

# Wentworth District Capital Limited

(ABN: 76 085 989 804)

# Annual Report 2008

Wentworth & District  
**Community Bank**<sup>®</sup> Branch **Bendigo Bank**





## **Branch Managers & Chairpersons Report – year ending 30 June 2008**

### **Overall business**

Over the past 12 months the Wentworth & District **Community Bank**<sup>®</sup> Branch has seen a modest growth in overall business footings from \$98.114 million as at 30 June 2007 to \$99.151 million as at 30 June 2008. At times during the year total business exceeded \$100 million. It remains a key objective of the Board to maintain business above the \$100 million mark.

During the year the lending book reduced from \$47.248 million to \$45.796 million. This can be attributed to the ongoing drought, economic slowdown and uncertainty in the district. The banking environment for good loan business remains competitive and our point of difference, being the contribution to the community, at times cannot match the rates on offer.

On a positive note the deposit book managed to off set our lending decline with an increase from \$37.636 million to \$42.052 million. This may reflect customers moving investments from the volatile share market to stable bank deposits where attractive interest rates have been available.

Whilst overall growth has been slow it is pleasing to see that the community support remains as our account numbers have grown by 144 to now total 4,570 with overall customer numbers having increased by 25.

The ATM has also proven to be well supported by the town and there were 4500 ATM transactions in the busiest month during the year.

Given the current economic and prevailing drought conditions which we have experienced, and continue to experience in the district, it has been an excellent result to maintain our business footings at this level.

### **Profitability**

Despite the business not growing significantly, the business income performance saw another record broken. The results for the past financial year saw our gross income increase from \$957,140 to \$1,039,974. This was achieved mainly through better gross margin results and higher interest returns on our reserve funds.

Overall, our net profit was down a little on previous year from \$243,876 to \$239,184. It should be noted that a couple of abnormal items were incurred this year being legal expenses up from \$6,030 to \$25,015 and also for the first time a taxation cost of \$66,479. The Board is currently objecting to the payment of taxation based on the fact the business is run purely for “community service” and it is not for profit. The Wentworth & District **Community Bank**<sup>®</sup> Branch did not pay tax in the initial years of operation. Test case funding has been provided from the Australian Taxation Office to have the issue tested in court. Legal and taxation advisers have been employed during the year to develop a strong case. The Board has also prudently reserved funds to deal with the outcome of the objection.

## **Community Development Grants**

This year we received some 46 applications for Community Development Grants totaling approximately \$375,000, and unfortunately we could not fund all of the applications. We did however fund 26 projects either partly or in full to the tune of \$131,157. This year's grant funding takes our total Community Development Grants since 2003 to over \$750,000. Combined with sponsorship the total amount provided back to the community exceeds \$850,000.

It is timely that we remind our community member's that we are the community's bank and would dearly love to be in the position to fund each project put forward. We sincerely thank all our loyal customers and supporters who have supported us over the years. I think they would agree that it is very satisfying to witness their banking business generate profits that have made our community a better place to live.

The Wentworth Community Telco was launched during the year with the first objective to purchase an electric bed for Murray House. A percentage of each dollar spent on Bendigo Bank telephone services comes directly to the **Community Bank**<sup>®</sup> Company.

We implore all our customers and members to be advocates for their branch and encourage other community members to bank locally and see the community reap the benefits.

## **Bendigo and Adelaide Bank Limited**

This year saw the merger of Bendigo Bank and Adelaide Bank. There has been little change to the branch and face of the banking branch. In the long term the merger will strengthen the position of the branch and provide more places to conduct banking.

At time of writing the Bendigo and Adelaide Bank has also launched their new retail advertising campaign, Bendigo Bank - it starts with you U. This was heavily advertised throughout the Olympics and Wentworth & District **Community Bank**<sup>®</sup> Branch contributed financially to this improvement in image and brand awareness.

## **Ten years and counting**

Next year will see a very important milestone being our 10<sup>th</sup> birthday celebrations. How the years have flown and never in our wildest dreams did we think our branch would be so successful and in the position it is in today. The success of our branch over the past nine years speaks volumes for the community spirit in Wentworth and the surrounding districts. We would encourage any suggestions from our members on how best we can celebrate this magnificent milestone in March 2009.

## Our people

The last 12 months have seen some changes in our staffing with local resident Bonnie Thompson joining the fold as a part time Customer Service Officer. Marie Pappin recently moved into the role of Customer Relationship Officer. This is a new position in the branch which allows our customers or potential customers to sit down in an office with Marie to discuss and arrange all their banking needs in a comfortable and private environment. A good indicator of our high level of customer service is the Bendigo Bank's Mystery Shopper Survey. We were mystery shopped twice last year with results of 93% and 91%. To be able to achieve these high scores speaks volumes for our staff commitment to looking after our valued customers.

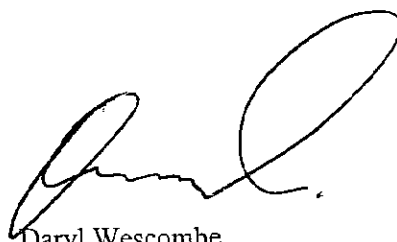
Over the ensuing 12 months the Board and staff of the branch will be reviewing the past 10 years of operation and also planning for the next 10 years. I think you would all agree, times are hard at the moment and have been now for several years. Remember your **Community Bank**<sup>®</sup> branch is here to support the district community members in any way we can, please feel free to call in to the branch and discuss any issues you may have with our staff.

Finally, a BIG thank you to all our staff for providing the friendly, efficient customer service that our customers enjoy. To our volunteer Board members who continue to lead our branch down the right path and achieve the results we have experienced over the past nine years. Also to Stephanie and Jill at the Dareton Agency who look after our clients in Coomealla and those passing through.

Again, a huge thank you to all our loyal customers out there who take ownership of their bank branch and continue to support it and reap the benefits of their banking in the local community. It really does start with you!



Cheryl Rix  
Chairperson



Daryl Wescombe  
Branch Manager



## Celebrating 10 years of the **Community Bank**<sup>®</sup> Network

A message from Bendigo Bank

June 2008 marks ten years since Bendigo Bank and the people of Rupanyup and Minyip unveiled the first **Community Bank**<sup>®</sup> branches in Australia, marking a turning point not only for the two small Victorian wheat belt towns, but for the Bendigo as well.

Today, these two towns have been joined by more than 210 communities to form Australia's fastest growing banking network – community banking.

It is a significant milestone for Bendigo Bank and our **Community Bank**<sup>®</sup> partners.

The number of **Community Bank**<sup>®</sup> branches has doubled in the last four years and in the same time frame, customers have tripled their commitment of banking business to the community network, increasing it to more than \$11 billion.

More importantly, in excess of \$18 million in **Community Bank**<sup>®</sup> branch profits have been returned to community projects and \$12 million has been paid in dividends to more than 50,000 local shareholders.

Behind those numbers are hundreds of stories of **Community Bank**<sup>®</sup> branches making a real difference to the lives of local people.

Whether it's building a community hall, sponsoring an art prize or even buying new footy jumpers for the local side – these **Community Bank**<sup>®</sup> branches are helping improve the economic and social prospects of their local communities.

Add to those contributions the employment of more than 1000 staff members and daily expenses in the local economy and you have a truly meaningful contribution to those communities and to local prosperity.

As we reflect on the past 10 years, it's with a feeling of great pride and accomplishment for what has been achieved in partnership between our team at the Bendigo and our community partners.

The landscape of banking has changed dramatically, but more importantly – so have the communities we partner and our own organisation.

Our partners have taken charge of outcomes locally that will impact positively for many years to come. Likewise, our organisation has built on our community focussed heritage and evolved to become a true partner to community.

Your commitment, enthusiasm and belief in the **Community Bank**<sup>®</sup> model has been instrumental, and for that we thank you.

And here we are, only 10 years into this wonderful journey. Who knows what positive outcomes we'll be talking about in 10 years time, as the **Community Bank**<sup>®</sup> network matures?

It's an exciting prospect – and we are very proud of what our team and the communities we partner have achieved together.

**Russell Jenkins**  
Chief General Manager  
Retail & Distribution





**Wentworth District Capital Ltd**  
**ABN 085 989 804**  
**Directors' Report**

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

**Directors**

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

Cheryl Kathleen Rix  
Chairperson  
Occupation: General Manager

David John Cross  
Vice Chairperson  
Occupation: Horticulturalist

Margaret Elizabeth Thomson  
Treasurer  
Occupation: Horticulturalist/Shire Councillor

David John Dawes  
Director  
Occupation: Viticulturalist

Roderick Murray McLeod  
Director  
Occupation: Retired

Judith Leslie Lamb  
Director  
Occupation: Registered Nurse

Richard Alan Williamson  
Director  
Occupation: Accountant

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 banking services under management rights to operate a franchised branch of Bendigo and Adelaide Bank Limited.

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

**Operating Results**

Operations have continued to perform in line with expectations. The profit of the company for the financial year after provision for income tax was \$237,837 (2007: \$243,876).

**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.

**Significant events after the balance date**

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.

**Wentworth District Capital Ltd**  
**ABN 085 989 804**  
**Directors' Report**

**Likely Developments**

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

**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. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by Directors shown in the company's accounts, or the fixed salary of a full-time employee of the company, controlled entity or related body corporate.

**Indemnification and Insurance of Directors and Officers**

The company has indemnified all Directors and the Manager in respect of liabilities to other persons (other than the company or related body corporate) that may arise from their position as Directors or Managers 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 Meetings**

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

<b>Number of Meetings Held:</b>	11
<b>Number of Meetings Attended:</b>	
Cheryl Kathleen Rix	8
David John Cross	11
Margaret Elizabeth Thomson	10
David John Dawes	8
Roderick Murray McLeod	9
Richard Alan Williamson	9
Judith Leslie Lamb	9

Wentworth District Capital Ltd  
ABN 085 989 804  
Directors' Report

**Company Secretary**

Robert Verstappen has been the company secretary of Wentworth District Capital Ltd since 26 April 2006. He is an accountant (CPA) and a registered tax agent with 20 years experience.

**Corporate Governance**

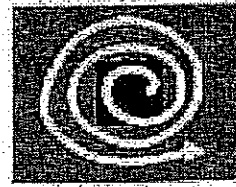
The company has implemented various corporate governance practices, which include:

- (a) The establishment of an audit committee. Members of the audit committee are Cheryl Rix, Rod McLeod and Alan Williamson;
- (b) Director approval of operating budgets and monitoring of progress against these budgets;
- (c) Ongoing Director training; and
- (d) Monthly Director meetings to discuss performance and strategic plans.

**Auditor Independence Declaration**

The directors received the following declaration from the auditor of the company:

**Richmond Sinnott & Delahunty**  
Chartered Accountants



172-176 McIvor Rd  
PO Box 30  
Bendigo. 3552  
Ph. 03 5443 1177  
Fax. 03 5444 4344  
E-mail: [rsd@rsdadvisors.com.au](mailto:rsd@rsdadvisors.com.au)

**Auditor's Independence Declaration**

In relation to our audit of the financial report of Wentworth District Capital Ltd for the financial year ended 30 June 2008, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Warren Sinnott  
Partner  
Richmond Sinnott & Delahunty  
Bendigo  
12 September 2008

Signed in accordance with a resolution of the Board of Directors at Wentworth on 12 September 2008.

  
Cheryl Rix, Chairperson

Wentworth District Capital Ltd  
 ABN 085 989 804  
 Income Statement  
 for the year ended 30 June 2008

	<u>Notes</u>	2008 \$	2007 \$
Revenue from ordinary activities	2	1,039,974	957,258
Employee benefits expense	3	(357,036)	(340,372)
Depreciation and amortisation expense	3	(12,560)	(14,363)
Finance costs	3	(1,256)	(1,296)
Charitable donations and sponsorship		(144,271)	(120,673)
Other expenses from ordinary activities		<u>(220,535)</u>	<u>(236,678)</u>
<b>Profit before income tax expense</b>		304,316	243,876
Income tax expense	4 / 17	<u>66,479</u>	<u>-</u>
<b>Profit after income tax expense</b>		<u><u>237,837</u></u>	<u><u>243,876</u></u>

The accompanying notes form part of these financial statements

Wentworth District Capital Limited  
 ABN 085 989 804  
 Balance Sheet  
 As at 30 June 2008

	<u>Notes</u>	2008 \$	2007 \$
<b>Current Assets</b>			
Cash assets	6	857,000	645,353
Receivables / prepayments	7	80,581	76,439
<b>Total Current Assets</b>		<u>937,581</u>	<u>721,792</u>
<b>Non-Current Assets</b>			
Property, plant and equipment	8	170,642	180,169
Intangible assets	9	38,198	40,208
<b>Total Non-Current Assets</b>		<u>208,840</u>	<u>220,377</u>
<b>Total Assets</b>		<u>1,146,421</u>	<u>942,169</u>
<b>Current Liabilities</b>			
Payables	10	82,551	89,076
Interest bearing liabilities	11	15,200	1,910
Provisions	12	24,336	20,445
<b>Total Current Liabilities</b>		<u>122,087</u>	<u>111,431</u>
<b>Non-Current Liabilities</b>			
Payables	10	33,000	66,000
Provisions	12	7,562	3,447
Interest bearing liabilities	11	-	15,356
<b>Total Non-Current Liabilities</b>		<u>40,562</u>	<u>84,803</u>
<b>Total Liabilities</b>		<u>162,649</u>	<u>196,234</u>
<b>Net Assets</b>		<u>983,772</u>	<u>745,935</u>
<b>Equity</b>			
Retained earnings	13	983,772	745,935
<b>Total Equity</b>		<u>983,772</u>	<u>745,935</u>

The accompanying notes form part of these financial statements

Wentworth District Capital Limited  
 ABN 085 989 804  
 Cash Flow Statement  
 For the year ended 30 June 2008

	<u>Notes</u>	2008 \$	2007 \$
<b>Cash Flows From Operating Activities</b>			
Cash receipts in the course of operations		1,087,375	1,014,670
Cash payments in the course of operations		(856,232)	(858,555)
Interest paid		(1,256)	(1,296)
Interest received		51,328	33,191
Income tax paid		(66,479)	-
<b>Net cash flows from operating activities</b>	14b	214,736	188,010
<b>Cash Flows From Investing Activities</b>			
Payments for property, plant and equipment		(1,023)	(50,107)
<b>Net cash flows used in investing activities</b>		(1,023)	(50,107)
<b>Cash Flows From Financing Activities</b>			
Repayment of borrowings		(2,066)	(1,750)
<b>Net cash flows used in financing activities</b>		(2,066)	(1,750)
<b>Net increase in cash held</b>		211,647	136,153
Add opening cash brought forward		645,353	509,200
<b>Closing cash carried forward</b>	14a	857,000	645,353

The accompanying notes form part of these financial statements

Wentworth District Capital Limited  
ABN 085 989 804  
Statement of Changes in Equity  
for the year ended 30 June 2008

	2008	2007
	\$	\$
RETAINED EARNINGS		
Balance at start of year	745,935	502,059
Profit after income tax expense	<u>237,837</u>	<u>243,876</u>
Balance at end of year	<u><u>983,772</u></u>	<u><u>745,935</u></u>

The accompanying notes form part of these financial statements

Wentworth District Capital Limited  
ABN 085 989 804  
Notes to the Financial Statements  
for the year ended 30 June 2008

## 1. Basis of preparation of the Financial Report

### (a) Basis of accounting

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and applicable Australian Accounting Standards and other mandatory professional reporting requirements.

The financial report has been prepared on an accruals basis and is based on historical costs (except for land and buildings and available-for-sale financial assets that have been measured at fair value) and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The financial report was authorised for issue by the Directors on 12 September 2008.

### (b) Statement of compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ('AIFRS'). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards ('IFRS'). Australian Accounting Standards that have been recently issued or amended, but are not yet effective, have not been adopted in the preparation of this financial report.

### (c) Significant accounting policies

The following is a summary of the material accounting policies adopted. The accounting policies have been consistently applied and are consistent with those applied in the 30 June 2007 financial statements.

#### Property, plant and equipment

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

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

<i>Class of Asset</i>	<i>Depreciation Rate</i>
Furniture & fittings	2.5 - 40%
Leasehold improvements	2.5%
Motor vehicles	25%

#### *Impairment*

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

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

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



**Wentworth District Capital Limited**  
**ABN 085 989 804**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2008**

**1. Basis of preparation of the Financial Report (continued)**

**Recoverable amount of assets**

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

**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 cash flow statement on a gross basis.

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

**Employee Benefits**

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

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

**Intangibles**

Establishment costs have been initially recorded at cost and amortised on a diminishing value basis at a rate of 5% per annum.

**Cash**

Cash on hand and in banks are stated at nominal value.

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

**Comparative Figures**

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

Wentworth District Capital Limited  
 ABN 085 989 804  
 Notes to the Financial Statements  
 for the year ended 30 June 2008

**1. Basis of preparation of the Financial Report (continued)**

**Revenue**

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

**Receivables and Payables**

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

**Interest Bearing Liabilities**

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

**Provisions**

Provisions are recognised when the economic entity has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or 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.

**2. Revenue from ordinary activities**

	2008	2007
	\$	\$
Operating activities		
- services commissions	988,626	923,691
Total revenue from operating activities	988,626	923,691
Non-operating activities:		
- interest received	51,328	33,191
- other revenue	20	376
Total revenue from non-operating activities	51,348	33,567
Total revenue from ordinary activities	1,039,974	957,258

**3. Expenses**

Employee benefits expense		
- wages and salaries	297,807	289,152
- superannuation costs	26,783	25,886
- workers' compensation costs	36	1,931
- other costs	32,410	23,403
	357,036	340,372

Wentworth District Capital Limited  
 ABN 085 989 804  
 Notes to the Financial Statements  
 for the year ended 30 June 2008

3. Expenses (continued)	2008	2007
	\$	\$
Depreciation of non-current assets: - plant and equipment	10,550	12,247
Amortisation of non-current assets: - intangibles	<u>2,010</u>	<u>2,116</u>
	<u>12,560</u>	<u>14,363</u>
Finance costs: - Interest paid	1,256	1,296
Bad debts	2,922	540
<b>4. Income Tax Expense</b>		
<p>These accounts have been prepared on a tax exempt basis as the directors of Wentworth District Capital Limited believe the organisation is a community service organisation.</p> <p>Income tax shown in the income statement of \$66,479 was actually paid during the year. This payment was based on the lodgement of taxation returns and payment of tax for the financial years ending 30 June 2006 and 30 June 2007.</p> <p>Refer to note 17 for further information.</p>		
<b>5. Auditors' Remuneration</b>		
Amounts received or due and receivable by Richmond, Sinnott & Delahunty for: - Audit or review of the financial report of the company	<u>2,700</u>	<u>2,700</u>
	<u>2,700</u>	<u>2,700</u>
<b>6. Cash Assets</b>		
Cash at bank and on hand	<u>857,000</u>	<u>645,353</u>
<b>7. Receivables</b>		
GST receivable	-	319
Prepayments	182	182
Trade debtors	82,799	78,338
Less: Provision for doubtful debts	<u>(2,400)</u>	<u>(2,400)</u>
	<u>80,581</u>	<u>76,439</u>

Wentworth District Capital Limited  
 ABN 085 989 804  
 Notes to the Financial Statements  
 for the year ended 30 June 2008

	2008	2007
	\$	\$
<b>8. Property, Plant and Equipment</b>		
<i>Furniture &amp; Fittings</i>		
At cost	49,423	48,400
Less accumulated depreciation	<u>(17,446)</u>	<u>(15,370)</u>
	<u>31,977</u>	<u>33,030</u>
<i>Leasehold Improvements</i>		
At cost	128,707	128,707
Less accumulated depreciation	<u>(6,029)</u>	<u>(2,883)</u>
	<u>122,678</u>	<u>125,824</u>
<i>Motor Vehicle</i>		
At cost	29,852	29,852
Less accumulated depreciation	<u>(13,865)</u>	<u>(8,537)</u>
	<u>15,987</u>	<u>21,315</u>
 Total written down amount	 <u>170,642</u>	 <u>180,169</u>
 <b>Movements in carrying amounts</b>		
<i>Furniture &amp; Fittings</i>		
Carrying amount at beginning of year	33,030	35,305
Additions	1,023	-
Disposals	-	-
Depreciation expense	<u>(2,076)</u>	<u>(2,275)</u>
Carrying amount at end of year	<u>31,977</u>	<u>33,030</u>
<i>Leasehold Improvements</i>		
Carrying amount at beginning of year	125,824	78,584
Additions	-	50,107
Disposals	-	-
Depreciation expense	<u>(3,146)</u>	<u>(2,867)</u>
Carrying amount at end of year	<u>122,678</u>	<u>125,824</u>
<i>Motor Vehicle</i>		
Carrying amount at beginning of year	21,315	28,420
Additions	-	-
Disposals	-	-
Depreciation expense	<u>(5,328)</u>	<u>(7,105)</u>
Carrying amount at end of year	<u>15,987</u>	<u>21,315</u>

Wentworth District Capital Limited  
 ABN 085 989 804  
 Notes to the Financial Statements  
 for the year ended 30 June 2008

	2008	2007
	\$	\$
<b>9. Intangible Assets</b>		
<i>Establishment Costs</i>		
At cost	40,208	60,000
Less accumulated amortisation	<u>(2,010)</u>	<u>(19,792)</u>
	<u>38,198</u>	<u>40,208</u>
<b>10. Payables</b>		
<i>Current</i>		
Trade creditors	42,225	61,720
Other creditors and accruals	<u>40,326</u>	<u>27,356</u>
	<u>82,551</u>	<u>89,076</u>
<i>Non-Current</i>		
Other creditors and accruals	<u>33,000</u>	<u>66,000</u>
	<u>33,000</u>	<u>66,000</u>
<b>11. Interest Bearing Liabilities</b>		
<i>Current</i>		
Chattel mortgage	16,149	3,322
Future finance charges	<u>(949)</u>	<u>(1,412)</u>
	<u>15,200</u>	<u>1,910</u>
<i>Non-Current</i>		
Chattel mortgage	-	16,149
Future finance charges	<u>-</u>	<u>(793)</u>
	<u>-</u>	<u>15,356</u>
<b>12. Provisions</b>		
<i>Current</i>		
Employee benefits	<u>24,336</u>	<u>20,445</u>
<i>Non-Current</i>		
Employee benefits	<u>7,562</u>	<u>3,447</u>
Number of employees at year end	<u>6</u>	<u>6</u>
<b>13. Retained Earnings</b>		
Balance at the beginning of the financial year	745,935	502,059
Profit after income tax	<u>237,837</u>	<u>243,876</u>
Balance at the end of the financial year	<u>983,772</u>	<u>745,935</u>

Wentworth District Capital Limited is limited by guarantee. If the company is wound up, the Constitution states that each member is required to contribute a maximum of \$10 each towards meeting any outstanding obligations of the company. As at 30 June 2008 the number of members was 162 (2007: 160).

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 ABN 085 989 804  
 Notes to the Financial Statements  
 for the year ended 30 June 2008

14. Cash Flow Statement	2008	2007
	\$	\$
<i>(a) Reconciliation of cash</i>		
Cash assets	<u>857,000</u>	<u>645,353</u>
<i>(b) Reconciliation of profit after tax to net cash provided from operating activities</i>		
Profit after income tax	237,837	243,876
Non cash items		
- Depreciation	10,550	12,247
- Amortisation	2,010	2,116
Changes in assets and liabilities		
- (Increase) decrease in receivables	(4,142)	(1,514)
- Increase (decrease) in payables	(39,525)	(67,280)
- Increase (decrease) in provisions	8,006	(1,435)
Net cashflows from operating activities	<u>214,736</u>	<u>188,010</u>

**15. Director and Related Party Disclosures**

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

Cheryl Kathleen Rix  
 David John Cross  
 Margaret Elizabeth Thomson  
 David John Dawes  
 Roderick Murray McLeod  
 Richard Alan Williamson  
 Judith Leslie Lamb

No director or related entity has entered into a material contract with the company. Other than detailed below no director's fees have been paid as the positions are held on a voluntary basis.

**Wentworth District Capital Limited**  
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**Notes to the Financial Statements**  
**for the year ended 30 June 2008**

**16. Subsequent Events**

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

**17. Contingent Liabilities**

Other than outlined below there were no contingent liabilities at the date of this report to affect the financial statements.

No tax liability has been recognised for the 2008 financial year. An amount of \$66,479 was paid during the year in relation to prior year tax liabilities. This payment was based on the lodgement of taxation returns and payment of tax for the financial years ending 30 June 2006 and 30 June 2007.

The Directors believe that Wentworth District Capital Limited is tax exempt as it is a community services organisation. The directors have sought a tax ruling regarding the tax exempt nature of Wentworth District Capital Limited which was unsuccessful, this decision was appealed unsuccessfully. The Company is continuing with its objection to the ruling. If the decision comes back unfavourably a liability for tax may exist. This amount is yet to be determined.

**18. Segment Reporting**

The economic entity operates in the financial services sector where it provides banking services to its clients. The economic entity operates in one geographic area being Wentworth, New South Wales.

**19. Corporate Information**

Wentworth District Capital Ltd is a company limited by guarantee incorporated in Australia.

The registered office and principal place of business is:

Wentworth District Capital Limited  
36-38 Darling Street  
Wentworth NSW 2648

Wentworth District Capital Limited  
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 For the year ended 30 June 2008

20. Financial risk management

The Company has exposure to credit risk, liquidity risk and market risk from their use of financial instruments.

This note presents information about the Company's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

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.

(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.

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. The Company's maximum exposure to credit risk at reporting date was:

	<u>Carrying Amount</u>	
	2008	2007
	\$	\$
Cash assets	857,000	645,353
Receivables	80,581	76,439
	937,581	721,792

The Company's exposure to credit risk is limited to Australia by geographic area. The majority of the balance of receivables is due from Bendigo and Adelaide Bank Ltd.

None of the assets of the Company are past due (2007: nil past due) and based on historic default rates, the Company believes that no impairment allowance is necessary in respect of assets not past due.

The Company limits its exposure to credit risk by only investing in liquid securities with Bendigo and Adelaide Bank Ltd.

(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.



Wentworth District Capital Limited  
 ABN 085 989 804  
 Notes to the Financial Statements  
 For the year ended 30 June 2008

20. Financial risk management (continued)

The following are the estimated contractual maturities of financial liabilities, including estimated interest payments.

	Carrying amount	Contractual cash flows	1 year or less	over 1 to 5 years	more than 5 years
	\$	\$	\$	\$	\$
<b>30 June 2008</b>					
Payables	115,551	(115,551)	(82,551)	(33,000)	-
Interest bearing liabilities	15,200	(16,801)	(16,801)	-	-
	<u>130,751</u>	<u>(132,352)</u>	<u>(99,352)</u>	<u>(33,000)</u>	<u>-</u>
<b>30 June 2007</b>					
Payables	155,076	(155,076)	(89,076)	(66,000)	-
Interest bearing liabilities	17,266	(19,194)	(3,322)	(15,872)	-
	<u>172,342</u>	<u>(174,270)</u>	<u>(92,398)</u>	<u>(81,872)</u>	<u>-</u>

(c) Market risk

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

*Interest Rate Risk*

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

Sensitivity analysis

At the reporting date the interest rate profile of the Company's interest bearing financial instruments was:

	Carrying Amount	
	2008	2007
	\$	\$
<b>Fixed rate instruments</b>		
Financial assets	-	-
Financial liabilities	(15,200)	(17,266)
	<u>(15,200)</u>	<u>(17,266)</u>
<b>Variable rate instruments</b>		
Financial assets	857,000	645,353
Financial liabilities	-	-
	<u>857,000</u>	<u>645,353</u>

*Fair value sensitivity analysis for fixed rate instruments*

The Company does not account for any fixed interest rate financial assets or liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

*Cash flow sensitivity analysis for variable rate instruments*

A change of 100 basis points in interest rates at the reporting date would have no impact on profit or retained earnings. For the analysis performed on the same basis as at 30 June 2007 there was also no impact. As at both dates this assumes all other variables remain constant.

**Wentworth District Capital Limited**  
**ABN 085 989 804**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2008**

**20. Financial risk management (continued)**

**(d) 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 year end.

**(e) Capital management**

The Board's policy is to maintain a strong capital base so as to sustain future development of the Company. Capital is represented by total equity as recorded in the Balance Sheet.

There are no 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 2008 can be seen in the Income Statement.

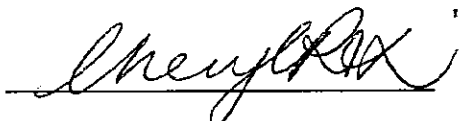
There were no changes in the Company's approach to capital management during the year.

Wentworth District Capital Ltd  
ABN 085 989 804  
Directors' Declaration

In accordance with a resolution of the directors of Wentworth District Capital Limited,  
I state that:

In the opinion of the directors:

- (a) the financial statements and notes of the company are in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the company's financial position as at 30 June 2008 and of their performance for the year ended on that date; and
  - (ii) complying with Accounting Standards in Australia and Corporations Regulations 2001; 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.



Cheryl Rix, Chairperson

Signed at Wentworth on the 12th of September 2008.

# Richmond Sinnott & Delahunty

## Chartered Accountants



Partners:  
Kenneth J Richmond  
Warren J Sinnott  
Philip P Delahunty  
Brett A Andrews

### *INDEPENDENT AUDIT REPORT TO THE MEMBERS OF WENTWORTH DISTRICT CAPITAL LIMITED*

#### **SCOPE**

The financial report comprises the balance sheet, income statement, statement of changes in equity, cash flow statement, accompanying notes to the financial statements, and the directors' declaration for Wentworth District Capital Limited, for the year ended 30 June 2008.

The directors of the company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the company, and that complies with Accounting Standards in Australia, in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are established to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

#### *Audit approach*

We conducted an independent audit of the financial report in order to express an opinion on it to the members of the company. Our audit has been conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly in accordance with the Corporations Act 2001, including compliance with Accounting Standards in Australia, and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report; and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant account estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

We performed procedures to assess whether the substance of business transactions was accurately reflected in the financial report. These and our other procedures did not include consideration or judgement of the appropriateness or reasonableness of the business plans or strategies adopted by the directors and management of the company.

**INDEPENDENCE**

We are independent of the company, and have met the independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

**AUDIT OPINION**

In our opinion, the financial report of Wentworth District Capital Limited is in accordance with:

- (a) the Corporations Act 2001 including:
  - (i) giving a true and fair view of the company's financial position as at 30 June 2008 and of its performance for the year ended on that date; and
  - (ii) complying with Accounting Standards and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia.

*Richmond Sinnott & Delahunty*

**RICHMOND SINNOTT & DELAHUNTY**  
Chartered Accountants

*W. J. Sinnott*

**W. J. SINNOTT**  
Partner  
Bendigo

Date: 12 September 2008

