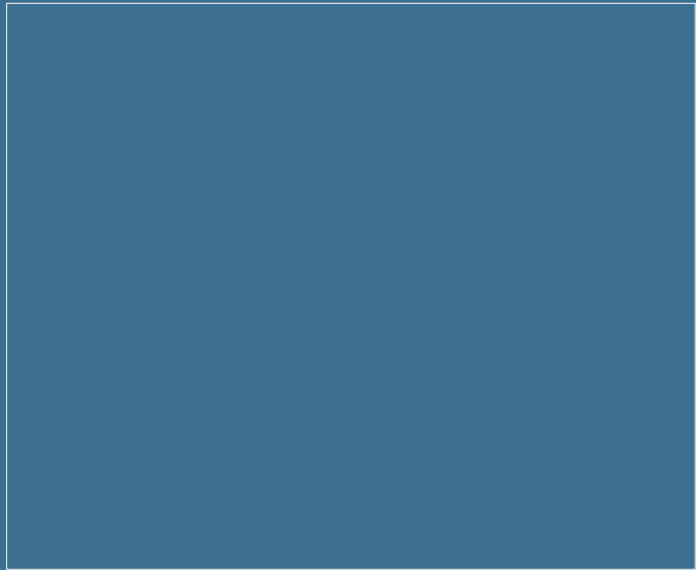
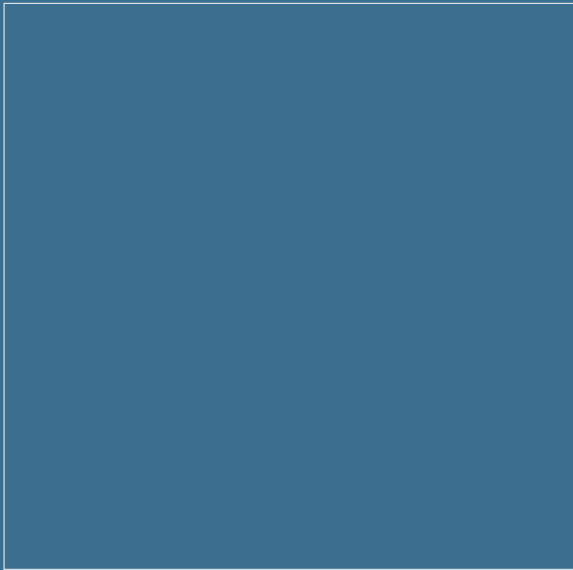


annual report | 2009



Cardwell & District Community
Enterprises Limited
ABN 41 127 060 146

Cardwell **Community Bank**[®] Branch

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Chairman's report

For year ending 30 June 2009

I report that the Company's position for the financial year 2008/2009 is in line with Prospectus predictions.

Over the past year our Branch Manager, Geoff Smart left to take up a position with Bendigo and Adelaide Bank Ltd (the Bank) in Darwin. Noeleen Napoli applied for and was appointed to the position of Branch Manager. Noeleen has a wealth of experience within banking circles and with her three dedicated staff all your needs will be taken care of. I thank them sincerely for their professionalism, dedication and commitment to the customers of Cardwell **Community Bank**[®] Branch. Further, the staff continue to demonstrate the bank's ethos of giving to the community by providing voluntary assistance once a month to Cardwell Meals on Wheels.

I also wish to acknowledge my colleagues on the Board. The Board is committed to good governance and much which is done behind the scenes by many goes unnoticed. On that note, the following Board members are retiring this year. I'd like to thank the following outgoing Directors, Gordon Tuffley, Col Neate and Allan Rowe for their contribution and wish them well for their future endeavors. This leaves three positions vacant and any individual who wishes to step up to the task is most welcome to nominate.

I thank shareholders for their support and belief in the Cardwell **Community Bank**[®] Branch and I hope to see a few more seeking a position on the Board. The Board consists of dedicated and enthusiastic members of our community seeking to contribute their time and expertise to enhance good governance. By becoming a Board member a wealth of knowledge is made available by the bank through training systems. This not only helps the individual but also improves the Cardwell **Community Bank**[®] Branch in general.

The Cardwell **Community Bank**[®] Branch has over the past year provided considerable funds to Cardwell and Kennedy State School P&C's, the Cardwell Little Athletics, Cardwell Crocs Swimming Club, Cardwell Care Incorporated 'Rockingham' and Cardwell Play Group. This funding is received from the bank for reaching milestones in banking business and is to be given to support the Community. The greater the increase in banking business the more funds available to the community groups.

Although Cardwell **Community Bank**[®] Branch's performance is in line with the Prospectus, we continue to strive to do better. If more of the community within the Cardwell area brought their banking business to the Cardwell **Community Bank**[®] Branch we could be at a stage where we are profitable earlier than the forecast. I understand some people and organisations have commitments to other banking institutions and this will continue, however when the time is right, remember to take the opportunity to speak to our staff at the Cardwell **Community Bank**[®] Branch. I cannot put it any simpler than this: For Cardwell **Community Bank**[®] Branch to support "you" (the community), the Cardwell **Community Bank**[®] Branch requires "your" support.

Chairman's report continued

Cardwell **Community Bank**[®] Branch staff will continue to work closely with the bank to supply an extensive range of banking and associated products, both long and short term.

Cardwell & District Community Enterprises Limited strives to ensure good governance and seek the best possible outcome for the community by providing permanent financial services to Cardwell and surrounding area.



Barry Lansdown
Chairman

Manager's report

For year ending 30 June 2009

The business of the Cardwell **Community Bank**[®] Branch has continued to grow throughout the last year with many of our locals choosing to support their local **Community Bank**[®] branch.

Presently our total business (deposits and loans) stands at over \$19 million.

Home loans make up the majority of our lending however there are a number of personal loans, credit cards and business loans in this total. The lending pipeline (i.e. prospective business) currently stands at about \$3 million including several business loans.

Term deposits make up the bulk of the deposit funds, with about \$7 million being held in this product for various terms. The remaining deposit funds are held in statement and passbook savings account products.

The branch has also been very successful in the marketing of insurance products – loan insurance, house and contents, motor vehicle, boat and compulsory third party.

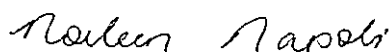
By bringing your business to our branch you will help us to become more successful and in turn, we will be able to fund more community projects and you will receive dividend payments on your shares sooner.

There have been a few changes with staff throughout the past 12 months with the transfer of our Branch Manager, Geoff Smart. I was appointed to the position of Branch Manager leaving a vacancy in our branch team to which Wendy Salam was employed as part time Customer Service Officer earlier this year. Welcome to our team Wendy.

I would like to personally thank Davina, Lynda and Wendy for their contribution and working together to create a very strong and supportive team.

I would also like to thank the Board of Directors for their support and efforts throughout the year.

The staff and Boards contribution has been the driving force behind our **Community Bank**[®] branch's growth and success to date.



Noeleen Napoli
Branch Manager

Directors' report

For year ending 30 June 2009

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

Directors

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

Barry John Lansdown

Chairman
Age: 62
Occupation: Retired

Karen Margaret Mossop

Director
Age: 43
Occupation: Fruit & Vegetable Retailer

Alan Peter Rowe

Director
Age: 59
Occupation: Manager

Lauran Mary Baillie

Director (Appointed 28 July 2008)
Age: 51
Occupation: Secretary

Jennifer Anne McCallan

Director (Appointed 12 June 2009)
Age: 63
Occupation: Administrator

Sandra Elizabeth Carmichael

Director (Resigned 27 April 2009)

Peter Francis O'Loughlin

Director (Resigned 24 November 2008)

Darryl Edward Baillie

Secretary
Age: 52
Occupation: Electrical Contractor

Rosamond Elizabeth Oellermann

Director
Age: 64
Occupation: Retired

Gordon Alexander Tuffley

Director
Age: 60
Occupation: Retired School Principal

Claus Peter Josef Paul Wazlawek

Director (Appointed 28 July 2008)
Age: 58
Occupation: Company Director/Business Proprietor

Colin Blair Neate

Director (Appointed 12 June 2009)
Age: 62
Occupation: Builder

David Harold Churton

Director (Resigned 24 November 2008)

David Murray Blades

Director (Resigned 28 July 2008)

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

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

Directors' report continued

Company Secretary

The Company Secretary is Darryl Edward Baillie. Daryl was appointed to the position of Secretary on 28 July 2008. He is currently Company Secretary for two private companies.

Principal activities

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

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

Operating results

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

Year ended 30 June 2009	Year ended 30 June 2008
\$	\$
(151,745)	(173,239)

Dividends

No dividends were declared or paid for the previous year and 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 or the financial report.

Matters subsequent to the end of the financial year

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

Likely developments

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

Environmental regulation

The Company is not subject to any significant environmental regulation.

Directors' report continued

Directors' benefits

No Director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the Company, controlled entity or related body corporate with a Director, a firm which a Director is a member or an entity in which a Director has a substantial financial interest. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by Directors shown in the Company's accounts, or the fixed salary of a full-time employee of the Company, controlled entity or related body corporate.

Indemnification and insurance of Directors and Officers

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

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

Remuneration report

No Director of the Company receives remuneration for services as a Company Director or Committee member.

There are no Executives within the Company whose remuneration is required to be disclosed.

Comparative figures

The Company was incorporated on 15 August 2007 and the Branch was opened on 22 January 2008.

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
Barry John Lansdown	11	10
Darryl Edward Baillie	11	11
Karen Margaret Mossop	11	9
Rosamond Elizabeth Oellermann	11	7
Alan Peter Rowe	11	8
Gordon Alexander Tuffley	11	7
Lauren Mary Baillie (Appointed 28 July 2008)	11	10
Claus Peter Josef Paul Wazlawek (Appointed 28 July 2008)	11	8
Jennifer Ann McCallan (Appointed 12 June 2009)	1	1
Colin Blair Neate (Appointed 12 June 2009)	1	1

Directors' report continued

Directors' meetings (continued)

	Number of Board meetings eligible to attend	Number attended
Sandra Elizabeth Carmichael (Resigned 27 April 2009)	9	2
David Harold Churton (Resigned 24 November 2008)	5	5
Peter Francis O'Loughlin (Resigned 24 November 2008)	5	-
David Murray Blades (Resigned 28 July 2008)	1	-

Non Audit services

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

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

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

- all non-audit services have been reviewed by the audit committee to ensure they do not impact on the impartiality and objectivity of the Auditor;
- none of the services undermine the general principles relating to Auditor independence as set out in Professional Statement F1, including reviewing or auditing the Auditor's own work, acting in a management or a decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risk and rewards.

Auditors' independence declaration

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

Signed in accordance with a resolution of the Board of Directors at Cardwell, Queensland on 12 October 2009.



Barry John Lansdown
Chairman



Darryl Edward Baillie
Secretary

Auditor's independence declaration



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ABN 51 061 795 337

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

I declare that to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2009 there have been:

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

David Hutchings
Auditor

Andrew Frewin & Stewart
Bendigo, Victoria

Dated this 12th day of October 2009

Financial statements

Income statement For year ending 30 June 2009

	Note	2009 \$	2008 \$
Revenues from ordinary activities	3	200,351	62,914
Salaries and employee benefits expense		(188,184)	(224,823)
Charitable donations, sponsorship, advertising & promotion		(8,221)	(9,078)
Occupancy and associated costs		(29,873)	(5,167)
Systems costs		(20,112)	(11,458)
Depreciation and amortisation expense	4	(21,950)	(10,079)
General administration expenses		(83,756)	(52,130)
Loss before income tax credit		(151,745)	(249,821)
Income tax credit	5	-	76,582
Loss for the period		(151,745)	(173,239)
Loss attributable to members of the entity		(151,745)	(173,239)
Earnings per share (cents per share)		¢	¢
- basic for profit for the year	19	(21.09)	(24.08)

The accompanying notes form part of these financial statements.

Financial statements continued

Balance sheet As at 30 June 2009

	Note	2009 \$	2008 \$
Assets			
Current assets			
Cash assets	6	103,995	206,156
Trade and other receivables	7	14,928	48,112
Total current assets		118,923	254,268
Non-current assets			
Property, plant and equipment	8	189,215	209,164
Intangible assets	9	7,000	9,000
Deferred tax assets	10	76,582	76,582
Total non-current assets		272,797	294,746
Total assets		391,720	549,014
Liabilities			
Current liabilities			
Trade and other payables	11	20,662	28,482
Provisions	12	9,131	6,860
Total current liabilities		29,793	35,342
Total liabilities		29,793	35,342
Net assets		361,927	513,672
Equity			
Issued capital	13	686,911	686,911
Accumulated losses	14	(324,984)	(173,239)
Total equity		361,927	513,672

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of cash flows As at 30 June 2009

	Note	2009 \$	2008 \$
Cash flows from operating activities			
Receipts from customers		205,924	43,360
Payments to suppliers and employees		(312,754)	(305,743)
Interest received		12,263	6,639
Net cash used in operating activities	15	(94,567)	(255,744)
Cash flows from investing activities			
Payments for property, plant and equipment		(4,362)	(218,243)
Payments for intangible assets		-	(10,000)
Net cash used in investing activities		(4,362)	(228,243)
Cash flows from financing activities			
Proceeds from issues of equity securities		-	719,500
Payment for share issue costs		(3,232)	(29,357)
Net cash provided by/(used in) financing activities		(3,232)	690,143
Net increase/(decrease) in cash held		(102,161)	206,156
Cash at the beginning of the financial year		206,156	-
Cash at the end of the half-year	6(a)	103,995	206,156

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of changes in equity As at 30 June 2009

	Note	2009 \$	2008 \$
Share capital			
Ordinary shares			
Balance at start of year		-	-
Issue of share capital		-	-
share issue costs		-	-
Balance at end of year		-	-
Retained earnings/(accumulated losses)			
Balance at start of year		-	-
Profit/(loss) after income tax expense		-	-
Dividends paid		-	-
Balance at end of year		-	-

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ending 30 June 2009

Note 1. Summary of significant accounting policies

Basis of preparation

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

Compliance with IFRS

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

Historical cost convention

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

Revenue

Interest and fee revenue is recognised when earned. All revenue is stated net of the amount of Goods and Services Tax (GST). The gain or loss on disposal of property, plant and equipment is recognised on a net basis and is classified as income rather than revenue.

Goods and services tax

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

Receivables and payables are stated with the amount of GST included.

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

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

Notes to the financial statements continued

Note 1. Summary of significant accounting policies (continued)

Income tax

Current tax

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

Deferred tax

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

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

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

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

Current and deferred tax for the period

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

Notes to the financial statements continued

Note 1. Summary of significant accounting policies (continued)

Employee entitlements

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

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

Intangibles

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

Cash

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

Comparative figures

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year. The Company was incorporated on 15 August 2007 and the Branch was opened on 22 January 2008.

Property, plant and equipment

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

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

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

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

Notes to the financial statements continued

Note 1. Summary of significant accounting policies (continued)

Critical accounting estimates and judgements

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

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

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

Payment terms

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

Trade receivables and payables

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

Borrowings

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

Financial instruments

Recognition and initial measurement

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

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

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 assets.

Notes to the financial statements continued

Note 1. Summary of significant accounting policies (continued)

Financial instruments (continued)

Classification and subsequent measurement

(i) Loans and receivables

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

(ii) Held-to-maturity investments

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

(iii) Financial liabilities

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

Impairment

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

Leases

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

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

Notes to the financial statements continued

Note 1. Summary of significant accounting policies (continued)

Provisions

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

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

Contributed equity

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

Earnings per share

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

Note 2. Financial risk management

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

Risk management is carried out directly by the Board of Directors.

(i) Market risk

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

(ii) Price risk

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

(iii) Credit risk

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

Notes to the financial statements continued

Note 2. Financial risk management (continued)

(iv) Liquidity risk

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

(v) Cash flow and fair value interest rate risk

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

(vi) Capital management

The Board's policy is to maintain a strong capital base so as to sustain future development of the Company. The Board of Directors monitor the return on capital and the level of dividends to shareholders. Capital is represented by total equity as recorded in the Balance Sheet.

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

(i) the Distribution Limit is the greater of:

- (a) 20% of the profit or funds of the Franchisee otherwise available for distribution to shareholders in that 12 month period; and
- (b) subject to the availability of distributable profits, the Relevant Rate of Return multiplied by the average level of share capital of the Franchisee over that 12 month period; and

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

The Board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the Company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the year ended 30 June 2009 can be seen in the Income Statement.

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

Notes to the financial statements continued

	2009 \$	2008 \$
Note 3. Revenue from ordinary activities		
Operating activities:		
- services commissions	190,606	45,373
- other revenue	440	8,797
Total revenue from operating activities	191,046	54,170
Non-operating activities:		
- interest received	9,305	8,744
Total revenue from non-operating activities	9,305	8,744
Total revenues from ordinary activities	200,351	62,914

Note 4. Expenses

Depreciation of non-current assets:

- plant and equipment	4,861	2,504
- leasehold improvements	15,089	6,575
Amortisation of non-current assets:		
- franchise agreement	2,000	1,000
	21,950	10,079
Finance costs:		
- interest paid	-	9

Note 5. Income tax expense

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

Operating loss	(151,745)	(249,821)
Prima facie tax on loss from ordinary activities at 30%	(45,524)	(74,946)

Notes to the financial statements continued

	Note	2009 \$	2008 \$
Note 5. Income tax expense (continued)			
Add tax effect of:			
- non-deductible expenses		681	320
- timing difference expenses		1,537	1,426
- other deductible expenses		(1,955)	(1,955)
Current tax		(45,261)	(75,155)
Movement in deferred tax	10	-	(1,427)
Tax losses not brought to account		45,261	-
		-	(76,582)

Income tax losses:

Future income tax benefits arising from tax losses are not recognised at reporting date as realisation of the benefit is not regarded as virtually certain.

Future income tax benefit carried forward but not bought to account is:

	45,261	-
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Note 6. Cash assets

Cash at bank and on hand	36,209	86,156
Term deposits	67,786	120,000
	103,995	206,156

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

6 (a) Reconciliation of cash

Cash at bank and on hand	36,209	86,156
Term deposit	67,786	120,000
	103,995	206,156

Notes to the financial statements continued

	2009 \$	2008 \$
Note 7. Trade and other receivables		
Trade receivables	9,270	43,334
Prepayments	5,658	4,778
	14,928	48,112

Note 8. Property, plant and equipment

Plant and equipment

At cost	21,847	21,847
Less accumulated depreciation	(7,364)	(2,504)
	14,483	19,343

Leasehold improvements

At cost	196,396	196,396
Less accumulated depreciation	(21,664)	(6,575)
	174,732	189,821

Total written down amount	189,215	209,164
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Movements in carrying amounts:

Plant and equipment

Carrying amount at beginning	19,343	-
Additions	-	21,847
Disposals	-	-
Less: depreciation expense	(4,860)	(2,504)
Carrying amount at end	14,483	19,343

Leasehold improvements

Carrying amount at beginning	189,821	-
Additions	-	196,396
Disposals	-	-
Less: depreciation expense	(15,089)	(6,575)
Carrying amount at end	174,732	189,821

Total written down amount	189,215	209,164
----------------------------------	----------------	----------------

Notes to the financial statements continued

	2009 \$	2008 \$
Note 9. Intangible assets		
Franchise fee		
At cost	10,000	10,000
Less: accumulated amortisation	(3,000)	(1,000)
	7,000	9,000

Note 10. Deferred tax

Deferred tax asset		
Opening balance	76,582	-
Future income tax benefits attributable to losses	-	75,155
Deferred tax on provisions	-	1,427
Closing balance	76,582	76,582

Note 11. Trade and other payables

Trade creditors	12,034	26,482
Other creditors & accruals	8,628	2,000
	20,662	28,482

Note 12. Provisions

Employee provisions	9,131	6,860
Number of employees at year end	4	4

Note 13. Contributed equity

719,500 Ordinary shares fully paid (2008: 719,500)	719,500	719,500
Less: equity raising expenses	(32,589)	(32,589)
	686,911	686,911

Notes to the financial statements continued

Note 13. Contributed equity (continued)

Rights attached to shares

(a) Voting rights

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

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

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

(b) Dividends

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

(c) Transfer

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

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

Prohibited shareholding interest

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

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

- They control or own 10% or more of the shares in the Company (the "10% limit").
 - In the opinion of the Board they do not have a close connection to the community or communities in which the Company predominantly carries on business (the "close connection test").
 - Where the person is a shareholder, after the transfer of shares in the Company to that person the number of shareholders in the Company is (or would be) lower than the base number (the "base number test").
- The Prospectus is still open but if no further shares are issued the base number is 148. As at the date of this report, the Company had 165 shareholders.

Notes to the financial statements continued

Note 13. Contributed equity (continued)

Prohibited shareholding interest (continued)

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

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

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

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

	2009	2008
	\$	\$
Note 14. Accumulated losses		
Balance at the beginning of the financial year	(173,239)	-
Net loss from ordinary activities after income tax	(151,745)	(173,239)
Dividends Paid	-	-
Balance at the end of the financial year	(324,984)	(173,239)

Notes to the financial statements continued

	2009 \$	2008 \$
Note 15. Statement of cash flows		
Reconciliation of loss from ordinary activities after tax to net cash used in operating activities		
Loss from ordinary activities after income tax	(151,745)	(173,239)
Non cash items:		
- depreciation	19,950	8,079
- amortisation	2,000	2,000
Changes in assets and liabilities:		
- (increase)/decrease in receivables	33,184	(48,112)
- increase in other assets	-	(76,582)
- increase/(decrease) in payables	(227)	25,250
- increase in provisions	2,271	6,860
Net cash flows used in operating activities	(94,567)	(255,744)

Note 16. Auditors' remuneration

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

- audit & review services	4,200	3,000
- non audit services	1,488	18,396
	5,688	21,396

Notes to the financial statements continued

Note 17. Director and related party disclosures

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

Barry John Lansdown
Darryl Edward Baillie
Karen Margaret Mossop
Rosamond Elizabeth Oellermann
Alan Peter Rowe
Gordon Alexander Tuffley
Lauran Mary Baillie (Appointed 28 July 2008)
Claus Peter Josef Paul Wazlawek (Appointed 28 July 2008)
Jennifer Ann McCallan (Appointed 12 June 2009)
Colin Blair Neate (Appointed 12 June 2009)
Sandra Elizabeth Carmichael (Resigned 27 April 2009)
David Harold Churton (Resigned 24 November 2008)
Peter Francis O'Loughlin (Resigned 24 November 2008)
David Murray Blades (Resigned 28 July 2008)

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	2009	2008
Barry John Lansdown	22,001	22,001
Darryl Edward Baillie	34,051	34,051
Karen Margaret Mossop	5,001	5,001
Rosamond Elizabeth Oellermann	3,001	3,001
Alan Peter Rowe	26,001	26,001
Gordon Alexander Tuffley	7,001	7,001
Lauran Mary Baillie (Appointed 28 July 2008)	34,051	34,051
Claus Peter Josef Paul Wazlawek (Appointed 28 July 2008)	2,000	1,000
Jennifer Ann McCallan (Appointed 12 June 2009)	1,000	1,000
Colin Blair Neate (Appointed 12 June 2009)	10,000	10,000
Sandra Elizabeth Carmichael (Resigned 27 April 2009)	-	-
David Harold Churton (Resigned 24 November 2008)	5,001	5,001
Peter Francis O'Loughlin (Resigned 24 November 2008)	1	1
David Murray Blades (Resigned 28 July 2008)	1	1

Notes to the financial statements continued

Note 18. Key management personnel disclosures

No Director of the Company receives remuneration for services as a Company Director or Committee member.

There are no Executives within the Company whose remuneration is required to be disclosed.

	2009 \$	2008 \$
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Note 19. Earnings per share

(a) Loss attributable to the ordinary equity holders of the Company used in calculating earnings per share	(151,745)	(173,239)
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	2009 Number	2008 Number
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(b) Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	719,500	719,500
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Note 20. 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 21. Contingent liabilities

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

Note 22. Segment reporting

The economic entity operates in the service sector where it facilitates **Community Bank**[®] services pursuant to a franchise agreement with Bendigo and Adelaide Bank Ltd. The economic entity operates in one geographic area the Cardwell district of Queensland.

Note 23. Registered office/principal place of business

The registered office and principal place of business is:

Registered office

79-81 Victoria Street,
Cardwell QLD 4849

Principal place of business

79-81 Victoria Street,
Cardwell QLD 4849

Notes to the financial statements continued

Note 24. 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					
	2009 \$	2008 \$	2009 \$	2008 \$	2009 \$	2008 \$	2009 \$	2008 \$	2009 \$	2008 \$	2009 %	2008 %
Financial assets												
Cash assets	36,209	86,146	-	-	-	-	-	-	-	-	0.025	0.05
Term deposit	-	-	67,786	120,000	-	-	-	-	-	-	8.07	7.87
Receivables	-	-	-	-	-	-	-	-	14,928	48,112	N/A	N/A
Financial liabilities												
Payables	-	-	-	-	-	-	-	-	20,662	28,482	N/A	N/A

Directors' declaration

In accordance with a resolution of the Directors of Cardwell & District Community Enterprises Limited, we state that:

In the opinion of the Directors:

- (a) the financial statements and notes of the Company are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Company's financial position as at 30 June 2009 and of its performance for the financial year ended on that date; and
 - (ii) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- (c) the audited remuneration disclosures set out in the remuneration report section of the Directors' report comply with Accounting Standard AASB174 Related Party Disclosures and the Corporations Regulations 2001.

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



Barry John Lansdown
Chairman



Darryl Edward Baillie
Secretary

Signed 12 October 2009.

Independent audit report



Chartered Accountants & Business Advisors

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INDEPENDENT AUDITOR'S REPORT

To the members of Cardwell & District Community Enterprises Limited

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

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

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

Liability limited by a scheme approved under Professional Standards Legislation

Independent audit report continued

Independence

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

Auditor's Opinion on the Financial Report

In our opinion:

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

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the Remuneration Report of Cardwell & District Community Enterprises Limited for the year ended 30 June 2009, complies with section 300A of the Corporations Act 2001.



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

Dated this 12th day of October 2009

Cardwell **Community Bank**[®] Branch
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81 Victoria Street, Cardwell QLD 4849
ABN: 41 127 060 146

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The Bendigo Centre, Bendigo VIC 3550
ABN 11 068 049 178. AFSL 237879. (BMPAR9088) (09/09)