

annual report 2010



Hastings & District
Community Enterprises Limited
ABN 47 129 333 044

Hastings & District **Community Bank**[®] Branch

Contents

Chairman's report	2
Branch report	3
Directors' report	4-7
Financial statements	8-11
Notes to the financial statements	12-25
Directors' declaration	26
Independent audit report	27-28

Chairman's report

For year ending 30 June 2010

Once again it is my great pleasure to report to shareholders, on behalf of the Board, on Company performance for the year ending 30 June 2010.

In our second year of operations the excitement certainly hasn't ceased. One could be excused for thinking that once we opened our doors, after all the surveys, studies and programs required before commencement of trading, the thrill and excitement would soon abate. Not so, it is just so exciting to see the successful growth of our Company and the rewards being returned to the community in line with that growth.

Our second full year of trading has seen steady growth in our total banking business together with financial returns on that business, in line with our prospectus. Moreover, we have contained our expenses in line with our budget with the result that we have experienced a large reduction in trading losses during this period. Certainly the improvement promised at this time last year has been evident.

The financial results for this current year are again very positive with a small profit being made for the month of July and very small losses in August and September.

Total banking business continues to grow and we are now so close to making consistent profits on a monthly basis. This is where we ask for, and need, the help of all shareholders. It has been reported to us that not all shareholders have transferred their banking business to our branch. This is your Company, and together with the community, we will enjoy the benefits in the future. If you are not banking with us you are just delaying those benefits.

We continue to utilise our Market Development Fund to the benefit of the community. To 30 June we have returned just over \$40,000 to the community by way of grants and sponsorships. This is serious money and is funds that the community would not have enjoyed, if we were not present in the marketplace. It is a lot of sausage sizzles. It is important to note at this time that this use of funds in no way impact on our bottom line. These funds are part and parcel of our Franchise Agreement with Bendigo and Adelaide Bank Ltd and are a reward for business growth. We will continue to use these funds in the manner they were meant to be used.

To our wonderful branch staff, thank you for another great year. The plaudits from customers tell us that they enjoy coming into our branch. Thank you all.

To our shareholders, thank you for your support, we really rely on and appreciate that support. Without you, we clearly would not be here today.

To our hardworking Board of Directors and our Company Secretary, your vision for Hastings has never been more evident, Thank you for your dedicated work towards that vision. Importantly, when we hear of huge salaries and bonuses being paid to executives of some other financial entities, I pause to reflect that our Board members do not get any financial remuneration and in fact, largely do not get re-imbursment for expenses incurred by them. This is absolute dedication.

Finally, I certainly look forward to reporting to you at this time next year on the continual growth of our Company.



Vic Rodwell
Chairman

Branch report

For year ending 30 June 2010

We are delighted to present the branch report for this our second year of operation.

During the year we have steadily built on the relationships we have developed with members of our local community and also welcomed many new customers. As a result we are excited to announce that our total book balance grew to just over \$42 million as we passed the end of the financial year. This amount represents 1,741 term deposit, cash management and transaction accounts and 237 lending facilities including credit cards, personal, home and business loans. We are pleased with our business growth during what has become an extended tough economic environment and are focussing on the growth of our lending portfolio as we move into 2010/2011.

During the year our dedicated staff continued to undertake training in the various product and legislative requirements of banking operations. All staff are able to assist with general banking and insurance enquiries and our branch also has dedicated Customer Relationship Officers who are able to spend time with customers for more involved discussions. We have a local Financial Planner and of course our Branch Manager is readily available and contactable on our direct branch phone number, a service which is certainly a rarity in most banks today.

True to our philosophy as a **Community Bank**[®] branch, we engaged with many of our local organisations during the year, providing valuable sponsorships to sporting and recreational clubs, schools, CFA brigades, youth and aged focussed organisations. We were delighted to be a platinum sponsor of the annual Westernport Festival, a major event in our community.

In the two years since our branch opened we have returned to the community over \$40,000 in sponsorships, grants and donations - an achievement of which we are all very proud. We are motivated to ensure that our branch continues to grow and with growth comes the ability to increase the level of community support that we provide. Our aim is to continue to provide exceptional customer service, banking and insurance products and services to our customers and we hope that many will become advocates for our branch - happy to recommend us to their family, friends, colleagues and club members.

As a branch team we would like to thank our customers for supporting us in our first two years of operation. We look forward to continued support from all our sponsored community organisations and to participating in many more events with you.

Lastly we would like to thank our Board of Directors for their hard work and dedication to ensuring the success of our branch and its valuable place within our community.

Branch team

Hastings & District **Community Bank**[®] Branch

Directors' report

For the financial year ended 30 June 2010

Your Directors submit their report 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 are:

Dyane Angela Bain (resigned 28 October 2009)

Director

Manager Hastings Community House Inc

Lisa Jane Dixon

Director

Retail Business Owner

Kenneth Raymond Ingersoll

Director

Retired

Desmond George Kissick

Director

Dealer Principal

Brian Leonard Stahl OAM, JP

Director

Retired

Alfred Tallon

Director

Real Estate Agent

Pamela Ford

Director

Public Servant

David Gerrard Gibbs (resigned 28 October 2009)

Director

Lawyer

Cameron Peter McCullough (Resigned 26 May 2010)

Director

Newsagent/Publisher

Victor Charles Rodwell

Chairman

Retired

John Crough

Director

Retired

Benjamin Tallon

Director

Real Estate Agent

Steven Dowling (appointed 10 November 2009)

Director

Company Director

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

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

Principal activities

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

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

Directors' report continued

Operating results

Operations have performed in line with expectations. The loss of the Company for the financial year after provision for income tax was \$118,594 (2009: \$367,630).

Dividends

The Directors recommend that no dividend be paid for the current year.

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.

Significant events after the balance date

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 providing banking services to the community.

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 agreed to indemnify each Officer (Director, Secretary or employee) out of assets of the Company to the relevant extent against any liability incurred by that person arising out of the discharge of their duties, except where the liability arises out of conduct involving dishonesty, negligence, breach of duty or the lack of good faith. The Company also has Officers Insurance for the benefit of Officers of the Company against any liability occurred by the Officer, which includes the Officer's liability for legal costs, in or arising out of the conduct of the business of the Company or in or arising out of the discharge of the Officer's duties.

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 during the year were:

Director	Board meetings #
Dyane Angela Bain (resigned 28 October 2009)	3 (4)
Lisa Jane Dixon	12 (13)
David Gerrard Gibbs (resigned 28 October 2009)	2 (4)
Victor Charles Rodwell	11 (13)
Desmond George Kissick	9 (13)
Cameron Peter McCullough (resigned 26 May 2010)	5 (12)
Kenneth Raymond Ingersoll	10 (13)
Brian Leonard Stahl OAM, JP	12 (13)
John Crough	6 (13)
Alfred Tallon	9 (13)
Benjamin Tallon	2 (13)
Steven Dowling (appointed 10 November 2009)	6 (9)
Pamela Ford	10 (13)

The first number is the meetings attended while in brackets is the number of meetings eligible to attend.

Company Secretary

Leonard Alexander Butcher JP has been the Company Secretary of Hastings & District Community Enterprises Ltd since 2008. His qualifications and experience include being a member of the Australian Defence Force (Army) for 22 years and was a Property and Purchasing manager of a major Health Fund for 11 years, staff member of the Country Fire Authority and an extensive history in community involvement.

Corporate governance

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

- (a) Director approval of operating budgets and monitoring of progress against these budgets;
- (b) Ongoing Director training; and
- (c) Monthly Director meetings to discuss performance and strategic plans.

Directors' report continued

Auditor Independence Declaration

The Directors received the following declaration from the Auditor of the Company:

Richmond Sinnott & Delahunty Chartered Accountants



15 September 2010

The Directors
Hastings & District Community Enterprises Ltd
88 High St
HASTINGS VIC 3915

Partners:
Kenneth J Richmond
Warren J Sinnott
Philip P Delahunty
Brett A Andrews

Dear Directors

Auditor's Independence Declaration

In relation to our audit of the financial report of Hastings & District Community Enterprises Ltd for the year ended 30 June 2010, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Warren Sinnott
Partner
Richmond Sinnott & Delahunty

Signed in accordance with a resolution of the Board of Directors at Hasting on 15 September 2010.

Victor Charles Rodwell
Chairman

Financial statements

Statement of comprehensive income For the year ended 30 June 2010

	Note	2010 \$	2009 \$
Revenue from ordinary activities	2	330,961	153,787
Employee benefits expense	3	(258,945)	(284,270)
Charitable donations and sponsorship		(10,391)	(13,491)
Depreciation and amortisation expense	3	(40,199)	(46,928)
Finance costs	3	(1,798)	(134)
Other expenses from ordinary activities		(188,879)	(290,425)
Profit/(loss) before income tax expense		(169,251)	(481,461)
Income tax expense / (benefit)	4	(50,657)	(113,831)
Profit/(loss) after income tax expense		(118,594)	(367,630)
Other comprehensive income		-	-
Total comprehensive income		(118,594)	(367,630)
Earnings per share (cents per share)			
- basic for profit / (loss) for the year	21	(15.17)	(47.03)
- diluted for profit / (loss) for the year	21	(15.17)	(47.03)

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of financial position As at 30 June 2010

	Note	2010 \$	2009 \$
Current assets			
Cash and cash equivalents	6	-	4,391
Receivables	7	34,257	26,596
Total current assets		34,257	30,987
Non-current assets			
Property, plant and equipment	8	234,492	270,266
Deferred tax assets	4	164,488	113,831
Intangible assets	9	11,725	15,807
Total non-current assets		410,705	399,904
Total assets		444,962	430,891
Current liabilities			
Payables	10	29,563	26,225
Provisions	11	3,165	2,398
Bank overdraft	6	128,560	-
Total current liabilities		161,288	28,623
Total liabilities		161,288	28,623
Net assets		283,674	402,268
Equity			
Share capital	12	769,898	769,898
Retained earnings / (accumulated losses)	13	(486,224)	(367,630)
Total equity		283,674	402,268

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of cash flows For the year ended 30 June 2010

	Note	2010 \$	2009 \$
Cash flows from operating activities			
Cash receipts in the course of operations		356,597	137,734
Cash payments in the course of operations		(487,493)	(575,010)
Interest paid		(1,798)	(134)
Interest received		86	4,904
Net cash flows from/(used in) operating activities	14b	(132,608)	(432,506)
Cash flows from investing activities			
Payment for intangible assets		-	(20,409)
Payments for property, plant and equipment		(343)	(312,592)
Net cash flows from/(used in) investing activities		(343)	(333,001)
Cash flows from financing activities			
Proceeds from issue of shares		-	781,762
Equity raising costs		-	(11,864)
Net cash flows from/(used in) financing activities		-	769,898
Net increase/(decrease) in cash held		(132,951)	4,391
Cash and cash equivalents at start of year		4,391	-
Cash and cash equivalents at end of year	14a	(128,560)	4,391

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of changes in equity For the year ended June 2010

	Note	2010 \$	2009 \$
Share capital			
Balance at start of year		769,898	-
Issue of share capital		-	781,762
Share issue costs		-	(11,864)
Balance at end of year		769,898	769,898
Retained earnings / (accumulated losses)			
Balance at start of year		(367,630)	-
Profit/(loss) after income tax expense		(118,594)	(367,630)
Dividends paid	20	-	-
Balance at end of year		(486,224)	(367,630)

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2010

Note 1. Basis of preparation of the financial report

(a) Basis of preparation

Hastings & District Community Enterprises Ltd ('the Company') is domiciled in Australia. The financial statements for the year ending 30 June 2010 are presented in Australian dollars. The Company was incorporated in Australia and the principal operations involve providing **Community Bank**[®] services.

The financial statements have been prepared on an accruals basis and are based on historical costs and do not take into account changing money values or, except where stated, current valuations of non-current assets.

The financial statements require judgements, estimates and assumptions to be made that affect the application of accounting policies. Actual results may differ from these estimates.

The financial statements were authorised for issue by the Directors on 15 September 2010.

(b) Statement of compliance

The financial report is a general purpose financial report, which has been prepared in accordance with Australian Accounting Standards (including Australian Interpretations) adopted by the Australian Accounting Standards Board and the Corporations Act 2001. The financial report of the Company complies with International Financial Reporting Standards and interpretations adopted by the International Accounting Standards Board. Australian Accounting Standards that have been recently issued or amended, but are not yet effective, have not been adopted in the preparation of this financial report.

(c) Significant accounting policies

The following is a summary of the material accounting policies adopted. The accounting policies have been consistently applied and are consistent with those applied in the 30 June 2009 financial statements.

Income tax

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Notes to the financial statements continued

Note 1. Basis of preparation of the financial report (continued)

Income tax (continued)

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled.

Property, plant and equipment

Property, plant and equipment are brought to account at cost less accumulated depreciation and any impairment in value.

Land and buildings are measured at fair value less accumulated depreciation.

Depreciation is calculated on a diminishing value basis over the estimated useful life of the asset as follows:

Class of asset	Depreciation rate
Plant & equipment	13.33-30%

Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of plant and equipment is the greater 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.

Revaluations

Following initial recognition at cost, land and buildings are carried at a revalued amount which is the fair value at the date of the revaluation less any subsequent accumulated depreciation on buildings and accumulated impairment losses.

Fair value is determined by reference to market based evidence, which is the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date.

Recoverable amount of assets

At each reporting date, the Company assesses whether there is any indication that an asset is impaired. Where an indicator of impairment exists, the Company makes a formal estimate of the recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Notes to the financial statements continued

Note 1. Basis of preparation of the financial report (continued)

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 Statement of Financial Position. Cash flows are included in the Statement of Cash Flows on a gross basis.

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

Employee benefits

The provision for employee benefits to wages, salaries and annual leave represents the amount which the Company has a present obligation to pay resulting from employees' services provided up to the reporting date. The provision has been calculated on undiscounted amounts based on wage and salary rates expected to be paid and includes related on-costs.

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

Intangibles

Establishment costs have been initially recorded at cost and amortised on a straight line basis at a rate of 20% per annum.

Cash

Cash on hand and in banks are stated at nominal value.

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.

Revenue

Interest and fee revenue is recognised when earned. All revenue is stated net of the amount of goods and services tax (GST).

Receivables and payables

Receivables and payables are non interest bearing and generally have payment terms of between 30 and 90 days. Receivables are recognised and carried at original invoice amount less a provision for any uncollected debts. 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.

Notes to the financial statements continued

Note 1. Basis of preparation of the financial report (continued)

Loans and borrowings

All loans are 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.

Share capital

Issued and paid up capital is 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.

Comparative figures

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year. The Company commenced operations during the prior period and hence comparative figures are for the period ending 30 June 2009.

	2010	2009
	\$	\$

Note 2. Revenue from ordinary activities

Operating activities

- services commissions	87,912	48,488
- other revenue	242,963	100,395
Total revenue from operating activities	330,875	148,883

Non-operating activities:

- interest received	86	4,904
Total revenue from non-operating activities	86	4,904
Total revenue from ordinary activities	330,961	153,787

Notes to the financial statements continued

	2010 \$	2009 \$
Note 3. Expenses		
Employee benefits expense		
- wages and salaries	211,420	223,754
- superannuation costs	20,254	21,623
- workers' compensation costs	635	1,261
- other costs	26,636	37,632
	258,945	284,270
Depreciation of non-current assets:		
- plant and equipment	36,117	42,326
Amortisation of non-current assets:		
- intangibles	4,082	4,602
	40,199	46,928
Finance costs:		
- Interest paid	1,798	134
Bad debts	1,205	417
Note 4. Income tax expense		
The prima facie tax on profit/(loss) before income tax is reconciled to the income tax expense as follows:		
Prima facie tax on profit/(loss) before income tax at 30%	(50,776)	(144,438)
Add tax effect of:		
- Non-deductible expenses	119	30,607
Current income tax expense / (benefit)	(50,657)	(113,831)
Income tax expense / (benefit)	(50,657)	(113,831)
Deferred tax assets		
Future income tax benefits arising from tax losses are recognised at reporting date as realisation of the benefit is regarded as probable.		
	164,488	113,831

Notes to the financial statements continued

	2010 \$	2009 \$
Note 5. Auditors' remuneration		
Amounts received or due and receivable by Richmond, Sinnott & Delahunty for:		
- Audit or review of the financial report of the Company	3,900	2,700
- Completion of feasibility study	-	6,000
- Share registry services	1,375	1,800
- Accounting work for prospectus	-	2,500
	5,275	13,000

Note 6. Cash and cash equivalents

Cash at bank and on hand / (bank overdraft)	(128,560)	4,391
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Note 7. Receivables

GST receivable	-	1,042
Trade debtors	34,257	25,554
	34,257	26,596

Note 8. Property, plant and equipment

Plant and equipment

At cost	312,935	312,592
Less accumulated depreciation	(78,443)	(42,326)
	234,492	270,266
Total written down amount	234,492	270,266

Movements in carrying amounts

Plant and equipment

Carrying amount at beginning of year	270,266	-
Additions	343	312,592
Disposals	-	-
Depreciation expense	(36,117)	(42,326)
Carrying amount at end of year	234,492	270,266

Notes to the financial statements continued

	2010 \$	2009 \$
Note 9. Intangible assets		
Franchise fee		
At cost	10,000	10,000
Less accumulated amortisation	(4,000)	(2,000)
	6,000	8,000
Preliminary expense		
At cost	10,409	10,409
Less accumulated amortisation	(4,684)	(2,602)
	5,725	7,807
	11,725	15,807

Note 10. Payables

GST payable	1,860	-
Trade creditors	18,254	16,744
Other creditors and accruals	9,449	9,481
	29,563	26,225

Note 11. Provisions

Employee benefits	3,165	2,398
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Note 12. Share capital

781,762 Ordinary shares fully paid of \$1 each	781,762	781,762
Less: Equity raising costs	(11,864)	(11,864)
	769,898	769,898

Notes to the financial statements continued

	2010 \$	2009 \$
Note 13. Retained earnings / (accumulated losses)		
Balance at the beginning of the financial year	(367,630)	-
Profit/(loss) after income tax	(118,594)	(367,630)
Dividends	-	-
Balance at the end of the financial year	(486,224)	(367,630)

Note 14. Statement of cash flows

(a) Cash and cash equivalents

Cash assets / (bank overdraft)	(128,560)	4,391
	(128,560)	4,391

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

Profit / (loss) after income tax	(118,594)	(367,630)
Non cash items		
- Depreciation	36,117	42,326
- Amortisation	4,082	4,602
Changes in assets and liabilities		
- (Increase) decrease in receivables	(7,661)	(26,596)
- (Increase) decrease in deferred tax asset	(50,657)	(113,831)
- Increase (decrease) in payables	3,338	26,225
- Increase (decrease) in provisions	767	2,398
Net cash flows from/(used in) operating activities	(132,608)	(432,506)

Notes to the financial statements continued

Note 15. Director and related party disclosures

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

Dyane Angela Bain (resigned 28 October 2009)

Lisa Jane Dixon

David Gerrard Gibbs (resigned 28 October 2009)

Victor Charles Rodwell

Desmond George Kissick

Cameron Peter McCullough (resigned 26 May 2010)

Kenneth Raymond Ingersoll

Brian Leonard Stahl OAM, JP

John Crough

Alfred Tallon

Benjamin Tallon

Steven Dowling (appointed 10 November 2009)

Pamela Ford

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

Directors' shareholdings	2010	2009
Dyane Angela Bain (resigned 28 October 2009)	5,001	5,001
Lisa Jane Dixon	2,501	2,501
David Gerrard Gibbs (resigned 28 October 2009)	55,001	55,001
Victor Charles Rodwell	50,001	50,001
Desmond George Kissick	12,001	12,001
Cameron Peter McCullough (resigned 26 May 2010)	5,001	5,001
Kenneth Raymond Ingersoll	21,001	21,001
Brian Leonard Stahl OAM, JP	2,001	2,001
John Crough	-	-
Alfred Tallon	20,000	20,000
Benjamin Tallon	-	-
Steven Dowling (appointed 10 November 2009)	10,000	10,000
Pamela Ford	5,001	5,001

There was no movement in shares during the year. Each share held has a paid up value of \$1 and is fully paid.

Notes to the financial statements continued

Note 16. Subsequent events

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

Note 17. Contingent liabilities

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

Note 18. Segment reporting

The economic entity operates in the financial services sector where it provides banking services to its clients. The economic entity operates in one geographic area being Hastings, Victoria.

Note 19. Corporate information

Hastings & District Community Enterprises Ltd is a Company limited by shares incorporated in Australia.

The registered office is:

2 High Street,
Hastings VIC 3915

The principal place of business is:

88 High Street,
Hastings VIC 3915.

Note 20. Dividends paid or provided for on ordinary shares

The Directors recommend that no dividend be paid for the current year.

Notes to the financial statements continued

	2010 \$	2009 \$
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Note 21. Earnings per share

Basic earnings per share amounts are calculated by dividing profit / (loss) after income tax by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing profit / (loss) after income tax by the weighted average number of ordinary shares outstanding during the year (adjusted for the effects of any dilutive options or preference shares).

The following reflects the income and share data used in the basic and diluted earnings per share computations:

Profit/(loss) after income tax expense	(118,594)	(367,630)
Weighted average number of ordinary shares for basic and diluted earnings per share	781,762	781,762

Note 22. Financial risk management

The Company has exposure to credit risk, liquidity risk and market risk from their use of financial instruments.

This note presents information about the Company's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board is assisted in the area of risk management by an internal audit function.

(a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. For the Company it arises from receivables and cash assets.

The maximum exposure to credit risk at reporting 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. The Company's maximum exposure to credit risk at reporting date was:

	Carrying amount	
	2010 \$	2009 \$
Cash assets	-	4,391
Receivables	34,257	26,596
	34,257	30,987

Notes to the financial statements continued

Note 22. Financial risk management (continued)

(a) Credit risk (continued)

The Company's exposure to credit risk is limited to Australia by geographic area. The majority of receivables is due from Bendigo and Adelaide Bank Ltd.

None of the assets of the Company are past due (2009: nil past due) and based on historic default rates, the Company believes that no impairment allowance is necessary in respect of assets not past due.

The Company limits its exposure to credit risk by only investing in liquid securities with Bendigo and Adelaide Bank Ltd.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company ensures it will have enough liquidity to meet its liabilities when due under both normal and stressed conditions. Liquidity management is carried out within the guidelines set by the Board.

Typically, the Company maintains sufficient cash on hand to meet expected operational expenses, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The following are the estimated contractual maturities of financial liabilities, including estimated interest payments.

	Carrying amount \$	Contractual cash flows \$	1 year or less \$	Over 1 to 5 years \$	More than 5 years \$
30 June 2010					
Payables	29,563	(29,563)	(29,563)	-	-
Bank overdraft	128,560	(128,560)	(128,560)	-	-
	158,123	(158,123)	(158,123)	-	-
30 June 2009					
Payables	26,225	(26,225)	(26,225)	-	-
	26,225	(26,225)	(26,225)	-	-

(c) Market risk

Market risk is the risk that changes in market prices, such as interest rates, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

Notes to the financial statements continued

Note 22. Financial risk management (continued)

(c) Market risk (continued)

Interest rate risk

Interest rate risk is that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company reviews the exposure to interest rate risk as part of the regular Board meetings.

Sensitivity analysis

At the reporting date the interest rate profile of the Company's interest bearing financial instruments was:

	Carrying amount	
	2010	2009
	\$	\$
Fixed rate instruments		
Financial assets	-	-
Financial liabilities	-	-
	-	-
Variable rate instruments		
Financial assets	-	4,391
Financial liabilities	(128,560)	-
	(128,560)	4,391

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed interest rate financial assets or liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have no impact on profit or retained earnings. For the analysis performed on the same basis as at 30 June 2009 there was also no impact. As at both dates this assumes all other variables remain constant.

(d) 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 year end.

Notes to the financial statements continued

Note 22. Financial risk management (continued)

(e) 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 Statement of Financial Position.

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.

Directors' declaration

In accordance with a resolution of the Directors of Hastings & District Community Enterprises Ltd, I 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 their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and Corporations Regulations 2001; 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.



Victor Charles Rodwell
Chairman

Signed at Hasting on 15 September 2010.

Independent audit report

Richmond Sinnott & Delahunty Chartered Accountants



INDEPENDENT AUDIT REPORT TO THE MEMBERS OF HASTINGS & DISTRICT COMMUNITY ENTERPRISES LTD

Partners:
Kenneth J Richmond
Warren J Sinnott
Philip P Delahunty
Brett A Andrews

SCOPE

The financial report comprises the statement of financial position, statement of comprehensive income, statement of cash flows, statement of changes in equity, accompanying notes to the financial statements, and the directors' declaration for Hastings & District Community Enterprises Ltd, for the year ended 30 June 2010.

The directors of the company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the company, and that complies with Accounting Standards in Australia, in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are established to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit of the financial report in order to express an opinion on it to the members of the company. Our audit has been conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly in accordance with the Corporations Act 2001, including compliance with Accounting Standards in Australia, and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report; and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant account estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Independent audit report continued

We performed procedures to assess whether the substance of business transactions was accurately reflected in the financial report. These and our other procedures did not include consideration or judgement of the appropriateness or reasonableness of the business plans or strategies adopted by the directors and management of the company.

INDEPENDENCE

We are independent of the company, and have met the independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

AUDIT OPINION

In our opinion, the financial report of Hastings & District Community Enterprises Ltd is in accordance with:

- (a) 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 year ended on that date; and
 - (ii) complying with Accounting Standards and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia.

Richmond Sinnott & Delahunty
RICHMOND SINNOTT & DELAHUNTY
Chartered Accountants

W. J. Sinnott

W. J. SINNOTT
Partner
Bendigo

Date: 15 September 2010

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(BMPAR10074) (09/10)