annual report 2014

Heywood & District
Community Enterprise Limited
ABN 25 137 222 345

Heywood & District **Community Bank®** Branch

HEYWOOD & DISTRICT
COMMUNITY ENTERPRISE LTD
ABN 25 137 222 345

2014
ANNUAL
REPORT

Heywood & District
Community Bank® Branch

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CHAIRMAN'S REPORT
30 June 2014

It is with great pleasure I present the fifth annual report of the Heywood & District Community Enterprise Limited to you, our shareholders.

Over the last 12 months we have maintained our support for the local community with sponsorships and grants. The sponsorship program has continued and since opening we have contributed more than $94,000 to our community groups.

Unfortunately our business has not grown as we expected. The cash flow statement shows a profit of $2,000. Due to strict control of our expenses and after depreciation and amortisation, our trading loss this year will be around $50,000. However on a positive note we have provided sponsorship and grants totalling $49,238 for this financial year.

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

It is vital we grow our business each year to ensure the continued stream of sponsorship to our community. This can only be achieved through increased business with our branch. This could be loans, deposits, insurance or financial advice.

Rob Walter retired at our last Annual General Meeting and was replaced by Lydia Atwell.

Rob Walter was on our Steering Committee and a Director from the start. Rob's support and commitment was highly valued.

Thank you to all my fellow Directors for your continued support and a special thank you to Company Secretary Robyn Phillips and Treasurer Nancy Genardini.

A special thank you to our staff - Jennifer, Rita, Lee-Ann and Robyn - for their involvement and dedication over the past 12 months. The team is committed and passionate about developing our business.

2013/14

Lions Club of Heywood	$5,000
Heywood Foster Care	$300
Heywood Kindergarten	$1,868
Heywood Pioneer Wagon Shed	$500
HFNC	$1,000
Heywood Pink Ladies	$100
Promoting Heywood & District Committee	$100
Heywood 1st Scouts Group	$55
Heywood & District Secondary College	$4,500

Heywood & District Basketball Association	$290
Drumborg-Heywood Cricket Club	$1,000
Narrawong District Association	$300
Heywood Golf Club	$600
Fitzroy River Quilters	$500
Promoting Heywood & District Committee Inc	$2,000
Heywood Wood Wine & Roses	$1,498
CWA Heywood Evening Branch	$300
Dartmoor Primary School	$500
Heywood Wood Wine & Roses	$2,000
Dartmoor Golf Club	$200
Heywood Consolidated School	$4,500
South West District Football Netball League	$1,500
Heywood Men's Talk Group	$1,200
Heywood Model Train Group	$300
Myamyn Community Hall	$450
Lions Club of Heywood	$2,000
Heywood Golf Club	$120
Tyrendarra Sporting Clubs Inc	$550
Portland Dog Obedience Club	$500
Tyrendarra P&A Society	$1,600
Dartmoor Football Netball Club	$550
Tyrendarra P&A Society – Sheaf Toss	$500
Ambulance Victoria Heywood Branch	$250
Tom Gorey bursary	$50
Heywood Consolidated School Equestrian Games	$300
Heywood Rural Health – Memorial Gates	$5,500
Heywood Junior Football Club	$1,500
Heywood Public Gardens Reserve Committee	$1,000
Heywood Golf Club – flags	$300
WW&R - Street Parade	$1,000
Casterton Racing Club	$600
Myamyn Hall Committee	$100
Heywood Secondary College	$200
HRNC	$50
Dartmoor Bush Nursing	$357
Narrawong Primary School	$1,500

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 branch?

Des Gray
Chairman

MANAGER'S REPORT
30 June 2014

The Heywood & District **Community Bank**® Branch has celebrated many successes during 2013/14. We have achieved many profitable months during the year despite the ever-reducing margins in our business.

Our total portfolio has reached $45 million. Our loan portfolio grew by more than 4% in 2013/14. However it was difficult to grow our deposit portfolio in an extremely competitive market.

During the year our account numbers increased by 10% and our customer numbers increased by 7%. Thank you to the Heywood and district community for your support helping us to continue to grow our business.

A key aim for our business moving forward is to grow our lending portfolio, in particular, increasing our agribusiness loan portfolio. With the support of our Agribusiness Manager, Hugh McDonald, our accredited and experienced staff can provide all rural banking services to our customers. We look forward to the opportunity to meet with farmers and agribusiness contractors to discuss your financial needs.

Our point of difference to the other banks is being able to provide all banking services at the Heywood & District **Community Bank**® Branch. We have a skilled and experienced team to assist our community with all banking needs. No appointments or waiting required.

And we have continued to volunteer 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
- Stand Tall Mentoring

Thank you to Rita, Lee-Ann, and Robyn for your continued support and commitment. We cannot do this without you. Thank you to the Directors and most importantly, thank you to our customers. And, again, thank you to our community for your ongoing support.

Jennifer Tod

Jennifer Tod
Branch Manager

Bendigo and Adelaide Bank report

For year ending 30 June 2014

The past year marked two very significant milestones for our **Community Bank®** network, celebrating the opening of its 300th branch while also reaching $120 million in community contributions. Both achievements could not have been accomplished without your ongoing support as shareholders and customers.

The **Community Bank®** 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 doors.

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

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

The **Community Bank®** network has returned more than $20 million in contributions to local communities in this financial year alone. Our branches have been able to fund projects that make a difference to a community; improved health services, sports programs, aged care facilities, education initiatives and community events that connect communities and encourage prosperity.

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

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

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

The communities we partner with also have access to Bendigo and Adelaide Bank's extensive range of other community building solutions including the Community Enterprise Foundation™ (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 Connected Communities Enterprises that provide **Community Bank®** companies with further development options.

Bendigo and Adelaide Bank report (continued)

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

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

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

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

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

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

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

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

The **Community Bank®** model is the ultimate example of a win/win partnership and I thank you for your important support of your local **Community Bank®** branch.

Robert Musgrove
Executive Community Engagement

Heywood & District Community Enterprise Limited
ACN 137 222 345
Directors' report

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

Directors

The following persons were directors of Heywood & District Community Enterprise Limited during or since the end of the financial year up to the date of this report:

Name and position held	Qualifications	Experience and other Directorships
Desmond Newton Gray Chairman Appointed: April 2009 Re-elected Nov 2012		• Company Director - Heywood Hardware • Member of Heywood Community Bank Steering Committee • Foundation Secretary & Life Member Heywood Apex • 23 years member of the Heywood Football Netball Club
Robyn Leslie Phillips Company Secretary Appointed: April 2009 Re-elected Nov 2011		• Customer Relations Manager - Wannon Water • Member of Heywood Community Bank Steering Committee • Office bearer with various community groups - including Heywood Football Netball Club, Heywood Wood Wine & Roses Committee.
Gregory Phillip Colliver Director Appointed: April 2009 Re-elected Nov 2011		• Farmer • Member of Heywood Community Bank Steering Committee • Life member of Apex. CFA. Past President, Secretary and Branch delegate of the VFF.
Nancy May Genardini Director Appointed: April 2009	B.A., T.S.T.C., Post Grad B. Special Education	• Office Manager • Member of Heywood Community Bank Steering Committee • 30 years Secondary Teacher & Administrator. • 30 years involvement with Heywood Community
Rosalie Linda Hart Director Appointed: April 2009 Re-elected Nov 2012		• Administration Support Officer • Member of Heywood Community Bank Steering Committee • Treasurer Heywood Wood Wine & Roses Committee.
Robin Vinson Walter Director Appointed: April 2009 Resigned:		• Communication Officer with DEPI for Emergency Management • Member of Heywood Community Bank Steering • Life membership Heywood Golf Club. Held many positions including District Governor and Heywood Board member.
Craig James Keating Director Appointed: April 2009 Re-elected Nov 2011	B. Pharm	• Senior Pharmacist Newcomb Central Pharmacy • Member of Heywood Community Bank Steering Committee • Board member Heywood Rural Health 1986 -2012. • Chairman AFL Barwon Football Commission.
Andrew George McRae Director Appointed: April 2009 Re-elected Nov 2012	Dairy Farm Management	• Dairy Farmer • Member of Heywood Community Bank Steering Committee • 8 years Secondary School Council. President for UDF.

Directors (continued)

Jacob Jan Doeven Director Appointed: April 2009		• Small Business Operator - Vineyard • Member of Heywood Community Bank Steering Committee • Drumborg CFA. Past President & Secretary Henty Wine • Long involvement Heywood Football Netball Club & Lions
Darryl James Melano Director Appointed: April 2009		• Small Business Operator (Heywood Ag Sales & Service) • Member of Heywood Community Bank Steering Committee • Gorae West CFA. Member of Heywood Wood Wine & Roses Committee.
Lydia Hoggan Director Appointed: 20-Nov-13	Bachelor of Commerce, Chartered Accountant	Worked with a Portland Accounting firm since 2008 – experience in accounting, taxation, BAS Current steering committee member for Portland Young Professionals Network

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

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

Principal activities

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

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

Review of operations

The loss of the company for the financial year after provision for income tax was $42,965 (2013 loss: $38,604), which is a 11% decrease as compared with the previous year.

The net assets of the company have decreased to $344,588 (2013: $387,553).

Dividends

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

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 and Adelaide Bank Limited's **Community Bank®** Directors Privileges package. The package is available to all Directors who can elect to avail themselves of the benefits based on their personal banking with the branch. There is no requirement to own Bendigo and Adelaide Bank Limited shares and there is no qualification period to qualify to utilise the benefits. The package mirrors the benefits currently available to Bendigo and Adelaide Bank Limited shareholders. The Directors have estimated the total benefits received from the Directors Privilege Package to be $Nil for the year ended 30 June 2014.

Indemnifying officers or Auditor

The company has agreed to indemnify each Officer (Director, Secretary or employee) out of assets of the company to the relevant extent against any liability incurred by that person arising out of the discharge of their duties, except where the liability arises out of conduct involving dishonesty, negligence, breach of duty or the lack of good faith. The company also has Officers Insurence 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	10 (11)	N/A
Robyn Leslie Phillips	10 (11)	01 (02)
Gregory Phillip Colliver	09 (11)	02 (02)
Nancy May Genardini	06 (11)	N/A
Rosalie Linda Hart	11 (11)	N/A
Robin Vinson Walter	02 (04)	N/A
Craig James Keating	00 (11)	N/A
Andrew George McRae	11 (11)	N/A
Jacob Jan Doeven	08 (11)	02 (02)
Darryl James Melano	09 (11)	N/A
Lydia Hoggan	05 (07)	01 (02)

 # 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.

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.

Non audit services

The Board of Directors, in accordance with advice from the audit committee, are satisfied that the provision of non audit services during the year is compatible with the general standard of independence for Auditors imposed by the Corporations Act 2001. The Directors are satisfied that the services disclosed in Note 5 did not compromise the external Auditor's independence for the following reasons:

- all non audit services are reviewed and approved by the Audit Committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the Auditor; and

- the nature of the services provided does not compromise the general principles relating to Auditor independence in accordance with APES 110 "Code of Ethics for Professional Accountants" set by the Accounting Professional and Ethical Standards Board.

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
19 September 2014.

Desmond Newton Grey
Director

Heywood & District Community Enterprise Limited
ACN 137 222 345
Statement of profit or loss and Other Comprehensive Income
for the year ended 30 June 2014

	Notes	2014 $	2013 $
Revenue	2	368,466	323,066
Employee benefits expense	3	(209,926)	(190,738)
Depreciation and amortisation expense	3	(27,360)	(27,772)
Bad and doubtful debts expense	3	(65)	-
Other expenses		(138,831)	(137,769)
Operating loss before charitable donations & sponsorships		(7,716)	(33,213)
Charitable donations and sponsorships		(44,054)	(13,705)
Loss before income tax expense		(51,770)	(46,918)
Tax benefit	4	(8,805)	(8,314)
Loss for the year		(42,965)	(38,604)
Reversal of deferred tax asset		-	-
Total comprehensive income		(42,965)	(38,604)
Loss attributable to members of the company		(42,965)	(38,604)
Total comprehensive income attributable to members of the company		(42,965)	(38,604)
Earnings per share (cents per share)			
- basic for profit / (loss) for the year	20	(5.89)	(5.30)
- diluted for profit / (loss) for the year	20	(5.89)	(5.30)

The accompanying notes form part of these financial statements

Heywood & District Community Enterprise Limited
ACN 137 222 345
Statement of financial position
As at 30 June 2014

	Notes	2014 $	2013 $
Assets			
Current assets			
Cash and cash equivalents	6	66,333	64,541
Trade and other receivables	7	22,589	49,611
Total current assets		88,922	114,152
Non-current assets			
Property, plant and equipment	8	163,974	169,000
Deferred tax asset	4	115,760	106,955
Intangible assets	9	11,000	33,000
Total non-current assets		290,734	308,955
Total assets		379,656	423,107
Liabilities			
Current liabilities			
Trade and other payables	10	18,888	23,610
Provisions	11	16,180	11,944
Total current liabilities		35,068	35,554
Total liabilities		35,068	35,554
Net assets		344,588	387,553
Equity			
Issued capital	12	713,435	713,435
Accumulated losses	13	(368,847)	(325,882)
Total equity		344,588	387,553

The accompanying notes form part of these financial statements

Heywood & District Community Enterprise Limited
ACN 137 222 345
Statement of changes in equity
for the year ended 30 June 2014

	Note	Issued capital $	Accumulated losses $	Total equity $
Balance at 1 July 2012		**713,435**	**(287,278)**	**426,157**
Total comprehensive income for the year		-	(38,604)	(38,604)
Transactions with owners, in their capacity as owners				
Shares issued during the year		-	-	-
Dividends paid or provided	21	-	-	-
Balance at 30 June 2013		**713,435**	**(325,882)**	**387,553**
Balance at 1 July 2013		**713,435**	**(325,882)**	**387,553**
Total comprehensive income for the year		-	(42,965)	(42,965)
Transactions with owners, in their capacity as owners				
Shares issued during the year		-	-	-
Dividends paid or provided	21	-	-	-
Balance at 30 June 2014		**713,435**	**(368,847)**	**344,588**

The accompanying notes form part of these financial statements

Heywood & District Community Enterprise Limited
ACN 137 222 345
Statement of cash flows
For the year ended 30 June 2014

	Notes	2014 $	2013 $
Cash flows from operating activities			
Receipts from customers		370,757	290,921
Payments to suppliers and employees		(368,685)	(331,375)
Interest received		54	4,952
Net cash provided by/(used in) operating activities	14b	2,126	(35,502)
Cash flows from investing activities			
Purchase of property, plant & equipment		(334)	-
Net cash flows from/(used in) investing activities		(334)	-
Cash flows from financing activities			
Dividends paid		-	-
Net cash provided by/(used in) financing activities		-	-
Net increase/(decrease) in cash held		1,792	(35,502)
Cash and cash equivalents at beginning of financial year		64,541	100,043
Cash and cash equivalents at end of financial year	14a	66,333	64,541

The accompanying notes form part of these financial statements

These 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 19 September 2014.

1. Summary of significant accounting policies

(a) Basis of preparation

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

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

Economic Dependency

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

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

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

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

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

1. Summary of significant accounting policies (continued)

Going Concern

The net assets of the company as at 30 June 2014 were $344,588 and the loss made for the year was $42,965, bringing accumulated losses to $368,847.

The company recognises that losses will be incurred during the development of the business and while market access is being developed within the district. The directors will continue to review their growth forecast budget and cash flows throughout the 2014/15 year, and measure to preserve cash and secure additional finance, these circumstances create material uncertainties over future trading results and cash flow.

Bendigo and Adelaide Bank Limited has confirmed that it will continue to support the Company and its operations for the 2014/15 financial year, and beyond through the provision of an overdraft facility on normal commercial terms and conditions to assist with working capital requirements. The support is provided on the basis that the company continues to fulfil its obligations under the franchise agreement and continues to closely with Bendigo and Adelaide Bank Limited to further develop its business.

Based on the above, and after making additional enquiries, the directors believe that it is reasonably foreseeable that the company will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial statements.

(b) Income tax

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

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

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

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

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

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

1. Summary of significant accounting policies (continued)

(c) Fair value of assets and liabilities

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

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

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

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

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

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

1. Summary of significant accounting policies (continued)

(d) Property, plant and equipment

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

Plant and equipment

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

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

Depreciation

The depreciable amount of all fixed assets, is depreciated on a straight-line basis over the asset's useful life to the company commencing from the time the asset is held ready for use.

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

Class of asset	*Depreciation rate*
Leasehold improvements	2.5%
Plant & equipment	20%

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

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

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

(f) Impairment of assets

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

1. Summary of significant accounting policies (continued)

(g) Goods and services tax (GST)

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

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

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

(h) Employee benefits

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

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

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

(i) 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.

(j) Cash and cash equivalents

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

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

1. Summary of significant accounting policies (continued)

(k) Revenue

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

Interest, dividend and fee revenue is recognised when earned.

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

(l) Trade and other receivables

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

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

(m) Trade and other payables

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

(n) New accounting standards for application in future periods

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

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

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

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

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

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

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

1. Summary of significant accounting policies (continued)

(n) New accounting standards for application in future periods (continued)

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

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

(o) New and amended accounting policies adopted by the company

Employee benefits

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

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

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

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

Fair value measurement

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

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

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

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

1. Summary of significant accounting policies (continued)

(p) Loans and borrowings

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

(q) Provisions

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

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

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

(r) Share capital

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

(s) Comparative figures

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

(t) Critical accounting estimates and judgements

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

Estimation of useful lives of assets

The company determines the estimated useful lives and related depreciation and amortisation 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 evaluating conditions and events specific to the company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value in use calculations which incorporate various key assumptions.

1. Summary of significant accounting policies (continued)

(u) 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 (i.e. trade date accounting is adopted). Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to the profit or loss immediately.

Classification and subsequent measurement

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

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

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

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

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

Impairment

A financial asset (or group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

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

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

1. Summary of significant accounting policies (continued)

(u) Financial instruments (continued)

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

Derecognition of financial instruments

Financial assets are derecognised when the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged, cancelled or have expired. The difference between tha 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 recognisad in profit or loss.

2. Revenue and other income	2014 $	2013 $
Revenue		
- services commissions	99,027	79,144
- other revenue	269,385	238,970
	368,412	318,114
Other revenue		
- interest received	54	4,952
	54	4,952
Total revenue	368,466	323,066

3. Expenses		
Employee benefits expense		
- wages and salaries	187,690	173,509
- superannuation costs	18,109	14,998
- other costs	4,127	2,231
	209,926	190,738
Depreciation of non-current assets:		
- plant and equipment	1,295	1,603
- property improvements	4,065	4,169
Amortisation of non-current assets:		
- intangible assets	22,000	22,000
	27,360	27,772
Bad debts	65	-

	2014	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% (2013: 30%)	(15,531)	(14,075)
Add tax effect of:		
- Adjustments in respect of current income tax of previous year	-	-
- Utilisation of previously unrecognised carried forward tax losses	-	-
- Non-deductible expenses	6,726	5,761
Current income tax expense	(8,805)	(8,314)
Income tax attributable to the entity	(8,805)	(8,314)
The applicable weighted average effective tax rate is	17.01%	17.72%
Deferred tax asset		
Future income tax benefits arising from tax losses are recognised at reporting date as realisation of the benefit is regarded as probable.	115,760	106,955

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

5. Auditors' remuneration

Remuneration of the Auditor for:

	2014	2013
- Audit or review of the financial report	3,300	4,150
	3,300	4,150

6. Cash and cash equivalents

	2014	2013
Cash at bank and on hand	66,333	64,541

7. Trade and other receivables

	2014	2013
Current		
Trade debtors	22,589	24,934
Other essets	-	24,677
	22,589	49,611

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 other than those receivables specifically provided for and mentioned within this note.

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.

			Past due but not impaired			
2014	Gross amount	Past due and impaired	< 30 days	31-60 days	> 60 days	Not past due
Trade receivables	22,589	-	-	-	-	22,589
Other receivables	-	-	-	-	-	-
Total	22,589	-	-	-	-	22,589
2013						
Trade receivables	24,934	-	-	-	-	24,934
Other receivables	24,677	-	-	-	-	24,677
Total	49,611	-	-	-	-	49,611

8. Property, plant and equipment

	2014 $	2013 $
Leasehold improvements		
At cost	176,542	176,542
Less accumulated depreciation	(18,016)	(13,951)
	158,526	162,591
Plant and equipment		
At cost	12,655	12,321
Less accumulated depreciation	(7,207)	(5,912)
	5,448	6,409
Total written down amount	163,974	169,000

8. Property, plant and equipment (continued)

Movements in carrying amounts

Leasehold improvements		
Balance at the beginning of the reporting period	162,591	166,760
Additions	-	-
Disposals	-	-
Depreciation expense	(4,065)	(4,169)
Balance at the end of the reporting period	158,526	162,591
Plant and equipment		
Balance at the beginning of the reporting period	6,409	8,012
Additions	334	-
Disposals	-	-
Depreciation expense	(1,295)	(1,603)
Balance at the end of the reporting period	5,448	6,409

9. Intangible assets

Franchise fee		
At cost	10,000	10,000
Less accumulated amortisation	(9,000)	(7,000)
	1,000	3,000
Preliminary expenses		
At cost	100,000	100,000
Less accumulated amortisation	(90,000)	(70,000)
	10,000	30,000
Total Intangible assets	11,000	33,000

Movements in carrying amounts

Franchise fee		
Balance at the beginning of the reporting period	3,000	5,000
Additions	-	-
Disposals	-	-
Amortisation expense	(2,000)	(2,000)
Balance at the end of the reporting period	1,000	3,000
Preliminary expenses		
Balance at the beginning of the reporting period	30,000	50,000
Additions	-	-
Disposals	-	-
Amortisation expense	(20,000)	(20,000)
Balance at the end of the reporting period	10,000	30,000

10. Trade and other payables

	2014 $	2013 $
Current		
Unsecured liabilities:		
Trade creditors	1,579	5,217
Other creditors and accruals	17,309	18,393
	18,888	23,610

11. Provisions

	2014 $	2013 $
Employee benefits	16,180	11,944
Movement in employee benefits		
Opening balance	11,944	11,615
Additional provisions recognised	17,537	15,334
Amounts utilised during the year	(13,301)	(15,005)
Closing balance	16,180	11,944
Current		
Annual leave	16,180	11,944
Total provisions	16,180	11,944

Provision for employee benefits

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

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

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

12. Share capital

	2014 $	2013 $
729,060 Ordinary shares fully paid of $1 each	729,060	729,060
Less: Equity raising costs	(15,625)	(15,625)
	713,435	713,435
Movements in share capital		
Fully paid ordinary shares:		
At the beginning of the reporting period	729,060	729,060
Shares issued during the year	-	-
At the end of the reporting period	729,060	729,060

12. Share capital (continued)

Ordinary shares participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held. At the shareholders' meetings each shareholder is entitled to one vote when a poll is called, or on a show of hands. The company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid. All shares rank equally with regard to the company's residual assets.

Capital management

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

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

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

The Board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the year ended 30 June 2014 can be seen in the Statement of Profit or Loss and Comprehensive Income.

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

13. Accumulated losses

	2014 $	2013 $
Balance at the beginning of the reporting period	(325,882)	(287,278)
Profit/(loss) after income tax	(42,965)	(38,604)
Balance at the end of the reporting period	(368,847)	(325,882)

14. Statement of cash flows

Reconciliation of profit / (loss) after tax to net cash provided from/(used in) operating activities

	2014 $	2013 $
Profit / (loss) after income tax	(42,965)	(38,604)
Non cash items		
- Depreciation	5,360	5,772
- Amortisation	22,000	22,000
Changes in assets and liabilities		
- (Increase) decrease in receivables	27,022	(27,193)
- (Increase) decrease in deferred tax asset	(8,805)	(8,314)
- Increase (decrease) in payables	(4,722)	10,508
- Increase (decrease) in provisions	4,236	329
Net cash flows from/(used in) operating activities	2,126	(35,502)

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 and Adelaide Bank Limited's **Community Bank®** Directors Privileges package. The package is available to all Directors who can elect to avail themselves of the benefits based on their personal banking with the branch. There is no requirement to own Bendigo and Adelaide Bank Ltd shares and there is no qualification period to qualify to utilise the benefits.

(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:

	2014	2013
Desmond Newton Gray	61,001	21,001
Robyn Leslie Phillips	501	501
Gregory Phillip Colliver	8,501	6,251
Nancy May Genardini	1,501	1,001
Rosalie Linda Hart	6,001	6,001
Robin Vinson Walter	2,001	2,001
Craig James Keating	30,001	20,001
Andrew George McRae	28,001	15,001
Jacob Jan Doeven	4,001	4,001
Darryl James Melano	4,501	5,001
Lydia Hoggan	1	-

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%).

19. Company details

The registered office and principle place of business is:

25 - 27 Scott St
Heywood VIC 3304

61 Edgar St
Heywood VIC 3304

20. Earnings per share	**2014**	**2013**
	$	**$**
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 averege number of ordinary shares outstanding during the year (adjusted for the effects of any dilutive options or preference shares).		
The following reflects the income and share data used in the basic and diluted earnings per share computations:		
Profit/(loss) after income tax expense	(42,965)	(38,604)
Weighted average number of ordinary shares for basic and diluted earnings per share	729,060	729,060

21. Dividends paid or provided for on ordinary shares

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

22. Leases

Operating lease commitments

Non-cancellable operating leases contracted for but not capitalised in the

Payable - minimum lease payments		
- no later than 12 months	18,333	22,000
- between 12 months and 5 years	-	18,333
- greater then 5 years	-	-
	18,333	40,333

The property lease is a non-cancellable lease with a 5 year term, with rent payable monthly in advance. It has 2, 5 year extensions available.

23. Financial risk management

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

	Note	2014 $	2013 $
Financial assets			
Cash and cash equivalents	6	66,333	64,541
Trade and other receivables	7	22,589	49,611
Total financial assets		88,922	114,152
Financial liabilities			
Trade and other payables	10	18,868	23,610
Total financial liabilities		18,868	23,610

Financial risk management policies

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

Specific financial risk exposure and management

The main risks the company is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk, foreign currency risk and other price risk. There have been no substantial changes in the types of risks the company is exposed to, how the risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

(a) Credit risk

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

Credit risk is managed through maintaining procedures that ensure, to the extent possible, that clients and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment. Credit terms for normal fee income are generally 30 days from the date of invoice. For fees with longer settlements, terms are specified in the individual client contracts. In the case of loans advanced, the terms are specific to each loan.

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

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

None of the assets of the company are past due (2013: nil past due) and based on historic default rates, the company believes that no impairment allowance is necessary in respect of assets not past due.

23. Financial risk management (continued)

(a) Credit risk (continued)

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

	2014 $	2013 $
Cash and cash equivalents:		
A rated	66,333	64,541

(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.

The table below reflects an undiscounted contractual maturity analysis for financial liabilities.

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

Financial liability and financial asset maturity analysis:

30 June 2014	Note	Total $	Within 1 year $	1 to 5 years $	Over 5 years $
Financial liabilities due					
Trade and other payables	10	18,888	18,888	-	-
Total expected outflows		18,888	18,888	-	-
Financial assets - realisable					
Cash & cash equivalents	6	66,333	66,333	-	-
Trade and other receivables	7	22,589	22,589	-	-
Total anticipated inflows		88,922	88,922	-	-
Net (outflow)inflow on financial instruments		70,034	70,034	-	-

23. Financial risk management (continued)

(b) Liquidity risk (continued)

30 June 2013		Total $	Within 1 year $	1 to 5 years $	Over 5 years $
Financial liabilities due					
Trade and other payables	10	23,610	23,610	-	-
Total expected outflows		23,610	23,610	-	-
Financial assets - realisable					
Cash & cash equivalents	6	64,541	64,541	-	-
Trade and other receivables	7	49,611	49,611	-	-
Total anticipated inflows		114,152	114,152	-	-
Net (outflow)/inflow on financial instruments		90,542	90,542	-	-

(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 perameters.

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

Sensitivity analysis

The following table illustretes 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.

	Profit $	Equity $
Year ended 30 June 2014		
+/- 1% in interest rates (interest income)	663	663
	663	663
Year ended 30 June 2013		
+/- 1% in interest rates (interest income)	645	645
	645	645

The company has no exposure to fluctuations in foreign currency.

23. Financial risk management (continued)

(d) Price risk

The company is not exposed to any material price risk.

Fair values

The fair values of financial assets and liabilities approximate the carrying values as disclosed in the Statement of Financial 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.

Heywood & District Community Enterprise Limited
ACN 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, as set out on pages 6 to 30 are in accordance with the Corporations Act 2001 and:

(i) comply with Australian Accounting Standards, which as stated in accounting policy Note 1(a) to the financial statements constitutes compliance with International Financial Reporting Standards (IFRS); and

(ii) give a true and fair view of the company's financial position as at 30 June 2014 and of the performance for the year ended on that date;

2 In the Directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

Director

Signed at Heywood on 19 September 2014.

Richmond Sinnott & Delahunty
Chartered Accountants
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Bendigo, VICTORIA
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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 2014, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the 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 2014 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.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1 in the financial report, which indicates that the company incurred a net loss of $42,965 during the year ended 30 June 2014, further reducing the company's net assets to $344,588. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt over the company's ability to continue as a going concern and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business.

RICHMOND SINNOTT & DELAHUNTY
Chartered Accountants

P.P. Delahunty
Partner

Dated at Bendigo, 19 September 2014

Richmond
Sinnott &
Delahunty

Chartered Accountants

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19 September 2014

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

Dear Directors,

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 2014 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

P. P. Delahunty

P. P. Delahunty
Partner
Dated at Bendigo, 19 September 2014

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