

Inglewood & Districts
Community Enterprises Limited
ABN 87 123 959 375

2008 annual report



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Chairman's report

For year ending 30 June 2008

Inglewood & Districts Financial Services Pty Ltd commenced operation of Inglewood & Districts **Community Bank**[®] Branch on 1 June 2007 and we have grown rapidly. Total existing business (or footings) now exceeds \$45 million and has thus more than doubled since we first agreed to purchase the branch. We are now in the position of consistently generating substantial monthly profits.

Our success thus far is attributable to :

- The confidence and financial commitment shown by our shareholders.
- The willingness of our community members to do their banking business with us.
- The friendly and professional service provided by our local staff: Andrew Nevins, Jill Burdett, Suzanne Jackson, Aaron Lamprell, Ruth Penny and Katherine Turnbull.
- The strength of our partnership with Bendigo and Adelaide Bank.

Some highlights of the past year include:

- The Wedderburn agency is now online and our Business Development Manager (Andrew Nevins) attends Wedderburn weekly. We look forward to further improving our service to the Wedderburn community.
- We are now listed on the Bendigo Stock Exchange – thus fulfilling a promise made at our original prospectus launch.
- We have welcomed two more locals – Ruth Penny and Katherine Turnbull – to our team. Their employment will enhance our customer service and enable our managers to devote more time to the development and expansion of our business.

The aim of our **Community Bank**[®] branch is to return our share of banking profits to our community. In the past year we have provided sponsorship of local community groups and events totalling some \$15,000. We have also placed \$50,000 with the Community Enterprise Foundation – applications for grants have been invited and we look forward to returning money to our community.

The Board has not declared a dividend as yet but has resolved to do so at the time of our September meeting.

In closing, I would like to thank our staff and my fellow Directors for their work and commitment throughout the year. Special thanks are due to our Secretary – Heather Chamberlain – and our assistant Treasurer – Diane Bunnnett.

Our first year has been a success. We aim to build on that success.



Max Higgs.
Chairman

Manager's report

For year ending 30 June 2008

What a fantastic year we have had. No-one could have believed that our first year of trading as a Community Bank® branch would be so successful. But successful it has been with our funds under management growing from \$22 million at the start of the year to \$45 million as at the end of the financial year, a magnificent \$23 million increase. The growth of our deposit budget was 132 percent, and our lending budget grew by 85.5 percent. The overall growth of our budgeted business was 95.3 percent.

The success of our business growth has enabled us to employ two part-time Customer Service Officers, Katherine Turnbull from Wedderburn and Ruth Penny from Salisbury West. Both are currently completing training within the branch. This will allow Business Development Manager Andrew Nevins and myself to continue to build individual and community relationships. Our customers will continue to have the benefit of experienced, knowledgeable staff in Suzanne and Aaron, plus Kathy and Ruth once they are trained.

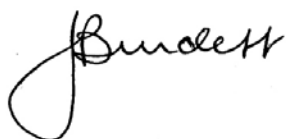
Our ATM has been a very worthwhile addition to the branch and offers customers 24/7 access to their banking. Figures show that it is consistently utilised with an average of 2500 transactions per month. The additional business generated by our ATM will also provide additional profits to be channelled back into our local districts.

I congratulate our staff for their consistent team efforts over the last 12 months. Their dedication and contribution makes our branch attractive to new and existing customers as well as an enjoyable place for the staff to work.

I continue to seek the support of all of our shareholders and local residents in helping us to promote and grow our community branches over the coming 12 months. The more shareholders, family members, friends and acquaintances that we encourage to bank with us, the more funds we will have to put back into our communities through sponsorships, grants, donations, dividends to our shareholders.

My thanks go to Max Higgs and our Board of Directors for their continued support of both myself and all of our staff. Their contributions, in terms of effort and time, put in over the last 12 months for the benefit of their communities is to be commended. Without their ongoing input we wouldn't be able to function. Congratulations to them all.

I look forward to our next 12 month journey together.



Jill Burdett
Branch Manager

Directors' report

For year ending 30 June 2008

Your Directors submit the financial report of the Company for the financial year ended 30 June 2008.

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: 50
General Medical Practitioner
Graduated MBBS University of Melbourne in 1981.
Has worked as a General Practitioner in the area for the past 23 years. Max served for 3 years as Councillor for the Inglewood Riding Shire of Loddon, past member of Inglewood & District Health Services Board of Management.
Chairman, Audit
Interest in shares: 3,001

Allan Maurice Bunnett

Treasurer
Age: 55
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

Colleen Mary Condliffe

Director
Age: 58
Primary Producer
Colleen has been a Loddon Shire Councillor for the past 8 years. Also involved with Rural Finance Counseling Service and Salisbury West Landcare.
Interests in shares: 501

Kenneth John Canfield

Director
Age: 61
Primary Producer
Held executive positions with the Inglewood Golf and Bowls Clubs and as a member Salisbury/Powlett Fire Brigade.
Interests in shares: 1,001

Dale Thomas Jackson

Director
Age: 38
Technical Design Officer
Technical Design Officer at the Shire of Loddon Infrastructure Department.
Marketing
Interests in shares: 1,001

Jennifer Anne Hosking

Director
Age: 49
Primary Producer
Diploma of Rural Business Management at University of Melbourne. Jenny has a long history of Community involvement.
Marketing
Interests in shares: 1,501

Directors' report continued

Kevin James Poyser

Director

Age: 72

Retired

Has worked for 30 years at the Bridgewater Flour Mill prior to running his own mixed business for another 11 years.

Interests in shares: 2,501

Beverley Dawn Taig

Director

Age: 61

Home Duties/Farmer

Owns a mixed farming enterprises which includes the production of eucalyptus. Bev has a long history of involvement in Community groups.

Interest in shares: 1,001

George Arthur Wyatt

Director

Age: 63

Retired

Extensive clerical work for the Strategem Financial Group and has worked as Trading Manager for the Bendigo Stock Exchange for 4 years. George has also been involved with local sporting clubs.

Interests in shares: 2,501

Terence William Mangles

Director

Age: 67

Retired

30 years of service in the Victoria Police Force. Director of a Football Management and Bendigo Investigation Services Pty Ltd. Members of the Inglewood Lions Club.

Marketing

Interests in shares: 1,001

Andrew Richard Smith

Director

Age: 42

Business Proprietor

Andrew is a self employed small business operator.

Serves on the Board of St Mary's Primary School and is a member of the Inglewood Country Fire Authority.

Interests in shares: 1,001

Simon Patrick Tuohey

Director

Age: 36

Primary Producer

Heavily involved in various sporting and community groups in the Serpentine District.

Interests in shares: 1,501

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 Heather Louise Chamberlain. She was appointed to the position of Company Secretary on 3 January 2007. She is a business owner and Company Director, experience in bookkeeping and community secretarial services.

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 Bank Limited.

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/(loss) of the Company for the financial year after provision for income tax was:

Year ended 30 June 2008	Year ended 30 June 2007
\$	\$
22,088	(83,426)

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

No dividends were declared or paid for the previous year and the Directors are considering a dividend payment from profits in the near future.

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.

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.

Environmental regulation

The Company is not subject to any significant environmental regulation.

Directors' report continued

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. 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 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:

	Number of Board meetings eligible to attend	Number attended
Maxwell Charles Higgs	12	11
Allan Maurice Bunnnett	12	10
Colleen Mary Condliffe	12	5
Kenneth John Canfield	12	8
Dale Thomas Jackson	12	10
Jennifer Anne Hosking	12	10
Kevin James Poyser	12	12
Terence William Mangles	12	9
Beverley Dawn Taig	12	11
Andrew Richard Smith	12	11
George Arthur Wyatt	12	11
Simon Patrick Tuohey	12	10

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 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.

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 18 August 2008.



Maxwell Charles Higgs,
Chairman



Alan Maurice Bunnett
Treasurer

Auditor's independence declaration



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Auditor's independence declaration

As lead Auditor for the audit of Inglewood & Districts Community Enterprises Limited for the year ended 30 June 2008, I declare that, to the best of my knowledge and belief, there have been:

- a) no contraventions of the Auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Inglewood & Districts Community Enterprises Limited.

A handwritten signature in black ink, appearing to read 'D Hutchings', is written over a vertical line.

David Hutchings

Auditor Partner

Andrew Frewin & Stewart

Bendigo

Financial statements

Income statement For year ending 30 June 2008

	Note	2008 \$	2007 \$
Revenues from ordinary activities	3	466,675	24,689
Salaries and employee benefits expense		(220,641)	(133,677)
Advertising and promotion expenses		(75,727)	(260)
Occupancy and associated costs		(11,844)	(1,045)
Systems costs		(34,758)	(786)
Depreciation and amortisation expense	4	(20,328)	-
General administration expenses		(72,413)	(9,549)
Profit/(loss) before income tax expense/credit		30,964	(120,628)
Income tax expense/credit	5	(8,876)	37,202
Profit/(loss) for the period		22,088	(83,426)
Profit/(loss) attributable to members of the entity		22,088	(83,426)
Earnings per share (cents per share)		¢	¢
- basic for profit for the year	17	4.39	(17.19)

The accompanying notes form part of these financial statements.

Financial statements continued

Balance sheet As at 30 June 2008

	Note	2008 \$	2007 \$
Current assets			
Cash assets	6	145,057	58,360
Trade and other receivables	7	23,625	39,478
Total current assets		168,682	97,838
Non-current assets			
Property, plant and equipment	8	114,169	147,881
Intangible assets	9	120,000	122,000
Deferred tax assets	10	28,327	37,202
Total non-current assets		262,496	307,083
Total assets		431,178	404,921
Liabilities			
Current liabilities			
Trade and other payables	11	4,000	19,843
Total current liabilities		4,000	19,843
Total liabilities		4,000	19,843
Net assets		427,178	385,078
Equity			
Issued capital	12	488,516	468,504
Accumulated losses	13	(61,338)	(83,426)
Total equity		427,178	385,078

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of cash flows As at 30 June 2008

	Note	2008 \$	2007 \$
Cash flows from operating activities			
Receipts from customers		480,190	-
Payments to suppliers and employees		(426,174)	(150,820)
Interest received		7,842	-
Net cash provided by/(used in) operating activities	14	61,858	(150,820)
Cash flows from investing activities			
Payments for property, plant and equipment		(2,395)	(147,881)
Refund on fit out commitment		17,779	-
Payment for purchase of agency		-	(112,000)
Payments for intangible assets		-	(10,000)
Net cash used in investing activities		15,384	(269,881)
Cash flows from financing activities			
Proceeds from issues of equity securities		20,012	485,400
Payment for share issue costs		(10,557)	(6,339)
Net cash provided by financing activities		9,455	479,061
Net increase in cash held		86,697	58,360
Cash at the beginning of the financial year		58,360	-
Cash at the end of the financial year	6(a)	145,057	58,360

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of changes in equity As at 30 June 2008

	Note	2008 \$	2007 \$
Total equity at the beginning of the period		385,078	-
Net profit/(loss) for the period		22,088	(83,426)
Net income/expense recognised directly in equity		-	-
Dividends provided for or paid		-	-
Shares issued during period		20,012	485,400
Costs of issuing shares		-	(16,896)
Total equity at the end of the period		427,178	385,078

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ending 30 June 2008

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.

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.

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)

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.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. Each of those cash-generating units represents the Company's investment in each branch.

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.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below:

Estimated impairment of goodwill

The Company tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 1(above). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions.

Impairment of assets

At each reporting date, the consolidated entity 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. Goodwill is tested for impairment annually and whenever there is an indication that the asset may be impaired. An impairment of goodwill is not subsequently reversed.

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.

Notes to the financial statements continued

Note 1. Summary of significant accounting policies (continued)

Impairment of assets (continued)

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.

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.

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.

Notes to the financial statements continued

Note 1. Summary of significant accounting policies (continued)

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 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 Bank Limited mitigates this risk significantly.

(v) Cash flow and fair value interest rate risk

Interest-bearing assets are held with Bendigo 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 Bank Limited mitigates this risk significantly.

Notes to the financial statements continued

	2008 \$	2007 \$
Note 3. Revenue from ordinary activities		
Operating activities:		
- services commissions	458,085	24,689
- other revenue	-	-
Total revenue from operating activities	458,085	24,689
Non-operating activities:		
- interest received	8,590	-
Total revenue from non-operating activities	8,590	-
Total revenues from ordinary activities	466,675	24,689

Note 4. Expenses

Depreciation of non-current assets:

- plant and equipment	8,995	-
- leasehold improvements	9,333	-
Amortisation of non-current assets:		
- franchise agreement	2,000	-
	20,328	-
Bad debts	162	-

Note 5. Income tax expense

The components of tax expense comprise:

- Current tax	-	-
- Deferred tax on accrued income	224	-
- Recoupment of prior year tax losses	8,651	-
- Future income tax benefit attributable to losses	-	37,202
	8,875	37,202

Notes to the financial statements continued

	Note	2008 \$	2007 \$
Note 5. Income tax expense (continued)			
The prima facie tax on profit/(loss) from ordinary activities before income tax is reconciled to the income tax expense as follows:			
Operating profit/(loss)		30,964	(120,628)
Prima facie tax on profit/(loss) from ordinary activities at 30%		9,289	(36,188)
Add tax effect of:			
- non-deductible expenses		600	-
- timing difference expenses		(224)	-
- blackhole expenses		(1,014)	(1,014)
Current tax		8,651	(37,202)
Movement in deferred tax	10	224	-
		8,875	(37,202)

Note 6. Cash assets

Cash at bank and on hand	18,274	6,160
Investment accounts	126,783	52,200
	145,057	58,360

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	18,274	6,160
Term deposit	126,783	52,200
	145,057	58,360

Note 7. Trade and other receivables

Trade receivables	23,626	39,478
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Notes to the financial statements continued

	2008 \$	2007 \$
Note 8. Property, plant and equipment		
Plant and equipment		
At cost	17,022	2,426
Less accumulated depreciation	(8,995)	-
	8,027	2,426
Leasehold improvements		
At cost	115,475	145,456
Less accumulated depreciation	(9,333)	-
	106,142	145,456
Total written down amount	114,169	147,882
Movements in carrying amounts:		
Plant and equipment		
Carrying amount at beginning	2,426	-
Reclassification	12,201	-
Additions	2,395	2,426
Disposals	-	-
Less: depreciation expense	(8,995)	-
Carrying amount at end	8,027	2,426
Leasehold improvements		
Carrying amount at beginning	145,456	-
Reclassification	(29,981)	-
Additions	-	145,456
Disposals	-	-
Less: depreciation expense	(9,333)	-
Carrying amount at end	106,142	145,456
Total written down amount	114,169	147,882

Notes to the financial statements continued

	2008 \$	2007 \$
Note 9. Intangible assets		
Franchise fee		
At cost	10,000	10,000
Less: accumulated amortisation	(2,000)	-
Goodwill on purchase of agency business		
At cost	112,000	112,000
	120,000	122,000

Note 10. Deferred tax

Deferred tax asset		
Opening balance	37,202	-
Future income tax benefits attributable to losses	-	37,202
Recoupment of prior year tax losses	(8,651)	-
Deferred tax on accrued income	(224)	-
Under/over provision in relation to prior years	-	-
Closing balance	28,327	37,202

Note 11. Trade and other payables

Trade creditors	1,000	17,843
Other creditors & accruals	3,000	2,000
	4,000	19,843

Note 12. Contributed equity

505,412 Ordinary shares fully paid of \$1 each (2007: 485,400)	505,412	485,400
Less: equity raising expenses	(16,896)	(16,896)
	488,516	468,504

Notes to the financial statements continued

	2008 \$	2007 \$
Note 13. Retained earnings/ accumulated losses		
Balance at the beginning of the financial year	(83,426)	-
Net profit/(loss) from ordinary activities after income tax	22,088	(83,426)
Dividends paid	-	-
Balance at the end of the financial year	(61,338)	(83,426)

Note 14. Statement of cash flows

Reconciliation of loss from ordinary activities after tax to net cash provided by/(used in) operating activities

Profit/(Loss) from ordinary activities after income tax	22,088	(83,426)
Non cash items:		
- depreciation	18,328	-
- amortisation	2,000	-
Changes in assets and liabilities:		
- (increase)/decrease in receivables	15,852	(39,478)
- (increase)/decrease in other assets	8,876	(37,202)
- increase/(decrease) in payables	(5,286)	9,286
Net cash flows provided by/(used in) operating activities	61,858	(150,820)

Note 15. Auditors' remuneration

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

- audit & review services	4,000	2,000
- non audit services	1,703	2,800
	5,703	4,800

Notes to the financial statements continued

Note 16. Director and related party disclosures

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

Maxwell Charles Higgs
Allan Maurice Bunnett
Colleen Mary Condliffe
Kenneth John Canfield
Dale Thomas Jackson
Jennifer Anne Hosking
Kevin James Poyser
Terence William Mangles
Beverley Dawn Taig
Andrew Richard Smith
George Arthur Wyatt
Simon Patrick Tuohey

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	2008	2007
Maxwell Charles Higgs	3,001	2,501
Allan Maurice Bunnett	2,501	2,501
Colleen Mary Condliffe	501	501
Kenneth John Canfield	1,001	1,001
Dale Thomas Jackson	1,001	501
Jennifer Anne Hosking	1,501	501
Kevin James Poyser	2,501	2,501
Terence William Mangles	1,001	1,001
Beverley Dawn Taig	1,001	1,001
Andrew Richard Smith	1,001	501
George Arthur Wyatt	2,501	1,001
Simon Patrick Tuohey	1,501	501

Each share held is valued at \$1.

Notes to the financial statements continued

	2008 \$	2007 \$
Note 17. Earnings per share		
(a) Profit attributable to the ordinary equity holders of the Company used in calculating earnings per share	22,088	(83,426)

	2008 Number	2007 Number
(b) Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	502,968	485,400

Note 18. 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 19. Contingent liabilities

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

Note 20. Segment reporting

The economic entity operates in the service sector where it facilitates **Community Bank**[®] services pursuant to a franchise agreement with Bendigo Bank Limited. The economic entity operates in one geographic area being Inglewood and surrounding districts of Victoria.

Note 21. Registered office/principal place of business

The registered office and principal place of business is:

Registered office	Principal place of business
64 Brooke Street, Inglewood VIC 3517	64 Brooke Street, Inglewood VIC 3517

Note 22. 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.

Notes to the financial statements continued

Note 22. Financial Instruments (continued)

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.

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					
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%
Financial assets												
Cash assets	18,274	6,160	-	-	-	-	-	-	-	-	0.40	0.05
Investment	126,783	-	-	-	-	-	-	-	-	-	5.75	N/A
Trust account	-	52,200	-	-	-	-	-	-	-	-	N/A	3.75
Receivables	-	-	-	-	-	-	-	-	23,626	39,478	N/A	N/A
Financial liabilities												
Payables	-	-	-	-	-	-	-	-	4,000	19,843	N/A	N/A

Director's 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 2008 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.



Maxwell Charles Higgs,
Chairman



Alan Maurice Bunnett
Treasurer

Signed on 18 August 2008.

Independent audit report



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Bendigo VIC 3550
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ABN 51 061 795 337

INDEPENDENT AUDITOR'S REPORT

To the members of Inglewood & Districts Community Enterprises Limited

We have audited the accompanying financial report of Inglewood & Districts Community Enterprises Limited, which comprises the balance sheet as at 30 June 2008, and the income statement, 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 director's declaration.

The company has disclosed information as required by paragraphs Aus 25.4 to Aus 25.7.2 of Accounting Standard 124 Related Party Disclosures ("Remuneration disclosures"), under the heading "Remuneration Report" in the directors' report, as permitted by Corporations Regulation 2M.6.04.

Directors Responsibility for the Financial Report

The Directors 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 that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards. The directors are also responsible for the remuneration disclosures contained in the director's report.

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 and that the remuneration disclosures comply with Accounting Standards AASB 124 Related Party Disclosures.

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 director's 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

In our opinion:

- 1) The financial report is in accordance with the Corporations Act 2001 including giving a true and fair view of the financial position of Inglewood & Districts Community Enterprises Limited as of 30 June 2008 and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.
- 2) The financial report also complies with International financial reporting standards as disclosed in Note 1.
- 3) The remuneration disclosures that are contained in the director's report comply with Accounting Standards AASB 124 Related Party Disclosures.



DAVID HUTCHINGS
ANDREW FREWIN & STEWART
61-65 Bull Street, Bendigo, 3550

Dated this 18th day of August 2008

BSX report

Share Information

In accordance with Bendigo Stock Exchange listing rules the company provides the following information as at 2 September 2008, 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	242
1,001 to 5,000	96
5,001 to 10,000	2
10,001 to 100,000	0
100,001 and over	0
Total shareholders	340

Each of the above shareholders are entitled to 1 vote, irrespective of the number of shares held.

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 8 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 shares	Percentage of capital
FP Nevins & Co.Pty Ltd	10000	1.98
Mrs Heather Denyse Appleby	10000	1.98
Alfred Harry Parker & Elizabeth Ann Parker	5000	0.99
Amy Roberts	5000	0.99
Barry Robert Parker	5000	0.99
Dorothy Margaret Fitzgerald	5000	0.99
Erica Dorothy Fitzgerald	5000	0.99
Francziska Wiktorek	5000	0.99
Inglewood Development & Tourism Committee Inc.	5000	0.99
Michael Brian Fitzgerald	5000	0.99
	60,000	12

BSX report continued

Registered office and principal administrative office

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:

Computershare Investor Services Pty. Limited
Yarra Falls 452 Johnston Street,
Abbotsford VIC 3067
Phone: 61 3 9415 5000

Company Secretary

Heather Chamberlain has been the Company Secretary of Inglewood & Districts Community Financial Services for 1 year. Heather Chamberlain qualifications and experience include Business Owner & Operator, Book-Keeper, Secretary and President of various community groups.

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 Chairman Dr Max Higgs, Kevin Poyser, and Allan Bunnett
- (b) Director approval of operating budgets and monitoring of progress against these budgets; Treasurer : Allan Bunnett
- (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 3500

Franchisee: Inglewood & Districts Community Enterprises Limited
64 Brooke Street, Inglewood VIC 3517
Phone: (03) 5438 3500 Fax: (03) 5438 3500
ABN 87 123 959 375

www.bendigobank.com.au

Bendigo and Adelaide Bank Limited, The Bendigo Centre, Bendigo VIC 3550
ABN 11 068 049 178. AFSL 237879. (BMPAR8066) (09/08)

