



Annual Report 2015

Upper Yarra
Community Enterprise Limited

ABN 54 090 252 627

Warburton **Community Bank**[®] Branch
Yarra Junction District **Community Bank**[®] Branch

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Chairman's report

For year ending 30 June 2015

I am pleased to present your company's Annual Report for the year ended 30 June 2015.

Our achievements to date

This year we passed the 15th anniversary of the company's establishment and it is worth reflecting briefly on what we have achieved.

Firstly, and most importantly, we have provided the Warburton community with the banking services that were lost when the major banks left town. And those banking facilities were extended to Yarra Junction and District communities in 2008.

We now meet the ongoing banking needs of about 7,000 customers. Branch Managers will make more detailed comments on their branch operations.

To our shareholders, whose contribution was critical in our establishment and in our expansion to Yarra Junction, we have paid a total of \$924,000 in dividends.

We now employ 12 people in our branches and in our corporate office.

Sponsorships

These achievements to date are impressive but they are surpassed by the huge contribution we have made to our community by way of sponsorships and donations. These have been made to a wide range of local schools, clubs and community organisations. They now total more than \$2.8 million including more than \$380,000 in the past year alone.

These sponsorships are detailed in our twice-yearly publication 'Local Life' and are awarded at our quarterly Presentation Nights, a new initiative this financial year.

Community engagement

Beyond this Sponsorship funding, we continue to support a number of local community-building and community-strengthening initiatives. Our Executive Officer Geoff Vickers details these in his Community engagement report.

The year in review

The year past has been one of achievement and some disappointments. Our revenues reversed the fall from the previous year and commenced to grow again, albeit by only 1%.

Expenses were well-held – increasing by only \$25,000 (or 0.5%) including a one-off charge of \$30,000 for repairs and maintenance on our Warburton premises.

Our operating profit for the year was broadly in line with the previous year. Our net profit (after charitable donations and sponsorships) was \$148,723, some \$35,000 less than the previous year. This was due mainly to an increase in charitable donations and sponsorships of \$27,000.

From this net profit, your Directors have declared a dividend of 6.0 cents per share, maintaining the dividend of the previous year. The dividend, which is fully franked, was paid on 15 October.

The disappointments during the year relate not to our banking business, but to two other initiatives.

Chairman's report (continued)

- Warburton Caravan Park

Early in 2015 we submitted a tender for the freehold and associated leaseholds but this was unsuccessful. While we are disappointed the opportunity to return the caravan park to community ownership has been lost, it seems likely that the new proprietor will bring management experience and investment to improve the amenity of the park. This will be of benefit to the township of Warburton.

- Share buy-back

Secondly, the promised Share buy-back announced at our Annual General Meeting last year has not yet been completed. This is despite a significant amount of effort by the Board, our Executive Officer and our accountants.

Our apparently straightforward plan has become delayed in the regulatory processes at the Australian Tax Office (ATO) and the Australian Securities Commission (ASIC). Negotiations with Bendigo Bank, who need to approve our plan under the terms of the Franchise Agreement, are also continuing, but are not yet complete.

I remain confident that we will be in a position to make an offer to Shareholders in the coming months.

Management

During the year we welcomed a new Manager to our Warburton **Community Bank**[®] Branch. Lisa Edwards joined us from Broome and has extensive experience in banking. Lisa and her husband have moved to Warburton to live and are quickly becoming part of our community.

Our Board of Directors

I note the resignations of two Directors during the year. Rodney Woods left the Board in November 2014 after nine years of service, including two years as Chairman. Sarah Forbes resigned in September after almost four years. On behalf of the Board I thank them for the significant contributions they have made during that time.

The search for at least one new Director is underway and I am confident that a candidate will be available to stand for election at the Annual General Meeting.

Governance

All aspects of corporate governance are an important focus for the Board. In the year ahead we will be increasing this focus with workshops to address a range of matters including succession planning, Board effectiveness, relationships with Bendigo and Adelaide Bank (our franchisor), longer term financial planning and outlook for the banking industry.

Also, via a number of established communications forums including State and National conferences, we will maintain our ongoing and constructive dialogue with more than 300 other **Community Bank**[®] branches around Australia.

Board Committees

The Board functions with 11 meetings during the year and five committees that meet regularly, or as required. The Committees are:

- Finance and Governance – responsible for all aspects of financial management and monitoring and reporting to the Board all aspects of corporate governance.
- Sponsorship – responsible for assessing all sponsorship proposals and making recommendations for Board approval.
- Human Resources – oversees all aspects of employment, including salary policy, position descriptions, KPIs and staff performance reviews.

Chairman's report (continued)

- Youth – oversees the Ian De La Rue Youth Initiative Award and our Scholarship program. Also, in conjunction with our Community Development Worker, actively seeks opportunities to engage with the young people in our communities.
- Communications – responsible for the development of the communications strategy. This task was completed during the year and the committee has been disbanded. The responsibility for execution of the communications strategy has passed to the Executive Officer and Communications Officer.

The year ahead

The year ahead will present some challenges and some opportunities.

- Business growth and profitability

Our business growth prospects look positive, but as reported last year our revenues remain hostage to our business 'mix'. Fixed-term deposits generate different revenue to at-call deposits, and fixed rate mortgage loans generate different revenues to variable rate loans. We cannot control this mix because it results from decisions made by our customers.

Nevertheless, our projections show modest growth in both revenues and profit for the year ahead.

- Warburton Mountain Bike Hub

An exciting new community development is the proposed Warburton Mountain Bike Hub, which is a priority project for the Yarra Ranges Council and one your company will be involved with. The Council has committed \$500,000 to the project and we have committed \$300,000. This contribution will be made at least partly from our reserves so that our annual Sponsorship budget can be maintained.

The project has the potential to boost tourism in the Warburton Valley by tens of thousands of people and the economic benefit will be measured in millions annually. Employment opportunities and economic prosperity will increase dramatically.

The benefit to our communities will be significant and the Board had no hesitation in making our largest-ever single commitment to the project. Importantly, we are advised that the community support epitomised by our \$300,000 pledge will be a significant factor in achieving the required State Government funding.

In closing, I again thank all of our customers and our shareholders whose continuing support is so important in enabling us to enrich our communities.



Peter Kimberley
Chairman

Warburton Manager's report

For year ending 30 June 2015

Firstly, I would just like to introduce myself as the new Branch Manager here at the Warburton **Community Bank**[®] Branch. Since commencing in March 2015, I have been busy attending to all my necessary training needs and getting to know as many customers as possible.

I have been in the Banking sector for the past six years working in a variety of roles, most recently as a Commercial Banking Assistant Manager with Bankwest in Western Australia.

Warburton **Community Bank**[®] Branch has had a slower growth year for 2014/15. As at 30 June 2015, our total book balance was \$124 million. This represents growth for the year of \$2 million. Still good results for our **Community Bank**[®] branch in what is a very competitive environment.

We celebrated 15 years of operation this financial year, which is something to be very proud of as a community. The branch was also awarded 'Branch of the Year 2014', and this was announced in September 2014.

More than \$2.8 million has been provided back to the community since our branch opened in 2000. These funds have been distributed to a wide variety of community groups such as playgroups, theatre groups, sporting clubs and environment groups. Our aim is to support the community that supports our **Community Bank**[®] branch. It is that simple – the more people do business with us, the more community contributions we can make.

It has been so rewarding to see the impact that our Special Effort Fundraising Program has had on our community with Warburton Primary School's Kid Friendly Kitchen Stage 1 and 2 complete, as well as Warburton Football Netball Club's new Ground lighting.

Our customers numbered 3,495 as at 30 June 2015, which is an increase of 450 from 2014. The products per customer ratio is currently at 2.021. We are proud to provide a full financial service for the people who live and/or work in our community. This is evidenced by the many new businesses in our community who have chosen to bank with us.

The use of our **Community Bank**[®] branch is still going strong. We processed just under 3,000 in-branch transactions per month and the ATM is processing on average 5,000 transactions per month.

I would like to thank all our customers and shareholders for their continued support, and would welcome any new clients who are considering the move to us to come in and see what we can offer. We are a bank with a difference, and by supporting us you are supporting your community.

Our team, Ros, Julie, Kate and Wendy all do an outstanding job, which I appreciate and I know our customers appreciate also. It has been an absolute pleasure coming in to such a stable team who always give 110%.

Finally, I would like to thank the Board of Upper Yarra Community Enterprise Limited, Natalie Goold and the State Support Team for all their support.

We look forward to a successful 2015/16.



Lisa Edwards

Branch Manager

Warburton Community Bank[®] Branch

Yarra Junction Manager's report

For year ending 30 June 2015

The Yarra Junction District **Community Bank**[®] Branch has now completed it's seventh full year of trading. As at the end of the financial year, we held more than 3,500 accounts and business totalling \$67.7 million. The branch achieved growth of just over \$7.3 million for the year, just ahead of our budgeted growth of \$6.8 million. The majority of this growth came from our lending business.

We have doubled our loan approvals on the year prior, which was a great effort given the economic climate we are operating in. The Yarra Junction District **Community Bank**[®] Branch was recognised for their efforts at the Bendigo Bank's Regional awards night receiving the award for the 'Best Performing Branch' in the lending category.

We continue to open new accounts in good numbers, averaging around 50 per month and use of the branch remains high with our staff completing more than 3,000 teller transactions per month.

I would like to thank the branch staff for their efforts over the last 12 months. We have had some changes since my last report. We have added a new member to our team. Lisa Dalboni has joined us in a Customer Service Officer role and has fitted into the team very well. Julie Macdonald has been promoted to the Customer Relationship Officer role vacated by Carla Nobes who has again left us to travel the world. We also welcomed back one of our foundation staff members, Emily Sharp, who returned from Maternity Leave. We now have some stability around our staff and I am confident we have the right team to drive the business forward.

To those shareholders who are customers thank you for your support. To those of you who are not, I welcome you to call into the branch and meet with me to discuss the benefits of banking with your local **Community Bank**[®] branch.

Finally, to Natalie Goold and the staff at Bendigo Bank, I thank you for your support and assistance throughout the year. I would also like to thank Peter Kimberley and the Board of Directors for their continued support and commitment to making a difference in our community.



Adam Whitworth
Branch Manager
Yarra Junction District Community Bank[®] Branch

Community engagement report

For year ending 30 June 2015

Our community benefits directly from the sponsorships we award, which to date total \$2.8 million.

We also make significant contributions in many areas of community development, contributing to big picture and long-term economic prosperity that benefits everyone.

Here is a summary of some of our key activities:

The Waterwheel Centre

We first funded The Waterwheel Centre in 2012 with the vision of ensuring this vital tourism service remained operational. Our support has helped make The Waterwheel Centre a sustainable business concern with several successful micro-businesses including Handmade, a retail outlet showcasing local crafts, the Waterwheel Gallery, featuring exhibitions by local artists, the Indoor Forest, an environmental eco-discovery centre and the Visitor Information Centre (VIC), a critical interface for tourism in the region and staffed entirely by volunteers. Our VIC is a model to which others aspire and with more than 30,000 people coming through the door in one year, one of our most important services. The ongoing support provided by Upper Yarra Community Enterprise Limited (UYCEL) staff is integral to the Centre's success.

Warburton Valley Community Economic Development Association (CEDA)

Representing the business, tourism and other economic interests of our community, Warburton Valley CEDA is an advocate for the prosperity of our townships and the people who live or work in them. Links between successful businesses and well performing **Community Bank**[®] branches are clear and a genuine asset is being built based on strong community ties. Sponsorship of CEDA has afforded the services of a communications consultant, and supported the development of the dedicated website www.visitwarburton.com.au and many other important community events.

SEF and Powelltown

New approaches to sponsorship funding saw the launch of our Special Effort Fundraising (SEF) program, specifically aimed at clubs and groups that we have long-term relationships with and that have need for significant project funding. With the strategy to increase our accountholder base, SEF encourages deposits into a dedicated account, which are then matched by the **Community Bank**[®] branches - \$2 for every \$1. Powelltown Football Netball Club was our first success story, raising more than \$8,000 in deposits to achieve a \$25,000 investment into their ground lighting project. We now have several other SEF projects underway across the region.

Presentation Nights

With the objective of bringing the community together and creating ambassadors for the **Community Bank**[®] concept, our quarterly Presentation Nights for sponsorship recipients have been an outstanding success. Proving to be a great way to encourage networking between local groups and clubs, they are also an excellent opportunity for branch staff, Directors and executives to develop close ties with individuals in the community and create a face-to-face opportunity to tell our compelling **Community Bank**[®] story.

Community engagement report (continued)

Youth Foundation

Focus on young people has continued to be a strength of our activities. In addition to the three Scholarships awarded to first year tertiary students and the Ian De La Rue Youth Initiative Award, we have provided funding for a research project with the Yarra Valley Community School to identify ways to engage with vulnerable youth (12-15 year olds) who are at risk of disengaging. We recognise the need to create a buoyant local economy not just for the community now, but also for the young people who will be the future of our townships. Our towns have been identified as areas of need and the **Community Bank**[®] model is well placed to ease pressure and create bold new initiatives that enhance future prospects.

Community Development worker

In a role that is unique within the **Community Bank**[®] network, one of our real strengths and reasons we achieve so much is because of the community engagement work done by our Community Development worker Suyin Chan. Whether it's through identifying needs and opportunities in the community that are not being met, or through important liaison work, Suyin's commitment is continually bringing people together and closer to their **Community Bank**[®] branch – a role that is vital to the successful implementation of big ideas, and when it's time to bring grass roots community support into play.

These projects are valued by our community and are proactive ways in which we identify and meet the developing needs of our community, creating bigger opportunities for everyone.

I would like to extend my sincere thanks to my colleagues in the corporate team, Suyin Chan and Lindy Schneider. Without their dedication and commitment to our community, the potential of our enterprise would be greatly diminished.



Geoff Vickers
Executive Officer

Directors' report

For the financial year ended 30 June 2015

Your Directors present their report of the company for the financial year ended 30 June 2015.

Directors

The following persons were Directors of Upper Yarra Community Enterprise Limited during or since the end of the financial year up to the date of this report:

| Name and position held | Qualifications | Experience and other Directorships |
|--|--|---|
| Mr P Kimberley Appointed 19/04/2010 Chairman | BSc (Melb) Post Grad qualification from IAFFA | Peter has more than 30 years experience in Funds Management & Superannuation. Previously a Director of various property management and consultancy companies. |
| Mr G M Vickers Appointed 29/10/1999 Company Secretary | Cert III Financial Services Cert IV Community Services Cert IV Training & Assessmt Cert in Corporate Governance | Geoff was a member of the Steering Committee and is currently employed as Executive Officer. He previously operated his own business in Horticultural Crop Protection for 15 years. |
| Mr R J Woods Appointed 22/03/2006 Resigned 27/11/2014 Director | | Rodney is past President of Warburton-Millgrove Football Club and is an owner-operator of two businesses employing 15 local people. |
| Ms E R Fox Appointed 22/03/2006 Director | Master of Teacher in Special Education | Elizabeth is co-ordinating the Education Support Department at Tintern Girls Grammar. She previously worked at Upper Yarra Secondary College for 18 years. |
| Mrs J D Hall Appointed 18/09/2007 Director | | Jaqui chaired the Yarra Junction Steering Committee & previously operated her own business. Prior to that she was Bursar/Administrator at Warburton Primary School. |
| Mrs S Forbes Appointed 18/01/2012 Director | Bachelor of Social Work Cert IV Training & Assessmt | Sarah has worked as a Community Development Officer for Yarra Ranges Council and Community Health Services, specialising in the area of disability. |
| Mr J C Child Appointed 25/11/2013 Director Deputy Chairman | | Jim is currently a Councillor at Yarra Ranges Council, and is an owner/operator of a local company. He has had involvement in a number of local community groups. |

Directors' report (continued)

Directors (continued)

| Name and position held | Qualifications | Experience and other Directorships |
|--|---|---|
| Mr C J Brown Appointed 25/11/2013 Director | Degree in Economics Member of CPA | Chris is CEO of Kooyong Lawn Tennis Club and was a Director of Board of Billanook College from 1991-2011. He is involved in a number of local community sporting bodies. |
| Mr M F Jansen Appointed 25/11/2013 Director | Masters in Applied Science Bachelor of Theology | Michael is General Manager of EACH Social & Community Health. He is also a member of Yarra Ranges Health & Wellbeing Advisory Committee and has interests in community development. |
| Mrs B J McConachy Appointed 25/11/2013 Director | | Joy has been involved in many community and sporting groups and has served as president of school council. She is a member of the discussion group Women in Primary Industry. |

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

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

Principal activities

The principal activities of the company during the course of the financial year were in providing **Community Bank**[®] branch 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.

Review of operations

The profit of the company for the financial year after provision for income tax was \$104,439 (2014 profit: \$134,317), which is a 22.25% decrease as compared with the previous year. The decrease is partly due to a \$29,885 increase in Repairs and maintenance.

The net assets of the company have decreased to \$1,495,024 (2014: \$1,506,400). The decrease is due to the amount of dividend paid exceeding the net profit after tax for the year.

Dividends

Dividends paid or declared since the start of the financial year.

| | Year ended 30 June 2015 | |
|--|-------------------------|---------|
| | Cents per share | \$ |
| Dividends paid in the year (final dividend): | 6 | 115,815 |

Directors' report (continued)

Options

No options over issued shares were granted during or since the end of the financial year and there were no options outstanding as at the date of this report.

Significant changes in the state of affairs

No significant changes in the company's state of affairs occurred during the financial year.

Events subsequent to the end of the reporting period

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

Remuneration report

Remuneration policy

The remuneration policy of Upper Yarra Community Enterprises limited has been designed to align key management personnel (KMP) objectives with shareholder and business objectives. The Board believe the remuneration policy to be appropriate and effective.

Director positions are held on a voluntary basis and Directors are not remunerated for their services.

Remuneration benefits and payments

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.

The Upper Yarra Community Enterprise Limited has not accepted the Bendigo and Adelaide Bank Limited's **Community Bank**[®] Directors Privileges package. The package is available to all Directors who can elect to avail themselves of the benefits based on their personal banking with the branch. There is no requirement to own Bendigo and Adelaide Bank Limited shares and there is no qualification period to qualify to utilise the benefits. The package mirrors the benefits currently available to Bendigo and Adelaide Bank Limited shareholders. The Directors have estimated the total benefits received from the Directors Privilege Package to be \$NIL for the year ended 30 June 2015.

Indemnifying Officers or Auditor

The company has agreed to indemnify each Officer (Director, Secretary or employee) out of assets of the company to the relevant extent against any liability incurred by that person arising out of the discharge of their duties, except where the liability arises out of conduct involving dishonesty, negligence, breach of duty or the lack of good faith. The company also has Officers Insurance for the benefit of Officers of the company against any liability occurred by the Officer, which includes the Officer's liability for legal costs, in or arising out of the conduct of the business of the company or in or arising out of the discharge of the Officer's duties.

Disclosure of the nature of the liability and the amount of the premium is prohibited by the confidentiality clause of the contract of insurance. The company has not provided any insurance for an Auditor of the company.

Directors' report (continued)

Directors' meetings

The number of Directors' meetings held during the year was 13. Attendances by each Director during the year were as follows:

| Director | Board meetings # | Audit Committee meetings # |
|-------------------|------------------|----------------------------|
| Mr P Kimberley | 13 (13) | 9 (11) |
| Mr G M Vickers | 13 (13) | 11 (11) |
| Mr R J Woods | 1 (6) | N/A |
| Ms E R Fox | 7 (13) | N/A |
| Mrs J D Hall | 10 (13) | N/A |
| Mrs S Forbes | 9 (13) | N/A |
| Mr J C Child | 12 (13) | 8 (11) |
| Mr C J Brown | 9 (13) | N/A |
| Mr M F Jannsen | 9 (13) | N/A |
| Mrs B J McConachy | 5 (13) | 7 (11) |

The first number is the meetings attended while in brackets is the number of meetings eligible to attend.
N/A - not a member of that Committee.

Likely developments

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

Environmental regulations

The company is not subject to any significant environmental regulation.

Proceedings on behalf of company

No person has applied for leave of court to bring proceedings on behalf of the company or 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 any part of those proceedings. The company was not a party to any such proceedings during the year.

Company Secretary

Mr G M Vickers has been the Company secretary of Upper Yarra Community Enterprise Ltd since 2002. He holds qualifications in Financial and Community services. He operated his own crop spraying business for 10 years until he sold the business in 2004. Prior to commencing his business he was Operations Manager for Muirfield Plant Protection.

Auditor independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set at page 13 of this financial report. No Officer of the company is or has been a partner of the Auditor of the company.

Signed in accordance with a resolution of the Board of Directors at Warburton on 21 September 2015.



Peter Kimberley
Director/Chairman

Auditor's independence declaration



**Richmond
Sinnott &
Delahunty**

Chartered Accountants

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Auditor's Independence Declaration under section 307C of the Corporations Act 2001 to the Directors of Upper Yarra Community Enterprise Limited

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2015 there has been no contraventions of:

- (i) the Auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

RICHMOND SINNOTT & DELAHUNTY
Chartered Accountants

Kathie Teasdale
Partner
Bendigo

Dated at Bendigo, 30th September 2015

Financial statements

Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2015

| | Note | 2015 \$ | 2014 \$ |
|--|------|----------------|----------------|
| Revenue | 2 | 1,914,736 | 1,896,657 |
| Employee benefits expense | 3 | (881,788) | (860,400) |
| Depreciation and amortisation expense | 3 | (47,860) | (53,115) |
| Finance costs | 3 | (146) | (65) |
| Bad and doubtful debts expense | 3 | (2,203) | (2,265) |
| Rental expense | | (35,355) | (33,990) |
| Other expenses | 3 | (416,084) | (408,516) |
| Operating profit before charitable donations and sponsorships | | 531,300 | 538,306 |
| Charitable donations and sponsorships | | (382,577) | (355,362) |
| Profit before income tax | | 148,723 | 182,944 |
| Tax expense | 4 | 44,284 | 48,627 |
| Profit for the year | | 104,439 | 134,317 |
| Other comprehensive income | | - | - |
| Total comprehensive income for the year | | 104,439 | 134,317 |
| Total comprehensive income attributable to: | | | |
| Members of the company | | - | - |
| Total | | 104,439 | 134,317 |
| Earnings per share (cents per share) | | | |
| - basic earnings per share | 23 | 5.41 | 6.96 |

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of Financial Position as at 30 June 2015

| | Note | 2015 \$ | 2014 \$ |
|--------------------------------------|------|------------------|------------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 6 | 291,622 | 333,227 |
| Investments | 7 | 532,989 | 500,062 |
| Trade and other receivables | 8 | 189,814 | 195,806 |
| Total current assets | | 1,014,425 | 1,029,095 |
| Non-current assets | | | |
| Property, plant and equipment | 9 | 646,549 | 679,240 |
| Intangible assets | 10 | 35,748 | 50,917 |
| Total non-current assets | | 682,297 | 730,157 |
| Total assets | | 1,696,722 | 1,759,252 |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | 11 | 74,519 | 129,136 |
| Current tax payable | 14 | 5,826 | 1,008 |
| Loans and borrowings | 12 | 670 | 510 |
| Provisions | 13 | 107,602 | 117,007 |
| Total current liabilities | | 188,617 | 247,661 |
| Non current liabilities | | | |
| Provisions | 13 | 13,081 | 5,191 |
| Total non current liabilities | | 13,081 | 5,191 |
| Total liabilities | | 201,698 | 252,852 |
| Net assets | | 1,495,024 | 1,506,400 |
| Equity | | | |
| Issued capital | 15 | 1,113,506 | 1,113,506 |
| Retained earnings | 16 | 381,518 | 392,894 |
| Total equity | | 1,495,024 | 1,506,400 |

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of Changes in Equity for the year ended 30 June 2015

| | Note | Issued capital \$ | Retained earnings \$ | Total equity \$ |
|--|------|-------------------------|----------------------------|-----------------------|
| Balance at 1 July 2013 | | 1,113,506 | 384,043 | 1,497,549 |
| Profit for the year | | - | 134,317 | 134,317 |
| Total comprehensive income for the year | | - | 134,317 | 134,317 |
| Transactions with owners, in their capacity as owners | | | | |
| Dividends paid or provided | 24 | - | (125,466) | (125,466) |
| Balance at 30 June 2014 | | 1,113,506 | 392,894 | 1,506,400 |
| Balance at 1 July 2014 | | 1,113,506 | 392,894 | 1,506,400 |
| Profit for the year | | - | 104,439 | 104,439 |
| Total comprehensive income for the year | | - | 104,439 | 104,439 |
| Transactions with owners, in their capacity as owners | | | | |
| Dividends paid or provided | 24 | - | (115,815) | (115,815) |
| Balance at 30 June 2015 | | 1,113,506 | 381,518 | 1,495,024 |

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of Cash Flows for the year ended 30 June 2015

| | Note | 2015 \$ | 2014 \$ |
|--|-----------|------------------|------------------|
| Cash flows from operating activities | | | |
| Receipts from customers | | 2,084,138 | 2,061,208 |
| Payments to suppliers and employees | | (1,962,079) | (1,904,774) |
| Dividend revenue received | | 19,558 | 15,639 |
| Interest received | | 4,972 | 5,371 |
| Income tax paid | | (39,466) | (66,543) |
| Borrowing costs | | (146) | - |
| Net cash provided by/(used in) operating activities | 16 | 106,977 | 110,901 |
| Cash flows from investing activities | | | |
| Purchase of investments | | (32,927) | (15,639) |
| Net cash flows from/(used in) investing activities | | (32,927) | (15,639) |
| Cash flows from financing activities | | | |
| Proceeds from borrowings | | 160 | 151 |
| Dividends paid | | (115,815) | (125,466) |
| Net cash provided by/(used in) financing activities | | (115,655) | (125,315) |
| Net increase/(decrease) in cash held | | (41,605) | (30,053) |
| Cash and cash equivalents at beginning of financial year | | 333,227 | 363,280 |
| Cash and cash equivalents at end of financial year | 6 | 291,622 | 333,227 |

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2015

These financial statements and notes represent those of Upper Yarra Community Enterprise Limited.

Upper Yarra Community Enterprise Limited ('the company') is a company limited by shares, incorporated and domiciled in Australia.

The financial statements were authorised for issue by the Directors on 14 September 2015.

Note 1. Summary of significant accounting policies

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. The company is a for profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non current assets, financial assets and financial liabilities.

Economic dependency

The company has entered into a franchise agreement with Bendigo and Adelaide Bank Limited that governs the management of the **Community Bank**[®] branches at Warburton and Yarra Junction.

The branches operate 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**[®] branches on behalf of Bendigo and Adelaide Bank Limited, however all transactions with customers conducted through the **Community Bank**[®] branches are effectively conducted between the customers and Bendigo and Adelaide Bank Limited.

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

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

- Advice and assistance in relation to the design, layout and fit out of the **Community Bank**[®] branch;
- Training for the Branch Managers and other employees in banking, management systems and interface protocol;

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Economic dependency (continued)

- 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
- Sale techniques and proper customer relations.

(b) Income tax

The income tax expense / (income) for the year comprises current income tax expense / (income) and deferred tax expense / (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities/ (assets) are measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Deferred income tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

(c) Fair value of assets and liabilities

The company may measure some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the company would receive to sell an assets or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair value of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(d) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated, less, where applicable, any accumulated depreciation and impairment losses.

Property

Freehold land and buildings are measured at cost and therefore are carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of land and buildings is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised in profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present.

The carrying amount of land and buildings is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal.

Plant and equipment

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised in profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount of these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including buildings, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable asset are:

| Class of asset | Depreciation rate |
|------------------------|--------------------------|
| Buildings | 2.5% |
| Leasehold improvements | 7.5 - 18.75% |
| Plant and equipment | 10 - 25% |

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(d) Property, plant and equipment (continued)

Depreciation (continued)

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

(e) Impairment of assets

At the end of each reporting period, the company assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less cost to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard. Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

(f) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(g) Employee benefits

Short-term employee benefits

Provision is made for the company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The company's obligations for short-term employee benefits such as wages and salaries are recognised as part of current trade and other payables in the statement of financial position. The company's obligation for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(g) Employee benefits (continued)

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurement for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The company's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the company does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

(h) Intangible assets and franchise fees

Establishment costs have been initially recorded at cost and amortised on a straight line basis at a rate of 20% per annum. The current amortisation charges for intangible assets are included under depreciation and amortisation expense in the Statement of Profit or Loss and Other Comprehensive Income.

(i) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are reported within short-term borrowings in current liabilities in the statement of financial position.

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.

(j) Revenue and other income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any discounts and volume rebates allowed. Revenue comprises service commissions and other income received by the company.

Interest, dividend and fee revenue is recognised when earned.

All revenue is stated net of the amount of goods and services tax (GST).

(k) Trade and other receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(l) Trade and other payables

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(m) Borrowing costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

(n) New and amended accounting policies adopted by the company

There are no new and amended accounting policies that have been adopted by the company this financial year.

(o) New accounting standards for application in future periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the company.

The company has decided not to early adopt any of the new and amended pronouncements. The company's assessment of the new and amended pronouncements that are relevant to the company but applicable in the future reporting periods is set below:

(i) AASB 9 Financial Instruments and associated Amending Standards (applicable for annual reporting periods beginning on or after 1 January 2018)

This Standard will be applicable retrospectively and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

The key changes that may affect the company on initial application include certain simplifications to the classification of financial assets.

Although the Directors anticipate that the adoption of AASB 9 may have an impact on the company's financial instruments, it is impractical at this stage to provide a reasonable estimate of such impact.

(ii) AASB 15: Revenue from Contracts with Customers (applicable for annual reporting periods commencing on or after 1 January 2017)

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with customers;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(o) New accounting standards for application in future periods (continued)

(ii) AASB 15: Revenue from Contracts with Customers (applicable for annual reporting periods commencing on or after 1 January 2017) (continued)

This Standard will require retrospective restatement, as well as enhanced disclosure regarding revenue.

Although the Directors anticipate that the adoption of AASB 15 may have an impact on the company's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

(p) Loans and borrowings

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

(q) Provisions

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which is probable that the outflow of economic benefits will result and the outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

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.

(r) Share capital

Issued and paid up capital is 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.

(s) Comparative figures

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

(t) Critical accounting estimates and judgements

The Directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company. Estimates and judgements are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The estimates and judgements that have a significant risk of causing material adjustments to the carrying values of assets and liabilities are as follows:

Estimation of useful lives of assets

The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and intangible assets. The depreciation and amortisation charge will increase where useful lives are less than previously estimated lives.

Employee benefits provision

Assumptions are required for wage growth and CPI movements. The likelihood of employees reaching unconditional service is estimated. The timing of when employee benefit obligations are to be settled is also estimated.³

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(t) Critical accounting estimates and judgements (continued)

Income tax

The company is subject to income tax. Significant judgement is required in determining the deferred tax asset. Deferred tax assets are recognised only when it is considered sufficient future profits will be generated. The assumptions made regarding future profits is based on the company's assessment of future cash flows.

Impairment

The company assesses impairment at the end of each reporting period by evaluating conditions and events specific to the company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value in use calculations which incorporate various key assumptions.

(u) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (ie trade date accounting is adopted). Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to the profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method or cost.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discount estimated future cash payments or receipts over the expected life (or where this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in the profit or loss.

(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. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(ii) Financial liabilities

Non derivative financial liabilities are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(u) Financial instruments (continued)

Impairment

A financial asset (or group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a “loss event”) having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency on interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial asset is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the company recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

Derecognition

Financial assets are derecognised when the contractual rights to receipt of cash flows expire 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. Financial liabilities are derecognised when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

| | 2015 \$ | 2014 \$ |
|---|------------------|------------------|
| Note 2. Revenue and other income | | |
| Revenue | | |
| - services commissions | 1,878,493 | 1,860,429 |
| - other | 11,713 | 15,218 |
| | 1,890,206 | 1,875,647 |
| Other revenue | | |
| - interest received | 4,972 | 5,371 |
| - other revenue | 19,558 | 15,639 |
| | 24,530 | 21,010 |
| Total Revenue | 1,914,736 | 1,896,657 |

Notes to the financial statements (continued)

| | 2015 \$ | 2014 \$ |
|-------------------------------------|----------------|----------------|
| Note 3. Expenses | | |
| Employee benefits expense | | |
| - wages and salaries | 763,437 | 758,616 |
| - superannuation costs | 70,155 | 78,415 |
| - workers compensation costs | 3,407 | 2,758 |
| - other costs | 44,789 | 20,611 |
| | 881,788 | 860,400 |
| Depreciation of non-current assets: | | |
| - plant and equipment | 16,212 | 19,686 |
| - buildings | 16,479 | 17,343 |
| Amortisation of non-current assets: | | |
| - intangible assets | 15,169 | 16,086 |
| | 47,860 | 53,115 |
| Finance costs: | | |
| - Interest paid | 146 | 65 |
| Bad debts | 2,203 | 2,265 |
| Other expenses | | |
| - consultancy | 42,855 | 47,087 |
| - insurance | 20,898 | 22,084 |
| - printing and stationery | 19,716 | 18,864 |
| - IT equipment Lease | 30,061 | 31,486 |
| - IT running costs | 17,509 | 17,509 |
| - IT support costs | 21,658 | 23,891 |
| - electricity and gas | 13,299 | 14,580 |
| - repairs and maintenance | 36,485 | 6,600 |
| - rates | 8,710 | 9,906 |
| - telephone | 17,559 | 16,310 |
| - marketing | 37,658 | 32,167 |
| - other | 149,676 | 168,032 |
| | 416,084 | 408,516 |

Notes to the financial statements (continued)

| | 2015 \$ | 2014 \$ |
|--|------------|------------|
|--|------------|------------|

Note 4. Tax expense

a. The components of tax expense/(income) comprise

| | | |
|--|---------------|---------------|
| - current tax expense/(income) | 44,284 | 49,387 |
| - adjustments for under/(over)-provision of current income tax of previous years | - | (760) |
| | 44,284 | 48,627 |

b. The prima facie tax on profit/(loss) from ordinary activities before income tax is reconciled to the income tax expense as follows:

| | | |
|---|---------------|---------------|
| Prima facie tax on profit/(loss) before income tax at 30% (2014: 30%) | 44,617 | 54,883 |
| Add tax effect of: | | |
| - Adjustments in respect of current income tax of previous year | - | (760) |
| - Utilisation of previously unrecognised carried forward tax losses | - | - |
| - Imputation credits | (3,562) | (3,264) |
| - Non-deductible expenses | 3,229 | (2,232) |
| Current income tax expense | 44,284 | 48,627 |
| Income tax attributable to the entity | 44,284 | 48,627 |
| The applicable weighted average effective tax rate is | 29.78% | 26.58% |

The applicable income tax rate is the Australian Federal tax rate of 30% (2014: 30%) applicable to Australian resident companies.

Note 5. Auditors' remuneration

Remuneration of the Auditor for:

| | | |
|--|--------------|--------------|
| - Audit or review of the financial report | 3,930 | 4,800 |
|--|--------------|--------------|

Note 6. Cash and cash equivalents

| | | |
|--------------------------|----------------|----------------|
| Cash at bank and on hand | 173,920 | 218,931 |
| Short-term bank deposits | 117,702 | 114,296 |
| | 291,622 | 333,227 |

The effective interest rate on short-term bank deposits was 2.9% (2014: 3.2%); these deposits have an average maturity of 90 days.

Notes to the financial statements (continued)

| | 2015 | 2014 |
|----------------------------|----------------|----------------|
| | \$ | \$ |
| Note 7. Investments | | |
| Listed shares at cost | 149,679 | 141,368 |
| Managed Investment at cost | 333,440 | 322,193 |
| Hydro project at cost | 36,501 | 36,501 |
| Caravan park project | 13,369 | - |
| | 532,989 | 500,062 |

Quoted market value at balance date of investments listed on a prescribed stock exchange was \$160,422 (2014: \$151,646). Listed shares are readily saleable with no fixed term. There would be no material capital gain if these assets were sold at reporting date.

| | 2015 | 2014 |
|---|----------------|----------------|
| | \$ | \$ |
| Note 8. Trade and other receivables | | |
| Current | | |
| Trade receivables | 168,823 | 172,058 |
| Other assets | 991 | 3,748 |
| Unsecured loan to Warburton Visitors Information Centre Pty Ltd | 20,000 | 20,000 |
| | 189,814 | 195,806 |

Credit risk

The main source of credit risk relates to a concentration of trade receivables owing by Bendigo and Adelaide Bank Limited, which is the source of the majority of the company's income.

The following table details the company's trade and other receivables exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as "past due" when the debt has not been settled, within the terms and conditions agreed between the company and the customer or counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the company.

The balances of receivables that remain within initial trade terms (as detailed in the table below) are considered to be high credit quality.

Notes to the financial statements (continued)

Note 8. Trade and other receivables (continued)

Credit risk (continued)

| | Gross amount | Past due and impaired | Past due but not impaired | | | Not past due |
|-------------------|----------------|-----------------------|---------------------------|------------|-----------|----------------|
| | | | < 30 days | 31-60 days | > 60 days | |
| 2015 | | | | | | |
| Trade receivables | 168,823 | - | - | - | - | 168,823 |
| Other receivables | 991 | - | - | - | - | 991 |
| Unsecured loans | 20,000 | - | - | - | - | 20,000 |
| Total | 189,814 | - | - | - | - | 189,814 |
| 2014 | | | | | | |
| Trade receivables | 172,058 | - | - | - | - | 172,058 |
| Other receivables | 3,748 | - | - | - | - | 3,748 |
| Unsecured loans | 20,000 | - | - | - | - | 20,000 |
| Total | 195,806 | - | - | - | - | 195,806 |

2015
\$

2014
\$

Note 9. Property, plant and equipment

Land

| | | |
|---------|---------|---------|
| At cost | 200,000 | 200,000 |
|---------|---------|---------|

Buildings

| | | |
|---------|---------|---------|
| At cost | 348,611 | 348,611 |
|---------|---------|---------|

| | | |
|-------------------------------|----------|----------|
| Less accumulated depreciation | (77,877) | (69,162) |
|-------------------------------|----------|----------|

| | | |
|--|----------------|----------------|
| | 270,734 | 279,449 |
|--|----------------|----------------|

Leasehold improvements

| | | |
|---------|---------|---------|
| At cost | 166,430 | 166,430 |
|---------|---------|---------|

| | | |
|-------------------------------|----------|----------|
| Less accumulated depreciation | (83,640) | (75,876) |
|-------------------------------|----------|----------|

| | | |
|--|---------------|---------------|
| | 82,790 | 90,554 |
|--|---------------|---------------|

Fixtures and fittings

| | | |
|---------|---------|---------|
| At cost | 139,857 | 139,857 |
|---------|---------|---------|

| | | |
|-------------------------------|----------|----------|
| Less accumulated depreciation | (81,148) | (71,791) |
|-------------------------------|----------|----------|

| | | |
|--|---------------|---------------|
| | 58,709 | 68,066 |
|--|---------------|---------------|

Notes to the financial statements (continued)

| | 2015 \$ | 2014 \$ |
|---|----------------|----------------|
| Note 9. Property, plant and equipment (continued) | | |
| Plant and equipment | | |
| At cost | 138,436 | 138,436 |
| Less accumulated depreciation | (104,120) | (97,265) |
| | 34,316 | 41,171 |
| Total written down amount | 646,549 | 679,240 |
| Movements in carrying amounts | | |
| Land | | |
| Balance at the beginning of the reporting period | 200,000 | 200,000 |
| Balance at the end of the reporting period | 200,000 | 200,000 |
| Buildings | | |
| Balance at the beginning of the reporting period | 279,449 | 288,164 |
| Depreciation expense | (8,715) | (8,715) |
| Balance at the end of the reporting period | 270,734 | 279,449 |
| Leasehold improvements | | |
| Balance at the beginning of the reporting period | 90,554 | 99,182 |
| Depreciation expense | (7,764) | (8,628) |
| Balance at the end of the reporting period | 82,790 | 90,554 |
| Fixtures and fittings | | |
| Balance at the beginning of the reporting period | 68,066 | 79,037 |
| Depreciation expense | (9,357) | (10,971) |
| Balance at the end of the reporting period | 58,709 | 68,066 |
| Plant and equipment | | |
| Balance at the beginning of the reporting period | 41,171 | 49,886 |
| Depreciation expense | (6,855) | (8,715) |
| Balance at the end of the reporting period | 34,316 | 41,171 |

Note 10. Intangible assets

Franchise fee

| | | |
|-------------------------------|---------------|---------------|
| At cost | 69,221 | 80,432 |
| Less accumulated amortisation | (33,473) | (29,515) |
| | 35,748 | 50,917 |

Notes to the financial statements (continued)

| | 2015 \$ | 2014 \$ |
|---|---------------|---------------|
| Note 10. Intangible assets (continued) | | |
| Preliminary expenses | | |
| At cost | - | 8,454 |
| Less accumulated amortisation | - | (8,454) |
| | - | - |
| Total intangible assets | 35,748 | 50,917 |
| Movements in carrying amounts | | |
| Franchise fee | | |
| Balance at the beginning of the reporting period | 50,917 | 67,003 |
| Additions | - | - |
| Disposals | - | - |
| Amortisation expense | (15,169) | (16,086) |
| Balance at the end of the reporting period | 35,748 | 50,917 |

Note 11. Trade and other payables

Current

Unsecured liabilities:

| | | |
|------------------------------|---------------|----------------|
| Trade creditors | 18,243 | 17,193 |
| Other creditors and accruals | 56,276 | 111,943 |
| | 74,519 | 129,136 |

The average credit period on trade and other payables is one month.

Note 12. Borrowings

Current

Secured liabilities

| | | |
|-------------|------------|------------|
| Loan | 670 | 510 |
|-------------|------------|------------|

The loan is secured by a charge over the freehold title for which the loan was incurred. Interest is recognised at a fixed rate of 6.4% (2014: 6.9%)

Notes to the financial statements (continued)

| | 2015 \$ | 2014 \$ |
|--------------------------------------|----------------|----------------|
| Note 13. Provisions | | |
| Employee benefits | 120,683 | 122,198 |
| Movement in employee benefits | | |
| Opening balance | 122,198 | 139,163 |
| Additional provisions recognised | 29,380 | 23,367 |
| Amounts utilised during the year | (30,895) | (40,332) |
| Closing balance | 120,683 | 122,198 |
| Current | | |
| Annual leave | 64,421 | 59,668 |
| Long-service leave | 43,181 | 57,339 |
| | 107,602 | 117,007 |
| Non-current | | |
| Long-service leave | 13,081 | 5,191 |
| | 13,081 | 5,191 |
| Total provisions | 120,683 | 122,198 |

Provision for employee benefits

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience the company does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the company does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

| | 2015 \$ | 2014 \$ |
|------------------------------|--------------|--------------|
| Note 14. Tax balances | | |
| (a) Tax liabilities | | |
| Current | | |
| Income tax payable | 5,826 | 1,008 |
| | 5,826 | 1,008 |

Notes to the financial statements (continued)

| | 2015 \$ | 2014 \$ |
|--|------------------|------------------|
| Note 15. Share capital | | |
| 400,000 Ordinary shares fully paid | 400,000 | 400,000 |
| 800,000 Bonus shares issued for no consideration | | - |
| 730,250 Ordinary shares fully paid | 730,250 | 730,250 |
| Less: Equity raising costs | (16,744) | (16,744) |
| | 1,113,506 | 1,113,506 |
| Movements in share capital | | |
| Fully paid ordinary shares: | | |
| At the beginning of the reporting period | 1,113,506 | 1,113,506 |
| At the end of the reporting period | 1,113,506 | 1,113,506 |

- 800,000 shares were issued on 7 November 2007 as a bonus at the ratio of 2:1
- 730,250 shares were issued on 13 February 2008 to raise additional capital.

Ordinary shares participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held. At the shareholders' meetings each shareholder is entitled to one vote when a poll is called, or on a show of hands. The company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid. All shares rank equally with regard to the company's residual assets.

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 Statement of Financial Position.

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 company 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 can be seen in the Statement of Profit or Loss and Comprehensive Income.

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

Notes to the financial statements (continued)

| | 2015 | 2014 |
|---|----------------|----------------|
| | \$ | \$ |
| Note 16. Retained earnings | | |
| Balance at the beginning of the reporting period | 392,894 | 384,043 |
| Profit after income tax | 104,439 | 134,317 |
| Dividends | (115,815) | (125,466) |
| Balance at the end of the reporting period | 381,518 | 392,894 |

Note 17. Statement of cash flows

Reconciliation of cash flow from operations with profit after income tax

| | | |
|---|----------------|----------------|
| Profit after income tax | 104,439 | 134,317 |
| Non cash flows in profit | | |
| - Depreciation | 32,691 | 37,029 |
| - Amortisation | 15,169 | 16,086 |
| Changes in assets and liabilities | | |
| - (Increase) decrease in receivables | 5,992 | (482) |
| - (Increase) decrease in current tax liability | 4,818 | (17,917) |
| - Increase (decrease) in payables | (54,617) | (41,166) |
| - Increase (decrease) in provisions | (1,515) | (16,966) |
| Net cash flows from/(used in) operating activities | 106,977 | 110,901 |

Credit standby arrangement and loan facilities

The company has a bank overdraft and commercial bill facility amounting to \$75,576 (2014: \$92,914). This may be terminated at any time at the option of the Bank. At 30 June 2015, \$670 of this facility was used (2014: \$510). Variable interest rates apply to these overdraft and bill facilities.

Note 18. Related party transactions

The company's main related parties are as follows:

(a) Key management personnel

Any person(s) having authority or responsibility for planning, directing or controlling the activities of the entity, directly or indirectly including any Director (whether executive or otherwise) of that company is considered key management personnel.

Notes to the financial statements (continued)

Note 18. Related party transactions (continued)

(a) Key management personnel (continued)

The totals of remuneration paid to key management personnel of the company during the year are as follows:

| | 2015 \$ | 2014 \$ |
|---|------------|------------|
| Short-term employee benefits | 83,920 | 86,411 |
| Post-employment benefits | 7,972 | 7,477 |
| Other long-term benefits | 1,708 | 1,622 |
| Total key management personnel compensation | 93,600 | 95,510 |

Short-term employee benefits

These amounts include fees and benefits paid to the company Secretary as well as all salary, and paid leave benefits.

Post-employment benefits

These amounts are the current year's cost of providing the company's superannuation contributions made during the year.

Other long-term benefits

These amounts represent long service leave benefits accruing during the year.

(b) Other related parties

Other related parties include close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel, individually or collectively with their close family members.

(c) Transactions with key management personnel and related parties

Other than detailed below, no key management personnel or related party has entered into any contracts with the company. No Director fees have been paid as the positions are held on a voluntary basis.

The Upper Yarra Community Enterprise Limited has not accepted the Bendigo and Adelaide Bank Limited's **Community Bank**[®] Directors Privileges package. The package is available to all Directors who can elect to avail themselves of the benefits based on their personal banking with the branch. There is no requirement to own Bendigo and Adelaide Bank Limited shares and there is no qualification period to qualify to utilise the benefits.

(d) Key management personnel shareholdings

The number of ordinary shares in Upper Yarra Community Enterprise Limited held by each key management personnel of the company during the financial year is as follows:

| | 2015 | 2014 |
|----------------|--------|--------|
| Mr P Kimberley | 15,000 | 15,000 |
| Mr G M Vickers | 2,000 | 2,000 |
| Mr R J Woods | 1,000 | 1,000 |

Notes to the financial statements (continued)

Note 18. Related party transactions (continued)

(d) Key management personnel shareholdings (continued)

| | 2015 | 2014 |
|-------------------|---------------|---------------|
| Ms E R Fox | - | - |
| Mrs J D Hall | 30,000 | 30,000 |
| Mrs S Forbes | - | - |
| Mr J C Child | - | - |
| Mr C J Brown | - | - |
| Mr M F Janssen | - | - |
| Mrs B J McConachy | 10,000 | 10,000 |
| | 58,000 | 58,000 |

There was no movement in key management personnel shareholdings during the year. Each share held has a paid up value of \$1 and is fully paid.

(e) Other key management transactions

There has been no other transactions involving equity instruments other than those described above.

Note 19. Events after the reporting period

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

Note 20. Contingent liabilities and contingent assets

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

Note 21. Operating segments

The company operates in the financial services sector where it provides banking services to its clients. The company operates in one geographic area being Warburton, Victoria. The company has a franchise agreement in place with Bendigo and Adelaide Bank Limited who account for 100% of the revenue (2014: 100%).

Note 22. Company details

The registered office and principle place of business is: 3389 Warburton Highway
Warburton Vic 3799

Notes to the financial statements (continued)

| | 2015 \$ | 2014 \$ |
|--|------------|------------|
|--|------------|------------|

Note 23. Earnings per share

Basic earnings per share amounts are calculated by dividing profit / (loss) after income tax by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing profit / (loss) after income tax by the weighted average number of ordinary shares outstanding during the year (adjusted for the effects of any dilutive options or preference shares).

There were no options or preference shares on issue during the year.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

| | | |
|--|------------------|------------------|
| Profit/(loss) after income tax expense | 104,439 | 134,317 |
| Weighted average number of ordinary shares for basic and diluted earnings per share | 1,930,250 | 1,930,250 |

Note 24. Dividends paid or provided for on ordinary shares

Dividends paid or provided for during the year

| | | |
|--|----------------|----------------|
| Final fully franked ordinary dividend of 6 cents per share (2014:6.5) franked at the tax rate of 30% (2014: 30%). | 115,815 | 125,466 |
|--|----------------|----------------|

Note 25. Financial risk management

The company's financial instruments consist mainly of deposits with banks, short term investments, account receivables and payables, bank overdraft and loans. The totals for each category of financial instruments measured in accordance with AASB 139 Financial Instruments: Recognition and Measurement as detailed in the accounting policies are as follows:

| | Note | 2015 \$ | 2014 \$ |
|------------------------------------|------|------------------|------------------|
| Financial assets | | | |
| Cash and cash equivalents | 6 | 291,622 | 333,227 |
| Investments | 7 | 532,989 | 500,062 |
| Trade and other receivables | 8 | 189,814 | 195,806 |
| Total financial assets | | 1,014,425 | 1,029,095 |
| Financial liabilities | | | |
| Trade and other payables | 11 | 74,519 | 129,136 |
| Borrowings | 12 | 670 | 510 |
| Total financial liabilities | | 75,189 | 129,646 |

Notes to the financial statements (continued)

Note 25. Financial risk management (continued)

Financial risk management policies

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established an Audit Committee which reports regularly to the Board. The Audit Committee is assisted in the area of risk management by an internal audit function.

Specific financial risk exposure and management

The main risks the company is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk and other price risk. There have been no substantial changes in the types of risks the company is exposed to, how the risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

(a) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the company.

Credit risk is managed through maintaining procedures ensuring, to the extent possible, that clients and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment. Credit terms for normal fee income are generally 30 days from the date of invoice. For fees with longer settlements, terms are specified in the individual client contracts. In the case of loans advanced, the terms are specific to each loan.

Credit risk exposures

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period is equivalent to the carrying amount and classification of those financial assets as presented in the statement of financial position.

The company has no significant concentrations of credit risk with Bendigo and Adelaide Bank Limited. The company's exposure to credit risk is limited to Australia by geographic area.

None of the assets of the company are past due (2014: nil past due) and based on historic default rates, the company believes that no impairment allowance is necessary in respect of assets not past due.

The company limits its exposure to credit risk by only investing in liquid securities with Bendigo and Adelaide Bank Limited and therefore credit risk is considered minimal.

| | 2015 | 2014 |
|-----------------------------------|-------------|-------------|
| | \$ | \$ |
| Cash and cash equivalents: | | |
| A rated | 291,622 | 333,227 |

(b) Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company ensures it will have enough liquidity to meet its liabilities when due under both normal and stressed conditions. Liquidity management is carried out within the guidelines set by the Board.

Typically, the company maintains sufficient cash on hand to meet expected operational expenses, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Notes to the financial statements (continued)

Note 25. Financial risk management (continued)

(b) Liquidity risk (continued)

In addition the company has established an overdraft facility of \$75,576 with Bendigo and Adelaide Bank Limited.

The table below reflects an undiscounted contractual maturity analysis for financial liabilities.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward.

Financial liability and financial asset maturity analysis:

| 30 June 2015 | Note | Total \$ | Within 1 year \$ | 1 to 5 years \$ | Over 5 years \$ |
|--|------|------------------|------------------|-----------------|-----------------|
| Financial liabilities due for payment | | | | | |
| Trade and other payables | 11 | 74,519 | 74,519 | - | - |
| Loans and borrowings | 12 | 670 | 670 | - | - |
| Total expected outflows | | 75,189 | 75,189 | - | - |
| Financial assets - cash flows realisable | | | | | |
| Cash and cash equivalents | 6 | 291,622 | 291,622 | - | - |
| Investments | 7 | 532,989 | 532,989 | - | - |
| Trade and other receivables | 8 | 189,814 | 189,814 | - | - |
| Total anticipated inflows | | 1,014,425 | 1,014,425 | - | - |
| Net (outflow)/inflow on financial instruments | | 939,236 | 939,236 | - | - |

| 30 June 2014 | Note | Total \$ | Within 1 year \$ | 1 to 5 years \$ | Over 5 years \$ |
|--|------|----------------|------------------|-----------------|-----------------|
| Financial liabilities due for payment | | | | | |
| Trade and other payables | 11 | 129,136 | 129,136 | - | - |
| Loans and borrowings | 12 | 510 | 510 | - | - |
| Total expected outflows | | 129,646 | 129,646 | - | - |

Notes to the financial statements (continued)

Note 25. Financial risk management (continued)

(b) Liquidity risk (continued)

| 30 June 2014 | Note | Total \$ | Within 1 year \$ | 1 to 5 years \$ | Over 5 years \$ |
|--|------|------------------|------------------------|-----------------------|-----------------------|
| Financial assets - cash flows realisable | | | | | |
| Cash & cash equivalents | 6 | 333,227 | 333,227 | - | - |
| Investments | 7 | 500,062 | 500,062 | - | - |
| Trade and other receivables | 8 | 195,806 | 195,806 | - | - |
| Total anticipated inflows | | 1,029,095 | 1,029,095 | - | - |
| Net (outflow)/inflow on financial instruments | | 899,449 | 899,449 | - | - |

* The Bank overdraft has no set repayment period and as such all has been included as current.

(c) Market risk

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

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments.

The financial instruments that primarily expose the company to interest rate risk are borrowings and cash and cash equivalents.

Sensitivity analysis

The following table illustrates sensitivities to the company's exposures to changes in interest rates and equity prices. The table indicates the impact on how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible.

These sensitivities assume that the movement in a particular variable is independent of other variables.

| | Profit \$ | Equity \$ |
|--|--------------|--------------|
| Year ended 30 June 2015 | | |
| +/- 1% in interest rates (interest income) | 8,239 | 8,239 |
| | 8,239 | 8,239 |
| Year ended 30 June 2014 | | |
| +/- 1% in interest rates (interest income) | 8,328 | 8,328 |
| | 8,328 | 8,328 |

Notes to the financial statements (continued)

Note 25. Financial risk management (continued)

(c) Market risk (continued)

There have been no changes in any of the methods or assumptions used to prepare the above sensitivity analysis from the prior year.

The company has no exposure to fluctuations in foreign currency.

(d) Price risk

The company is not exposed to any material price risk.

Fair values

The fair values of financial assets and liabilities approximate the carrying values as disclosed in the Statement of Financial Position. Fair values is the amount at which an asset could be exchanged, or liability settled, between knowledgeable, willing parties in an arms length transaction. The company does not have any unrecognised financial instruments at year end.

Directors' declaration

In accordance with a resolution of the Directors of Upper Yarra Community Enterprise Limited, the Directors of the company declare that:

1. The financial statements and notes, as set out on pages 14 to 42 are in accordance with the Corporations Act 2001 and:
 - (i) comply with Australian Accounting Standards which, as stated in accounting policy Note 1(a) to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and
 - (ii) give a true and fair view of the company's financial position as at 30 June 2015 and of the performance for the year ended on that date;
2. In the Directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This resolution is made in accordance with a resolution of the Board of Directors.



Peter Kimberley
Director

Signed at Warburton on 21 September 2015.

Independent audit report



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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UPPER YARRA COMMUNITY ENTERPRISE LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Upper Yarra Community Enterprise Limited, which comprises the statement of financial position as at 30 June 2015, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the company at the year's end.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards (IFRS).

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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 the auditor's 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, the auditor considers internal control relevant to the company's preparation 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 company'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.

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

Independent audit report (continued)

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of Upper Yarra Community Enterprise Limited, would be in the same terms if provided to the directors as at the time of this auditor's report.

Auditor's Opinion

In our opinion:

- (a) the financial report of Upper Yarra Community Enterprise Limited is 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 2015 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- (b) the financial report also complies with the International Financial Reporting Standards as disclosed in Note 1.

RICHMOND SINNOTT & DELAHUNTY
Chartered Accountants



KATHIE TEASDALE
Partner

Dated at Bendigo, 30th September 2015

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Phone: (03) 5966 2122 Fax: (03) 5966 2144
www.bendigobank.com.au/warburton

Yarra Junction District **Community Bank**[®] Branch
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ABN: 54 090 252 627
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