Annual Report 2015

Daylesford District Community Developments Limited

ABN 72 149 942 067

Daylesford District **Community Bank**® Branch

Contents

Chairman's report

For year ended 30 June 2015

On behalf of the Board of Directors, I am delighted to deliver this Annual Report for Daylesford District Community Developments Limited (the "company"), which operates the Daylesford District **Community Bank**® Branch.

Our **Community Bank**® branch's banking business grew to $74.26 million of loans and deposits ("footings") by the end of the financial year, an increase of $12.95 million over the year. Despite terrific support from its 1,866 customers (37% increase), the level of revenue derived continues to be significantly less than that forecast in the 2011 Prospectus. However, revenue increased by 14% over the previous year and was just 3.6% below our 2015 budget. The revenue outlook continues to be hampered by reduced banking margins, as a result of low interest rates and a lower yielding product mix.

The continuing underperformance of revenue when compared to the Prospectus forecasts has been reviewed carefully by your Board. Several factors have been identified including, but not limited to -

1. Selected Bendigo Bank products offered by the **Community Bank**® branch, and which are a significant part of our footings, are having a negative impact on revenue;
2. The economy has seen interest rates reach unexpected low levels, which has significantly reduced banking margins.

The budget for the 2015/16 financial year remains challenging and the company is seeking to increase footings (by $15 million) and remains vigilant in controlling costs. As flagged last year, we expect to achieve positive cash flow months in the first half of the 2015/16 financial year.

Bendigo and Adelaide Bank have announced a change to the calculation of margin/revenue paid to **Community Bank**® branches commencing in July 2016. The new method is based on a Funds Transfer Pricing (FTP) model recognised as a standard approach adopted by many banks, which offers more appropriate allocation of revenue. Initial examples of this new approach indicate that the company would achieve greater revenue on its existing footings. Assuming this translates in actual increases in revenue in 2017, then along with continued growth in footings, the likelihood of achieving a profit in 2017 is very good.

The company continues to receive strong support from Bendigo and Adelaide Bank in line with the Franchise Agreement.

Bendigo and Adelaide Bank have provided the company with a Market Development Fund (MDF), which is received in addition to our entitlements under the Franchise Agreement. The MDF allowed the company to award $29,189 in community investment, including sponsorships and donations, during the year. This brings the total invested in our community since our **Community Bank**® branch opened to $80,556.

The continuance of MDF is anticipated and this will facilitate an ongoing program of community-based investments.

Our Branch Manager Steven McKinley and his dedicated team strive to provide the best services to our valued customers. I encourage all shareholders to be active customers of our **Community Bank**® branch and ensure that our collective goals in establishing the Daylesford District **Community Bank**® Branch are achieved as soon as possible. For those shareholders that are customers, your advocacy for the **Community Bank**® branch is important in its continuing development.

Chairman’s report (continued)

I would also like to thank my fellow Directors who offer their contribution on an unpaid voluntary basis. I offer special thanks to our recently retired Directors Joy Nunn and Geoff Vincent, both of whom provided excellent service to the company. I wish to assure all shareholders that the Board of Directors is determined to build a profitable **Community Bank**® branch, that will provide both enduring shareholder dividends and increased funds for community investment into the future.

So please join with your Board in our Mission, ‘To be a profitable **Community Bank**® branch which exceeds customer expectations, increases community prosperity and generates a reasonable return to shareholders’.

Marek Rak
Chair

Manager's report

For year ended 30 June 2015

With pleasure, I present my third Manager's report for Daylesford District **Community Bank**® Branch for the year ended 30 June 2015.

We have had a great 12 months achieving targeted footings growth of $12.95 million ending the year with a total portfolio of $74.26 million. This is a great result and one of which we are all very proud. We appreciate the support we receive from businesses, organisations and individuals within our community.

Our community investment is strong and remains the core reason we started this venture. We have doubled our community investment since July 2014 and have achieved $80,556 of grants and sponsorships in total to 30 June 2015, but also have provided in-kind support, including volunteering and community assistance in many events held through the district.

Danni Mackley continues to provide valuable swimming lessons via the Daylesford Primary School and was recognised earlier this year as the Australia Day Young Employee of the Year, awarded by Daylesford Rotary Club. This is an achievement we all celebrated.

This year we also entered the world of social media with a dedicated **Community Bank**® branch Facebook page and I thank Sonya for her patience in guiding us through the process. I encourage our shareholders who are Facebook users to visit the page and "like" some of the wonderful things we have achieved.

Our contributions to our community cannot occur without the support of our community. Over the last 12 months we have carefully focused our funding and volunteering efforts on partnering with projects and programs that directly benefit our business, as this is vitally important to our ongoing viability. Our Community Investment Committee and Business Development Committee are very closely aligned to ensure a correlation exists between support provided and support gained. This focus is essential to ensure both the community and the **Community Bank**® branch grow together and achieve success.

The next 12 months will continue to see our focus on attracting growth with a particular focus on small to medium business enterprises. We are very fortunate to have a capable Business Banking Team with David Sproules and Felicity Spry assisting us.

Recently we have had some success in our Agribusiness ventures and we will continue to develop our Agribusiness with support from Gavin Svanosio, Relationship Manager with Rural Bank.

During the year, Greg Snape our Financial Planner held a number of information sessions co-ordinated by our staff, which focused on planning for Retirement and First Home buyers. These were very successful and we will continue to hold such sessions to meet the demand for information, especially in the area of Retirement Planning.

I take this opportunity to invite you, as our shareholders, to bank locally and continue to support a **Community Bank**® branch where decisions made locally benefit locally.

I am extremely proud of what has been achieved in the last 12 months and thank our wonderful staff Danni, Yvette, Jo-Anne and Sonya for their continued support and encouragement. Without them, our achievements would not have been possible. I also thank Jane Southwell, Company Secretary, who contributes more than credited for and is the unsung hero in our success. I thank our tireless Board, who provide guidance and support, and do this as volunteers. I am in awe of each and every one of you for the time, the dedication and the passion you provide on a daily basis. Being a **Community Bank**® company Director is a significant and, more often than not, an unrewarded contribution to our community. I especially acknowledge Mark Rak our Chairman, a man committed to inclusion and community spirit, who selflessly gives his time for many of the volunteer groups in our district.

Manager’s report (continued)

On a personal note, I have provided my resignation to the Board. This has been a difficult decision but is one that allows me to pursue my life interests interstate. I am grateful for the opportunity I have been entrusted with. My time in the Daylesford District will never be forgotten and I have made many life time friends here. I wish the very best to Daylesford District Community Developments Limited, especially our staff, Board and importantly our customers and shareholders. I shall view your successes from afar and celebrate with you the milestones you achieve, knowing I have been a small part of your journey.

Steven McKinley
Manager

Bendigo and Adelaide Bank report

For year ending 30 June 2015

In the 2015 financial year, the **Community Bank**® network opened its 310th branch and community contributions since the model's inception exceed $130 million. Both of these achievements could not have been achieved without your ongoing support as a shareholder, customer and advocate of what is a truly unique way of banking for the benefit of your local community.

Local communities continue to embrace the **Community Bank**® model, a banking movement founded on the simple belief that successful customers and successful communities create a successful bank.

Seventeen years later communities are still approaching us and the model is as robust and relevant as ever, however a review of what we were doing, why and how we could do it better was timely.

During an 18 month period the Bank, in partnership with the **Community Bank**® network, undertook a comprehensive review of the **Community Bank**® model. Project Horizon was the largest single engagement process ever undertaken by our organisation.

As a result, a focus for the next 18 months will be the implementation of 64 recommendations. What was overwhelmingly obvious is that our **Community Bank**® network, and our Bank, care deeply about what has been developed and in what the future holds for the network.

In the early days of **Community Bank**® development, the **Community Bank**® model was seen as a way to restore branch banking services to rural towns, regional cities and metropolitan suburbs after the last of the banks closed their doors.

Today, although the focus is still about providing banking services, there is perhaps an even greater interest in the way in which the model creates a successful community enterprise used to effectively, and sustainably, build community capacity.

In October 2014, we welcomed **Community Bank**® branches in Bacchus Marsh, Kilmore, Maffra, Kwinana and Nubeena. All of these branches join a strong and mature banking network where valued partnerships enhance banking services, taking the profits their banking business generates and reinvesting that funding into initiatives to ultimately strengthen their community.

Following consultation with local residents and business owners responding to other banks reducing their branch presence, Aldinga Beach **Community Bank**® Branch opened the Willunga Customer Service Centre in April 2015, providing a full banking service to local people five days a week.

The **Community Bank**® model is a great example of shared value and was centre stage at an international Shared Value conference in the United States earlier this year.

Funding generated by **Community Bank**® branches support projects that make a difference to a community. But no matter how big or small the place people call home, the **Community Bank**® network recognises that when they act as one, powered by the good that money can bring, bigger things can happen for local towns, regions and states.

In WA, a $125,000 commitment to Ronald McDonald House by Collie & Districts **Community Bank**® Branch resulted in a further $125,000 from 21 branches (both community and company owned) in the state.

In QLD, Longreach farming families are now feeding their stock thanks to a dedicated Rotary Club and financial contributions from 16 **Community Bank**® (and company) branches.

Across regional and rural NSW, young people are today better drivers thanks to a driver education program supported by **Community Bank**® branches and across Australia, 58 young people headed off to their first year of university with the help of a **Community Bank**® scholarship.

Bendigo and Adelaide Bank report (continued)

Interest in the **Community Bank**® model remains strong, with 20 **Community Bank**® sites currently in development and a further six **Community Bank**® branches expected to open nationally during the next 12 months.

The network's steady expansion demonstrates the strength and relevance of a banking model where the desire to support the financial needs of customers is equalled by the desire to support the community with the good that money can bring.

By the end of the financial year 2014/15 the **Community Bank**® network achieved the following:

- Returns to community – over $130 million since the model's inception
- **Community Bank**® branches – 310
- **Community Bank**® branch staff – more than 1,500
- **Community Bank**® company Directors – 1,946
- Banking business – $28.79 billion
- Customers – 699,000
- Shareholders – 74,393
- Dividends paid to shareholders since inception – $38.6 million

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

In Bendigo and Adelaide Bank, your **Community Bank**® company has a committed and strong partner and over the last financial year our company has continued its solid performance. Our Bank continues to be rated at least "A-" by Standard & Poor's, Moody's and Fitch in recognition of its strong performance in the face of what continues to be a challenging economic environment.

Our **Community Bank**® partners played an integral role in the Bank's involvement in the Financial Systems Inquiry, lobbying their local Federal Government representatives and calling for a level playing field.

Recent APRA announcements regarding changes to risk weights on mortgages will positively impact our Bank – providing customers with a level playing field by giving them more choice from a wider variety of financial providers.

Thanks to the efforts of our people, our peers and **Community Bank**® partners, we're starting to see the benefits. In continuing to take a collaborative approach, we act as one network driving positive outcomes for all Australians.

As **Community Bank**® company shareholders you are part of a unique banking movement.

The model offers an alternative way to think about banking and the role banks play in modern society, and because of your support there really is no limit to what can be achieved for local people and the communities in which you live.

Thank you for your ongoing support of your local **Community Bank**® branch.

Robert Musgrove
Executive Community Engagement

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 Daylesford District Community Developments 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
Marek Julius Rak Appointed 18 March 2011 Re-appointed 19 Nov 2013 Chair	Bachelor of Science (Monash); Grad Dip EDP (RMIT).	Founder & retired Managing Director of Trident Computer Services Pty Ltd; Treasurer of the Daylesford Men's Shed.
Susan Wendy Ewart Appointed 18 March 2011 Re-appointed 19 Nov 2013 Director	Diploma of Food & Food Service; Diploma of Education.	Teaching experience at secondary and tertiary levels; former restaurateur, caterer and gourmet food shop owner; currently local business partner with husband in manufacturing and tourism.
Philip Roy Gay Appointed 16 April 2012 Re-appointed 25 Nov 2014 Director & Treasurer (to 28/7/2015)	Bachelor of Arts (finance & accounting); Advanced Management Program (Harvard Business School); Fellow of CPA Australia; Fellow of Institute of Chartered Secretaries and Administrators; Fellow of the Governance Institute of Australia; Member of Australian Institute of Company Directors.	Former Chief Financial Officer & Operating Group Managing Director of Pacific Dunlop Ltd; currently Director of 7-Eleven Stores Pty Ltd and Starbucks Coffee Australia Pty Ltd and Deputy-Chair RG Withers Holdings Pty Ltd; now operates a Poll Hereford cattle stud.
Joan Mary Janssen Appointed 19 November 2013 Director	Diploma of Teaching, Primary (ACU, Ballarat); Graduate Diploma of Student Welfare (Hawthorn); Master of Education (Melb).	31 years' experience in education, including 12 years as School Principal; former Director of the Melba Foundation.
Trevor Ross Miller Appointed 19 November 2013 Director Resigned 24 September 2015	Bachelor of Engineering with Honours (Deakin).	Business proprietor providing strategic advice, specialising in support for small business and not-for-profits; member of Creswick Market Planning Committee.

Directors (continued)

Name and position held	Qualifications	Experience and other Directorships
Joy Elizabeth Nunn Appointed 1 July 2012 Re-appointed 25 Nov 2014 Retired 30 June 2015 Former Director & Chair, Community Investment Committee	Bachelor of Science Education (Melb); Grad Dip of Computers in Education (Monash); Master of Education (Monash).	Extensive experience in rural/regional secondary education and as a Senior Lecturer at the University of Ballarat; now retired.
Fiona Kay Robson Appointed 19 November 2013 Director	Bachelor of Science (Melb); Grad Cert. International & Community Development (Deakin); Certified Project Management Professional (Project Management Institute).	More than 20 years' experience in community development project management, business analysis and organisational development in corporate business, local government, education and health services; has co-owned and co-operated a successful local small business and volunteers extensively in community organisations, including leadership roles.
Geoffrey William Vincent Appointed 16 April 2012 Re-appointed 25 Nov 2014 Retired 25 Aug 2015 Former Director & Chair, Finance & Audit Committee	Diploma of Agricultural Science.	Former Deputy Chief Executive Officer and General Manager for Parks Victoria and former Executive Director Regional Services for Dept of Natural Resources and Environment; former Director of North East Region Water Authority; currently operates consultancy business.
Carol Louise Ross Appointed 28 October 2014 Re-appointed 25 Nov 2014 Director & Chair, Community Investment Committee	Diploma of Teaching-Primary, Diploma of Personal Counselling and Graduate Diploma of Educational Administration.	Employed in education for 38 years including within the Department of Education head office and as Assistant Principal and Principal in Primary schools for the last 17 years, retiring in 2008.
Gregory Eugene Thompson Appointed 23 September 2014 Re-appointed 25 Nov 2014 Director		CEO and Managing Director of major recruitment companies across Australia and New Zealand for 17 years, with extensive management and leadership experience; local business partner of Daylesford Cottage Directory with wife Jo and operates a firewood and gardening business. President of Daylesford Rotary Club.
Adam Edward Criddle Appointed 28 July 2015 Director	Bachelor of Land Information (Surveying); Licensed Surveyor	20 years professional consulting experience in Melbourne, London and currently in Ballarat, with significant staff management, mentoring and leadership skills. Treasurer of Daylesford Community Childcare Centre.

Directors (continued)

Name and position held	Qualifications	Experience and other Directorships
Jeffrey Colin Bain Appointed 28 July 2015 Director & Treasurer (from 28/7/15)	Bachelor of Economics (Tas); Fellow of Chartered Accountants Australia and New Zealand and Fellow of CPA Australia.	Registered tax agent and registered superannuation fund Auditor, operates a small business specialising in superannuation auditing, accounting and taxation. Former partner in chartered accounting firm Tregear Bain Taplin Pty Ltd.
Peter John Benedict Duncan Appointed 29 September 2015 Director	Bachelor of Chemical Engineering (Canterbury, NZ); Post-grad Diploma in Business Studies (London School of Economics).	36 years in finance and management positions with Royal Dutch/Shell Group, retiring as Chairman and CEO of Shell Group of Companies in Australia in 2001; former Director of private and public companies (including NAB), government bodies & not-for-profits; former Chairman of Orica and currently Chairman of Scania Australia.

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

Review of operations

The net loss of the company for the financial year after provision for income tax was $94,535 (2014 loss: $127,222). Despite the fact that the business environment has not improved, the company has been able to achieve growth in the banking business portfolio of $12.95 million (21% increase) over the 12 months, which exceeded budget expectations. As a result, revenue from ongoing operations has improved significantly (by 14%) over the previous year.

The net assets of the company have decreased to $87,511 (2014: $182,046). The decrease is entirely due to the trading loss for the year.

Dividends

The Directors recommend that no dividend be paid for the current year.

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

The company has obtained an extension to the bank overdraft facility to $325,000 with a review date of 30 September 2016. Other than that, 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

There has been no remuneration policy developed as Director positions are held on a voluntary basis and Directors are not remunerated for their services. However, Directors are entitled to claim reimbursement for expenses incurred in their role as Directors of the company.

Under the Corporations Act 2001 (Cth), the company is required to disclose in a Remuneration Report information about its remuneration policy and practice in relation to the remuneration of 'key management personnel'. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the company, including the Directors of the company.

For the purposes of this Report, the Board has determined that the only key management personnel of the company are the Directors.

The names of each Director, and if the person has been a Director for less than the whole financial year or there have been any changes in the Board up to the date of Board approval of the financial statements, the date on which the person began, or ceased, holding the position are set out at the beginning of this Directors' Report.

It is Board policy that the Directors of the company act in a voluntary capacity and receive no remuneration or other benefits for their services. The Board believes that the provision of services to the company by the Directors on a voluntary basis is consistent with the principles of the **Community Bank**® model, including that the **Community Bank**® company is established for the benefit of the broader community. The Directors view their voluntary contribution as a contribution to the community. They also believe that providing services on a voluntary basis enhances the reputation of the company in the community, which potentially has flow on effects for community engagement and the use by members of the community of financial services offered through the company. This places the company in the best position to maximise its earnings performance, which enables the company to fulfil a key objective of making community contributions, as well as improving Shareholder wealth.

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 of which a Director is a member or an entity in which a Director has a substantial financial interest.

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 incurred 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' meetings

The number of Directors' meetings held during the year was 8 Board meetings, 8 Finance & Audit Committee, 4 Community Investment Committee and 6 Business Development Committee meetings. Attendances by each Director during the year were as follows:

Director	Board Meetings #	Finance & Audit Committee meetings #	Community Investment Committee Meetings #	Business Development Committee meetings #
Marek Julius Rak	8 (8)	^8 (8)	^4 (4)	5 (6)
Susan Wendy Ewart	7 (8)	N/A	3 (4)	*3 (3)
Philip Roy Gay	8 (8)	7 (8)	N/A	N/A
Joan Mary Janssen	8 (8)	6 (8)	N/A	5 (6)
Trevor Ross Miller	5 (8)	N/A	N/A	5 (6)
Joy Elizabeth Nunn	7 (8)	N/A	4 (4)	*2 (3)
Fiona Kay Robson	8 (8)	N/A	3 (4)	N/A
Geoffrey William Vincent	6 (8)	5 (8)	N/A	*2 (3)
Carol Louise Ross	5 (5)	N/A	*2 (2)	N/A
Gregory Eugene Thompson	6 (6)	N/A	N/A	*1 (3)
Adam Edward Criddle	**0 (0)	N/A	**0 (0)	N/A
Jeffrey Colin Bain	**0 (0)	**0 (0)	N/A	N/A

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.
^ Mr Rak, as Board Chair, was entitled to attend these Committee meetings ex officio.
* Ms Ewart, Ms Nunn, Mr Vincent, Ms Ross & Mr Thompson were members of these Committees for part year.
** Mr Criddle and Mr Bain were appointed Directors since the end of the 2014/15 financial year.

Likely developments

The company will continue its policy of providing banking services to the community. The company remains optimistic that the level of the banking portfolio will continue to grow. However, due to margin pressures and adverse product mix, the company anticipates experiencing continuing operating losses into the 2015/16 financial year, although approaching a break-even earnings before interest tax depreciation and amortisation (EBITDA) position within the first half of the financial year.

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.

Directors' report (continued)

Company Secretary

Jane Theresa Southwell has been the Company Secretary of Daylesford District Community Developments Limited since 1 July 2012. Jane holds Bachelors' Degrees in Law (with Honours) and Arts and has had over 20 years experience in company secretarial, management and legal roles within the financial services sector.

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 14 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 Daylesford on 29 September 2015.

Jeffrey Bain
Director and Treasurer

Marek Rak
Chair

Auditor's independence declaration

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Daylesford District Community Developments Limited

Auditors Independence Declaration under Section 307C of the Corporations Act 2001 to the Board of Daylesford District Community Developments Limited

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2015 there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

PPT Audit Pty Ltd
....
PPT Audit Pty Ltd

....
Jason D. Hargreaves
Director

20 Lydiard Street South, Ballarat

25 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	476,281	417,795
Employee benefits expense	3	(269,226)	(250,131)
Depreciation and amortisation expense	3	(50,140)	(53,328)
Finance costs	3	(14,666)	(10,835)
Bad and doubtful debts expense	3	(2,278)	-
Rental expense		(58,622)	(64,621)
Other expenses	3	(185,529)	(208,545)
Operating profit/(loss) before charitable donations and sponsorships		**(104,180)**	**(169,665)**
Charitable donations and sponsorships		(29,189)	(13,153)
Profit/(loss) before income tax		**(133,369)**	**(182,818)**
Tax expense / (benefit)	4	(38,834)	(55,596)
Profit/(loss) for the year		**(94,535)**	**(127,222)**
Other comprehensive income		-	-
Total comprehensive income for the year		**(94,535)**	**(127,222)**
Total comprehensive income attributable to:			
Members of the company		-	-
Total		**(94,535)**	**(127,222)**
Earnings per share (cents per share)			
- basic earnings per share	24	(15.76)	(21.20)

The accompanying notes form part of these financial statements.

Statement of Financial Position as at 30 June 2015

	Note	2015 $	2014 $
Assets			
Current assets			
Cash and cash equivalents	6	348	159
Trade and other receivables	7	46,076	37,888
Prepayments	10	17,089	18,137
Total current assets		**63,513**	**56,184**
Non-current assets			
Property, plant and equipment	8	166,357	185,662
Deferred tax assets	14	203,518	164,685
Intangible assets	9	47,098	77,930
Prepayments	10	601	760
Total non-current assets		**417,574**	**429,037**
Total assets		**481,087**	**485,221**
Liabilities			
Current liabilities			
Trade and other payables	11	34,532	29,334
Borrowings	12	279,906	179,976
Provisions	13	17,146	14,588
Total current liabilities		**331,584**	**223,898**
Non current liabilities			
Borrowings	12	61,992	79,277
Total non current liabilities		**61,992**	**79,277**
Total liabilities		**393,576**	**303,175**
Net assets		**87,511**	**182,046**
Equity			
Issued capital	15	575,520	575,520
Retained earnings / (accumulated losses)	16	(488,009)	(393,474)
Total equity		**87,511**	**182,046**

The accompanying notes form part of these financial statements.

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

	Note	Issued capital $	Retained earnings $	Total equity $
Balance at 1 July 2013		**575,520**	**(266,252)**	**309,268**
Total comprehensive income for the year		-	(127,222)	(127,222)
Transactions with owners, in their capacity as owners				
Shares issued during the year		-	-	-
Dividends paid or provided	25	-	-	-
Balance at 30 June 2014		**575,520**	**(393,474)**	**182,046**
Balance at 1 July 2014		**575,520**	**(393,474)**	**182,046**
Total comprehensive income for the year		-	(94,535)	(94,535)
Transactions with owners, in their capacity as owners				
Shares issued during the year		-	-	-
Dividends paid or provided	25	-	-	-
Balance at 30 June 2015		**575,520**	**(488,009)**	**87,511**

The accompanying notes form part of these financial statements.

Statement of Cash Flows
for the year ended 30 June 2015

	Note	2015 $	2014 $
Cash flows from operating activities			
Receipts from customers		468,092	415,500
Payments to suppliers and employees		(535,882)	(555,907)
Interest paid		(14,666)	(10,835)
Interest received		-	1
Net cash provided by/(used in) operating activities	**17b**	**(82,456)**	**(151,241)**
Cash flows from financing activities			
Repayment of borrowings		(16,151)	(18,630)
Net cash provided by/(used in) financing activities		**(16,151)**	**(18,630)**
Net increase/(decrease) in cash held		**(98,607)**	**(169,871)**
Cash and cash equivalents at beginning of financial year		(163,666)	6,205
Cash and cash equivalents at end of financial year	**17a**	**(262,273)**	**(163,666)**

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 Daylesford District Community Developments Limited.

Daylesford District Community Developments 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 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.

(b) 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.

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

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

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

- 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)

(b) 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;
- Sale techniques and proper customer relations.

(c) Going concern

The company incurred a loss of $94,535 for the year ended 30 June 2015 (2014: Loss of $127,222), bringing the amount of accumulated losses at 30 June 2015 to $488,009 (2014: $393,474). In addition, the company had a net current asset deficiency at 30 June 2015 of $268,071 (2014: $167,714) indicating that the company may not be able to settle its debts as and when they fall due.

The company meets its day to day working capital requirements through an overdraft facility with Bendigo and Adelaide Bank Limited that is due for renewal on 30 September 2016. The overdraft facility has an approved limit of $325,000 (2014: $300,000), of which $262,621 had been utilised at 30 June 2015 (2014: $163,825). This loan is provided on normal commercial terms and conditions.

The company recognises that losses will be incurred during the development of the business and while market access is being developed within the district, with Bendigo and Adelaide Bank Limited disclosing in recent prospectuses that, on average, **Community Bank** branches do not generate profitable operating results until their fifth year of trading. The 2015/16 financial year is the fourth year of operation of the company.

The company has budgeted to incur an operating loss before tax of $24,875 for the 2015/16 financial year, with an operating profit of $39,914 forecast for the 2016/17 financial year. The improvement in trading results will be driven by an increase in the underlying investments (footings) on which income is generated and improvements on the product margins paid from Bendigo and Adelaide Bank Limited that are scheduled to come into effect from 1 July 2016. Growth in footings for the months of July and August 2015 have exceeded budget expectations by $470,000 and changes to the interest rates on Retirement Accounts from 16 September 2016 are also expected to have a materially positive effect on the 2015/16 financial year's trading results.

Notwithstanding that positive outlook for the 2015/16 and 2016/17 financial years, the Directors will continue to monitor growth and cash flow forecasts throughout the 2015/16 financial year and implement measures to preserve cash where possible.

Bendigo and Adelaide Bank Limited have confirmed that it will continue to support the company and its operations for the 2015/16 financial year, through the provision of the overdraft facility and by working closely with the company to further develop its business. Bendigo and Adelaide Bank Limited have also confirmed that further financial support may be provided, however, such support is dependent upon the company meeting its obligations under the Franchise Agreement. A letter confirming ongoing financial support was provided by Bendigo and Adelaide Bank Limited on 11 June 2015.

Based on the information disclosed above, and after making further enquiries, the Directors believe that it is reasonably foreseeable that the company will continue to be able to meet its debts as and when they fall due and accordingly, that it is appropriate to adopt the going concern basis in the preparation of these financial statements.

Note 1. Summary of significant accounting policies (continued)

(d) 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 prevailing tax rates at 30 June 2015.

(e) 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 asset 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.

(f) 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.

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.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(f) Property, plant and equipment (continued)

Plant and equipment (continued)

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 and capitalised leased assets, 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
Leasehold improvements	6-7%
Plant & equipment	40-67%
Motor vehicles	25%

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 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.

(g) 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.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(h) 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.

(i) 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 obligation 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.

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.

(j) 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.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(k) 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.

(l) 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).

(m) 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.

(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) Borrowing costs

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

(p) 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.

(q) 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:

Note 1. Summary of significant accounting policies (continued)

(q) 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).

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.

(r) 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).

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.

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.

(s) Loans and borrowings

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

(t) 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.

Note 1. Summary of significant accounting policies (continued)

(u) 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.

(v) Comparative figures

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

(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 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.

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.

(x) 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.

Note 1. Summary of significant accounting policies (continued)

(x) Financial instruments (continued)

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.

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.

Note 1. Summary of significant accounting policies (continued)

(x) Financial instruments (continued)

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	413,748	362,544
- market development fund	50,000	50,000
- other revenue	5,278	5,250
	469,026	**417,794**
Other revenue		
- interest received	-	1
- interest rebate income	7,255	-
Total revenue	**476,281**	**417,795**

Note 3. Expenses

Employee benefits expense		
- wages and salaries	234,423	219,781
- superannuation costs	22,120	20,070
- other costs	12,683	10,280
	269,226	**250,131**
Depreciation of non-current assets:		
- leasehold improvements	12,822	12,822
- furniture & fittings	1,873	3,525
- motor vehicles	4,611	6,147
Amortisation of non-current assets:		
- intangible assets	30,834	30,834
	50,140	**53,328**

	2015 $	2014 $
Note 3. Expenses (continued)		
Finance costs:		
- interest paid	14,666	10,835
Bad debts	2,278	-
Other expenses:		
- administration & general costs	90,251	88,457
- advertising & marketing	18,589	20,188
- IT costs	34,237	51,585
- occupancy costs	32,012	38,780
- ATM costs	6,101	5,128
- motor vehicle costs	4,339	4,407
	185,529	**208,545**

Note 4. Tax expense

	2015 $	2014 $
a. The components of tax expense/(income) comprise		
- current tax expense/(income)	-	-
- deferred tax expense/(income) relating to the origination and reversal of temporary differences	(38,834)	(55,596)
	(38,834)	**(55,596)**
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%)	(40,015)	(54,845)
Add tax effect of:		
- Non-deductible expenses	1,181	(751)
Current income tax expense	**(38,834)**	**(55,596)**
Income tax attributable to the entity	**(38,834)**	**(55,596)**
The applicable weighted average effective tax rate is	29.12%	30.41%

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

Note 5. Auditors' remuneration

	2015 $	2014 $
Remuneration of the Auditor for:		
- Audit or review of the financial report	5,700	4,300
	5,700	**4,300**

	2015 $	2014 $

Note 6. Cash and cash equivalents

Bendigo EFTPOS	348	159
	348	**159**
Reconciliation of cash		
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the Statement of Financial Position as follows:		
Cash and cash equivalents	348	159
Bank overdrafts	(262,621)	(163,825)
	(262,273)	**(163,666)**

Note 7. Trade and other receivables

Current		
Trade debtors	46,076	37,888
	46,076	**37,888**

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.

	Gross amount	Past due and impaired	Past due but not impaired			Not past due
			< 30 days	31-60 days	> 60 days	
2015						
Trade receivables	46,076	-	-	-	-	46,076
Total	**46,076**	**-**	**-**	**-**	**-**	**46,076**
2014						
Trade receivables	37,888	-	-	-	-	37,888
Total	**37,888**	**-**	**-**	**-**	**-**	**37,888**

	2015 $	2014 $

Note 8. Property, plant and equipment

	2015 $	2014 $
Leasehold improvements		
At cost	192,313	192,313
Less accumulated depreciation	(42,248)	(29,427)
	150,065	**162,886**
Furniture & fittings		
At cost	15,145	15,145
Less accumulated depreciation	(12,685)	(10,812)
	2,460	**4,333**
Motor vehicles		
At cost	35,876	35,876
Less accumulated depreciation	(22,044)	(17,433)
	13,832	**18,443**
Total written down amount	**166,357**	**185,662**
Movements in carrying amounts		
Leasehold improvements		
Balance at the beginning of the reporting period	162,886	175,708
Additions	-	-
Disposals	-	-
Depreciation expense	(12,821)	(12,822)
Balance at the end of the reporting period	**150,065**	**162,886**
Furniture & fittings		
Balance at the beginning of the reporting period	4,333	7,858
Additions	-	-
Disposals	-	-
Depreciation expense	(1,873)	(3,525)
Balance at the end of the reporting period	**2,460**	**4,333**
Motor vehicles		
Balance at the beginning of the reporting period	18,443	24,590
Additions	-	-
Disposals	-	-
Depreciation expense	(4,611)	(6,147)
Balance at the end of the reporting period	**13,832**	**18,443**

	2015 $	2014 $

Note 9. Intangible assets

	2015 $	2014 $
Franchise fee		
At cost	10,000	10,000
Less accumulated amortisation	(7,166)	(5,167)
	2,834	**4,833**
Establishment fee		
At cost	100,000	100,000
Less accumulated amortisation	(71,666)	(51,667)
	28,334	**48,333**
Agency fees		
At cost	44,170	44,170
Less accumulated amortisation	(28,240)	(19,406)
	15,930	**24,764**
Total intangible assets	**47,098**	**77,930**
Movements in carrying amounts		
Franchise fee		
Balance at the beginning of the reporting period	4,833	6,833
Additions	-	-
Disposals	-	-
Amortisation expense	(2,000)	(2,000)
Balance at the end of the reporting period	**2,833**	**4,833**
Establishment fee		
Balance at the beginning of the reporting period	48,333	68,333
Additions	-	-
Disposals	-	-
Amortisation expense	(20,000)	(20,000)
Balance at the end of the reporting period	**28,333**	**48,333**
Agency fee		
Balance at the beginning of the reporting period	24,764	33,598
Additions	-	-
Disposals	-	-
Amortisation expense	(8,834)	(8,834)
Balance at the end of the reporting period	**15,930**	**24,764**

	2015 $	2014 $

Note 10. Prepayments

	2015 $	2014 $
Current		
Prepaid Rent and Insurance	17,089	18,137
Non current		
Prepaid Borrowing Costs		
At cost	1,422	1,422
Less write-off	(821)	(662)
	601	**760**

Note 11. Trade and other payables

	2015 $	2014 $
Current		
Unsecured liabilities:		
Trade creditors	15,406	10,769
Other creditors and accruals	19,126	18,565
	34,532	**29,334**

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

Note 12. Borrowings

	2015 $	2014 $
Current		
Bank overdraft	262,621	163,825
Chattel mortgages	22,095	22,095
Unexpired interest	(4,810)	(5,944)
	279,906	**179,976**
Non-current		
Chattel mortgages	68,737	90,832
Unexpired interest	(6,745)	(11,555)
	61,992	**79,277**

The company has an overdraft facility of $325,000 which is subject to normal commercial terms and conditions, except that no interest was charged on the overdraft facility up to 30 June 2014.

Note 13. Provisions

	2015 $	2014 $
Employee benefits	**17,146**	**14,588**
Movement in employee benefits		
Opening balance	14,588	12,222
Additional provisions recognised	14,726	14,571
Amounts utilised during the year	(12,168)	(12,205)
Closing balance	**17,146**	**14,588**

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. Based on past experience the company does not expect the full amount of annual 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.

Note 14. Tax balances

	2015 $	2014 $
Non-current		
Deferred tax asset comprises:		
- tax losses carried forward	195,580	158,759
- provisions	7,294	5,926
- accrued expenses	644	-
	203,518	**164,685**

The deferred tax asset of $203,518 comprises $195,580 in relation to carried forward tax losses. This portion of the deferred tax asset has been recognised in the absence of any taxable profits as the Directors believe that future taxable profits will be generated against which these carried forward tax losses can be applied.

The following evidence has been provided to support the continued recognition of the deferred tax asset relating to carried forward tax losses at 30 June 2015:

The company recognises that losses will be incurred during the development of the business and while market access is being developed within the district, with Bendigo and Adelaide Bank Limited disclosing in recent prospectuses that, on average, **Community Bank** branches do not generate profitable operating results until their fifth year of trading. The 2015/16 financial year is the fourth year of operation of the company.

Note 14. Tax balances (continued)

The company has budgeted to incur an operating loss before tax of $24,875 for the 2015/16 financial year, with an operating profit of $39,914 forecast for the 2016/17 financial year. The improvement in trading results will be driven by an increase in the underlying investments (footings) on which income is generated and improvements on the product margins paid from Bendigo and Adelaide Bank Limited that are scheduled to come into effect from 1 July 2016. Growth in footings for the months of July and August 2015 have exceeded budget expectations by $470,000 and changes to the interest rates on Retirement Accounts from 16 September 2016 are also expected to have a materially positive effect on the 2015/16 financial year's trading results.

Bendigo and Adelaide Bank Limited have confirmed that it will continue to support the company and its operations for the 2015/16 financial year, through the provision of the overdraft facility and by working closely with the company to further develop its business. Bendigo and Adelaide Bank Limited have also confirmed that further financial support may be provided, however, such support is dependent upon the company meeting its obligations under the Franchise Agreement. A letter confirming ongoing financial support was provided by Bendigo and Adelaide Bank Limited on 11 June 2015.

	2015 $	**2014 $**
Note 15. Share capital		
600,008 Ordinary shares fully paid of $1 each	600,008	600,008
Less: Equity raising costs	(24,488)	(24,488)
	575,520	**575,520**
Movements in share capital		
Fully paid ordinary shares:		
At the beginning of the reporting period	600,008	600,008
Shares issued during the year	-	-
At the end of the reporting period	**600,008**	**600,008**

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

Note 15. Share capital (continued)

Capital management (continued)

(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.

	2015 $	2014 $

Note 16. Accumulated losses

Balance at the beginning of the reporting period	(393,474)	(266,252)
Profit/(loss) after income tax	(94,535)	(127,222)
Balance at the end of the reporting period	**(488,009)**	**(393,474)**

Note 17. 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		
As per the Statement of Financial Position	348	159
less Bank overdraft	(262,621)	(163,825)
As per the Statement of CashFlow	**(262,273)**	**(163,666)**
(b) Reconciliation of cash flow from operations with profit after income tax		
Profit / (loss) after income tax	(94,535)	(127,222)
Non cash flows in profit		
- Depreciation	19,306	22,494
- Amortisation	30,834	30,834
Changes in assets and liabilities		
- (Increase) decrease in receivables	(6,982)	(2,806)
- (Increase) decrease in deferred tax asset	(38,834)	(55,596)
- Increase (decrease) in payables	5,197	(21,311)
- Increase (decrease) in provisions	2,558	2,366
Net cash flows from/(used in) operating activities	**(82,456)**	**(151,241)**

Note 17. Statement of cash flows (continued)

(c) Credit standby arrangement and loan facilities

The company has a bank overdraft and commercial bill facility amounting to $325,000 (2014: $300,000). This may be terminated at any time at the option of the bank. At 30 June 2015, $262,621 of this facility was used (2014: $163,825). 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.

(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.

(d) Key management personnel shareholdings

The number of ordinary shares in Daylesford District Community Developments Limited held by each key management personnel of the company during the financial year is as follows:

	2015	2014
Marek Julius Rak	23,001	23,001
Susan Wendy Ewart	1,000	1,000
Philip Roy Gay	2,500	2,500
Joan Mary Janssen	500	500
Trevor Ross Miller	-	-
Joy Elizabeth Nunn	1,000	1,000
Fiona Kay Robson	5,000	5,000
Geoffrey William Vincent	20,000	20,000
Timothy Blood	*	10,002
Glen Grayham Heyne	*	1,401
John Leonard Smith	*	2,000
Carol Louise Ross	500	*

Notes to the financial statements (continued)

Note 18. Related party transactions (continued)

(d) Key management personnel shareholdings (continued)

	2015	2014
Gregory Eugene Thompson	-	*
Jeffrey Colin Bain	*	*
Adam Edward Criddle	*	*
Peter Duncan	*	*

*Note: These personnel were not Directors of the company during this period.

The movements in key management personnel's shareholdings during the financial year included the purchase of 500 shares by Carol Louise Ross. 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 Daylesford, Victoria. The company has a franchise agreement in place with Bendigo and Adelaide Bank Limited who account for 100% of the revenue (2014: 100%).

	2015 $	2014 $
Note 22. Leases		
Operating lease commitments		
Non-cancellable operating leases contracted for but not capitalised in the Statement of Financial Position.		
Payable - minimum lease payments		
- no later than 12 months	54,305	57,880
- between 12 months and five years	22,950	80,102
- greater than five years	-	-
	77,255	**137,982**

Note 22. Leases (continued)

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

Note 23. Company details

The registered office and principle place of business is: Shop 3, 97 Vincent Street
Daylesford 3460

	2015 $	2014 $

Note 24. 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:

	2015 $	2014 $
Profit/(loss) after income tax expense	**(94,535)**	**(127,222)**
Weighted average number of ordinary shares for basic and diluted earnings per share	**600,008**	**600,008**

Note 25. Dividends paid or provided for on ordinary shares

No dividends were paid or proposed by the company during the period.

Note 26. 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	348	159
Trade and other receivables	7	46,076	37,888
Total financial assets		**46,424**	**38,047**

Notes to the financial statements (continued)

	Note	2015 $	2014 $

Note 26. Financial risk management (continued)

	Note	2015 $	2014 $
Financial liabilities			
Trade and other payables	11	34,532	29,334
Borrowings	12	79,277	95,428
Bank overdraft	12	262,621	163,825
Total financial liabilities		**376,430**	**288,587**

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 a Finance & Audit Committee which reports regularly to the Board. The Finance & Audit Committee is assisted in the area of risk management by an internal audit function conducted by Bendigo and Adelaide Bank Limited.

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.

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 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	348	159

Note 26. Financial risk management (continued)

(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.

The company has established an overdraft facility of $325,000 with Bendigo and Adelaide Bank Limited, which provides 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.

The table below reflects an undiscounted contractual maturity analysis for financial liabilities. Bank overdrafts have been deducted in the analysis as management does not consider there is any material risk the Bank will terminate such facilities. The Bank does however maintain the right to terminate the facilities without notice and therefore the balances of overdrafts outstanding at year end could become repayable within 12 months.

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	34,532	34,532	-	-
Bank overdraft	12*	262,621	262,621	-	-
Loans and borrowings	12	79,277	79,277	-	-
Total expected outflows		**376,430**	**376,430**	**-**	**-**
Financial assets - cash flows realisable					
Cash and cash equivalents	6	348	348	-	-
Trade and other receivables	7	46,076	46,076	-	-
Total anticipated inflows		**46,424**	**46,424**	**-**	**-**
Net (outflow)/inflow on financial instruments		**(330,006)**	**(330,006)**	**-**	**-**

Note 26. Financial risk management (continued)

(b) Liquidity risk (continued)

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	29,334	29,334	-	-
Bank overdraft	12*	163,825	163,825	-	-
Loans and borrowings	12	95,428	16,151	79,277	-
Total expected outflows		**288,587**	**209,310**	**79,277**	**-**
Financial assets - cash flows realisable					
Cash and cash equivalents	6	159	159	-	-
Trade and other receivables	7	37,888	37,888	-	-
Total anticipated inflows		**38,047**	**38,047**	**-**	**-**
Net (outflow)/inflow on financial instruments		**(250,540)**	**(171,263)**	**(79,277)**	**-**

* 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, fixed interest securities, 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.

Note 26. Financial risk management (continued)

(c) Market risk (continued)

	Profit $	Equity $
Year ended 30 June 2015		
+/- 1% in interest rates (interest income)	(3,416)	(3,416)
+/- 1% in interest rates (interest expense)	(3,416)	(3,416)
	(3,416)	**(3,416)**
Year ended 30 June 2014		
+/- 1% in interest rates (interest income)	(2,591)	(2,591)
+/- 1% in interest rates (interest expense)	(2,591)	(2,591)
	(2,591)	**(2,591)**

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.

Directors' declaration

In accordance with a resolution of the Directors of Daylesford District Community Developments Limited, the Directors of the company declare that:

1. The financial statements and notes, as set out on pages 15 to 43 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.

Jeffrey Bain,
Director and Treasurer

Marek Rak,
Chair

Signed at Daylesford on 29 September 2015.

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Daylesford District Community Developments Limited

Independent Audit Report to the members of Daylesford District Community Developments Limited

We have audited the accompanying financial report of Daylesford District Community Developments Limited which comprises the balance sheet as at 30 June 2015, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

The Responsibility of the Director's for the Financial Report

The directors of the company are responsible for the preparation and fair presentation 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 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 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 and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.

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*, provided to the directors of Daylesford District Community Developments Limited, would be in the same terms if provided to the directors as at the date of this auditor's report.

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Daylesford District Community Developments Limited

Independent Audit Report to the members of Daylesford District Community Developments Limited

Auditor's Opinion

In our opinion:

a. the financial report of Daylesford District Community Developments Limited is in accordance with the *Corporations Act 2001*, including:

   i. giving a true and fair view of the company's and consolidated entity'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.

b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

PPT Audit Pty Ltd
PPT Audit Pty Ltd

Jason D. Hargreaves
Director

20 Lydiard Street South, Ballarat

30 September 2015

Daylesford District **Community Bank®** Branch
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Phone: 0417 186 693
ABN: 72 149 942 067
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www.bendigobank.com.au/daylesford

Share Registry:
Castle Corporate Pty Ltd,
Level 2, 2A Cambridge Street, Box Hill VIC 3128

(BMPAR15104) (09/15)