

Upper Yarra Community Enterprises Limited
ABN: 54 090 252 627

Financial Report

For the year ended 30 June 2016

Upper Yarra Community Enterprises Limited

ABN 54 090 252 627

Directors' report

The Directors present their report of the company for the financial year ended 30 June 2016.

Directors

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

Peter Kimberley - Chairman	
Experience, expertise and qualifications.	Peter has more than 30 years experience in Funds Management & Superannuation. Previous Director of various property management and consultancy companies. BSc (Melb) Post Grad qualification from IAAPA
Geoff Vickers - Secretary	
Experience, expertise and qualifications.	Geoff was a member of the Steering Committee and is currently employed as Executive Of previously operated his own business in Horticultural Crop Protection for 15 years. Cert III Financial Services, Cert IV Community Services, Cert IV Training & Assessment, Cert in Corporate Governance.
Elizabeth Fox	
Experience, expertise and qualifications.	Elizabeth is co-ordinating the Education Support Department at Tintern Girls Grammar. She previously worked at Upper Yarra Secondary College for 18 years. Master of Teacher in Special Education.
Jaqui Hall	
Experience, expertise and qualifications.	Jaqui chaired the Yarra Junction Steering Committee & previously operated her own business that she was Bursar/Administrator at Warburton Primary School.
Jim Child	
Experience, expertise and qualifications.	Jim is currently a Councillor at Yarra Ranges Council, and is an owner/operator of a local club. He has had involvement in a number of local community groups.
Chris Brown	
Experience, expertise and qualifications.	Chris is CEO of Kooyong Lawn Tennis Club and was a Director of Board of Billanook College 2011. He is involved in a number of local community sporting bodies. Degree in Economics, Member of CPA

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Directors' report

Directors (continued)

Michael Jannsen	
Experience, expertise and qualifications.	Michael is General Manager of EACH Social & Community Health. He is also a member of Y Ranges Health & Wellbeing Advisory Committee and has interests in community development. Masters in Applied Science, Bachelor of Theology.
Joy McConachy	
Experience, expertise and qualifications.	Joy has been involved in many community and sporting groups and has served as president of council. She is a member of the discussion group Women in Primary Industry.
Sarah Ward-Brumhead (appointed 12 October 2015)	
Experience, expertise and qualifications.	Sarah is involved with the Misfit Theatre Group, a social enterprise based on the 'for youth philosophy. She is involved with several organisations in the youth disability area and runs a costume shop in Woori Yallock. Bachelor of Social Work. Cert IV Training & Assessment.
Sally Brennan (appointed 9 November 2015)	
Experience, expertise and qualifications.	Sally has been the Secretary of the Yarra Junction Football Netball Club for nine years, and member of the Upper Yarra Secondary College School Council. She was the CEO of Cire Ser twenty two years She now works as an education consultant. She has tertiary qualifications in education and community development, including a Master of Education.
Sarah Forbes (resigned 28 October 2015)	
Experience, expertise and qualifications.	Sarah has worked as a Community Development Officer for Yarra Ranges Council and Community Health Services, specialising in the area of disability. Bachelor of Social Work, Cert IV Training & Assessment.

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

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

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Directors' report

Directors' meetings

Attendances by each Director during the year were as follows:

Director	Board meetings	
	A	B
Peter Kimberley	10	9
Geoff Vickers	10	9
Elizabeth Fox	10	8
Jaqui Hall	10	9
Sarah Ward-Brumhead	7	6
Jim Child	10	9
Chris Brown	10	8
Michael Janssen	10	6
Joy McConachy	10	7
Sally Brennan	6	6
Sarah Forbes	3	2

A - The number of meetings eligible to attend.

B - The number of meetings attended.

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.

Principal activities

The principal activities of the company during the course of the financial year were in providing **Community Bank**[®] branches 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 \$141,230 (2015: \$104,439), which is an increase as compared with the previous year.

Dividends

A fully franked final dividend of 6.0 cents per share was declared and paid during the year for the year ended 30 June 2015. No dividend has been declared or paid for the year ended 30 June 2016 as yet.

Options

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

Upper Yarra Community Enterprises Limited

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Directors' 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.

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.

Indemnifying Officers or Auditor

The company has agreed to indemnify each Officer (Director, Secretary or employee) out of assets of the company to the extent against any liability incurred by that person arising out of the discharge of their duties, except where the liability of conduct involving dishonesty, negligence, breach of duty or the lack of good faith. The company also has Officers Indemnity Insurance for the benefit of Officers of the company against any liability incurred by the Officer, which includes the Officer's liability 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 policy of insurance. The company has not provided any insurance for an Auditor of the company.

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 proceeding in 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.

Auditor independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out in 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 30 September 2016.

Upper Yarra Community Enterprises Limited

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Directors' report

Peter Kimberley

Director/Chairman

Upper Yarra Community Enterprises Limited

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Directors' report

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Directors' report

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Directors' report

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Directors' report

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 2016 there has been contraventions of:

- (i) the Auditor independence requirements as set out in the *Corporations Act 2001* in 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: 30th September 2016

no

relation to

Upper Yarra Enterprise Limited
ABN 54 090 252 627
Statement of Profit or Loss and Other Comprehensive Income
for the year ended 30 June 2016

	Note	2016 \$	2015 \$
Revenue	2	1,890,848	1,914,736
Expenses			
Employee benefits expense	3	(913,727)	(896,393)
Depreciation and amortisation	3	(55,567)	(47,860)
Administration and general costs		(39,952)	(43,331)
Finance costs	3	(134)	(146)
Bad and doubtful debts expense	3	(1,079)	(2,203)
Occupancy expenses		(36,764)	(35,355)
IT costs		(69,090)	(70,863)
Advertising expenses		(24,384)	(36,828)
Professional expenses		(86,572)	(94,202)
Repairs and maintenance expenses		(27,402)	(37,188)
Utilities		(37,253)	(34,864)
Other expenses		(82,748)	(84,203)
		<u>(1,374,672)</u>	<u>(1,383,436)</u>
Operating profit before charitable donations and sponsorships		516,176	531,300
Charitable donations and sponsorships		<u>(380,429)</u>	<u>(382,577)</u>
Profit before income tax		135,747	148,723
Income tax (benefit) / expense	4	<u>(5,483)</u>	<u>44,284</u>
Profit for the year		141,230	104,439
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>141,230</u>	<u>104,439</u>
Profit attributable to members of the company		141,230	104,439
Total comprehensive income attributable to members of the company		<u>141,230</u>	<u>104,439</u>
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company (cents per share):			
- basic earnings per share		12.68	9.38

Upper Yarra Enterprise Limited
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Statement of Profit or Loss and Other Comprehensive Income
for the year ended 30 June 2016

These financial statements should be read in conjunction with the accompanying notes.

Upper Yarra Enterprise Limited
ABN 54 090 252 627
Statement of Financial Position
as at 30 June 2016

	Note	2016 \$
Assets		
Current assets		
Cash and cash equivalents	5	287,864
Trade and other receivables	6	189,961
Financial assets	7	551,281
Other assets	8	<u>6,826</u>
Total current assets		1,035,932
Non-current assets		
Property, plant and equipment	9	617,405
Intangible assets	10	48,103
Deferred tax assets	4	<u>49,228</u>
Total non-current assets		714,736
Total assets		<u>1,750,668</u>
Liabilities		
Current liabilities		
Trade and other payables	11	79,388
Current tax liability	4	12,516
Borrowings	12	838
Provisions	13	<u>121,121</u>
Total current liabilities		213,863
Non-current liabilities		
Provisions	13	<u>16,366</u>
Total non-current liabilities		16,366
Total liabilities		<u>230,229</u>
Net assets		<u>1,520,439</u>
Equity		
Issued capital	14	1,113,506
Retained earnings	15	<u>406,933</u>
Total equity		<u>1,520,439</u>

Upper Yarra Enterprise Limited
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Statement of Financial Position
as at 30 June 2016

These financial statements should be read in conjunction with the accompanying notes.

Upper Yarra Enterprise Limited
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Statement of Financial Position
as at 30 June 2016

2015

\$

291,622

189,814

532,989

-

1,014,425

646,549

35,748

-

682,297

1,696,722

74,519

5,826

670

107,602

188,617

13,081

13,081

201,698

1,495,024

1,113,506

381,518

1,495,024

Upper Yarra Enterprise Limited
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Statement of Financial Position
as at 30 June 2016

Upper Yarra Enterprise Limited
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Statement of Changes in Equity
for the year ended 30 June 2016

	Note	Issued capital \$	Retained earnings \$
Balance at 1 July 2014		1,113,506	392,894
Profit for the year		-	104,439
Other comprehensive income for the year		-	-
Total comprehensive income for the year		-	104,439
Transactions with owners in their capacity as owners			
Dividends paid or provided	24	-	(115,815)
Balance at 30 June 2015		1,113,506	381,518
Balance at 1 July 2015		1,113,506	381,518
Profit for the year		-	141,230
Other comprehensive income for the year		-	-
Total comprehensive income for the year		-	141,230
Transactions with owners in their capacity as owners			
Dividends paid or provided	24	-	(115,815)
Balance at 30 June 2016		1,113,506	406,933

Upper Yarra Enterprise Limited
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Statement of Changes in Equity
for the year ended 30 June 2016

These financial statements should be read in conjunction with the accompanying notes.

Upper Yarra Enterprise Limited
ABN 54 090 252 627
Statement of Changes in Equity
for the year ended 30 June 2016

Total
equity
\$

1,506,400

104,439

-

104,439

(115,815)

1,495,024

1,495,024

141,230

-

141,230

(115,815)

1,520,439

Upper Yarra Enterprise Limited
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Statement of Changes in Equity
for the year ended 30 June 2016

Upper Yarra Enterprise Limited
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Statement of Cash Flows
for the year ended 30 June 2016

	Note	2016 \$
Cash flows from operating activities		
Receipts from customers		2,054,521
Payments to suppliers and employees		(1,870,360)
Dividends received		18,292
Interest received		3,695
Income tax paid		(37,055)
Interest paid		(134)
Net cash provided by operating activities	16b	<u>168,959</u>
Cash flows from investing activities		
Purchase of property, plant and equipment		(2,243)
Purchase of investments		(36,535)
Purchase of intangible assets		(18,292)
Net cash flows used in investing activities		<u>(57,070)</u>
Cash flows from financing activities		
Proceeds from borrowings		168
Dividends paid		(115,815)
Net cash used in financing activities		<u>(115,647)</u>
Net decrease in cash held		(3,758)
Cash and cash equivalents at beginning of financial year		291,622
Cash and cash equivalents at end of financial year	16a	<u><u>287,864</u></u>

Upper Yarra Enterprise Limited

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Statement of Cash Flows

for the year ended 30 June 2016

These financial statements should be read in conjunction with the accompanying notes.

Upper Yarra Enterprise Limited
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Statement of Cash Flows
for the year ended 30 June 2016

2015

\$

2,084,138
(1,962,079)
19,558
4,972
(39,466)
(146)

106,977

-
(32,927)

-

(32,927)

160
(115,815)

(115,655)

(41,605)

333,227

291,622

Upper Yarra Enterprise Limited
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Statement of Cash Flows
for the year ended 30 June 2016

Upper Yarra Community Enterprise Limited
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Notes to the Financial Statements
for the year ended 30 June 2016

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 29 September 2016.

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 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", the systems of operation of Bendigo and Adelaide Bank Limited. The company manages the **Community Bank**[®] branches 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 provided by Bendigo and Adelaide Bank Limited, with the company facilitating the provision of those products. All loans, lease purchase transactions, issues of new credit or debit cards, temporary or bridging finance and any other transaction involving 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.

Upper Yarra Community Enterprise Limited
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Notes to the Financial Statements
for the year ended 30 June 2016

Upper Yarra Community Enterprise Limited

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**Notes to the Financial Statements
for the year ended 30 June 2016**

1. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Economic dependency (continued)

Bendigo and Adelaide Bank Limited provides significant assistance in establishing and maintaining the **Community** branch franchise operations. It also continues to provide ongoing management and operational support, and other 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;
- 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 for the year comprises current income tax expense and deferred tax expense.

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities/(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 over which 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 in accordance with the requirements of the applicable Accounting Standard.

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

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Notes to the Financial Statements
for the year ended 30 June 2016

Upper Yarra Community Enterprise Limited
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Notes to the Financial Statements
for the year ended 30 June 2016

1. Summary of significant accounting policies (continued)

(c) Fair value of assets and liabilities (continued)

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The 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 (i.e. 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 (i.e. the market that maximises the proceeds from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction 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.

(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 depreciation and impairment losses.

Property

Freehold land and buildings are measured at cost and therefore are carried at cost less accumulated depreciation and 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 is 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.

Upper Yarra Community Enterprise Limited

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Notes to the Financial Statements
for the year ended 30 June 2016

1. Summary of significant accounting policies (continued)

(d) Property, plant and equipment (continued)

Plant and equipment

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

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

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

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated 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 life of the improvements.

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

<i>Class of asset</i>	<i>Rate</i>	<i>Method</i>
Buildings	3%	SL
Leasehold improvements	7.5 - 18.75%	DV
Plant and equipment	10 - 25%	DV

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

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

Upper Yarra Community Enterprise Limited

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Notes to the Financial Statements

for the year ended 30 June 2016

1. Summary of significant accounting policies (continued)

(e) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset - but not ownership - are transferred to the company, are classified as finance leases.

Finance leases are capitalised by recognising an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses in the periods in which they are incurred.

(f) Impairment of assets

At the end of each reporting period, the company assesses whether there is any indication that an asset may be impaired. 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 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.

(g) 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 receivable 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.

(h) Employee benefits

Short-term employee benefits

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**Notes to the Financial Statements
for the year ended 30 June 2016**

Provision is made for the company's obligation for short-term employee benefits. Short-term employee benefits are (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 liability for annual leave is recognised in the provision for employee benefits. All other short term employee benefit obligations are presented as payables.

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Notes to the Financial Statements
for the year ended 30 June 2016

1. Summary of significant accounting policies (continued)

(h) 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 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. Future payments incorporate anticipated future wage and salary levels, durations of service and employee departure dates 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.

(i) Intangible assets

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

(j) Cash and cash equivalents

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

(k) Revenue and other income

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

Interest revenue is recognised on a time proportional basis that taken into account the effective yield on the financial asset.

Rental income is recognised on a straight line basis over the lease term.

Dividend and other revenue is recognised when the right to the income has been established.

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

Upper Yarra Community Enterprise Limited

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Notes to the Financial Statements
for the year ended 30 June 2016

1. Summary of significant accounting policies (continued)

(I) Investments and other financial assets

(i) Classification

The company classifies its financial assets in the following categories:

- financial assets at fair value through profit or loss,
- loans and receivables,
- held to maturity investments, and
- available for sale assets.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluation at the end of each reporting period.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if acquired for the purpose of selling or repurchasing in the near term with the intention of making a profit. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as hedging instruments. The company has not designated any financial assets at fair value through profit or loss.

Loans and receivables

This category is the most relevant to the company. Loans and receivables are non-derivative financial assets with determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the period end, which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the statement of financial position.

Held to maturity investments

The group classifies investments as held-to-maturity if:

- they are non-derivative financial assets
- they are quoted in an active market
- they have fixed or determinable payments and fixed maturities
- the group intends to, and is able to, hold them to maturity.

Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months after the period end, which are classified as current assets.

Available for sale financial asset

Investments are designated as available-for-sale financial assets if they do not have fixed maturities and fixed determinable payments, and management intends to hold them for the medium to long-term. Financial assets classified into any of the other categories (at FVPL, loans and receivables or held-to-maturity investments) are not included in the available-for-sale category.

The financial assets are presented as non-current assets unless they mature, or management intends to dispose of them within 12 months after the reporting period.

(ii) Measurement

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not classified at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Loans and receivables and held-to-maturity investments are subsequently carried at amortised cost using the effective interest method.

Upper Yarra Community Enterprise Limited

ABN 54 090 252 627

Notes to the Financial Statements

1. Summary of significant accounting policies (continued) for the year ended 30 June 2016

(I) Investments and other financial assets (continued)

(ii) Measurement (continued)

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value.

Gains or losses arising from changes in the fair value are recognised as follows:

- for 'financial assets at fair value through profit or loss' – in profit or loss within other income or other expenses
- for available-for-sale financial assets that are monetary securities denominated in a foreign currency – translation differences related to changes in the amortised cost of the security are recognised in profit or loss and other changes in the carrying amount are recognised in other comprehensive income
- for other monetary and non-monetary securities classified as available-for-sale – in other comprehensive income.

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 to the rate that discounts estimated future cash payments or receipts over the expected life (or where this cannot be 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.

(iii) Impairment

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are recognised if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the asset is impaired.

Assets carried at amortised cost

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate used in measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the company may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the amount of the previously recognised impairment loss is recognised in profit or loss.

Upper Yarra Community Enterprise Limited

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Notes to the Financial Statements

1. Summary of significant accounting policies (continued) for the year ended 30 June 2016

(l) Investments and other financial assets (continued)

(iii) Impairment (continued)

Assets classified as available for sale

If there is objective evidence of impairment for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss.

Impairment losses on equity instruments that were recognised in profit or loss are not reversed through profit or loss in a subsequent period.

If the fair value of a debt instrument classified as available-for-sale increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

(iv) 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 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.

(m) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost, less a provision for doubtful debts. Trade and other receivables are due for settlement usually no more than 30 days from the date of recognition.

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts, which are known to be uncollectible, are written off. A provision for doubtful debts is established when there is objective evidence that the company will not collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the carrying amount of the assets and the present value of estimated cash flows, discounted at the effective interest rate.

(n) 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.

(o) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

1. Summary of significant accounting policies (continued)

Upper Yarra Community Enterprise Limited

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Notes to the Financial Statements

for the year ended 30 June 2016

(p) Borrowing costs

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

(q) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the pro

(r) Dividends

Provision is made for the amount of any dividends declared being appropriately authorised and no longer at the c
the entitv. on or before the end of the financial year. but not distributed at balance date.

(s) 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.

(t) Comparative figures

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

(u) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to owners of the company, excludi
of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding du
adjsuted for bonus elements in ordinary shares issues during the year.

(v) New accounting standards for application in future periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandat
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 asse
new and amended pronouncements that are relevant to the company but applicable in the future reporting perio
below:

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

AASB 9 introduces new requirements for the classification and measurement of financial assets a
and includes a forward-looking 'expected loss' impairment model and a substantially-changed ap
hedge accounting.

Upper Yarra Community Enterprise Limited

ABN 54 090 252 627

Notes to the Financial Statements

for the year ended 30 June 2016

1. Summary of significant accounting policies (continued)

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

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

These requirements improve and simplify the approach for classification and measurement of financial instruments compared with the requirements of AASB 139. The main changes are:

- a) Financial assets that are debt instruments will be classified based on:
 - (i) the objective of the entity's business model for managing the financial assets; and
 - (ii) the characteristics of the contractual cash flows.
- b) Allows an irrevocable election on initial recognition to present gains and losses on investment instruments that are not held for trading in other comprehensive income (instead of in profit or loss). Dividends in respect of these investments that are a return on investment can be recognised and there is no impairment or recycling on disposal of the instrument.
- c) Introduces a 'fair value through other comprehensive income' measurement category for simple debt instruments.
- d) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that otherwise would exist from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.
- e) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:
 - the change attributable to changes in credit risk are presented in Other Comprehensive Income (OCI)
 - the remaining change is presented in profit or loss. If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.

Otherwise, the following requirements have generally been carried forward unchanged from AASB 139 into AASB 9:

- classification and measurement of financial liabilities; and
- derecognition requirements for financial assets and liabilities

AASB 9 requirements regarding hedge accounting represent a substantial overhaul of hedge accounting for eligible entities to better reflect their risk management activities in the financial statements.

Furthermore, AASB 9 introduces a new impairment model based on expected credit losses. This new model uses more forward-looking information and applies to all financial instruments that are subject to amortised cost accounting.

When this standard is first adopted for the year ending 30 June 2019, there will be no material impact on transactions and balances recognised in the financial statements.

Upper Yarra Community Enterprise Limited
ABN 54 090 252 627
Notes to the Financial Statements
for the year ended 30 June 2016

1. Summary of significant accounting policies (continued)

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

(ii) AASB 15: *Revenue from Contracts with Customers* (applicable for annual reporting periods commencing after 1 January 2018)

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 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 goods or services to customers in an amount that reflects the consideration to which the company is entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following 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.

In May 2015, the AASB issued ED 260 Income of Not-for-Profit Entities, proposing to replace the recognition requirements of AASB 1004 Contributions and provide guidance to assist not-for-profit entities to apply the principles of AASB 15. The ED was open for comment until 14 August 2015 and the AASB is currently in the process of redeliberating its proposals with the aim of releasing amendments in late 2016.

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

When this Standard is first adopted for the year ending 30 June 2019, it is not expected that there will be a material impact on the transactions and balances recognised in the financial statements.

(iii) AASB 16: *Leases* (applicable for annual reporting periods commencing on or after 1 January 2019)

AASB 16:

- replaces AASB 117 Leases and some lease-related Interpretations;
- requires all leases to be accounted for 'on-balance sheet' by lessees, other than short-term and low value asset leases;
- provides new guidance on the application of the definition of lease and on sale and lease back accounting;
- largely retains the existing lessor accounting requirements in AASB 117; and
- requires new and different disclosures about leases.

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Notes to the Financial Statements

The entity is yet to undertake a detailed assessment of the impact of AASB 16. However, based on preliminary assessment, the Standard is not expected to have a material impact on the transaction balances recognised in the financial statements when it is first adopted for the year ending 30 June 2016.

Upper Yarra Community Enterprise Limited

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Notes to the Financial Statements

for the year ended 30 June 2016

1. Summary of significant accounting policies (continued)

(w) 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 trends and economic data, obtained both externally and within the company. Estimates and judgements are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in the 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 shorter than previously estimated lives.

Fair value assessment of non-current physical assets

The AASB 13 Fair Value standard requires fair value assessments that may involve both complex and significant judgements and the use of experts. The value of land and buildings may be materially misstated and potential classification and disclosure requirements may occur.

Employee benefits provision

Assumptions are required for wage growth and CPI movements. The likelihood of employees reaching unconditionally payable retirement benefits is estimated. The timing of when employee benefit obligations are to be settled is also estimated.

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 are 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 calculations which incorporate various key assumptions.

Upper Yarra Community Enterprise Limited
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**Notes to the Financial Statements
for the year ended 30 June 2016**

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Notes to the Financial Statements

for the year ended 30 June 2016

	2016 \$
2. Revenue	
Revenue	
- services commissions	1,857,040
	<u>1,857,040</u>
Other revenue	
- interest received	3,695
- other revenue	30,113
	<u>33,808</u>
Total revenue	<u><u>1,890,848</u></u>
3. Expenses	
Profit before income tax includes the following specific expenses:	
Employee benefits expense	
- wages and salaries	735,447
- superannuation costs	77,006
- other costs	101,274
	<u>913,727</u>
Depreciation and amortisation	
<i>Depreciation</i>	
- leasehold improvements	6,992
- fixtures and fittings	7,991
- plant and equipment	7,688
- buildings	8,716
	<u>31,387</u>
Amortisation	
- franchise fees	24,180
- preliminary expenses	-
	<u>24,180</u>
Total depreciation and amortisation	<u><u>55,567</u></u>
Finance costs	
- Interest paid	134
Bad and doubtful debts expenses	1,079
Auditors' remuneration	
<i>Remuneration of the Auditor for:</i>	
- Audit or review of the financial report	4,600

Upper Yarra Community Enterprise Limited

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Notes to the Financial Statements
for the year ended 30 June 2016

2016
\$

4. Income tax

a. The components of tax expense comprise:

Current tax expense	48,276
Deferred tax expense	(4,355)
Imputation credits	(3,817)
Under / (over) provision of prior years	(45,587)
	<u>(5,483)</u>

b. Prima facie tax payable

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

Prima facie tax on profit before income tax at 28.5% (2015: 30%) 38,688

Add tax effect of:

- Under / (over) provision of prior years	(45,587)
- Imputation credits	(2,728)
- Non-deductible expenses	110
- Change in company tax rates	4,034

Income tax attributable to the entity

(5,483)

The applicable weighted average effective tax rate is :

-4.04% #

c. Current tax liability

Current tax relates to the following:

Current tax liabilities

Opening balance	5,826
Income tax paid	(37,055)
Current tax	48,276
Franking credit refund	(3,817)
Under / (over) provision prior years	(714)
	<u>12,516</u>

d. Deferred tax asset

Deferred tax relates to the following:

Deferred tax assets balance comprises:

Property, plant & equipment	9,435
Accruals	1,984
Employee provisions	37,809
	<u>49,228</u>

e. Deferred income tax expense included in income tax expense comprises:

Decrease / (increase) in deferred tax assets	(4,355)
Under / (over) provision prior years	(44,873)
	<u>(49,228)</u>

Upper Yarra Community Enterprise Limited

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Notes to the Financial Statements
for the year ended 30 June 2016

2016
\$

5. Cash and cash equivalents

Cash at bank and on hand	167,355
Short-term bank deposits	120,509
	<u>287,864</u>

The effective interest rate on short-term bank deposits was 2.3% (2015: 2.5%); these deposits have an average maturity of 30 days.

6. Trade and other receivables

Current

Trade receivables	169,477
Other receivables	484
Unsecured loan to Warburton Visitors Information Centre Pty Ltd	20,000
	<u>189,961</u>

Credit risk

The main source of credit risk relates to a concentration of trade receivables owing by Bendigo and Adelaide Bank 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 enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as "past due" 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 debtor provided for where there are specific circumstances indicating that the debt may not be fully repaid to the company.

Upper Yarra Community Enterprise Limited

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Notes to the Financial Statements
for the year ended 30 June 2016

6. Trade and other receivables (continued)

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

	Gross amount	Not past due	Past due but not impaired		
			< 30 days	31-60 days	> 60 days
	\$	\$	\$	\$	\$
2016					
Trade receivables	169,477	169,477	-	-	-
Other receivables	484	484	-	-	-
Unsecured Loan	20,000	20,000	-	-	-
Total	189,961	189,961	-	-	-
2015					
Trade receivables	168,823	168,823	-	-	-
Other receivables	991	991	-	-	-
Unsecured Loan	20,000	20,000	-	-	-
Total	189,814	189,814	-	-	-

2016
\$

7. Financial assets

Available for sale financial assets

Listed shares at cost	158,584
Managed investment at cost	342,827
Hydro project at cost	36,501
Caravan park project	13,369
	551,281

8. Other assets

Prepayments	6,826
	6,826

9. Property, plant and equipment

Land

At cost	200,000
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Buildings

At cost	348,611
Less accumulated depreciation	(86,593)
	262,018

Upper Yarra Community Enterprise Limited
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Notes to the Financial Statements
for the year ended 30 June 2016

<i>Leasehold improvements</i>	
At cost	166,430
Less accumulated depreciation	(90,632)
	75,798

2016
\$

9. Property, plant and equipment (continued)

<i>Fixtures and fittings</i>	
At cost	139,857
Less accumulated depreciation	(89,139)
	50,718
<i>Plant and equipment</i>	
At cost	140,679
Less accumulated depreciation	(111,808)
	28,871
Total property, plant and equipment	617,405

(a) Movements in carrying amounts

<i>Land</i>	
Balance at the beginning of the reporting period	200,000
Balance at the end of the reporting period	200,000
<i>Buildings</i>	
Balance at the beginning of the reporting period	270,734
Depreciation expense	(8,716)
Balance at the end of the reporting period	262,018
<i>Leasehold improvements</i>	
Balance at the beginning of the reporting period	82,790
Depreciation expense	(6,992)
Balance at the end of the reporting period	75,798
<i>Fixtures and fittings</i>	
Balance at the beginning of the reporting period	58,709
Depreciation expense	(7,991)
Balance at the end of the reporting period	50,718
<i>Plant and equipment</i>	
Balance at the beginning of the reporting period	34,316
Additions	2,243
Depreciation expense	(7,688)
Balance at the end of the reporting period	28,871

Upper Yarra Community Enterprise Limited
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<i>Total property, plant and equipment</i>	Notes to the Financial Statements for the year ended 30 June 2016	
Balance at the beginning of the reporting period		646,549
Additions		2,243
Depreciation expense		<u>(31,387)</u>
Balance at the end of the reporting period		<u><u>617,405</u></u>

Upper Yarra Community Enterprise Limited
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2016
\$

10. Intangible assets

Franchise fee

At cost	105,756
Less accumulated amortisation	(57,653)
	48,103

Preliminary expenses

At cost	-
Less accumulated amortisation	-
	-

Total intangible assets

48,103

Movements in carrying amounts

Franchise fee

Balance at the beginning of the reporting period	35,748
Additions	36,535
Disposals	-
Amortisation expense	(24,180)
Balance at the end of the reporting period	48,103

Preliminary expenses

Balance at the beginning of the reporting period	-
Balance at the end of the reporting period	-

Total intangible assets

Balance at the beginning of the reporting period	35,748
Additions	36,535
Disposals	-
Amortisation expense	(24,180)
Balance at the end of the reporting period	48,103

Upper Yarra Community Enterprise Limited
ABN 54 090 252 627
Notes to the Financial Statements
for the year ended 30 June 2016

2016
\$

11. Trade and other payables

Current

Unsecured liabilities:

Trade creditors	14,037
Other creditors and accruals	65,351
	<u>79,388</u>

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

12. Borrowings

Current

Secured liabilities

Bank loan	<u>838</u>
-----------	-------------------

(a) Bank loans

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 6.25% (2015: 6.5%)

13. Provisions

Current

Employee benefits	121,121
-------------------	---------

Non-current

Employee benefits	16,366
-------------------	--------

Total provisions	<u>137,487</u>
-------------------------	-----------------------

14. Share capital

400,000 Ordinary shares fully paid	400,000
730,250 Ordinary shares fully paid	730,250
800,000 Bonus shares issued for no consideration	-
Less: Equity raising costs	(16,744)
	<u>1,113,506</u>

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

(a) Movements in share capital

Fully paid ordinary shares:

At the beginning of the reporting period	1,113,506
Shares issued during the year	-
At the end of the reporting period	<u>1,113,506</u>

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

Upper Yarra Community Enterprise Limited
ABN 54 090 252 627
Notes to the Financial Statements
for the year ended 30 June 2016

14. Share capital (continued)

(b) Capital management

The Board's policy is to maintain a strong capital base so as to sustain future development of the company. The Board and Directors monitor the return on capital and the level of dividends to shareholders. Capital is represented by total assets 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 over 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 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.

15. Retained earnings

	2016
	\$
Balance at the beginning of the reporting period	381,518
Profit after income tax	141,230
Dividends paid	(115,815)
Balance at the end of the reporting period	<u><u>406,933</u></u>

Upper Yarra Community Enterprise Limited

ABN 54 090 252 627

Notes to the Financial Statements
for the year ended 30 June 2016

2016
\$

16. Statement of cash flows

(a) Cash and cash equivalents balances as shown in the Statement of Financial Position can be reconciled to that shown in the Statement of Cash Flows as follows:

Cash and cash equivalents (Note 6)	287,864
As per the Statement of Cash Flow	<u>287,864</u>

(b) Reconciliation of cash flow from operations with profit after income tax

Profit after income tax	141,230
Non-cash flows in profit	
- Depreciation	31,387
- Amortisation	24,180
- Bad Debts	1,079
Changes in assets and liabilities	
- (Increase) / decrease in trade and other receivables	(1,226)
- (increase) / decrease in prepayments and other assets	(6,826)
- (Increase) / decrease in deferred tax asset	(49,228)
- Increase / (decrease) in trade and other payables	4,869
- Increase / (decrease) in current tax liability	6,690
- Increase / (decrease) in provisions	16,804
Net cash flows from / (used in) operating activities	<u>168,959</u>

(c) Credit standby arrangement and loan facilities

The company has a commercial bill facility amounting to \$59,370 (2015: \$75,576). This may be terminated at any option of the bank. At 30 June 2016, \$848 of this facility was used (2015: \$670). Variable interest rates apply to th

17. Earnings per share

Basic earnings per share (cents)	12.68
Earnings used in calculating basic earnings per share	141,230
Weighted average number of ordinary shares used in calculating basic earnings per share.	1,113,506

18. Key management personnel and related party disclosures

(a) Key management personnel

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

Upper Yarra Community Enterprise Limited

ABN 54 090 252 627

Notes to the Financial Statements

for the year ended 30 June 2016

18. Key management personnel and related party disclosures (continued)

(a) Key management personnel (continued)

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

	2016
	\$
Short-term employee benefits	93,238
Post-employment benefits	8,858
Other long-term benefits	1,857
Share-based payments	-
Total key management personnel compensation	<u><u>103,953</u></u>

Short-term employee benefits

These amounts include fees and benefits paid to the non-executive Chair and non-executive Directors as well as paid leave benefits, fringe benefits and cash bonuses awarded to Executive Directors and other key management personnel.

Post-employment benefits

These amounts are the current year's estimated cost of providing the company's defined benefits scheme post-superannuation contributions made during the year and post-employment life insurance benefits.

Other long-term benefits

These amounts represent long service leave benefits accruing during the year, long-term disability benefits and bonus payments.

Share-based payments

These amounts represent the expense related to the participation of key management personnel in equity-settlement schemes as measured by the fair value of the options, rights and shares granted on grant date.

(b) Other related parties

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

(c) Transactions with key management personnel and related parties

No key management personnel or related party has entered into any contracts with the company. No Director fees were paid as the positions are held on a voluntary basis.

Upper Yarra Community Enterprise Limited

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Notes to the Financial Statements
for the year ended 30 June 2016

18. Related party transactions (continued)

(d) Key management personnel shareholdings

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

Key Management Personnel	2016
Peter Kimberley (ATF PSK Superannuation Fund)	24,000
Geoff Vickers	2,000
Elizabeth Fox	-
Jaqui Hall	30,000
Sarah Ward-Brumhead	-
Jim Child	-
Chris Brown	-
Michael Jannsen	-
Joy McConachy	10,000
Sally Brennan	-
Sarah Forbes	-

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.

19. Events after the reporting period

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

20. Contingent liabilities and contingent assets

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

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 (2015: 100%).

Upper Yarra Community Enterprise Limited
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Notes to the Financial Statements
for the year ended 30 June 2016

2016
\$

22. Commitments

Operating lease commitments

Non-cancellable operating leases contracted for but not capitalised in the Statement of Financial Position.

Payable:

- no later than 12 months
- between 12 months and five years
- greater than five years

	-
	-
	-
Minimum lease payments	-

The property lease is a non-cancellable lease with a five year term, with rent payable monthly in advance and with each year.

23. Company details

The registered office and principle place of business is 3389 Warburton Highway, Warburton, VIC 3799

24. Dividends paid or provided for on ordinary shares

Dividends paid or provided for during the year

Final fully franked ordinary dividend of 6.0 cents per share (2015: 6.0) franked at the tax rate of 30% (2015: 30%).

115,815

Upper Yarra Community Enterprise Limited
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Notes to the Financial Statements
for the year ended 30 June 2016

2015
\$

1,878,493
1,878,493

4,972
31,271
36,243

1,914,736

697,651
70,155
128,587
896,393

7,764
9,357
6,855
8,715
32,691

15,169
-
15,169
47,860

146

2,203

3,930

Upper Yarra Community Enterprise Limited

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Notes to the Financial Statements

for the year ended 30 June 2016

2015

\$

44,284

-

-

-

44,284

44,617

-

(3,562)

3,229

-

44,284

29.78%

1,008

(39,466)

44,284

-

-

5,826

-

-

-

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Upper Yarra Community Enterprise Limited

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Notes to the Financial Statements

for the year ended 30 June 2016

2015

\$

173,920

117,702

291,622

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168,823

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189,814

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Upper Yarra Community Enterprise Limited
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 Notes to the Financial Statements
 for the year ended 30 June 2016

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-
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348,611
 (77,877)

270,734

Upper Yarra Community Enterprise Limited
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Notes to the Financial Statements
for the year ended 30 June 2016

166,430
(83,640)
82,790

2015
\$

139,857
(81,148)
58,709

138,436
(104,120)
34,316

646,549

200,000
200,000

279,449
(8,715)
270,734

90,554
(7,764)
82,790

68,066
(9,357)
58,709

41,171
-
(6,855)
34,316

Upper Yarra Community Enterprise Limited
ABN 54 090 252 627
Notes to the Financial Statements
for the year ended 30 June 2016

679,240

-

(32,691)

646,549

Upper Yarra Community Enterprise Limited

ABN 54 090 252 627

Notes to the Financial Statements

for the year ended 30 June 2016

2015

\$

69,221
(33,473)
35,748

-
-
-

35,748

50,917
-
-
(15,169)
35,748

-
-

50,917
-
-
(15,169)
35,748

Upper Yarra Community Enterprise Limited
ABN 54 090 252 627
Notes to the Financial Statements
for the year ended 30 June 2016

2015
\$

18,243
56,276
<u>74,519</u>

<u>670</u>

107,602

13,081

<u>120,683</u>

400,000

730,250

-

(16,744)

<u>1,113,506</u>

1,113,506

-

<u>1,113,506</u>

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Upper Yarra Community Enterprise Limited
ABN 54 090 252 627
Notes to the Financial Statements
for the year ended 30 June 2016

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104,439

(115,815)

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Upper Yarra Community Enterprise Limited
ABN 54 090 252 627
Notes to the Financial Statements
for the year ended 30 June 2016

2015
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291,622
291,622

104,439

32,691
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(54,617)

4,818

(1,515)

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Upper Yarra Community Enterprise Limited
ABN 54 090 252 627
Notes to the Financial Statements
for the year ended 30 June 2016

2015
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83,920
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<u>93,600</u>

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Upper Yarra Community Enterprise Limited
ABN 54 090 252 627
Notes to the Financial Statements
for the year ended 30 June 2016

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Upper Yarra Community Enterprise Limited

ABN 54 090 252 627

Notes to the Financial Statements

for the year ended 30 June 2016

2015

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115,815

Upper Yarra Enterprise Limited
ABN 54 090 252 627
Notes to the Financial Statements
for the year ended 30 June 2016

25. Financial risk management

Financial risk management policies

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

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 (including interest rate risk and other price risk). There have been no substantial changes in the types of risks the company is exposed to, the risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

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

	Note	2016 \$	#
Financial assets			
Cash and cash equivalents	5	287,864	
Trade and other receivables	6	189,961	
Financial assets	7	551,281	
Total financial assets		<u>1,029,106</u>	
Financial liabilities			
Trade and other payables	11	79,388	
Borrowings	12	848	
Total financial liabilities		<u>80,236</u>	

(a) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contractual 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 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 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 equal to the carrying amount and classification of those financial assets as presented in the table above.

The company has 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.

Upper Yarra Enterprise Limited
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Notes to the Financial Statements
for the year ended 30 June 2016

25. Financial risk management (continued)

(a) Credit risk (continued)

None of the assets of the company are past due (2015: nil past due) and based on historic default rates, the company has 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 therefore credit risk is considered minimal.

(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 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 obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

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 therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects 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 2016	Weighted average interest rate	Total	Within 1 year	1 to 5 years
	%	\$	\$	\$
Financial assets				
Cash and cash equivalents	2.3%	287,864	287,864	-
Trade and other receivables	-%	189,961	189,961	-
Financial assets	-%	551,281	551,281	-
Total anticipated inflows		1,029,106	1,029,106	-
Financial liabilities				
Trade and other payables	-%	79,388	79,388	-
Borrowings	6.25%	848	848	-
Total expected outflows		80,236	80,236	-

Upper Yarra Enterprise Limited
ABN 54 090 252 627

Net inflow / (outflow) on financial instruments	Notes to the Financial Statements for the year ended 30 June 2016	948,870	948,870	-
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Upper Yarra Enterprise Limited
ABN 54 090 252 627
Notes to the Financial Statements
for the year ended 30 June 2016

25. Financial risk management (continued)

(b) Liquidity risk (continued)

30 June 2015	Weighted average interest rate %	Total \$	Within 1 year \$	1 to 5 years \$
Financial assets				
Cash and cash equivalents	2.5%	291,622	291,622	-
Trade and other receivables	-%	189,814	189,814	-
Financial assets	-%	<u>532,989</u>	<u>532,989</u>	-
Total anticipated inflows		<u>1,014,425</u>	<u>1,014,425</u>	-
Financial liabilities				
Trade and other payables	-%	74,519	74,519	-
Borrowings	6.5%	<u>670</u>	<u>670</u>	-
Total expected outflows		<u>75,189</u>	<u>75,189</u>	-
Net inflow / (outflow) on financial instruments		<u><u>939,236</u></u>	<u><u>939,236</u></u>	<u><u>-</u></u>

(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 financial instruments. The objective of market risk management is to manage and control market risk exposure to acceptable parameters.

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period. 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, fixed interest securities 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.

Year ended 30 June 2016	Profit \$
+/- 1% in interest rates (interest income)	8,391
+/- 1% in interest rates (interest expense)	<u>(8)</u>
	<u><u>8,383</u></u>
Year ended 30 June 2015	

Upper Yarra Enterprise Limited

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Notes to the Financial Statements
for the year ended 30 June 2016

+/- 1% in interest rates (interest income)	8,246
+/- 1% in interest rates (interest expense)	(7)
	<u>8,239</u>

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 1 year.

The company has no exposure to fluctuations in foreign currency.

(d) Price risk

There is no share price risk as listed investments are carried at cost in the financial statements.

Fair values

Fair value estimation

The fair values of financial assets and liabilities are presented in the following table and can be compared to their carrying amounts as presented in the statement of financial position.

Differences between fair values and the carrying amounts of financial instruments with fixed interest rates are due to discount rates being applied to the market since their initial recognition by the company.

	2016		2015
	Carrying amount	Fair value	Carrying amount
	\$	\$	\$
Financial assets			
Cash and cash equivalents (i)	287,864	287,864	291,622
Trade and other receivables (i)	189,961	187,131	189,814
Financial assets	<u>551,281</u>	<u>539,218</u>	<u>532,989</u>
Total financial assets	<u>1,029,106</u>	<u>1,014,213</u>	<u>1,014,425</u>
Financial liabilities			
Trade and other payables (i)	79,388	79,388	74,519
Borrowings	<u>848</u>	<u>848</u>	<u>670</u>
Total financial liabilities	<u>80,236</u>	<u>80,236</u>	<u>75,189</u>

(i) Cash and cash equivalents, trade and other receivables, and trade and other payables are short-term instruments in which carrying amounts are equivalent to their fair values.

Upper Yarra Enterprise Limited
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Notes to the Financial Statements
for the year ended 30 June 2016

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Upper Yarra Enterprise Limited
ABN 54 090 252 627
Notes to the Financial Statements
for the year ended 30 June 2016

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Upper Yarra Enterprise Limited
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for the year ended 30 June 2016

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Upper Yarra Enterprise Limited
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Notes to the Financial Statements
for the year ended 30 June 2016

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670
<u>75,189</u>

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Upper Yarra Community Enterprise Limited
ABN 54 090 252 627
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 6 to 38 are in accordance with the *Corporation Act 2006* 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 2016 and of the performance of the company 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 30 September 2016.

Upper Yarra Community Enterprise Limited
ABN 54 090 252 627
Directors' Declaration

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