of financial assets and liabilities approximate the carrying values as disclosed in the Statement of Financial Position. Fair value is the amount at which an asset could be exchanged, or liability settled, between knowledgeable, willing parties in an arm's length transaction. The company does not have any unrecognised financial instruments at year end.

***INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF HEYWOOD & DISTRICT  
COMMUNITY ENTERPRISE LIMITED***

**Report on the Financial Report**

We have audited the accompanying financial report of Heywood & District Community Enterprise Limited, which comprises the statement of financial position as at 30 June 2013, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end.

*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 (IFRS).

*Auditor's Responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Independence*

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of Heywood & District Community Enterprise Limited, would be in the same terms if provided to the directors as at the time of this auditor's report.

### *Auditor's Opinion*

In our opinion:

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

*Richmond Sinnott + Delahunty*

**RICHMOND SINNOTT & DELAHUNTY**  
Chartered Accountants

*W. J. Sinnott*

**W. J. SINNOTT**  
Partner

Dated at Bendigo, 25 September 2013

25 September 2013

The Directors  
Heywood & District Community Enterprise Limited  
PO Box 222  
Heywood Vic 3304

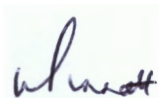
To the Directors of Heywood & District Community Enterprise Limited

**Auditor's Independence Declaration under section 307C of the Corporations Act 2001**

I declare that to the best of my knowledge and belief, during the year ended 30 June 2013 there has been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

**RICHMOND SINNOTT & DELAHUNTY**  
Chartered Accountants



**Warren Sinnott**  
**Partner**

**Dated at Bendigo, 25 September 2013**





Heywood & District **Community Bank**® Branch  
 61 Edgar Street, Heywood VIC 3304  
 Phone: (03) 5527 1080

Franchisee: Heywood & District Community Enterprise Limited  
 61 Edgar Street, Heywood VIC 3304  
 Phone: (03) 5527 1856  
 ABN: 25 137 222 345

[www.bendigobank.com.au](http://www.bendigobank.com.au)  
 Bendigo and Adelaide Bank Limited,  
 The Bendigo Centre, Bendigo VIC 3550  
 ABN 11 068 049 178. AFSL 237879.  
 (BMPAR11019) (07/11)

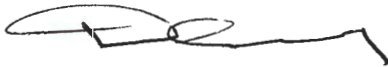


**Heywood & District Community Enterprise Limited**  
**ABN 25 137 222 345**  
**Directors' Declaration**

In accordance with a resolution of the Directors of Heywood & District Community Enterprise Limited, the Directors of the company declare that:

- 1 the financial statements and notes of the company as set out on pages 1 to 27 are in accordance with the Corporations Act 2001 and:
  - (i) comply with Australian Accounting Standards, which as stated in accounting policy Note 1(a) to the financial statements constitutes compliance with International Financial Reporting Standards (IFRS); and
  - (ii) give a true and fair view of the company's financial position as at 30 June 2013 and of the performance for the year ended on that date;
- 2 in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This resolution is made in accordance with a resolution of the Board of Directors.



Desmond Newton Gray  
Director

Signed at Heywood on 25 September 2013.