

# Annual Report 2018

Ravenshoe-Gulf Country Community  
Enterprises Limited

Ravenshoe-Gulf Country **Community Bank**<sup>®</sup> Branch

ABN 54 144 780 218

# Annual Report 2018

RAVENSHOE GULF COUNTRY  
COMMUNITY ENTERPRISE LTD

ABN 54 144 780 218

Ravenshoe Gulf Country **Community Bank**<sup>®</sup> Branch

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# Chair's report

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## For year ending 30 June 2018

I am honoured to present to you, on behalf of the Directors, the Annual Report for the year ended 30 June 2018. The past 12 months have again been a steady progression for the company. This build is important for cementing what the work is, and then building on prospects for the future for Ravenshoe-Gulf Country Community Enterprise Limited (RGCCCEL).

During the year we saw changes in the Directorships. Three Directors resigned in the first quarter of the financial year – shareholder Will Attwood, because of travel to and from Georgetown, Matthew Hyde because he moved interstate to snow country, and Ailsa Purcell because of the treasurer workload and illness. The Board publicly and sincerely gives thanks to these persons for the commitment made and work achieved, helping to steer and build the Company to where it is now.

For the balance of the year, four Directors continued the work looking after the Company for the best interests of shareholders. John Brisbin from Mt Molloy, with marketing; Cate Teece from Ravenshoe, with sponsorships; Stirling Tavener from Cairns, with treasurer services, and I, living partly on the Tablelands and partly in Cairns, with the Chairing and Company Secretary roles. The Board was supported with financial services by Leo Brunier and with secretariat services by Diana Pregl.

The **Community Bank**® model started in the 1990s and RGCCCEL is now one of 320 such branches nationally and one of six in Far North Queensland with Bendigo Bank. Bendigo Bank's Regional Community Manager Ross Growcott and the Regional Manager FNQ Judy Blackall provide support to RGCCCEL and our Ravenshoe-Gulf Branch Manager Steve Stewart and the team. During this year we have also seen the turnover of some staff. The Board wishes to acknowledge the Branch Manager work of Patrick Macarthur. Patrick left us on 13<sup>th</sup> October 2017, after a successful 2 ½ year tenure with the Ravenshoe Gulf Country Community Bank® branch.

RGCCCEL's team of 2017/18 Directors had listened closely to shareholders' and stakeholders' inputs at the 16/17 AGM. Ravenshoe-Gulf had been recognised as Branch of the Year 2016-2017 for the amount of business growth achieved across many products. The branch had moved into profit for the first time and this is a great achievement in the current economic climate. Key messages were increasing profitability and working towards paying dividends, reducing the overdraft, growing the business to deliver returns, providing valuable banking service to customers, investing and developing staff, supporting Ravenshoe and Gulf communities and communication with shareholders.

In 2016/17 the Directors were focused on managing the business to reduce the overdraft, growing the business to deliver returns to shareholders, growing the wealth of customers, investing in and developing staff and supporting the Ravenshoe and Gulf communities. This would be achieved by increasing relationship activity (Directors and bank staff) with existing and prospective clients, communications – telling the stories and adding to the **Community Bank**® brand and increasing footings. As Chairperson, I would certainly have like to have achieved more. To do so involves not just bank staff and partners. It takes the sense of community, both in terms of collegiality and in terms of doing what each of our roles can. It takes marketing and sponsorships, it takes referrals, it takes community having faith to invest in itself through Community Banking, it takes giving positive feedback and sharing good stories. A large part of the focus in the future is the agribusiness sector in the Gulf region with many new developments planned for the region. We are interested in growing the Company's business by leveraging more widely ranging sponsorships. If you would like to inquire about sponsorships, please email [sponsorship@rgcccel.com](mailto:sponsorship@rgcccel.com).

And did you know that Bendigo Bank is identified by a Roy Morgan score as Australian's most trusted bank?



The Board's request at the last AGM for shareholders to assist with recruiting new Directors has not eventuated. We are still particularly mindful of community persons from Gulf Country, Georgetown and Ravenshoe who have interest in ensuring good banking services for our rural and regional families, communities, businesses and development community in this part of Northern Australia. If any shareholders would like to nominate potential Directors from these areas, please would you contact me, through [chair@rgccel.com](mailto:chair@rgccel.com). Come and be part of the change.

I have been a Director on the RGCCCEL Board since March 2016, some 30 months! While my core interest about partnering with and growing the wellbeing of our diverse community particularly in rural areas is strong, it continues to be some big learning for me about the provision of banking services and the potential of the **Community Bank**® model for the Ravenshoe-Gulf region. I pay deep respect to fellow Directors.

**Joann Schmider**  
**Chair**

# Manager's report

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## For year ending 30 June 2018

It is with pleasure I provide Ravenshoe-Gulf Country **Community Bank**® Branch Managers report for the year ending 30 June 2018.

The previous 12 months have been another strong year showing balance sheet growth from \$60.466 million to \$67.379 million – an increase of 11.43%. Pleasingly, this business growth came from all aspects of our branch product range resulting from an increase in customer numbers from 1,492 to 1,549. This can only be achieved with the support of our community and diligent effort of our staff who continue to build strong relationships with new and existing customers.

I offer many thanks to our present staff Lucy Neil – Currently on extended maternity leave -, Monica Bowman-Wass, Brett Atkinson, Jeanette Gegg and Narelle Curry for their contribution and dedication over the last 12 months. I would also like to acknowledge Olivia Bayne and Bethany Niven who have since departed for their personal contributions. Our agency in Georgetown continues to provide a sound profile in this catchment and thank you to Simon Croft who is the face of this.

The branch is proud of our community involvement over the last 12 months, with approximately \$6,000 allocated back to the community in the form of sponsorships and grants over this period. It's pleasing for our customers to know that when they choose to bank with us they really are part of something bigger.

Ravenshoe-Gulf Country **Community Bank**® Branch provides a full range of financial services and products to suit all requirements and has a range of specialists to assist customers. A special thank you to Yadranka Keeling from Business Banking and Grant Turner and Nathan Taylor from Rural Bank who have provided significant support to the business over the last financial year, with continued momentum into this period.

To the Board who work tirelessly promoting the branch and supporting the staff and myself, I thank you for this.

To the shareholders and customers, I thank you for your continued support. I sincerely hope our business continues to prosper as it has done over the last 3 financial years, and always be assured that recognition to our community, customers and shareholders remains our prime focus.

**Steven Stewart**  
**Senior Branch Manager**

## Bendigo and Adelaide Bank report

### For year ending 30 June 2018

It's been 20 years since the doors to the first **Community Bank®** branch opened. And it has only been a few months since the latest, the 321st, **Community Bank®** branch opened its doors.

In the last 20 years, much has changed. A staggering 92 per cent of our customers do their banking online and we pay for goods and services on a range of mobile phones, our watches and even our fitness devices. Many are embracing this online world with a sense of excitement and confidence. Our model will be even more accessible to people right across Australia.

Despite the change many things have also remained constant through the last two decades. Commitment within communities remains as strong today as it has ever been; from our first **Community Bank®** branch to the most recent one, and the 319 in between.

This year, five of our Community Bank branches are celebrating 20 years in business. Bendigo Bank has celebrated 160 years in business. We farewelled Managing Director Mike Hirst and welcomed into the MD role long-time Bendigo employee Marnie Baker.

Our **Be the change** online marketing campaign has been the most successful online marketing campaign ever run by our organisation. The premise behind **Be the change** is simple – it thanks individual customers for banking with their **Community Bank®** branch.

But it's not the Bank thanking the customers. It's not the staff, volunteer directors or shareholders thanking the customers. It's the kids from the local little athletics and netball clubs, it's the man whose life was saved by a **Community Bank®** funded defib unit, it's members of the local community choir and the animal rescue shelter. These people whose clubs and organisations have received a share of over \$200 million in **Community Bank®** contributions, all because of people banking with their local **Community Bank®** branch.

**Be the change** has further highlighted the power of the model. For others, customers are important. For our **Community Bank®** network, customer support ensures our point of difference. It's the reason we can share in the revenue generated by their banking business. Without this point of difference, we would be just another bank.

But we're not, we're Bendigo Bank and we're Australia's only '*community bank*', recently named by Roy Morgan Research as Australia's third most trusted brand and most trusted bank. As one of 70,000-plus **Community Bank®** company shareholders across Australia, these are outcomes we hope you too are proud of.

I'd like to thank you for your decision to support your local **Community Bank®** company as a shareholder. Your support has been vitally important to enhancing the prospects and outcomes within your community.

Without you, there would be no **Community Bank®** branch network in Australia. We value your initial contribution and your ongoing support of your **Community Bank®** branch and your community. Thank you for continuing to play a role in helping your community **Be the change**.



**Robert Musgrove**  
**Bendigo and Adelaide Bank**

# Directors' report

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## For year ending 30 June 2018

The Directors present their report of the company for the financial year ended 30 June 2018.

### Directors

The following persons were Directors of Ravenshoe Gulf Country Community Enterprise Ltd during or since the end of the financial year up to the date of this report:

#### Joann Schmider

Position	Chair
Professional qualifications	Occupation: Consultant / Post Graduate Student
Experience and expertise	Joann is an Australian Institute of Company Directors graduate (GAICD, 2016). She brings 30 years' experience since 1985 as a Board and Committee member in community and government appointed entries, particularly Indigenous advisory roles, and involving local, regional, state and national levels. For example, amongst a range of current roles - Joann is an appointed Committee Member of Regional Development Australia Far North Queensland and Torres Strait Inc (RDA FNQ&TS) to June 30 2018. Her experience includes policy, engagement, programming and services delivery, having been a senior officer in the Queensland and Australian Government public service for 30 years. Since 2006, she's been a small business owner and partner. She is also currently a PHD candidate with the School of Business and Law at Central Queensland University. She holds an Education Degree and variously relevant Cert IVs and Graduate Certificates.
Special responsibilities:	Chair, Marketing and Sponsorship Committee
Interest in shares:	Nil

#### John Brian Brisbin

Position	Director
Professional qualifications	Chair, Northern Gulf Resource Management Group
Experience and expertise	John is the current Chair of Northern Gulf Resource Management Group and serves on various community group committees both locally and nationally. His professional experience includes information systems engineering and entrepreneurial achievements in Australia, Japan, the USA and India. John convened the foundation committee for the Alice Springs <b>Community Bank</b> <sup>®</sup> Branch in 2005-2006 and still maintains the initial shareholding with that bank.
Special responsibilities:	Marketing and Business Development
Interest in shares:	Nil

#### Stirling Lyle Christian

##### Tavener

Position	Director (Appointed 19 December 2017)
Professional qualifications	Business Consultant
Experience and expertise	Stirling is employed as a management consultant for Business & Agribusiness since 2014. He has a Bachelor in Agricultural Science and Science, a Masters in Business Administration, is a Chartered Manager (IML) and is a AICD graduate. Stirling is also a Chair of two Body Corporate Committees since 2015, and is a Director of multiple private companies. His skills include accounting, finance, banking, business administration & management, agriculture and governance.
Special Responsibilities:	Treasurer
Interest in shares:	Nil

**Cate Jayarlah Teece**

Position	Director
Experience and expertise	Cate has also been a Social Worker for 16 years and served on numerous Boards and Management Committee's in a range of roles. She also has experience in business management and the creative industries.
Special responsibilities:	Sponsorships
Interest in Shares:	Nil

**Anne Vasoba**

Position	Director (Appointed 26 July 2018)
Professional qualifications	Software Developer, Primary Care Giver /Educator for two boys
Experience and expertise	Bachelor of Informatics, Extensive experience developing custom applications for business over the last 10 years. Also involved in various community groups including Sporting Shooters Association of Australia and FNQ Goat Club.
Special responsibilities	LVM
Interest in Shares:	Nil

**Rebecca Henry**

Position	Director (Appointed 26 July 2018)
Professional qualifications	Cattle station management
Experience and expertise	Bachelor of Business (Agribusiness). Showjumping Specialist Coach & Official with Equestrian Australia. Cattle Station Management, business development and feasibility reports. Travelled on TIQ Trade Missions to China (2015) and Indonesia (2016). Equestrian Showjumping Rider (Twice named on Qld Elite Squad); Official & Coach.
Special responsibilities:	Nil
Interest in Shares:	Nil

**Matthew Edwin Hyde**

Position	Director (Resigned 19 October 2017)
Professional qualifications	General Manager – Tablelands Regional Council
Experience and expertise	General Manager – Tablelands Regional Council
Special responsibilities:	Nil
Interest in Shares:	Nil

**Ailsa Dawn Purcell**

Position	Director (Resigned 29 September 2017)
Professional qualifications	Coordinator
Insert experience/expertise	Ailsa is employed as a Coordinator services of CHSP in the not for profit industry. She is also a Director of Magnetic Shoals Limited and DERM (NQ) Pty Ltd. Ailsa has a Certificate IV in Business Administration and a Bachelor of Commerce (Accounting and Information Systems) with CPA accreditation. She was appointed to a Justice of the Peace over 35 years ago and recently converted this appointment to a Commissioner for Declarations. Ailsa has been employed in finance positions in Local Government, private enterprise.
Special responsibilities:	Treasurer
Interest in shares:	Nil

**William John Attwood**

Position	Director (Resigned 10 August 2017)
Professional qualifications	Retired
Insert experience/expertise	Will is a serving Councilor at Etheridge Shire Council, where he served as Mayor for 4 years. William was a police officer for 40 years, during this time he held senior positions which involved managing a large number of people and large budgets. Qualifications include an Associate Diploma of Police of studies.
Special responsibilities:	Secretary
Interest in shares:	11,000

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

# Directors' report *(continued)*

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

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

## Directors' meetings

Attendances by each Director during the year were as follows:

Director	Board meetings	
	Eligible	Attended
Joann Carmen Schmider	10	9
Stirling Lyle Christian Tavener	8	7
John Brian Brisbin	10	6
Cate Jayarlah Teece	10	8
Matthew Edwin Hyde (Resigned 19 October 2017)	3	3
Ailsa Dawn Purcell (Resigned 29 September 2017)	2	1
William John Attwood (Resigned August 2017)	1	1

# Directors' report *(continued)*

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## Company Secretary

There were three company secretaries during the year, William Attwood, Matthew Hyde and Joann Schmider. William was appointed to the position of secretary on 30 June 2016, Matthew Hyde was then appointed on 10 August 2017. Joann then took over the role on 26 April 2018.

Joann has 30 years experience as a senior officer in the Queensland and Australian Government public service. She has been a Board and Committee member for various organisations since 1985 and became a Director in 2016.

## Principal activities

The principal activities of the company during the course of the financial year were in providing Community Bank® branch services under management rights to operate a franchised branch of Bendigo and Adelaide Bank Limited. There has been no significant changes in the nature of these activities during the year.

## Review of operations

Operations have continued to perform in line with expectations. The profit/(loss) of the company for the financial year after provision for income tax was:

Year ended		Year ended
30 June 2018		30 June 2017
\$		\$
290,179		(48,072)

## Dividends

No dividends were declared or paid for the previous year and the directors recommend that no dividend be paid for the current year.

## 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 statements.

## Events subsequent to the end of the reporting period

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 regulations

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.

## Indemnifying Officers or Auditor

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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## **Proceedings on behalf of company**

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to 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 part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the Corporations Act 2001.

## **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 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 board 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 APES 110 Code of Ethics for Professional Accountants, 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.

## **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 13 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 Ravenshoe on 06 September 2018.



Stirling Tavener  
Treasurer



# Auditor's Independence Declaration

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**Partners in success**

**Chartered Accountants**

61 Bull Street, Bendigo 3550  
PO Box 454, Bendigo 3552  
03 5443 0344  
afsbendigo.com.au

## **Lead auditor's independence declaration under section 307C of the *Corporations Act 2001* to the directors of Ravenshoe-Gulf Country Community Enterprises Limited**

As lead auditor for the audit of Ravenshoe-Gulf Country Community Enterprises Limited for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been:

- i) no contraventions of the auditor independence requirements of 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.

**Andrew Frewin Stewart**  
61 Bull Street, Bendigo Vic 3550  
Dated: 6 September 2018

**David Hutchings**  
**Lead Auditor**

Ravenshoe-Gulf Country Community Enterprises Limited  
Statement of Profit or Loss and Other  
Comprehensive Income  
for the year ended 30 June 2018

	Notes	2018 \$	2017 \$
Revenue from ordinary activities	4	485,735	433,942
Employee benefits expense		(233,442)	(262,842)
Charitable donations, sponsorship, advertising and promotion		(11,280)	(15,136)
Occupancy and associated costs		(30,291)	(23,921)
Systems costs		(18,016)	(18,184)
Depreciation and amortisation expense	5	(23,170)	(28,311)
Finance costs	5	(6,080)	(13,799)
General administration expenses		(83,425)	(119,821)
<b>Profit/(loss) before income tax credit</b>		<b>80,031</b>	<b>(48,072)</b>
Income tax credit	6	210,148	-
<b>Profit/(loss) after income tax credit</b>		<b>290,179</b>	<b>(48,072)</b>
<b>Total comprehensive income for the year attributable to the ordinary shareholders of the company:</b>		<b>290,179</b>	<b>(48,072)</b>
<b>Earnings per share</b>		<b>¢</b>	<b>¢</b>
Basic earnings per share	21	43.81	(7.26)

The accompanying notes form part of these financial statements

# Ravenshoe-Gulf Country Community Enterprises Limited

## Balance Sheet

as at 30 June 2018

	Notes	2018 \$	2017 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Trade and other receivables	7	28,172	22,144
<b>Total current assets</b>		<b>28,172</b>	<b>22,144</b>
<b>Non-current assets</b>			
Property, plant and equipment	8	92,222	99,388
Intangible assets	9	37,279	50,836
Deferred tax asset	10	210,148	-
<b>Total non-current assets</b>		<b>339,649</b>	<b>150,224</b>
<b>Total assets</b>		<b>367,821</b>	<b>172,368</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	11	30,910	74,194
Borrowings	12	324,901	356,139
Provisions	13	-	4,213
<b>Total current liabilities</b>		<b>355,811</b>	<b>434,546</b>
<b>Non-current liabilities</b>			
Trade and other payables	11	15,214	30,429
Provisions	13	-	776
<b>Total non-current liabilities</b>		<b>15,214</b>	<b>31,205</b>
<b>Total liabilities</b>		<b>371,025</b>	<b>465,751</b>
<b>Net liabilities</b>		<b>(3,204)</b>	<b>(293,383)</b>
<b>EQUITY</b>			
Issued capital	14	634,198	634,198
Accumulated losses	15	(637,402)	(927,581)
<b>Total equity</b>		<b>(3,204)</b>	<b>(293,383)</b>

# Ravenshoe-Gulf Country Community Enterprises Limited

## Statement of Changes in Equity

for the year ended 30 June 2018

	Issued capital \$	Accumulated losses \$	Total equity \$
<b>Balance at 1 July 2016</b>	634,198	(879,509)	(245,311)
Total comprehensive income for the year	-	(48,072)	(48,072)
<b>Transactions with owners in their capacity as owners:</b>			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	-	-
<b>Balance at 30 June 2017</b>	<b>634,198</b>	<b>(927,581)</b>	<b>(293,383)</b>
<b>Balance at 1 July 2017</b>	634,198	(927,581)	(293,383)
Total comprehensive income for the year	-	290,179	290,179
<b>Transactions with owners in their capacity as owners:</b>			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	-	-
<b>Balance at 30 June 2018</b>	<b>634,198</b>	<b>(637,402)</b>	<b>(3,204)</b>

The accompanying notes form part of these financial statements

Ravenshoe-Gulf Country Community Enterprises Limited  
Statement of Cash Flows  
for the year ended 30 June 2018

	Notes	2018 \$	2017 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		532,481	484,115
Payments to suppliers and employees		(478,884)	(462,374)
Interest paid		(6,080)	(13,799)
<b>Net cash provided by operating activities</b>	16	<b>47,517</b>	<b>7,942</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(2,448)	-
Payments for intangible assets		(13,831)	(13,831)
<b>Net cash used in investing activities</b>		<b>(16,279)</b>	<b>(13,831)</b>
<b>Net increase/(decrease) in cash held</b>		<b>31,238</b>	<b>(5,889)</b>
Cash and cash equivalents at the beginning of the financial year		(356,139)	(350,250)
<b>Cash and cash equivalents at the end of the financial year</b>	12(a)	<b>(324,901)</b>	<b>(356,139)</b>

The accompanying notes form part of these financial statements

# Ravenshoe-Gulf Country Community Enterprises Limited

## Notes to the Financial Statements

for the year ended 30 June 2018

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### Note 1. Summary of significant accounting policies

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#### a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standard Board (AASB) and the *Corporations Act 2001*. The company is a for-profit entity for the purpose of preparing the financial statements.

#### *Compliance with IFRS*

These financial statements and notes comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

#### *Critical accounting estimates*

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. These areas involving a higher degree of judgement or complexities, or areas where assumptions and estimates which are significant to the financial statements are disclosed in note 3.

#### *Historical cost convention*

The financial statements have been prepared under the historical cost convention 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.

#### *Comparative figures*

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

#### *Application of new and amended accounting standards*

There are a number of amendments to accounting standards issued by the AASB that became mandatorily effective for accounting periods beginning on or after 1 July 2017, and are therefore relevant for the current financial year.

AASB 9 *Financial Instruments* sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This accounting standard is not expected to have a material impact on the financial statements.

AASB 15 *Revenue from Contracts with Customers* establishes a comprehensive framework for determining whether, how much and when revenue is recognised. This accounting standard is not expected to have a material impact on the financial statements.

There are also a number of accounting standards and interpretations issued by the AASB that become effective in future accounting periods.

The company has elected not to apply any accounting standards or interpretations before their mandatory operative date for the annual reporting period beginning 1 July 2017. These future accounting standards and interpretations therefore have no impact on amounts recognised in the current period or any prior period.

AASB 16 *Leases* is effective for annual periods beginning on or after 1 January 2019. The standard introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

The company has completed an initial assessment of the potential impact on its financial statements but has not yet completed its detailed assessment. The actual impact of applying AASB 16 on the financial statements in the period of initial application will depend on future economic conditions, including the company's borrowing rate at 1 January 2019, the composition of the lease portfolio at that date, the latest assessment of whether the company will exercise any lease renewal options and the extent to which the company chooses to use practical expedients and recognition exemptions.

# Ravenshoe-Gulf Country Community Enterprises Limited

## Notes to the Financial Statements

for the year ended 30 June 2018

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

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So far, the most significant impact identified is that the company will recognise new assets and liabilities for its operating lease of its branches. As at 30 June 2018, the company's future minimum lease payment under non-cancellable operating leases amount to \$38,500, on an undiscounted basis (see Note 16).

No significant impact is expected for the company's finance leases.

#### *Economic dependency - Bendigo and Adelaide Bank Limited*

The company has entered into a franchise agreement with Bendigo and Adelaide Bank Limited that governs the management of the **Community Bank®** branch at Ravenshoe, Queensland.

The branch operates 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®** branch on behalf of Bendigo and Adelaide Bank Limited, however all transactions with customers conducted through the **Community Bank®** branch are effectively conducted between the customers and Bendigo and Adelaide Bank Limited.

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

#### *Economic dependency - Bendigo and Adelaide Bank Limited (*continued*)*

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.

The company promotes and sells the products and services, but is not a party to the transaction.

The credit risk (i.e. the risk that a customer will not make repayments) is for the relevant Bendigo and Adelaide Bank Limited entity to bear as long as the company has complied with the appropriate procedures and relevant obligations and has not exercised a discretion in granting or extending credit.

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 and assistance in relation to:

- design, layout and fit out of the **Community Bank®** branch
- training for the branch manager and other employees in banking, management 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
- sales techniques and proper customer relations.

# Ravenshoe-Gulf Country Community Enterprises Limited

## Notes to the Financial Statements

for the year ended 30 June 2018

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

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**b) Revenue**

Revenue is recognised when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the company and any specific criteria have been met. Interest and fee revenue is recognised when earned. 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. All revenue is stated net of the amount of Goods and Services Tax (GST).

*Revenue calculation*

The franchise agreement provides that three forms of revenue may be earned by the company – margin, commission and fee income. Bendigo and Adelaide Bank Limited decides the form of revenue the company earns on different types of products and services.

The revenue earned by the company is dependent on the business that it generates. It may also be affected by other factors, such as economic and local conditions, for example, interest rates.

*Core banking products*

Bendigo and Adelaide Bank Limited has identified some Bendigo Bank Group products and services as 'core banking products'. It may change the products and services which are identified as core banking products by giving the company at least 30 days notice. Core banking products currently include Bendigo Bank branded home loans, term deposits and at call deposits.

*Margin*

Margin is arrived at through the following calculation:

- Interest paid by customers on loans less interest paid to customers on deposits
- *plus* any deposit returns i.e. interest return applied by Bendigo and Adelaide Bank Limited for a deposit,
- *minus* any costs of funds i.e. interest applied by Bendigo and Adelaide Bank Limited to fund a loan.

Margin is paid on all core banking products. A funds transfer pricing model is used for the method of calculation of the cost of funds, deposit return and margin.

The company is entitled to a share of the margin earned by Bendigo and Adelaide Bank Limited (i.e. income adjusted for Bendigo and Adelaide Bank Limited's interest expense and interest income return). However, if this reflects a loss, the company incurs a share of that loss.

*Commission*

Commission is a fee paid for products and services sold. It may be paid on the initial sale or on an ongoing basis. Commission is payable on the sale of an insurance product such as home contents. Examples of products and services on which ongoing commissions are paid include leasing and Sandhurst Trustees Limited products.

*Fee income*

Fee income is a share of what is commonly referred to as 'bank fees and charges' charged to customers by Bendigo Bank Group entities including fees for loan applications and account transactions.



# Ravenshoe-Gulf Country Community Enterprises Limited

## Notes to the Financial Statements

for the year ended 30 June 2018

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

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**b) Revenue (*continued*)***Discretionary financial contributions*

In addition to margin, commission and fee income, and separate from the franchise agreement, Bendigo and Adelaide Bank Limited has also made discretionary financial payments to the company. These are referred to by Bendigo and Adelaide Bank Limited as a "Market Development Fund" (MDF).

The amount has been based on the volume of business attributed to a branch. The purpose of the discretionary payments is to assist with local market development activities, including community sponsorships and donations. It is for the board to decide how to use the MDF.

The payments from Bendigo and Adelaide Bank Limited are discretionary and Bendigo and Adelaide Bank Limited may change the amount or stop making them at any time.

*Ability to change financial return*

Under the franchise agreement, Bendigo and Adelaide Bank Limited may change the form and amount of financial return that the company receives. The reasons it may make a change include changes in industry or economic conditions or changes in the way Bendigo and Adelaide Bank Limited earns revenue.

The change may be to the method of calculation of margin, the amount of margin, commission and fee income or a change of a margin to a commission or vice versa. This may affect the amount of revenue the company receives on a particular product or service. The effect of the change on the revenue earned by the company is entirely dependent on the change.

If Bendigo and Adelaide Bank Limited makes a change to the margin or commission on core banking products and services, it must not reduce the margin and commission the company receives on core banking products and services Bendigo and Adelaide Bank Limited attributes to the company to less than 50% (on an aggregate basis) of Bendigo and Adelaide Bank Limited's margin at that time. For other products and services, there is no restriction on the change Bendigo and Adelaide Bank Limited may make.

Bendigo and Adelaide Bank Limited must give the company 30 days notice before it changes the products and services on which margin, commission or fee income is paid, the method of calculation of margin and the amount of margin, commission or fee income.

*Monitoring and changing financial return*

Bendigo and Adelaide Bank Limited monitors the distribution of financial return between **Community Bank®** companies and Bendigo and Adelaide Bank Limited on an ongoing basis.

Overall, Bendigo and Adelaide Bank Limited has made it clear that the **Community Bank®** model is based on the principle of shared reward for shared effort. In particular, in relation to core banking products and services, the aim is to achieve an equal share of Bendigo and Adelaide Bank Limited's margin.

**c) 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 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 payable (or refundable).

# Ravenshoe-Gulf Country Community Enterprises Limited

## Notes to the Financial Statements

for the year ended 30 June 2018

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

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**c) Income tax (*continued*)***Deferred tax*

Deferred tax is accounted for using the 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 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 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 Statement of Profit or Loss and Other Comprehensive Income, 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 gain from a bargain purchase.

**d) Employee entitlements**

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

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

**e) Cash and cash equivalents**

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.

**f) 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.

# Ravenshoe-Gulf Country Community Enterprises Limited

## Notes to the Financial Statements

for the year ended 30 June 2018

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

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#### g) 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 are reviewed at the end of each annual reporting period.

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

- leasehold improvements	5 - 15	years
- plant and equipment	2.5 - 40	years

#### h) Intangibles

The franchise fee paid to Bendigo and Adelaide Bank Limited has been recorded at cost and is amortised on a straight line basis over the life of the franchise agreement.

The renewal processing fee paid to Bendigo and Adelaide Bank Limited when renewing the franchise agreement has also been recorded at cost and is amortised on a straight line basis over the life of the franchise agreement.

#### i) Payment terms

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

#### j) Borrowings

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

#### k) Financial instruments

##### *Recognition and initial measurement*

Financial instruments, incorporating financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument.

Financial instruments are initially measured at fair value plus transaction costs. Financial instruments are classified and measured as set out below.

##### *Derecognition*

Financial assets are derecognised where the contractual rights to receipt of cash flows expires 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. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

##### *Classification and subsequent measurement*

##### *(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 using the effective interest rate method.

##### *(ii) Financial liabilities*

Financial liabilities include borrowings, trade and other payables and non-derivative financial liabilities (excluding financial guarantees). They are subsequently measured at amortised cost using the effective interest rate method.

# Ravenshoe-Gulf Country Community Enterprises Limited

## Notes to the Financial Statements

for the year ended 30 June 2018

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

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**k) Financial instruments (*continued*)***Impairment*

At each reporting date, the entity assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

**l) Leases**

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership are transferred to the company are classified as finance leases. Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term. Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred. Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

**m) 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.

**n) Issued capital**

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.

**o) 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.

**p) Goods and Services Tax**

Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax (GST), except where the amount of GST incurred is not recoverable from the 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 taxation authority are classified as operating cash flows.

# Ravenshoe-Gulf Country Community Enterprises Limited

## Notes to the Financial Statements

for the year ended 30 June 2018

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### Note 2. Financial risk management

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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 and Adelaide 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 and Adelaide Bank Limited mitigates this risk significantly.

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

Interest-bearing assets are held with Bendigo and Adelaide 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 and Adelaide Bank Limited mitigates this risk significantly.

#### (vi) Capital management

The board's policy is to maintain a strong capital base so as to sustain future development of the company. The board of directors monitor the return on capital and the level of dividends to shareholders. Capital is represented by total equity as recorded in the Balance Sheet.

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

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 where 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 2018 can be seen in the Statement of Profit or Loss and Other Comprehensive Income.

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

# Ravenshoe-Gulf Country Community Enterprises Limited

## Notes to the Financial Statements

for the year ended 30 June 2018

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### **Note 3. Critical accounting estimates and judgements**

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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.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

#### *Taxation*

Judgement is required in assessing whether deferred tax assets and certain tax liabilities are recognised on the balance sheet. Deferred tax assets, including those arising from carried-forward tax losses, capital losses and temporary differences, are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits.

Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future sales volumes, operating costs, capital expenditure, dividends and other capital management transactions. Judgements are also required about the application of income tax legislation.

These judgements and assumptions are subject to risk and uncertainty. There is therefore a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognised on the balance sheet and the amount of other tax losses and temporary differences not yet recognised. In such circumstances, some or all of the carrying amount of recognised deferred tax assets and liabilities may require adjustment, resulting in corresponding credit or charge to the Statement of Profit or Loss and Other Comprehensive Income.

#### *Estimation of useful lives of assets*

The estimation of the useful lives of assets has been based on historical experience and the condition of the asset is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

#### *Impairment of assets*

At each reporting date, the company reviews the carrying amounts of its tangible and intangible assets that have an indefinite useful life to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

# Ravenshoe-Gulf Country Community Enterprises Limited

## Notes to the Financial Statements

for the year ended 30 June 2018

### Note 3. Critical accounting estimates and judgements (*continued*)

#### *Impairment of assets (continued)*

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

Note 4. Revenue from ordinary activities	2018	2017
	\$	\$
Operating activities:		
- gross margin	317,875	268,670
- services commissions	71,235	62,817
- fee income	59,125	64,747
- market development fund	37,500	37,708
Total revenue from operating activities	<u>485,735</u>	<u>433,942</u>
Total revenues from ordinary activities	<u>485,735</u>	<u>433,942</u>

### Note 5. Expenses

Depreciation of non-current assets:		
- plant and equipment	2,618	5,011
- leasehold improvements	6,996	9,744
Amortisation of non-current assets:		
- franchise agreement	2,259	2,259
- franchise renewal fee	11,297	11,297
	<u>23,170</u>	<u>28,311</u>
Finance costs:		
- interest paid	<u>6,080</u>	<u>13,799</u>
Bad debts	<u>1,819</u>	<u>35,131</u>

# Ravenshoe-Gulf Country Community Enterprises Limited

## Notes to the Financial Statements

for the year ended 30 June 2018

<b>Note 6.</b>	<b>Income tax expense/(credit)</b>	<b>2018</b>	<b>2017</b>
		\$	\$
The components of tax expense/(credit) comprise:			
- Future income tax benefit attributable to losses		-	(15,877)
- Recoupment of prior year tax losses		10,473	-
- Movement in deferred tax		2,266	2,720
- Future income tax benefit attributable to losses brought to account		(222,887)	-
- Future income tax benefit attributable to losses not brought to account		-	13,157
		<u>(210,148)</u>	<u>-</u>

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

Operating profit/(loss)	80,031	(48,072)
Prima facie tax on profit from ordinary activities at 27.5% (2017: 27.5%)	22,009	(13,220)
Add tax effect of:		
- non-deductible expenses	355	63
- timing difference expenses	(2,266)	(2,720)
- other deductible expenses	(9,625)	-
	<u>10,473</u>	<u>(15,877)</u>
Movement in deferred tax	2,266	2,720
Future income tax benefit attributable to losses brought to account	(222,887)	-
Future income tax benefit attributable to losses not brought to account	-	13,157
	<u>(210,148)</u>	<u>-</u>

Note 7.	Trade and other receivables		
Trade receivables		22,776	21,610
Prepayments		5,396	534
		<u>28,172</u>	<u>22,144</u>

Note 8.	Property, plant and equipment	2018	2017
		\$	\$
Leasehold improvements			
At cost		158,924	158,925
Less accumulated depreciation		(76,702)	(69,706)
		<u>82,222</u>	<u>89,219</u>
Plant and equipment			
At cost		55,133	52,684
Less accumulated depreciation		(45,133)	(42,515)
		<u>10,000</u>	<u>10,169</u>
		<u>92,222</u>	<u>99,388</u>
Total written down amount			
		<u>92,222</u>	<u>99,388</u>



# Ravenshoe-Gulf Country Community Enterprises Limited

## Notes to the Financial Statements

for the year ended 30 June 2018

<b>Note 8. Property, plant and equipment (<i>continued</i>)</b>	<b>2018</b>	<b>2017</b>
	\$	\$
<b>Movements in carrying amounts:</b>		
Leasehold improvements		
Carrying amount at beginning	89,219	98,963
Additions	-	-
Disposals	-	-
Less: depreciation expense	(6,995)	(9,744)
Carrying amount at end	<u>82,224</u>	<u>89,219</u>
Plant and equipment		
Carrying amount at beginning	10,169	15,180
Additions	2,449	-
Disposals	-	-
Less: depreciation expense	(2,620)	(5,011)
Carrying amount at end	<u>9,998</u>	<u>10,169</u>
Total written down amount	<u>92,222</u>	<u>99,388</u>
<b>Note 9. Intangible assets</b>		
Franchise fee		
At cost	21,297	21,297
Less: accumulated amortisation	(15,084)	(12,824)
	<u>6,213</u>	<u>8,473</u>
Renewal processing fee		
At cost	56,484	56,484
Less: accumulated amortisation	(25,418)	(14,121)
	<u>31,066</u>	<u>42,363</u>
Total written down amount	<u>37,279</u>	<u>50,836</u>
<b>Note 10. Tax</b>		
<b>Non-Current:</b>		
Deferred tax assets		
- accruals	770	-
- employee provisions	-	-
- tax losses carried forward	216,038	-
	<u>216,808</u>	<u>-</u>
Deferred tax liability		
- property, plant and equipment	6,660	-
	<u>6,660</u>	<u>-</u>
Net deferred tax asset	<u>210,148</u>	<u>-</u>
Movement in deferred tax charged to Statement of Profit or Loss and Other Comprehensive Income	<u>(210,148)</u>	<u>-</u>

# Ravenshoe-Gulf Country Community Enterprises Limited

## Notes to the Financial Statements

for the year ended 30 June 2018

<b>Note 11. Trade and other payables</b>	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>Current:</b>		
Trade creditors	8,703	4,322
Other creditors and accruals	22,207	69,872
	<u>30,910</u>	<u>74,194</u>
<b>Non-Current:</b>		
Trade creditors	<u>15,214</u>	<u>30,429</u>

### **Note 12. Borrowings**

#### **Current:**

Bank overdrafts	<u>324,901</u>	<u>356,139</u>
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The bank overdraft has an approved limit of \$460,000. Interest on the bank overdraft is calculated using a variable rate. The bank overdraft is secured by an Interest Only Variable Non Residential Mortgage over the company's assets. Current interest rate is 3.795%.

### **Note 11.(a) Reconciliation to cash flow statement**

The above figures reconcile to the amount of cash shown in the statement of cash flows at the end of the financial year as follows:

Bank overdraft	<u>324,901</u>	<u>356,139</u>
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### **Note 13. Provisions**

#### **Current:**

Provision for annual leave	<u>-</u>	<u>4,213</u>
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#### **Non-Current:**

Provision for long service leave	<u>-</u>	<u>776</u>
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# Ravenshoe-Gulf Country Community Enterprises Limited

## Notes to the Financial Statements

for the year ended 30 June 2018

Note 14. Issued capital	2018	2017
	\$	\$
662,409 ordinary shares fully paid (2017: 662,409)	662,409	662,409
Less: equity raising expenses	(28,211)	(28,211)
	<u>634,198</u>	<u>634,198</u>

### Rights attached to shares

#### (a) Voting rights

Subject to some limited exceptions, each member has the right to vote at a general meeting.

On a show of hands or a poll, each member attending the meeting (whether they are attending the meeting in person or by attorney, corporate representative or proxy) has one vote, regardless of the number of shares held. However, where a person attends a meeting in person and is entitled to vote in more than one capacity (for example, the person is a member and has also been appointed as proxy for another member) that person may only exercise one vote on a show of hands. On a poll, that person may exercise one vote as a member and one vote for each other member that person represents as duly appointed attorney, corporate representative or proxy.

The purpose of giving each member only one vote, regardless of the number of shares held, is to reflect the nature of the company as a community based company, by providing that all members of the community who have contributed to the establishment and ongoing operation of the **Community Bank®** branch have the same ability to influence the operation of the company.

#### (b) Dividends

Generally, dividends are payable to members in proportion to the amount of the share capital paid up on the shares held by them, subject to any special rights and restrictions for the time being attaching to shares. The franchise agreement with Bendigo and Adelaide Bank Limited contains a limit on the level of profits or funds that may be distributed to shareholders. There is also a restriction on the payment of dividends to certain shareholders if they have a prohibited shareholding interest (see below).

#### (c) Transfer

Generally, ordinary shares are freely transferable. However, the directors have a discretion to refuse to register a transfer of shares.

Subject to the foregoing, shareholders may transfer shares by a proper transfer effected in accordance with the company's constitution and the *Corporations Act 2001*.

### Prohibited shareholding interest

A person must not have a prohibited shareholding interest in the company.

In summary, a person has a prohibited shareholding interest if any of the following applies:

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").
- Where the person is a shareholder, after the transfer of shares in the company to that person the number of shareholders in the company is (or would be) lower than the base number (the "base number test"). The base number is 232. As at the date of this report, the company had 247 shareholders.

# Ravenshoe-Gulf Country Community Enterprises Limited

## Notes to the Financial Statements

for the year ended 30 June 2018

### Note 14. Issued capital (*continued*)

#### Prohibited shareholding interest (*continued*)

As with voting rights, the purpose of this prohibited shareholding provision is to reflect the community-based nature of the company.

Where a person has a prohibited shareholding interest, the voting and dividend rights attaching to the shares in which the person (and his or her associates) have a prohibited shareholding interest, are suspended.

The board has the power to request information from a person who has (or is suspected by the board of having) a legal or beneficial interest in any shares in the company or any voting power in the company, for the purpose of determining whether a person has a prohibited shareholding interest. If the board becomes aware that a member has a prohibited shareholding interest, it must serve a notice requiring the member (or the member's associate) to dispose of the number of shares the board considers necessary to remedy the breach. If a person fails to comply with such a notice within a specified period (that must be between three and six months), the board is authorised to sell the specified shares on behalf of that person. The holder will be entitled to the consideration from the sale of the shares, less any expenses incurred by the board in selling or otherwise dealing with those shares.

In the constitution, members acknowledge and recognise that the exercise of the powers given to the board may cause considerable disadvantage to individual members, but that such a result may be necessary to enforce the prohibition.

Note 15. Accumulated losses	2018	2017
	\$	\$
Balance at the beginning of the financial year	(927,581)	(879,509)
Net profit/(loss) from ordinary activities after income tax	290,179	(48,072)
Balance at the end of the financial year	<u>(637,402)</u>	<u>(927,581)</u>

### Note 16. Statement of cash flows

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

Profit/(loss) from ordinary activities after income tax	290,179	(48,072)
Non cash items:		
- depreciation	9,614	14,755
- amortisation	13,556	13,556
Changes in assets and liabilities:		
- (increase)/decrease in receivables	(6,028)	7,168
- (increase)/decrease in other assets	(210,148)	-
- increase/(decrease) in payables	(44,667)	30,869
- increase/(decrease) in provisions	(4,989)	(10,334)
Net cash flows provided by operating activities	<u>47,517</u>	<u>7,942</u>

# Ravenshoe-Gulf Country Community Enterprises Limited

## Notes to the Financial Statements

for the year ended 30 June 2018

<b>Note 17. Leases</b>	<b>2018</b>	<b>2017</b>
	\$	\$
Operating lease commitments		
Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Payable - minimum lease payments:		
- not later than 12 months	14,000	13,972
- between 12 months and 5 years	24,500	38,424
	<u>38,500</u>	<u>52,396</u>

The property lease is a non-cancellable lease with a five-year term that expired in March 2016. The lease was renewed for a further 5 years on 1 March 2016. Rent is payable monthly in advance.

<b>Note 18. Auditor's remuneration</b>		
Amounts received or due and receivable by the auditor of the company for:		
- audit and review services	4,400	4,200
- share registry services	3,135	1,885
- non audit services	2,951	3,210
	<u>10,486</u>	<u>9,295</u>

### **Note 19. Director and related party disclosures**

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

Joann Carmen Schmider  
 Stirling Tavena  
 John Brian Brisbin  
 Cate Jayarlah Teece  
 Matthew Edwin Hyde (*Resigned 19 October 2017*)  
 Ailsa Dawn Purcell (*Resigned 29 September 2017*)  
 William John Attwood (*Resigned August 2017*)

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.

<b>Directors Shareholdings</b>	<b>2018</b>	<b>2017</b>
Joann Carmen Schmider	-	-
Stirling Tavena	-	-
John Brian Brisbin	-	-
Cate Jayarlah Teece	-	-
Matthew Edwin Hyde ( <i>Resigned 19 October 2017</i> )	-	-
Ailsa Dawn Purcell ( <i>Resigned 29 September 2017</i> )	-	-
William John Attwood ( <i>Resigned August 2017</i> )	11,000	11,000

There was no movement in directors shareholdings during the year.

# Ravenshoe-Gulf Country Community Enterprises Limited

## Notes to the Financial Statements

for the year ended 30 June 2018

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### Note 20. Key management personnel disclosures

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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.

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Note 21. Earnings per share	2018	2017
	\$	\$
(a) Profit/(loss) attributable to the ordinary equity holders of the company used in calculating earnings per share	290,179	(48,072)
	Number	Number
(b) Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	662,409	662,409

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### Note 22. Events occurring after the reporting date

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

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### Note 23. Contingent liabilities and contingent assets

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

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### Note 24. Segment reporting

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The economic entity operates in the service sector where it facilitates **Community Bank®** services in Ravenshoe, Queensland pursuant to a franchise agreement with Bendigo and Adelaide Bank Limited.

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

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The entity is a company limited by shares, incorporated and domiciled in Australia. The registered office and principal place of business is:

Registered Office  
Shop 2/49 Grigg Street  
Ravenshoe QLD 4888

Principal Place of Business  
Shop 2/49 Grigg Street  
Ravenshoe QLD 4888

# Ravenshoe-Gulf Country Community Enterprises Limited

## Notes to the Financial Statements

for the year ended 30 June 2018

### Note 26. Financial instruments

#### Financial Instrument Composition and Maturity Analysis

The table below reflects the undiscounted contractual settlement terms for all financial instruments, as well as the settlement period for instruments with a fixed period of maturity and interest rate.

Financial instrument	Floating interest		Fixed interest rate maturing in						Non interest bearing		Weighted average	
			1 year or less		Over 1 to 5 years		Over 5 years					
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%
Financial assets												
Receivables	-	-	-	-	-	-	-	-	22,776	24,619	N/A	N/A
Financial liabilities												
Interest bearing liabilities	324,901	356,139	-	-	-	-	-	-	-	-	2.58	3.76
Payables	-	-	-	-	-	-	-	-	8,703	4,322	N/A	N/A

#### Net Fair Values

The net fair values of financial assets and liabilities approximate the carrying values as disclosed in the balance sheet. 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 balance sheet 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

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from the interest bearing financial assets and liabilities in place subject to variable interest rates, as outlined above.

#### Sensitivity Analysis

The company has performed sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in interest rates.

As at 30 June 2018, the effect on profit and equity as a result of changes in interest rate, with all other variables remaining constant would be as follows:

	2018	2017
	\$	\$
Change in profit/(loss)		
Increase in interest rate by 1%	(3,249)	(3,561)
Decrease in interest rate by 1%	3,249	3,561
Change in equity		
Increase in interest rate by 1%	(3,249)	(3,561)
Decrease in interest rate by 1%	3,249	3,561

# Ravenshoe-Gulf Country Community Enterprises Limited

## Directors' Declaration

In accordance with a resolution of the directors of Ravenshoe-Gulf Country 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 2018 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 AASB124 Related Party Disclosures and the Corporations Regulations 2001.

This declaration is made in accordance with a resolution of the board of directors.



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**Stirling Tavener, Treasurer**

Signed on the 6th of September 2018.



## Independent auditor's report to the members of Ravenshoe-Gulf Country Community Enterprises Limited

### Report on the audit of the financial statements

#### Our opinion

In our opinion, the financial report of Ravenshoe-Gulf Country Community Enterprises Limited is in accordance with the *Corporations Act 2001*, including:

- i. giving a true and fair view of the company's financial position as at 30 June 2018 and of its performance for the year ended on that date; and
- ii. complying with Australian Accounting Standards.

#### What we have audited

Ravenshoe-Gulf Country Community Enterprises Limited's (the company) financial report comprises the:

- ✓ Statement of profit or loss and other comprehensive income
- ✓ Balance sheet
- ✓ Statement of changes in equity
- ✓ Statement of cash flows
- ✓ Notes comprising a summary of significant accounting policies and other explanatory notes
- ✓ The directors' declaration of the entity.

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report.

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

#### Other information

The company usually prepares an annual report that will include the financial statements, directors' report and declaration and our independence declaration and audit report (the financial report). The annual report may also include "other information" on the entity's operations and financial results and financial position as set out in the financial report, typically in a Chairman's report and Manager's report, and reports covering governance and shareholder matters.

The directors are responsible for the other information. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and accordingly we will not express any form of assurance conclusion thereon.

Our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If we identify that a material inconsistency appears to exist when we read the annual report (or become aware that the other information appears to be materially misstated), we will discuss the matter with the directors and where we believe that a material misstatement of the other information exists, we will request management to correct the other information.

### **Directors' responsibility for the financial report**

The directors of the company are responsible for the preparation of the financial report so that it 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 is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibility for the audit of the financial report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatement can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/home.aspx>. This description forms part of our auditor's report.



**Andrew Frewin Stewart**  
61 Bull Street, Bendigo, 3550  
Dated: 6 September 2018



**David Hutchings**  
Lead Auditor

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Phone: 4097 7000 Fax: 4097 7282

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Phone: 4062 1911 Fax: 4062 1911

Franchisee: Ravenshoe-Gulf Country Community Enterprises Limited  
49 Grigg Street, Ravenshoe QLD 4888  
Phone: 4097 7000 Fax: 4097 7282  
ABN: 54 144 780 218  
Email: [secretary@rgccel.com](mailto:secretary@rgccel.com)

Share Registry: [ShareRegistry@rgccel.com](mailto:ShareRegistry@rgccel.com)

[www.bendigobank.com.au/ravenshoe-gulf-country](http://www.bendigobank.com.au/ravenshoe-gulf-country)

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(S56052) (415703\_v4) (11/10/2018)



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