

Wentworth District  
Capital Limited  
ABN 76 085 989 804

# annual report 2011



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

# Contents

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**Cover Photo:**

2011 Community Development Funding Recipients celebrating their share of \$174,786.50. Photo courtesy of Barb Sutton.



**Back Cover:**

\$10,000 Major sponsor of the 2011 Great Wentworth Tractor Rally. Photo courtesy of Darren J Callesen.



Directors and Staff Celebrating the 2011 Community Development Funding. Photo courtesy of Barb Sutton.



The friendly Staff of your **Community Bank**<sup>®</sup> branch on the steps of the Branch. Photo courtesy of Kate Stockman.



\$10,000 Sponsorship to assist Sunraysia Residential Services provide a Wheelchair Passenger Friendly Vehicle to Clients. Photo courtesy of Kate Stockman.



Local Youth 2011 Community Development Funding Recipients celebrating Community Spirit. Photo courtesy of Barb Sutton.



\$10,000 Major sponsorship of 2010 "Voyage of Discovery Program" aboard the P.S. Ruby. Photo courtesy of Kate Stockman.

# Chairman's report

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For year ending 30 June 2011

It gives me great pleasure to present the Chairman's report for 2011 for the Wentworth & District **Community Bank**<sup>®</sup> Branch.

We have had an outstanding year, with a net profit of \$373,089 after returning \$181,545 as grants and sponsorship during the year. This is clearly a tremendous outcome given the continued depressed economic conditions our district has experienced. The **Community Bank**<sup>®</sup> branch again has provided professional banking services to Wentworth & District, and provided a fabulous community dividend by way of our grants.

## Highlights

- ATO Ruling

Wentworth District Capital Limited (WDCL) has finally had its not-for-profit status confirmed after a five year dispute with the ATO. A final appeal by the ATO before the full bench of the Federal Court was dismissed on 28 March 2011. This result is a tremendous win for our community and the ability of WDCL to maintain its high level of distribution of profits back to the community. I extend a huge vote of thanks to Sam Cross who has been the key Board member involved in this legal case over the last five years, and has put in numerous hours and travel during the three court sittings. The significance of this ruling regarding provision of not-for-profit services to communities is only just being realised and I am sure may provide great opportunities in the future.

- Grants

Our grants night this year was held at the Australian Inland Botanic Gardens and grants were given to 34 community organisations on the night. This has taken the total grants to the community to more than \$1.5 million, a truly outstanding result.

This year the **Community Bank**<sup>®</sup> branch has commenced an ongoing scholarship up to the value of \$5,000 per year, over four years, for NSW youth to further their goals in particular areas of talent. We have partnered with Chances for Children, who will select, administer and mentor the recipient of our scholarship. Each year we will increase the number of recipients by one until 2015 when there will be four recipients each receiving up to \$5,000 per year.

## Acknowledgements

I would like to thank our loyal customers who are the core of our business. Please continue to support us in the way you have and to spread the story of the **Community Bank**<sup>®</sup> concept to your friends and family.

To Daryl Wescombe, our Branch Manager, and all his staff, thank you for providing another year of exceptional and professional service. You are the front line of our business and your personalised service is appreciated both by our customers and by the Board members.

I extend a big thank you to my fellow Board Directors and Secretary. Your voluntary dedication to our **Community Bank**<sup>®</sup> branch is clearly demonstrated by the service and profitability that has been achieved over the last 12 months.

## Chairman's report continued

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In February this year, Rod McLeod, one of the inaugural Board members, retired from the Board after 11 years of service. His thoughtful and wise counsel was always appreciated and keenly listened to. Thank you Rod.

Finally, I offer my thanks to our Bendigo and Adelaide Bank Ltd partners, for their ongoing support of this highly successful banking model. Without the **Community Bank**<sup>®</sup> branch in Wentworth our town would be in a very different position today.

### **The future**

Our Board has continued to identify new opportunities for business growth within the Wentworth Shire, but is very mindful of where our existing core business lies. We see a measured expansion into the Buronga and Gol Gol areas will further broaden our customer base and help with continued growth. We all need to re-tell the benefits of the **Community Bank**<sup>®</sup> model and be advocates for our bank.



**David Dawes**  
**Chairman**

# Manager's report

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For year ending 30 June 2011

## **The business**

2010/11 has again seen significant growth in our business footings. Our business has now grown from \$105.10 million to \$112.7 million over the last financial year. We have achieved another amazing result for our local branch given the economic circumstances prevailing in our community in the Rural Sector. Apart from the financial year ending 30/6/2009, which saw our business footings fall from \$99.5 million to \$96.5 million (GFC), in all other years our business has experienced steady growth.

This year our deposit footings have increased from \$44.8 million to \$52.4 million, an increase of \$7.6 million and our lending footings have also increased from \$48.7 million to \$50.9 million an increase of \$2.2 million (other business such as, Rural Bank, Financial Planning, Equipment Finance make up the difference in the total business footings).

Our customer numbers have grown from 2,476 last year to 2,566 with over 5,837 accounts and products held with us. The branch ATM continues to service our local people and visitors with monthly transactions now consistently above 5,500.

## **Acknowledgements**

These results don't just happen; there are many people who have contributed to our success both within the branch, the bank and at Board level.

- Our loyal customers – To our existing customers, thank you for the continued support and we welcome aboard all our new customers who have converted their banking to us over the past 12 months. Once again, we would not have such a successful business without the continued support of our community.
- The Board of Directors – What an exceptional year! On behalf of our staff, customers and the community, I thank you all for your guidance and support over the past 12 months. A special mention must go to Sam Cross for his efforts and time expended in ensuring our case against the ATO was successful.
- Secretary – Thanks to Rob Verstappen for his Company secretarial expertise, and accounting support and guidance throughout the year.
- Regional Office staff – Regional Manager, John Sirolli and his support staff have provided the direction and back up that we need to run a branch in our remote area.
- Local Support staff – Senior Business Banker, Paul Hewitt, Financial Planner, Jim Fahey and Business Banker, Paul Moore and their support staff. Your assistance and support has been invaluable throughout the year.

## **Staff**

We are truly blessed with the quality of staff we have working for the branch. They are committed to provide our clients with exceptional service, continually going above and beyond the call of duty. Our Customer Service levels have again been confirmed via our Mystery Shopper Program with results of over 88% and numerous compliments received by me, from our customers. I would like to personally thank each and every staff member for their support and commitment to our clients and community.

## Manager's report continued

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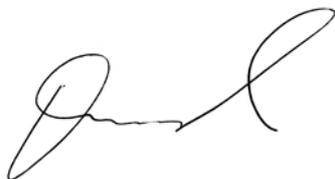
### **Aims**

In the latter half of the financial year, we investigated the prospects of expanding our **Community Bank®** branch benefits to the Buronga and Gol Gol areas of our Shire. (Ultimately we want to become the bank of first choice to all residents in the Wentworth Shire). Whilst we have supported Buronga and Gol Gol community groups with Community Development Funding in the past, it's fair to say we don't get the same level of banking support as we do in Wentworth. We have instigated several community consultation meetings in Buronga and Gol Gol to identify the community needs and the potential level of support for our branch that could be forthcoming. I am pleased to say that the people we spoke to were most enthusiastic and identified a 24/7 ATM service as the most pressing item required in this area. We will be investigating the prospects of having a 24/7 ATM installed in the Buronga and Gol Gol area by 31/12/2011.

I also see Dryland farming as a potential growth area for our business. In the past, the Bendigo Bank was not seen as a first choice Agribusiness Lender. Now that Rural Bank is a wholly owned subsidiary of the Bendigo and Adelaide Bank Ltd, we have a full suite of competitive lending products that are suited to Agribusiness.

I am mindful however that we must not take our eyes off the ball, and must maintain the high level of service that is expected by our existing customers.

I would like to encourage our existing members, clients and supporters to become advocates for our bank. The staff and I would certainly appreciate any business referred from family, friends and business acquaintances. The more business held with our bank means the more capacity we have to support local projects and programs.



**Daryl Wescombe**  
**Branch Manager**

# Bendigo and Adelaide Bank Ltd report

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For year ending 30 June 2011

As **Community Bank**<sup>®</sup> shareholders you are part of something special, a unique banking movement which has evolved into a whole new way of thinking about organising and strengthening community.

Together, we have reached new heights and achieved many great successes, all of which has been underpinned by our commitment and dedication to the communities we're a part of.

Together we're making extraordinary progress, with more than \$58.25 million returned to support community groups and endeavours since the network was established in 1998.

The returns grow exponentially each year, with \$469 thousand returned within the first five years, \$8.15 million within the first eight and \$22.58 million by the end of the first decade of operation. Based on this, we can predict the community returns should top \$100 million within the next three years, which equates to new community facilities, better health care, increased transport services and generally speaking, more prosperous communities.

Together, we haven't just returned \$58.25 million; there is also the flow on economic impact to consider. Bendigo and Adelaide Bank is in the process of establishing an evidential basis that captures the complete picture and the economic outcomes these initiatives generate. However, the tangible outcomes are obvious. We see it in tenanted shops, increased consumer traffic, retained local capital and new jobs but we know that there are broader elements of community strength beyond the economic indicators, which demonstrate the power of our community models.

It is now evident that branches go through a clear maturity phase, building customer support, generating surpluses and establishing a sustainable income stream. This enables Boards to focus less on generating business and more on the community's aspirations. Bendigo is facilitating this through Director engagement and education, community consultations and other community solutions (Community Enterprise Foundation<sup>™</sup>, Community Sector Banking, Community Telco, Generation Green<sup>™</sup> and Community Enterprises) that will provide Boards with further development options.

In Bendigo, your **Community Bank**<sup>®</sup> Board has a committed and successful partner. Our past efforts and continued commitment to be Australia's leading customer-connected bank, that is relevant, connected and valued, is starting to attract attention and reap rewards.

In January, a Roy Morgan survey into customer satisfaction saw Bendigo Bank achieve an industry leading score among Australian retail banks. This was the first time Bendigo Bank has led the overall results since August 2009.

In May, Fitch Ratings upgraded Bendigo and Adelaide Banks Long-Term Issuer Default Rating (IDR) to A- from BBB+. This announcement saw us become the first Australian bank – and one of the very few banks globally – to receive an upgrade since the Global Financial Crisis.

Standard & Poor's revised credit rating soon followed seeing Bendigo and Adelaide Bank shift from BBB+ stable, to BBB+ positive. These announcements reflect the hard and diligent work by all our staff, our sound risk management practices, low-risk funding and balance sheet structure, sound capital ratios and a sustained improvement in profitability.

The strength of our business model – based on our commitment to our customers and the communities that we operate in – is being recognised by all three ratings agencies.

## Bendigo and Adelaide Bank Ltd report continued

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Over the past year the bank has also added more than 700 additional ATMs through a network sharing agreement with Suncorp Bank, which further enhances our customers' convenience and expands our footprint across the country. In addition to this a further 16 **Community Bank**<sup>®</sup> branches were opened.

The bank has also had a renewed focus on business banking and re-launched our wealth management services through Bendigo Wealth, which oversees the Adelaide Bank, Leveraged Equities, Sandhurst Trustees and financial planning offering.

The **Community Bank**<sup>®</sup> model is unique and successful, it's one of our major points of difference and it enables us to connect with more than 550,000 customers, in excess of 270 communities and make a difference in the lives of countless people.

We are very proud of the model we have developed and we're very thankful for the opportunity to partner with communities to help build their balance sheets.

We thank you all for the part you play in driving this success.



**Russell Jenkins**  
**Executive Customer and Community**

# Directors' report

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For the financial year ended 30 June 2011

Your Directors submit their report of the Company for the financial year ended 30 June 2011.

## Directors

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

**David John Dawes**

Chairperson

Occupation: Viticulturalist

**David John Cross**

Vice Chairperson

Occupation: Horticulturalist

**Margaret Elizabeth Thomson**

Treasurer

Occupation: Horticulturalist/Shire Councillor

**Cheryl Kathleen Rix**

Director

Occupation: General Manager

**Roderick Murray McLeod**

(Resigned 24 February 2011)

Director

Occupation: Retired

**Judith Leslie Lamb**

(Resigned 27 October 2010)

Director

Occupation: Registered Nurse

**Richard Alan Williamson**

Director

Occupation: Accountant

**William Richard Brook**

Director

Occupation: Retired

**Andrew Mark Cottrell**

(Appointed 13 October 2010)

Director

Occupation: Horticulturalist

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 to act as facilitators in the provision of **Community Bank**<sup>®</sup> services under management rights to operate a franchised branch of Bendigo and Adelaide Bank Ltd.

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

## Review of operations

Operations have continued to perform in line with expectations. The profit of the Company for the financial year after provision for income tax was \$373,089 (2010: \$229,276).

# Directors' report continued

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

The full bench of the Federal Court handed down a ruling under appeal from the ATO on 28 March 2011 ([2011] FCAFC 42) confirming the Directors' belief that the Company was income tax exempt as it is a community services organisation.

In the opinion of the Directors there were no other 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**

Since the balance date, world financial markets have shown volatility that may have an impact on investment earnings in the 2011/12 financial year. The Company continues to maintain a conservative investment strategy to manage the exposure to market volatility.

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

## **Likely developments**

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

## **Remuneration report**

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 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 or a related body corporate.

# Directors' report continued

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## Directors' meetings

The number of Directors' meetings attended during the year were:

<b>Director</b>	<b>Board meetings #</b>
David John Dawes	11 (11)
David John Cross	11 (11)
Margaret Elizabeth Thomson	10 (11)
Cheryl Kathleen Rix	09 (11)
Roderick Murray McLeod (Resigned 24 February 2011)	05 (08)
Richard Alan Williamson	10 (11)
Judith Leslie Lamb (Resigned 27 October 2010)	02 (04)
William Richard Brook	11 (11)
Andrew Mark Cottrell (Appointed 13 October 2010)	09 (09)

# The first number is the meetings attended while in brackets is the number of meetings eligible to attend.

## Company Secretary

Robert Verstappen has been the Company Secretary of Wentworth District Capital Limited since 26 April 2006. He is an Accountant (CPA) and a Registered Tax Agent with 22 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.

## Directors' report continued

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### **Auditor independence declaration**

The Directors received the following declaration from the Auditor of the Company:



23 September 2011

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

Dear Directors

### **Auditor's Independence Declaration**

In relation to our audit of the financial report of Wentworth District Capital Limited for the year ended 30 June 2011, 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

Signed in accordance with a resolution of the Board of Directors at Wentworth on 23 September 2011.



**David Dawes, Chairperson**

# Financial statements

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## Statement of comprehensive income for the year ended 30 June 2011

	Note	2011 \$	2010 \$
Revenue from continuing operations	2	1,375,728	1,095,415
Employee benefits expense	3	(461,005)	(423,156)
Depreciation and amortisation expense	3	(25,527)	(20,103)
Charitable donations and sponsorship		(181,545)	(135,007)
Other expenses		(334,562)	(287,873)
<b>Profit before income tax expense</b>		<b>373,089</b>	<b>229,276</b>
Income tax expense	1	-	-
<b>Profit after income tax expense</b>		<b>373,089</b>	<b>229,276</b>
Other comprehensive income		-	-
<b>Total comprehensive income</b>		<b>373,089</b>	<b>229,276</b>

The accompanying notes form part of these financial statements.

## Financial statements continued

### Statement of financial position as at 30 June 2011

	Note	2011 \$	2010 \$
<b>Current assets</b>			
Cash and cash equivalents	5	1,261,528	1,160,485
Receivables / prepayments	6	356,140	95,458
<b>Total current assets</b>		<b>1,617,668</b>	<b>1,255,943</b>
<b>Non-current assets</b>			
Property, plant and equipment	7	165,322	175,270
Intangible assets	8	12,446	24,446
<b>Total non-current assets</b>		<b>177,768</b>	<b>199,716</b>
<b>Total assets</b>		<b>1,795,436</b>	<b>1,455,659</b>
<b>Current liabilities</b>			
Payables	9	29,911	71,133
Provisions	10	20,273	17,146
<b>Total current liabilities</b>		<b>50,184</b>	<b>88,279</b>
<b>Non-current liabilities</b>			
Provisions	10	19,971	15,188
<b>Total non-current liabilities</b>		<b>19,971</b>	<b>15,188</b>
<b>Total liabilities</b>		<b>70,155</b>	<b>103,467</b>
<b>Net assets</b>		<b>1,725,281</b>	<b>1,352,192</b>
<b>Equity</b>			
Retained earnings	11	1,725,281	1,352,192
<b>Total equity</b>		<b>1,725,281</b>	<b>1,352,192</b>

The accompanying notes form part of these financial statements.

## Financial statements continued

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### Statement of cash flows for the year ended 30 June 2011

	Note	2011 \$	2010 \$
<b>Cash flows from operating activities</b>			
Cash receipts in the course of operations		1,145,538	1,146,981
Cash payments in the course of operations		(1,121,901)	(966,381)
Interest received		80,985	37,591
<b>Net cash flows from operating activities</b>	<b>12b</b>	<b>104,622</b>	<b>218,191</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(3,579)	-
<b>Net cash flows used in investing activities</b>		<b>(3,579)</b>	<b>-</b>
<b>Net increase in cash held</b>		<b>101,043</b>	<b>218,191</b>
Cash and cash equivalents at start of year		1,160,485	942,294
<b>Cash and cash equivalents at end of year</b>	<b>12a</b>	<b>1,261,528</b>	<b>1,160,485</b>

The accompanying notes form part of these financial statements.

## Financial statements continued

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### Statement of changes in equity for the year ended 30 June 2011

	Note	2011 \$	2010 \$
<b>Retained earnings</b>			
Balance at start of year		1,352,192	1,122,916
Profit after income tax expense		373,089	229,276
<b>Balance at end of year</b>		<b>1,725,281</b>	<b>1,352,192</b>

The accompanying notes form part of these financial statements.

# Notes to the financial statements

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For year ended 30 June 2011

## Note 1. Basis of preparation of the financial report

### (a) Basis of preparation

Wentworth District Capital Limited ('the Company') is domiciled in Australia. The financial statements for the year ending 30 June 2011 are presented in Australian dollars. The Company was incorporated in Australia and the principal operations are as the facilitator of **Community Bank**<sup>®</sup> services.

The financial statements have been prepared on an accruals basis and are based on historical costs and do not take into account changing money values or, except where stated, current valuations of non-current assets.

The financial statements require judgements, estimates and assumptions to be made that affect the application of accounting policies. Actual results may differ from these estimates.

The financial statements were authorised for issue by the Directors on 23 September 2011.

### (b) Statement of compliance

The financial report is a general purpose financial report, which has been prepared in accordance with Australian Accounting Standards (including Australian Interpretations) adopted by the Australian Accounting Standards Board and the Corporations Act 2001. The financial report of the Company complies with International Financial Reporting Standards and interpretations adopted by the International Accounting Standards Board. 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. These changes are not expected to have a material impact on the Company's financial statements.

### (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 2010 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:

<b>Class of asset</b>	<b>Depreciation rate</b>
Furniture & fittings	2.5 - 40%
Leasehold improvements	2.5%
Motor vehicles	25%

# Notes to the financial statements continued

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## Note 1. Basis of preparation of the financial report (continued)

### **Property, plant and equipment (continued)**

#### 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.

#### **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.

#### **Income tax expense**

These accounts have been prepared on a tax exempt basis as it has been confirmed that Wentworth District Capital Limited was established as a community services organisation.

The full bench of the Federal Court handed down a ruling under appeal from the ATO on 28 March 2011([2011] FCAFC 42) confirming the Directors' belief that the Company was income tax exempt as it is a community services organisation.

#### **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 Statement of Financial Position. Cash flows are included in the Statement of Cash Flows on a gross basis.

The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as 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 reporting date. The provision has been calculated on undiscounted amounts based on wage and salary rates expected to be paid and includes related on-costs.

# Notes to the financial statements continued

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## Note 1. Basis of preparation of the financial report (continued)

### **Employee benefits (continued)**

Long service leave is measured as the present value of the estimated future cash outflows to be made by the Company. In calculating present value, consideration is given to expected future wage and salary levels and periods of service.

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 20% per annum. They are now amortised at prime cost to coincide when the next Franchise Agreement Renewal is due.

### **Cash**

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

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.

### **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.

### **Loans and borrowings**

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.

### **Comparative figures**

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

## Notes to the financial statements continued

	2011 \$	2010 \$
<b>Note 2. Revenue from continuing operations</b>		
<b>Operating activities</b>		
- services commissions	1,097,869	1,039,792
	<b>1,097,869</b>	<b>1,039,792</b>
<b>Non-operating activities:</b>		
- interest received	80,985	37,591
- ATO Refund for prior income tax paid	196,590	-
- other revenue	284	18,032
	<b>277,859</b>	<b>55,623</b>
	<b>1,375,728</b>	<b>1,095,415</b>

## Note 3. Expenses

<b>Employee benefits expense</b>		
- wages and salaries	369,921	349,827
- superannuation costs	33,621	33,033
- workers' compensation costs	1,063	1,221
- other costs	56,399	39,075
	<b>461,005</b>	<b>423,156</b>
<b>Depreciation of non-current assets:</b>		
- plant and equipment	13,527	13,991
<b>Amortisation of non-current assets:</b>		
- intangibles	12,000	6,112
	<b>25,527</b>	<b>20,103</b>
Bad debts	327	639

## Note 4. Auditors' remuneration

Amounts received or due and receivable by Richmond,  
Sinnott & Delahunty for:

- Audit or review of the financial report of the Company	2,900	2,900
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## Notes to the financial statements continued

	2011 \$	2010 \$
<b>Note 5. Cash and cash equivalents</b>		
<b>Cash at bank and on hand</b>	<b>1,261,528</b>	<b>1,160,485</b>
<b>Note 6. Receivables</b>		
Prepayments	6,173	3,297
Trade debtors	352,367	94,561
Less: Provision for doubtful debts	(2,400)	(2,400)
	<b>356,140</b>	<b>95,458</b>
<b>Note 7. Property, plant and equipment</b>		
<b>Furniture &amp; fittings</b>		
At cost	66,156	62,576
Less accumulated depreciation	(29,894)	(24,558)
	<b>36,262</b>	<b>38,018</b>
<b>Leasehold improvements</b>		
At cost	128,707	128,707
Less accumulated depreciation	(15,001)	(12,086)
	<b>113,706</b>	<b>116,621</b>
<b>Motor vehicle</b>		
At cost	28,461	28,461
Less accumulated depreciation	(13,581)	(8,621)
	<b>14,880</b>	<b>19,840</b>
<b>Computer equipment</b>		
At cost	1,544	1,544
Less accumulated depreciation	(1,069)	(753)
	<b>475</b>	<b>791</b>
<b>Total written down amount</b>	<b>165,322</b>	<b>175,270</b>

## Notes to the financial statements continued

	2011 \$	2010 \$
Note 7. Property, plant and equipment (continued)		
<b>Movements in carrying amounts</b>		
<b>Furniture &amp; fittings</b>		
Carrying amount at beginning of year	38,018	41,878
Additions	3,580	-
Disposals	-	-
Depreciation expense	(5,336)	(3,860)
<b>Carrying amount at end of year</b>	<b>36,262</b>	<b>38,018</b>
<b>Leasehold improvements</b>		
Carrying amount at beginning of year	116,621	119,611
Additions	-	-
Disposals	-	-
Depreciation expense	(2,915)	(2,990)
<b>Carrying amount at end of year</b>	<b>113,706</b>	<b>116,621</b>
<b>Motor vehicle</b>		
Carrying amount at beginning of year	19,840	26,453
Additions	-	-
Disposals	-	-
Depreciation expense	(4,960)	(6,613)
<b>Carrying amount at end of year</b>	<b>14,880</b>	<b>19,840</b>
<b>Computer equipment</b>		
Carrying amount at beginning of year	791	1,319
Additions	-	-
Disposals	-	-
Depreciation expense	(316)	(528)
<b>Carrying amount at end of year</b>	<b>475</b>	<b>791</b>

## Notes to the financial statements continued

	2011 \$	2010 \$
<b>Note 8. Intangible assets</b>		
<b>Establishment costs</b>		
At cost	60,000	60,000
Less accumulated amortisation	(47,554)	(35,554)
	<b>12,446</b>	<b>24,446</b>

## Note 9. Payables

<b>Current</b>		
Trade creditors	5,001	16,415
Other creditors and accruals	24,910	54,718
	<b>29,911</b>	<b>71,133</b>

## Note 10. Provisions

<b>Current</b>		
<b>Employee benefits</b>	<b>20,273</b>	<b>17,146</b>
<b>Non-current</b>		
<b>Employee benefits</b>	<b>19,971</b>	<b>15,188</b>
<b>Movement in employee benefits</b>		
Opening balance	32,334	35,101
Additional provisions recognised	28,455	26,909
Amounts utilised during the year	(20,545)	(29,676)
<b>Closing balance</b>	<b>40,244</b>	<b>32,334</b>

## Note 11. Retained earnings

Balance at the beginning of the financial year	1,352,192	1,122,916
Profit after income tax	373,089	229,276
<b>Balance at the end of the financial year</b>	<b>1,725,281</b>	<b>1,352,192</b>

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 2011 the number of members was 174 (2010: 171).

## Notes to the financial statements continued

	2011 \$	2010 \$
<b>Note 12. Statement of cash flows</b>		
<b>(a) Cash and cash equivalents</b>		
<b>Cash assets</b>	<b>1,261,528</b>	<b>1,160,485</b>
<b>(b) Reconciliation of profit after tax to net cash provided from operating activities</b>		
Profit after income tax	373,089	229,276
Non cash items		
- Depreciation	13,527	13,991
- Amortisation	12,000	6,112
Changes in assets and liabilities		
- (Increase) decrease in receivables / prepayments	(260,682)	(15,671)
- Increase (decrease) in payables	(41,222)	(12,750)
- Increase (decrease) in provisions	7,910	(2,767)
<b>Net cash flows from operating activities</b>	<b>104,622</b>	<b>218,191</b>

## Note 13. 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 (Resigned 24 February 2011)  
Richard Alan Williamson  
Judith Leslie Lamb (Resigned 27 October 2010)  
William Richard Brook  
Andrew Mark Cottrell (Appointed 13 October 2010)

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

# Notes to the financial statements continued

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## Note 14. Subsequent events

Since the balance date, world financial markets have shown volatility that may have an impact on investment earnings in the 2011/12 financial year. The Company continues to maintain a conservative investment strategy to manage the exposure to market volatility.

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

## Note 15. Contingent liabilities and assets

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

## Note 16. Segment reporting

The economic entity operates in the financial services sector where it acts as a facilitator in the provision of banking services for both its members & clients. The economic entity operates in one geographic area being Wentworth, New South Wales

## Note 17. Corporate information

Wentworth District Capital Limited 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

## Note 18. 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 reporting date to recognised financial assets is the carrying amount of those assets as disclosed in the Statement of Financial Position and notes to the financial statements. The Company's maximum exposure to credit risk at reporting date was:

## Notes to the financial statements continued

### Note 18. Financial risk management (continued)

#### (a) Credit risk (continued)

	Carrying amount	
	2011 \$	2010 \$
Cash assets	1,261,528	1,160,485
Receivables	349,967	92,161
	<b>1,611,495</b>	<b>1,252,646</b>

The Company's exposure to credit risk is limited to Australia by geographic area.

None of the assets of the Company are past due (2010: 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.

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 2011</b>					
Payables	29,911	(29,911)	(29,911)	-	-
	<b>29,911</b>	<b>(29,911)</b>	<b>(29,911)</b>	-	-
<b>30 June 2010</b>					
Payables	71,133	(71,133)	(71,133)	-	-
	<b>71,133</b>	<b>(71,133)</b>	<b>(71,133)</b>	-	-

# Notes to the financial statements continued

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## Note 18. Financial risk management (continued)

### (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	
	2011	2010
	\$	\$
<b>Fixed rate instruments</b>		
Financial assets	1,167,731	1,077,819
Financial liabilities	-	-
	<b>1,167,731</b>	<b>1,077,819</b>
<b>Variable rate instruments</b>		
Financial assets	93,797	82,666
Financial liabilities	-	-
	<b>93,797</b>	<b>82,666</b>

#### 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 2010 there was also no impact. As at both dates this assumes all other variables remain constant.

### (d) Net fair values

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

## Notes to the financial statements continued

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Note 18. Financial risk management (continued)

**(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 Statement of Financial Position.

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 2011 can be seen in the Statement of Comprehensive Income.

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

# Directors' declaration

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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 2011 and of their performance for the year ended on that date; and
  - (ii) complying with Accounting Standards in Australia, International Financial Reporting Standards 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.



**David Dawes, Chairperson**

Signed at Wentworth on 23 September 2011.

# Independent audit report

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

### **SCOPE**

The financial report comprises the statement of financial position, statement of comprehensive income, statement of cash flows, statement of changes in equity, accompanying notes to the financial statements, and the directors' declaration for Wentworth District Capital Limited, for the year ended 30 June 2011.

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.

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Partners: Kenneth J Richmond • Warren J Sinnott • Philip P Delahunty • Brett A Andrews  
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## Independent audit report continued

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### **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 2011 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: 23 September 2011







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