

# 2008 annual report



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# Chairman's report

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For year ending 30 June 2008

Welcome to the sixth Maroondah Community Enterprises Limited Annual Report.

The Ringwood East Bendigo **Community Bank**<sup>®</sup> Branch celebrated its fifth birthday on the 20 June 2008, with performances from Lisa Edwards, Mike Brady, and the Eastwood Primary school. The event was hosted by Greg Evans.

In the last 12 months steady progress has been made towards the opening of the Heathmont **Community Bank**<sup>®</sup> Branch. The Heathmont **Community Bank**<sup>®</sup> steering committee, chaired by Geoff Secker, has continued to keep the Heathmont community updated on the pending opening of our second site. Heathmont has taken a little longer than first anticipated due to the lack of available sites. The banking operation does require a minimum of 100 sqm and there are not too many sites in Heathmont of the required size.

The Ringwood East Bendigo **Community Bank**<sup>®</sup> Branch has had tremendous growth again this year achieving a net growth in banking business of \$21 million. Annette Parry, who was employed a little over 15 months ago, has done a fantastic job assisting Ray with lending and opening new accounts. Sheree Foster won numerous awards during the year for customer service and continues to be a tremendous asset to the branch.

The Board has continued to work well together to ensure our goals are achieved. I would like thank Company Secretary Neville Walker, for an outstanding job keeping the Board in line and ensuring that we continue to meet all the ASIC requirements. I would like to thank Tammy Coombs for her role as minutes Secretary, she has attended every Board meeting and has done a great job ensuring that all Board reports and minutes are prepared and distributed.

Our Relationship Manager Alison Burr, has attended four Board meetings and has been very helpful and a great support. At a regional level we have now developed a joint sponsorship committee with the other branches in the Maroondah and Yarra Valley municipalities. Each Board has committed to spending \$5,000. The total sponsorship of \$35,000 is to support projects that fall into both municipalities. Programs such as Maroondah Life Education, CHAMPS and Monkami will be funded from these funds.

Ray Tonisson and the staff, Sharon, Margaret, Tracey, Sheree, Carly, Annette and Michelle, have again been outstanding in their professional approach to banking. The Bendigo Bank budget for growth was \$15 million, but the Board budget was \$18 million, with the actual figure achieved \$21million. A sensational job done by all the staff. Our banking book as at the 30 June 2008 was about \$108 million.

We are extremely excited to be declaring our second dividend to our shareholders of 8.5% fully franked. This is a fantastic reward for your continued support. I believe that with the plans we have in place, the commitment from the Board, our extremely dedicated staff and with Heathmont branch opening in late 2008 that the next 12 months will be only bigger and better.

## Chairman's report continued

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After 12 months of town planning and telecommunication issues we finally open our third ATM in Bayswater Road, South Croydon. ATM's are never a money making exercise although we do monitor the monthly statistics to ensure they are being used. ATM's are considered to be a marketing opportunity and a service to our clients by ensuring that money is at hand when required. The ATM in Bedford Cellars in Bedford Road Ringwood East is breaking even most months and has been a great way of marketing our branch.

I would like to publicly thank Ray Tonisson for the amount of time that he has spent outside of office duties and office hours, attending many functions in order to be recognized as a face for the bank.

### **The future**

So what does the future look like?

- The Board is looking forward to ongoing growth at Ringwood East of at least \$15 million and growth in Heathmont of \$15 million in the coming financial year.
- The Heathmont campaign has progressed along way and the prospectus being be posted in October. The branch should be open in early December.
- We have had a number of meetings with councilors and the senior management team about a joint venture with a number of community groups. At this stage talks have slowed down with the council.

The Board has seen the bank as a very important part of our community. In the last five years the bank has donated close to \$260,000 to community groups in our district which is well beyond our initial expectations. This generosity has bought so much appreciation from those organizations that have received these funds. As shareholders I hope you can experience some of the same joy and feedback from our community of the great work your bank is doing.



**Stuart Greig**  
**Chairman**

# Manager's report

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For year ending 30 June 2008

I cannot believe it has been five years since we opened.

I can remember the excitement (and nervousness) of getting ready to open for the first time on a cold Saturday morning of 21 June 2003.

Had the training been enough? Could we answer customer's questions accurately?

Did we know our products?

Five years later we are a very successful branch with around \$108M in banking business, over 6400 accounts and around 4000 customers.

We have given back to the community approximately \$260,000 in sponsorships, grants and donations. Which other bank in the City of Maroondah has contributed anywhere near this mark in five years?

Last year, we returned our first dividend to our shareholders of 5% fully franked.

Another dividend will be announced shortly for this year.

Moving forward, we will be opening another branch in Heathmont subject to filling the prospectus. Premises have been located at 143 Canterbury Rd, Heathmont which is next to the post office. If you wish to purchase additional shares in our ever growing Company please contact Tony Hart of Bakers Delight in Canterbury Rd, Heathmont.

Many of you may have seen our 21 seater community bus travelling the neighbourhood. It is available to hire to community groups at \$132 (includes GST) per day for unlimited kilometres. All you need is to supply your own qualified driver (we can source one for you if required) and pay for fuel used. This is approximately half the price any of the well known bus hire companies would charge.

As part of our on going community engagement activities we have commenced a quarterly sausage sizzle in conjunction with Century 21 Real Estate at the Ringwood East traders car boot sale held on the first Saturday of each month. Proceeds of our activities on the day go to local charities and community organisations. Recipients so far have been Monkami (a not for profit disability service provider) and Fingers and Thumbs (teaching all Australians sign language). Our next barbeque is on 4 October 2008 where the proceeds of the day will go to Glen Park Community Centre. I hope to see you at one of our sausage sizzles where I will personally cook you a sausage.

Our staff continue to provide outstanding service to all our customers and are our most valuable asset. Without good staff we would not have a good business. Happy staff translates into happy customers and the business is a follow on effect.

## Manager's report continued

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I personally thank (in no particular order) Sharon, Sheree, Annette, Carly Michelle, Margaret and Tracey for their contribution and commitment to our branch. I also thank our Regional Manager Alison Burr and her team for their support and ongoing guidance.

A big thankyou to you our community minded shareholders who without we could not have opened the doors.



**Ray Tonisson**

**Manager**

# Directors' report

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For year ending 30 June 2008

Your Directors submit the financial report of the Company for the financial year ended 30 June 2008.

## Directors

The names and details of the Company's Directors who held office during or since the end of the financial year:

### **Stuart Robert Greig**

Director

Age: 39

Occupation: Licensed Real Estate Agent

Experience and expertise

Licensed Real Estate Agent since 1998

Board member since January 2003

Special responsibilities:

Chairman, Employment Committee

### **Arthur Michael Corcoris**

Director

Age: 53

Occupation: Supermarket Proprietor

Experience and expertise

Manager of family business for 27 years

Board member since January 2003

Special responsibilities:

None

### **Janet Ruth McGannon**

Director (Resigned 31 October 2007)

Age: 48

Occupation: Management Consultant

Experience and expertise

17 Years experience in human resource management, industrial relations and organisational development

Board member since January 2003

Resigned 31 October 2007

Special responsibilities:

Employment and Policy and Procedure Committee

### **William Pirie Sutherland**

Director

Age: 60

Occupation: Businessman

Experience and expertise

Former banker 26 years

Family business 15 years

Board member since January 2003

Special responsibilities:

Marketing, Employment and Policy and Procedure Committee

### **Neville Keith Walker**

Director

Age: 59

Occupation: Chartered Accountant

Experience and expertise

Partner in accounting practice since 1981

Employed by accounting practices for 15 years

Board member since January 2003

Special responsibilities:

Treasurer and Policy and Procedure Committee

### **Stephen George Hodge**

Director

Age: 53

Occupation: Materials Manager

Experience and expertise

Applied Higher Science Technician

Board member since January 2003

Special responsibilities:

Sponsorship Committee

# Directors' report continued

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## **Maxwell Ernest Vincent**

Director  
Age: 78  
Occupation: Businessman  
Experience and expertise  
Business owner and Manager  
Board member since November 2003

### Special responsibilities:

Physical facilities

## **Alexander Anthonius Knipping**

Director  
Age: 53  
Occupation: Shares Portfolio Manager  
Experience and expertise  
Master Stockbroker  
22 years Stockbroking

Board member since 29 November 2004

### Special responsibilities:

Marketing Committee

## **Geoffrey Edwin Secker**

Director  
Age: 52  
Occupation: Businessman  
Experience and expertise  
Business owner and Manager  
Board member since 10 July 2007

### Special responsibilities:

Heathmont Steering Committee

## **Anthony Morris Hart**

Director (Appointed 18 December 2007)  
Age: 60  
Occupation: Businessman  
Experience and expertise  
Business owner and Manager  
Board member since 18 December 2007

### Special responsibilities:

Heathmont Steering Committee

## **Company Secretary**

The Company Secretary is Neville Keith Walker. He was appointed to the position of Secretary on 10 January 2003. Mr Walker is a Chartered Accountant, Registered Tax Agent and Registered Company Auditor. He has been a partner in an accountancy practice since 1981 and for the 15 years prior to that was employed by various accounting practices both in Australia and overseas.

## **Principal activities**

The principal activities of the Company during the course of the financial year were in facilitating **Community Bank**<sup>®</sup> services under management rights to operate a franchised branch of Bendigo Bank Limited.

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

## **Operating results**

Operations have continued to perform in line with expectations. The profit of the Company for the financial year after provision for income tax was:

<b>Year ended</b> <b>30 June 2008</b>	<b>Year ended</b> <b>30 June 2007</b>
<b>\$</b>	<b>\$</b>
158,885	127,299

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# Directors' report continued

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<b>Dividends</b>	<b>Year ended 30 June 2008</b>	
	<b>Cents</b>	<b>\$</b>
Final dividends recommended:	8.5	56,101
Dividends paid in the year:		
- As recommended in the prior year report	5	33,000

## **Significant changes in the state of affairs**

In the opinion of the Directors there were no significant changes in the state of affairs of the Company that occurred during the financial year under review not otherwise disclosed in this report or the financial report.

## **Matters subsequent to the end of the financial year**

There are no matters or circumstances that have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company, in future years.

## **Likely developments**

The Company will continue its policy of facilitating banking services to the community.

## **Environmental regulation**

The Company is not subject to any significant environmental regulation.

## **Directors' benefits**

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 except as disclosed in note 18 to the financial statements. 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.

## **Indemnification and insurance of Directors and Officers**

The Company has indemnified all Directors and the Manager in respect of liabilities to other persons (other than the Company or related body corporate) that may arise from their position as Directors or Manager of the Company except where the liability arises out of conduct involving the lack of good faith.

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 or a related body corporate.

# Directors' report continued

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## Directors meetings

The number of Directors meetings attended by each of the Directors of the Company during the year were:

	<b>Number of Board meetings eligible to attend</b>	<b>Number attended</b>
Stuart Robert Greig	12	12
Arthur Michael Corcoris	12	9
Janet Ruth McGannon (Resigned 31 October 2007)	4	2
William Pirie Sutherland	12	10
Neville Keith Walker	12	11
Stephen George Hodge	12	10
Maxwell Ernest Vincent	12	12
Alexander Anthonius Knipping	12	11
Geoffrey Edwin Secker	12	9
Anthony Morris Hart (Appointed 18 December 2007)	7	7

## Non Audit services

The Company may decide to employ the Auditor on assignments additional to their statutory duties where the Auditor's expertise and experience with the Company are important. Details of the amounts paid or payable to the Auditor (Andrew Frewin & Stewart) for audit and non audit services provided during the year are set out in the notes to the accounts.

The Board of Directors has considered the position, in accordance with the advice received from the audit committee and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for Auditors imposed by the Corporations Act 2001.

The Directors are satisfied that the provision of non-audit services by the Auditor, as set out in the notes did not compromise the Auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the audit committee to ensure they do not impact on the impartiality and objectivity of the Auditor;
- none of the services undermine the general principles relating to Auditor independence as set out in Professional Statement F1, including reviewing or auditing the Auditor's own work, acting in a management or a decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risk and rewards.


## Directors' report continued

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### **Auditors' independence declaration**

A copy of the Auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 11.

Signed in accordance with a resolution of the Board of Directors at Ringwood East on 14 August 2008.



**Stuart Robert Greig**  
**Chairman**



**Neville Keith Walker**  
**Director**

# Auditor's independence declaration

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## **Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the directors of Maroondah Community Enterprises Limited**

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2008 there have been:

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

**David Hutchings**  
**Auditor**

**Andrew Frewin & Stewart**  
Bendigo, Victoria

Dated this 14<sup>th</sup> day of August 2008

# Financial statements

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## Income statement For year ending 30 June 2008

	Note	2008 \$	2007 \$
Revenues from ordinary activities	3	992,104	789,213
Salaries and employee benefits expense		(409,338)	(321,149)
Advertising and promotion expenses		(80,226)	(66,106)
Occupancy and associated costs		(65,172)	(53,623)
Systems costs		(26,249)	(27,218)
Depreciation and amortisation expense	4	(38,061)	(27,672)
General administration expenses		(152,248)	(111,590)
<b>Profit before income tax expense</b>		<b>220,810</b>	<b>181,855</b>
Income tax expense	5	(61,925)	(54,556)
<b>Profit for the period</b>		<b>158,885</b>	<b>127,299</b>
<b>Profit attributable to members of the entity</b>		<b>158,885</b>	<b>127,299</b>
<b>Earnings per share (cents per share)</b>		<b>¢</b>	<b>¢</b>
- basic for profit for the year	21	24	19
- dividends paid per share	19	8.5	5

The accompanying notes form part of these financial statements.

## Financial statements continued

### Balance sheet As at 30 June 2008

	Note	2008 \$	2007 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash assets	6	567,504	542,892
Trade and other receivables	7	120,649	74,199
<b>Total current assets</b>		<b>688,153</b>	<b>617,091</b>
<b>Non-current assets</b>			
Property, plant and equipment	8	216,106	237,503
Intangible assets	9	11,293	11,000
Deferred tax assets	10	12,834	1,408
Trade and other receivables	7	45,733	750
<b>Total non-current assets</b>		<b>285,966</b>	<b>250,661</b>
<b>Total assets</b>		<b>974,119</b>	<b>867,752</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	11	53,067	41,013
Borrowings	12	17,526	17,526
Current tax liabilities	5	28,441	38,720
Provisions	13	87,594	60,162
<b>Total current liabilities</b>		<b>186,628</b>	<b>157,421</b>
<b>Non-current liabilities</b>			
Borrowings	12	68,346	78,336
Provisions	13	11,287	-
<b>Total non-current liabilities</b>		<b>79,633</b>	<b>78,336</b>
<b>Total liabilities</b>		<b>266,261</b>	<b>235,757</b>
<b>Net assets</b>		<b>707,858</b>	<b>631,995</b>
<b>Equity</b>			
Issued capital	14	617,180	644,101
Retained profits	15	90,678	(12,106)
<b>Total equity</b>		<b>707,858</b>	<b>631,995</b>

The accompanying notes form part of these financial statements.

## Financial statements continued

### Statement of cash flows As at 30 June 2008

	Note	2008 \$	2007 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		1,028,895	825,047
Payments to suppliers and employees		(858,634)	(603,201)
Interest paid		(7,536)	-
Interest received		24,560	20,822
Income taxes paid		(80,245)	-
<b>Net cash provided by operating activities</b>	<b>16</b>	<b>107,040</b>	<b>242,668</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(5,473)	(106,966)
Payments for intangible assets		(11,484)	-
<b>Net cash used in investing activities</b>		<b>(16,957)</b>	<b>(106,966)</b>
<b>Cash flows from financing activities</b>			
Payment for share issue costs		(22,481)	-
Proceeds from borrowings		-	91,813
Repayment of borrowings		(9,990)	-
Dividends paid		(33,000)	-
<b>Net cash provided by/(used in) financing activities</b>		<b>(65,471)</b>	<b>91,813</b>
<b>Net increase in cash held</b>		<b>24,612</b>	<b>227,515</b>
Cash at the beginning of the financial year		542,892	315,377
<b>Cash at the end of the financial year</b>	<b>6(a)</b>	<b>567,504</b>	<b>542,892</b>

The accompanying notes form part of these financial statements.

## Financial statements continued

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### Statement of changes in equity As at 30 June 2008

	Note	2008 \$	2007 \$
Total equity at the beginning of the period		631,995	537,696
Net profit for the period		158,885	127,299
Net income/expense recognised directly in equity		-	-
Dividends provided for or paid		(56,101)	(33,000)
Shares issued during period		-	-
Costs of issuing shares		(26,921)	-
<b>Total equity at the end of the period</b>		<b>707,858</b>	<b>631,995</b>

The accompanying notes form part of these financial statements.



# Notes to the financial statements

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For year ending 30 June 2008

## Note 1. Summary of significant accounting policies

### **Basis of preparation**

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Corporations Act 2001.

### **Compliance with IFRS**

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial statements and notes comply with International Financial Reporting Standards (IFRS). These financial statements and notes comply with IFRS.

### **Historical cost convention**

The financial report has been prepared under the historical cost conventions on an accruals basis as modified by the revaluation of financial assets and liabilities at fair value through profit or loss and where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

### **Revenue**

Interest and fee revenue is recognised when earned. All revenue is stated net of the amount of Goods and Services Tax (GST). The gain or loss on disposal of property, plant and equipment is recognised on a net basis and is classified as income rather than revenue.

### **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 for the taxation authority. 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 with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet. Cash flows are included in the statement of cash flows on a gross basis.

The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operation cash flows.

# Notes to the financial statements continued

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## Note 1. Summary of significant accounting policies (continued)

### **Income tax**

#### Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

#### Deferred tax

Deferred tax is accounted for using the comprehensive balance sheet liability method on temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities reflects the tax consequences that would follow from the manner in which the consolidated entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax and when the balances relate to taxes levied by the same taxation authority and the Company/consolidated entity intends to settle its tax assets and liabilities on a net basis.

#### Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the income statement, except when it relates to items credited or debited to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

# Notes to the financial statements continued

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## Note 1. Summary of significant accounting policies (continued)

### **Employee entitlements**

The provision for employee benefits to wages, salaries and annual leave represents the amount which the Company has a present obligation to pay resulting from employees' services provided up to the balance date. The provision has been calculated on undiscounted amounts based on wage and salary rates expected to be paid and includes related on-costs.

The Company contributes to a defined contribution plan. Contributions to employee superannuation funds are charged against income as incurred.

### **Intangibles**

The cost of the Company's franchise fee has been recorded at cost and is amortised on a straight line basis at a rate of 20% per annum.

### **Cash**

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. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

### **Comparative figures**

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

### **Property, plant and equipment**

Plant and equipment, leasehold improvements and equipment under finance lease are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land. Depreciation is calculated on a straight line basis so as to write off the net cost of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated at the rate equivalent to the available building allowance using the straight line method. The estimated useful lives, residual values and depreciation method is reviewed at the end of each annual reporting period.

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

• leasehold improvements	40 years
• plant and equipment	2.5 - 40 years
• furniture and fittings	4 - 40 years

# Notes to the financial statements continued

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## Note 1. Summary of significant accounting policies (continued)

### **Critical accounting estimates and judgements**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

There are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

### **Payment terms**

Receivables and payables are non interest bearing and generally have payment terms of between 30 and 90 days.

### **Trade receivables and payables**

Receivables are carried at their amounts due. The collectability of debts is assessed at balance date and specific provision is made for any doubtful accounts. 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.

### **Borrowings**

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

### **Provisions**

Provisions are recognised when the economic entity has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions of other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

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.

### **Contributed equity**

Ordinary shares are 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.

# Notes to the financial statements continued

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## Note 1. Summary of significant accounting policies (continued)

### **Earnings per share**

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

The Company's activities expose it to a limited variety of financial risks: market risk (including currency risk, fair value interest risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the entity. The entity does not use derivative instruments.

Risk management is carried out directly by the Board of Directors.

### **(i) Market risk**

The Company has no exposure to any transactions denominated in a currency other than Australian dollars.

### **(ii) Price risk**

The Company is not exposed to equity securities price risk as it does not hold investments for sale or at fair value. The Company is not exposed to commodity price risk.

### **(iii) Credit risk**

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

### **(iv) Liquidity risk**

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

### **(v) Cash flow and fair value interest rate risk**

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

## Notes to the financial statements continued

	2008 \$	2007 \$
<b>Note 3. Revenue from ordinary activities</b>		
<b>Operating activities:</b>		
- services commissions	948,377	768,391
- other revenue	7,001	-
<b>Total revenue from operating activities</b>	<b>955,378</b>	<b>768,391</b>
<b>Non-operating activities:</b>		
- interest received	36,726	20,822
<b>Total revenue from non-operating activities</b>	<b>36,726</b>	<b>20,822</b>
<b>Total revenues from ordinary activities</b>	<b>992,104</b>	<b>789,213</b>

## Note 4. Expenses

<b>Depreciation of non-current assets:</b>		
- plant and equipment	18,606	7,259
- leasehold improvements	8,264	8,413
<b>Amortisation of non-current assets:</b>		
- franchise agreement	11,191	12,000
	<b>38,061</b>	<b>27,672</b>
<b>Finance costs:</b>		
- interest paid	<b>7,536</b>	<b>1,073</b>
<b>Bad debts</b>	<b>6,013</b>	<b>4,568</b>

## Note 5. Income tax expense

<b>The components of tax expense comprise:</b>		
- Current tax	73,351	55,964
- Deferred tax on provisions	(11,426)	(1,408)
- Recoupment of prior year tax losses	-	-
- Future income tax benefit attributable to losses	-	-
- Under/over provision in respect to prior years	-	-
	<b>61,925</b>	<b>54,556</b>

## Notes to the financial statements continued

	Note	2008 \$	2007 \$
Note 5. Income tax expense (continued)			
The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:			
Operating profit		220,810	181,855
Prima facie tax on profit from ordinary activities at 30%		66,243	54,557
<b>Add tax effect of:</b>			
- non-deductible expenses		3,377	3,619
- timing difference expenses		4,686	(2,212)
- blackhole expenses		(955)	-
Current tax		73,351	55,964
Movement in deferred tax	10.	(11,426)	(1,408)
		<b>61,925</b>	<b>54,556</b>
<b>Tax liabilities</b>			
<b>Current tax payable/(receivable)</b>		<b>28,441</b>	-

## Note 6. Cash assets

Cash at bank and on hand		62,585	59,786
Term deposits		504,919	483,106
		<b>567,504</b>	<b>542,892</b>

The above figures are reconciled to cash at the end of the financial year as shown in the statement of cashflows as follows:

### 6(a) Reconciliation of cash

Cash at bank and on hand		62,585	59,786
Term deposit		504,919	483,106
		<b>567,504</b>	<b>542,892</b>

## Notes to the financial statements continued

	2008 \$	2007 \$
<b>Note 7. Trade and other receivables</b>		
<b>Current</b>		
Trade receivables	82,817	60,775
Prepayments	37,832	13,424
	<b>120,649</b>	<b>74,199</b>
<b>Non-current</b>		
<b>Prepayments</b>	<b>45,733</b>	<b>750</b>

## Note 8. Property, plant and equipment

<b>Plant and equipment</b>		
At cost	136,230	131,827
Less accumulated depreciation	(41,058)	(22,452)
	<b>95,172</b>	<b>109,375</b>
<b>Leasehold improvements</b>		
At cost	164,251	163,181
Less accumulated depreciation	(43,317)	(35,053)
	<b>120,934</b>	<b>128,128</b>
<b>Total written down amount</b>	<b>216,106</b>	<b>237,503</b>
<b>Movements in carrying amounts:</b>		
<b>Plant and equipment</b>		
Carrying amount at beginning	109,375	21,456
Additions	4,403	95,178
Disposals	-	-
Less: depreciation expense	(18,606)	(7,259)
<b>Carrying amount at end</b>	<b>95,172</b>	<b>109,375</b>



## Notes to the financial statements continued

	2008 \$	2007 \$
Note 8. Property, plant and equipment (continued)		
<b>Movements in carrying amounts (continued)</b>		
Leasehold improvements		
Carrying amount at beginning	128,128	134,261
Additions	1,070	2,280
Disposals	-	-
Less: depreciation expense	(8,264)	(8,413)
<b>Carrying amount at end</b>	<b>120,934</b>	<b>128,128</b>
<b>Total written down amount</b>	<b>216,106</b>	<b>237,503</b>

## Note 9. Intangible assets

<b>Franchise fee</b>		
At cost	11,484	60,000
Less: accumulated amortisation	(191)	(49,000)
	<b>11,293</b>	<b>11,000</b>

## Note 10. Deferred tax

<b>Deferred tax asset</b>		
Opening balance	1,408	-
Deferred tax on provisions	11,426	1,408
<b>Closing balance</b>	<b>12,834</b>	<b>1,408</b>

## Note 11. Trade and other payables

Trade creditors	20,104	10,033
Other creditors & accruals	32,963	30,980
	<b>53,067</b>	<b>41,013</b>

## Notes to the financial statements continued

	2008 \$	2007 \$
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### Note 12. Borrowings

#### Current

<b>Borrowings</b>	<b>17,526</b>	<b>17,526</b>
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#### Non current

<b>Borrowings</b>	<b>68,346</b>	<b>78,336</b>
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In May 2007 Bendigo bank Ltd advanced funds by way of a Chattel Mortgage for the purchase of a Toyota bus. The loan is secured by a chattel mortgage over the bus. The interest rate is fixed and the loan is for a period of 5 years.

### Note 13. Provisions

#### Current

Employee provisions	31,493	27,162
Dividends	56,101	33,000
	<b>87,594</b>	<b>60,162</b>

#### Non current

<b>Employee provisions</b>	<b>11,287</b>	-
<b>Number of employees at year end</b>	<b>6</b>	<b>5</b>

### Note 14. Contributed equity

660,009 Ordinary shares fully paid of \$1 each (2007: 660,009)	660,009	660,009
Less: equity raising expenses	(42,829)	(15,908)
	<b>617,180</b>	<b>644,101</b>

### Note 15. Retained earnings/ accumulated losses

Balance at the beginning of the financial year	(12,106)	(106,405)
Net profit from ordinary activities after income tax	158,885	127,299
Dividends paid	(56,101)	(33,000)
<b>Balance at the end of the financial year</b>	<b>90,678</b>	<b>(12,106)</b>

## Notes to the financial statements continued

	2008 \$	2007 \$
<b>Note 16. Statement of cash flows</b>		
Reconciliation of profit from ordinary activities after tax to net cash provided by operating activities		
Profit from ordinary activities after income tax	158,885	127,299
<b>Non cash items:</b>		
- depreciation	26,870	7,259
- amortisation	11,191	20,413
<b>Changes in assets and liabilities:</b>		
- increase in receivables	(91,434)	(8,990)
- (increase)/decrease in other assets	(11,426)	19,221
- increase in payables	5,116	36,168
- increase/(decrease) in other liabilities	(887)	8,280
- increase in provisions	8,725	33,018
<b>Net cash flows provided by operating activities</b>	<b>107,040</b>	<b>242,668</b>

## Note 17. Auditors' remuneration

Amounts received or due and receivable by the Auditor of the Company for:

- audit & review services	3,000	3,000
- non audit services (feasibility study)	14,700	-
	<b>17,700</b>	<b>3,000</b>

# Notes to the financial statements continued

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## Note 18. Director and related party disclosures

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

Stuart Robert Greig  
Arthur Michael Corcoris  
Janet Ruth McGannon (Resigned 31 October 2007)  
William Pirie Sutherland  
Neville Keith Walker  
Stephen George Hodge  
Maxwell Ernest Vincent  
Alexander Anthonius Knipping  
Geoffrey Edwin Secker  
Anthony Morris Hart (Appointed 18 December 2007)

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

	2008 \$	2007 \$
Transactions with related parties:		
Other related parties:		
<b>Pauls IGA a Company associated with Arthur Michael Corcoris</b>		
<b>supplied goods or services to the value of</b>	<b>3,611</b>	<b>1,494</b>
<b>Focus Financial Group a firm associated with Neville Keith Walker</b>		
<b>supplied goods or services to the value of</b>	<b>7,836</b>	<b>5,000</b>
<b>AGS Systems a Company associated with Geoffrey Edwin Secker</b>		
<b>supplied goods or services to the value of</b>	<b>1,735</b>	-

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

## Notes to the financial statements continued

### Note 18. Director and related party disclosures (continued)

<b>Directors shareholdings</b>	<b>2008</b>	<b>2007</b>
Stuart Robert Greig	2,001	2,001
Arthur Michael Corcoris	40,001	40,001
Janet Ruth McGannon	5,001	5,001
William Pirie Sutherland	11,001	11,001
Neville Keith Walker	10,001	10,001
Stephen George Hodge	5,001	5,001
Maxwell Ernest Vincent	10,000	10,000
Alexander Anthonius Knipping	500	500
Geoffrey Edwin Secker	-	-
Anthony Morris Hart	-	-

There was no movement in Directors shareholdings during the year. Each share held is valued at \$1.

	<b>2008</b>	<b>2007</b>
	<b>\$</b>	<b>\$</b>

### Note 19. Dividends paid or provided

#### (a) Ordinary shares

<b>Final dividend for the year ended 30 June 2007 of 5 cents per fully paid share fully franked was paid on 2 November 2007</b>	<b>33,000</b>	<b>-</b>
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#### (b) Dividends not recognised at year end

<b>In addition to the above dividends, since year end the Directors have recommended the payment of a final dividend of 8.5 cents per fully paid ordinary share, (2007 - 5 cents) fully franked based on tax paid at 30%. The aggregate amount proposed dividend expected to be paid on 31 August 2008 out of retained profits at 30 June 2008 is</b>	<b>56,101</b>	<b>-</b>
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### Note 20. Key management personnel disclosures

No Director of the Company receives remuneration for services as a Company Director or Committee member.

There are no Executives within the Company whose remuneration is required to be disclosed.

## Notes to the financial statements continued

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	2008 \$	2007 \$
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### Note 21. Earnings per share

(a) Profit attributable to the ordinary equity holders of the Company

used in calculating earnings per share	154,567	127,299
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	2008 Number	2007 Number
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(b) Weighted average number of ordinary shares used as the

denominator in calculating basic earnings per share	660,009	660,009
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### Note 22. Events occurring after the balance sheet date

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

### Note 23. Contingent liabilities

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

### Note 24. Segment reporting

The economic entity operates in the service sector where it facilitates **Community Bank**<sup>®</sup> services pursuant to a franchise agreement with Bendigo Bank Limited. The economic entity operates in one geographic area being Ringwood East district, in the State of Victoria, Australia.

### Note 25. Registered office/principal place of business

The registered office and principal place of business is:

Registered office	Principal place of business
Level 1, 2 Railway Avenue, Ringwood East VIC 3135	62 Railway Avenue, Ringwood East VIC 3135

# Notes to the financial statements continued

## Note 25. Financial instruments

### Net fair values

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

### Credit risk

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

There are no material credit risk exposures to any single debtor or group of debtors under financial instruments entered into by the economic entity.

### Interest rate risk

Financial instrument	Floating interest rate		Fixed interest rate maturing in						Non interest bearing		Weighted average effective interest rate	
			1 year or less		Over 1 to 5 years		Over 5 years					
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%
<b>Financial assets</b>												
Cash assets	567,504	542,892	-	-	-	-	-	-	-	-	6.61	4.85
Receivables	-	-	-	-	-	-	-	-	82,818	60,775	N/A	N/A
<b>Financial liabilities</b>												
Interest bearing liabilities	-	-	-	-	85,872	95,863	-	-	-	-	8.29	8.21
Payables	-	-	-	-	-	-	-	-	20,103	10,033	N/A	N/A

# Director's declaration


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In accordance with a resolution of the Directors of Maroondah Community Enterprises Limited, we state that:

In the opinion of the Directors:

- (a) the financial statements and notes of the Company are 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 2008 and of its performance for the financial year ended on that date; and
  - (ii) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- (c) the audited remuneration disclosures set out in the remuneration report section of the Directors' report comply with Accounting Standard AASB174 Related Party Disclosures and the Corporations Regulations 2001.

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



**Stuart Robert Greig**  
Chairman



**Neville Keith Walker**  
Director

Signed on 14 August 2008.



# Independent audit report

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## INDEPENDENT AUDITOR'S REPORT

To the members of Maroondah Community Enterprises Limited

We have audited the accompanying financial report of Maroondah Community Enterprises Limited, which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes and the director's declaration.

The company has disclosed information as required by paragraphs Aus 25.4 to Aus 25.7.2 of Accounting Standard 124 Related Party Disclosures ("Remuneration disclosures"), under the heading "Remuneration Report" in the directors' report, as permitted by Corporations Regulation 2M.6.04.

### Directors Responsibility for the Financial Report

The Directors are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In note 1, the directors also state that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards. The directors are also responsible for the remuneration disclosures contained in the director's report.

### 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. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement and that the remuneration disclosures comply with Accounting Standards AASB 124 Related Party Disclosures.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our 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, we consider internal controls relevant to the entity's preparation and fair presentation 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 entity'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.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

# Independent audit report continued

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## **Independence**

In conducting our audit we have met the independence requirements of the Corporations Act 2001. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the director's report. In addition to our audit of the financial report and the remuneration disclosures, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

## **Auditor's Opinion**

In our opinion:

- 1) The financial report is in accordance with the Corporations Act 2001 including giving a true and fair view of the financial position of Maroondah Community Enterprises Limited as of 30 June 2008 and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.
- 2) The financial report also complies with International financial reporting standards as disclosed in Note 1.
- 3) The remuneration disclosures that are contained in the director's report comply with Accounting Standards AASB 124 Related Party Disclosures.



**DAVID HUTCHINGS**  
**ANDREW FREWIN & STEWART**  
61-65 Bull Street, Bendigo, 3550

Dated this 14<sup>th</sup> day of August 2008







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Franchisee: Maroondah Community Enterprises Ltd  
62 Railway Avenue, Ringwood East VIC 3135  
ABN 91 103 341 993

[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. (BMPAR8071) (09/08)

