



YCDco.
YACKANDANDAH
COMMUNITY DEVELOPMENT CO

ANNUAL REPORT

of

Yackandandah Community Development Company Limited

ABN 45 099 899 886

For year ended 31 March 2005

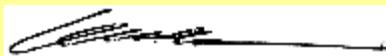


NOTICE OF ANNUAL GENERAL MEETING

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 29th June 2005 at the Yackandandah Public Hall commencing at 7:00pm.

Agenda

1. Welcome
2. Apologies
3. Confirmation of minutes of Annual General Meeting of Members held on 9th June 2004
4. Election of Directors: Nominations received to fill 2 vacancies are:
 - Mark McKenzie-McHarg
 - Peter McGowan
5. Chairman's Report
6. Company Secretary's Report
7. Confirmation of Appointment of Auditor
8. General Business



Cameron McKern
Company Secretary
30th May 2005

Directors' Report

The Directors are proud to present the Annual Report of Yackandandah Community Development Company Limited (YCDCo. Ltd.) to shareholders, together with the financial report for the year ended 31 March 2005 and the auditor's report thereon. This is our third Annual Report as a public company and the first which covers a full 12 months trading period at the new service station.

There have been a number of highlights throughout the year which are addressed below.

Yfarm Opens for Business ...

Having consolidated the fuel side of the business, the Board has (from the outset) recognised that fuel is highly volatile and marginal in isolation. This means that, in the longer term, the company's success was going to need a complimentary business line. When the Robinson's signalled their intention to close the hardware shop, this was our opportunity. We negotiated an arrangement whereby YCDCo. would buy their stock (not the business) and commence trading in hardware, rural supplies and produce. The new produce shed has been built, with the next stage being the extension of the retail shop out to the grassed area to the west. So far, despite some teething issues, trade is steady and progressing to the levels we forecast. We wish to again thank our customers for their patience during this transition phase.

Opening for business on 18 February 2005, there are only 5 weeks of trade included in this Annual Report period. However, we are optimistic that the rural supplies, hardware and produce business will secure the long-term profitability of YCDCo. Ltd.

The Community 'Dividend' - First Community Commitment Funds Allocated ...

We took great pleasure in allocating more than \$15,000 in Community Commitment grants and sponsorship to the following community groups and organisations:

Yackandandah Bush Nursing Hospital	Electronic weighing chair	\$1,595
Yackandandah Community Choir	Employ conductors, run workshops, pay travel expenses for the choir leader and expenses for choir development, with the choir contributing \$1060 toward the cost	\$1,800
Yackandandah Court house	Restore/Repair historical courtroom furniture	\$649
Yackandandah Folk festival Committee	Performers fees/reusable street bunting/advertising	\$2,500
Yackandandah Football & Sports Club	Upgrade lighting on football ground and establish a netball warm-up court	\$1,850
Yackandandah Kindergarten	A new photocopier for the Kindergarten, with the Kindergarten contributing \$1000 toward the cost	\$1,842
Yackandandah Primary School	Playground Equipment	\$2,700
Yackandandah Sports Park Committee	Seed funding toward 'Sports Park Completion Fund'	\$2,700

New Manager ...

We appointed Phil Buerckner as our Manager. He replaced Ben Scott, whose contribution during our formative stages we acknowledge gratefully. Phil comes to us with a background as a detective in the Police Force and with a wealth of experience in retail and running a supermarket. He's got enormous energy (and patience with us directors) and is committed to making the *Yfarm* business really fly. Phil is looking at our product mix and has a strong focus on customer service and staff training.

Directors' Report (continued)

Fuel volumes remain strong in tough competition ...

We have been able to consolidate fuel sale volumes at just over 30,000 litres per week. That's a far cry from 11,000 litres per week from the old High Street site when we took over. It's also good because we've done that during a time when heavy discounting has occurred in the Albury-Wodonga market. Our pricing policy remains based on the delivered price of product and our position in relation to the non-discounter market.

Fuel trailer proves a winner ...

At the 2004 AGM, we signalled our intention to buy a diesel fuel trailer (at a cost of \$3,540) to loan to customers to buy larger quantities of fuel for on-farm uses. Since the purchase of the trailer, we have sold over 34,000 litres of diesel using the trailer. At an average margin of \$0.08 c/litre, that's a **profit of \$2,720** so far.

At that rate, we will have paid for it inside the next 6 months ... so pretty soon, it's '**money for jam!**'

YCDCo. Goals

The long-term goals of YCDCo. Ltd. 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 **Yfuel**, **Yfarm** etc.) 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.

Principal Activities

The principal activities of the Company during the course of the financial year were that of sales of petroleum, rural supplies, hardware, produce and associated products. We sell a range of non-fuel products which are normally associated with a service station.

The only significant changes in the nature of the activities of the Company during the year, was the commencement (on 18 February 2005) of trading in rural supplies, produce, hardware, rainwater tanks, bottled gas, fencing supplies etc. under the brand-name of **Yfarm**.

Financial Result - Profit Exceeds Forecast

The Board is pleased to report an operating profit [after income tax expense of \$12,835 (2004: \$3,614 credit)] of \$47,527 (2004: \$35,902) for the year ended 31 March 2005. These figures do not include our community commitment and sponsorship of \$15,578 (2004: nil).

This profit result is most encouraging. When adjusted for one-off items, it slightly exceeds the \$42,000 we forecast at last year's AGM. Also, included in this result are significant up-front set-up expenses associated with the commencement of the rural supplies/hardware/produce business, before significant revenues for that business started to flow.

The result equates to earnings per share of \$14.27 (before community commitment and before tax) which is up 44% from the \$9.92 earnings per share in the previous year.

Directors' Report (continued)

The result is underpinned by sustained fuel sales at over 30,000 litres per week. The fuel sales volume is encouraging given the extensive price discounting which has been occurring in the Albury-Wodonga region and the noted price sensitivity of fuel buyers. It means that we have (so far) been able to keep a loyal customer base in the face of competition.

Over the year, the average retail price of fuel was often sitting at or around the highly resistant \$1.00 per litre mark which is also where margins are tightest. This, combined with the much-publicised world-wide volatility in oil markets, means that our margins have been quite tight throughout the year.

The sales of rural supplies and hardware from opening on 18 February to 31 March were representative of the transitional stage of the business. They therefore provided no real indication for the future of that aspect of the business.

On the expense side, wages have increased to cope with the additional customer service demands brought on by the hardware/rural supplies business. Whilst YCDco. is not able to provide an expert/advisory service, the typical customer expectations relating to the extended product range requires additional hours to be rostered, especially at peak times.

Review of Operations

During the period, the company's revenue from sales of petroleum and related products was \$1,619,587 (2004: \$453,618).

Detailed audited financial statements for the financial year 1 April 2004 to 31 March 2005 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 the twelve months – April, 2004 through March, 2005

	1 FORECAST Share Offer (May 2003)	2 ACTUAL 2004-05
Fuel Volume (litres)	1,224,445	1,658,628
Gross Revenue (\$)	\$1,329,200	\$1,692,213
Profit	\$41,400	\$60,362
Earnings/share	\$10.52	\$14.27

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 is 35% higher than forecast and total sales are 27% higher than forecast.

Directors' Report (continued)

Dividends

As advised in the Shareholder Newsletter, the Board has declared an unfranked dividend of \$3.55 per share, payable to shareholders on the share register on 28th February, 2005. The dividend payment accompanies this report.

The dividend represents a yield of 3.55% of the original price of the shares. Given that the Yackandandah community has also received a 'dividend' of over \$15,000 (ie through the community commitment grants), we believe this shareholder dividend represents **an excellent return on your investment.**

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

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 2005)	\$465,327
Number of shares on issue (as at 31 March 2005)	4,231
Share Transfer Price (net asset backing per share)	\$109.98

The Share Transfer Price as reported in last year's Annual Report was \$105.98.

Transfer/Sale of Shares- New Shareholders

During the year, we went through the first share sale process as defined under the YCDCo. Ltd. Constitution. This process includes a 'pre-emptive right' which defines share price and sale process. The process is designed to make sure that shares can change hands relatively easily and that new residents and locals get priority.

The process went well. Applications were lodged to buy 185 shares. With only 65 shares being available, they were sold to 12 new shareholders (on a pro-rata basis) at the defined price of \$105.98 per share.

How the 'Pre-emptive Right' works ...

The 'Pre-emptive right' means when someone wants to sell shares, they must first be offered to existing shareholders and people who live within 20 kms of Yackandandah Post Office before they can be offered to anyone else. This keeps the focus of the company on the well-being of Yackandandah and its surrounds and allows new residents to get involved.

Directors' Report (continued)

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 30 July 2005).
- **Shares are then offered (in the first instance) to other existing shareholders and other people living within 20 km 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.

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 expansion of the product range to include rural supplies, hardware and associated products.

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.

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.

Directors' Report (continued)

Directors

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

Glenn Clark
Age: 42
Occupation: Supermarket manager/Owner
Director since: March 2002

Andrew Earl
Age: 40
Occupation: Teacher
Director since: March 2002

Mark McKenzie-McHarg
Age: 44
Occupation: Management Consultant
Director since: March 2002

Cameron McKern
Age: 40
Occupation: Computing Consultant
Director since: March 2002

Phillip Newman
Age: 43
Occupation: Self employed
Director since: March 2002

David Norman
Age: 43
Occupation: Self employed
Director since: March 2002

James Lacey
Age: 39
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	10	5
Andrew Earl	10	8
James Lacey	10	10
Mark McKenzie-McHarg	10	9
Cameron McKern	10	10
Phillip Newman	10	10
David Norman	10	6

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 14 to the financial report.

Directors' Report (continued)

Director Resignations

During the year, Glenn Clark advised of his intention to stand down as a director of YCDCo. Ltd. at the 2005 AGM and not to renominate. The Board wishes to acknowledge and thank Glenn for the valuable contribution he has made to YCDCo. in its formative years. We also wish Kate and Glenn well in their move.

Mark McKenzie-McHarg also volunteered to retire as a director at the 2005 AGM and signalled his intention to renominate for the Board. Mark was a foundation shareholder in YCDCo. Ltd. and has acted as Chairman of the Board since its inception. Mark is an independent business consultant based in Yackandandah township. He is keen to continue his involvement with YCDCo. and to see the company through its next consolidating stages.

The retirement of Mark and Glenn meets the constitutional requirement for one third of directors to retire each year at the AGM. The Board has also decided to nominate a candidate for appointment as director of YCDCo. The person chosen as the Board nominee in accordance with the Constitution, is Peter McGowan.

Peter and his family live on a property in the Indigo Valley and have for many years been active in the Yackandandah community. Peter is a qualified solicitor and up until recently was a principal in a legal practice based in Corowa. Peter was chosen by the Board based on his demonstrated commitment to the community, his professional skills, his legal knowledge and his background as a small business operator.

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 2005 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 30th day of May, 2005.

.....
Director, Cameron McKern

.....
Director, Mark McKenzie-McHarg

Statement of financial performance For the year ended 31 March 2005

	Note	2005 \$	2004 \$
<i>Revenue from operating activities</i>			
Revenue from fuel and oil sales		1,619,587	453,618
Revenue from other sales		70,697	20,241
Interest received		1,929	6,313
<i>Revenue from outside operating activities</i>			
Funding monies received	20	17,579	64,421
		<u>1,709,792</u>	<u>544,593</u>
Cost of goods sold		1,534,343	404,466
Accounting fees		181	182
Audit fees	16	4,000	3,100
Advertising and promotion		138	458
Depreciation and amortisation		24,213	7,855
Electricity		3,240	1,381
Employee expenses		71,674	48,031
Amounts set aside to employee provisions		-	639
Government and bank charges		2,399	645
Insurance		2,564	1,704
Printing and stationery		3,317	2,484
Telephone		1,499	1,243
Rent		-	2,835
Other expenses		1,845	642
Share issue and offer information statement		17	6,640
Contribution to Industrial Estate		-	30,000
Community Contribution		15,578	-
		<u>1,665,008</u>	<u>512,305</u>
Profit/(loss) from ordinary activities before related Income Tax Expense		44,784	32,288
Income Tax Expense (benefit)	19(a)	12,835	(3,614)
NET PROFIT/(LOSS)		<u>31,949</u>	<u>35,902</u>

These Statements are to be read in conjunction with the notes to and forming part of the financial statements set out on pages 11 to 24.

Statement of Financial Position As at 31 March 2005

	Note	2005 \$	2004 \$
CURRENT ASSETS			
Cash assets	2	88,540	91,271
Receivables	3	32,504	31,489
Inventories	4	64,835	32,539
Other	5	19,680	15,177
TOTAL CURRENT ASSETS		<u>205,559</u>	<u>170,476</u>
NON CURRENT ASSETS			
Property, plant and equipment	6	400,066	391,308
Deferred tax assets	19(c)	1,195	3,614
TOTAL NON CURRENT ASSETS		<u>401,261</u>	<u>394,922</u>
TOTAL ASSETS		<u>606,820</u>	<u>565,398</u>
CURRENT LIABILITIES			
Payables	7	116,057	116,999
Provisions	18	15,020	-
Current tax liabilities	19(b)	10,416	-
TOTAL CURRENT LIABILITIES		<u>141,493</u>	<u>116,999</u>
TOTAL LIABILITIES		<u>141,493</u>	<u>116,999</u>
NET ASSETS		<u>465,327</u>	<u>448,399</u>
EQUITY			
Contributed Equity	8	423,100	423,100
Retained Earnings	9	42,227	25,299
TOTAL EQUITY		<u>465,327</u>	<u>448,399</u>

These Statements are to be read in conjunction with the notes to and forming part of the financial statements set out on pages 11 to 24.

Statement of cash flows

For the year ended 31 March 2005

	Note	2005 \$	2004 \$
Cash flows from operating activities			
Cash receipts in the course of operations		1,877,863	443,148
Interest received		1,929	6,313
Cash payments in the course of operations		(1,849,552)	(378,620)
Net cash provided by operating activities	10(ii)	<u>30,240</u>	<u>70,841</u>
Cash flows from investing activities			
Payments for property, plant and equipment		(32,971)	(399,163)
Net cash used in investing activities		(32,971)	(399,163)
Cash flows from financing activities			
Repayments of borrowings		-	-
Proceeds from the issue of shares		-	412,100
Net cash provided by financing activities		-	412,100
Net increase/(decrease) in cash held		(2,731)	83,778
Cash at the beginning of the financial year		91,271	7,493
Cash at the end of the financial year	10(i)	<u>88,540</u>	<u>91,271</u>

These Statements are to be read in conjunction with the notes to and forming part of the financial statements set out on pages 11 to 24.

Notes to and forming part of the financial statements For the year ended 31 March 2005

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.

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.

The taxation year for the company ends at June 30.

(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.

(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.

Notes to and forming part of the financial statements For the year ended 31 March 2005

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 2004 amounts represent balances for the period of trade for the entity between 1 April 2003 and 31 March 2004.

(f) Company status

The company is 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.

(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.

Notes to and forming part of the financial statements For the year ended 31 March 2005

(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.

(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>	2005	2004
Shop and forecourt	30 years	30 years
Fuel storage equipment	10-30 years	10-30 years
Fuel delivery equipment	5-20 years	5-20 years
Retail equipment	5-20 years	

All depreciation rates are applied using a straight line basis.

(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.

Notes to and forming part of the financial statements For the year ended 31 March 2005

(n) **Employee benefits**

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

All staff are employed on a casual basis. Accordingly, no obligation exists with regard to employee benefits for wages, salaries, annual leave and sick leave.

(o) **Superannuation plan**

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

2. **Cash Assets**

	Note	2005 \$	2004 \$
Cash on hand		1,143	1,288
Unbanked Funds		3,705	3,108
Cash at bank		83,692	86,875
		<u>88,540</u>	<u>91,271</u>

3. **Receivables**
Current Receivables

Trade debtors		32,504	31,489
Less: Provision for Doubtful Debts		-	-
		<u>32,504</u>	<u>31,489</u>

4. **Inventories**
Current

<i>Finished goods</i>			
Fuel		26,384	25,516
Oil		1,365	998
Motor accessories		2,711	1,411
Rural supplies and hardware		28,892	-
Sundry		5,484	4,614
		<u>64,835</u>	<u>32,539</u>

Notes to and forming part of the financial statements For the year ended 31 March 2005

5. Other Assets

GST refundable	16,962	12,926
Prepayments	2,718	2,251
	<u>19,680</u>	<u>15,177</u>

6. Property, plant and equipment

	Note	2005 \$	2004 \$
Leasehold improvements			
<i>Fuel storage equipment at cost</i>		103,699	103,700
<i>Accumulated amortisation</i>		(7,993)	(2,338)
		<u>95,706</u>	<u>101,362</u>
<i>Shop and forecourt at cost</i>		213,278	194,977
<i>Accumulated amortisation</i>		(8,862)	(2,099)
		<u>204,415</u>	<u>192,878</u>
Plant and Equipment			
<i>Fuel delivery equipment at cost</i>		112,138	100,487
<i>Accumulated amortisation</i>		(15,142)	(3,419)
		<u>96,996</u>	<u>97,068</u>
<i>Retail sales equipment at cost</i>		3,019	-
<i>Accumulated amortisation</i>		(71)	-
		<u>2,949</u>	<u>-</u>
Total Property, plant and equipment		<u>400,066</u>	<u>391,308</u>

Reconciliations

Reconciliations of the carrying amounts for each class of property, plant and equipment are set out below:

Fuel Storage Equipment

Carrying amount at beginning of year	101,362	-
Additions	-	103,700
Disposals	-	-
Depreciation	5,655	2,338
Carrying amount at end of year	<u>95,706</u>	<u>101,362</u>

Notes to and forming part of the financial statements For the year ended 31 March 2005

	Note	2005 \$	2004 \$
<i>Shop and Forecourt</i>			
Carrying amount at beginning of year		192,878	-
Additions		18,301	194,977
Disposals		-	-
Depreciation		6,764	2,099
Carrying amount at end of year		<u>204,415</u>	<u>192,878</u>
<i>Fuel Delivery Equipment</i>			
Carrying amount at beginning of year		97,068	-
Additions		11,651	100,487
Disposals		-	-
Depreciation		11,723	3,419
Carrying amount at end of year		<u>96,996</u>	<u>97,068</u>
<i>Retail Sales Equipment</i>			
Carrying amount at beginning of year		-	-
Additions		3,019	-
Disposals		-	-
Depreciation		71	-
Carrying amount at end of year		<u>2,949</u>	<u>-</u>
7. Payables			
Auditors remuneration		4,000	3,100
Trade creditors		91,136	65,962
PAYG Withholding payable		2,779	1,769
GST payable		17,757	14,291
Capital – other		-	30,000
Payroll related		385	1,238
Other		-	639
		<u>116,057</u>	<u>116,999</u>

Notes to and forming part of the financial statements For the year ended 31 March 2005

8. Equity

	Note	2005 \$	2004 \$
Contributed equity			
4,231 (2004: 4,231) ordinary shares, fully paid		<u>423,100</u>	<u>423,100</u>
Ordinary shares			
Movements during the year:			
Balance at beginning of year		423,100	11,000
<i>Shares issued</i>			
4,121 for cash pursuant to an offer information statement		-	412,100
Closing balance		<u>423,100</u>	<u>423,100</u>

9. Retained Earnings

Retained (losses) at the beginning of the financial year		25,299	(10,603)
Current period profits		31,949	35,902
Provision for dividend	18	(15,020)	-
Rounding		(1)	-
Retained Profits at end of financial year		<u>42,227</u>	<u>25,299</u>

10. 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 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	88,540	91,271
	<u>88,540</u>	<u>91,271</u>

Notes to and forming part of the financial statements For the year ended 31 March 2005

(ii) **Reconciliation of operating profit after income tax to net cash provided by operating activities**

Note	2005 \$	2004 \$
Operating profit/(loss) after income tax	31,949	35,902
Add/(less) non-cash items:		
Depreciation/Amortisation	24,213	7,855
Amounts set aside to provisions	(639)	639
(Increase)/decrease in deferred tax assets	2,419	(3,614)
Increase/(decrease) in tax payable	10,416	-
Net cash provided by operating activities Before change in assets and liabilities	68,358	40,782
Change in assets and liabilities during the financial year		
(Increase)/Decrease in inventories	(32,296)	(32,539)
(Increase)/Decrease in receivables	(1,015)	(30,711)
Increase/(Decrease) in payables	(304)	106,986
(Increase)/Decrease in other assets	(4,503)	(13,677)
	30,240	70,841

11. 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.

12. 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 2005

13. Directors' Remuneration

Directors' Income

	2005 \$	2004 \$
The number of directors of the Company whose income from the company or any related party falls within the following band:		
\$1 - \$9,999	2	5
Total income paid or payable, or otherwise made available, to all directors of the Company from the Company or any related party.	11,156	5,321

14. 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 13. 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:

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

All directors hold shares in the Company.

Directors' transactions in shares and share options

No directors, or director related parties, sold or purchased shares in the company during the 2005 period.

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.

Notes to and forming part of the financial statements For the year ended 31 March 2005

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

Director	Transaction		2005	2004
			\$	\$
G. Clark	Purchases – stock (1)		368	1,172
J. Lacey	Purchases – stock (2)		8,289	2,907
C. McKern	Purchases – computer equip (3)		1,349	-

- (1) Goods purchased from Yackandandah General Store
(2) Goods purchased from Yackandandah Authorised Newsagency
(3) Goods purchased from CCM Software Technologies Pty Ltd

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. This transaction was completed on a honorary basis.

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.

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		384	358
Less: provision for doubtful debts		-	-

15. 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.

16. Auditor's Remuneration

	Note	2005	2004
		\$	\$
Auditors of the Company – KPMG Albury			
Audit		3,000	1,600
Other Services		1,000	1,500
		<u>4,000</u>	<u>3,100</u>

Notes to and forming part of the financial statements For the year ended 31 March 2005

17. Commitments

Non-cancellable operating lease expense commitments

Future operating lease commitments not provided for in the financial statements and payable:

Within one year	150	100
One year or later and no later than five years	150	150
Later than five years	-	-
	<u>300</u>	<u>250</u>

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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18. Dividends

An unfranked dividend of \$3.55 per ordinary share was declared on 1st February, 2005, to be paid during the 2005 year (2004: nil). Accordingly a provision of \$15,020 has been raised as at March 31, 2005

Notes to and forming part of the financial statements For the year ended 31 March 2005

19. Taxation

(a) Income tax expense

Note	2005 \$	2004 \$
Prima facie income tax expense calculated at 30% (2004: 30%) on the profit from ordinary activities	13,435	9,686
Increase in income tax expense due to:		
Amortisation of site	-	206
Community Contribution	4,674	-
Decrease in income tax expense due to:		
Capital contributions received (net)	(5,274)	(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	12,835	(3,614)
Income tax expense/(revenue) attributable to profit from ordinary activities is made up of:		
Current income tax provision	10,416	-
Deferred income tax provision	-	-
Future income tax benefit	2,419	(3,614)
Over provision in prior year	-	-
	12,835	(3,614)

Notes to and forming part of the financial statements For the year ended 31 March 2005

(b) Current tax liabilities

	Note	2005 \$	2004 \$
<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		10,416	-
Under/(over) provision in prior year		-	-
		<u>10,416</u>	<u>-</u>

(c) Deferred tax assets

	Note	2005 \$	2004 \$
<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
Sundry items		1,195	1,693
		<u>1,195</u>	<u>3,614</u>

20. Individually significant items

During the financial year the company was the beneficiary of certain grant funding. Cash and in kind contributions were received through Government grants in relation to the development of an industrial estate on Railway Avenue, Yackandandah.

21. Contingent liabilities and contingent assets

Nil.

Notes to and forming part of the financial statements For the year ended 31 March 2005

22. 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.

23. International Financial Reporting Standards

For reporting periods beginning on or after 1 January 2005 the company must comply with Australian equivalents to International Financial Reporting Standards (AIFRS) as issued by the Australian Accounting Standards Board.

The directors have assessed the impact of the transition to AIFRS and are of the view that based on current circumstances there is no material impact on transition to AIFRS to retained earnings as at 1 April 2004 or on the result for the year to 31 March 2005.

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 8 to 24, 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 2005, 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 30th day of May, 2005.

Signed in accordance with a resolution of the directors.

.....
Director, Cameron McKern

.....
Director, Mark McKenzie-McHarg