



ANNUAL REPORT

Of

Yackandandah Community Development Company Limited

ABN 45 099 899 886

For year ended 31 March 2004



NOTICE OF ANNUAL GENERAL MEETING

In accordance with section 12 of the YCDCo. Constitution, Notice is hereby given that an Annual General Meeting of the Yackandandah Community Development Company Ltd will be held on Wednesday 9th June 2004 at the Yackandandah Public Hall commencing at 7:30pm.

Agenda

1. Welcome
2. Apologies
3. Confirmation of minutes
4. Election of Directors (in accordance with rule 2.6 of the YCDCo. Constitution, there is to be no election of Directors in 2004.)
5. Chairman's Report
6. Company Secretary's Report
7. Confirmation of Appointment of Auditor
8. General Business

Cameron McKern
Company Secretary
13th May 2004

Directors' Report

The Directors are proud to present the Annual Report of Yackandandah Community Development Company Limited (YCDCo) to shareholders, together with the financial report for the financial year ended 31 March 2004 and the auditor's report thereon. This is our second Annual Report as a public company. However, it is our first Annual Report to the expanded shareholder group after the highly successful public share offer in May/June 2003.

As all shareholders will know, YCDCo. came into being just over two years ago as a result of the threatened closure of Yackandandah's only fuel outlet. Faced with a crisis, the town rallied together as a community and met the challenge head-on.

Today, we have a modern, reliable source of fuel to serve the needs of the community for the foreseeable future. As this report shows, '**Yackandandah Station**' is exceeding our expectations and trading beyond the share offer forecasts. Importantly, we also share a huge opportunity which is in the form of YCDCo. itself as a broad-based community entity.

We like to think that this company is about much more than fuel. We now share in the ownership of a very unique company. It has the dual and complimentary goals of making a profit for shareholders and doing things which are for the betterment of Yackandandah. This so-called '**community commitment**' is enshrined in our Company Constitution.

The Challenge we now share is to make sure that YCDCo. takes a constructive role in the life of this community. To do this, we will need to work closely with all the other community organisations and businesses for the common good of the town and remain a financially viable business in our own right.

The Directors of YCDCo. Ltd. wish to express our thanks to all the people who have helped achieve the things we have done over the last twelve months. We especially want to thank all shareholders for the confidence, trust (and sometimes patience!) you have shown.

Under the YCDCo. Ltd. Constitution, there is no election of directors at this year's AGM. This is the only time this will occur and was stated clearly as our intention in the Offer Information Statement issued in May 2003. This time next year, one third of the existing directors are required to retire (and potentially renominate).

We look forward to working with you over the next year to build on YCDCo's success.

YCDCo. – Our Role and Structure

In February 2004, the Board held a planning session where we discussed what the company's long-term role might be. The need for a discussion about our role emerged out of the many ideas and suggestions being put forward by enthusiastic shareholders about what YCDCo. might or might not do next (ie; after the petrol station was up and running).

These ideas ranged from setting up a local newspaper, starting a bank, preparing a strategic plan for Yackandandah, buying a pub, starting a buying collective and so on. Whilst all these ideas have some merit, it became clear to us that we needed to think hard about just what our role is and might be in the future.

The main outcome of this is a view (which is shared by the Directors) that we should 'crawl before we walk' and don't rush into anything. Following on from this is a realisation that our role will evolve itself to an extent in the initial years of the company's life. So, we don't want to overly constrain that evolution process by making bold statements.

Director's report (continued)

Another outcome was a reaffirmation of our long-term goals. These are:

1. To improve the economic, social and cultural well-being of the community of Yackandandah and its immediate surrounds.
2. To operate the businesses owned by YCDCo. Ltd. (including 'Yackandandah Station') on a profitable basis, maximising return to shareholders and the community via the community commitment clause in the constitution.
3. To undertake projects and initiatives which will improve the social, economic and cultural condition of the Yackandandah community.

The Year's Highlight – 'Yackandandah Station' Open for Business

The completion and opening of the new service station was the highlight of the year. 'Yackandandah Station' was officially opened on Sunday 7 December 2003.

The key features of your service station are:

- 110,000 litre underground fuel tanks;
- fully pressurised system with submersible fuel pumps;
- EPA compliant electronic fuel tank gauging and fuel line monitoring system;
- fully constructed concrete forecourt and hard-stand area with triple interceptor traps;
- 4 fuel dispensers plus a hi-flow diesel dispenser;
- 24 hour security camera surveillance system;
- electronic "**Y-Card**" PIN access system for after-hours use; and
- fully fitted and air-conditioned retail area and canopy over the front forecourt area.

Since the completion of the project, we have adopted a streamlined management structure. Under this structure, the Service Station is run through a separate Management Committee. The **Yackandandah Station Management Committee** comprises 3 directors (Cameron McKern, Andrew Earl and James Lacey) and the site manager (Ben Scott). The Committee reports to the Board on operations on a quarterly basis.

Principal Activities

The principal activities of the Company during the course of the financial year were that of sales of petroleum and associated products. We sell a range of non-fuel products which are normally associated with a service station. We are also pleased to announce the introduction of a diesel fuel trailer which will be available for farmers to purchase and collect diesel from the site.

There were no significant changes in the nature of the activities of the Company during the year, other than the development of a retail petroleum site on Railway Avenue. This action resulted in a transfer of operations from the High Street site in Yackandandah.

Director's report (continued)

Result

The Board is pleased to report an operating profit after an income tax credit of \$3,614 (2003: nil) for the year ended 31 March 2004 of \$35,902 (2003: \$7,037 loss).

However, this profit result needs to be considered in the context of a number of one-off issues which have impacted on YCDCo.s financial result and position. These are detailed below.

Firstly, we need to take account of the fact that before the start of the 2003/04 year, YCDCo had accumulated \$10,603 in operating losses from the previous 2 years operations. These losses were a result of our continuing to sell fuel (as a community service) out of the old High Street site (which always operated at a loss) over the year before we opened the new service station.

Secondly, our actual 2003/04 profit result is largely a result of a one-off State Government capital grant provided through the Indigo Shire Council to YCDCo. Ltd. This was applied for the purposes of preparing the Railway Avenue site for construction of the new service station (site excavation, drainage, roadworks and other preliminary site works). The net impact of this financial arrangement with the Council in the year ended 31 March 2004 was \$34,421.

Review of Operations

During the period the company's revenue from sales of petroleum and related products was \$453,618 (2003: \$30,567 – Sales from the old High Street were commission-based fuel sales).

Detailed audited financial statements for the financial year 1 April 2003 to 31 March 2004 are included in this Annual Report. The table below provides a summarised analysis of key features of our financial performance for the year and compares these to forecasts prepared at the time of the public share offer in May 2003. It shows:

Column 1: Forecasts made at the time of the public share offer

Column 2: Actual results for two typical months – February and March, 2004

Column 3: Annualised results (for comparative purposes only).

As we were only operating from the new site for less than four months in the reporting year, and given that only the latter two of these could be considered 'typical' (after IWS commenced buying product from us, for example) the adjusted/annualised figures in column 3 provide the best indication of YCDCo.'s performance compared to what we forecast back in May 2003.

	1 FORECAST Share Offer (May 2003)	2 ACTUAL Feb & Mar 04	3 2003/04 Annualised (see notes above)
Fuel Volume (litres)	1,224,445	480,115	1,486,119
Gross Revenue (\$)	\$1,329,200	\$252,769	\$1,538,732
Profit	\$41,400		\$42,000
Profit (after community contribution)	\$20,700		\$21,000
Earnings/share (after comm commit)	\$5.26		\$4.96

Director's report (continued)

This table shows that (on a comparative basis) we are presently trading significantly above the levels which were forecast at the time of the share offer. Fuel volume (monthly) is 21% higher than forecast and total sales (monthly) are 16% higher than forecast (based on the adjusted and annualised figures above).

In actual performance terms, we have achieved a pre-tax profit position of \$32,288 for year 2003/04. This was not expected at the time of the share offer for our first year of operations.

Shareholders will also recall that soon after the success of the public share offer in June 2003, **Coles Myer** announced its entry into the retail fuel market in a joint venture with Shell (Coles Express). This move, combined with Woolworths (trading as Safeway in Victoria) being active in fuel retailing for a number of years, has meant significantly increased price-based competitiveness over the past 6-8 months around this region. This has led to lower margins than we initially predicted at the time of the share offer.

Considering these factors, our performance since opening at the Railway Avenue site can be summarised as very encouraging.

Key features of our performance are:

- Sales volumes which are significantly (approximately 21%) above what we forecast;
- Gross margins which are less than forecast ; and
- Lower than expected operating expenses.

To a large extent, the first two factors cancel each other out and the third was a result of overly-conservative budgeting at the time of the share offer. However, in the long-term, we consider **volume** to be much more important than **margin** (even though it hurts a bit in the short term) for two reasons.

Firstly, our results show that we have been profitable through what could be considered one of the most competitive periods in fuel retailing ever. We feel confident that gross margins will only improve from here over the next year or two. Our healthy sales volumes will stand us in good stead to capitalise on this when it occurs.

Secondly, higher sales volume lands customers on the forecourt which provides sales opportunities in other non-fuel product lines (which have much better profit margins).

The only negative note we have to report is the Federal Government's announcement of its intention to phase out the retail fuel subsidy scheme. This 1 ¢/litre subsidy accounted for income of \$4,801 in financial year 2003/04 (which equates to \$15,147 on an annualised basis).

Dividends

As stated, the 2003/04 profit is largely a result of a one-off capital grant by the Council which has been invested in the service station infrastructure.

Taking all the factors explained in relation to the operating result into account, the Board of YCDCo. Ltd. has decided not to declare any dividend for financial year 2003/04. This decision is made in line with the forecasts prepared at the time of the share offer.

As a matter of policy in relation to future profits, it remains the Board's intention to distribute future YCDCo. Ltd. profits to shareholders as dividends and via the community commitment clause (see below), where those profits are backed by a cash surplus.

Director's report (continued)

Share Value

As an unlisted public company, shares in YCDCo. Ltd. are not publicly traded on a stock exchange. This means the value of the shares is not subject to the inevitable market-driven fluctuations which this would lead to.

The value (or "**Transfer Price**") of shares in YCDCo. Ltd. is defined in section 29.3 of the Constitution as "... **the net asset backing attributed to the share calculated by reference to the last audited statement of the company.**"

In accordance with clause 29.3 of the Constitution, the "Share Transfer Price" calculation is provided below:

Net Equity (see Statement of Financial Position as at 31 March 2004)	\$448,399
Number of shares on issue (as at 31 March 2004)	4,231
Share Transfer Price (net asset backing per share)	\$105.98

Transfer/Sale of Shares

When YCDCo. was formed, we built into the Constitution what is called a '**pre-emptive right**'. That means when someone wants to sell shares, they must first be offered to existing shareholders before they can be sold to anyone outside the shareholder group. We did this because we want to maintain the focus of the company on the well-being of Yackandandah and its surrounds.

Key features of the share transfer process are:

- As stated, the share price is defined as being the net asset value attributable to each issued share (see above).
- **Shares can only be offered twice per year (this will occur 1 and 7 months after the AGM).** That means that any shareholders may notify the Company Secretary (on the appropriate form) within 30 days of the day after an AGM of their wish to sell shares and the number of shares they wish to offer for sale (ie; by 4.00 pm. on 9 July 2004).
- **Shares are then offered (in the first instance) to other existing shareholders and other people living within 20 kms of the Yackandandah Post Office.**
5 days after the end of the 30 day period after the AGM, the Company Secretary will post a Public Notice ("**Sale Notice**") at the Yackandandah Post Office notifying of any shares which are being offered for sale and the "Transfer Price" thereof.
- Then, if shares are still not sold, they may be offered to any others.

The exact process for selling shares is set out in detail in clause 29 of the Company Constitution. A "**Share Transfer Information Kit**" has been prepared and is available from the company secretary.

Director's report (continued)

State of Affairs

In the opinion of the directors, there were no significant changes in the state of affairs that occurred during the financial period under review, except for the issue of additional shares in accordance with an offer information statement and the transfer of operations to the Railway Avenue site, which has facilitated the more efficient and effective retail distribution of petroleum and associated products.

As a part of the transfer the Company commenced purchasing fuel in its own right and thus now holds fuel supplies. This has had a subsequent effect on sales, purchases, creditors and GST. Previously the Company sold fuel on a commission basis.

Events subsequent to Balance Date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years, except for the following:

- n at a directors meeting held on April 21, 2004, the directors passed a resolution that the Company Secretary, Mr Cameron McKern, be paid remuneration of \$100 per week commencing April 2, 2004.

Likely Developments

Other than those arising from an ongoing review of expansion opportunities there are no significant likely developments not otherwise disclosed in this report.

Derivatives and other financial instruments

The company is exposed to credit, liquidity and cash flow risks from its operations. The company has a strict credit policy for all customers trading on credit terms, and only deals with reputable financial institutions.

Financing facilities and operating cash flows are managed to ensure the company is not exposed to any adverse liquidity risks.

Director's report (continued)

Directors

The directors of the Company at any time during or since the end of the financial year are:

Glenn Clark
Age: 41
Occupation: Supermarket manager/Owner
Director since: March 2002

Andrew Earl
Age: 39
Occupation: Teacher
Director since: March 2002

Mark McKenzie-McHarg
Age: 43
Occupation: Management Consultant
Director since: March 2002

Cameron McKern
Age: 39
Occupation: Computing Consultant
Director since: March 2002

Phillip Newman
Age: 42
Occupation: Self employed
Director since: March 2002

David Norman
Age: 42
Occupation: Self employed
Director since: March 2002

James Lacey
Age: 38
Occupation: Newsagent proprietor
Director since: May 2003

Directors Meetings

The number of directors' meetings and the number of meetings attended by each of the directors of the company during the year are:

	<i>Meetings held</i>	<i>Meetings attended</i>
Glenn Clark	14	10
Andrew Earl	14	13
Mark McKenzie-McHarg	14	13
Cameron McKern	14	14
Phillip Newman	14	13
David Norman	14	14
James Lacey	13 *	13

*Indicates number of meetings held whilst director was in office.

Directors' Benefits

Since the end of the previous financial year no director of the company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by directors shown in the financial statements, or the fixed salary of a full time employee of the company or of a related body corporate) by reason of a contract made by the company or a related body corporate with a director or with a firm of which a director is a member, or with an entity in which a director has a substantial interest, except for those detailed in Note 16 to the financial report.

Director's report (continued)

Environmental Regulation

The company's operations are subject to various environmental regulations under both Commonwealth and State legislation.

The company has established procedures for monitoring compliance with existing environmental regulations and new regulations as they are enacted. This includes steps to be followed should an incident occur which has an adverse effect on the environment.

The directors are not aware of any breaches of the legislation during the financial year which are material in nature.

Indemnification and insurance of officers and auditors

Up to 31 March 2004 no insurance in respect of officers has been paid. No indemnity arrangements have been entered into with auditors.

Signed in accordance with a resolution of directors.

Dated at Yackandandah this 13th day of May, 2004.

Signed by Cameron McKern
Director

Signed by Mark McKenzie-McHarg
Director

Statement of financial performance For the year ended 31 March 2004

	Note	2004 \$	(9 months) 2003 \$
<i>Revenue from operating activities</i>			
Revenue from fuel and oil sales		453,618	30,567
Revenue from other sales		20,241	6,816
Interest received		6,313	4
<i>Revenue from outside operating activities</i>			
Funding monies received	22	64,421	-
		<u>544,593</u>	<u>37,387</u>
Cost of goods sold		404,466	6,197
Accounting fees		182	-
Audit fees	18	3,100	3,000
Advertising and promotion		458	20
Depreciation and amortisation		7,855	-
Electricity		1,381	667
Employee expenses		48,031	28,611
Amounts set aside to employee provisions		639	-
Government and bank charges		645	870
Insurance		1,704	855
Printing and stationery		2,484	362
Telephone		1,243	519
Rent		2,835	3,125
Other expenses		642	198
Share issue and offer information statement		6,640	-
Contribution to Industrial Estate		30,000	-
		<u>512,305</u>	<u>44,424</u>
PROFIT/(LOSS) FROM ORDINARY ACTIVITIES			
BEFORE RELATED INCOME TAX EXPENSE			
INCOME TAX EXPENSE (BENEFIT)	21(a)	32,288 (3,614)	(7,037) -
NET PROFIT/(LOSS)		<u>35,902</u>	<u>(7,037)</u>

The Statement of Financial Performance should be read in conjunction with the notes to and forming part of the financial statements as set out on pages 12 to 29.

Statement of Financial Position As at 31 March 2004

	Note	2004 \$	(9 months) 2003 \$
CURRENT ASSETS			
Cash Assets	3	91,271	7,493
Receivables	4	31,489	778
Inventories	5	32,539	-
Other	6	15,177	1,500
TOTAL CURRENT ASSETS		<u>170,476</u>	<u>9,771</u>
NON CURRENT ASSETS			
Property, plant and equipment	7	391,308	-
Deferred tax assets	21(d)	3,614	-
TOTAL NON CURRENT ASSETS		<u>394,922</u>	<u>-</u>
TOTAL ASSETS		<u>565,398</u>	<u>9,771</u>
CURRENT LIABILITIES			
Payables	8	116,360	9,374
Provisions	9	639	-
TOTAL CURRENT LIABILITIES		<u>116,999</u>	<u>9,374</u>
TOTAL LIABILITIES		<u>116,999</u>	<u>9,374</u>
NET ASSETS		<u>448,399</u>	<u>397</u>
EQUITY			
Contributed Equity	10	423,100	11,000
Retained Earnings	11	25,299	(10,603)
TOTAL EQUITY		<u>448,399</u>	<u>397</u>

The Statement of Financial Position is to be read in conjunction with the notes to and forming part of the financial statements as set out on pages 12 to 29.

Statement of cash flows For the year ended 31 March 2004

	Note	2004 \$	(9 months) 2003 \$
Cash flows from operating activities			
Cash receipts in the course of operations		443,148	35,008
Interest received		6,313	4
Cash payments in the course of operations		(378,620)	(35,958)
Net cash provided by operating activities	12(ii)	<u>70,841</u>	<u>(946)</u>
Cash flows from investing activities			
Payments for property, plant and equipment		(399,163)	-
Net cash used in investing activities		<u>(399,163)</u>	<u>-</u>
Cash flows from financing activities			
Repayments of borrowings		-	-
Proceeds from the issue of shares		412,100	4,000
Net cash provided by financing activities		<u>412,100</u>	<u>4,000</u>
Net increase/(decrease) in cash held		83,778	3,054
Cash at the beginning of the financial year		7,493	4,439
Cash at the end of the financial year	12(i)	<u><u>91,271</u></u>	<u><u>7,493</u></u>

The Statement of Cash Flows is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 12 to 29.

Notes to and forming part of the financial statements For the year ended 31 March 2004

1. Statement of Significant Accounting Policies

The significant policies which have been adopted in the preparation of this financial report are:

a) **Basis of preparation**

The financial report is a general purpose financial report which has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views and the Corporations Act 2001. It has been prepared on the basis of historical costs and except where stated, does not take into account changing money values or fair values of assets.

The accounting policies have been consistently applied by the Company and except where there is a change in accounting policy as set out in Note 2, are consistent with those of the previous year.

The company made a loss in the prior period. The financial report has been prepared on a going concern basis after reviewing future budget projections.

b) **Income Tax**

The company adopts the liability method of tax effect accounting.

Income tax expense is calculated on operating profit adjusted for permanent differences between taxable and accounting income. The tax effect of timing differences which arise from items being brought to account in different periods for income tax and accounting purposes, is carried forward in the Statement of financial position as a future income tax benefit or a deferred tax liability.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits which include tax losses are only brought to account when their realisation is virtually certain.

c) **Revenue recognition**

Revenues are recognised at fair value of the consideration received net of the amount of goods and services tax (GST) payable to the taxation authority. Exchanges of goods or services of the same nature and value without any cash consideration are not recognised as revenues.

Notes to and forming part of the financial statements For the year ended 31 March 2004

d) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of the GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

e) Comparative information

The 2003 amounts represent balances for the period of trade for the entity between 1 July 2002 and 31 March 2003.

f) Company status

During January 2003, with ASIC approval, the company converted from a proprietary company to a public company. The comparative financial statements for 2003 reflect trade of the company in both its form as a proprietary company and an unlisted public company.

g) Receivables

The collectability of debts is assessed at reporting date and specific provision is made for any doubtful accounts

Trade debtors

Trade debtors to be settled within 30 days are carried at amounts due.

Notes to and forming part of the financial statements For the year ended 31 March 2004

h) Acquisition of assets

All assets acquired, including property, plant and equipment and intangibles other than goodwill, are initially recorded at their cost of acquisition at the date of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition.

The costs of assets constructed or internally generated assets include the cost of materials and direct labour.

i) Inventories

Raw materials and stores, work in progress and finished goods are carried at the lower of cost allocated and net realisable value.

Fuel cost is calculated using a FIFO basis.

j) Leased assets

Leases under which the Company assumes substantially all the risks and benefits of ownership are classified as finance leases. Other leases are classified as operating leases.

Operating leases

Payments made under operating leases are expensed on a straight line basis over the term of the lease, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property.

k) Recoverable amount of non-current assets valued on cost basis

The carrying amounts of non-current assets valued on the cost basis, are reviewed to determine whether they are in excess of their recoverable amount at reporting date. If the carrying amount of a non-current asset exceeds its recoverable amount, the asset is written down to the lower amount. The write-down is expensed in the reporting period in which it occurs.

Where a group of assets working together supports the generation of cash inflows, recoverable amount is assessed in relation to that group of assets.

In assessing recoverable amounts of non-current assets, the relevant cash flows have not been discounted to their present value.

Notes to and forming part of the financial statements For the year ended 31 March 2004

l) Depreciation and Amortisation

Useful lives

All assets have limited useful lives and are depreciated/amortised using the straight line method over their estimated useful lives, taking into account estimated residual values.

Asset are depreciated or amortised from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and held ready for use.

Depreciation and amortisation rates and methods are reviewed annually for appropriateness. When changes are made adjustments are reflected prospectively in current and future periods only. Depreciation and amortisation are expensed.

The depreciation /amortisation rates or useful lives used for each class of assets are as follows:

<i>Property, plant and equipment</i>	2004
Shop and forecourt	30 years
Fuel storage equipment	10-30 years
Fuel delivery equipment	5-20 years

All depreciation rates are applied using a straight line basis. The Company held no fixed assets in the 2003 period.

m) Payables

Liabilities are recognised for amounts to be paid in the future of goods or services received. Trade accounts payable are normally settled within 30 days.

n) Employee benefits

Wages, salaries, annual leave, sick leave and non-monetary benefits

Liabilities for employee benefits for wages, salaries, annual leave and sick leave expected to be settled within 12 months of the year end represent present obligations resulting from employees' services provided to reporting date, calculated at undiscounted amounts based on remuneration wage and salary rates that the company expects to pay as at reporting date including related on costs.

o) Superannuation plan

The Company contributes to several defined contribution superannuation plans. Contributions are recognised as an expense as they are made.

Notes to and forming part of the financial statements For the year ended 31 March 2004

2. Changes in accounting policies

Employee Benefits

The company has applied the revised AASB 1028 “Employee Benefits” for the first time from 1 April 2003. The liability for wages and salaries, annual leave and sick leave is now calculated using the remuneration rates the Company expects to pay as at each reporting date, not wage and salary rates current at reporting date. The impact of this change was not considered material.

3. Cash Assets

	Note	2004 \$	(9 months) 2003 \$
Cash on hand		1,288	353
Unbanked funds		3,108	1,461
Cash at bank		86,875	5,679
		<u>91,271</u>	<u>7,493</u>
		=====	=====

4. Receivables Current Receivables

Trade debtors		31,489	778
Less: Provision for Doubtful Debts		-	-
		<u>31,489</u>	<u>778</u>
		=====	=====

5. Inventories Current

<i>Finished goods</i>			
Fuel		25,516	-
Oil		998	-
Motor accessories		1,411	-
Sundry		4,614	-
		<u>32,539</u>	<u>-</u>
		=====	=====

Notes to and forming part of the financial statements For the year ended 31 March 2004

	Note	2004 \$	(9 months) 2003 \$
6.	Other Assets		
	GST refundable	12,926	111
	Deposits with Suppliers	2,251	392
	Stock on hand - sundry	-	897
	Other	-	100
		<u>15,177</u>	<u>1,500</u>
		=====	=====
7.	Property, plant and equipment		
	Leasehold improvements		
	<i>Fuel storage equipment at cost</i>	103,700	-
	<i>Accumulated amortisation</i>	(2,338)	-
		<u>101,362</u>	<u>-</u>
		=====	=====
	 <i>Shop and forecourt at cost</i>	 194,977	 -
	<i>Accumulated amortisation</i>	(2,099)	-
		<u>192,878</u>	<u>-</u>
		=====	=====
	Plant and equipment		
	<i>Fuel delivery equipment at cost</i>	100,487	-
	<i>Accumulated depreciation</i>	(3,419)	-
		<u>97,068</u>	<u>-</u>
		=====	=====
	Total Property, plant and equipment	391,308	-
		=====	=====

Notes to and forming part of the financial statements For the year ended 31 March 2004

	Note	2004 \$	(9 months) 2003 \$
7.	Property, plant and equipment (continued)		
	Reconciliations		
	Reconciliations of the carrying amounts for each class of property, plant and equipment are set out below:		
	<i>Fuel Storage Equipment</i>		
	Carrying amount at beginning of year	-	-
	Additions	103,700	-
	Disposals	-	-
	Depreciation	2,338	-
	Carrying amount at end of year	101,362	-
	<i>Shop and Forecourt</i>		
	Carrying amount at beginning of year		
	Additions	194,977	-
	Disposals	-	-
	Depreciation	2,099	-
	Carrying amount at end of year	192,878	-
	<i>Fuel delivery equipment</i>		
	Carrying amount at beginning of year		
	Additions	100,487	-
	Disposals	-	-
	Depreciation	3,419	-
	Carrying amount at end of year	97,068	-

Notes to and forming part of the financial statements For the year ended 31 March 2004

	Note	2004 \$	(9 months) 2003 \$
8.	Payables		
	Monies banked awaiting distribution	-	4,982
	Auditors remuneration	3,100	3,000
	Trade creditors	65,962	396
	Deposits collected	-	161
	PAYG Withholding payable	1,769	222
	GST payable	14,291	493
	Loans from directors	-	120
	Capital – other	30,000	-
	Payroll related	1,238	-
		<u>116,360</u>	<u>9,374</u>
		=====	=====
9.	Provisions		
	Employee benefits	639	-
		<u>639</u>	<u>-</u>

The Company as at 31 March 2004 has one permanent part time employee and several casuals.

10. Equity

The Company commenced the 2003 period with issued capital of 7 shares at \$1,000 each. Since 1 July 2002 these shares were converted to 70 shares at \$100 each. Post conversion, each shareholder purchased an additional 1 share and investment from 3 new shareholders was obtained.

Contributed equity

4,231 (2003: 110) ordinary shares, fully paid	423,100	11,000
	=====	=====

Ordinary shares

Movements during the year		
Balance at beginning of year	11,000	7,000
<i>Shares issued</i>		
40 shares issued	-	4,000
4,121 for cash pursuant to an offer information statement	412,100	-
Closing balance	<u>423,100</u>	<u>11,000</u>
	=====	=====

Notes to and forming part of the financial statements For the year ended 31 March 2004

	Note	2004 \$	(9 months) 2003 \$
11.	Retained Earnings		
	Retained (losses) at the beginning of the financial year	(10,603)	(3,566)
	Current period profits/(losses)	35,902	(7,037)
	Retained Profits/(losses) at end of financial year	<u>25,299</u>	<u>(10,603)</u>

12. Notes to the statement of cash flows

(i) Reconciliation of cash

For the purposes of the Statement of Cash Flows, cash includes cash on hand and at bank cash as at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Balance sheets as follows:

Cash on Hand and at Bank	91,271	7,493
	<u>91,271</u>	<u>7,493</u>

Notes to and forming part of the financial statements For the year ended 31 March 2004

	2004	(9 months) Note 2003
	\$	\$
(ii) Reconciliation of operating profit after income tax to net cash provided by operating activities		
Operating profit/(loss) after income tax	35,902	(7,037)
Add/(less) non-cash items:		
Depreciation/Amortisation	7,855	-
Amounts set aside to provisions	639	-
(Increase)/decrease in deferred tax assets	(3,614)	-
Net cash provided by operating activities before change in assets and liabilities	40,782	(7,037)
Change in assets and liabilities during the financial year		
(Increase)/Decrease in inventories	(32,539)	
(Increase)/Decrease in receivables	(30,711)	432
Increase/(Decrease) in payables	106,986	5,821
(Increase)/Decrease in other assets	(13,677)	(162)
Net cash provided by operating activities	70,841	(946)

13. Segment Reporting

The entity operates predominately in the fuel industry. The entity's operations are located in Yackandandah, Victoria. The entity supplies petroleum and associated products.

14. Financial Instruments

For all financial assets and liabilities it is considered that carrying values as disclosed in the statements of financial position reflect the net fair values.

Notes to and forming part of the financial statements For the year ended 31 March 2004

	Note	2004 \$	(9 months) 2003 \$
15. Directors' Remuneration			
Directors' Income			
The number of directors of the Company whose income from the company or any related party falls within the following band:			
\$1 - \$9,999		5	3
Total income paid or payable, or otherwise made available, to all directors of the Company and controlled entities from the Company or any related party.		5,321	7,588

The above reflects remuneration for directors performing the role of driveway attendant. No director received remuneration for acting in their capacity as director.

16. Related Parties

Directors

The name of each person holding the position of director of Yackandandah Community Development Company Ltd during the financial year are Glenn Clark, Andrew Earl, James Lacey, Mark McKenzie-McHarg, Cameron McKern, Phillip Newman and David Norman.

Details of directors' remuneration and retirement benefits are set out in Note 15. Apart from the details disclosed in this note, no director has entered into a material contract with the company since the end of the previous financial year and there were no material contracts involving directors' interests subsisting at year end.

Directors' holdings of shares and share options

The interests of directors of the entity and their director-related entities in shares and share options of entities within the company at period-end are set out below:

	2004	2003
Yackandandah Community Development Company Ltd		
Ordinary Shares	183	110
Options over ordinary shares	-	-

All directors hold shares in the Company.

Notes to and forming part of the financial statements For the year ended 31 March 2004

	2004 \$	(9 months) Note 2003 \$
--	------------	----------------------------------

16. Related Parties (continued)

Directors' transactions in shares and share options

During the year an offer information statement resulted in the issuance of 4,121 shares per Note 10(a). As part of this issue, shares were purchased by a director. In addition several director related parties also purchased shares in the company.

During the 2003 period, each director's one \$1,000 share was converted to 10 shares at \$100 each. In addition, each director during the 2003 period purchased an additional one share of \$100.

Directors' transactions with the Company or its controlled entities

A number of directors of the Company, or their director-related entities, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of these entities.

The terms and conditions of the transactions with directors and their director-related entities were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-director related entities on an arm's length basis.

The aggregate amounts recognised during the year relating to directors and their director-related entities were as follows:

Director	Transaction	Note	2004	2003
G. Clark	Purchases – stock	(1)	1,172	-
J. Lacey	Purchases – stock	(2)	2,907	-
(1)	Goods purchased from Yackandandah General Store			
(2)	Goods purchased from Yackandandah Authorised Newsagency			

In addition to the above, director M McKenzie-McHarg via a related party Aceconsult Pty Ltd has provided project management services regarding the Railway Avenue site. The project management services transaction will be completed during the 2005 year and has not been brought to account in 2004. This transaction will be on a favourable commercial basis to the Company.

Certain director related parties are employed by the Company during the year as driveway attendants. The terms and conditions of employment for those persons is the same as those employees who are non director related.

Notes to and forming part of the financial statements For the year ended 31 March 2004

Note	2004 \$	(9 months) 2003 \$
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16. Related Parties (continued)

All transactions with directors, or their director related parties are on normal terms and conditions or on a basis more favourable to the Yackandandah Community Development Company. Purchases by directors and director related parties from the retail site are on terms no more favourable than those available to the general public and are trivial or domestic in nature.

Amounts receivable from and payable to directors and their director-related entities at reporting date arising from these transactions were as follows:

Current Receivables

Trade debtors	358	-
Less: provision for doubtful debts	-	-
	358	-
Current Payables		
Loans from directors	-	120

On 31 March 2003 Directors McKern and McKenzie-McHarg advanced \$60 each to the Company by way of a loan. This loan was funded on terms including payable upon demand and interest free to the Company. These loans were repaid during the 2004 year.

17. Economic dependency

100% of the fuel sold by the company is currently sourced from Shell Fuels. However, the Directors are confident that alternative fuel supplies are available.

18. Auditor's Remuneration

Auditors of the Company – KPMG Albury		
Audit	1,600	1,500
Other Services	1,500	1,500
	3,100	3,000
	=====	=====

Notes to and forming part of the financial statements For the year ended 31 March 2004

	Note	2004 \$	(9 months) 2003 \$
19. Commitments			
<i>Non-cancellable operating lease expense commitments</i>			
Future operating lease commitments not provided for in the financial statements and payable:			
Within one year		100	-
One year or later and no later than five years		150	-
Later than five years		-	-
		250	-

The Company leases property under a non-cancellable operating lease expiring on 31 August 2006. The lease provides the Company with a right of renewal for a further five terms of five years each, at which time all terms are renegotiated. Lease payments comprise a nominal rent which has no reflection on the market rate which will be assessed and commence as from the exercise of the first option.

<i>Capital commitments</i>	nil	nil
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20. Dividends

No dividends were declared or paid during the year (2003: nil).

Notes to and forming part of the financial statements For the year ended 31 March 2004

	Note	2004 \$	(9 months) 2003 \$
21. Taxation			
(a) Income tax expense			
Prima facie income tax expense calculated at 30% (2003: 30%) on the profit from ordinary activities		9,686	(2,111)
Increase in income tax expense due to:			
Amortisation of site		206	-
Losses not taken to account		-	(2,111)
Decrease in income tax expense due to:			
Capital contributions received (net)		(10,325)	-
Initial recognition of tax losses		(3,181)	-
Income tax under/(over) provided in prior year		-	-
Income tax expense attributable to profit from ordinary activities.		<u>(3,614)</u>	<u>-</u>
Income tax expense/(revenue) attributable to profit from ordinary activities is made up of:			
Current income tax provision		-	-
Deferred income tax provision		-	-
Future income tax benefit		(3,614)	-
Over provision in prior year		-	-
		<u>(3,614)</u>	<u>-</u>
		=====	=====

Notes to and forming part of the financial statements For the year ended 31 March 2004

	Note	2004 \$	(9 months) 2003 \$
21. Taxation (continued)			
(b) Current tax liabilities			
<i>Provision for current income tax</i>			
Movements during the year:			
Balance at beginning of year		-	-
Income tax paid		-	-
Current year's income tax expense on profit from ordinary activities		-	-
Under/(over) provision in prior year		-	-
		-----	-----
		-	-
		=====	=====
(c) Deferred tax liabilities			
<i>Provision for deferred income tax</i>			
Provision for deferred income tax comprises the estimated expense at the applicable rate of 30% on the following items:			
Difference in depreciation and amortisation of property, plant and equipment for accounting and income tax purposes		-	-
Expenditure currently deductible for tax but deferred and amortised for accounting purposes		-	-
Withholding tax		-	-
Sundry items		-	-
		-----	-----
		-	-
		-----	-----

Notes to and forming part of the financial statements For the year ended 31 March 2004

	Note	2004 \$	(9 months) 2003 \$
21. Taxation (continued)			
(d) Deferred tax assets			
<i>Future income tax benefit</i>			
Future income tax benefit comprises the estimated future benefit at the applicable rate of 30% on the following items:			
Provisions and accrued employee benefits not currently deductible		192	-
Tax losses carried forward		1,729	-
Difference in depreciation and amortisation of property, plant and equipment for accounting and income tax purposes		-	-
Sundry items		1,693	-
		3,614	-
<i>Future income tax benefit not taken to account</i>			
The potential future income tax benefit in a controlled entity, which is a company, arising from tax losses and timing differences has not been recognised as an asset because recovery of tax losses is not virtually certain and recovery of timing differences is not assured beyond any reasonable doubt:			
Tax losses carried forward		-	10,603
Tax losses recognised		(10,603)	-
Timing differences		-	-
		-	10,603

The company has a June 30 income tax year. The tax status of the entity is currently being reviewed by directors.

Notes to and forming part of the financial statements For the year ended 31 March 2004

	Note	2004 \$	(9 months) 2003 \$
22.	Individually significant items		
	During the financial year the company was the beneficiary of certain grant funding. The Indigo Shire provided the Company with both cash and in kind contributions with funding it received in relation to the development of an industrial estate on Railway Avenue, Yackandandah.		
23.	Contingent liabilities and contingent assets		
	Nil.		
24.	Subsequent events		
	There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years, except for the following:		
	<ul style="list-style-type: none">n at a directors meeting held on April 21, 2004, the directors passed a resolution that the Company Secretary, Mr Cameron McKern, be paid remuneration of \$100 per week commencing 2 April 2004.		

Directors' declaration

In the opinion of the directors of Yackandandah Community Development Company Limited:-

- (a) the financial statements and notes as set out on pages 9 to 29, are in accordance with the Corporations Act 2001, including :
 - (i) giving a true and fair view of the financial position of the Company as at 31 March 2004, and of its performance, as represented by the results of its operations and its cash flows for the financial year ending on that date; and
 - (ii) complying with Accounting Standards and the Corporations Regulations; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated at Yackandandah this 13th day of May, 2004.

Signed in accordance with a resolution of the directors.

Signed by Cameron McKern
Director

Signed by Mark McKenzie-McHarg
Director



Chartered Accountants

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AUDITOR'S REPORT TO THE MEMBERS OF YACKANDANDAH COMMUNITY DEVELOPMENT COMPANY LTD

Scope

We have audited the financial report of Yackandandah Community Development Company Ltd for the period ended 31 March 2004, consisting of the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes and the directors' declaration as set out on pages 9 to 30. The company's directors are responsible for the preparation and presentation of the financial report. We have conducted an independent audit of this financial report in order to express an opinion on it to the members of the company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements and statutory requirements in Australia so as to present a view which is consistent with our understanding of the company's financial position, and performance as represented by the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the financial report of Yackandandah Community Development Company Ltd is in accordance with:

- a) the Corporations Act 2001, including:
 - i) giving a true and fair view of the company's financial position as at 31 March 2004 and its performance for the period ended on that date; and
 - ii) complying with Accounting Standards and the Corporations Regulations; and
- (b) other mandatory professional reporting requirements.


KPMG
Chartered Accountants

Dougald J Frederick
Partner

Dated at Albury this 14th day of May 2004.

Resident Partners:

P C Tobin	N R Willis
G J West	D J Frederick
C I Kenny	K T Evans
T S Frazer	



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