



# annual report **2012**

Woombye & Districts  
Community Enterprises Limited

ABN 44 133 561 289

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# Chairman's report

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For year ending 30 June 2012

My fellow shareholders,

It remains my great honour and pleasure to serve as the Chairman of Woombye & Districts Community Enterprises (W&DCE), which proudly manages Woombye & Districts **Community Bank**<sup>®</sup> Branch and one of the few public companies on the Sunshine Coast with the following Annual Report.

In the difficult trading climate that remains, our **Community Bank**<sup>®</sup> branch continues to stride ahead positively based on the wonderful support it receives from you, our shareholders and customers.

It has been a very exciting year for your local **Community Bank**<sup>®</sup> company and we know that as a shareholder or a customer you are aware that you have been part of something really special within our communities. On a national level, the unique **Community Bank**<sup>®</sup> model has continued to widen with 295 community owned branches joining with almost 300 company branches to provide a growing network of almost 600 outlets. In the past eight years, **Community Bank**<sup>®</sup> branches have accounted for more than a quarter of all new Australian bank branches.

Standard & Poor's has affirmed Bendigo and Adelaide Bank and Rural Bank's credit rating at A-. This rating was applied to the Bank and its wholly owned subsidiaries by S&P in December last year.

Bendigo and Adelaide Bank is one of few in the world to receive an upgrade since the onset of the Global Financial Crisis and this latest announcement means our **Community Bank**<sup>®</sup> branch continues to be rated A by all three ratings agencies (S&P, Moody's and Fitch).

Nationally, Bendigo and Adelaide Bank's **Community Bank**<sup>®</sup> network has now returned more than more than \$80 million in banking profits back to the communities these unique companies operate within. The milestone was almost unimaginable when the **Community Bank**<sup>®</sup> model was first launched in 1998, in partnership with the people from the small Victorian wheat farming towns of Rupanyup and Minyip.

Demand from communities remains strong and in the past financial year 20 new **Community Bank**<sup>®</sup> branches have opened and there are currently another 32 **Community Bank**<sup>®</sup> branch sites in development, with many more conversations happening with communities Australia-wide.

But the **Community Bank**<sup>®</sup> model is about far more than enhancing a community's access to banking services, it's now about securing an alternative source of income so that a community can fund activities or initiatives which make their town or suburb a better place to live – and so it is with us at Woombye & Districts **Community Bank**<sup>®</sup> Branch.

In my last Annual Report I indicated that we would hopefully achieve profitability in just over two years. Whilst our forward projections indicated we hoped to achieve that milestone in the 2011/12 financial year, we now firmly believe that common goal will take just a little longer to achieve. When that happens ladies and gentlemen, it will make us a very proud Board of this company.

I have already acknowledged the role of you, our loyal shareholders and customers but our staff continues to be the positive and hard working front line for our branch. Our amazing Manager, Sally Baker repeatedly goes beyond the call. The application of her many skills and her persistence in making our Woombye & Districts **Community Bank**<sup>®</sup> Branch the best it can be is so greatly appreciated. Sally's enthusiastic and dedicated team – Pam Hoens, Peta Kenesey and Leanne Foale continue to make each visit to the branch a happy and positive experience. They're a great team and we value their many efforts as many of the events we host or attend are outside working hours.

During the past year the Board has been able to financially assist several community groups. At the end of last financial year we had contributed well over \$20,000 to our community since opening in March 2009. This is a significant achievement especially as we have been trading less than four years and reflects the true value of the **Community Bank**<sup>®</sup> model and the reason for our existence.

# Chairman's report (continued)

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Woombye State School were given assistance to purchase 10 new violins, 10 music stands banners as well as the contribution of funds to celebrate the annual Sunshine Fair. We sponsored the 'Big Bang' fireworks which created a wonderful finale to the event.

Woombye & Districts **Community Bank**® Branch were also able to assist the historic St. Margaret's Op Shop in the main street of our village. Firstly, with partial sponsorship of their new shed and signage and then through the events they hosted during the year.

We have also been able to extend further support to our iconic Woombye Community Library. This Library is an institution and is the very heart of our community which has given so much pleasure to all for over 100 years. You may also know that we co-sponsored with our very popular local IGA to donate library bags to make it a little easier to carry books. I must also write special mention to the owners and management of the Woombye Supa IGA. This business is always the first to raise their hand to help whenever the community needs it.

We also assisted the Sunshine Valley Men's Shed. This came firstly via the very generous donation of a shed by our founding Director, Ray Grace and the financial help from our contribution to get the venture started.

We have also been able to support to our Woombye Bowls Club by sponsoring the Woombye \$10,000 Bowls Tournament, as well as buying new shirts for the teams showing the historic emblem of the Black Snake.

At our Community Forum held before Christmas 2010, we were asked by the community whether we could assist with enhancing the beauty of our area and provide something for our future generations. Soon after, one of our hard working Board of Directors, Cr. Jenny McKay asked if there be a chance to work in partnership with the Sunshine Coast Council on reviving one of the village parks.

As many of you now know, McCarthy Park was identified and we have now proudly rededicated the park in all its new glory with many citizens, community group representatives and Board members attending. New Sunshine Coast Mayor, Mark Jamieson was also there to mark the occasion.

It was a great day of celebration and represents to us all the power of a community working together. We enjoyed a sausage sizzle sponsored by our friends at Woombye IGA and a beautiful cake prepared by another of our wonderful supporters, Ms. Linda Skinner, owner of Woombye Bakery. The cake created a double celebration as we also welcomed another long serving member of our community, Ms. Toni Wood who we helped celebrate her 100th birthday.

The Mayor along with another strong supporter, Tracy McNarn (manager of Woombye Care), planted a tree to commemorate the occasion. A great day was had by all and we will continue to give as we can whenever we can to make our village an even better place to live.

Another great cause we assisted with was the annual 'Give Me Five for Kids' campaign which throughout the town raised more than \$4,000 dollars which was given to Nambour Hospital to help with the care of sick and injured children and to go towards equipment that will save many lives of coast residents.

How can you help us continue to make a difference such as the ones listed above? Ask yourself and your family, your friends if they're satisfied with the bank they now deal with? If not, bank with us, because when you do.... everyone benefits!

So please, recommend us to your friends, family and associates and please let us have the opportunity to meet your own banking needs. Your Board is committed to this long term objective and when achieved, we will be able to deliver thousands of dollars of sustainable benefit our community. We can't wait to see the day but we need your help to get there.

We are proud of our award winning customer service and product standards and to share this message we combined with our other regional branches to produce TV and radio commercials featuring actor John Jarratt. The positive impact of this campaign has been felt as we share the message of our support of more than 150 community groups across our region.



## Chairman's report (continued)

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Additionally, to join the ever changing digital world we have joined social media and our Woombye & Districts **Community Bank®** Branch is now on Facebook!

Look us up at: <https://www.facebook.com/#!/WoombyeCommunityBankBranch>.

Lastly, I would like to thank our hard working W&DCE Board. They are a wonderful collection of community minded locals who volunteer their time and remain committed to using their skills for the benefit of all. On their behalf, I thank you for your continued trust and support and look forward to the next annual report with expected news of more achievements for our Woombye and districts communities.



**Les Hadlow**  
**Chairman**

# Manager's report

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For year ending 30 June 2012

Our past year of achievements is testimony of the cohesive efforts and hard work of our branch team, the dedication of our Directors, the loyalty of our customers and support by our shareholders. We are, in every sense, a community connected **Community Bank®** branch offering personalised service, access to a comprehensive range of financial products and services, and most importantly contributing in a very direct and tangible way back to our local communities.

I am always proud to speak to new and established customers of our unique banking model and am heartened by the strong reciprocal response received where individuals make conscious decisions on merit.

During the past year our business achieved an overall growth of 16% with the strong growth in deposit funds of 30% particularly pleasing given the strong competition for domestic funds in the market place. Customer numbers grew further by 20% and the number of products held per customer increased by 0.7%.

Our ATM, as sole ATM in the local area, continues to provide a valuable service to our community processing over 4,000 transactions per month with the majority being transactions for other bank customers. This creates opportunities for us to welcome new customers to our **Community Bank®** branch.

Bendigo and Adelaide Bank believes that successful customers and successful communities create a successful bank. The Bank has a reputation for providing the highest industry standard of service and our branch demonstrated our contribution through the Mystery Shopper reviews conducted in November 2011 where we attained an overall score of 96%, the highest score for the Sunshine Coast Region branch network and ranked our **Community Bank®** branch 12th nationally!

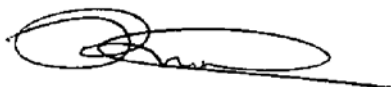
Other highlights during the year included our branch as Regional Winner of the Customer Management platform, Linx, actioning over 96% of opportunities. Linx enables us to be customer connected in a very relevant and personalised way.

During the year we farewelled Lisa Young who was promoted to a supervisor position at Nambour Branch and we welcomed Leanne Foale to our team. Leanne moved to the Sunshine Coast from Rockhampton and as a Bendigo and Adelaide Bank customer she was impressed with the service and community connection so enthusiastically joined the team at Woombye. Leanne's friendly demeanour and warm welcoming smile can be enjoyed when you visit the branch.

I can't mention Leanne though, without thanking the rest of our team. Pam Hoens and Peta Kenesey continue to provide our customers with the sort of service that makes Bendigo and Adelaide Bank famous. The time and effort put in by all the team in our branch have been integral to its success to date. We remain committed to Woombye & Districts **Community Bank®** Branch and our community's say in its own future.

As Australia's 5th largest bank, Bendigo and Adelaide Bank offers a full range of personal and business products and services. Complimenting our in-branch services, we continue to be supported by Corey Stitt our Senior Business Banking Manager and our Financial Planner, Katie Alifrangis.

So please spread the word to family and friends to support our **Community Bank®** branch as "Good for Business is Good for Community!"



**Sally Baker**  
**Branch Manager**

# Bendigo and Adelaide Bank report

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For year ending 30 June 2012

Thanks to your support as shareholders the **Community Bank®** network has achieved a significant milestone this year, contributing more than \$80 million to support the communities these unique companies operate within.

This figure was almost unimaginable when the **Community Bank®** model was first launched in 1998, in partnership with the people from the small Victorian wheat farming towns of Rupanyup and Minyip. For these communities the **Community Bank®** model was seen as a way to restore branch banking services to the towns, after the last of the major banks closed its services. However, in the years since the **Community Bank®** model has become so much more.

In the past financial year a further 20 **Community Bank®** branches have opened, this growth is in-line with our forecast and consistent with what we have seen in recent years. Demand for the model remains strong and there are currently another 32 **Community Bank®** sites in development, with many more conversations happening with communities Australia wide.

At the end of the financial year 2011/12 the **Community Bank®** network had achieved the following:

- Returns to community – \$80 million
- **Community Bank®** branches – 295
- **Community Bank®** branch staff – more than 1,400
- **Community Bank®** branch Directors – 1,905
- Volume footings – \$21.75 billion
- Customers – 500,000
- Shareholders – 71,197
- Dividends paid to shareholders – \$28.8 million

Almost 300 communities have now partnered with Bendigo and Adelaide Bank, so they can not only enhance banking services, but more importantly aggregate the profits their banking business generates and reinvest it in local groups and projects that will ultimately strengthen their community.

In the past 14 years we have witnessed the **Community Bank®** network's returns to communities grow exponentially each year, with \$470,000 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.

Today that figure is an astonishing \$80 million and with the continued growth and popularity of the **Community Bank®** model, returns should top \$100 million by the end of 2013. These dollars add up to new community facilities, improved services, more opportunities for community engagement activities and generally speaking, a more prosperous society.

The communities we partner with also have access to Bendigo and Adelaide Bank's extensive range of other community building solutions including Community Enterprise Foundation™ (philanthropic arm), Community Sector Banking (banking service for not-for-profit organisations), Generation Green™ (environment and sustainability initiative), Community Telco (telecommunications solution), sponsorships, scholarships and Community Enterprises that provide **Community Bank®** companies with further development options.

In Bendigo and Adelaide Bank, your **Community Bank®** company has a committed and strong partner and over the last financial year our company has also seen much success.

## Bendigo and Adelaide Bank report (continued)

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Last December, our Bank joined the ranks of Australia's A-rated banks following an upgrade announced by Standard & Poor's. Its decision to raise our long-term rating from BBB+ to A- means the Bank (and its **Community Bank®** partners) are now rated 'A' by all three of the world's leading credit rating agencies. This is a huge boost to the Bank and will allow us to access new funding opportunities. It will also enable our group to service supporters who were precluded from banking with us because we were not A rated.

The rating upgrade is a welcome boost for the Bank and its partners at a time when funding is expensive and likely to remain so, margins have been eroded across the industry, credit growth is sluggish at best and subsequently, the profitability of banks remains under pressure.

Not surprisingly, these factors continue to place pressure on our Bank's margin and as **Community Bank®** margin share is still in part based on fixed trails, this is continuing to reflect a skew in margin share between the Bank and its **Community Bank®** partners.

We've been working with the **Community Bank®** network to take action to reduce this imbalance (which is in favour of the **Community Bank®** partners) and see the share of revenue on core banking products closely aligned to the key principal of 50/50 revenue share. Recent market developments are challenging this goal, but the Bank and its partners remain committed to addressing this.

It's Bendigo and Adelaide Bank's vision to be Australia's leading customer-connected bank. We believe our strength comes from our focus on the success of our customers, people, partners and communities. We take a 100-year view of our business; we listen and respect every customer's choice, needs and objectives. We partner for sustainable long-term outcomes and aim to be relevant, connected and valued.

This is what drives each and every one of our people and we invite you as **Community Bank®** shareholders to support us as we work with our partners to deliver on our goals and ensure our sustained and shared success.

As **Community Bank®** shareholders you are part of something special, a unique banking movement which has evolved into a whole new way of thinking about banking and the role it plays in modern society.

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 2012

Your directors submit the financial statements of the company for the financial year ended 30 June 2012.

## Directors

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

### **Lester Russell Hadlow**

Chairman

Age: 64

Occupation: Business Owner (Real Estate)

Les has been a successful businessman and Community Organiser for more than 30 years. Born in Queensland, Les has been a resident of the Sunshine Coast since 1986 where he has created a high profile through his involvement as chair on Nambour's Chamber of Commerce, Chair of the Sunshine Coast Society, active member of Sunshine Coast Health Society and an advisor to Nambour TAFE from 2001 to 2003. Les has acted as advisor to several community organisations assisting them to successful completion of their projects, Les was until recently, chairman of the Woombye Community & Business association and was chairman of the Woombye **Community Bank®** steering committee.

### **Damien Charles King**

Director

Age: 44

Occupation: Business Owner (Pharmacist)

Damien was born in Nambour and raised on the Sunshine Coast. He has been a pharmacist for over 20 years and in that time worked around Brisbane, in the UK and Ireland. He moved back to the Sunshine coast when he purchased a pharmacy in Woombye in 2004. Damien has been heavily involved in the Woombye community and has been treasurer of the Woombye Community Business Association until recently. He holds a masters of Business Administration from the University of Queensland and is a Graduate of the Australian Institute of Company Directors.

### **Alison Rosann Kruger**

Secretary

Age: 55

Occupation: Business Owner (Interior Decorator)

Alison was born in Dalby where she began her career as an Interior Decorator, from 1973 to 1985 she managed a soft furnishings/curtain department before moving to Woombye in 1985 where she continued her retail design career. In early 1994 Alison established her own business in Woombye and now brings business skills and experience that she has acquired over the past 35 years to the Board of directors. Alison resides in Woombye with her son and has strong community involvement and interests in the future success of our town.

# Directors' report (continued)

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## Directors (continued)

### Neal Joseph Axelby

Director

Age: 62

Occupation: Company Director

Neal Started his working career in the banking industry before moving in to the pharmacy field, firstly as an Accountant/Secretary and later as CEO for Ipswich and West Moreton United Friendly Society Dispensary. Neal has a wealth of experience in the corporate world being on the board of many other financial institutions and within Bendigo & Adelaide Bank. Neal was on the board of directors for the Bendigo Bank Corporation from 1999 to 2007 before joining the **Community Bank®**, Strategic Advisory Board of which he is Co-Chairman. The Advisory Board responsible for developing strategies for a sustainable future for the **Community Bank®** model. Neal has lived with his family in Kiels Mountain for the past 7 years. He has participated in local community activities and initiatives for most of his adult life. Past involvements include the Ipswich Region Chamber of Commerce & Industry, Ipswich & Regional Area Consultative Committee, Ipswich Events Corporation Ltd and Ipswich & West Moreton Broadcasting Corporation Pty Ltd.

### Jennifer Marian McKay

Director

Age: 55

Occupation: Councillor

Jenny was elected as our divisional council representative for eight years with the previous Maroochy Shire Council. Jenny was again elected and returned as Division 5 Councillor for the newly amalgamated Sunshine Coast Regional Council. Jenny holds the portfolio posting of Community Policy and Programs, is a Justice of the Peace (Qual) and is currently undertaking a Company Directors course. Jenny has 22 years service in administration with the Queensland Police Service and five years with Education Queensland. Born in Nambour Jenny has lived locally for most of her life where she has strong ties to many community organisations holding the positions of chairperson or Patron of several 'not for profit' boards and is also an executive member on steering committees throughout the community.

### Raymond Stanley Grace

Director

Age: 74

Occupation: Retired

Born in Boonah and studied to become a motor Ray was born in Boonah where he studied to become a motor mechanic before moving to Nambour in 1959. Ray commenced his career buying into a service station, from there Ray progressed into the motor vehicle industry purchasing a substantial new and used car dealership from where he managed the day to day running of his successful business. Ray owned his business until 1995, at which time Ray moved into semi-retirement due to ill health. Ray's community involvement became as important as his business life. It's community activities include Apex for 17 years, achieving Life Membership, Rotary, Sunshine Coast Show Society for 32 years and Maroochy Aero Club for 25 years also achieving Life membership. Ray is currently Chairman and Founder of 'Power of the Hour', a 'not for profit' foundation which is totally and everlastingly committed to raising essential funding for the Energex Helicopter Rescue Services operating in the South East region of Queensland.

# Directors' report (continued)

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## Directors (continued)

### Ian Malcolm Kerr

Director

Age: 62

Occupation: Teacher

Ian has been a Woombye resident for 25 years. He is a teacher at Woombye State School and been on staff for 30 years. Ian's wife Liz, is also a teacher at Woombye State School and their children attended Woombye and Burnside High. Ian has taught as a classroom teacher and as a music teacher, he has also been the principal of a small school and deputy principal of Woombye in an acting position. Ian has successfully promoted links between the school and the local community over many years. Ian and his family have been actively involved in the Woombye Uniting Church Fellowship for all of those years. Ian is currently the Secretary of the Woombye Community and Business Association and has been a member of the **Community Bank®** Steering committee from the very beginning.

## Company Secretary

The inaugural company secretary is Alison Rosann Kruger. Alison was appointed to the position of secretary upon Incorporation on 4 October 2008. Alison is a successful Queensland business woman, operating her business from Woombye over the past sixteen years.

## Principal Activities

The principal activities of the company during the course of the financial year were in facilitating **Community Bank®** 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 loss of the company for the financial year after provision for income tax was:

	Year ended 30 June 2012 \$	Year ended 30 June 2011 \$
	(104,236)	(119,491)

## Dividends

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

## Significant Changes in the State of Affairs

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

## Matters Subsequent to the End of the Financial Year

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

# Directors' report (continued)

## Likely Developments

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

## Environmental Regulation

The company is not subject to any significant environmental regulation.

## Directors' Benefits

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

## Indemnification and Insurance of Directors and Officers

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

Disclosure of the nature of the liability and the amount of the premium is prohibited by the confidentiality clause of the contract of insurance. The company has not provided any insurance for an auditor of the company or a related body corporate.

## Directors' Meetings

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

Director	Board Meetings Attended		Committee Meetings Attended			
	Eligible	Attended	Audit		Marketing	
			Eligible	Attended	Eligible	Attended
Lester Russell Hadlow	13	11	-	-	-	-
Alison Rosann Kruger	13	10	-	-	9	8
Damien Charles King	13	11	9	9	-	-
Ian Malcolm Kerr	13	11	-	-	9	5
Jennifer Marian McKay	13	12	-	-	9	8
Neal Joseph Axelby	13	11	9	9	-	-
Raymond Stanley Grace	13	13	-	-	9	7

# Directors' report (continued)

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## **Non Audit Services**

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

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

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

- all non-audit services have been reviewed by the audit committee to ensure they do not impact on the impartiality and objectivity of the auditor;
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risk and rewards.

## **Auditors' Independence Declaration**

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 13.

Signed in accordance with a resolution of the board of directors at Woombye, Queensland on 6th September 2012.



**Lester Russell Hadlow,  
Chairman**



# Auditor's independence declaration



## Lead auditor's independence declaration under section 307C of the *Corporations Act 2001* to the directors of Woombye & Districts Community Enterprises Limited

I declare, that to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2012 there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit
- any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink, appearing to read 'David Hutchings'.

David Hutchings  
Andrew Frewin Stewart  
61 Bull Street, Bendigo Vic 3550

Dated: 6 September 2012

Liability limited by a scheme approved under Professional Standards Legislation. ABN: 51 061 795 337.

P: (03) 5443 0344

F: (03) 5443 5304

61-65 Bull St./PO Box 454 Bendigo Vic. 3552

afs@afsbendigo.com.au

www.afsbendigo.com.au

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# Financial statements

## Statement of Comprehensive Income for the Year Ended 30 June 2012

	Note	2012 \$	2011 \$
Revenues from ordinary activities	4	400,769	326,482
Employee benefits expense		(268,662)	(243,377)
Charitable donations, sponsorship, advertising and promotion		(21,571)	(15,117)
Occupancy and associated costs		(64,377)	(52,128)
Systems costs		(25,950)	(28,003)
Depreciation and amortisation expense	5	(39,946)	(43,599)
Finance costs	5	(11,235)	(1,433)
General administration expenses		(111,292)	(106,882)
<b>Loss before income tax credit</b>		<b>(142,264)</b>	<b>(164,057)</b>
Income tax credit	6	38,028	44,566
<b>Loss after income tax credit</b>		<b>(104,236)</b>	<b>(119,491)</b>
<b>Total comprehensive income for the year</b>		<b>(104,236)</b>	<b>(119,491)</b>
<b>Earnings per share (cents per share)</b>		<b>c</b>	<b>c</b>
- basic for profit for the year	20	(14.91)	(17.09)

The accompanying notes form part of these financial statements.

# Financial statements (continued)

## Balance Sheet as at 30 June 2012

	Note	2012 \$	2011 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	7	500	-
Trade and other receivables	8	8,635	11,888
<b>Total Current Assets</b>		<b>9,135</b>	<b>11,888</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	9	146,751	164,697
Intangible assets	11	38,500	60,500
Deferred tax assets	12	211,010	172,982
<b>Total Non-Current Assets</b>		<b>396,261</b>	<b>398,179</b>
<b>Total Assets</b>		<b>405,396</b>	<b>410,067</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	13	9,947	17,363
Borrowings	14	218,074	111,093
<b>Total Current Liabilities</b>		<b>228,021</b>	<b>128,456</b>
<b>Total Liabilities</b>		<b>228,021</b>	<b>128,456</b>
<b>Net Assets</b>		<b>177,375</b>	<b>281,611</b>
<b>Equity</b>			
Issued capital	15	666,842	666,842
Accumulated losses	16	(489,467)	(385,231)
<b>Total Equity</b>		<b>177,375</b>	<b>281,611</b>

The accompanying notes form part of these financial statements.

## Financial statements (continued)

### Statement of Changes in Equity for the Year Ended 30 June 2012

	Issued Capital \$	Retained Earnings \$	Total Equity \$
<b>Balance at 1 July 2010</b>	<b>666,842</b>	<b>(265,740)</b>	<b>401,102</b>
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>(119,491)</b>	<b>(119,491)</b>
<b>Transactions with owners in their capacity as owners:</b>			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	-	-
<b>Balance at 30 June 2011</b>	<b>666,842</b>	<b>(385,231)</b>	<b>281,611</b>
<b>Balance at 1 July 2011</b>	<b>666,842</b>	<b>(385,231)</b>	<b>281,611</b>
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>(104,236)</b>	<b>(104,236)</b>
<b>Transactions with owners in their capacity as owners:</b>			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	-	-
<b>Balance at 30 June 2012</b>	<b>666,842</b>	<b>(489,467)</b>	<b>177,375</b>

The accompanying notes form part of these financial statements.

# Financial statements (continued)

## Statement of Cashflows for the Year Ended 30 June 2012

	Note	2012 \$	2011 \$
<b>Cash Flows From Operating Activities</b>			
Receipts from customers		437,073	328,117
Payments to suppliers and employees		(532,319)	(445,768)
Interest received		-	8
Interest paid		(11,235)	(1,433)
<b>Net cash used in operating activities</b>	<b>17</b>	<b>(106,481)</b>	<b>(119,076)</b>
<b>Net decrease in cash held</b>		<b>(106,481)</b>	<b>(119,076)</b>
Cash and cash equivalents at the beginning of the financial year		(111,093)	7,983
<b>Cash and cash equivalents at the end of the financial year</b>	<b>7(a)</b>	<b>(217,574)</b>	<b>(111,093)</b>

The accompanying notes form part of these financial statements.



# Notes to the financial statements

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For year ended 30 June 2012

## Note 1. Summary of Significant Accounting Policies

### **a) Basis of Preparation**

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

#### Compliance with IFRS

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

#### Critical accounting estimates

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

#### Historical cost convention

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

#### Comparative figures

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

#### Adoption of new and revised Accounting Standards

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2011 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods. The adoption of the revised AASB 124 Related Party Disclosures has not resulted in the disclosure of any additional related party transactions in the current period or any prior period and is not likely to affect future periods. The adoption of AASB 1054 Australian Additional Disclosures and AASB 2011-1 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project have not affected the disclosure of any items in the financial statements.

The company has not elected to apply any pronouncements before their mandatory operative date in the annual reporting period beginning 1 July 2011.

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

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

# Notes to the financial statements (continued)

## Note 1. Summary of Significant Accounting Policies (continued)

### a) Basis of Preparation (continued)

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

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

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

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

- advice and assistance in relation to the design, layout and fit out of the **Community Bank®** branch;
- training for the branch manager and other employees in banking, management systems and interface protocol;
- methods and procedures for the sale of products and provision of services;
- security and cash logistic controls;
- calculation of company revenue and payment of many operating and administrative expenses
- the formulation and implementation of advertising and promotional programs; and
- sales techniques and proper customer relations.

#### Going concern

The net assets of the company as at 30 June 2012 were \$177,375 and the loss made for the year was \$104,236, bringing accumulated losses to \$489,467.

<b>In addition:</b>	<b>\$</b>
Total assets	405,396
Total liabilities	228,021
Operating cash flows	500

There was a 12.77% decrease in the loss recorded for the financial year ended 30 June 2012 when compared to the prior year.

The company meets its day to day working capital requirements through an overdraft facility. The overdraft has an approved limit of \$220,000 and was drawn to \$218,074 as at 30 June 2012. The company has applied and has been approved for an increase in its overdraft facility limit by \$150,000 to a total limit of \$370,000.

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' Report on pages 8 to 12. The financial position of the company, its cash flows, liquidity position and borrowing facilities are described in the financial statements.

# Notes to the financial statements (continued)

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## Note 1. Summary of Significant Accounting Policies (continued)

### a) Basis of Preparation (continued)

#### Going concern (continued)

The current economic environment is difficult and while revenue continues to increase the company has again reported an operating loss for the year. The directors' consider that the outlook presents some challenges in terms of banking business volume and pricing as well as for operating costs. Whilst the directors have instituted measures to preserve cash and secure additional finance, these circumstances continue some uncertainty over future trading results and cash flows.

The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current overdraft facility.

The company has held discussions with Bendigo and Adelaide Bank Limited about its future borrowing needs and it has received approval to increase its overdraft limit from \$220,000 to \$370,000. The company has also obtained an undertaking of support from Bendigo and Adelaide Bank Limited that it will continue to support the company and its operations for the 2012/13 financial year. This support is provided on the basis that the company continues to fulfil its obligations under the franchise agreement and continues to work closely with Bendigo and Adelaide Bank Limited to further develop its business.

After making enquiries and considering the uncertainties described above, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

### b) Revenue

Revenue is recognised when the amount of revenue can be reliably measured, it is probable that future economic benefit will flow to the company and any specific criteria have been met. Interest and fee revenue is recognised when earned. The gain or loss on disposal of property, plant and equipment is recognised on a net basis and is classified as income rather than revenue. All revenue is stated net of the amount of Goods and Services Tax (GST).

#### Revenue calculation

The franchise agreement with Bendigo and Adelaide Bank Limited provides for three types of revenue earned by the company. First, the company is entitled to 50% of the monthly gross margin earned by Bendigo and Adelaide Bank Limited on products and services provided through the company that are regarded as "day to day" banking business (ie 'margin business'). This arrangement also means that if the gross margin reflects a loss (that is, the gross margin is a negative amount), the company effectively incurs, and must bear, 50% of that loss.

The second source of revenue is commission paid by Bendigo and Adelaide Bank Limited on the other products and services provided through the company (ie 'commission business'). The commission is currently payable on various specified products and services, including insurance, financial planning, common fund, Sandhurst Select, superannuation, commercial loan referrals, products referred by Rural Bank, leasing referrals, fixed loans and certain term deposits (>90 days). The amount of commission payable can be varied in accordance with the Franchise Agreement (which, in some cases, permits commissions to be varied at the discretion of Bendigo and Adelaide Bank Limited). This discretion has been exercised on several occasions previously. For example in February 2011 Bendigo and Adelaide Bank Limited reduced commissions on two core banking products to ensure a more even distribution of income between Bendigo and Adelaide Bank Limited and its **Community Bank®** partners. The revenue share model is subject to regular review to ensure that the interests of Bendigo and Adelaide Bank Limited and **Community Bank®** companies remain balanced.

# Notes to the financial statements (continued)

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## Note 1. Summary of Significant Accounting Policies (continued)

### **b) Revenue (continued)**

#### Revenue calculation (continued)

The third source of revenue is a proportion of the fees and charges (ie, what are commonly referred to as 'bank fees and charges') charged to customers. This proportion, determined by Bendigo and Adelaide Bank Limited, may vary between products and services and may be amended by Bendigo and Adelaide Bank Limited from time to time.

#### Current tax

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

### **c) Income Tax**

#### Deferred tax

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

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

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

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

#### Current and deferred tax for the period

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

### **d) Employee Entitlements**

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

# Notes to the financial statements (continued)

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## Note 1. Summary of Significant Accounting Policies (continued)

### **d) Employee Entitlements (continued)**

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

### **e) Cash and Cash Equivalents**

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

### **f) Trade Receivables and Payables**

Receivables are carried at their amounts due. The collectability of debts is assessed at balance date and specific provision is made for any doubtful accounts. Liabilities for trade creditors and other amounts are carried at cost that is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the company.

### **g) Property, Plant and Equipment**

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

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

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

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

### **h) Intangibles**

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

### **i) Payment Terms**

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

### **j) Borrowings**

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



# Notes to the financial statements (continued)

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## Note 1. Summary of Significant Accounting Policies (continued)

### **k) Financial Instruments**

#### Recognition and initial measurement

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

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

#### Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset.

#### Classification and subsequent measurement

##### (i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

##### (ii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the entity's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

##### (iii) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

#### Impairment

At each reporting date, the entity assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the statement of comprehensive income.

### **l) Leases**

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

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

# Notes to the financial statements (continued)

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## Note 1. Summary of Significant Accounting Policies (continued)

### **m) Provisions**

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

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

### **n) Contributed Equity**

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

### **o) Earnings Per Share**

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

### **p) Goods and Services Tax**

Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

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

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

## Note 2. Financial Risk Management

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

Risk management is carried out directly by the board of directors.

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

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

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

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

# Notes to the financial statements (continued)

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## Note 2. Financial Risk Management (continued)

### (iii) Credit risk

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

### (iv) Liquidity risk

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

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

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

### (vi) Capital management

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

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

(i) the distribution limit is the greater of:

- (a) 20% of the profit or funds of the franchisee otherwise available for distribution to shareholders in that 12 month period; and
- (b) subject to the availability of distributable profits, the relevant rate of return multiplied by the average level of share capital of the franchisee over that 12 month period; and

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

The board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the year ended 30 June 2012 can be seen in the statement of comprehensive income.

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

# Notes to the financial statements (continued)

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## Note 3. Critical Accounting Estimates and Judgements

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

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

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

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

### **Taxation**

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

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

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

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

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

### **Impairment of assets**

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

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

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

# Notes to the financial statements (continued)

## Note 3. Critical Accounting Estimates and Judgements (continued)

### Impairment of assets (continued)

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

	2012 \$	2011 \$
<b>Note 4. Revenue from Ordinary Activities</b>		
Operating activities:		
- services commissions	400,769	326,474
<b>Total revenue from operating activities</b>	<b>400,769</b>	<b>326,474</b>
Non-operating activities:		
- interest received	-	8
<b>Total revenue from non-operating activities</b>	<b>-</b>	<b>8</b>
<b>Total revenues from ordinary activities</b>	<b>400,769</b>	<b>326,482</b>

## Note 5. Expenses

### Depreciation of non-current assets:

- plant and equipment	5,515	9,168
- leasehold improvements	12,431	12,431

### Amortisation of non-current assets:

- franchise agreement	2,000	2,000
- establishment fee	20,000	20,000
	<b>39,946</b>	<b>43,599</b>

### Finance costs:

- interest paid	<b>11,235</b>	<b>1,433</b>
<b>Bad debts</b>	<b>166</b>	<b>516</b>



## Notes to the financial statements (continued)

	Note	2012 \$	2011 \$
<b>Note 6. Income Tax Credit</b>			
The components of tax expense comprise:			
- Current tax		-	-
- Future income tax benefit attributed to losses		(37,261)	(44,620)
- Movement in deferred tax		(767)	54
- Recoup of prior year tax loss		-	-
		<b>(38,028)</b>	<b>(44,566)</b>

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

Operating loss		(142,264)	(164,057)
Prima facie tax on profit from ordinary activities at 30%		(42,680)	(49,218)
Add tax effect of:			
- non-deductible expenses		6,600	6,600
- timing difference expenses		767	(54)
- other deductible expenses		(1,948)	(1,948)
		<b>(37,261)</b>	<b>(44,620)</b>
Movement in deferred tax		(767)	54
		<b>(38,028)</b>	<b>(44,566)</b>

## Note 7. Cash and Cash Equivalents

<b>Cash at bank and on hand</b>		<b>500</b>	<b>-</b>
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The above figures are reconciled to cash at the end of the financial year as shown in the statement of cashflows as follows:

### Note 7(a) Reconciliation of cash

Cash at bank and on hand		500	-
Bank overdraft	14	(218,074)	(111,093)
		<b>(217,574)</b>	<b>(111,093)</b>

## Note 8. Trade and Other Receivables

Trade receivables		6,020	5,956
Other receivables and accruals		2,615	5,932
		<b>8,635</b>	<b>11,888</b>

## Notes to the financial statements (continued)

	2012 \$	2011 \$
<b>Note 9. Property, Plant and Equipment</b>		
<b>Plant and equipment</b>		
At cost	57,413	57,413
Less accumulated depreciation	(28,035)	(22,520)
	<b>29,378</b>	<b>34,893</b>
<b>Leasehold improvements</b>		
At cost	158,787	158,787
Less accumulated depreciation	(41,414)	(28,983)
	<b>117,373</b>	<b>129,804</b>
<b>Total written down amount</b>	<b>146,751</b>	<b>164,697</b>

## Note 10. Property, Plant and Equipment

### Movements in carrying amounts:

<b>Plant and equipment</b>		
Carrying amount at beginning	34,893	44,061
Additions	-	-
Disposals	-	-
Less: depreciation expense	(5,515)	(9,168)
<b>Carrying amount at end</b>	<b>29,378</b>	<b>34,893</b>
<b>Leasehold improvements</b>		
Carrying amount at beginning	129,804	142,235
Additions	-	-
Disposals	-	-
Less: depreciation expense	(12,431)	(12,431)
<b>Carrying amount at end</b>	<b>117,373</b>	<b>129,804</b>
<b>Total written down amount</b>	<b>146,751</b>	<b>164,697</b>

## Note 11. Intangible Assets

### Franchise fee

At cost	10,000	10,000
Less: accumulated amortisation	(6,500)	(4,500)
	<b>3,500</b>	<b>5,500</b>

## Notes to the financial statements (continued)

	2012 \$	2011 \$
Note 11. Intangible Assets (continued)		
<b>Establishment</b>		
At cost	100,000	100,000
Less: accumulated amortisation	(65,000)	(45,000)
	<b>35,000</b>	<b>55,000</b>
<b>Total written down amount</b>	<b>38,500</b>	<b>60,500</b>

## Note 12. Tax

### Non-Current:

#### Deferred tax assets

- accruals	-	-
- employee provisions	-	-
- tax losses carried forward	212,030	174,769
	<b>212,030</b>	<b>174,769</b>

#### Deferred tax liability

- accruals	-	-
- deductible prepayments	1,020	1,787
	<b>1,020</b>	<b>1,787</b>

<b>Net deferred tax asset</b>	<b>211,010</b>	<b>172,982</b>
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<b>Movement in deferred tax credited to statement of comprehensive income</b>	<b>(38,028)</b>	<b>(44,567)</b>
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## Note 13. Trade and Other Payables

Trade creditors	3,326	6,218
Other creditors and accruals	6,621	11,145
	<b>9,947</b>	<b>17,363</b>

## Note 14. Borrowings

### Current:

<b>Bank overdrafts</b>	<b>218,074</b>	<b>111,093</b>
------------------------	----------------	----------------

The bank has an approved Overdraft facility as of the 30th of September 2011 for \$220,000 from Bendigo and Adelaide Bank Limited. Interest is recognised as a variable rate, 90 day RBA bill rate, which is currently at 7.010%p.a, varying from time to time and debited monthly. The Overdraft is secured by a fixed and floating charge over the company's assets.

# Notes to the financial statements (continued)

	2012 \$	2011 \$
<b>Note 15. Contributed Equity</b>		
699,310 Ordinary shares fully paid (2011: 699,310)	699,310	699,310
Less: equity raising expenses	(32,468)	(32,468)
	<b>666,842</b>	<b>666,842</b>

## **Rights attached to shares**

### (a) Voting rights

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

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

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

### (b) Dividends

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

### (c) Transfer

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

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

## **Prohibited shareholding interest**

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

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

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").
- Where the person is a shareholder, after the transfer of shares in the company to that person the number of shareholders in the company is (or would be) lower than the base number (the "base number test"). The base number is 178. As at the date of this report, the company had 208 shareholders.

# Notes to the financial statements (continued)

## Note 15. Contributed Equity (continued)

### Prohibited shareholding interest (continued)

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

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

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

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

	2012 \$	2011 \$
<b>Note 16. Accumulated Losses</b>		
Balance at the beginning of the financial year	(385,231)	(265,740)
Net loss from ordinary activities after income tax	(104,236)	(119,491)
<b>Balance at the end of the financial year</b>	<b>(489,467)</b>	<b>(385,231)</b>

## Note 17. Statement of Cashflows

Reconciliation of loss from ordinary activities after tax to net cash used in operating activities

Loss from ordinary activities after income tax	(104,236)	(119,491)
Non cash items:		
- depreciation	17,946	21,599
- amortisation	22,000	22,000
Changes in assets and liabilities:		
- (increase)/decrease in receivables	3,253	(2,032)
- increase in other assets	(38,028)	(44,567)
- increase/(decrease) in payables	(7,416)	3,415
<b>Net cashflows used in operating activities</b>	<b>(106,481)</b>	<b>(119,076)</b>

## Notes to the financial statements (continued)

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>

### Note 18. Auditor's Remuneration

Amounts received or due and receivable by the auditor of the company for:

- audit and review services	3,400	3,400
- share registry services	1,600	604
- non audit services	1,400	1,350
	<b>6,400</b>	<b>5,354</b>

### Note 19. Director and Related Party Disclosures

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

Lester Russell Hadlow  
Alison Rosann Kruger  
Damien Charles King  
Ian Malcolm Kerr  
Jennifer Marian McKay  
Neal Joseph Axelby  
Raymond Stanley Grace

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

<b>Directors' Shareholdings</b>	<b>2012</b>	<b>2011</b>
Lester Russell Hadlow	5,001	5,001
Alison Rosann Kruger	5,001	5,001
Damien Charles King	10,001	10,001
Ian Malcolm Kerr	6,001	6,001
Jennifer Marian McKay	7,501	7,501
Neal Joseph Axelby	30,000	30,000
Raymond Stanley Grace	20,001	20,001

There was no movement in directors' shareholdings during the year.

## Notes to the financial statements (continued)

	2012 \$	2011 \$
<b>Note 20. Earnings Per Share</b>		
(a) Loss attributable to the ordinary equity holders of the company used in calculating earnings per share	(104,236)	(119,491)
	<b>Number</b>	<b>Number</b>
(b) Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	699,310	699,310

## Note 21. Events Occurring After the Balance Sheet Date

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

## Note 22. Contingent Liabilities

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

## Note 23. Segment Reporting

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

## Note 24. Registered Office/Principal Place of Business

The registered office and principal place of business is:

Registered Office	Principal Place of Business
1A/33 Blackall Street	1A/33 Blackall Street
Woombye QLD 4559	Woombye QLD 4559

## Note 25. Financial Instruments

### Net Fair Values

The net fair values of financial assets and liabilities approximate the carrying values as disclosed in the balance sheet. The company does not have any unrecognised financial instruments at the year end.

### Credit Risk

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

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

# Notes to the financial statements (continued)

## Note 25. Financial Instruments (continued)

### Interest Rate Risk

Financial instrument	Floating interest rate		Fixed interest rate maturing in						Non interest bearing		Weighted average effective interest rate	
			1 year or less		Over 1 to 5 years		Over 5 years					
	2012 \$	2011 \$	2012 \$	2011 \$	2012 \$	2011 \$	2012 \$	2011 \$	2012 \$	2011 \$	2012 %	2011 %
Financial Assets												
Cash and cash equivalents		-	-	-	-	-	-	-	500	-	-	
Receivables	-	-	-	-	-	-	-	-	8,635	11,888	N/A	N/A
Financial Liabilities												
Interest bearing liabilities	218,074	111,093	-	-	-	-	-	-	-	-	6.73	2.16
Payables	-	-	-	-	-	-	-	-	9,947	17,363	N/A	N/A



# Directors' declaration

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In accordance with a resolution of the directors of Woombye & Districts Community Enterprises Limited, we state that:

In the opinion of the directors:

- (a) the financial statements and notes of the company are in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the company's financial position as at 30 June 2012 and of its performance for the financial year ended on that date; and
  - (ii) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
- (c) the audited remuneration disclosures set out in the remuneration report section of the directors' report comply with Accounting Standard AASB124 Related Party Disclosures and the Corporations Regulations 2001.

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



**Lester Russell Hadlow,**  
**Chairman**

Signed on the 6th of September 2012.

# Independent audit report



## Independent auditor's report to the members of Woombye & Districts Community Enterprises Limited

### Report on the financial report

We have audited the accompanying financial report of Woombye & Districts Community Enterprises Limited, which comprises the balance sheet as at 30 June 2012, statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes and the directors' declaration.

### Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and presentation of the financial report in accordance with Australian Accounting Standards and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making fair accounting estimates that are reasonable in the circumstances. In note 1, the directors also state in accordance with the Accounting Standard AASB 101 Presentation of Financial Statements that the financial statements comply with International Financial Reporting Standards.

### Auditor's responsibility

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

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

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the company's financial position and of its performance.

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

Liability limited by a scheme approved under Professional Standards Legislation. ABN: 51 061 795 337.

P: (03) 5443 0344

F: (03) 5443 5304

61-65 Bull St./PO Box 454 Bendigo Vic. 3552

afs@afsbendigo.com.au

www.afsbendigo.com.au

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# Independent audit report (continued)

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## Independence

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

## Auditor's opinion on the financial report

In our opinion:

- 1) The financial report of Woombye & Districts Community Enterprises Limited is in accordance with the *Corporations Act 2001* including giving a true and fair view of the company's financial position as at 30 June 2012 and of its financial performance and its cash flows for the year then ended and complying with Australian Accounting Standards and the Corporations Regulations 2001.
- 2) The financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

## Report on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2012. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

## Auditor's opinion

In our opinion, the remuneration report of Woombye & Districts Community Enterprises Limited for the year ended 30 June 2012, complies with section 300A of the *Corporations Act 2001*.



**David Hutchings**  
**Andrew Frewin Stewart**  
61 Bull Street Bendigo Vic 3550

Dated: 6 September 2012







Woombye & Districts **Community Bank®** Branch  
1A/33 Blackall Street, Woombye QLD 4559  
Phone: (07) 5442 1311

Franchisee: Woombye & Districts  
Community Enterprises Limited  
33 Blackall Street, Woombye, QLD 4559  
Phone: (07) 5442 1855  
ABN: 44 133 561 289  
[www.bendigobank.com.au/woombye](http://www.bendigobank.com.au/woombye)

