



Woombye & Districts
Community Enterprises Limited

ABN 44 133 561 289

**ANNUAL
REPORT
2013**

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Chairman's report

For year ending 30 June 2013

My fellow shareholders,

It's a privilege to write this report as the chairman of Woombye & Districts Community Enterprises Ltd (WDCEL).

I proudly took over as Chair in January 2013 from our inaugural chairman, Les Hadlow. Les's hard work since our Woombye & Districts **Community Bank**[®] Branch opening in 2009 has been amazing and I continue to enjoy working alongside Les in his decision to stay on our WDCEL Board as a Director. Thank you Les, for all you have done for this Board, our branch and the Sunshine Valley.

In the difficult trading climate that exists in our country and region, our **Community Bank**[®] branch is marching surely and positively forwards to an improved position based on the wonderful support it receives from you, our shareholders and customers.

Our Board's main focus remains to move our branch towards profit and deliver ongoing and meaningful support to our community. The **Community Bank**[®] model, as run by your volunteer Board, is the outstanding model of the capture and retention of local capital, both human and monetary. To spell this out, it means more of your dollar remains in our Sunshine Valley towns, and is not shipped out to Sydney, Melbourne or Brisbane.

Last year, then Chairman Les, indicated that our Board expected to achieve profitability in 2013. Whilst this was the case for some months, our overall performance resulted in a loss, albeit far smaller than previous years. The signs are still positive and our 'footings' (total value of loans and deposits) have reached their highest level, recorded in August 2013.

You are all now well aware of the passing of our beautiful manager, Sally Baker in December of 2012. The tributes that flowed following her death have been testament to the respect she had developed within our Woombye and districts communities. She is sadly missed and will always have a special place in our hearts.

Her replacement, Pauline Healey had the un-enviable task of filling Sally's shoes as well as charting a new course for the branch in accordance with the **Community Bank**[®] branch model. Pauline has assumed the Manager's role with a minimum of fuss and her respectful and caring approach during this difficult time has been very much appreciated by everyone.

So, to Pauline and the rest of her enthusiastic staff members Pam Hoens, Leanne Foale and Peta Kenesey – a very big thank you for all your efforts in strengthening our Woombye & Districts **Community Bank**[®] Branch this year. I'm sure you will agree that their happy and positive attitude make it a pleasure, each visit to do your banking. Not only do they provide outstanding service to you our owners and clients, but they work tirelessly at making our bank the best in the world.

They also volunteer for work outside of the branch, attend and participate in our Board and marketing meetings and all this is greatly appreciated by all of us associated with the branch.

If you aren't banking with us, please consider the positive part you can play in the work your Woombye & Districts **Community Bank**[®] Branch does and call into the branch and talk with us about your banking needs. It will also give you a chance to learn more about how 300 **Community Bank**[®] branches across the country have returned more than \$100 million along the way. This is a simply amazing result and continues to support our ethos of feeding into the prosperity of communities not from them.

If you are banking with us, please continue telling your friends of the outstanding work our bank is doing and why they should come and join us.

Chairman's report (continued)

Community engagement continues to be a key driver for our activities and we have proudly continued to develop the needs of our community and partner with community and sporting groups, schools and organisations in assisting the delivery of the projects and messages to many. A list of those supported is listed below.

Woombye State School, Woombye Community Library, St. Margaret's Op Shop Fashion Parade, Woombye Care, the McCarthy Park beautification project, Woombye Bowls Club, the Christmas in Woombye event, Woombye Scouts, Nambour Toads Rugby Union Club, Christmas in July celebrations, Give Me 5 for Kids, Lions Art for Leukaemia and the Sunshine Coast Volunteer of the Year Award have all been recipients of sponsorships, grants and donations from our Woombye & Districts **Community Bank**[®] Branch and our community contributions will total more than \$50,000 by the end of the current financial year.

For the first time, we were part of a local group that produced our own TV commercials using our very own Bendigo and Adelaide Bank customer, actor John Jarratt. Our commercial won the state Community Choice Award for marketing and has had a measurable impact on activity when running on air.

On behalf of our hard working board, I thank you for your continued trust and support and look forward to the next time I report to you with news of great achievements.

Remember, if you bank with us and everybody benefits!



Alison Kruger
Chairman

Manager's report

For year ending 30 June 2013

It's been quite a year for your Woombye & Districts **Community Bank**[®] Branch. It's a credit to our staff, WDCEL Board Directors and advocates as we take stock on the year that was.

Of course, I would like to start by honouring the outstanding efforts of our previous manager Sally Baker, who I know is still missed by so many. It is obvious she was the driving force for most of the year and had great support within this close knit community.

Since I started in February of this year, I have found the loyalty of the customers and the support of our shareholders to be amazing. This is a community connected **Community Bank**[®] branch, offering all the services of the other banks with the real difference of not only offering personalised service, but also contributing in a very direct and tangible way with our Woombye and district communities.

Coming from another financial institution, I've found the story of the Bendigo **Community Bank**[®] model so refreshing, with a back-to-basics service and banking model. I'm proud to be a part of it and managing a branch that gives so much back to our community. It's been a pleasure meeting our existing customers and explaining our great **Community Bank**[®] model to new customers.

During the past year our business achieved an overall growth of 20% with strong growth shown in both lending and deposit funds. This is particularly pleasing given the strong competition for domestic funds in the market place. The branch has also achieved great results within the Sunshine Coast Region, winning Branch of the Month three times: September 2012, January 2013 and most recently in June 2013.

Our ATM outside Woombye Supa IGA on Blackall Street 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. We also greatly value our relationship with Woombye Supa IGA and look to collaborate on community projects wherever possible.

Bendigo and Adelaide Bank believes that successful customers and successful communities create a successful **Community Bank**[®] branch. We have a reputation for providing the highest industry standard of service and our branch demonstrated our contribution through the Mystery Shopper reviews conducted in May 2013 where we attained an overall score of 95.45%, equal 3rd for the Sunshine Coast Region and 12th in the State.

Our community projects and sponsorships are such an integral part of what we do. We have long-term relationships with Woombye State School, Woombye Community Library and Woombye Bowls Club to name just a few, the newest being Nambour Toads Rugby Union Club. We try to support all those seeking sponsorship and would like to take the time to thank those clubs that have also supported us.

Our Facebook page is now fully up and running with regular posts on what is happening in and around our community. This is also a great tool for those who like networking on the social media. Please look us up and catch up on all our news.

As Australia's 5th largest bank, Bendigo and Adelaide Bank offers a full range of personal and business products and services.

What we need from you is to assist us in passing the word to friends and family in making us their first choice for all those products and services. We have a unique point of difference and every little bit helps grow our business.

Complimenting our in-branch services, we continue to be supported by Corey Stitt our Senior Business Banking Manager and our Financial Planner, Peter Burke. Along with the great support we receive from Stephen Rowe and our regional team.

Manager's report (continued)

Pam Hoens, Peta Kenesey and Leanne Foale continue to assist me in providing the personalised, friendly service Bendigo and Adelaide Bank is famous for. The effort and initiative displayed by all the team have been integral to our success this year and we look forward to bigger and better things in the year ahead.

With these girls pulling together in what can only be described as a very sad time, I would like to thank the ladies for their welcome, support and great efforts during the past months.

My best wishes for the year ahead.



Pauline Healey
Manager

Directors' report

For the financial year ended 30 June 2013

Your directors submit the financial statements of the company for the financial year ended 30 June 2013.

Directors

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

Alison Rosann Kruger

Chairman

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.

Damien Charles King

Treasurer

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.

Lester Russell Hadlow

Director

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.

Directors' report (continued)

Directors (continued)

Neal Joseph Axelby

Director

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

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

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)

Directors (continued)

Ian Malcolm Kerr

Director

Occupation: Retired

Ian has been a Woombye resident for 25 years. He was a teacher at Woombye State School and been on staff for 30 years until he retired in July 2012. 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.

Steven Austen

Company Secretary

Occupation: Business Manager

Dr Steven Austen, FCPA, CSA, MAICD has been a company secretary and director of not-for-profit companies in the community sector in addition to his current role of company secretary and director. He has served for the Board of Finance of the Presbyterian Church of Queensland and was an external member of the Audit Committee of the Community Services Group of Uniting Care Queensland.

Company Secretary

The inaugural company secretary was 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. Following Alison's appointment as Chairman of the Company on 28th November 2012, Dr Steven Austen was elected Company Secretary. He has extensive experience in conducting the compliance requirements of a company.

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 2013 \$	Year ended 30 June 2012 \$
	(54,178)	(104,236)

Dividends

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

Directors' report (continued)

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.

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' report (continued)

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		HR	
			Eligible	Attended	Eligible	Attended	Eligible	Attended
Alison Rosann Kruger	12	9	-	-	8	8	3	3
Damien Charles King	12	11	10	9	-	-	-	-
Lester Russell Hadlow	12	12	-	-	-	-	3	3
Neal Joseph Axelby	12	9	10	10	-	-	3	3
Jennifer Marian McKay	12	8	-	-	8	7	-	-
Raymond Stanley Grace	12	11	-	-	8	7	-	-
Ian Malcolm Kerr	12	10	-	-	8	6	-	-
Steven Austen (Appointed 28 November 2012)	6	6	7	5	-	-	-	-

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.

Directors' report (continued)

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 12.

Signed in accordance with a resolution of the board of directors at Woombye, Queensland on 25 September 2013.



**Alison Rosann Kruger,
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 2013 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', is written over a faint, light-colored signature line.

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

Dated: 25 September 2013

Liability limited by a scheme approved under Professional Standards Legislation. ABN: 11 061 791 107.

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 2013

	Note	2013 \$	2012 \$
Revenues from ordinary activities	4	476,385	400,769
Employee benefits expense		(252,160)	(268,662)
Charitable donations, sponsorship, advertising and promotion		(17,652)	(21,571)
Occupancy and associated costs		(73,392)	(64,377)
Systems costs		(23,942)	(25,950)
Depreciation and amortisation expense	5	(37,839)	(39,946)
Finance costs	5	(12,536)	(11,235)
General administration expenses		(129,615)	(111,292)
Loss before income tax credit		(70,751)	(142,264)
Income tax credit	6	16,573	38,028
Loss after income tax credit		(54,178)	(104,236)
Total comprehensive income for the year		(54,178)	(104,236)
Earnings per share (cents per share)		c	c
- basic for profit for the year	20	(7.75)	(14.91)

The accompanying notes form part of these financial statements.

Financial statements (continued)

Balance Sheet as at 30 June 2013

	Note	2013 \$	2012 \$
ASSETS			
Current Assets			
Cash and cash equivalents	7	437	500
Trade and other receivables	8	17,370	8,635
Total Current Assets		17,807	9,135
Non-Current Assets			
Property, plant and equipment	9	132,719	146,751
Intangible assets	11	16,500	38,500
Deferred tax assets	12	227,583	211,010
Total Non-Current Assets		376,802	396,261
Total Assets		394,609	405,396
LIABILITIES			
Current Liabilities			
Trade and other payables	13	12,632	9,947
Borrowings	14	258,780	218,074
Total Current Liabilities		271,412	228,021
Total Liabilities		271,412	228,021
Net Assets		123,197	177,375
Equity			
Issued capital	15	666,842	666,842
Accumulated losses	16	(543,645)	(489,467)
Total Equity		123,197	177,375

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of Changes in Equity for the Year Ended 30 June 2013

	Issued Capital \$	Accumulated Losses \$	Total Equity \$
Balance at 1 July 2011	666,842	(385,231)	281,611
Total comprehensive income for the year	-	(104,236)	(104,236)
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	-	-
Balance at 30 June 2012	666,842	(489,467)	281,611
Balance at 1 July 2012	666,842	(489,467)	177,375
Total comprehensive income for the year	-	(54,178)	(54,178)
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	-	-
Balance at 30 June 2013	666,842	(543,645)	123,197

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of Cashflows for the Year Ended 30 June 2013

	Note	2013 \$	2012 \$
Cash Flows From Operating Activities			
Receipts from customers		505,484	437,073
Payments to suppliers and employees		(531,910)	(532,319)
Interest received		-	-
Interest paid		(12,536)	(11,235)
Net cash used in operating activities	17	(38,962)	(106,481)
Cash Flows From Investing Activities			
Payment for property, plant & equipment		(1,807)	-
Net cash used in investing activities		(1,807)	-
Net decrease in cash held		(40,769)	(106,481)
Cash and cash equivalents at the beginning of the financial year		(217,574)	(111,093)
Cash and cash equivalents at the end of the financial year	7(a)	(258,343)	(217,574)

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2013

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 amended 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 2012 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods. Amendments made to AASB 101 Presentation of Financial Statements effective 1 July 2012 now require the statement of comprehensive income to show the items of comprehensive income grouped into those that are not permitted to be reclassified to profit or loss in a future period and those that may have to be reclassified if certain conditions are met. This amendment has not affected the presentation of the statement of comprehensive income of the company in the current period and is not likely to affect future periods.

The company has not elected to apply any pronouncements before their mandatory operative date in the annual reporting period beginning 1 July 2012.

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

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.

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. All transactions with customers conducted through the **Community Bank**[®] branch are effectively conducted between customer 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 2013 were \$123,197 and the loss made for the year was \$54,178, bringing accumulated losses to \$543,645.

In addition:	\$
Total assets were	394,609
Total liabilities were	271,412
Operating cash flows were	(38,962)

There was a 48.02% decrease in the loss recorded for the financial year ended 30 June 2013 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 \$370,000 and was drawn to \$258,780 as at 30 June 2013. The company believes it can operate with this overdraft facility for the next financial year.

Notes to the financial statements (continued)

Note 1. Summary of Significant Accounting Policies (continued)

a) Basis of Preparation (continued)

Going concern (continued)

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 6 to 10. The financial position of the company, its cash flows, liquidity position and borrowing facilities are described in the financial statements.

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 no reason to believe that existing facilities will be reviewed as necessary.

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 (i.e. '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 and February 2013 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)

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.

c) Income Tax

Current tax

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

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.

Notes to the financial statements (continued)

Note 1. Summary of Significant Accounting Policies (continued)

d) Employee Entitlements

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

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

e) Cash and Cash Equivalents

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

f) Trade Receivables and Payables

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

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

Notes to the financial statements (continued)

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)

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)

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 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 2013 can be seen in the statement of comprehensive income.

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 2013 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)

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.

Director's have 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 Director'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.

Notes to the financial statements (continued)

Note 3. Critical Accounting Estimates and Judgements (continued)

Impairment of assets (continued)

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.

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.

	2013	2012
	\$	\$

Note 4. Revenue from Ordinary Activities

Operating activities:

- services commissions	476,385	400,769
Total revenue from operating activities	476,385	400,769

Non-operating activities:

- interest received	-	-
Total revenue from non-operating activities	-	-
Total revenues from ordinary activities	476,385	400,769

Note 5. Expenses

Depreciation of non-current assets:

- plant and equipment	4,234	5,515
- leasehold improvements	11,605	12,431

Amortisation of non-current assets:

- franchise agreement	2,000	2,000
- establishment fee	20,000	20,000
	37,839	39,946

Finance costs:

- interest paid	12,536	11,235
Bad debts	139	166

Notes to the financial statements (continued)

	Note	2013 \$	2012 \$
Note 6. Income Tax Credit			
The components of tax expense comprise:			
- Current tax		-	-
- Future income tax benefit attributed to losses		(16,809)	(37,261)
- Movement in deferred tax		236	(767)
- Recoup of prior year tax loss		-	-
		(16,573)	(38,028)

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

Operating loss		(70,751)	(142,264)
Prima facie tax on loss from ordinary activities at 30%		(21,225)	(42,680)
Add tax effect of:			
- non-deductible expenses		6,600	6,600
- timing difference expenses		(236)	767
- other deductible expenses		(1,948)	(1,948)
		(16,809)	(37,261)
Movement in deferred tax		236	(767)
		(16,573)	(38,028)

Note 7. Cash and Cash Equivalents

Cash at bank and on hand		437	500
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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		437	500
Bank overdraft	14	(258,780)	(218,074)
		(258,343)	(217,574)

Note 8. Trade and Other Receivables

Trade receivables		16,331	6,020
Other receivables and accruals		1,039	2,615
		17,370	8,635

Notes to the financial statements (continued)

	2013 \$	2012 \$
Note 9. Property, Plant and Equipment		
Plant and equipment		
At cost	59,220	57,413
Less accumulated depreciation	(32,269)	(28,035)
	26,951	29,378
Leasehold improvements		
At cost	158,787	158,787
Less accumulated depreciation	(53,019)	(41,414)
	105,768	117,373
Total written down amount	132,719	146,751

Note 10. Property, Plant and Equipment

Movements in carrying amounts:

Plant and equipment		
Carrying amount at beginning	29,378	34,893
Additions	1,807	-
Disposals	-	-
Less: depreciation expense	(4,234)	(5,515)
Carrying amount at end	26,951	29,378
Leasehold improvements		
Carrying amount at beginning	117,373	129,804
Additions	-	-
Disposals	-	-
Less: depreciation expense	(11,605)	(12,431)
Carrying amount at end	105,768	117,373
Total written down amount	132,719	146,751

Note 11. Intangible Assets

Franchise fee

At cost	10,000	10,000
Less: accumulated amortisation	(8,500)	(6,500)
	1,500	3,500

Notes to the financial statements (continued)

	2013 \$	2012 \$
Note 11. Intangible Assets (continued)		
Establishment		
At cost	100,000	100,000
Less: accumulated amortisation	(85,000)	(65,000)
	15,000	35,000
Total written down amount	16,500	38,500

Note 12. Tax

Non-Current:

Deferred tax assets

- accruals	596	-
- employee provisions	-	-
- tax losses carried forward	228,007	212,030
	228,603	212,030

Deferred tax liability

- accruals	-	-
- deductible prepayments	1,020	1,020
	1,020	1,020

Net deferred tax asset	227,583	211,010
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Movement in deferred tax credited to statement of comprehensive income	(16,573)	(38,028)
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Note 13. Trade and Other Payables

Trade creditors	8,194	3,326
Other creditors and accruals	4,438	6,621
	12,632	9,947

Note 14. Borrowings

Current:

Bank overdrafts	258,780	218,074
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The bank has an approved Overdraft facility as of the 27th of August 2012 for \$370,000 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)

	2013 \$	2012 \$
Note 15. Contributed Equity		
699,310 Ordinary shares fully paid (2012: 699,310)	699,310	699,310
Less: equity raising expenses	(32,468)	(32,468)
	666,842	666,842

Rights attached to shares

(a) Voting rights

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

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

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

(b) Dividends

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

(c) Transfer

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

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

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.

	2013 \$	2012 \$
Note 16. Accumulated Losses		
Balance at the beginning of the financial year	(489,467)	(385,231)
Net loss from ordinary activities after income tax	(54,178)	(104,236)
Balance at the end of the financial year	(543,645)	(489,467)

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	(54,178)	(104,236)
Non cash items:		
- depreciation	15,839	17,946
- amortisation	22,000	22,000
Changes in assets and liabilities:		
- (increase)/decrease in receivables	(8,735)	3,253
- increase in other assets	(16,573)	(38,028)
- increase/(decrease) in payables	2,685	(7,416)
Net cashflows used in operating activities	(38,962)	(106,481)

Notes to the financial statements (continued)

	2013	2012
	\$	\$
Note 18. Auditor's Remuneration		
Amounts received or due and receivable by the auditor of the company for:		
- audit and review services	3,600	3,400
- share registry services	1,550	1,600
- non audit services	1,500	1,400
	6,650	6,400

Note 19. Director and Related Party Disclosures

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

Alison Rosann Kruger
 Damien Charles King
 Lester Russell Hadlow
 Neal Joseph Axelby
 Jennifer Marian McKay
 Raymond Stanley Grace
 Ian Malcolm Kerr
 Steven Austen (Appointed 28 November 2012)

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.

Directors' Shareholdings	2013	2012
Alison Rosann Kruger	5,001	5,001
Damien Charles King	10,001	10,001
Lester Russell Hadlow	5,001	5,001
Neal Joseph Axelby	30,000	30,000
Jennifer Marian McKay	7,501	7,501
Raymond Stanley Grace	20,001	20,001
Ian Malcolm Kerr	6,001	6,001
Steven Austen (Appointed 28 November 2012)	-	-

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

Notes to the financial statements (continued)

	2013 \$	2012 \$
Note 20. Earnings Per Share		
(a) Loss attributable to the ordinary equity holders of the company used in calculating earnings per share	(54,178)	(104,236)
	Number	Number
(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					
	2013 \$	2012 \$	2013 \$	2012 \$	2013 \$	2012 \$	2013 \$	2012 \$	2013 \$	2012 \$	2013 %	2012 %
Financial Assets												
Cash and cash equivalents	-	-	-	-	-	-	-	-	437	500	-	-
Receivables	-	-	-	-	-	-	-	-	17,370	8,635	N/A	N/A
Financial Liabilities												
Interest bearing liabilities	258,780	218,074	-	-	-	-	-	-	-	-	5.25	6.73
Payables	-	-	-	-	-	-	-	-	12,632	9,947	N/A	N/A

Directors' declaration

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 2013 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.



Alison Rosann Kruger,
Chairman

Signed on the 25th of September 2013.

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 2013, 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.

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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)

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.

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 2013 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.

Emphasis of matter

Without modifying our opinion, we draw attention to Note 1 in the financial report, which indicates that the company incurred a net loss of \$54,178 during the year ended 30 June 2013, further reducing the company's net assets to \$123,197. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast doubt over the company's ability to continue as a going concern and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business.

Report on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2013. 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 2013, complies with section 300A of the *Corporations Act 2001*.



David Hutchings
Andrew Frewin Stewart
61 Bull Street Bendigo Vic 3550

Dated: 25 September 2013

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
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