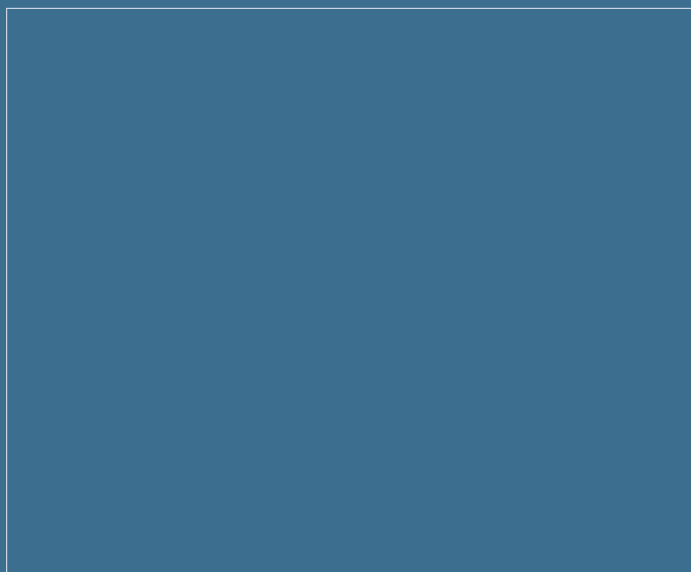
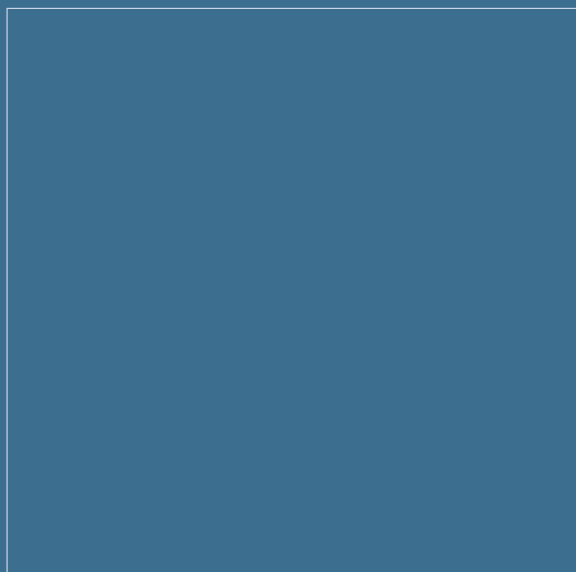


# annual report 2009



Manningham Community  
Enterprises Limited  
ABN 69 101 174 270

Doncaster East **Community Bank<sup>®</sup>** Branch

# Contents

---

<b>Chairman's report</b>	<b>2-3</b>
<b>Manager's report</b>	<b>4</b>
<b>Sponsorship and marketing report</b>	<b>5-6</b>
<b>Directors' report</b>	<b>7-12</b>
<b>Auditor's independence declaration</b>	<b>13</b>
<b>Financial statements</b>	<b>14-17</b>
<b>Notes to the financial statements</b>	<b>18-36</b>
<b>Directors' declaration</b>	<b>37</b>
<b>Independent audit report</b>	<b>38-39</b>

# Chairman's report

---

For year ending 30 June 2009

In the history of the financial industry, 2008/2009 will go down as one of the most significant events that financially severely impacted on the whole world economy.

But, how did we do at Doncaster East, and to use the analogy of Doncaster East to a beach, a mere grain of sand on the Rye back beach.

Well, we did pretty well!

A major reason for our positive results over the year can certainly be attributed to our wonderful and dedicated frontline team, led by Manager Paul Thompson and Customer Relations Manager Lorelle Richter. The Customer Service team of Cathy Black, Lisa Jones, Elise Chan, Tina O'Shea and Helen de Ross gave outstanding service and even in some very challenging times over the year were always happy to assist our shareholders and customers.

The commitment, diligence and dedication of the Board of Directors have again been exemplary. The work of Director's Ray Barrington, Daryl Brown, Jim Christie, Keith Crothers, Erica Mounter, Geoff Roberts and Trevor Waring is acknowledged and recognised.

The key to many successful organisations is how they market their brand, after all you never get a second chance at a first impression. Whilst the Bendigo and Adelaide Bank Ltd **Community Bank**<sup>®</sup> brand is very highly respected, the Doncaster East **Community Bank**<sup>®</sup> Branch brand has continued to show the way in Manningham through a strong and powerful marketing strategy led admirably by Marketing & Public Relations Consultant Mike Newman. The many partnerships developed over the past six years have been quite significant in the Bank's growth.

As I advised in last year's Annual Report, an exciting project being developed was our Junior Observer Program. Under excellent leadership and guidance from Company Secretary Keith Crothers the program has proven to be an outstanding success with six of Manningham's finest students being encouraged to play a major role within the future of the community. The six students, also known as the 'fabulous six' were; Kathleen Armstrong, Mark Hagg, Victoria Paouras, Bill Peterson, Tessa Pienaar and Khunga Wolokh. One of the highlights for the 'fab six' was a trip to Bendigo where former Bendigo and Adelaide Bank Ltd CEO, Rob Hunt spoke to them in the head office boardroom. Work is now underway to select students for 2010.

As we reflect on the past year and review our standing in the community, possibly the most important development since we opened our doors in March 2003 was to partner the Templestowe Village Steering Committee in their quest to open a **Community Bank**<sup>®</sup> branch in Templestowe Village.

Following our Extraordinary Meeting in August, the Company changed its name to Manningham Community Enterprises Limited to compliment the extent of our support to the community. Of course we have moved on since then to prepare a Prospectus to raise capital to fit out and establish a **Community Bank**<sup>®</sup> branch in Templestowe Village.

## Chairman's report continued

---

Congratulations to all members of the Templestowe Village Steering Committee for their great work and vision.

The financial results are extremely pleasing and special thanks must go to the Finance Committee led by Erica Mounter as Chair, Daryl Brown and Treasurer Nicky White. Special thanks to Nicky for her tireless efforts to provide monthly reports, six monthly reports and yearly reports.

The profit for Doncaster East Community Financial Services Limited [DECFSL] after provision for income tax was \$173,134. This was an increase of just on 10 per cent on the year ended figures of 2008.

The Company's sound growth in business volume has translated into effective development in earnings. Gross income was \$1,197,210 - an increase of 18 per cent over last year's income of \$1,010,886 (last year's increase was 27.3 per cent). Given the financial crisis we endured, this is an excellent result.

Expenses totaled \$946,259 compared to last year's expenses of \$794,225, an increase of just under 20 per cent. The Board has worked diligently to keep costs down. Given that last year's increase was up by 35 per cent, this was a positive result.

Directors are very pleased to announce a full year profit [before tax] of \$250,951. This compares very favorably showing an increase of 15 per cent on the previous year's tax profit of \$216,661. Last year's profit showed a 6.5 per cent increase, so again another strong showing.

In 2006, we were delighted to announce our very first dividend payment of 7.5 cents per share unfranked. Following the Company's strong performance over the past year, the Director's have announced a payment of a dividend of 11 cents per share fully franked. The same as the previous year, a very positive result given the financial climate.

Certainly one of the highlights of the year was to provide grants to organisations in the community through Bendigo and Adelaide Bank Ltd's Community Enterprise Foundation™ (CEF).

The Foundation is about making a real difference on people's everyday lives. The community focus of the branch and positive benefit it brings to the local community has never wavered.

I would like to acknowledge the support of Regional Manager Ashdon Capp for his valuable support and wish him all the best in his new regional area. We also welcome our new Regional Manager Michael Pickering and look forward to a successful journey forward.

Thank you to our shareholders, customers and local community for supporting our **Community Bank®** branch and also our vision.

As our business grows so will our community support.



**Ray Lord**  
**Chairman**

# Manager's report

---

For year ending 30 June 2009

Your **Community Bank**<sup>®</sup> branch has now been operating for six financial years. Business growth continues to meet, and often exceed, our expectations, and the total business now stands at \$167.9 million. Despite globally difficult financial times the community of Doncaster East and surrounding suburbs can be proud of their efforts and steady support of the branch since its inception.

Last year I reported to you that the banking business as at 30 June 2008 (deposits and loans) totalled \$123.4 million and that we had opened 5,120 accounts. This year I am delighted to report a growth of \$44.5 million, which is a remarkable achievement.

That total business figure of \$167.9 million as at 30 June 2009 was supported by 5,831 accounts - again remarkable evidence of our support by the community

As I have said in the past, our community is to be applauded in the way that they have supported our **Community Bank**<sup>®</sup> branch and in so doing realised the aspirations of stakeholders.

I would like to acknowledge the support and hard work of my team, Lorelle Richter, Cathy Black, Helen De Ross, Lisa Jones, Elise Chan and Tina O'Shea. To have continuity in staff that approach their roles with diligence, responding positively to the needs of all customers is warmly welcomed. Their continued professional level of service to our customers since we opened our doors has set an exemplary standard.

This is also an appropriate time to reiterate our key message: Please continue to spread the word to ensure that the people, who live and work in our area, also conduct their banking in our area. Increased awareness creates increased banking opportunities.

I look forward to the coming year which again will not only be challenging but, with the opening of our second branch at Templestowe Village, will also provide an exciting new period of banking opportunities and services for the broader Manningham community.

Please continue to play your part in the growth of our branch by spreading the word about the very personal and professional banking service provided by your **Community Bank**<sup>®</sup> branch.



**Paul Thompson**  
**Manager**

# Sponsorship and marketing report

## Sponsorship and grants

With our **Community Bank®** branch objectives in view, our melding with the Manningham community continues to be increasingly effective and mutually beneficial. The combination of sponsorships and grants administered by the branch and the Bank's associated Community Enterprise Foundation™, since the branch opened in March 2003, impressively now totals approximately \$441,000.

The breadth and scope of the branch-administered sponsorships process is clearly seen in the accompanying chart where this year \$100,504 was made available to 43 community organisations. Compared to the last financial year that is a funding increase of 54 percent, accompanying an increase of 34 percent in the number of organisations.

The total branch-administered amount returned to the community in this manner, since the branch opened in March 2003, is \$235,504.



## Community Enterprise Foundation™ grants

On the branch's birthday, 18 March 2008, we made our first round of community grants in conjunction with the Community Enterprise Foundation™. An additional twelve local charitable and not-for-profit organisations actually received a total of a \$90,494 (previously allocated in the 07/08 year).

In this reported 08/09 financial year \$115,000 has been allocated for distribution in the 09/10 year.



Branch Manager Paul Thompson is pictured presenting a certificate and cheque for \$14,473 to School Principal Marie McIntyre and representatives of Saints Peter and Paul School.

# Sponsorship and marketing report continued

## Advertising

During the Beijing Olympic Games a national corporate advertising campaign showcased Bendigo Bank to the whole of Australia.



Your **Community Bank**® branch was delighted to be involved and for two weeks we displayed a large television in the branch showing all the Olympic coverage.

It was a great success and just another example of our ability and intention to interact with the local community.

Happy and satisfied customers, and happy and successful communities, create a successful Bank.

On-line internet advertising continued through the year as an animated and interactive banner at the top of the Manningham Leader home-page, where taking up the invitation to 'click for more information' resulted in connection with the Doncaster East **Community Bank**® Branch web site.

## Public relations

Our annual birthday celebrations in March 2009 - six years since our opening.



## Our Junior Observer Program

Your **Community Bank**® branch has given six senior secondary students the opportunity to gain experience from exposure to the running of a publicly listed company, and learn about the operation of the Board of Directors as well as the roles of the various company officers.



### Group familiarisation visit to Head Office in Bendigo in June 2009

L to R: Keith Crothers (Director and program co-ordinator), William Peterson, Mark Hagg, Rob Hunt (MD & CEO Bendigo and Adelaide Bank Ltd), Khunga Wolokh, Victoria Paouros, Tessa Pienaar, Kathleen Armstrong, Mrs Pauline Crothers.

# Directors' report

---

For year ending 30 June 2009

Your Directors submit the financial report of the Company for the financial year ended 30 June 2009.

## Directors

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

### **Raymond Thomas Lord**

Chairman

Age: 62

Occupation: Media Liaison Officer

Experience and expertise:

Raymond has thirty years experience in the sporting, community and service industries. He has significant community involvement with Horticultural Therapy, Community Radio, Children with Down Syndrome, Blind Sports Victoria, and other sporting clubs. His qualifications include a Graduate Diploma of Welfare Studies, Certificate of Business Studies (Administration & Management) and Justice of the Peace.

### **James Douglas Christie RFD**

Deputy Chairman

Age: 64

Occupation: Consultant

Experience and expertise:

James brings a wealth of experience from his former 38 year career as a senior executive in the retail banking sector, both in Australia and overseas. James served as Lieutenant Colonel in the Australian Army Reserve. He currently works as a consultant to Bendigo and Adelaide Bank Ltd mentoring both new and established **Community Bank®** companies. He is an Affiliate of Chartered Secretaries Australia and a former Fellow of both the Australian Institute of Banking and Finance and the Australian Institute of Management.

### **Erica Janice Mounter**

Director

Age: 65

Occupation: Accountant

Experience and expertise:

Erica is a member of the Australian Society of Accountants. Having returned to study as a mature age student, Erica achieved a Bachelor of Business with an Accounting major. Erica is currently working part time and in her spare time assists both Life Education Victoria and Templestowe Retirement Village with their accounting needs.

### **Raymond Bruce Barrington**

Director

Age: 61

Occupation: Retail Florist

Experience and expertise:

Raymond has had 10 years banking and finance experience in ES&A and ANZ Bank. He has a wealth of experience in small business having been self employed in the family business for the past 20 years.



# Directors' report continued

---

**Daryl Lindsay George Brown**

Director

Age: 65

Occupation: Accountant

Experience and expertise:

Daryl is a Certified Practicing Accountant and principal of an accounting firm specialising in small business. He is also partner in a Mortgage Broking and Asset Finance Company.

**Trevor Leigh Waring**

Director

Age: 59

Occupation: Property Manager/Plantation

Developer

Experience and expertise:

Trevor spent seven years as a city Councilor before becoming Mayor in 1989-1990. His past experience includes drainage contracting and cleaning. He has a history of involvement in numerous community groups. Trevor is currently tackling the salinity issues faced by hardwood timber plantations in Central Victoria, Australia.

**Keith Crothers**

Secretary

Age: 62

Occupation: Business Manager

Experience and expertise:

Keith has 35 years experience in the IT industry in consulting, project management and people management roles and held a senior administrative position for five years in a not-for-profit association. He is currently Business Manager for an asset management/investment Company.

**Geoffrey Bruce Roberts**

Director (Appointed 22 January 2009)

Age: 65

Occupation: Management Consultant/Investor

Experience and expertise:

Geoff has had over thirty five years of experience in the manufacturing, distribution, clothing and footwear industries having worked as a Senior Marketing Executive with the McPherson Group of companies, Director and CEO roles with the Yakka Group and more recently with Oliver Footwear. Whilst in these roles he sat on many Industry boards. He has significant community involvement with his work with Rotary International. His qualifications include a Graduate Diploma of Business studies and has attended many professional development programs over the years.

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

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

**Company Secretary**

The Company Secretary is Keith Crothers, Keith took over as Secretary from Erica Mounter on 27 November 2008. Keith previously had five years experience as a Secretary in a community not for profit organisation. Keith was involved in the establishment of the Junior Observer Program with six secondary college students involved in the role of observers to the Board.

# Directors' report continued

---

## 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 Ltd.

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

## Operating results

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 2009 \$	Year ended 30 June 2008 \$
173,134	157,997

## Remuneration report

### (a) Remuneration of Directors

At the Company's Annual General Meeting held on 13 November 2008 a resolution was passed giving approval for Directors' Fees to be paid to Directors. It was agreed that an amount of \$30,000 be made available for the Directors' Fees and a Remuneration Committee has been established. The Remuneration Committee decided that payment of these fees start from 1 January 2010.

### (b) Remuneration of Executives

Remuneration package paid to the Senior Manager of the Company for the year ended 30 June 2009 was in the range \$85,000 to \$95,000 (2008: \$85,000 to \$95,000).

## Dividends

	Year ended 30 June 2009 Cents	\$
Final dividends recommended:	11	71,501
Dividends paid in the year:		
- As recommended in the prior year report	11	71,501

The Directors resolved on 27 August 2009 to pay a fully franked final dividend of 11 cents to ordinary shareholders, payable in November 2009.

## 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 report.

# Directors' report continued

---

## **Matters subsequent to the end of the financial year**

At an Extraordinary Meeting held on 12 August 2009 three motions were voted upon and passed. The motions were:

- that the Company would issue not more than 700,000 shares for the purpose of raising capital for the establishment of a second **Community Bank®** branch at Templestowe Village.
- that the name of the Company be changed to Manningham Community Enterprises Limited.
- that changes as required be made to the Constitution and the updated Constitution be adopted.

There are no other 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.

## **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 except as disclosed in note 17 to the financial statements. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by Directors shown in the Company's accounts, or the fixed salary of a full-time employee of the Company, controlled entity or related body corporate.

## **Indemnification and insurance of Directors and Officers**

The Company has indemnified all Directors and all Officers of the Company being the Manager and Treasurer 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' report continued

---

### Directors' meetings

The number of Directors' meetings attended by each of the Directors of the Company during the year were:

	<b>Number of Board meetings eligible to attend</b>	<b>Number attended</b>
Raymond Thomas Lord	11	10
James Douglas Christie RFD	11	5
Erica Janice Mounter	11	9
Raymond Bruce Barrington	11	10
Daryl Lindsay George Brown	11	9
Trevor Leigh Waring	11	11
Keith Crothers	11	10
Geoffrey Bruce Roberts (Appointed 22 January 2009)	6	3

### 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 Professional Statement F1, 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.

## Directors' report continued

---

### **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 11.

Signed in accordance with a resolution of the Board of Directors at Doncaster East, Victoria on 27 August 2009.



**Raymond Thomas Lord**  
**Chairman**



**Keith Crothers**  
**Secretary**

# Auditor's independence declaration

---



PO Box 454  
Bendigo VIC 3552  
61-65 Bull Street  
Bendigo VIC 3550  
Phone (03) 5443 0344  
Fax (03) 5443 5304  
afs@afsbendigo.com.au  
www.afsbendigo.com.au  
ABN 51 061 795 337

## **Lead Auditor's Independence Declaration under section 307C of the Corporations Act 2001 to the directors of Manningham 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 2009 there have been:

- no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

**Graeme Stewart**  
Auditor

**Andrew Frewin & Stewart**  
Bendigo, Victoria

Dated this 27 day of August 2009

# Financial statements

## Income statement For year ending 30 June 2009

	Note	2009 \$	2008 \$
Revenues from ordinary activities	3	1,197,210	1,010,886
Salaries and employee benefits expense		(423,056)	(362,336)
Charitable donations, sponsorship, advertising & promotion		(261,606)	(198,683)
Occupancy and associated costs		(110,278)	(104,217)
Systems costs		(21,976)	(20,050)
Depreciation and amortisation expense	4	(30,875)	(19,950)
General administration expenses		(98,203)	(88,976)
Borrowing cost expense	4	(265)	(13)
<b>Profit before income tax expense</b>		<b>250,951</b>	<b>216,661</b>
Income tax expense	5	(77,817)	(58,664)
<b>Profit for the period</b>		<b>173,134</b>	<b>157,997</b>
<b>Profit attributable to members of the entity</b>		<b>173,134</b>	<b>157,997</b>
<b>Earnings per share (cents per share)</b>		<b>¢</b>	<b>¢</b>
- basic for profit for the year	19	26.64	24.31
- dividends paid per share	18	11	10.5

The accompanying notes form part of these financial statements.

# Financial statements continued

## Balance sheet As at 30 June 2009

	Note	2009 \$	2008 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash assets	6	474,625	395,702
Trade and other receivables	7	147,035	120,206
<b>Total current assets</b>		<b>621,660</b>	<b>515,908</b>
<b>Non-current assets</b>			
Property, plant and equipment	8	170,905	184,341
Intangible assets	9	50,525	64,315
Deferred tax assets	10	7,764	-
<b>Total non-current assets</b>		<b>229,194</b>	<b>248,656</b>
<b>Total assets</b>		<b>850,854</b>	<b>764,563</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	11	69,170	37,285
Current tax liabilities	5	15,544	58,664
Provisions	12	27,909	27,179
<b>Total current liabilities</b>		<b>112,623</b>	<b>123,128</b>
<b>Non-current liabilities</b>			
Provisions	12	17,668	10,415
<b>Total non-current liabilities</b>		<b>17,668</b>	<b>10,415</b>
<b>Total liabilities</b>		<b>130,291</b>	<b>133,543</b>
<b>Net assets</b>		<b>720,563</b>	<b>631,020</b>
<b>Equity</b>			
Issued capital	13	615,846	627,936
Retained profits	14	104,717	3,084
<b>Total equity</b>		<b>720,563</b>	<b>631,020</b>

The accompanying notes form part of these financial statements.



## Financial statements continued

### Statement of cash flows As at 30 June 2009

	Note	2009 \$	2008 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		1,254,272	1,096,509
Payments to suppliers and employees		(1,051,566)	(955,451)
Interest paid		(265)	(13)
Interest received		20,325	20,769
Income taxes paid		(61,567)	(13,460)
<b>Net cash provided by operating activities</b>	<b>15</b>	<b>161,199</b>	<b>148,354</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(3,651)	(39,295)
Payments for intangible assets		-	(11,484)
<b>Net cash used in investing activities</b>		<b>(3,651)</b>	<b>(50,779)</b>
<b>Cash flows from financing activities</b>			
Dividends paid		(71,500)	(68,251)
Payment for share issue costs		(7,125)	-
<b>Net cash used in financing activities</b>		<b>(78,625)</b>	<b>(68,251)</b>
<b>Net increase in cash held</b>		<b>78,923</b>	<b>29,324</b>
Cash at the beginning of the financial year		395,702	366,378
<b>Cash at the end of the financial year</b>	<b>6(a)</b>	<b>474,625</b>	<b>395,702</b>

The accompanying notes form part of these financial statements.

## Financial statements continued

### Statement of changes in equity As at 30 June 2009

	Note	2009 \$	2008 \$
Total equity at the beginning of the period		631,020	541,274
Net profit for the period		173,134	157,997
Net income/expense recognised directly in equity		-	-
<b>Total income and expense recognised by the entity for the year</b>		<b>173,134</b>	<b>157,997</b>
Dividends provided for or paid		(71,501)	(68,251)
shares issued during period		-	-
Costs of issuing shares		(12,090)	-
<b>Total equity at the end of the period</b>		<b>720,563</b>	<b>631,020</b>

The accompanying notes form part of these financial statements.

# Notes to the financial statements

---

For year ending 30 June 2009

## Note 1. Summary of significant accounting policies

### **Basis of preparation**

This general purpose financial report has been prepared in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001.

### **Compliance with IFRS**

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial statements and notes comply with International Financial Reporting Standards (IFRS). These financial statements and notes comply with IFRS.

### **Historical cost convention**

The financial report has been prepared under the historical cost conventions 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.

### **Revenue**

Interest and fee revenue is recognised when earned. All revenue is stated net of the amount of Goods and Services Tax (GST). 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.

### **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 for 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 ATO are classified as operation cash flows.

# Notes to the financial statements continued

---

## Note 1. Summary of significant accounting policies (continued)

### **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 tax 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 comprehensive 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/consolidated entity intends to settle its tax assets and liabilities on a net basis.

#### Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the income statement, 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.

# Notes to the financial statements continued

---

## Note 1. Summary of significant accounting policies (continued)

### **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.

### **Intangibles**

The cost of the Company's franchise fee has been recorded at cost and is amortised on a straight line basis at a rate of 20% per annum.

During the year the Company upon advise from its tax advisors have reclassified payments made to Bendigo and Adelaide Bank Ltd in relation to its Franchise agreement in 2007/2008 from recognition as a prepayment to classification as an intangible. This has effected the comparative figures from the year ended 30 June 2008.

### **Cash**

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.

### **Comparative figures**

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

### **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.

# Notes to the financial statements continued

---

## Note 1. Summary of significant accounting policies (continued)

### **Property, plant and equipment (continued)**

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

### **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.

There are no estimates or assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

### **Payment terms**

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

### **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.

### **Borrowings**

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

### **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 transactions costs. Financial instruments are classified and measured as set out below.

# Notes to the financial statements continued

---

## Note 1. Summary of significant accounting policies (continued)

### **Financial instruments (continued)**

#### 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 income statement.

### **Leases**

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that is transferred to entities in the entity 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.

# Notes to the financial statements continued

---

## Note 1. Summary of significant accounting policies (continued)

### **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.

### **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.

### **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.

## 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 Ltd.



# Notes to the financial statements continued

---

## Note 2. Financial risk management (continued)

### **(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 Ltd mitigates this risk significantly.

### **(v) Cash flow and fair value interest rate risk**

Interest-bearing assets are held with Bendigo and Adelaide Bank Ltd 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 Ltd 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%.

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 2009 can be seen in the Income Statement.

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

## Notes to the financial statements continued

	2009 \$	2008 \$
<b>Note 3. Revenue from ordinary activities</b>		
<b>Operating activities:</b>		
- gross margin	646,590	610,511
- services commissions	372,064	226,196
- other revenue	147,147	147,696
<b>Total revenue from operating activities</b>	<b>1,165,801</b>	<b>984,403</b>
<b>Non-operating activities:</b>		
- interest received	31,409	26,483
<b>Total revenue from non-operating activities</b>	<b>31,409</b>	<b>26,483</b>
<b>Total revenues from ordinary activities</b>	<b>1,197,210</b>	<b>1,010,886</b>

## Note 4. Expenses

<b>Depreciation of non-current assets:</b>		
- plant and equipment	11,555	8,999
- leasehold improvements	5,532	5,532
<b>Amortisation of non-current assets:</b>		
- franchise agreement	13,788	5,419
	<b>30,875</b>	<b>19,950</b>
<b>Finance costs:</b>		
- interest paid	<b>265</b>	<b>13</b>

## Note 5. Income tax expense

<b>The components of tax expense comprise:</b>		
- Current tax	93,778	50,467
- Deferred tax on provisions	(15,961)	8,197
- Recoupment of prior year tax losses	-	-
- Future income tax benefit attributable to losses	-	-
	<b>77,817</b>	<b>58,664</b>

## Notes to the financial statements continued

	Note	2009 \$	2008 \$
Note 5. Income tax expense (continued)			
The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:			
Operating profit		250,951	216,661
Prima facie tax on profit from ordinary activities at 30%		75,285	64,998
Add tax effect of:			
- non-deductible expenses		4,156	1,626
- timing difference expenses		15,961	(14,832)
- investment deduction		(300)	-
- blackhole expenses		(1,325)	(1,325)
Current tax		93,778	50,467
Movement in deferred tax	10	(15,961)	8,197
		<b>77,817</b>	<b>58,664</b>

## Note 6. Cash assets

Cash at bank and on hand	156,750	12,575
Term deposits	300,000	365,252
Security deposit	17,875	17,875
	<b>474,625</b>	<b>395,702</b>

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

### 6(a) Reconciliation of cash

Cash at bank and on hand	156,750	12,575
Term deposit	300,000	365,252
Security deposit	17,875	17,875
	<b>474,625</b>	<b>395,702</b>

## Notes to the financial statements continued

	2009 \$	2008 \$
<b>Note 7. Trade and other receivables</b>		
Trade receivables	117,474	102,628
Prepayments	11,462	10,563
Accrued income	18,099	7,015
	<b>147,035</b>	<b>120,206</b>

## Note 8. Property, plant and equipment

### Plant and equipment

At cost	93,480	89,829
Less accumulated depreciation	(42,354)	(35,166)
	<b>51,126</b>	<b>54,663</b>

### Leasehold improvements

At cost	130,588	130,588
Less accumulated depreciation	(38,964)	(33,432)
	<b>91,624</b>	<b>97,156</b>

### Motor vehicles

At cost	34,932	34,932
Less accumulated depreciation	(6,777)	(2,410)
	<b>28,155</b>	<b>32,522</b>

<b>Total written down amount</b>	<b>170,905</b>	<b>184,341</b>
----------------------------------	----------------	----------------

### Movements in carrying amounts:

#### Plant and equipment

Carrying amount at beginning	54,663	56,887
Additions	3,651	4,365
Disposals	-	-
Less: depreciation expense	(7,188)	(6,589)
<b>Carrying amount at end</b>	<b>51,126</b>	<b>54,663</b>

## Notes to the financial statements continued

	2009 \$	2008 \$
<b>Note 8. Property, plant and equipment (continued)</b>		
<b>Leasehold improvements</b>		
Carrying amount at beginning	97,156	102,688
Additions	-	-
Disposals	-	-
Less: depreciation expense	(5,532)	(5,532)
<b>Carrying amount at end</b>	<b>91,624</b>	<b>97,156</b>
<b>Motor vehicles</b>		
Carrying amount at beginning	32,522	-
Additions	-	34,932
Disposals	-	-
Less: depreciation expense	(4,367)	(2,410)
<b>Carrying amount at end</b>	<b>28,155</b>	<b>32,522</b>
<b>Total written down amount</b>	<b>170,905</b>	<b>184,341</b>

## Note 9. Intangible assets

<b>Franchise fee</b>		
At cost	71,484	71,484
Less: accumulated amortisation	(63,071)	(60,767)
<b>Franchise renewal fee</b>		
At cost	57,425	57,425
Less: accumulated amortisation	(15,313)	(3,828)
	<b>50,525</b>	<b>64,314</b>

## Notes to the financial statements continued

	2009 \$	2008 \$
--	------------	------------

### Note 10. Deferred tax

#### Deferred tax asset/(liability)

Opening balance	(8,197)	-
Future income tax benefits attributable to losses	-	-
Recoupment of prior year tax losses	-	-
Deferred tax on provisions	15,961	(8,197)
<b>Closing balance</b>	<b>7,764</b>	<b>(8,197)</b>

### Note 11. Trade and other payables

Trade creditors	16,060	9,374
Other creditors & accruals	53,110	27,911
	<b>69,170</b>	<b>37,285</b>

### Note 12. Provisions

#### Current

<b>Employee provisions</b>	<b>27,909</b>	<b>27,179</b>
----------------------------	---------------	---------------

#### Non-current

<b>Employee provisions</b>	<b>17,668</b>	<b>10,415</b>
<b>Number of employees at year end</b>	<b>6</b>	<b>6</b>

### Note 13. Contributed equity

650,011 Ordinary shares fully paid of \$1 each (2007: 650,011)	650,011	650,011
Less: equity raising expenses (Doncaster East)	(22,075)	(22,075)
Less: equity raising expenses (Templestowe)	(12,090)	-
	<b>615,846</b>	<b>627,936</b>

# Notes to the financial statements continued

---

## Note 13. Contributed equity (continued)

### **Rights attached to shares**

#### (a) Voting rights

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

On a show of hands or a poll, each shareholder 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 shareholder and has also been appointed as proxy for another shareholder) that person may only exercise one vote on a show of hands. On a poll, that person may exercise one vote as a shareholder and one vote for each other shareholder that person represents as duly appointed attorney, corporate representative or proxy.

The purpose of giving each shareholder 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 shareholders of the community who have contributed to the establishment and ongoing operation of the **Community Bank®** branch have the same ability to influence the operation of the Company.

#### (b) Dividends

Generally, dividends are payable to shareholders 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 Ltd 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.

### **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 248. As at the date of this report, the Company had 274 shareholders.

## Notes to the financial statements continued

### Note 13. Contributed equity (continued)

#### **Prohibited shareholding interest (continued)**

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 shareholder has a prohibited shareholding interest, it must serve a notice requiring the shareholder (or the shareholder'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 Bendigo Stock Exchange (BSX) 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 BSX.

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

	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>

### Note 14. Retained earnings

Balance at the beginning of the financial year	3,083	(86,662)
Net profit from ordinary activities after income tax	173,134	157,997
Dividends paid	(71,500)	(68,251)
<b>Balance at the end of the financial year</b>	<b>104,716</b>	<b>3,083</b>



## Notes to the financial statements continued

	2009 \$	2008 \$
<b>Note 15. Statement of cash flows</b>		
Reconciliation of profit from ordinary activities after tax to net cash provided by operating activities		
Profit from ordinary activities after income tax	173,134	157,997
Non cash items:		
- depreciation	17,087	14,531
- amortisation	13,788	5,419
Changes in assets and liabilities:		
- increase in receivables	(26,829)	(103,140)
- increase in other assets	(7,764)	-
- increase/(decrease) in payables	(16,200)	58,788
- increase in provisions	7,983	14,759
<b>Net cash flows provided by operating activities</b>	<b>161,199</b>	<b>148,354</b>

## Note 16. Auditors' remuneration

Amounts received or due and receivable by the Auditor of the Company for:

- audit & review services	4,500	4,000
- non audit services	3,184	1,730
	<b>7,684</b>	<b>5,730</b>

## Note 17. Director and related party disclosures

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

Raymond Thomas Lord

James Douglas Christie RFD

Erica Janice Mounter

Raymond Bruce Barrington

Daryl Lindsay George Brown

Trevor Leigh Waring

Keith Crothers

Geoffrey Bruce Roberts (Appointed 22 January 2009)

## Notes to the financial statements continued

### Note 17. Director and related party disclosures (continued)

No Directors' fees have been paid as the positions are held on a voluntary basis.

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

	2009 \$	2008 \$
--	------------	------------

#### Transactions with related parties:

##### **Barringtons of Doncaster, a retail florest operated by Raymond Bruce**

<b>Barrington supplied goods and services to the value of</b>	<b>150</b>	<b>200</b>
---	------------	------------

<b>Directors' shareholdings</b>	<b>2009</b>	<b>2008</b>
Raymond Thomas Lord	2,501	2,501
James Douglas Christie RFD	11,501	11,501
Erica Janice Mounter	6,001	6,001
Raymond Bruce Barrington	1,501	1,501
Daryl Lindsay George Brown	2,000	2,000
Trevor Leigh Waring	5,001	5,001
Keith Crothers	2,500	2,500
Geoffrey Bruce Roberts (Appointed 22 January 2009)	-	-

There was no movement in Directors' shareholdings during the year. Each share held is valued at \$1.

## Notes to the financial statements continued

	2009 \$	2008 \$
--	------------	------------

### Note 18. Dividends paid or provided

#### (a) Ordinary shares

**Franked Dividend for the year ended 30 June 2008 of 11 cents**

**(2007: 10.5 cents) per fully paid share paid on 12 November 2008**

**(2007: 14 November 2007)** **71,501** **68,251**

#### (b) Dividends not recognised at year end

**In addition to the above dividends, since year end the Directors have yet to recommended the payment of a final dividend cents per fully paid ordinary share, (2008 - 11 cents) fully franked based on tax paid at 30%.**

**The aggregate amount proposed dividend expected to be paid on during November 2009 out of retained profits at 30 June 2009, but not recognised as a liability at year end, is** **71,501** **71,501**

### Note 19. Earnings per share

#### (a) Profit attributable to the ordinary equity holders of the Company

used in calculating earnings per share 173,134 157,997

	2009 Number	2008 Number
--	----------------	----------------

#### (b) Weighted average number of ordinary shares used as the

denominator in calculating basic earnings per share 650,011 650,011

### Note 20. Events occurring after the balance sheet date

At an Extraordinary Meeting held on 12 August 2009 three motions were voted upon and passed. The motions were:

- that the Company would issue not more than 700,000 shares for the purpose of raising capital for the establishment of a second **Community Bank®** branch at Templestowe Village.
- that the name of the Company be changed to Manningham Community Enterprises Limited.
- that changes as required be made to the Constitution and the updated Constitution be adopted.

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

# Notes to the financial statements continued

---

## Note 21. Contingent liabilities

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

## Note 22. Segment reporting

The economic entity operates in the service sector where it facilitates **Community Bank®** services pursuant to a franchise agreement with Bendigo and Adelaide Bank Ltd. The economic entity operates in one geographic area being Doncaster East, Victoria.

## Note 23. Registered office/principal place of business

The registered office and principal place of business is:

**Registered office**

900-902 Doncaster Road,  
Doncaster East VIC 3109

**Principal place of business**

900-902 Doncaster Road,  
Doncaster East VIC 3109

## Note 24. Financial instruments

**Net fair values**

The net fair values of financial assets and liabilities approximate the carrying values as disclosed in the Statement of Financial Position. 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 Statement of Financial Position 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 24. 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					
	2009 \$	2008 \$	2009 \$	2008 \$	2009 \$	2008 \$	2009 \$	2008 \$	2009 \$	2008 \$	2009 %	2008 %
Financial assets												
Cash assets	(580)	12,273	-	-	-	-	-	-	250	250	0.05	0.05
Cash management	157,028	26,928	-	-	-	-	-	-	-	-	3.37	5.12
Term deposit	-	-	300,000	356,199	-	-	-	-	-	-	7.85	8.00
Term deposit	-	-	17,875	17,875	-	-	-	-	-	-	4.1	6.5
Dividend account	52	52	-	-	-	-	-	-	-	-	0.05	0.05
Receivables	-	-	-	-	-	-	-	-	-	173,804	N/A	N/A
Financial liabilities												
Interest bearing liabilities	-	-	-	-	-	-	-	-	-	-	N/A	N/A
Payables	-	-	-	-	-	-	-	-	-	37,285	N/A	N/A

# Directors' declaration

---

In accordance with a resolution of the Directors of Manningham 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 2009 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 AASB174 Related Party Disclosures and the Corporations Regulations 2001.

This declaration is made in accordance with a resolution of the Board of Directors.



**Raymond Thomas Lord**  
**Chairman**



**Keith Crothers**  
**Secretary**

Signed on 27 August 2009.

# Independent audit report

---



PO Box 454  
Bendigo VIC 3552  
61-65 Bull Street  
Bendigo VIC 3550  
Phone (03) 5443 0344  
Fax (03) 5443 5304  
afs@afsbendigo.com.au  
www.afsbendigo.com.au  
ABN 51 061 795 337

## INDEPENDENT AUDITOR'S REPORT

To the members of Manningham Community Enterprises Limited

We have audited the accompanying financial statements of Manningham Community Enterprises Limited, which comprise the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

### Directors' Responsibility for the Financial Report

The Directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair 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 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 report, comprising the financial statements and notes, complies 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 fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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

# Independent audit report continued

---

## Independence

In conducting our audit we have met 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 Manningham Community Enterprises Limited is in accordance with the Corporations Act 2001 including
  - (a) giving a true and fair view of the company's financial position as at 30 June 2009 and of its financial performance and its cash flows for the year then ended and;
  - (b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001 and;
- 2) The financial statements and notes also complies with International Financial Reporting Standards as disclosed in Note 1

## Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2009. 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 Manningham Community Enterprises Limited for the year ended 30 June 2009, complies with section 300A of the Corporations Act 2001.



**GRAEME STEWART**  
**ANDREW FREWIN & STEWART**  
61-65 Bull Street, Bendigo, 3550

Dated this 27 day of August 2009





Doncaster East **Community Bank**® Branch  
900 Doncaster Road, Doncaster East VIC 3109  
Phone: (03) 9840 2028

Franchisee: Manningham Community Enterprises Limited  
900 Doncaster Road, Doncaster East VIC 3109  
ABN: 69 101 174 270

[www.bendigobank.com.au](http://www.bendigobank.com.au)  
Bendigo and Adelaide Bank Limited,  
The Bendigo Centre, Bendigo VIC 3550  
ABN 11 068 049 178. AFSL 237879. (BMPAR9094) (10/09)

This Annual Report has been printed on 100% Recycled Paper



## BSX REPORT

### Share Information

In accordance with Bendigo Stock Exchange listing rules the company provides the following information as at September 10 2009, which is within six 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 - 1,000	138
1,001 - 5,000	123
5,001 - 10,000	8
10,001 - 100,000	2
100,001 and over	0
Total	<b><u>271</u></b>

---

Each of the above shareholders are entitled to one vote, irrespective of the number of shares held.

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

There are seven 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.

<u>Shareholder</u>	<u>Number of Shares</u>	<u>Percentage of Capital</u>
Mr. Richard E Thorne	21,700	3.34%
Mr. John & Mrs. Norma Kent	15,000	2.31%
Russell Breadmore & Lynne Breadmore [R & L Breadmore Super Fund A/C]	10,000	1.54%
James D Christie & Deborah A Christie [Christie Super Fund A/C]	10,000	1.54%
Judy A Tutty & Marcus J Tutty	10,000	1.54%
Winpar Holdings Limited	7,300	1.12%
Mr. Gerald Francis & Mr. Michael J Pauley	7,000	1.08%
Mr. Gerald Francis Pauley	7,000	1.08%
Mr. Thomas J Edwards & Mrs. Lorna R Edwards [Tomlor Super Fund A/C]	5,500	0.85%
Mr. Trevor Leigh Waring	5,001	0.77%
	<b>98,501.00</b>	<b>15.15%</b>

### **Registered Office and Principal Administrative Office**

The registered office of the company is located at:

900 Doncaster Road  
DONCASTER EAST Victoria 3109  
Telephone: 03 9840 2028

The principal administrative office of the company is located at:

900 Doncaster Road  
DONCASTER EAST Victoria 3109  
Telephone: 03 9840 2028

### **Security Register**

The security register (share register) is kept at:

AFS & Associates  
61 – 65 Bull Street, Bendigo VIC 3550  
Telephone: 03 5443 5304

### **Company Secretary**

Keith Crothers has been the Company Secretary of Manningham Community Enterprises Limited for the past year. Keith has 35 years experience in the IT industry in consulting, project management and people management roles.

## **Corporate Governance**

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

- (a) The establishment of an audit committee. Members of the audit committee are Erica Mounter and Daryl Brown.
- (b) Director approval of operating budgets and monitoring of progress against these budgets;
- (c) Ongoing Director training; and
- (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.