

annual report 2010



Inglewood & Districts
Community Enterprises Limited
ABN 87 123 959 375

Inglewood & Districts **Community Bank**[®] Branch

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Chairman's report

For year ending 30 June 2010

Life is an unpredictable business and in the past year we have seen significant economic, political and climatic change, all variables over which we have little influence. I am proud to report that in these uncertain times Inglewood & Districts **Community Bank**[®] Branch has seen enormous growth.

The prospectus of March 2007 contained a base forecast total portfolio of \$52 million at three years for our **Community Bank**[®] branch. The total portfolio is now \$65 million – 25% above the base forecast. Since the creation of a **Community Bank**[®] branch was first mooted, our total business has almost trebled from \$22 million to \$65 million.

The growth of our **Community Bank**[®] branch means :

We have already returned in excess of \$190,000 to our community in the form of sponsorships and grants and we will be able to continue to do so. Every dollar of profit that we return to our community benefits our community. Without a **Community Bank**[®] branch, those profits would go elsewhere.

The Board is particularly pleased to report that we have been able to provide \$20,000 for the purchase of a bus for the transport of local disabled young adults. We have also placed another \$50,000 with the Community Enterprise Foundation™ for distribution to the community.

Our **Community Bank**[®] branch would not exist without the faith and commitment of our shareholders. In September of this year we will be paying a 6 cent dividend per share (6%).

We are able to continually improve upon the service provided to our customers. We have established a new agency in Wedderburn and the coming year will see physical improvements to the branch and the employment of additional staff.

Our growth during the past year has been truly remarkable and would not have been possible without the continuing hard work and dedication of our staff. We value the contributions of all and were sad to see our former Business Development Manager, Andrew Nevins, leave us, but know that we have been fortunate to secure the services of Jon Champion.

It is said that there are only two certainties in life – death and taxes – but at Inglewood & Districts **Community Bank**[®] Branch we believe there is a third: A **Community Bank**[®] branch strongly supported by its local community will be successful and will certainly benefit that community.

On behalf of the Board, I thank our shareholders, our customers and our staff for that support.



Max Higgs
Chairman

Manager's report

For year ending 30 June 2010

We have turned the page of another year as Inglewood & Districts **Community Bank**[®] Branch.

I feel a great sense of pride as I reflect on the achievements of the past year and indeed the overall success of the branch since its inception 3 years ago.

In our 2007 Prospectus, a portfolio of \$52 million was the projected base forecast after 3 years of trading. As at 30th June 2010 I am delighted to say that it was \$63,458 million, some \$11,458 million above the forecast base figure. This has allowed us to contribute \$190,000 back into the communities through sponsorships and grants, a fantastic effort for a young **Community Bank**[®] branch.

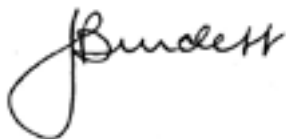
All of this is only made possible through the continued hard work and dedication of the staff, Directors of the Board, Bendigo and Adelaide Bank Ltd's assistance and support, shareholders and last but certainly not least the continued support of our customers.

The Agency at Randalls Supermarket in Wedderburn continues to grow and we thank Leigh and his team for their valued input and commitment.

There have been some staff changes since our last Annual Report with both Andrew Nevins and Clinton Lea moving on to other positions within Bendigo and Adelaide Bank Ltd. I would like to thank them for their contribution. We were fortunate in December last year to obtain the services of Jon Champion as a Mobile Relationship Manager. He brings with him a wealth of experience and knowledge which is invaluable to our business. Stewart Luckman will also join our team in September as a full-time Customer Service Officer. Welcome Jon and Stewart to our team.

Thank you to all who have contributed to our success. We look forward to maintaining and developing new and existing relationships within our communities over the next 12 months.

Finally I would like to say that we strive to make our customers happy and successful and in turn that makes us a happy and successful business.



Jill Burdett
Branch Manager.

Directors' report

For the financial year ended 30 June 2010

Your directors submit the financial statements of the company for the financial year ended 30 June 2010.

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: 52

General Medical Practitioner

Graduated MBBS University of Melbourne in 1981.

Has worked as a General Practitioner in the area for the past 25 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

George Arthur Wyatt

Secretary - Joint

Age: 65

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.

Secretary - Joint, HR and BSX compliance

Interests in shares: 5,001

Terence William Mangles

Director

Age: 69

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

Allan Maurice Bunnett

Treasurer

Age: 57

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: 60

Primary Producer

Colleen has been a Loddon Shire Councillor for the past 10 years. Also involved with Rural Finance Counseling Service, Australia Help and Salisbury West Landcare.

Interests in shares: 501

Dale Thomas Jackson

Director

Age: 40

Technical Design Officer

Technical Design Officer at the Shire of Loddon

Infrastructure Department. Diploma of Engineering.

Marketing

Interests in shares: 1,001

Directors' report continued

Andrew Richard Smith

Director

Age: 45

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.

Marketing

Interests in shares: 1,002

Heather Louise Chamberlain

Secretary - Joint

Age: 47

Business Owner

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

Secretary - Joint

Interests in shares: 500

Jill McFarlane

Director (Appointed 27 October 2009)

Age: 71

Retired

Bachelor of Arts, Diploma of Social Studies (Melb), medical social worker in rural hospitals for 45 years.

Interests in shares: 1,500

Kenneth John Canfield

Director (Resigned 27 October 2009)

Age: 63

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

Simon Patrick Tuohey

Director

Age: 38

Primary Producer

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

Interests in shares: 1,501

Pauline Elletson

Director (Appointed 27 October 2009)

Age: 66

Office Manager/Secretary

Secretary of Inglewood Anglican Parish, Minute

Secretary for Newbridge Hall Committee & Ladies

Auxillary and Warden Inglewood Anglican Parish.

Experienced in Committee process and requirements.

Newsletter

Interests in shares: Nil

Steven John Smith

Director (Appointed 27 October 2009)

Age: 47

Policeman

Interests in shares: Nil

Beverley Dawn Taig

Director (Resigned 27 October 2009)

Age: 64

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

Directors' report continued

Kevin James Poyser

Director (Resigned 27 October 2009)

Age: 74

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

Jennifer Anne Hosking

Director (Resigned 27 October 2009)

Age: 51

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 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 George Arthur Wyatt. George was appointed to the position of secretary on 24 November 2009, upon the resignation of the inaugural secretary Heather Chamberlain. George has extensive governance administrative experience.

Principal Activities

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

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

Operating Results

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 2010	Year ended 30 June 2009
	\$	\$
	37,664	20,709

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.

Directors' report continued

Dividends	Year Ended 30 June 2010	
	Cents	\$
Unfranked dividend provided for:	6.00	30,325

Significant Changes in the State of Affairs

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

Matters Subsequent to the End of the Financial Year

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

Likely Developments

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

Environmental Regulation

The company is not subject to any significant environmental regulation.

Directors' Benefits

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

Indemnification and Insurance of Directors and Officers

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

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

Directors' report continued

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	11	11
Allan Maurice Bunnett	11	10
George Arthur Wyatt	11	8
Colleen Mary Condliffe	11	10
Terence William Mangles	11	7
Dale Thomas Jackson	11	6
Andrew Richard Smith	11	10
Simon Patrick Tuohy	11	11
Heather Louise Chamberlain	8	8
Pauline Elletson (Appointed 27 October 2009)	8	8
Jill McFarlane (Appointed 27 October 2009)	8	7
Steven John Smith (Appointed 27 October 2009)	8	6
Kenneth John Canfield (Resigned 27 October 2009)	3	2
Beverley Dawn Taig (Resigned 27 October 2009)	3	3
Kevin James Poyser (Resigned 27 October 2009)	3	3
Jennifer Anne Hosking (Resigned 27 October 2009)	3	3

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

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.

Directors' report continued

Non Audit Services (continued)

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

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

Auditors' Independence Declaration

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 10.

Signed in accordance with a resolution of the board of directors at Inglewood, Victoria on 10 September 2010.



Maxwell Charles Higgs,
Chairman



Allan Maurice Bunnett,
Treasurer

Auditor's independence declaration



PO Box 454
Bendigo VIC 3552
61-65 Ball Street
Bendigo VIC 3550
Phone (03) 5443 0344
Fax (03) 5443 5304
afsbendigo.com.au
www.afsbendigo.com.au
ABN 51 061 701 337

Lead Auditor's Independence Declaration under section 307C of the Corporations Act 2001 to the directors of Inglewood & Districts Community Enterprises Limited

I declare, that to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2010 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.

David Hutchings
Auditor

Andrew Frewin & Stewart
Bendigo, Victoria

Dated this 10th day of September 2010

Liability limited by a scheme approved under Professional Standards Legislation

Financial statements

Statement of Comprehensive Income for the year ended 30 June 2010

	Note	2010 \$	2009 \$
Revenues from ordinary activities	4	581,889	524,271
Employee benefits expense		(274,006)	(292,273)
Charitable donations, sponsorship, advertising and promotion		(115,977)	(63,154)
Occupancy and associated costs		(15,953)	(16,143)
Systems costs		(23,940)	(23,482)
Depreciation and amortisation expense	5	(14,277)	(14,120)
General administration expenses		(80,560)	(85,847)
Profit before income tax expense		57,176	29,252
Income tax expense	6	(19,512)	(8,543)
Profit after income tax expense		37,664	20,709
Total comprehensive income for the year		37,664	20,709
Earnings per share (cents per share)			
		c	c
- basic for profit for the year	23	7.45	4.10
- dividends paid or provided per share	21	6	4

The accompanying notes form part of these financial statements.

Financial statements continued

Balance sheet as at 30 June 2010

	Note	2010 \$	2009 \$
ASSETS			
Current Assets			
Cash and cash equivalents	7	227,542	166,161
Trade and other receivables	8	28,259	20,009
Total Current Assets		255,801	186,170
Non-Current Assets			
Property, plant and equipment	9	100,537	111,126
Intangible assets	10	116,000	118,000
Deferred tax assets	11	272	19,784
Total Non-Current Assets		216,809	248,910
Total Assets		472,610	435,080
LIABILITIES			
Current Liabilities			
Trade and other payables	12	7,275	7,409
Provisions	13	30,325	-
Total Current Liabilities		37,600	7,409
Total Liabilities		37,600	7,409
Net Assets		435,010	427,671
Equity			
Issued capital	14	488,516	488,516
Accumulated losses	15	(53,506)	(60,845)
Total Equity		435,010	427,671

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of Changes in Equity for the year ended June 2010

	Issued Capital \$	Retained Earnings \$	Total Equity \$
Balance at 1 July 2008	488,516	(61,338)	427,178
Total comprehensive income for the year	-	20,709	20,709
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	(20,216)	(20,216)
Balance at 30 June 2009	488,516	(60,845)	427,671
Balance at 1 July 2009	488,516	(60,845)	427,671
Total comprehensive income for the year	-	37,664	37,664
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	(30,325)	(30,325)
Balance at 30 June 2010	488,516	(53,506)	435,010

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of Cashflows for the year ended 30 June 2010

	Note	2010 \$	2009 \$
Cash Flows From Operating Activities			
Receipts from customers		581,094	521,235
Payments to suppliers and employees		(522,896)	(477,083)
Interest received		4,871	6,245
Net cash provided by operating activities	16	63,069	50,397
Cash Flows From Investing Activities			
Payments for property, plant and equipment		(1,688)	(9,077)
Net cash used in investing activities		(1,688)	(9,077)
Cash Flows From Financing Activities			
Dividends paid		-	(20,216)
Net cash used in financing activities		-	(20,216)
Net increase in cash held		61,381	21,104
Cash and cash equivalents at the beginning of the financial year		166,161	145,057
Cash and cash equivalents at the end of the financial year	7(a)	227,542	166,161

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2010

Note 1. Summary of Significant Accounting Policies

a) Basis of Preparation

These general purpose financial statements has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standard Boards, and the Corporations Act 2001.

Compliance with IFRS

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

Critical accounting estimates

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

Financial statement presentation

The company has applied revised AASB 101 Presentation of Financial Statements which became effective on 1 January 2009. The company has elected to present all items of income and expense recognised in the period in a single statement of comprehensive income.

Historical cost convention

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

Comparative figures

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

Notes to the financial statements continued

Note 1. Summary of Significant Accounting Policies (continued)

a) Basis of Preparation (continued)

Economic dependency - Bendigo and Adelaide Bank Limited

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

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

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

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

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

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

b) Revenue

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

Notes to the financial statements continued

Note 1. Summary of Significant Accounting Policies (continued)

c) Income Tax

Current tax

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

Deferred tax

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

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

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

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

Current and deferred tax for the period

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

Notes to the financial statements continued

Note 1. Summary of Significant Accounting Policies (continued)

d) Employee Entitlements

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

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

e) Cash and Cash Equivalents

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

f) Trade Receivables and Payables

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

g) Property, Plant and Equipment

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

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

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

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

h) Intangibles

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

Notes to the financial statements continued

Note 1. Summary of Significant Accounting Policies (continued)

i) Payment Terms

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

j) Borrowings

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

k) Financial Instruments

Recognition and initial measurement

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

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

Derecognition

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

Classification and subsequent measurement

(i) Loans and receivables

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

(ii) Held-to-maturity investments

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

(iii) Financial liabilities

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

Impairment

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

Notes to the financial statements continued

Note 1. Summary of Significant Accounting Policies (continued)

l) Leases

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

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

m) Provisions

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

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

n) Contributed Equity

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

o) Earnings Per Share

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

p) Goods and Services Tax

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

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet. Cash flows are included in the statement of cash flows on a gross basis.

The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Notes to the financial statements continued

Note 2. Financial Risk Management

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

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

(i) Market risk

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

(ii) Price risk

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

(iii) Credit risk

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

(iv) Liquidity risk

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

(v) Cash flow and fair value interest rate risk

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

(vi) Capital management

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

Notes to the financial statements continued

Note 2. Financial Risk Management (continued)

(vi) Capital management (continued)

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 2010 can be seen in the statement of comprehensive income.

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

Note 3. Critical Accounting Estimates and Judgements

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

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

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

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

Taxation

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

Notes to the financial statements continued

Note 3. Critical Accounting Estimates and Judgements (continued)

Taxation (continued)

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

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

Estimation of useful lives of assets

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

Goodwill

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

The calculations require the use of assumptions.

Impairment of assets

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

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

Notes to the financial statements continued

Note 3. Critical Accounting Estimates and Judgements (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.

	2010	2009
	\$	\$

Note 4. Revenue from Ordinary Activities

Operating activities:

- services commissions	576,677	517,512
- other revenue	-	998
Total revenue from operating activities	576,677	518,510

Non-operating activities:

- interest received	5,212	5,761
Total revenue from non-operating activities	5,212	5,761
Total revenues from ordinary activities	581,889	524,271

Note 5. Expenses

Depreciation of non-current assets:

- plant and equipment	2,944	2,787
- leasehold improvements	9,333	9,333

Amortisation of non-current assets:

- franchise agreement	2,000	2,000
	14,277	14,120

Bad debts	37	897
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Notes to the financial statements continued

	Note	2010 \$	2009 \$
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Note 6. Income Tax Expense

The components of tax expense comprise:

- Current tax			
- Future income tax benefit attributed to losses			
- Movement in deferred tax		1,937	(145)
- Recoup of prior year tax loss		17,575	8,688
		19,512	8,543

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

Operating profit		60,476	29,252
Prima facie tax on profit from ordinary activities at 30%		18,143	8,776
Add tax effect of:			
- non-deductible expenses		600	782
- timing difference expenses		(155)	144
- other deductible expenses		(1,013)	(1,014)
		17,575	8,688
Movement in deferred tax	12	1,937	(145)
Under/(Over) provision of income tax in the prior year		-	-
		19,512	8,543

Note 7. Cash and Cash Equivalents

Cash at bank and on hand		7,657	33,144
Term deposits		219,885	133,017
		227,542	166,161

Notes to the financial statements continued

	2010 \$	2009 \$
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Note 7. Cash and Cash Equivalents (continued)

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

Note 7.(a) Reconciliation of cash

Cash at bank and on hand	7,657	33,144
Term deposits	219,885	133,017
	227,542	166,161

Note 8. Trade and Other Receivables

Trade receivables	21,535	13,800
Other receivables & accruals	606	265
Prepayments	6,118	5,944
	28,259	20,009

Note 9. Property, Plant and Equipment

Plant and equipment

At cost	27,787	26,099
Less accumulated depreciation	(14,726)	(11,782)
	13,061	14,317

Leasehold improvements

At cost	115,475	115,475
Less accumulated depreciation	(27,999)	(18,666)
	87,476	96,809

Total written down amount	100,537	111,126
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Notes to the financial statements continued

	2010 \$	2009 \$
Note 9. Property, Plant and Equipment (continued)		
Movements in carrying amounts:		
Plant and equipment		
Carrying amount at beginning	14,317	8,027
Additions	1,688	9,077
Disposals	-	-
Less: depreciation expense	(2,944)	(2,787)
Carrying amount at end	13,061	14,317
Leasehold improvements		
Carrying amount at beginning	96,809	106,142
Additions	-	-
Disposals	-	-
Less: depreciation expense	(9,333)	(9,333)
Carrying amount at end	87,476	96,809
Total written down amount	100,537	111,126

Note 10. Intangible Assets

Franchise fee		
At cost	10,000	10,000
Less: accumulated amortisation	(6,000)	(4,000)
	4,000	6,000
Goodwill on Purchase of Agency Business		
At cost	112,000	112,000
	112,000	112,000
Total written down amount	116,000	118,000

Notes to the financial statements continued

	2010 \$	2009 \$
Note 11. Tax		
Deferred tax assets		
- accruals	-	145
- tax losses carried forward	2,288	28,327
	2,288	28,472
Deferred tax liability		
- accruals	181	-
- deductible prepayments	1,835	8,688
	2,016	8,688
Net deferred tax asset	272	19,784
Movement in deferred tax charged to statement of comprehensive income	19,512	(145)
Note 12. Trade and Other Payables		
Trade creditors	3,975	4,109
Other creditors & accruals	3,300	3,300
	7,275	7,409
Note 13. Provisions		
Provision for dividend	30,325	-
Note 14. Contributed Equity		
505,412 Ordinary shares fully paid (2009: 505,412)	505,412	505,412
Less: equity raising expenses	(16,896)	(16,896)
	488,516	488,516

Notes to the financial statements continued

Note 14. Contributed Equity (continued)

Rights attached to shares

(a) Voting rights

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

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

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

(b) Dividends

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

(c) Transfer

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

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

Prohibited shareholding interest

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

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").

Notes to the financial statements continued

Note 14. Contributed Equity (continued)

Prohibited shareholding interest (continued)

- Where the person is a shareholder, after the transfer of shares in the Company to that person the number of shareholders in the Company is (or would be) lower than the base number (the "base number test"). The base number is 298. As at the date of this report, the Company had 335 shareholders.

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

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

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

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

	2010 \$	2009 \$
Note 15. Accumulated Losses		
Balance at the beginning of the financial year	(60,845)	(61,338)
Net profit from ordinary activities after income tax	37,664	20,709
Dividends paid or provided for	(30,325)	(20,216)
Balance at the end of the financial year	(53,506)	(60,845)

Notes to the financial statements continued

	2010 \$	2009 \$
Note 16. Statement of Cashflows		
Reconciliation of loss from ordinary activities after tax to net cash provided by operating activities		
Profit from ordinary activities after income tax	37,664	20,709
Non cash items:		
- depreciation	12,277	12,120
- amortisation	2,000	2,000
Changes in assets and liabilities:		
- (increase)/decrease in receivables	(8,250)	3,616
- decrease in other assets	19,512	8,543
- increase/(decrease) in payables	(134)	3,409
Net cashflows provided by operating activities	63,069	50,397

Note 17. Leases

Operating lease commitments

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

Payable - minimum lease payments

- not later than 12 months	3,700	3,700
- between 12 months and 5 years	3,391	7,092
- greater than 5 years	-	-
	7,091	10,792

The property lease is linked to the Company's Franchise Agreement with Bendigo & Adelaide Bank Limited, the Franchise renewal is due on 1 June 2012 with two, 5 year extension options available. Rent payable monthly in advance. The lease is due for renewal on 17 September 2001, the Company has two, 5 year extension options available.

Notes to the financial statements continued

	2010 \$	2009 \$
Note 18. Auditors' Remuneration		
Amounts received or due and receivable by the auditor of the company for:		
- audit & review services	4,500	4,500
- share registry services	1,450	-
- non audit services	1,615	5,896
	7,565	10,396

Note 19. Director and Related Party Disclosures

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

Maxwell Charles Higgs
Allan Maurice Bunnett
George Arthur Wyatt
Colleen Mary Condliffe
Terence William Mangles
Dale Thomas Jackson
Andrew Richard Smith
Simon Patrick Tuohey
Heather Louise Chamberlain (Appointed 27 October 2009)
Pauline Elletson (Appointed 27 October 2009)
Jill McFarlane (Appointed 27 October 2009)
Steven John Smith (Appointed 27 October 2009)
Kenneth John Canfield (Resigned 27 October 2009)
Beverley Dawn Taig (Resigned 27 October 2009)
Kevin James Poyser (Resigned 27 October 2009)
Jennifer Anne Hosking (Resigned 27 October 2009)

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.

Notes to the financial statements continued

Note 19. Director and Related Party Disclosures (continued)

Directors Shareholdings	2010	2009
Maxwell Charles Higgs	3,001	3,001
Allan Maurice Bunnett	2,501	2,501
George Arthur Wyatt	5,001	5,001
Colleen Mary Condliffe	501	501
Terence William Mangles	1,001	1,001
Dale Thomas Jackson	1,001	1,001
Andrew Richard Smith	1,001	1,001
Simon Patrick Tuohey	1,501	1,501
Heather Louise Chamberlain (Appointed 27 October 2009)	500	500
Pauline Elletson (Appointed 27 October 2009)	-	-
Jill McFarlane (Appointed 27 October 2009)	1,500	1,500
Steven John Smith (Appointed 27 October 2009)	-	-
Kenneth John Canfield (Resigned 27 October 2009)	1,001	1,001
Beverley Dawn Taig (Resigned 27 October 2009)	1,001	1,001
Kevin James Poyser (Resigned 27 October 2009)	2,501	2,501
Jennifer Anne Hosking (Resigned 27 October 2009)	1,501	1,501

There was no movement in directors shareholdings during the year.

	2010	2009
	\$	\$
Note 20. Dividends Paid or Provided		
a. Dividends paid during the year		
Unfranked dividend - Nil cents (2009: 4 cents) per share	-	20,216
b. Dividends proposed and recognised as a liability		
Unfranked dividend - 6 cents (2009: Nil cents) per share	30,325	-

Notes to the financial statements continued

Note 21. Key Management Personnel Disclosures

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

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

There are therefore no specified Executives whose remuneration requires disclosure.

	2010 \$	2009 \$
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Note 22. Earnings Per Share

(a) Profit attributable to the ordinary equity holders of the company
used in calculating earnings per share

37,664	20,709
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	2010 Number	2009 Number
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(b) Weighted average number of ordinary shares used as the denominator
in calculating basic earnings per share

505,412	505,412
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Note 23. Events Occurring After the Balance Sheet Date

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

Note 24. Contingent Liabilities

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

Note 25. Segment Reporting

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

Note 26. Registered Office/Principal Place of Business

The registered office and principal place of business is:

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

Notes to the financial statements continued

Note 27. Financial Instruments

Net Fair Values

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

Credit Risk

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

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

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					
	2010 \$	2009 \$	2010 \$	2009 \$	2010 \$	2009 \$	2010 \$	2009 \$	2010 \$	2009 \$	2010 %	2009 %
Financial Assets												
Cash and cash equivalents	7,558	33,044	219,885	133,017	-	-	-	-	100	100	2.30	3.24
Receivables	-	-	-	-	-	-	-	-	28,259	20,009	N/A	N/A
Financial Liabilities												
Payables	-	-	-	-	-	-	-	-	7,275	7,409	N/A	N/A

Directors' declaration

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

In the opinion of the directors:

- (a) the financial statements and notes of the company are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2010 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



Allan Maurice Bunnett,
Treasurer

Signed on the 10th of September 2010.

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 73 061 795 117

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 2010, statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes and the Directors' Declaration.

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

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

Independent audit report continued

Independence

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

Auditor's Opinion on the Financial Report

In our opinion:

- 1) The financial report of Inglewood & Districts Community Enterprises Limited is in accordance with the Corporations Act 2001 including giving a true and fair view of the company's financial position as at 30 June 2010 and of its financial performance and its cash flows for the year then ended and complying 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 issued by the International Accounting Standards Board.

Report on the Remuneration Report

We have audited the Remuneration Report included in the Directors' Report for the year ended 30 June 2010. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the Remuneration Report of Inglewood & Districts Community Enterprises Limited for the year ended 30 June 2010, complies with section 300A of the Corporations Act 2001.



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

Dated this 10th day of September 2010

BSX report

Share Information

In accordance with Bendigo Stock Exchange listing rules the company provides the following information as at 7 September 2010, 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	239
1,001 to 5000	92
5,001 to 10,000	4
10,001 to 100,000	0
100,001 and over	0
Total shareholders	335

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	10,000	1.98
Mrs Heather Denyse Appleby	10,000	1.98
Dorothy Mararet Fitzgerald	10,000	1.98
Barry Robert Parker	10,000	1.98
Peter Thomas McGurgan & Margaret Ellen McGurgan	5,000	0.99
Alfred Harry Parker & Elizabeth Ann Parker	5,000	0.99
Sherlag Nominees PTY LTD <Sherlag S/B/F A/C	5,000	0.99
Waydor PTY LTD <Super Fund A/C >	5,000	0.99
Mr Leslie James Stanford	5,000	0.99
Inglewood Development & Tourism Committee Inc	5,000	0.99
Total	7,000	13.85

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:

AFS
61-65 Bull St
Bendigo VIC 3550
Phone: 61 3 54430344

Company Secretary

Heather Chamberlain and George Wyatt are Co Company Secretaries of Inglewood & Districts Community Financial Services. 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 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 3502

Franchisee: Inglewood & Districts Community Enterprises Limited
64 Brooke Street, Inglewood VIC 3517
ABN: 87 123 959 375

www.bendigobank.com.au/inglewood
Bendigo and Adelaide Bank Limited,
The Bendigo Centre, Bendigo VIC 3550
ABN 11 068 049 178. AFSL 237879.
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