Annual Report 2014

Upper Yarra Community Enterprise Limited

ABN 54 090 252 627

Warburton **Community Bank**® Branch
Yarra Junction District **Community Bank**® Branch

Contents

Chairman's report

For year ending 30 June 2014

On behalf of the Board of Directors, I am pleased to present the company's 14th Annual Report.

The year just completed has been one of steady, but not spectacular, growth in banking business volumes (loans and deposits), customer numbers and accounts.

Our revenue, however, is dependant on our business "mix" as well as business volume and this mix moved unfavourably over the course of the year.

As a result, gross revenues fell by 1% but expenses increased by approximately 7% and operating profits were impacted directly, falling by more than $100,000. Consequently, total sponsorships were less than the record levels of the previous two years.

I note that the budget we have framed for the year ahead shows modest revenue growth and contained expense growth. Both these factors will mitigate the rate of profit decline but will not reverse it.

In our local communities, our Community Development Officer Suyin Chan continues to work very effectively across a wide range of activities. Our Communications Officer Lindy Schneider has developed a number of initiatives – the successful relaunch of our newsletter Local Life, a refreshed website and Promoting your Sponsorships Guide are examples.

The Visitor Information Centre (VIC) and the Warburton Valley Community Economic Development Association (CEDA) are two other community-strengthening initiatives that we have continued to support.

Our Executive Officer Geoff Vickers, and our Branch Managers Darren Pennington at Warburton **Community Bank**® Branch and Adam Whitworth at Yarra Junction **Community Bank**® Branch have all played an important role in our achievements. I would also like to acknowledge our staff at each of our branches.

I gratefully acknowledge my fellow Directors, whose commitment as volunteers continues to inspire me, and I welcome our three new Directors: Chris Brown, Mike Janssen and Joy McConaghy. Each brings to the Boardroom table and Board committees significant experience and skills, which make them very effective contributors and valuable additions to our team.

And a special welcome back to Jim Child who was able to rejoin the Board after completing his term as Mayor of Shire of Yarra Ranges, and has given me considerable support in his role as Deputy Chairman.

In accordance with our Constitution, all four Directors, having been appointed after the 2013 Annual General Meeting, offer themselves for election this year.

I referred earlier to our fall in profits, and that this slide has been slowed, but not reversed. As previously announced, it has been necessary to trim the dividend payable this year to 6.0 cents (from 6.5 cents last year). The dividend, which is fully franked, was paid on 8 October 2014.

In this context I make reference to our proposed share buy-back. One benefit of this initiative is that it will enhance our capacity to maintain our dividend because the number of shares on issue will be reduced.

And in closing, thank you to all our shareholders and to all our customers – many of you are both – whose support is so important in enabling us to enrich our community.

Peter Kimberley
Chairman

Warburton Manager’s report

For year ending 30 June 2014

Warburton **Community Bank**® Branch has had another solid year’s performance. As at 30 June 2014, our total book balance was $122.1 million. This represents growth for the year of $9.1 million. Another excellent 12 months result for our **Community Bank**® branch.

More than $2.5 million has been provided back to the community since our branch opened in 2000. These funds were distributed to a wide variety of community groups such as the playgroup, theatre groups, sports clubs and environment groups. Our aim is to support the community that supports our branch. It is that simple – the more people do business with us, the more community contributions we can make.

We are currently looking at ways to further support community groups by way of a program called “Club Rewards”. Clubs and schools can earn a specified amount of money for business that is referred to us by their members when they take out products with us.

Also, there is our new “Special Efforts Fundraising” program that we are introducing to groups to raise funds for “bigger” projects. These are just some of the innovative ways we are helping the community.

You may have also noticed the new branding for Bendigo Bank: the **Bigger than a bank** campaign. **Bigger than a bank** shows we are more than a bank. We do things differently and we do more. This campaign helps people see our real point of difference.

Our customers numbered 3,029 as at 30 June 2014. The products per customer ratio is currently at 2.051. This shows how much banking our customers are doing with us and has increased from last year. We are able to provide a full financial service for the people who live and/or work in our community, as well as providing local, friendly back-up support.

The use of our **Community Bank**® branch is strong. We processed approximately 3,000 in-branch transactions per month and the ATM is processing approximately 7,000 transactions per month.

This year we had two valuable and long tenure staff members leave us; Lisa King after 14 years of service, and Tanya Donnan after 10 years of service. Both staff members were strong contributors to our team and will be missed very much. Both are still with Bendigo Bank. Lisa is working at Mackay QLD branch and Tanya, who relocated to Phillip Island, is making an impact at San Remo **Community Bank**® Branch. I thank them both for everything they have done for me and for the support they gave to the **Community Bank**® philosophy.

We welcome two new staff members: Julie Clerke and Wendy Roy. Both have fitted in very well at the branch with Julie based at Warburton **Community Bank**® Branch. and Wendy shared between the Warburton and Yarra Junction **Community Bank**® branches. I wish them both well in their new roles as they settle into the **Community Bank**® family.

I would like to thank all our customers for their continued support, and would welcome any new people who are considering the move to us to come in and see what we can offer. We are a bank with a difference, and by supporting us you are supporting your community.

Our team, Ros, Julie, Kate and Wendy all do an outstanding job, which I appreciate and I know our customers appreciate also. Also thanks to the Board of Upper Yarra Community Enterprise Limited, and also Bendigo Bank regional team in the Yarra Ranges for their support.

We look forward to a successful 2014/15.

Darren Pennington
Warburton Manager

Yarra Junction Manager's report

For year ending 30 June 2014

Yarra Junction District **Community Bank**® Branch has now completed its sixth full year of trading. As at the end of the financial year, we held more than 3,200 accounts and our business totalled $60.4 million. The branch achieved growth of more than $6.1 million for the year.

One of our points of difference as a bank is our extended opening hours, particularly Saturday mornings, and usage of the branch remains strong. We are completing approximately 3,000 in-branch transactions per month, and our ATM is being used approximately 7,000 transactions per month.

Our company continues to have a strong record of returning funds to our community, and the past year has been no different with more than $319,000 returned to our local schools, clubs and groups. This brings our overall sponsorship commitment to more than $2.5 million – an outstanding achievement.

I would like to thank the branch staff for their efforts over the last 12 months. During the year, we welcomed a new Customer Service Officer to the branch, Julie MacDonald. Since joining our team, Julie has settled in well and is enjoying her new role.

To those shareholders who are customers, thank you for your support. To those of you who are yet to open accounts with us, I welcome you to call into the branch and meet with me to discuss the benefits of banking with your local **Community Bank**® branch.

Finally, to Mark Nolan and Natalie Goold and their staff at Bendigo Bank, I thank you for your support and assistance throughout the year. I would also like to thank Peter Kimberley and the Board of Directors for their continued support and commitment to making a difference in our community.

Adam Whitworth
Branch Manager

Directors' report

For the financial year ended 30 June 2014

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

Directors

The following persons were Directors of Upper Yarra Community Enterprise Limited during or since the end of the financial year up to the date of this report:

Name and position held	Qualifications	Experience and other Directorships
Mr P Kimberley Appointed 19/04/2010 Chairman	BSc (Melb) Post Grad qualification from IAFPA	Peter has over 30 years experience in Funds Management & Superannuation. Previously a Director of various property management and consultancy companies.
Mr G M Vickers Appointed 29/10/1999 Company Secretary	Cert III Financial Services Cert IV Community Services Cert IV Training & Assessmt Cert in Corporate Governance	Geoff was a member of the Steering Committee and is currently employed as Executive Officer He previously operated his own business in Horticultural Crop Protection for 15 years.
Mr R J Woods Appointed 22/03/2006 Director		Rodney is past President of Warburton-Millgrove Football Club and is an owner - operator of two business' employing 15 local people.
Ms E R Fox Appointed 22/03/2006 Director	Master of Teacher in Special Education	Elizabeth is cordinating the Education Support Department at Tintern Girls Grammar, she previously worked at Upper Yarra Secondary College for 18 years.
Mrs J D Hall Appointed 18/09/2007 Director		Jaqui Chaired the Yarra Junction Steering Committee & previously operated her own business. Prior to that she was Bursar/ Administrator at Warburton Primary School.
Mrs S Forbes Appointed 18/01/2012 Director	Bachelor of Social Work Cert IV Training & Assessmt	Sarah has worked as a Community Development Officer for Yarra Ranges Council and Community Health Services, specialising in the area of disability.

Directors (continued)

Name and position held	Qualifications	Experience and other Directorships
Mr J C Child Appointed 25/11/2013 Director		Jim is currently a Councilor of Yarra Ranges Council, and is an owner/operator of a local company, he has had involvement in a number of local community groups.
Mr C J Brown Appointed 25/11/2013 Director	Degree in Economics Member of CPA	Chris is CEO of Kooyong Lawn Tennis Club, and was a Director of Board of Billanook College from 1991-2011. He is involved in a number of local community sporting bodies.
Mr M F Janssen Appointed 25/11/2013 Director	Masters in Applied Science Bachelor of Theology	Michael is General Manager of EACH Social & Community Health. He is also a member of Yarra Ranges Health & Wellbeing Advisory Committee & has interests in community development.
Mrs B J McConachy Appointed 25/11/2013 Director		Joy has been involved in many community & sporting groups and has served as President of school council. She is a member of discussion group Women in Primary Industry.

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

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

Principal activities

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

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

Review of operations

The profit of the company for the financial year after provision for income tax was $134,317 (2013 profit: $116,819), which is a 14.98% increase as compared with the previous year.

The net assets of the company have increased to $1,506,400 (2013: $1,497,549). The small increase is due to the improved Net Profit.

Dividends

	Year ended 30 June 2014	
	Cents per share	**$**
Dividends paid in the year :	6.5	125,466

Significant changes in the state of affairs

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

Events subsequent to reporting date

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

Remuneration report

Remuneration policy

The remuneration policy of Upper Yarra Community Enterprises limited has been designed to align key management personnel (KMP) objectives with shareholder and business objectives. The Board believe the remuneration policy to be appropriate and effective.

Director positions are held on a voluntary basis and Directors are not remunerated for their services.

Remuneration benefits and payments

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

The Upper Yarra Community Enterprise Limited has not accepted the Bendigo and Adelaide Bank Limited's **Community Bank**® Directors Privileges package. The package is available to all Directors who can elect to avail themselves of the benefits based on their personal banking with the branch. There is no requirement to own Bendigo and Adelaide Bank Limited shares and there is no qualification period to qualify to utilise the benefits. The package mirrors the benefits currently available to Bendigo and Adelaide Bank Limited shareholders. The Directors have estimated the total benefits received from the Directors Privilege Package to be $NIL for the year ended 30 June 2014.

Indemnifying Officers or Auditor

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

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

Directors' meetings

The number of Directors' meetings held during the year were 12. Attendances by each Director during the year were as follows:

Director	Board meetings #	Audit Committee Meetings #
Mr P Kimberley	12 (12)	11 (11)
Mr G M Vickers	12 (12)	11 (11)
Mr R J Woods	6 (12)	N/A
Ms E R Fox	7 (12)	N/A
Mrs J D Hall	7 (12)	N/A
Mrs S Forbes	7 (12)	N/A
Mr J C Child	8 (9)	6 (6)
Mr C J Brown	7 (8)	N/A
Mr M F Janssen	7 (8)	N/A
Mrs B J McConachy	7 (8)	4 (6)
Mr R McKail (non-Director)	0	7 (11)

The first number is the meetings attended while in brackets is the number of meetings eligible to attend.
N/A - not a member of that committee.

Likely developments

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

Environmental regulations

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

Proceedings on behalf of company

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

Company Secretary

Mr G M Vickers has been the Company Secretary of Upper Yarra Community Enterprise Limited since 2002. He holds qualifications in Financial and Community services.

He operated his own crop spraying business for 10 years until he sold the business in 2004. Prior to commencing his business he was Operations Manager for Muirfield Plant Protection.

Directors' report (continued)

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 10 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 Warburton on 24 September 2014.

Peter Kimberley
Director/Chairman

Auditor's independence declaration

Richmond
Sinnott &
Delahunty

Chartered Accountants

Level 2, 10-16 Forest Street
Bendigo, VICTORIA
PO Box 30, Bendigo VICTORIA 3552

Ph: (03) 5445 4200
Fax: (03) 5444 4344
rsd@rsdadvisors.com.au
www.rsdadvisors.com.au

24 September 2014

The Directors
Upper Yarra Community Enterprise Limited
3399 Warburton Highway
WARBURTON VIC 3799

Dear Directors,

To the Directors of Upper Yarra Community Enterprise Limited

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

I declare that to the best of my knowledge and belief, during the year ended 30 June 2014 there has been:

(i) No contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) No contraventions of any applicable code of professional conduct in relation to the audit.

Kathie Teasdale
Partner
Richmond Sinnott & Delahunty

Financial statements

Statement of profit or loss and Other Comprehensive Income for the year ended 30 June 2014

	Note	2014 $	2013 $
Revenue	2	1,896,657	1,937,536
Employee benefits expense	3	(860,400)	(830,346)
Depreciation and amortisation expense	3	(53,115)	(65,285)
Finance costs	3	(65)	(39)
Bad and doubtful debts expense	3	(2,265)	(1,772)
Rental expense		(33,990)	(32,719)
Other expenses		(408,516)	(354,798)
Operating profit before charitable donations & sponsorships		**538,306**	**652,577**
Charitable donations and sponsorships		(355,362)	(473,206)
Profit before income tax expense		**182,944**	**179,371**
Tax expense	4	48,627	62,552
Profit for the year		**134,317**	**116,819**
Other comprehensive income		-	-
Total comprehensive income		**134,317**	**116,819**
Profit attributable to members of the company		134,317	116,819
Total comprehensive income attributable to members of the company		**134,317**	**116,819**

Earnings per share (cents per share)			
- basic for profit for the year	22	6.96	6.05
- diluted for profit for the year	22	6.96	6.05

The accompanying notes form part of these financial statements.

Statement of financial position as at 30 June 2014

	Note	2014 $	2013 $
Assets			
Current assets			
Cash and cash equivalents	6	333,227	363,280
Investments	7	500,062	484,423
Trade and other receivables	8	195,806	195,325
Total current assets		**1,029,095**	**1,043,028**
Non-current assets			
Property, plant and equipment	9	679,240	716,269
Intangible assets	10	50,917	67,003
Total non-current assets		**730,157**	**783,272**
Total assets		**1,759,252**	**1,826,300**
Liabilities			
Current liabilities			
Trade and other payables	11	129,136	170,304
Current tax liability	4	1,008	18,925
Loans and borrowings	12	510	359
Provisions	13	117,007	134,806
Total current liabilities		**247,661**	**324,394**
Non current liabilities			
Provisions	13	5,191	4,357
Total non current liabilities		**5,191**	**4,357**
Total liabilities		**252,852**	**328,751**
Net assets		**1,506,400**	**1,497,549**
Equity			
Issued capital	14	1,113,506	1,113,506
Retained earnings	15	392,894	384,043
Total equity		**1,506,400**	**1,497,549**

The accompanying notes form part of these financial statements.

Statement of changes in equity for the year ended 30 June 2014

	Note	Issued capital $	Retained earnings $	Total equity $
Balance at 1 July 2012		**1,113,506**	**373,387**	**1,486,893**
Total comprehensive income for the year		-	116,819	116,819
Transactions with owners, in their capacity as owners				
Shares issued during the year		-	-	-
Dividends paid or provided	23	-	(106,163)	(106,163)
Balance at 30 June 2013		**1,113,506**	**384,043**	**1,497,549**
Balance at 1 July 2013		**1,113,506**	**384,043**	**1,497,549**
Total comprehensive income for the year		-	134,317	134,317
Transactions with owners, in their capacity as owners				
Shares issued during the year		-	-	-
Dividends paid or provided	23	-	(125,466)	(125,466)
Balance at 30 June 2014		**1,113,506**	**392,894**	**1,506,400**

The accompanying notes form part of these financial statements.

Statement of cash flows
for the year ended 30 June 2014

	Note	2014 $	2013 $
Cash flows from operating activities			
Receipts from customers		2,061,208	2,091,803
Payments to suppliers and employees		(1,904,774)	(1,766,782)
Dividend revenue received		15,639	20,812
Interest paid		-	-
Interest received		5,371	8,835
Income tax paid		(66,543)	(60,947)
Net cash provided by/(used in) operating activities	**16b**	**110,901**	**293,721**
Cash flows from investing activities			
Purchase of investments		(15,639)	(26,201)
Purchase of plant & equipment		-	(5,910)
Purchase of intangible assets		-	(69,221)
Net cash flows from/(used in) investing activities		**(15,639)**	**(101,332)**
Cash flows from financing activities			
Proceeds from borrowings		151	142
Repayment of borrowings		-	-
Dividends paid		(125,466)	(106,163)
Net cash provided by/(used in) financing activities		**(125,315)**	**(106,021)**
Net increase/(decrease) in cash held		**(30,053)**	**86,368**
Cash and cash equivalents at beginning of financial year		363,280	276,912
Cash and cash equivalents at end of financial year	**16a**	**333,227**	**363,280**

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2014

These financial statements and notes represent those of Upper Yarra Community Enterprise Limited.

Upper Yarra Community Enterprise Limited (‘the company’) is a company limited by shares, incorporated and domiciled in Australia.

The financial statements were authorised for issue by the Directors on 24 September 2014.

Note 1. Summary of significant accounting policies

(a) Basis of preparation

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

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

<u>Economic dependency</u>

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

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

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

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

- Advice and assistance in relation to the design, layout and fit out of the Community Bank® branch;
- Training for the Branch Managers and employees in banking, systems and interface protocol;
- Methods and procedures for the sale of products and provision of services;

Note 1. Summary of significant accounting policies (continued)

a) Basis of preparation (continued)

Economic dependency (continued)

- Security and cash logistic controls;
- Calculation of company revenue and payment of many operating and administrative expenses;
- The formulation and implementation of advertising and promotional programs; and
- Sale techniques and proper customer relations.

(b) Income tax

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

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

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

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

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

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

(c) Fair value of assets and liabilities

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

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

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

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

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

Note 1. Summary of significant accounting policies (continued)

(c) Fair value of assets and liabilities (continued)

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

(d) Property, plant and equipment

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

Property

Freehold land and buildings are measured at cost and therefore are carried at cost less accumulated depreciation and any accumulated impairment. In the even the carrying amount of land and buildings is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised in profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present.

The carrying amount of land and buildings is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal.

Plant and equipment

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

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

The depreciable amount of all fixed assets including buildings, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

Class of asset	Depreciation rate
Buildings	3%
Leasehold improvements	10 - 18.75%
Plant & equipment	10 - 20%

Note 1. Summary of significant accounting policies (continued)

(d) Property, plant and equipment (continued)

Plant and equipment (continued)

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

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

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

(e) Impairment of assets

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

(f) Goods and services tax (GST)

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

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

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

(g) Employee benefits

Short-term employee benefits

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

Other long-term employee benefits

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

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(g) Employee benefits (continued)

Other long-term employee benefits (continued)

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

(h) Intangibles

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

(i) Cash and cash equivalents

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

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

(j) Revenue

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

Interest, dividend and fee revenue is recognised when earned.

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

(k) Trade and other receivables

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

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

(l) Trade and other payables

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

(m) Borrowing costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

(n) New accounting standards for application in future periods

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

Note 1. Summary of significant accounting policies (continued)

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

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

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

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

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

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

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

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

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

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

Employee benefits

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

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

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

Note 1. Summary of significant accounting policies (continued)

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

Employee benefits (continued)

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

Fair value measurement

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

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

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

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

(p) Loans and borrowings

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

(q) Provisions

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

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

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

(r) Share capital

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

(s) Comparative figures

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

Note 1. Summary of significant accounting policies (continued)

(t) Critical accounting estimates and judgements

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

Estimation of useful lives of assets

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

Employee benefits provision

Assumptions required for wage growth and CPI movements. The likelihood of employees reaching unconditional service is estimated. Treatment of leave under updated AASB 119 standard.

Income tax

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

Impairment

The company assesses impairment at the end of each reporting period by evaluating conditions and events specific to the company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value in use calculations which incorporate various key assumptions.

(u) Financial instruments

Initial recognition and measurement

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

Classification and subsequent measurement

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

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

Note 1. Summary of significant accounting policies (continued)

(u) Financial instruments (continued)

Classification and subsequent measurement (continued)

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

(i) Loans and receivables

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

(ii) Financial liabilities

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

Impairment

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

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

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

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

Derecognition of financial instruments

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

	2014 $	2013 $

Note 2. Revenue and other income

	2014 $	2013 $
Revenue		
- services commissions	1,860,429	1,881,414
- other	15,218	26,475
	1,875,647	**1,907,889**
Other revenue		
- interest received	5,371	8,835
- other revenue	15,639	20,812
	21,010	**29,647**
Total revenue	**1,896,657**	**1,937,536**

Note 3. Expenses

	2014 $	2013 $
Employee benefits expense		
- wages and salaries	758,616	689,980
- superannuation costs	78,415	77,383
- workers compensation costs	2,758	1,857
- other costs	20,611	61,126
	860,400	**830,346**
Depreciation of non-current assets:		
- plant and equipment	19,686	29,971
- buildings	17,343	18,315
Amortisation of non-current assets:		
- intangible assets	16,086	16,999
	53,115	**65,285**
Finance costs:		
- Interest paid	65	39
Bad debts	2,265	1,772

	2014 $	2013 $

Note 4. Tax expense

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

	2014 $	2013 $
Prima facie tax on profit/(loss) before income tax at 30% (2013: 30%)	65,503	53,811
Add tax effect of:		
- Adjustments in respect of current income tax of previous year	(760)	(877)
- Utilisation of previously unrecognised carried forward tax losses	-	-
- Imputation credits	(3,166)	(2,872)
- Non-deductible expenses	(1,525)	12,490
Current income tax expense	**60,052**	**62,552**
Income tax attributable to the entity	**60,052**	**62,552**
The applicable weighted average effective tax rate is	27.50%	34.87%
Income tax payable		
Current tax liabilities	**12,433**	**18,925**

Note 5. Auditors' remuneration

Remuneration of the Auditor for:

	2014 $	2013 $
- Audit or review of the financial report	**4,800**	**4,150**

Note 6. Cash and cash equivalents

	2014 $	2013 $
Cash at bank and on hand	218,931	252,532
Short-term bank deposits	114,296	110,748
	333,227	**363,280**

The effective interest rate on short-term bank deposits was 3.2% (2013: 3.75%); these deposits have an average maturity of 60 days.

Note 7. Investments

	2014 $	2013 $
Listed shares at cost	141,368	133,981
Managed Investment at cost	322,193	313,941
Hydro Project at cost	36,501	36,501
	500,062	**484,423**

Quoted market value at balance date of investments listed on a prescribed stock exchange was $151,646 (2013: $118,182). Listed shares are readily saleable with no fixed term. There would be no material capital gain if these assets were sold at reporting date.

	2014 $	2013 $

Note 8. Trade and other receivables

Current

	2014 $	2013 $
Commissions receivable	172,058	171,845
Sundry debtors and prepayments	3,748	3,480
Unsecured loan to Warburton Visitors Information Centre Pty Ltd	20,000	20,000
	195,806	**195,325**

The loan to Warburton Visitors Information Centre is unsecured and interest free. The loan is expected to be repaid when this company is in a position to do so.

Credit risk

The company has no significant concentration of credit risk with respect to any single counterparty or group of counterparties other than those receivables specifically provided for and mentioned within Note 8. The main sources of credit risk to the company are considered to relate to the classes of assets described as trade and other receivables and “loans” (see Note 10).

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

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

	Gross amount	Past due and impaired	Past due but not impaired			Not past due
			< 30 days	31-60 days	> 60 days	
2014						
Commissions receivable	172,058	-	-	-	-	172,058
Debtors and prepayments	3,748					3,748
Unsecured loans	20,000	-	-	-	-	20,000
Total	**195,806**	**-**	**-**	**-**	**-**	**195,806**
2013						
Commissions receivable	171,845	-	-	-	-	171,845
Debtors and prepayments	3,480					3,480
Unsecured loans	20,000	-	-	-	-	20,000
Total	**195,325**	**-**	**-**	**-**	**-**	**195,325**

	2014 $	2013 $
Note 9. Property, plant and equipment		
Land		
At cost	200,000	200,000
Buildings		
At cost	348,611	348,611
Less accumulated depreciation	(69,162)	(60,447)
	279,449	**288,164**
Leasehold improvements		
At cost	166,430	166,430
Less accumulated depreciation	(75,876)	(67,248)
	90,554	**99,182**
Furniture & fittings		
At cost	139,857	139,857
Less accumulated depreciation	(71,791)	(60,820)
	68,066	**79,037**
Plant and equipment		
At cost	138,436	138,436
Less accumulated depreciation	(97,265)	(88,550)
	41,171	**49,886**
Total written down amount	**679,240**	**716,269**
Movements in carrying amounts		
Land		
Balance at the beginning of the reporting period	200,000	200,000
Additions	-	-
Balance at the end of the reporting period	**200,000**	**200,000**
Buildings		
Balance at the beginning of the reporting period	288,164	296,879
Additions	-	-
Depreciation expense	(8,715)	(8,715)
Balance at the end of the reporting period	**279,449**	**288,164**

Notes to the financial statements (continued)

	2014 $	2013 $

Note 9. Property, plant and equipment (continued)

Leasehold improvements		
Balance at the beginning of the reporting period	99,182	108,782
Additions	-	-
Depreciation expense	(8,628)	(9,600)
Balance at the end of the reporting period	**90,554**	**99,182**
Furniture and fittings		
Balance at the beginning of the reporting period	79,037	91,905
Additions	-	-
Depreciation expense	(10,971)	(12,868)
Balance at the end of the reporting period	**68,066**	**79,037**
Plant and equipment		
Balance at the beginning of the reporting period	49,886	61,079
Additions	-	5,910
Depreciation expense	(8,715)	(17,103)
Balance at the end of the reporting period	**41,171**	**49,886**

Note 10. Intangible assets

Franchise fee		
At cost	80,432	80,432
Less accumulated amortisation	(29,515)	(13,429)
	50,917	**67,003**
Preliminary expenses		
At cost	8,454	8,454
Less accumulated amortisation	(8,454)	(8,454)
	-	**-**
Total Intangible assets	**50,917**	**67,003**
Movements in carrying amounts		
Franchise fee		
Balance at the beginning of the reporting period	67,003	13,795
Additions	-	69,220
Amortisation expense	(16,086)	(16,012)
Balance at the end of the reporting period	**50,917**	**67,003**

	2014 $	2013 $
Note 10. Intangible assets (continued)		
Preliminary expenses		
Balance at the beginning of the reporting period	-	986
Additions	-	-
Amortisation expense	-	(986)
Balance at the end of the reporting period	**-**	**-**

Note 11. Trade and other payables

	2014 $	2013 $
Current		
Unsecured liabilities:		
Trade creditors	17,193	16,401
Other creditors and accruals	76,543	153,903
	93,736	**170,304**

Note 12. Borrowings

	2014 $	2013 $
Secured Loan - Land & buildings	**510**	**359**

The loan is secured by a charge over the freehold title for which the loan was incurred. Interest is recognized at a fixed rate of 6.9% (2013: 7.15%)

Note 13. Provisions

	2014 $	2013 $
Employee benefits	**122,198**	**139,163**
Movement in employee benefits		
Opening balance	139,163	115,726
Additional provisions recognised	23,367	30,322
Amounts utilised during the year	(40,332)	(6,885)
Closing balance	**122,198**	**139,163**
Current		
Annual leave	59,668	69,868
Long-service leave	57,339	64,938
	117,007	**134,806**
Non-current		
Long-service leave	5,191	4,357
	5,191	**4,357**
Total provisions	**122,198**	**139,163**

Note 13. Provisions (continued)

Provision for employee benefits

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

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

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

	2014 $	2013 $
Note 14. Share capital		
400,000 Ordinary shares fully paid of $1 each	400,000	400,000
800,000 Bonus shares issued for no consideration	-	-
730,250 Ordinary shares fully paid of $1 each	730,250	730,250
Less: Equity raising costs	(16,744)	(16,744)
	1,113,506	**1,113,506**
Movements in share capital		
Fully paid ordinary shares:		
At the beginning of the reporting period	1,113,506	1,113,506
Shares issued during the year	-	-
At the end of the reporting period	**1,113,506**	**1,113,506**

- 800,000 shares were issued on 7 November 2007 as a bonus at the ratio of 2:1
- 730,250 shares were issued on 13 February 2008 to raise additional capital.

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

Capital management

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

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

Note 14. Share capital (continued)

Capital management (continued)

(i) the Distribution Limit is the greater of:

(a) 20% of the profit or funds of the Franchisee otherwise available for distribution to shareholders in that 12 month period; and

(b) subject to the availability of distributable profits, the Relevant Rate of Return multiplied by the average level of share capital of the Franchisee over that 12 month period; and

(ii) the Relevant Rate of Return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

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

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

	2014 $	2013 $
Note 15. Retained earnings		
Balance at the beginning of the reporting period	384,043	373,387
Profit/(loss) after income tax	158,292	116,819
Dividends	(125,466)	(106,163)
Balance at the end of the reporting period	**416,869**	**384,043**

Note 16. Statement of cash flows

(a) Cash and cash equivalents balances as shown in the statement of financial position can be reconciled to that shown in the statement of cash flows as follows		
As per the statement of financial position	333,227	363,280
As per the statement of cash flow	**333,227**	**363,280**
(b) Reconciliation of profit / (loss) after tax to net cash provided from/(used in) operating activities		
Profit / (loss) after income tax	158,292	116,819
Non cash items		
- Depreciation	37,029	48,286
- Amortisation	16,086	16,999

	2014 $	2013 $

Note 16. Statement of cash flows (continued)

Changes in assets and liabilities		
- (Increase) decrease in receivables	(482)	(4,857)
- (Increase) decrease in current tax liability	(6,492)	1,605
- Increase (decrease) in payables	(76,566)	91,432
- Increase (decrease) in provisions	(16,966)	23,437
Net cash flows from/(used in) operating activities	**112,915**	**295,734**

(c) Credit standby arrangement and loan facilities

The company has a bank overdraft and commercial bill facility amounting to $92,914 (2013: $111,912). This may be terminated at any time at the option of the bank. At 30 June 2014, $510 of this facility was used (2013: $359). Variable interest rates apply to these overdraft and bill facilities.

Note 17. Related party transactions

The company's main related parties are as follows:

(a) Key management personnel

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

The totals of remuneration paid to Key Management Personnel of the company during the year are as follows:

	2014 $	2013 $
Short-term employee benefits	81,480	86,411
Post-employment benefits	7,537	7,477
Other long-term benefits	1,556	1,622
Total key management personnel compensation	**90,573**	**95,510**

Short-term employee benefits

These amounts include fees and benefits paid to the Company Secretary as well as all salary, and paid leave benefits.

Post-employment benefits

These amounts are the current year's cost of providing the company's superannuation contributions made during the year.

Other long-term benefits

These amounts represent long service leave benefits accruing during the year.

Note 17. Related party transactions

(b) Other related parties

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

(c) Transactions with key management personnel and related parties

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

The Upper Yarra Community Enterprise Limited has not accepted the Bendigo and Adelaide Bank Limited’s **Community Bank**® Directors Privileges package. The package is available to all Directors who can elect to avail themselves of the benefits based on their personal banking with the branch. There is no requirement to own Bendigo and Adelaide Bank Limited shares and there is no qualification period to qualify to utilise the benefits.

(d) Key management personnel shareholdings

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

	2014	2013
Mr P Kimberley	15,000	15,000
Mr G M Vickers	2,000	2,000
Mr R J Woods	1,000	1,000
Ms E R Fox	-	-
Mrs J D Hall	30,000	30,000
Mrs S Forbes	-	-
Mr J C Child	-	-
Mr C J Brown	-	-
Mr M F Janssen	-	-
Mrs B J McConachy	10,000	10,000

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

(e) Other key management transactions

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

Note 18. Events after the reporting period

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

Notes to the financial statements (continued)

Note 19. Contingent liabilities and assets

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

Note 20. Operating segments

The company operates in the financial services sector where it provides banking services to its clients. The company operates in one geographic area being Warburton, Victoria. The company has a franchise agreement in place with Bendigo and Adelaide Bank Limited who account for 100% of the revenue (2013: 100%).

Note 21. Company details

The registered office and principle place of business is: 3399 Warburton Highway
Warburton Vic 3799

	2014 $	2013 $

Note 22. Earnings per share

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

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

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

	2014 $	2013 $
Profit/(loss) after income tax expense	**158,292**	**116,819**
Weighted average number of ordinary shares for basic and diluted earnings per share	**1,930,250**	**1,930,250**

Note 23. Dividends paid or provided for on ordinary shares

(a) Dividends paid during the year

	2014 $	2013 $
Final fully franked ordinary dividend of 6.5 cents per share (2013:5.5) franked at the tax rate of 30% (2013: 30%).	**125,466**	**106,163**

(b) Franking credit balance

	2014 $	2013 $
The amount of franking credits available for the subsequent financial year are:		
- Franking account balance as at the end of the financial year	295,418	279,480
- Franking credits that will arise from the payment of income tax payable as at the end of the financial year	12,433	18,925
	307,851	**298,405**

Note 24. Financial risk management

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

	Note	2014 $	2013 $
Financial assets			
Cash and cash equivalents	6	333,227	363,280
Trade and other receivables	8	195,806	195,325
Investments	7	500,062	484,423
Total financial assets		**1,029,095**	**1,043,028**
Financial liabilities			
Trade and other payables	10	129,136	170,304
Loans and borrowings	12	510	359
Total financial liabilities		**129,646**	**170,663**

Financial risk management policies

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

Specific financial risk exposure and management

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

(a) Credit risk

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

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

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

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

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

Note 24. Financial risk management (continued)

(a) Credit risk (continued)

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

	2014 $	2013 $
Cash and cash equivalents:		
A rated	**333,227**	**363,280**

(b) Liquidity risk

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

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

In addition the company has established an overdraft facility of $92,914 with Bendigo and Adelaide Bank Limited.

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

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

Financial liability and financial asset maturity analysis:

30 June 2014	Note	Total $	Within 1 year $	1 to 5 years $	Over 5 years $
Financial liabilities due					
Trade and other payables	10	129,136	129,136	-	-
Loans and borrowings	11	510	510	-	-
Total expected outflows		**129,646**	**129,646**	**-**	**-**
Financial assets - realisable					
Cash & cash equivalents	6	333,227	333,227	-	-
Trade and other receivables	8	195,806	195,806	-	-
Investments	7	500,062	500,062		
Total anticipated inflows		**1,029,095**	**1,029,095**	**-**	**-**
Net (outflow)inflow on financial instruments		**899,449**	**899,449**	**-**	**-**

Note 24. Financial risk management (continued)

(b) Liquidity risk (continued)

30 June 2013	Note	Total $	Within 1 year $	1 to 5 years $	Over 5 years $
Financial liabilities due					
Trade and other payables	10	170,304	170,304	-	-
Loans and borrowings	11	359	359	-	-
Total expected outflows		**170,663**	**170,663**	**-**	**-**
Financial assets - realisable					
Cash & cash equivalents	6	363,280	363,280	-	-
Trade and other receivables	8	195,325	195,325	-	-
Investments	7	484,423	484,423		
Total anticipated inflows		**1,043,028**	**1,043,028**	**-**	**-**
Net (outflow)/inflow on financial instruments		**872,365**	**872,365**	**-**	**-**

(c) Market risk

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

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

The financial instruments that primarily expose the company to interest rate risk are borrowings, fixed interest securities, and cash and cash equivalents.

Sensitivity analysis

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

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

Note 24. Financial risk management (continued)

(c) Market risk (continued)

Sensitivity analysis (continued)

	Profit $	Equity $
Year ended 30 June 2014		
+/- 1% in interest rates (interest income)	3,327	3,327
	3,327	**3,327**
Year ended 30 June 2013		
+/- 1% in interest rates (interest income)	3,629	3,629
	3,629	**3,629**

The company has no exposure to fluctuations in foreign currency.

(d) Price risk

The company is not exposed to any material price risk.

Fair values

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

Directors' declaration

In accordance with a resolution of the Directors of Upper Yarra Community Enterprise Limited, the Directors of the company declare that:

1 the financial statements and notes, as set out on pages 11 to 38 are in accordance with the Corporations Act 2001 and:

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

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

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

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

Peter Kimberley
Director/Chairman

Signed at Warburton on 24 September 2014.

Richmond Sinnott & Delahunty
Chartered Accountants
Level 2, 10-16 Forest Street
Bendigo, VICTORIA
PO Box 30, Bendigo VICTORIA 3552
Ph: (03) 5445 4200
Fax: (03) 5444 4344
rsd@rsdadvisors.com.au
www.rsdadvisors.com.au

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UPPER YARRA COMMUNITY ENTERPRISE LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Upper Yarra Community Enterprise Limited, which comprises the statement of financial position as at 30 June 2014, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the company at the year's end.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards (IFRS).

Auditor's Responsibility

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

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

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

Richmond Sinnott Delahunty Pty Ltd
ABN 60 616 244 309
Liability limited by a scheme approved under Professional Standards Legislation

Partners: Kathie Teasdale, David Richmond, Philip Delahunty, Cara Hall, Brett Andrews

Independence

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

Auditor's Opinion

In our opinion:

(a) the financial report of Upper Yarra Community Enterprise Limited is in accordance with the Corporations Act 2001, including:

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

(ii) complying with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Regulations 2001; and

(b) the financial report also complies with the International Financial Reporting Standards as disclosed in Note 1.

RICHMOND SINNOTT & DELAHUNTY
Chartered Accountants

KATHIE TEASDALE
Partner

Dated at Bendigo, 24 September 2014

Warburton **Community Bank**® Branch
3399 Warburton Highway, Warburton VIC 3799
Phone: (03) 5966 2122 Fax: (03) 5966 2144

Yarra Junction District **Community Bank**® Branch
Shop 1, 2452 Warburton Highway, Yarra Junction VIC 3797
Phone: (03) 5967 1919 Fax: (03) 5967 2662

Franchisee: Upper Yarra Community Enterprise Limited
3399 Warburton Highway, Warburton VIC 3799
Phone: (03) 5966 9028
ABN: 54 090 252 627
Email: admin@upperyarra.net.au

www.bendigobank.com.au
(BMPAR14072) (08/14)

Bendigo Bank
Bigger than a bank.

bendigobank.com.au