

2020

annual report

Inglewood & Districts Community
Enterprises Limited

ABN 87 123 959 375

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Chairman's report

For year ending 30 June 2012

The continued hard work of our staff and unwavering loyalty of our customers and shareholders has resulted in an increase of our total business to \$90 million. We have thus been able to return a further \$86,237 to the community by way of sponsorships and grants – bringing our total return since our inception to \$378, 000.

One of the new ways in which the Board has decided to return profits to the community is by investing in our young adults. We have created two scholarships – each worth \$5,000 per year over two years – to be made available to assist with accommodation and educational expenses for students entering their first year of tertiary education.

In addition we have deposited a further \$100,000 with the Community Enterprise Foundation™. This \$100,000 is waiting for the right idea(s) to turn it into a lasting, broad based community asset.

Our continuing prosperity also allows us to once more return a fully franked dividend to our loyal shareholders.

The closure of the ANZ Bank in Wedderburn has resulted in a need for more banking services. We have invested heavily in our Wedderburn agency in an effort to fill the void whilst the Wedderburn community works towards raising the funds and the business necessary for the creation of a second site. This site would have a separate franchise agreement with Bendigo and Adelaide Bank and would be managed by The Inglewood and Districts Community Enterprises Board. It is understood by all parties involved that the proposed Wedderburn site would need to be financially viable in its own right.

My thanks again to our staff, customers, shareholders and my fellow Board members.



Max Higgs
Chairman

Manager's report

For year ending 30 June 2012

It is my pleasure to again report a positive 12 months. Our **Community Bank®** branch continues to grow and has now exceeded the original maximum total business of \$88 million reported in our feasibility study.

As at 30 June 2012 branch figures were:-

- Deposit footings \$42,551 million,
- Lending footings \$34,914 million
- Other business (made up from Rural Bank, Financial Planning & Equipment Finance) \$12,811 million making total business footings \$90,276 million.

These are amazing results given we are a small branch in a predominantly rural area. Each year I wonder how we will achieve further growth but we continue to grow with customer numbers increasing from 1,982 last year to 2,124 at end of financial year, a growth of 7.2% and 3,926 accounts now held with the branch.

As Rural Bank is now a wholly owned subsidiary of Bendigo and Adelaide Bank this now gives us the opportunity to offer our farming community financial expertise, as well as competitive lending products that are suited to their business needs. Jon Champion, our Mobile Relationship Manager is extremely well versed in the Rural Bank products and has had many years experience in Agribusiness Lending. He can be contacted at the Inglewood & Districts **Community Bank®** Branch.

We are currently investigating the prospects of expanding our business with a second site in Wedderburn due to the closure of the ANZ Bank in February of this year. A steering committee has been formed and is currently working towards raising funds and business required before it can go to the next level of a feasibility study. Hopefully they will be successful in their endeavours to return local banking and financial services back into their community.

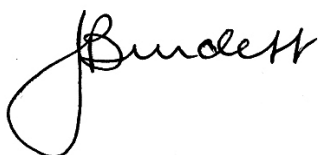
Over the past 12 months the Board of Directors have assisted with upgrades to the Agency in Randall's Supermarket so that our Wedderburn and district customers have improved services which are more consistent with our Inglewood branch. The ATM is available 24 hours a day. We strive to give customers using the Agency the best possible service and encourage everyone to support it whenever possible.

Having another successful year has again given us the opportunity to contribute \$86,237 in sponsorships and grants back into our communities with total contributions since opening in 2007 of \$378,000. There has also been \$100,000 placed with the Community Enterprise Foundation™ to assist suitable larger community projects.

The **Community Bank®** concept is a unique and successful banking model and contributing funds back into the community is one of its major points of difference.

These amazing results have been achieved through a combination of existing loyal customers, new customers, the Board of Directors, shareholders, Regional Office staff through their guidance and assistance, Leigh Randall and staff at the Wedderburn Agency and last but not least the wonderful branch staff who provide exceptional service to all of our customers and are committed to the success of our business. I thank each and every one of you for your contribution and look forward to maintaining and growing our business together over the next 12 months.

Branch motto: Successful customers, successful community, successful **Community Bank®** branch.



Jill Burdett.
Branch Manager

Directors' report

For the financial year ended 30 June 2012

Your directors submit the financial statements of the company for the financial year ended 30 June 2012.

Directors

The names and details of the company's directors who held office during or since the end of the financial year:

Maxwell Charles Higgs

Chairman

Age: 54

General Medical Practitioner

Graduated MBBS University of Melbourne in 1981.

Has worked as a General Practitioner in the area for the past 26 years. Max served for 3 years as Councilor for the Inglewood Riding Shire of Loddon, past member of Inglewood & District Health Services Board of Management.

Chairman, Audit

Interest in shares: 3,001

George Arthur Wyatt

Secretary

Age: 67

Retired

Extensive clerical work in financial services industry, managed the trading engine for the Bendigo Stock Exchange.

George has been involved in Newbridge Flood Recovery and with local sporting clubs.

Secretary - HR and Governance

Interests in shares: 3,501

Kenneth John Canfield

Director

Age: 65

Primary Producer

Held executive positions with the Inglewood Golf and Bowls Clubs, Member of Salisbury West Landcare Group and member of Salisbury/Powlett Fire Brigade. Treasurer, Governance

Interests in shares: 1,001

Dale Thomas Jackson

Director

Age: 42

Technical Design Officer

Technical Design Officer at the Shire of Loddon Infrastructure Department. Diploma of Engineering. Vice-President of the Wedderburn Bowls Club.

Marketing

Interests in shares: 1,001

Andrew Richard Smith

Director

Age: 47

Operation Manager

Andrew is a Operations Manager for a local fertilizer company. Serves on the Board of St Mary's Primary School and is a member of the Inglewood Country Fire Authority.

Marketing

Interests in shares: 1,002

Pauline Elletson

Director

Age: 68

Office Manager/Secretary

Past Secretary of Inglewood Anglican Parish, Past Minute Secretary for Newbridge Hall Committee & Ladies Auxillary, Licensed Custom Agent, experienced in office management and committee processes and requirements. Heavily involved in sporting and community groups prior to relocation.

Marketing, Newsletter

Interests in shares: Nil

Directors' report (continued)

Directors (continued)

Simon Patrick Tuohey

Director

Age: 40

Primary Producer

Current Secretary for Serpentine CFA, Member of Serpentine Plan Committee, Member of Bears Lagoon Serpentine Football Club Committee and past President, Member of Serpentine Tennis Club, Member of Jarklin Landcare Group.

Interests in shares: 2,001

Terence William Mangles

Director

Age: 71

Retired

30 years of service in Victoria Police Force. Member of Inglewood Lions Club, Chairman of Blue Ribbon Foundation and Neighbourhood Watch Marketing

Interests in shares: 1,001

Steven John Smith

Director

Age: 49

Policeman

Interests in shares: Nil

Allan Maurice Bunnett

Director (Retired 25 October 2011)

Age: 59

Primary Producer

Long standing record of community involvement in sporting clubs, Lions Club, Rural Fire Brigade, Cemetery Trust and Grains Group of the Victorian Farmers Federation.

Treasurer, Audit

Interests in shares: 2,501

Jill McFarlane

Director

Age: 73

Retired

Secretary of family farming business. Chair of Management Board of Heritage Industries Mt Gambier. Member of Heritage Industries for 20 years since establishment. Board member North Central Catchment Management Authority. Councillor VEAC.

Interests in shares: 1,500

Colleen Mary Condliffe

Director (Appointed 25 October 2011)

Age:

Primary Producer

Colleen has been involved with a range of community work over time, and is currently associated with the Rural Finance Counselling Service and Salisbury West Landcare.

Interest in shares: 501

Heather Louise Chamberlain

Director (Resigned 24 April 2012)

Age: 49

Business Owner

President of Bridgewater Progress Association, Hall Committee, Community Plan Committee, Royal Childrens Hospital Committee, Bridgewater Cemetery Trust Committee, Fire Brigade Auxiliary, Justice of the Peace, Chairman of Bridgewater Australia Day Committee.

Interests in shares: 500

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

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

Directors' report (continued)

Company Secretary

The company secretary is George Arthur Wyatt. George was appointed to the position of secretary on 24 November 2009. George has extensive governance administrative experience.

Principal Activities

The principal activities of the company during the course of the financial year were in facilitating **Community Bank®** services under management rights to operate a franchised branch of Bendigo and Adelaide Bank Limited.

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

Operating Results

During the period the Board has worked with the Wedderburn community to form a Wedderburn **Community Bank®** Steering Committee, which includes two current Board Directors. The pledge forms have been distributed and they are currently being returned and recorded. Dependent on the success of the pledge responses the Committee will then review and if found to be a positive response then an independent feasibility study will be performed to determine the business case for the purchase of a Franchise from Bendigo & Adelaide Bank Limited.

Operations have continued to perform in line with expectations. The profit of the company for the financial year after provision for income tax was:

	Year ended 30 June 2012 \$	Year ended 30 June 2011 \$
	42,042	57,055

Remuneration Report

No Director receives remuneration for services as a Company Director or Committee Member.

There are no employees who are directly accountable and have responsibility for the strategic direction and operational management of the entity.

There are therefore no specified Executives whose remuneration requires disclosure.

Dividends	Cents	\$
Franked dividends declared and provided for:	6	30,325
Unfranked dividends paid in the year:	6	30,325

Significant Changes in the State of Affairs

In the opinion of the directors there were no significant changes in the state of affairs of the company that occurred during the financial year under review not otherwise disclosed in this report or the financial statements.

Matters Subsequent to the End of the Financial Year

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

Likely Developments

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

Directors' report (continued)

Environmental Regulation

The company is not subject to any significant environmental regulation.

Directors' Benefits

No director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a director, a firm which a director is a member or an entity in which a director has a substantial financial interest.

Indemnification and Insurance of Directors and Officers

The company has indemnified all directors and the manager in respect of liabilities to other persons (other than the company or related body corporate) that may arise from their position as directors or manager of the company except where the liability arises out of conduct involving the lack of good faith.

Disclosure of the nature of the liability and the amount of the premium is prohibited by the confidentiality clause of the contract of insurance. The company has not provided any insurance for an auditor of the company or a related body corporate.

Directors' Meetings

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

	Eligible to attend	Number attended
Maxwell Charles Higgs	13	13
George Arthur Wyatt	13	13
Terence William Mangles	13	3
Dale Thomas Jackson	13	9
Andrew Richard Smith	13	10
Pauline Elletson	13	11
Simon Patrick Tuohey	13	9
Jill McFarlane	13	7
Steven John Smith	13	6
Kenneth John Canfield	13	12
Colleen Mary Condliffe (Appointed 25 October 2011)	8	7
Heather Louise Chamberlain (Resigned 24 April 2012)	9	4
Allan Maurice Bunnnett (Retired 25 October 2011)	4	3

The Board has seven sub-committees, Audit, Governance, Business Development, Marketing & Sponsorship, Human Resource, Due Diligence and Property. All sub-committees have elected Directors who meet on a regular, or as needs, basis and present reports/recommendations to the monthly Board meetings where required.

Directors' report (continued)

Non Audit Services

The company may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the company are important. Details of the amounts paid or payable to the auditor (Andrew Frewin & Stewart) for audit and non audit services provided during the year are set out in the notes to the accounts.

The board of directors has considered the position, in accordance with the advice received from the audit committee and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are satisfied that the provision of non-audit services by the auditor, as set out in the notes did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the audit committee to ensure they do not impact on the impartiality and objectivity of the auditor;
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risk and rewards.

Auditors' Independence Declaration

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 9.

Signed in accordance with a resolution of the board of directors at Inglewood, Victoria on 24 August 2012.



Maxwell Charles Higgs,
Chairman

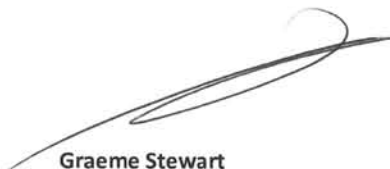
Auditor's independence declaration



Lead auditor's independence declaration under section 307C of the *Corporations Act 2001* to the directors of Inglewood & Districts Community Enterprises Limited

I declare, that to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2012 there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit
- any applicable code of professional conduct in relation to the audit.



Graeme Stewart
Andrew Frewin Stewart
61 Bull Street, Bendigo Vic 3550

Dated: 24 August 2012

Liability limited by a scheme approved under Professional Standards Legislation. ABN: 51 061 795 337.

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Financial statements

Statement of Comprehensive Income for the Year Ended 30 June 2012

	Note	2012 \$	2011 \$
Revenues from ordinary activities	4	735,390	675,861
Employee benefits expense		(339,429)	(330,619)
Charitable donations, sponsorship, advertising and promotion		(180,907)	(105,846)
Occupancy and associated costs		(18,636)	(15,813)
Systems costs		(24,032)	(25,900)
Depreciation and amortisation expense	5	(12,341)	(14,670)
General administration expenses		(98,644)	(101,977)
Profit before income tax expense		61,401	81,036
Income tax expense	6	(19,359)	(23,981)
Profit after income tax expense		42,042	57,055
Total comprehensive income for the year		42,042	57,055
Earnings per share (cents per share)		c	c
- basic for profit for the year	22	8.32	11.29

The accompanying notes form part of these financial statements.

Financial statements (continued)

Balance Sheet as at 30 June 2012

	Note	2012 \$	2011 \$
ASSETS			
Current Assets			
Cash and cash equivalents	7	204,027	283,892
Trade and other receivables	8	46,714	14,809
Total Current Assets		250,741	298,701
Non-Current Assets			
Property, plant and equipment	9	97,335	106,521
Intangible assets	10	180,166	114,000
Total Non-Current Assets		277,501	220,521
Total Assets		528,242	519,222
LIABILITIES			
Current Liabilities			
Trade and other payables	12	3,300	3,448
Current tax liabilities	11	19,436	21,908
Provisions	13	30,325	30,325
Total Current Liabilities		53,061	55,681
Non-Current Liabilities			
Deferred tax liabilities	11	1,724	1,801
Total Non-Current Liabilities		1,724	1,801
Total Liabilities		54,785	57,482
Net Assets		473,457	461,740
Equity			
Issued capital	14	488,516	488,516
Accumulated losses	15	(15,059)	(26,776)
Total Equity		473,457	461,740

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of Changes in Equity for the Year Ended 30 June 2012

	Issued Capital \$	Retained Earnings \$	Total Equity \$
Balance at 1 July 2010	488,516	(53,506)	435,010
Total comprehensive income for the year	-	57,055	57,055
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	(30,325)	(30,325)
Balance at 30 June 2011	488,516	(26,776)	461,740
Balance at 1 July 2011	488,516	(26,776)	461,740
Total comprehensive income for the year	-	42,042	42,042
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	(30,325)	(30,325)
Balance at 30 June 2012	488,516	(15,059)	473,457

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of Cashflows for the Year Ended 30 June 2012

	Note	2012 \$	2011 \$
Cash Flows From Operating Activities			
Receipts from customers		756,866	733,241
Payments to suppliers and employees		(730,813)	(635,637)
Interest received		16,945	7,725
Interest paid		(1,309)	-
Income taxes paid		(21,908)	-
Net cash provided by operating activities	16	19,781	105,329
Cash Flows From Investing Activities			
Payments for property, plant and equipment		-	(18,654)
Payment for intangible assets		(69,321)	-
Net cash used in investing activities		(69,321)	(18,654)
Cash Flows From Financing Activities			
Dividends paid		(30,325)	(30,325)
Net cash used in financing activities		(30,325)	(30,325)
Net decrease in cash held		(79,865)	56,350
Cash and cash equivalents at the beginning of the financial year		283,892	227,542
Cash and cash equivalents at the end of the financial year	7(a)	204,027	283,892

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies

a) Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standard Boards and the Corporations Act 2001. The company is a for-profit entity for the purpose of preparing the financial statements.

Compliance with IFRS

These financial statements and notes comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. These areas involving a higher degree of judgement or complexities, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

Historical cost convention

The financial statements have been prepared under the historical cost convention on an accruals basis as modified by the revaluation of financial assets and liabilities at fair value through profit or loss and where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

Comparative figures

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

Adoption of new and revised Accounting Standards

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2011 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods. The adoption of the revised AASB 124 Related Party Disclosures has not resulted in the disclosure of any additional related party transactions in the current period or any prior period and is not likely to affect future periods. The adoption of AASB 1054 Australian Additional Disclosures and AASB 2011-1 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project have not affected the disclosure of any items in the financial statements.

The company has not elected to apply any pronouncements before their mandatory operative date in the annual reporting period beginning 1 July 2011.

Economic dependency - Bendigo and Adelaide Bank Limited

The company has entered into a franchise agreement with Bendigo and Adelaide Bank Limited that governs the management of the **Community Bank®** branch at Inglewood, Victoria.

Notes to the financial statements (continued)

Note 1. Summary of Significant Accounting Policies (continued)

a) Basis of Preparation (continued)

Economic dependency - Bendigo and Adelaide Bank Limited (continued)

The branch operates as a franchise of Bendigo and Adelaide Bank Limited, using the name “Bendigo Bank” and the logo and system of operations of Bendigo and Adelaide Bank Limited. The company manages the **Community Bank®** branch on behalf of Bendigo and Adelaide Bank Limited, however all transactions with customers conducted through the **Community Bank®** branches are effectively conducted between the customers and Bendigo and Adelaide Bank Limited.

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

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

- advice and assistance in relation to the design, layout and fit out of the **Community Bank®** branch;
- training for the branch manager and other employees in banking, management systems and interface protocol;
- methods and procedures for the sale of products and provision of services;
- security and cash logistic controls;
- calculation of company revenue and payment of many operating and administrative expenses
- the formulation and implementation of advertising and promotional programs; and
- sales techniques and proper customer relations.

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

b) Revenue

Revenue is recognised when the amount of revenue can be reliably measured, it is probable that future economic benefit will flow to the company and any specific criteria have been met. Interest and fee revenue is recognised when earned. The gain or loss on disposal of property, plant and equipment is recognised on a net basis and is classified as income rather than revenue. All revenue is stated net of the amount of Goods and Services Tax (GST).

Revenue calculation

The franchise agreement with Bendigo and Adelaide Bank Limited provides for three types of revenue earned by the company. First, the company is entitled to 50% of the monthly gross margin earned by Bendigo and Adelaide Bank Limited on products and services provided through the company that are regarded as “day to day” banking business (ie ‘margin business’). This arrangement also means that if the gross margin reflects a loss (that is, the gross margin is a negative amount), the company effectively incurs, and must bear, 50% of that loss.

Notes to the financial statements (continued)

Note 1. Summary of Significant Accounting Policies (continued)

b) Revenue (continued)

Revenue calculation (continued)

The second source of revenue is commission paid by Bendigo and Adelaide Bank Limited on the other products and services provided through the company (ie 'commission business'). The commission is currently payable on various specified products and services, including insurance, financial planning, common fund, Sandhurst Select, superannuation, commercial loan referrals, products referred by Rural Bank, leasing referrals, fixed loans and certain term deposits (>90 days). The amount of commission payable can be varied in accordance with the Franchise Agreement (which, in some cases, permits commissions to be varied at the discretion of Bendigo and Adelaide Bank Limited). This discretion has been exercised on several occasions previously. For example in February 2011 Bendigo and Adelaide Bank Limited reduced commissions on two core banking products to ensure a more even distribution of income between Bendigo and Adelaide Bank Limited and its **Community Bank®** partners. The revenue share model is subject to regular review to ensure that the interests of Bendigo and Adelaide Bank Limited and **Community Bank®** companies remain balanced.

The third source of revenue is a proportion of the fees and charges (ie, what are commonly referred to as 'bank fees and charges') charged to customers. This proportion, determined by Bendigo and Adelaide Bank Limited, may vary between products and services and may be amended by Bendigo and Adelaide Bank Limited from time to time.

c) Income Tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the balance sheet liability method on temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities reflects the tax consequences that would follow from the manner in which the consolidated entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax and when the balances relate to taxes levied by the same taxation authority and the company entity intends to settle its tax assets and liabilities on a net basis.

Notes to the financial statements (continued)

Note 1. Summary of Significant Accounting Policies (continued)

c) Income Tax (continued)

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the statement of comprehensive income, except when it relates to items credited or debited to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

d) Employee Entitlements

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

The company contributes to a defined contribution plan. Contributions to employee superannuation funds are charged against income as incurred.

e) Cash and Cash Equivalents

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

f) Trade Receivables and Payables

Receivables are carried at their amounts due. The collectability of debts is assessed at balance date and specific provision is made for any doubtful accounts. Liabilities for trade creditors and other amounts are carried at cost that is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the company.

g) Property, Plant and Equipment

Plant and equipment, leasehold improvements and equipment under finance lease are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land.

Depreciation is calculated on a straight line basis so as to write off the net cost of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated at the rate equivalent to the available building allowance using the straight line method. The estimated useful lives, residual values and depreciation method is reviewed at the end of each annual reporting period.

The following estimated useful lives are used in the calculation of depreciation:

- leasehold improvements 40 years
- plant and equipment 2.5 - 40 years
- furniture and fittings 4 - 40 years

Notes to the financial statements (continued)

Note 1. Summary of Significant Accounting Policies (continued)

h) Intangibles

The franchise fee paid to Bendigo and Adelaide Bank Limited has been recorded at cost and is amortised on a straight line basis over the life of the franchise agreement.

i) Payment Terms

Receivables and payables are non interest bearing and generally have payment terms of between 30 and 90 days.

j) Borrowings

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

k) Financial Instruments

Recognition and initial measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument.

Financial instruments are initially measured at fair value plus transaction costs. Financial instruments are classified and measured as set out below.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset.

Classification and subsequent measurement

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

(ii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the entity's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

(iii) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Impairment

At each reporting date, the entity assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the statement of comprehensive income.

Notes to the financial statements (continued)

Note 1. Summary of Significant Accounting Policies (continued)

l) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership are transferred to the company are classified as finance leases. Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term. Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred. Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

m) Provisions

Provisions are recognised when the economic entity has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

A provision for dividends is not recognised as a liability unless the dividends are declared, determined or publicly recommended on or before the reporting date.

n) Contributed Equity

Ordinary shares are recognised at the fair value of the consideration received by the company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

o) Earnings Per Share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

p) 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 GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet. 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 taxation authority are classified as operating cash flows.

Notes to the financial statements (continued)

Note 2. Financial Risk Management

The company's activities expose it to a limited variety of financial risks: market risk (including currency risk, fair value interest risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the entity. The entity does not use derivative instruments.

Risk management is carried out directly by the board of directors.

(i) Market risk

The company has no exposure to any transactions denominated in a currency other than Australian dollars.

(ii) Price risk

The company is not exposed to equity securities price risk as it does not hold investments for sale or at fair value. The company is not exposed to commodity price risk.

(iii) Credit risk

The company has no significant concentrations of credit risk. It has policies in place to ensure that customers have an appropriate credit history. The company's franchise agreement limits the company's credit exposure to one financial institution, being Bendigo and Adelaide Bank Limited.

(iv) Liquidity risk

Prudent liquidity management implies maintaining sufficient cash and marketable securities and the availability of funding from credit facilities. The company believes that its sound relationship with Bendigo and Adelaide Bank Limited mitigates this risk significantly.

(v) Cash flow and fair value interest rate risk

Interest-bearing assets are held with Bendigo and Adelaide Bank Limited and subject to movements in market interest. Interest-rate risk could also arise from long-term borrowings. Borrowings issued at variable rates expose the company to cash flow interest-rate risk. The company believes that its sound relationship with Bendigo and Adelaide Bank Limited mitigates this risk significantly.

(vi) Capital management

The board's policy is to maintain a strong capital base so as to sustain future development of the company. The board of directors monitor the return on capital and the level of dividends to shareholders. Capital is represented by total equity as recorded in the balance sheet.

In accordance with the franchise agreement, in any 12 month period, the funds distributed to shareholders shall not exceed the distribution limit.

(i) the distribution limit is the greater of:

(a) 20% of the profit or funds of the franchisee otherwise available for distribution to shareholders in that 12 month period; and

(b) subject to the availability of distributable profits, the relevant rate of return multiplied by the average level of share capital of the franchisee over that 12 month period; and

(ii) the relevant rate of return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

Notes to the financial statements (continued)

Note 2. Financial Risk Management (continued)

(vi) Capital management (continued)

The board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the year ended 30 June 2012 can be seen in the statement of comprehensive income.

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

Note 3. Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

Taxation

Judgement is required in assessing whether deferred tax assets and certain tax liabilities are recognised on the balance sheet. Deferred tax assets, including those arising from un-recouped tax losses, capital losses and temporary differences, are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits.

Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future sales volumes, operating costs, capital expenditure, dividends and other capital management transactions. Judgements are also required about the application of income tax legislation.

These judgements and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognised on the balance sheet and the amount of other tax losses and temporary differences not yet recognised. In such circumstances, some or all of the carrying amount of recognised deferred tax assets and liabilities may require adjustment, resulting in corresponding credit or charge to the statement of comprehensive income.

Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience and the condition of the asset is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

Notes to the financial statements (continued)

Note 3. Critical Accounting Estimates and Judgements (continued)

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the company's share of the net identifiable assets of the acquired branch/agency at the date of acquisition. Goodwill on acquisition is included in intangible assets. Goodwill is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses.

The calculations require the use of assumptions.

Impairment of assets

At each reporting date, the company reviews the carrying amounts of its tangible and intangible assets that have an indefinite useful life to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

	2012 \$	2011 \$
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Note 4. Revenue from Ordinary Activities

Operating activities:

- services commissions	719,161	667,742
Total revenue from operating activities	719,161	667,742

Non-operating activities:

- interest received	16,229	8,119
Total revenue from non-operating activities	16,229	8,119
Total revenues from ordinary activities	735,390	675,861

Notes to the financial statements (continued)

	Note	2012 \$	2011 \$
Note 5. Expenses			
Depreciation of non-current assets:			
- plant and equipment		2,609	3,043
- leasehold improvements		6,577	9,627
Amortisation of non-current assets:			
- franchise agreement		2,193	2,000
- franchise renewal fee		962	-
		12,341	14,670
Bad debts		955	155

Note 6. Income Tax Expense

The components of tax expense comprise:

- Current tax		19,436	21,908
- Movement in deferred tax		(77)	(216)
- Recoup of prior year tax loss		-	2,289
		19,359	23,981

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

Operating profit		61,401	81,036
Prima facie tax on profit from ordinary activities at 30%		18,420	24,311
Add tax effect of:			
- non-deductible expenses		939	683
- timing difference expenses		77	217
- other deductible expenses		-	(1,014)
		19,436	24,197
Movement in deferred tax	11	(77)	(216)
		19,359	23,981

Notes to the financial statements (continued)

	2012 \$	2011 \$
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Note 7. Cash and Cash Equivalents

Cash at bank and on hand	4,027	23,892
Term deposits	200,000	260,000
	204,027	283,892

The above figures are reconciled to cash at the end of the financial year as shown in the statement of cashflows as follows:

Note 7.(a) Reconciliation of cash

Cash at bank and on hand	4,027	23,892
Term deposits	200,000	260,000
	204,027	283,892

Note 8. Trade and Other Receivables

Trade receivables	40,969	8,806
Other receivables and accruals	284	1,000
Prepayments	5,461	5,003
	46,714	14,809

Note 9. Property, Plant and Equipment

Plant and equipment

At cost	27,787	27,787
Less accumulated depreciation	(20,237)	(17,628)
	7,550	10,159

Leasehold improvements

At cost	134,129	134,129
Less accumulated depreciation	(44,344)	(37,767)
	89,785	96,362

Total written down amount	97,335	106,521
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Movements in carrying amounts:

Plant and equipment

Carrying amount at beginning	10,159	13,061
Less: depreciation expense	(2,609)	(2,902)
Carrying amount at end	7,550	10,159

Notes to the financial statements (continued)

	2012 \$	2011 \$
Note 9. Property, Plant and Equipment (continued)		
Leasehold improvements		
Carrying amount at beginning	96,362	87,476
Additions	-	18,654
Less: depreciation expense	(6,577)	(9,768)
Carrying amount at end	89,785	96,362
Total written down amount	97,335	106,521

Note 10. Intangible Assets

Franchise fee		
At cost	21,554	10,000
Less: accumulated amortisation	(10,193)	(8,000)
	11,361	2,000
Renewal fee		
At cost	57,768	-
Less: accumulated amortisation	(963)	-
	56,805	-
Goodwill on Purchase of Agency Business		
At cost	112,000	112,000
	112,000	112,000
Total written down amount	180,166	114,000

Note 11. Tax

Current:		
Income tax payable	19,436	21,908
Non-Current:		
Deferred tax liability		
- accruals	86	300
- deductible prepayments	1,638	1,501
	1,724	1,801
Net deferred tax liability	(1,724)	(1,801)
Movement in deferred tax charged to statement of comprehensive income	(77)	(216)

Notes to the financial statements (continued)

	2012 \$	2011 \$
Note 12. Trade and Other Payables		
Trade creditors	-	148
Other creditors and accruals	3,300	3,300
	3,300	3,448

Note 13. Provisions

Provision for dividend	30,325	30,325
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Note 14. Contributed Equity

505,412 Ordinary shares fully paid (2011: 505,412)	505,412	505,412
Less: equity raising expenses	(16,896)	(16,896)
	488,516	488,516

Rights attached to shares

(a) Voting rights

Subject to some limited exceptions, each member has the right to vote at a general meeting.

On a show of hands or a poll, each member attending the meeting (whether they are attending the meeting in person or by attorney, corporate representative or proxy) has one vote, regardless of the number of shares held. However, where a person attends a meeting in person and is entitled to vote in more than one capacity (for example, the person is a member and has also been appointed as proxy for another member) that person may only exercise one vote on a show of hands. On a poll, that person may exercise one vote as a member and one vote for each other member that person represents as duly appointed attorney, corporate representative or proxy.

The purpose of giving each member only one vote, regardless of the number of shares held, is to reflect the nature of the company as a community based company, by providing that all members of the community who have contributed to the establishment and ongoing operation of the **Community Bank®** have the same ability to influence the operation of the company.

(b) Dividends

Generally, dividends are payable to members in proportion to the amount of the share capital paid up on the shares held by them, subject to any special rights and restrictions for the time being attaching to shares. The franchise agreement with Bendigo and Adelaide Bank Limited contains a limit on the level of profits or funds that may be distributed to shareholders. There is also a restriction on the payment of dividends to certain shareholders if they have a prohibited shareholding interest (see below).

(c) Transfer

Generally, ordinary shares are freely transferable. However, the directors have a discretion to refuse to register a transfer of shares.

Subject to the foregoing, shareholders may transfer shares by a proper transfer effected in accordance with the company's constitution and the Corporations Act.

Notes to the financial statements (continued)

Note 14. Contributed Equity (continued)

Prohibited shareholding interest

A person must not have a prohibited shareholding interest in the company.

In summary, a person has a prohibited shareholding interest if any of the following applies:

- They control or own 10% or more of the shares in the company (the “10% limit”).
- In the opinion of the board they do not have a close connection to the community or communities in which the company predominantly carries on business (the “close connection test”).
- Where the person is a shareholder, after the transfer of shares in the company to that person the number of shareholders in the company is (or would be) lower than the base number (the “base number test”). The base number is 298. As at the date of this report, the company had 329 shareholders.

As with voting rights, the purpose of this prohibited shareholding provision is to reflect the community-based nature of the company.

Where a person has a prohibited shareholding interest, the voting and dividend rights attaching to the shares in which the person (and his or her associates) have a prohibited shareholding interest, are suspended.

The board has the power to request information from a person who has (or is suspected by the board of having) a legal or beneficial interest in any shares in the company or any voting power in the company, for the purpose of determining whether a person has a prohibited shareholding interest. If the board becomes aware that a member has a prohibited shareholding interest, it must serve a notice requiring the member (or the member’s associate) to dispose of the number of shares the board considers necessary to remedy the breach. If a person fails to comply with such a notice within a specified period (that must be between three and six months), the board is authorised to sell the specified shares on behalf of that person. The holder will be entitled to the consideration from the sale of the shares, less any expenses incurred by the board in selling or otherwise dealing with those shares.

The National Stock Exchange (NSX) has advised that in its view the prohibited shareholding provisions are appropriate and equitable but the ‘base number test’ is not as a result the base number clause does not operate whilst the company remains listed on the NSX.

In the constitution, members acknowledge and recognise that the exercise of the powers given to the board may cause considerable disadvantage to individual members, but that such a result may be necessary to enforce the prohibition.

	2012 \$	2011 \$
Note 15. Accumulated Losses		
Balance at the beginning of the financial year	(26,776)	(53,506)
Net profit from ordinary activities after income tax	42,042	57,055
Dividends paid or provided for	(30,325)	(30,325)
Balance at the end of the financial year	(15,059)	(26,776)

Notes to the financial statements (continued)

	2012 \$	2011 \$
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Note 16. Statement of Cashflows

Reconciliation of profit from ordinary activities after tax to net cash provided by operating activities

Profit from ordinary activities after income tax	42,042	57,055
Non cash items:		
- depreciation	9,186	12,670
- amortisation	,155	2,000
Changes in assets and liabilities:		
- (increase)/decrease in receivables	(31,905)	13,450
- (increase)/decrease in other assets	(77)	2,073
- decrease in payables	(148)	(3,827)
- increase/(decrease) in current tax liabilities	(2,472)	21,908
Net cashflows provided by operating activities	19,781	105,329

Note 17. Leases

Operating lease commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements

Payable - minimum lease payments		
- not later than 12 months	-	3,391
- between 12 months and 5 years	-	-
- greater than 5 years	-	-
	-	3,391

The property lease is linked to the Company's Franchise Agreement with Bendigo & Adelaide Bank Limited, the Franchise renewal was due on 1 June 2012 with two, 5 year extension options available. As at reporting date the new lease agreement had not been finalised and is in the hands of legal representatives. There is no indication to suggest it will not be renewed.

Note 18. Auditor's Remuneration

Amounts received or due and receivable by the auditor of the company for:

- audit and review services	4,500	4,500
- share registry services	3,036	3,095
- non audit services	1,750	1,666
	9,286	9,261

Notes to the financial statements (continued)

Note 19. Director and Related Party Disclosures

The names of directors who have held office during the financial year are:

Maxwell Charles Higgs
George Arthur Wyatt
Terence William Mangles
Dale Thomas Jackson
Andrew Richard Smith
Pauline Elletson
Simon Patrick Tuohey
Jill McFarlane
Steven John Smith
Kenneth John Canfield
Colleen Mary Condliffe (Appointed 25 October 2011)
Heather Louise Chamberlain (Resigned 24 April 2012)
Allan Maurice Bunnnett (Retired 25 October 2011)

No director or related entity has entered into a material contract with the company. No director's fees have been paid as the positions are held on a voluntary basis.

Directors' Shareholdings	2012	2011
Maxwell Charles Higgs	3,001	3,001
George Arthur Wyatt	3,501	6,001
Terence William Mangles	1,001	1,001
Dale Thomas Jackson	1,001	1,001
Andrew Richard Smith	1,002	1,002
Pauline Elletson	-	-
Simon Patrick Tuohey	2,001	1,501
Jill McFarlane	1,500	1,500
Steven John Smith	-	-
Kenneth John Canfield	1,001	1,001
Colleen Mary Condliffe (Appointed 25 October 2011)	501	501
Heather Louise Chamberlain (Resigned 24 April 2012)	500	500
Allan Maurice Bunnnett (Retired 25 October 2011)	2,501	2,501

Notes to the financial statements (continued)

	2012 \$	2011 \$
Note 20. Dividends Paid or Provided		
a. Dividends paid during the year		
Unfranked dividend - 6 cents (2011: 6 cents) per share	30,325	30,325
b. Dividends proposed and recognised as a liability		
Current year final dividend		
100% (2011: 0%) franked dividend - 6 cents (2011: 6 cents) per share	30,325	30,325
c. Franking account balance		
Franking credits available for subsequent reporting periods are:		
- franking account balance as at the end of the financial year	47,072	-
- franking debits that will arise from receipt of income tax refundable as at the end of the financial year	(5,728)	21,908
- franking debits that will arise from the payment of dividends recognised as a liability at the end of the financial year	(12,996)	-
Franking credits available for future financial reporting periods:	28,348	21,908
- franking debits that will arise from payment of dividends proposed or declared before the financial report was authorised for use but not recognised as a distribution to equity holders during the period	-	-
Net franking credits available	28,348	21,908

Note 21. Key Management Personnel Disclosures

No Director receives remuneration for services as a Company Director or Committee Member.

There are no employees who are directly accountable and have responsibility for the strategic direction and operational management of the entity.

There are therefore no specified Executives whose remuneration requires disclosure.

	2012 \$	2011 \$
Note 22. Earnings Per Share		
(a) Profit attributable to the ordinary equity holders of the company used in calculating earnings per share	42,042	57,055
	Number	Number
(b) Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	505,412	505,412

Notes to the financial statements (continued)

Note 23. Events Occurring After the Balance Sheet Date

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

Note 24. Contingent Liabilities

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

Note 25. Segment Reporting

The economic entity operates in the service sector where it facilitates **Community Bank®** services in Inglewood and the surrounding districts pursuant to a franchise agreement with Bendigo and Adelaide Bank Limited.

Note 26. Registered Office/Principal Place of Business

The entity is a company limited by shares, incorporated and domiciled in Australia. The registered office and principal place of business is:

Registered Office	Principal Place of Business
64 Brooke Street	64 Brooke Street
Inglewood VIC 3517	Inglewood VIC 3517

Note 27. Financial Instruments

Net Fair Values

The net fair values of financial assets and liabilities approximate the carrying values as disclosed in the balance sheet. The company does not have any unrecognised financial instruments at the year end.

Credit Risk

The maximum exposure to credit risk at balance date to recognised financial assets is the carrying amount of those assets as disclosed in the balance sheet and notes to the financial statements.

There are no material credit risk exposures to any single debtor or group of debtors under financial instruments entered into by the economic entity.

Notes to the financial statements (continued)

Note 27. Financial Instruments (continued)

Interest Rate Risk

Financial instrument	Floating interest rate		Fixed interest rate maturing in						Non interest bearing		Weighted average effective interest rate	
			1 year or less		Over 1 to 5 years		Over 5 years					
	2012 \$	2011 \$	2012 \$	2011 \$	2012 \$	2011 \$	2012 \$	2011 \$	2012 \$	2011 \$	2012 %	2011 %
Financial Assets												
Cash and cash equivalents	3,927	23,792	200,000	260,000	-	-	-	-	100	100	5.01	3.09
Receivables	-	-	-	-	-	-	-	-	46,714	14,809	N/A	N/A
Financial Liabilities												
Payables	-	-	-	-	-	-	-	-	-	148	N/A	N/A

Directors' declaration

In accordance with a resolution of the directors of Inglewood & Districts Community Enterprises Limited, we state that:

In the opinion of the directors:

- (a) the financial statements and notes of the company are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2012 and of its performance for the financial year ended on that date; and
 - (ii) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; 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.
- (c) the audited remuneration disclosures set out in the remuneration report section of the directors' report comply with Accounting Standard AASB124 Related Party Disclosures and the Corporations Regulations 2001.

This declaration is made in accordance with a resolution of the board of directors.



Maxwell Charles Higgs,
Chairman

Signed on the 24th of August 2012.

Independent audit report



Independent auditor's report to the members of Inglewood & Districts Community Enterprises Limited

Report on the financial report

We have audited the accompanying financial report of Inglewood & Districts Community Enterprises Limited, which comprises the balance sheet as at 30 June 2012, statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes and the directors' declaration.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and presentation of the financial report in accordance with Australian Accounting Standards and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making fair accounting estimates that are reasonable in the circumstances. In note 1, the directors also state in accordance with the Accounting Standard AASB 101 Presentation of Financial Statements that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These auditing standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the company's financial position and of its performance.

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

Liability limited by a scheme approved under Professional Standards Legislation. ABN: 51 061 795 337.

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Independent audit report (continued)

Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written auditor's independence declaration, a copy of which is included in the directors' report. In addition to our audit of the financial report and the remuneration disclosures, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

Auditor's opinion on the financial report

In our opinion:

- 1) The financial report of Inglewood & Districts Community Enterprises Limited is in accordance with the *Corporations Act 2001* including giving a true and fair view of the company's financial position as at 30 June 2012 and of its financial performance and its cash flows for the year then ended and complying with Australian Accounting Standards and the Corporations Regulations 2001.
- 2) The financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Report on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2012. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the remuneration report of Inglewood & Districts Community Enterprises Limited for the year ended 30 June 2012, complies with section 300A of the *Corporations Act 2001*.



Graeme Stewart
Andrew Frewin Stewart
61 Bull Street Bendigo Vic 3550

Dated: 24 August 2012

NSX report

Share information

In accordance with National Stock Exchange listing rules the company provides the following information as at 21 September 2012, which is within 6 weeks of this report being sent to shareholders.

The following table shows the number of shareholders, broken into various categories showing the total number of shares held.

Number of shares held	Number of shareholders
1 to 1,000	232
1,001 to 5,000	93
5,001 to 10,000	2
10,001 to 100,000	2
100,001 and over	0
Total shareholders	329

There are no substantial shareholders (holding more than 5% of voting rights) as each shareholder is entitled to 1 vote. Normally holding more than 5% of total issued shares would create a substantial shareholder, but this is not applicable due to the voting restrictions for the company.

There are 12 shareholders holding less than a marketable parcel of shares (\$500 in value).

There are no restricted securities on issue.

All shares on issue are ordinary shares fully paid to \$1 per share. There are no unquoted equity securities.

The following table shows the 10 largest shareholders.

Shareholder	Number of fully paid shares held	Percentage of issued capital
Barry Robert Parker	15,000	2.97
Mrs Heather Denyse Appleby	12,000	2.37
Dorothy Margaret Fitzgerald	10,000	1.98
Fp Nevins & Co Pty Ltd	10,000	1.98
Estate Late Graeme John Whinfield	5,000	0.99
Mr Stanislaw Wiktorek	5,000	0.99
Francziska Wiktorek	5,000	0.99
Sherlag Nominees Pty Ltd <Sherlag S/B/F A/C>	5,000	0.99
Waydor Pty Ltd <Super Fund A/C>	5,000	0.99
Inglewood Development & Tourism Committee Inc	5,000	0.99
	77,000	15.24

NSX report (continued)

The registered office of the company is located at:

64 Brooke Street,
Inglewood VIC 3517
Phone: (03) 5438 3500

The principal administrative office of the company is located at:

64 Brooke Street,
Inglewood VIC 3517
Phone: (03) 5438 3500

Security register

The security register (share register) is kept at:

AFS
61-65 Bull Street,
Bendigo VIC 3550
Phone: (03) 5443 0344

Company Secretary

George Wyatt has been joint Company Secretary of Inglewood & Districts Community Enterprises Limited for nearly 3 years. George Wyatt's qualifications and experience include financial and administrative experience and involvement with community and sporting groups.

Corporate governance

The Company has implemented various corporate governance practices, which include:

- (a) The establishment of an Governance Committee. Members of the Governance Committee are Chairman Dr Max Higgs, George Wyatt and Ken Canfield.
- (b) Director approval of operating budgets and monitoring of progress against these budgets; Treasurer: Ken Canfield
- (c) Ongoing Director training; and conferences
- (d) Monthly Director meetings to discuss performance and strategic plans.

Annexure 3A

There are no material differences between the information in the company's Annexure 3A and the information in the financial documents in its annual report.

Inglewood & Districts **Community Bank**® Branch
64 Brooke Street, Inglewood VIC 3517
Phone: (03) 5438 3500 Fax: (03) 5438 3502



Franchisee:
Inglewood & Districts Community Enterprises Limited
64 Brooke Street (PO Box 98), Inglewood VIC 3517
ABN: 87 123 959 375
www.bendigobank.com.au/inglewood

Share Registry: AFS & Associates Pty Ltd
61-65 Bull Street, Bendigo VIC 3550
PO Box 454, Bendigo VIC 3552
Phone: (03) 5443 0344 Fax: (03) 5443 5304