



Annual Report 2014

Woombye & Districts
Community Enterprises Limited

ABN 44 133 561 289

Woombye & Districts **Community Bank®** Branch

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Chairman's report

For year ending 30 June 2014

My fellow shareholders,

It remains my privilege to serve as the Chairman of Woombye & Districts Community Enterprise Limited (W&DCEL).

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.

As most of you are aware I took over as Chairman in January 2013 from our inaugural Chairman, Les Hadlow. Les has now started his well-earned retirement and has resigned as a Director on our Board. Thank you Les, for all you have done for the W&DCEL Board, our **Community Bank**[®] branch and the Sunshine Valley.

Our vision

We're all working together with one goal in mind. That is to be the best customer connected bank, providing profitable competitive services which deliver shareholder value and an ever increasing funding source to contribute to empowerment of our local communities.

To that end, our focus remains on moving our branch towards profit and delivering ongoing and meaningful support to our community. The **Community Bank**[®] model, as run by your volunteer Board remains the outstanding model of the capture and retention of local capital. 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, I indicated that our Board expected to achieve profitability in 2013/14. 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 since we opened in 2008.

Reduced margins however, again adversely impacted our revenue in a trend which began the previous year. There are two major contributing factors.

Firstly we, along with all other **Community Bank**[®] branches across the network, had a reduction from a realignment in margin income from Bendigo and Adelaide Bank due to an increasing share profit that steadily rose to more than 60% against an agreed split of 50/50. This negative revenue impact was very substantial in the 2013/14 financial year.

Secondly, bank margins have been progressively eroded under the low interest regime currently being experienced in both the global and domestic market. As a Board and as a company, our shoulder remains firmly to the wheel and we believe we have the right people focussing on the right areas of our business.

Our team

Our Manager, Pauline Healey and her team have remained focussed charting a new course for the branch in accordance with the **Community Bank**[®] model.

So, to Pauline and the rest of her enthusiastic staff members Leanne Foale and Peta Kenesey, a very big thank you for all your efforts in strengthening our Woombye & District **Community Bank**[®] Branch this year. Our branch was also excited to welcome new Customer Relationship Officer, Mark Gielis in October and he is fitting in beautifully, becoming a big part of where we want to go in the next 12 months.

There is no doubt the happy and positive attitude our staff live by makes it a pleasure each time you choose to do your banking with us. Not only do our staff provide outstanding service, but they believe in our community and are always keen to go the extra mile by volunteering outside work hours and attending marketing and Board meetings.

Chairman's report (continued)

Bigger than a bank

You may have more recently noticed a massive TV campaign promoting Bendigo and Adelaide Bank as being **Bigger than a bank**. This rebranding process seeks to reposition us a serious full service bank as well as being recognised as the bank which genuinely supports its community. Already, we are seeing a substantial increase in business in the first quarter of the new financial year indicating initial success of the campaign. When combined with local community support and our own local marketing activities, we are hoping for even more growth success in the future.

Our community sponsorships

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, Woombye Bowls Club, the free community Wi-Fi project, Nambour Toads Rugby Union Club, Christmas in July celebrations, Give Me 5 for Kids, Lions Art for Leukaemia, Love Your Sister fundraiser and Sunshine Coast Theatre Alliance 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.

Our challenge to you

If you aren't banking with us, please consider the positive part you can play in the work your Woombye & District **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 \$120 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.

On behalf of your hard working Board, thank you for your continued trust and please remember, by banking with us, everybody benefits!



Alison Kruger
Chairman

Manager's report

For year ending 30 June 2014

This year has been quite a year for your Woombye & Districts **Community Bank**[®] Branch. It's a credit to our staff, W&DCEL Board Directors and advocates as we take stock on the year that was. This is my second annual Manager's report and I'm proud to say it has been a year of strengthening our ties within the community and demonstrating we really are a bank with a point of difference.

We are **Bigger than a bank**.

Firstly I would like to thank my team and the W&DCEL Board of Directors. I am fortunate they work alongside me with the same aim and enthusiasm to be Australia's number one customer connected bank. They have shown a real passion for the Woombye community and it has been demonstrated throughout the year when they donate their own time to attend community events.

Not only do I have my immediate team for support I also have access to a working together team. This team consists of a number of specialists within the banking sector.

Corey Stitt our Senior Business Banking Manager is able to assist with all your business banking needs. Peter Bourke our Financial Planner can help you secure your financial future with advice on Superannuation, investments and personal insurance goals. Rohan Quirey champions business development so we are always at the top of our game and our Regional Manager Robert Chittick, who is a driving force in our success.

Although consumer confidence is still shaky at times, we have been able to grow our business in the last year and realise a positive result. We have seen both our lending and deposit portfolios increase in the last 12 months. This result highlights the commitment we have in looking for every opportunity with our customers to help them achieve financial success.

Our dedication to community projects and sponsorship has seen Woombye & Districts **Community Bank**[®] Branch profile expand into local sporting fields with signage showing our involvement within the localised area. Our affiliation with the Nambour Toads continues to strengthen and we are happy to report a new connection with Nambour & Districts Netball club. We would like to thank Woombye IGA, Woombye State School, Woombye Care, Woombye Community Library and Woombye Bowls Club for their continued support and friendship.

Our inaugural Chairman Les Hadlow, tendered his resignation as a Director of Woombye & Districts **Community Bank**[®] Branch. We sincerely thank Les for all his efforts over the years and wish him all the best in his retirement. We also farewelled Pamela Hoens one of our original staff members who has taken a position at Cooroy **Community Bank**[®] Branch.

Pam played an integral role in building and sustaining relationships and we appreciate the energy she displayed during her time with us. John Firth stepped into Pam's position, however he has been given an opportunity to further his career at Redbank branch, all the best to John.

These farewells have created new opportunities for us to welcome new members into our team. We are pleased to inform you that local business owner and passionate community advocate, Chris Poole has become a Director on the W&DCEL board. Our new Customer Relationship Officer (CRO) is Mark Gielis who has just joined us from the Cooroy **Community Bank**[®] Branch. Mark has a proven ability to connect with the community and has brought his own wonderfully positive and affable style to the role.


Our Facebook page remains a strong part of the way we communicate with our Sunshine Valley community. There are regular posts on what is happening in and around Woombye and remains a great tool for those who like networking on the social media. Please look us up and catch up on all our news, and most importantly, 'like' us.

Manager's report (continued)

Please continue to pass the word to your friends and family about the bank that continues to give our community a real say in its own future. We want more customers to make us their first choice for all our products and services and every little bit helps grow our business.

If you haven't already, I invite you all to join us and become part of something bigger. Because at Woombye & Districts **Community Bank**[®] Branch we are **Bigger than a bank**.

My best wishes for the year ahead.



Pauline Healey
Manager

Bendigo and Adelaide Bank report

For year ending 30 June 2014

The past year marked two very significant milestones for our **Community Bank**[®] network, celebrating the opening of its 300th branch while also reaching \$120 million in community contributions. Both achievements could not have been accomplished without your ongoing support as shareholders and customers.

The **Community Bank**[®] network has grown considerably since it was first launched in 1998, in partnership with the people from the western Victorian 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 doors.

Sixteen years later, the model has grown into something even bigger than that. It has rapidly developed into a partnership that generates a valued, alternative source of income for a community, funding activities or initiatives that make a local town or suburb a better place to live.

In June 2014, the network welcomed its 305th branch in Penola, South Australia, and in the same week, the Victorian coastal town of Port Fairy introduced its community to our unique style of banking. These branches join a robust and maturing banking network where valued partnerships enhance banking services, taking the profits their banking business generates and reinvesting that funding into initiatives that will ultimately strengthen their community.

The **Community Bank**[®] network has returned more than \$20 million in contributions to local communities in this financial year alone. Our branches have been able to fund projects that make a difference to a community; improved health services, sports programs, aged care facilities, education initiatives and community events that connect communities and encourage prosperity.

Demand from communities remains strong, with about 30 **Community Bank**[®] branch sites currently in development, and 10 branches expected to open nationally in the next 12 months. The network's steady expansion demonstrates the strength and relevance of a banking model where the desire to support the financial needs of customers is equalled by the desire to realise shared aspirations by harnessing the power of community.

At the end of the financial year 2013/14 the **Community Bank**[®] network had achieved the following:

- Returns to community – \$122.2 million
- **Community Bank**[®] branches – 305
- **Community Bank**[®] branch staff – more than 1,500
- **Community Bank**[®] company Directors – 1,900
- Banking business – \$24.46 billion
- Customers – 550,000
- Shareholders – 72,000
- Dividends paid to shareholders since inception – \$36.7 million.

The communities we partner with also have access to Bendigo and Adelaide Bank's extensive range of other community building solutions including the 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), tertiary education scholarships and Connected Communities Enterprises that provide **Community Bank**[®] companies with further development options.

Bendigo and Adelaide Bank report (continued)

In September last year the Bank announced it would commence a comprehensive review of the **Community Bank®** model. The intention of the review is to rigorously explore and analyse the model, setting the vision and strategy for a sustainable and successful commercial model, regardless of changes to operational and market conditions. An update of this review will be provided at the **Community Bank®** National Conference in Darwin in September.

Bendigo and Adelaide Bank's vision is to be Australia's most 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 respectfully listen and respond to every customer's choice, needs and objectives. We partner for sustainable long-term outcomes and aim to be relevant, connected and valued.

To this aim, the Bank supports the Financial Systems Inquiry (FSI) which calls for an even playing field for all banks in an effort to increase customer choice. It takes a principled approach to governing, encouraging banks to consider all members of a community when they do business.

Bendigo and Adelaide Bank is a signatory to the Regional Banking submission in collaboration with Bank of Queensland, Suncorp and ME Bank, while our independent submission focuses on the important role banks play in communities.

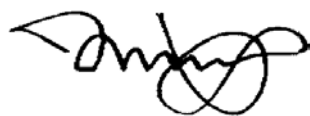
Banks inject a high-level of capability and knowledge in the places they operate, supporting the sustainability of communities and helping to ensure they're viable. The Bank calls for a framework that incentivises banks, and the people who work for them, to be good corporate citizens, while promoting ethical decision making, innovation and better outcomes for customers and communities.

This financial year we launched our new www.bendigobank.com.au website. Packed with useful information and easy to access online services, our 1.4 million customers can easily connect with us at home, at work or on their mobile or tablet as well as learn more about our commitment to strengthening and supporting local communities.

In line with increasing demand for "anywhere, anytime" banking, we're excited about the impending introduction of our improved online banking platform to our customers later this year.

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

The **Community Bank®** model is the ultimate example of a win/win partnership and I thank you for your important support of your local **Community Bank®** branch.



Robert Musgrove
Executive Community Engagement

Directors' report

For the financial year ended 30 June 2014

Your directors submit the financial statements of the company for the financial year ended 30 June 2014.

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. Interest in shares: 5001

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.

Interest in shares: 10,001

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. Ian also volunteers his time as a mentor at the Woombye State School and is a member of the school chaplaincy committee at Nambour and Woombye schools.

Interest in shares: 6,001

Directors' report (continued)

Directors (continued)

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.

Interest in shares: 7,501

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.

Interest in shares: 20,001

Christopher Poole

Director (Appointed 28 May 2014)

Occupation: Owner/ Operator CMP Printers

Christopher is a newly appointed director at Woombye and Districts Community Enterprises Limited. He is currently the secretary of both the Suncoast Gymnastics Club and the Woombye Community Business Association. He is also a member of the West Woombye Rural Fire Brigade and a trade qualified printer. He holds a position on the marketing committee of Woombye and Districts Community Enterprises Limited.

Interest in shares: 2,000

Neal Joseph Axelby

Director (Resigned 12 September 2014)

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.

Interest in shares: 30,000

Directors' report (continued)

Directors (continued)

Steven Austen

Director/Company Secretary (Resigned 12 September 2014)

Occupation: Business Manager

Dr Steven Austen, FCPA, CSA, MAICD, GIA (Cert) 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.

Interest in Shares: Nil

Lester Russell Hadlow

Director (Resigned 25 June 2014)

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.

Interest in shares: 5,001

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

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

Company Secretary

The company secretary is Steven Austen. Steven was appointed to the position of secretary on 28 November 2012.

Has extensive experience in conducting the compliance requirements of a company.

Principal Activities

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

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

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 2014 \$	Year ended 30 June 2013 \$
(62,300)	(54,178)

Remuneration report

All directors of the Company are on a voluntary basis, therefore no remuneration guidelines have been prepared.

Directors' report (continued)

Remuneration report (continued)

Transactions with directors

	\$
Details of any transactions with directors: Christopher Poole's company CMP Printers was paid \$3,700 in return for printing services.	3,700

Directors' shareholdings

	Balance at start of the year	Changes during the year	Balance at end of the year
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
Raymond Stanley Grace	20,001	-	20,001
Christopher Poole (Appointed 28 May 2014)	2,000	-	2,000
Steven Austen (Resigned 12 September 2014)	-	-	-
Neal Joseph Axelby (Resigned 12 September 2014)	30,000	-	30,000
Lester Russell Hadlow (Resigned 25 June 2014)	5,001	-	5,001

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.

Events since 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' report (continued)

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:

	Board Meetings Attended		Committee Meetings Attended			
			Finance, Assets & Risk Management		Marketing	
	Eligible	Attended	Eligible	Attended	Eligible	Attended
Alison Rosann Kruger	12	10	-	-	9	7
Damien Charles King	12	10	7	4	-	-
Ian Malcolm Kerr	12	9	-	-	9	8
Jennifer Marian McKay	12	9	7	7	9	7
Raymond Stanley Grace	12	10	-	-	9	9
Christopher Poole (Appointed 28 May 2014)	-	-	-	-	6	4
Steven Austen (Resigned 12 September 2014)	12	7	7	5	-	-
Neal Joseph Axelby (Resigned 12 September 2014)	12	11	-	-	-	-
Lester Russell Hadlow (Resigned 25 June 2014)	12	7	-	-	-	-

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the Corporations Act 2001.

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 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.

Directors' report (continued)

Non audit services (continued)

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 board 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.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 14.

Signed in accordance with a resolution of the board of directors at Woombye, Queensland on 17 September 2014.



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, during the year ended 30 June 2014 there have been no contraventions of:

- the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review
- any applicable code of professional conduct in relation to the review.

A handwritten signature in black ink, appearing to read 'David Hutchings', written over a faint horizontal line.

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

Dated: 17 September 2014

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

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TAXATION • AUDIT • BUSINESS SERVICES • FINANCIAL PLANNING

Financial statements

Statement of Comprehensive Income for the year ended 30 June 2014

	Note	2014 \$	2013 \$
Revenue from ordinary activities	4	481,916	476,385
Employee benefits expense		(254,588)	(252,160)
Charitable donations, sponsorship, advertising and promotion		(23,120)	(17,652)
Occupancy and associated costs		(77,624)	(73,392)
Systems costs		(23,991)	(23,942)
Depreciation and amortisation expense	5	(34,468)	(37,839)
Finance costs	5	(13,227)	(12,536)
General administration expenses		(138,137)	(129,615)
Loss before income tax expense		(83,239)	(70,751)
Income tax credit	6	20,939	16,573
Loss after income tax expense		(62,300)	(54,178)
Total comprehensive income for the year		(62,300)	(54,178)
Earnings per share for loss attributable to the ordinary shareholders of the company:		¢	¢
Basic earnings per share	20	(8.91)	(7.75)

The accompanying notes form part of these financial statements.

Financial statements (continued)

Balance Sheet as at 30 June 2014

	Note	2014 \$	2013 \$
ASSETS			
Current Assets			
Cash and cash equivalents	7	500	437
Trade and other receivables	8	19,694	17,370
Total Current Assets		20,194	17,807
Non-Current Assets			
Property, plant and equipment	9	119,587	132,719
Intangible assets	10	65,277	16,500
Deferred tax assets	11	248,522	227,583
Total Non-Current Assets		433,386	376,802
Total Assets		453,580	394,609
LIABILITIES			
Current Liabilities			
Trade and other payables	12	77,508	12,632
Borrowings	13	315,175	258,780
Total Current Liabilities		392,683	271,412
Total Liabilities		392,683	271,412
Net Assets		60,897	123,197
Equity			
Issued capital	14	666,842	666,842
Accumulated losses	15	(605,945)	(543,645)
Total Equity		60,897	123,197

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of Changes in Equity for the year ended 30 June 2014

	Issued capital \$	Accumulated losses \$	Total equity \$
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
Balance at 1 July 2013	666,842	(543,645)	123,197
Total comprehensive income for the year	-	(62,300)	(62,300)
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 2014	666,842	(605,945)	60,897

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of Cash Flows for the year ended 30 June 2014

	Note	2014 \$	2013 \$
Cash flows from operating activities			
Receipts from customers		529,451	505,484
Payments to suppliers and employees		(557,006)	(531,910)
Interest paid		(13,227)	(12,536)
Net cash used in operating activities	16	(40,782)	(38,962)
Cash flows from investing activities			
Payments for property, plant and equipment		(1,401)	(1,807)
Payments for intangible assets		(14,149)	-
Net cash used in investing activities		(15,550)	(1,807)
Net decrease in cash held		(56,332)	(40,769)
Cash and cash equivalents at the beginning of the financial year		(258,343)	(217,574)
Cash and cash equivalents at the end of the financial year	7(a)	(314,675)	(258,343)

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2014

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

The company adopted the following standards and amendments, mandatory for the first time for the annual reporting period commencing 1 July 2013:

- AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements.
- AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosure of Interests in Other Entities, AASB 128 Investments in Associates and Joint Ventures, AASB 127 Separate Financial Statements and AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards.
- AASB 2012-9 Amendment to AASB 1048 arising from the Withdrawal of Australian Interpretation 1039.
- AASB 2012-10 Amendments to Australian Accounting Standards – Transition Guidance and other Amendments which provides an exemption from the requirement to disclose the impact of the change in accounting policy on the current period.
- AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

a) Basis of preparation (continued)

Adoption of new and amended accounting standards (continued)

- AASB 119 Employee Benefits (September 2011) and AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011).
- AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle.
- AASB 2012-2 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities.

AASB 2011-4 removes the individual key management personnel disclosure requirements in AASB 124 Related Party Disclosures. As a result the company now only discloses the key management personnel compensation in total and for each of the categories required in AASB 124. Detailed key management personnel compensation is outlined in the remuneration report, included as part of the directors report.

The adoption of revised standard AASB 119 has resulted in a change to the accounting for the company's annual leave obligations. As the entity does not expect all annual leave to be taken within 12 months of the respective service being provided, annual leave obligations are now classified as long-term employee benefits in their entirety. This changes the measurement of these obligations, as the entire obligation is now measured on a discounted basis and no longer split into a short-term and a long-term portion. However, the impact of this change is considered immaterial on the financial statements overall as the majority of the annual leave is still expected to be taken within 12 months after the end of the reporting period.

None of the remaining new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2013 affected any of the amounts recognised in the current period or any prior period and are 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 2013.

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. 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**[®] branch 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:

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)

- 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
- sales techniques and proper customer relations.

Going concern

The net assets of the company as at 30 June 2014 were \$60,897 and the loss made before tax for the year was \$83,239 bringing accumulated losses to \$605,945.

In addition:	\$
Total assets were	453,580
Total liabilities were	392,683
Operating cash flows were	(40,782)

There was a 17.65% increase in the loss recorded for the financial year ended 30 June 2014 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 \$315,175 as at 30 June 2014.

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 13. 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 significant 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 create material uncertainties 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 to meet its current obligations.

The company has held discussions with Bendigo and Adelaide Bank Limited about its future borrowing needs. It is likely that these discussions will not be completed for some time but no matters have been drawn to its attention to suggest that renewal may not be forthcoming on acceptable terms. 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 2014/15 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.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

a) Basis of preparation (continued)

Going concern (continued)

The directors have concluded that the combination of the circumstances above represents a material uncertainty that casts doubt upon the company's ability to continue as a going concern and that, therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business.

Nevertheless, 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.

Note 1. Summary of significant accounting policies (continued)

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 benefits 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 (i.e. '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.

The third source of revenue is a proportion of the fees and charges (i.e. 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.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

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.

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.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

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 are 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.

The renewal processing fee paid to Bendigo and Adelaide Bank Limited when renewing the franchise agreement has also 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)

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) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with changes in such fair value (i.e. gains or losses) recognised in the Statement of Comprehensive Income. Available-for-sale financial assets are included in non-current assets except where they are expected to be sold within 12 months after the end of the reporting period. All other financial assets are classified as current assets.

(iv) 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.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

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.

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.

Notes to the financial statements (continued)

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.

(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:

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

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

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. There is therefore 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.

	2014 \$	2013 \$
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Note 4. Revenue from ordinary activities

Operating activities:

- services commissions	481,916	476,385
Total revenues from ordinary activities	481,916	476,385

Note 5. Expenses

Depreciation of non-current assets:

- plant and equipment	4,461	4,234
- leasehold improvements	10,071	11,605

Amortisation of non-current assets:

- franchise agreement	2,073	2,000
- franchise renewal fee	2,863	-
- establishment fee	15,000	20,000
	34,468	37,839

Finance costs:

- interest paid	13,227	12,536
Bad debts	96	139

Notes to the financial statements (continued)

	Note	2014 \$	2013 \$
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Note 6. Income tax credit

The components of tax expense comprise:

- Future income tax benefit attributable to losses		(21,270)	(16,809)
- Movement in deferred tax		331	236
		(20,939)	(16,573)

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

Operating loss		(83,239)	(70,751)
Prima facie tax on loss from ordinary activities at 30%		(24,972)	(21,225)
Add tax effect of:			
- non-deductible expenses		5,982	6,600
- timing difference expenses		(332)	(236)
- other deductible expenses		(1,948)	(1,948)
		(21,270)	(16,809)
Movement in deferred tax	11	331	236
		(20,939)	(16,573)

Note 7. Cash and cash equivalents

Cash at bank and on hand		500	437
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Note 7.(a) Reconciliation to cash flow statement

The above figures reconcile to the amount of cash shown in the statement of cash flows at the end of the financial year as follows:

Cash at bank and on hand		500	437
Bank overdraft	13	(315,175)	(258,780)
		(314,675)	(258,343)

Note 8. Trade and other receivables

Trade receivables		15,093	12,930
Other receivables and accruals		887	1,039
Prepayments		3,714	3,401
		19,694	17,370

Notes to the financial statements (continued)

	2014 \$	2013 \$
Note 9. Property, plant and equipment		
Plant and equipment		
At cost	60,620	59,220
Less accumulated depreciation	(36,864)	(32,269)
	23,756	26,951
Leasehold improvements		
At cost	158,788	158,787
Less accumulated depreciation	(62,957)	(53,019)
	95,831	105,768
Total written down amount	119,587	132,719
Movements in carrying amounts:		
Plant and equipment		
Carrying amount at beginning	26,951	29,378
Additions	1,401	1,807
Less: depreciation expense	(4,595)	(4,234)
Carrying amount at end	23,757	26,951
Leasehold improvements		
Carrying amount at beginning	105,768	117,373
Additions	-	-
Less: depreciation expense	(9,938)	(11,605)
Carrying amount at end	95,830	105,768
Total written down amount	119,587	132,719

Note 10. Intangible assets

Franchise fee

At cost	21,453	10,000
Less: accumulated amortisation	(10,573)	(8,500)
	10,880	1,500

Franchise Renewal Fee

At cost	57,260	-
Less: Accumulated amortisation	(2,863)	-
	54,397	-

Notes to the financial statements (continued)

	2014 \$	2013 \$
Note 10. Intangible assets (continued)		
Establishment fee		
At cost	100,000	100,000
Less: accumulated amortisation	(100,000)	(85,000)
	-	15,000
Total written down amount	65,277	16,500

Note 11. Tax

Non-Current:

Deferred tax assets		
- accruals	359	596
- tax losses carried forward	249,278	228,007
	249,637	228,603
Deferred tax liability		
- deductible prepayments	1,115	1,020
Net deferred tax asset	248,522	227,583
Movement in deferred tax charged to statement of comprehensive income	(20,939)	(16,573)

Note 12. Trade and other payables

Trade creditors	12,427	8,194
Other creditors and accruals	65,081	4,438
	77,508	12,632

Note 13. Borrowings

Current:

Bank overdrafts	315,175	258,780
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The bank has an approved Overdraft facility of \$370,000 from Bendigo and Adelaide Bank Limited. Interest is recognised as a variable rate, 90 day RBA bill rate, which is currently at 4.705%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)

	2014 \$	2013 \$
Note 14. Contributed equity		
699,310 Ordinary shares fully paid (2013: 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 2001.

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").

Notes to the financial statements (continued)

Note 14. Contributed equity (continued)

Prohibited shareholding interest (continued)

- 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 207 shareholders.

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.

	2014 \$	2013 \$
Note 15. Accumulated losses		
Balance at the beginning of the financial year	(543,645)	(489,467)
Net loss from ordinary activities after income tax	(62,300)	(54,178)
Dividends paid or provided for	-	-
Balance at the end of the financial year	(605,945)	(543,645)

Note 16. Statement of cash flows

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

Loss from ordinary activities after income tax	(62,300)	(54,178)
Non cash items:		
- depreciation	14,532	15,839
- amortisation	19,936	22,000

Notes to the financial statements (continued)

	2014 \$	2013 \$
Note 16. Statement of cash flows (continued)		
Changes in assets and liabilities:		
- increase in receivables	(1,437)	(8,735)
- increase in other assets	(20,939)	(16,573)
- increase in payables	9,426	2,685
Net cash flows used in operating activities	(40,782)	(38,962)

Note 17. Leases

Operating lease commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements

Payable - minimum lease payments:

- not later than 12 months	53,684	33,184
- between 12 months and 5 years	196,840	-
	250,524	33,184

The operating lease is a non-cancellable lease with a five-year term which commenced on 9 March 2014, with rent payable monthly in advance.

Note 18. Auditor's remuneration

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

- audit and review services	3,850	3,600
- share registry services	1,500	1,550
- non audit services	1,702	1,500
	7,052	6,650

Note 19. Director and related party disclosures

No director of the company receives remuneration for services as a company director or committee member.

There are no executives within the company whose remuneration is required to be disclosed.

	2014 \$	2013 \$
Details of any transactions with directors: Christopher Poole's company CMP Printers was paid \$3,700 in return for printing services.	3,700	-

Detailed shareholding disclosures are provided in the remuneration report, included as part of the directors' report.

Notes to the financial statements (continued)

Note 20. Earnings per share

		2014 \$	2013 \$
(a)	Loss attributable to the ordinary equity holders of the company used in calculating earnings per share	(62,300)	(54,178)
		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 reporting date

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

Note 22. Contingent liabilities and contingent assets

There were no contingent liabilities or contingent assets 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, Queensland pursuant to a franchise agreement with Bendigo and Adelaide Bank Limited.

Note 24. Registered office/Principal place of business

The entity is a company limited by shares, incorporated and domiciled in Australia. The registered office and principal place of business is:

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

Note 25. Financial instruments

Financial Instrument Composition and Maturity Analysis

The table below reflects the undiscounted contractual settlement terms for all financial instruments, as well as the settlement period for instruments with a fixed period of maturity and interest rate.

Notes to the financial statements (continued)

Note 25. Financial instruments (continued)

Financial instrument	Floating interest		Fixed interest rate maturing in						Non interest bearing		Weighted average	
			1 year or less		Over 1 to 5 years		Over 5 years					
	2014 \$	2013 \$	2014 \$	2013 \$	2014 \$	2013 \$	2014 \$	2013 \$	2014 \$	2013 \$	2014 %	2013 %
Financial assets												
Cash and cash equivalents	-	-	-	-	-	-	-	-	500	437	N/A	N/A
Receivables	-	-	-	-	-	-	-	-	18,807	17,370	N/A	N/A
Financial liabilities												
Interest bearing liabilities	281,626	258,780	-	-	-	-	-	-	-	-	4.7	5.25
Payables	-	-	-	-	-	-	-	-	76,621	12,632	N/A	N/A

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.

Interest Rate Risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from the interest bearing financial assets and liabilities in place subject to variable interest rates, as outlined above.

Sensitivity Analysis

The company has performed sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in interest rates.

Notes to the financial statements (continued)

Note 25. Financial instruments (continued)

Sensitivity Analysis (continued)

As at 30 June 2014, the effect on profit and equity as a result of changes in interest rate, with all other variables remaining constant would be as follows:

	2014 \$	2013 \$
Change in loss		
Increase in interest rate by 1%	(2,816)	(2,588)
Decrease in interest rate by 1%	(2,816)	(2,588)
Change in equity		
Increase in interest rate by 1%	(2,816)	(2,588)
Decrease in interest rate by 1%	(2,816)	(2,588)

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 2014 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 17th of September 2014.

Independent audit report



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

Report on the financial report

I have audited the accompanying financial report of Woombye & Districts Community Enterprises Limited, which comprises the balance sheet as at 30 June 2014, 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

My responsibility is to express an opinion on the financial report based on the audit. I conducted the audit in accordance with Australian Auditing Standards. These auditing standards require that I 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 my 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, I 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.

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

I 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 my understanding of the company's financial position and of its performance.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

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Independent audit report (continued)

Independence

In conducting the audit I have complied with the independence requirements of the *Corporations Act 2001*. I 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 my 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 2014 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 my opinion, I draw attention to Note 1 in the financial report, which indicates that the company incurred a loss before tax of \$83,239 during the year ended 30 June 2014, further reducing the company's net assets to \$60,897. 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

I have audited the remuneration report included in the directors' report for the year ended 30 June 2014. 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*. My responsibility is to express an opinion on the remuneration report, based on the audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion on the remuneration report

In my opinion, the remuneration report of Woombye & Districts Community Enterprises Limited for the year ended 30 June 2014, complies with section 300A of the *Corporations Act 2001*.



David Hutchings
Andrew Frewin Stewart
61 Bull Street Bendigo Vic 3550

Dated: 17 September 2014



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