

annual report 2010

Fleurieu Community

Enterprises Ltd

ABN 72 116 550 157

Aldinga Beach **Community Bank**[®] Branch

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Chairman's report

For year ending 30 June 2010

I am pleased to report to you on behalf of the Board of Directors for the year ending 30 June 2010. The Board and staff have maintained their focus on achieving strong growth to the business and the total portfolio. I am pleased to say that we secured Darren Walker for the Manager's position, as well as the very experienced Yvonne Boal as Customer Relationship Manager. They have been supported by a wonderful group of dedicated staff members. Mandy Camac, Tina Allen and Jennifer Standfield continue to offer superior service to our clients and endeavour to meet their financial needs.

Our **Community Bank**[®] branch has continued to have growth, notwithstanding the effects of the global financial crisis. In our case it has had the effect of shrinking our margin income on some products. The Board is mindful of the need to reward our loyal shareholders through the payment of a dividend. However a dividend can only be paid from the profits generated by the business. We will not be issuing any dividend for the year ending June 2010. The Aldinga Beach **Community Bank**[®] Branch has been posting a profit for the past few months and I am more than confident that we will be in a position to pay our first dividend by the end of the financial year.

In October 2009 our **Community Bank**[®] branch hosted a breakfast for businesses and the community to evaluate the various projects our bank should sponsor. There were just over 40 people representing various segments of the community in attendance and there were numerous projects presented. The Directors decided on four of the suggestions and I am pleased to say there is only one left to be actioned by the party involved, which is an Annual Festival in Aldinga Beach.

In the last financial year our **Community Bank**[®] branch sponsored community projects for over \$14,000. Again this money was given to us by Bendigo and Adelaide Bank Ltd. The **Community Bank**[®] network throughout Australia have sponsored more than \$40 million over the last 12 years.

In accordance with the Company constitution three Directors will be retiring and may renominate for the same position. Any shareholder may nominate for a position on the Board. Forms required for nominating were issued with the preliminary AGM notice. The election, if required will take place by those attending the AGM and by those completing the proxy form that accompanies the annual report. I am pleased once again to say that I am satisfied with the work done by all Directors.

Finally on behalf of the Board of Directors I wish to thank all bank staff for their dedication to the bank and customers, the Board of Directors and you the shareholders for your understanding and your contribution to the success of our **Community Bank**[®] branch.

If you have any queries please do not hesitate to ring me on (08) 8528 9299 or 0420 291 068.



Cr. George Apap JP
Chairman

Manager's report

For year ending 30 June 2010

The last 12 months has been an exciting time with the branch continuing to grow, despite several major staff changes during the financial year. We have a new Customer Relationship Manager, Yvonne Boal who has come from Bendigo Bank Colonnades branch and brings with her a wealth of banking experience. I took over the role of Branch Manager officially in January 2010.

As of 30 June 2010 our deposit and loan portfolio has grown to \$43.5 million. The number of customers at our branch has grown to 2,168 – an increase of 14.6%. April also saw the branch celebrate its 4th birthday with free ice cream and face painting for the children. We continue to engage with the various age groups and members of the local community through the different community projects, grants and sponsorship we offer.

Our staff at the branch, continue to serve and deliver exceptional service to both customers and the community. The Aldinga Beach **Community Bank**[®] Branch has increased its involvement in clubs and events in the area. This has raised the profile of the **Community Bank**[®] branch and created an awareness of the fact that our commitment to community is one of our major differences, something of which we are extremely proud.

Thank you to the Board of Directors and shareholders for their continued support and encouragement. However, most importantly, thank you to our customers. Without their support our **Community Bank**[®] branch would not be able to deliver and contribute to the social and economic prosperity of Aldinga Beach and surrounding areas.

Your **Community Bank**[®] branch continues to serve the community, so please keep your support coming so together we can achieve all our goals. I look forward to the pleasure of serving you all in the coming year.



Darren Michael Walker
Branch Manager

Bendigo and Adelaide Bank Ltd report

For year ending 30 June 2010

Now in its 13th year, the **Community Bank**[®] network continues to grow and make significant contributions to local communities right across Australia.

In the 2009/10 financial year 22 new **Community Bank**[®] branches were opened, taking the total number of branches to 259.

More than 545,000 customers chose to support the network with their banking business made up of more than 788,000 accounts, giving the networks a combined banking book of more than \$16.3 billion.

Our **Community Bank**[®] customers have been served by more than 1150 staff that are supported by almost 1700 volunteer Directors.

And these Directors are endorsed by around 63,000 shareholders who have received more than \$14.7 million in dividends, a reward for their belief in the **Community Bank**[®] concept.

All of this support has enabled the **Community Bank**[®] network to return more than \$40.3 million to assist local community groups and projects since the first **Community Bank**[®] branch opened in 1998.

These figures add up to a strong **Community Bank**[®] network, a franchise of the Bendigo and Adelaide Bank Ltd, which like its community partners, continues to flourish attracting more than 10,000 new customers every month.

This has been made possible through the restructure of the bank's executive team under the leadership of Managing Director, Mike Hirst.

At the start of 2010, the world's great economies continued to feel the aftershocks of the Global Financial Crisis. However, Australia's economy remained relatively stable during the turbulent times. While the impact of the GFC was felt by our community owned and operated branches, it is a testament to our business models and partners that our **Community Bank**[®] network continues to develop.

In fact, not only did our network continue to develop, in the past year we have witnessed one of our most successful launch programs to date. We saw a new branch emerge out of the ashes in Kinglake, less than a year after the region was devastated by Victoria's Black Saturday Bushfires.

The Pyrmont **Community Bank**[®] Branch saw us make an inroad into the competitive but lucrative Sydney banking market. And over the next 12 months Bendigo Bank will continue to grow its ATM and branch network in New South Wales, providing further support in boosting the profile of Bendigo's brand in the state.

This year we have also launched Community Snapshots on the Bendigo Bank website. This online initiative shares and highlights the great contributions and tangible outcomes the **Community Bank**[®] network generates for its local communities.

Bendigo and Adelaide Bank Ltd report continued

There has also been a focus on the continued roll out of our Good for Business, Good for Community program, which is an important element of our overall Community Strengthening for the coming year.

Thank you again for your continued commitment and support of the **Community Bank**[®] network.



Russell Jenkins

Executive Customer and Community

Directors' report

For the financial year ended 30 June 2010

Your Directors present their report together with the financial report of the Company for the year ended 30 June 2010.

Directors

The following persons were Directors of Fleurieu Community Enterprises Ltd during the whole of the financial period and up to the date of this report:

G Apap (appointed 6 October 2005)
S Beck (appointed 15 December 2005)
ADR Dutton (appointed 15 December 2005)
NS Looker (appointed 6 October 2005)
AJ Lucey (appointed 15 December 2005)
GF Lucey (appointed 15 December 2005)
JB Martin (appointed 6 October 2005)
PJ Smith (appointed 15 December 2005)
RGM Baxter (Resigned September 2009)
GR Marshall (Resigned October 2009)

George Apap JP

Chairman.

Member of Audit, Financial Management & Governance; Community Grants Program, Marketing and Promotions; Community Vision and AGM Organising Sub-committees.

Elected Member City of Onkaparinga, President of Land Tax and Rate Payers Association of SA, former President Neighbourhood Watch SA of Aldinga Bay, Past Director of Labour Union Retirement Fund, former Union Secretary.

Adam John Lucey

Vice-Chairman.

Chairman of AGM Organising Sub-committee and member of Business Planning, Business Development and Asset Management; Audit, Financial Management & Governance and proxy for Human Resources Sub-committees.

Director of multiple companies with interests in commercial property development, project management and construction. Also holds a builder's licence.

Anthony David Rowley Dutton

Treasurer.

Member of Business Planning, Business Development and Asset Management; Audit, Financial Management & Governance Sub-committees.

Currently owner/operator local accounting and finance practice.

Former Finance Director, many years experience as a Public Accountant and consultant covering most sectors.

Directors' report continued

Narelle Susan Looker

Company Secretary.

Records Manager; member of Audit, Financial Management & Governance; Human Resources; Community Vision and AGM Organising Sub-committees.

Booking Officer Aldinga / Sellicks Community Halls and Treasurer of Management Committee Aldinga Community Centre, Treasurer of the Aldinga Bay Residents Association.

Former Secretary of: the Community Services Board; the Southern Vales Cancer Council, Celebrate Seniors City of Onkaparinga Committee and South Coast Road Safety Group. Retired Psychiatric Nurse.

Stanley Beck

Director.

Member of Audit, Financial Management & Governance; Community Grants Program, Marketing and Promotions and AGM Organising Sub-committees.

Past President of Friends of the Libraries Aldinga, former Treasurer of Sellicks Progress Association, President of the former Sellicks Neighbourhood Watch. Former owner/operator of a wholesale/retail electronics and repair business. Past experience as an importer. Retired.

George Francis Lucey

Director.

Business Planning, Business Development and Asset Management Sub-committee.

Currently Managing Director of a Commercial Property Development and Construction Company. Over 50 years experience in commercial property development and holds a builder's licence.

Patron of Adelaide Polo cross Club.

Graham Richard Marshall

Director.

Member of School Banking and Human Resources Sub-committees.

Currently Operations Manager and Director of an IT Company. Also Director and Financial Controller of a local small business.

Former Operations Manager and National Customer Service Manager of IT companies supporting the hospitality industry.

John Blakiston Martin

Director.

Member of Business Planning, Business Development and Asset Management; Human Resources and Community Vision Sub-committees.

Currently freelance management consultant specialising in Change Management, Project Management, Executive Recruitment and Human Resources.

Qualified architect, project manager, HRM professional and equities trader Past and Present owner/manager of a series of private and public sector consultancy practices.

Directors' report continued

Peter John Smith

Director.

Audit, Financial Management & Governance and Community Grants Program, Marketing and Promotions Sub-committees.

Currently Centre Manager at Aldinga Central Shopping Centre for over 14 years during which time he has developed an extensive network of contacts in the area.

Robert Geoffrey Martin Baxter

Director (elected by Board on 22 April 2009).

Member of Community Vision and School Banking Sub-committees.

Chartered Accountant with 20 years plus of International Banking experience. Senior Manager of Bendigo and Adelaide Bank Ltd, Fund Management Division from March 2007.

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.



Narelle Looker

Company Secretary

Directors' Report

Directors' report continued

Directors' meetings attended

During the financial year, 12 meetings of Directors were held. Attendances by each Director during the year were as follows:

| Names of Directors | Directors' meetings | |
|--------------------|---------------------------|-----------------|
| | Number eligible to attend | Number attended |
| George Apap | 14 | 14 |
| Adam Lucey | 14 | 10 |
| Anthony Dutton | 14 | 13 |
| Narelle Looker | 14 | 14 |
| Stanley Beck | 14 | 13 |
| George Lucey | 14 | 10 |
| Graham Marshall | 4 | 2 |
| John Martin | 14 | 7 |
| Peter Smith | 12 | 10 |
| Robert Baxter | 3 | 1 |

Shareholdings

| Directors | Balance at incorporation | Options exercised | Net change Others * | Balance 30 June 2010 |
|------------------------------|--------------------------|-------------------|---------------------|----------------------|
| George Apap | - | - | - | 2,001 |
| Stanley Beck | - | - | - | 2,001 |
| Anthony Dutton | - | - | - | 1001 |
| Narelle Looker | - | - | - | 1001 |
| Adam Lucey & George Lucey | - - | - - | - - | 65,001 |
| Graham Marshall | - | - | - | 1001 |
| John Martin | - | - | - | 5001 |
| Peter Smith | - | - | - | 10001 |
| Robert Baxter | - | - | - | 0 |

Directors' report continued

Principal activity and review of operations

The principal activity and focus of the Company's operations during the year was the operation of a branch of Bendigo and Adelaide Bank Ltd, pursuant to a franchise agreement.

Operating results

The loss of the Company after providing for income tax amounted to \$20,821.

Dividends paid or recommended

The Company paid or declared for payment dividends of nil during the year.

Significant changes in 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 these financial statements.

After balance date events

No matters or circumstances have arisen since the end of the financial year that 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 financial years.

Future developments

Likely developments in the operations of the Company and the expected results of those operations in future financial years have not been included in this report, as the inclusion of such information is likely to result in unreasonable prejudice to the Company.

Options

No options over issued shares or interests in the Company were granted to Directors or Executives during or since the end of the financial year and there were no options outstanding at the date of this report.

The Directors and Executive do not own any options over issued shares or interests in the Company at the date of this report.

Indemnifying Officers or Auditor

Indemnities have been given, during and since the end of the financial year, for any persons who are or have been a Director or an Officer, but not an Auditor, of the Company. The insurance contract prohibits disclosure of any details of the cover.

Share options

No options over issued shares or interests in the Company were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

Directors' report continued

Environmental issues

The Company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth, State or Territory.

Proceedings on behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Non-audit services

The Board is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for Auditors imposed by the Corporations Act 2002. The Directors are satisfied that the services disclosed below did not compromise the external Auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the Board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the Auditor; and
- the nature of the services provided do not compromise the general principles relating to Auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

The following fees for non-audit services were paid/payable to the external Auditors during the year ended 30 June 2010:

Non Audit services: \$nil

Auditor's Independence Declaration

A copy of the Auditor's independence declaration is included within the financial statements.

Signed in accordance with a resolution of the Board of Directors.



George Apap
Chairman



Narelle Looker
Secretary

Dated this 23 September 2010.

Directors' declaration

The Directors of the Company declare that:

1. the accompanying financial statements and notes are in accordance with the Corporations Act 2001 and:
 - (a) comply with Accounting Standards and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the financial position as at 30 June 2010 and of the performance for the year ended on that date of the Company.
2. the Chief Executive Officer and Chief Finance Officer have each declared that:
 - (a) the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
 - (b) the financial statements and notes for the financial year comply with the Accounting Standards; and
 - (c) the financial statements and notes for the financial year give a true and fair view.
3. in the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



George Apap
Director



Adam Lucey
Director



Anthony Dutton
Director



Narelle Looker
Director



Stanley Beck
Director



George Lucey
Director



Peter Smith
Director



John Martin
Director

Dated this 23 September 2010.


Auditor's independence declaration

AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO DIRECTORS OF
FLEURIEU COMMUNITY ENTERPRISES LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2010 there have been:

- a. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- b. No contraventions of any applicable code of professional conduct in relation to the audit.
assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.


ACCRU HARRIS ORCHARD


BEN WILLINGTON
Partner

Adelaide, SA

Dated: 22/9/2010

Independent audit report



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FLEURIEU COMMUNITY ENTERPRISES LTD 30 JUNE 2010

Report on the Financial Report

We have audited the accompanying financial report of Fleurieu Community Enterprises Ltd (the Company), which comprises the balance sheet as at 30 June 2010, and the income statement, statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes and the director's declaration.

As permitted by the Corporation Regulations 2001, the company has disclosed information about the remuneration of directors and executives (remuneration disclosure), required by Accounting Standard AASB 124: Related Part Disclosure, under the heading 'Remuneration Report' in the directors' report and not in the financial report.

Directors' responsibility for the Financial Report

The directors of the company are responsible for the preparation and true and fair presentation of the financial report and have determined that the accounting policies used and described in Note 1 to the financial statements which form part of the financial report are appropriate to meet the requirements of the *Corporations Act 2001* and are appropriate to meet the needs of the members. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

The financial report has been prepared for distribution to members for the purpose of fulfilling the directors' financial reporting requirements under the *Corporations Act 2001*. We disclaim any assumptions of responsibility for any reliance on this report or on the financial report to which it relates to any person other than the members, or for any purpose other than that for which it was prepared.

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 the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control 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.

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

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Benjamin F Willington
Phillip Mills

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Independent audit report continued



Independence

In concluding our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of Fleurieu Community Enterprises Ltd on 22 September 2010 would be in the same terms if provided to the directors as at the date of this auditor's report.

Auditor's Opinion

In our opinion:

- a) the financial report of Fleurieu Community Enterprises Ltd is in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the company's financial position as at 30 June 2010 and of its performance for the year ended on that date; and
 - ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

Material Uncertainty Regarding Continuation as a Going Concern

Without qualifying our opinion, we draw attention to the fact that the company incurred a net loss of \$20,821, and had negative net operating cash flows of \$12,870 for the year ended 30 June 2010. As of that date the company's equity amounted to \$7,302. These conditions indicate (without the unconditional support by Bendigo Bank as described in Note 1) the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern.

ACCRU+ HARRIS ORCHARD

A handwritten signature in black ink, appearing to read "Ben Willington".

BEN WILLINGTON
Partner

Dated: 28/9/2010

Financial statements

Statement of comprehensive income For the year ended 30 June 2010

| | Note | 2010 \$ | 2009 \$ |
|--|------|-----------------|------------------|
| Revenue | 2 | 436,850 | 287,017 |
| Employee benefits expense | | | |
| Depreciation and amortisation expense | 3 | (17,972) | (19,545) |
| Finance costs | | | |
| Other expenses | 3 | (439,700) | (415,832) |
| Profit before income tax expense | | (20,821) | (146,079) |
| Income tax expense | 4 | - | - |
| Profit attributable to members | | (20,821) | (148,358) |
| Overall operations | | | |
| Basic earnings per share (cents per share) | | (.02) | |
| Diluted earnings per share (cents per share) | | (.02) | |

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 | 5 | 300 | 300 |
| Trade and other receivables | | - | - |
| Other current assets | 6 | 2,229 | 2,483 |
| Total current assets | | 2,529 | 2,783 |
| Non-current assets | | | |
| Property, plant and equipment | 7 | 201,112 | 211,544 |
| Intangible assets | 8 | 1,210 | 5,210 |
| Other non-current assets | | - | - |
| Total non-current assets | | 202,322 | 216,754 |
| Total assets | | 204,851 | 219,537 |
| Current liabilities | | | |
| Trade and other payables | 9 | 1,522 | 10,662 |
| Financial liabilities | 10 | 181,298 | 168,428 |
| Short-term provisions | 11 | 14,729 | 12,324 |
| Total current liabilities | | 197,549 | 191,414 |
| Non-current liabilities | | | |
| Financial liabilities | 10 | - | - |
| Total non-current liabilities | | - | - |
| Total liabilities | | 197,549 | 191,414 |
| Net assets | | 7,302 | 28,123 |
| Equity | | | |
| Issued capital | 12 | 724,815 | 724,815 |
| Accumulated losses | | (717,513) | (696,692) |
| Total equity | | 7,302 | 28,123 |

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of changes in equity For the year ended 30 June 2010

| | Share capital (ordinary shares) | Retained losses \$ | Total \$ |
|---|------------------------------------|-----------------------|----------------|
| Balance at 1 July 2007 | 707,509 | (383,119) | 324,390 |
| Profit attributable to the members of the Company | | (146,079) | (146,079) |
| Dividends paid or provided | | | |
| Balance at 30 June 2008 | 707,509 | (529,198) | 178,311 |
| Balance at 1 July 2008 | 707,509 | (529,198) | 178,311 |
| Profit attributable to the members of the Company | | (148,358) | (148,358) |
| Initial expenses | 17,306 | (17,306) | - |
| Balance at 30 June 2009 | 724,815 | (694,862) | 28,123 |
| Balance at 1 July 2009 | 724,815 | (696,692) | 28,123 |
| Profit attributable to the members of the Company | | (20,821) | |
| Initial expenses | | | |
| Balance at 30 June 2010 | 724,815 | (717,513) | 7,302 |

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 | | | |
| Receipts from customers | | 436,850 | 285,034 |
| Payments to suppliers and employees | | (420,438) | (431,737) |
| Interest received | | - | 1,983 |
| Borrowing costs paid | | (25,742) | (9,156) |
| Net cash provided by/(used in) operating activities | | (9,330) | (153,876) |
| Cash flows from investing activities | | | |
| Payments for plant and equipment | | (3,540) | - |
| Net cash used in investing activities | | - | - |
| Cash flows from financing activities | | | |
| Shares issued | | - | - |
| Dividends paid | | - | - |
| Proceeds from borrowings | | - | - |
| Net cash provided by/(used in) financing activities | | - | - |
| Net increase/(decrease) in cash held | | (12,870) | (153,876) |
| Cash held at the beginning of the financial year | | (168,428) | 124,341 |
| Cash held at the end of the financial year | 5 | (181,298) | (168,428) |

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2010

Note 1. Statement of significant accounting policies

Basis of preparation

The financial report has been prepared on a going concern basis after consideration by the Directors of the following matters:

- (i) The Bendigo and Adelaide Bank Ltd has confirmed that it will support the Company such that it will be in a position to meet its financial obligations for a period of twelve months from the date of this report.

In consideration of the above matters, the Directors believe that it is appropriate to adopt the going concern basis of accounting in the preparation of this financial report.

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report covers Fleurieu Community Enterprises Ltd. as an individual entity. Fleurieu Community Enterprises Ltd. is a listed public Company, incorporated and domiciled in Australia.

The financial report complies with all Australian equivalents to International Financial Reporting Standards (AIFRS) in their entirety.

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

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Accounting policies

(a) Income tax

The change for current income tax expenses is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the year when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Notes to the financial statements continued

Note 1. Statement of significant accounting policies (continued)

Accounting policies (continued)

(a) Income tax (continued)

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(b) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the economic entity includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial year in which they are incurred.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the income statement. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the income statement and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings.

Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to the economic entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

Notes to the financial statements continued

Note 1. Statement of significant accounting policies (continued)

Accounting policies (continued)

(b) Property, plant and equipment (continued)

The depreciation rates used for each class of depreciable assets are:

| Class of fixed asset | Depreciation rate |
|-----------------------------|--------------------------|
| Plant and equipment | 20% |
| Motor vehicles | 25% |
| Leasehold Improvements | 2.5% |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(c) 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 are transferred to entities in the economic 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 year.

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.

(d) Financial instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Notes to the financial statements continued

Note 1. Statement of significant accounting policies (continued)

Accounting policies (continued)

(d) Financial instruments (continued)

Financial assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Derivatives are also categorised as held for trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

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 stated at amortised cost using the effective interest rate method.

Held-to-maturity investments

These investments have fixed maturities, and it is the group's intention to hold these investments to maturity. Any held-to-maturity investments held by the group are stated at amortised cost using the effective interest rate method.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

(e) Impairment of assets

At each reporting date, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(f) Intangibles

Franchise fee

The franchise fee paid by the Company pursuant to a Franchise Agreement with Bendigo and Adelaide Bank Ltd is being amortised over the initial five (5) years period of the agreement, being the period of expected economic benefits of the franchise fee.

Notes to the financial statements continued

Note 1. Statement of significant accounting policies (continued)

Accounting policies (continued)

(g) Employee benefits

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.

(h) Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(i) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

(j) Revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Dividend revenue is recognised when the right to receive a dividend has been established.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

All revenue is stated net of the amount of goods and services tax (GST).

(k) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use of sale.

All other borrowing costs are recognised in income in the period in which they are incurred.

(l) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(m) Comparative figures

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

Notes to the financial statements continued

Note 1. Statement of significant accounting policies (continued)

Accounting policies (continued)

(m) Comparative figures (continued)

Critical accounting estimates and judgments

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

Key estimates – Impairment

The group assesses impairment at each reporting date by evaluating conditions specific to the group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

No impairment has been recognised in respect of intangibles for the year ended 30 June 2010. Should the projected turnover figures be materially outside of budgeted figures incorporated in value-in-use calculations, an impairment loss would be recognised up to the maximum carrying value of intangibles at 30 June 2010 amounting to \$nil

| | 2010 | 2009 |
|-------------------------|----------------|----------------|
| | \$ | \$ |
| Note 2. Revenue | | |
| Franchise margin income | 436,850 | 285,034 |
| Interest revenue | - | 1,983 |
| | 436,850 | 287,017 |

Note 3. Expenses

| | | |
|------------------------------|----------------|----------------|
| Rental on operating lease | 48,750 | 35,250 |
| IT leasing and running costs | 19,614 | 19,545 |
| Other operating expenses | 388,493 | 380,344 |
| Bad debts | 815 | 237 |
| | 457,672 | 435,376 |
| Remuneration of the Auditor | | |
| - Audit services | 6,000 | 7,324 |
| - Other services | | |

Notes to the financial statements continued

Note 4. Income tax expense

No income tax is payable by the Company as it has recouped tax losses previously brought to account for income tax purposes.

At balance date, the Company had tax losses of \$649,800 which are available to offset future years' taxable income.

The future income tax benefit of these tax losses is \$649,800 this benefit has not been recognised as an asset in the statement of financial position as there is not a high probability of its realisation. It was not brought to account in previous years. The benefits will only be obtained if:

- (a) the Company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the loss to be realised;
- (b) the Company continues to comply with the conditions for deductibility imposed by the law; and
- (c) no changes in tax legislation adversely affect the Company in realising the benefit from the deductions for the losses.

| | 2010 | 2009 |
|--|-------------|-------------|
| | \$ | \$ |

Note 5. Cash and cash equivalents

| | | |
|--------------------------|-----|-----|
| Cash at bank and in hand | 300 | 300 |
| Short-term bank deposits | | |

Note 6. Other current assets

| | | |
|----------------|-------|-------|
| GST receivable | - | - |
| Prepayment | 2,229 | 2,483 |

Note 7. Property, plant and equipment

Plant and equipment

| | | |
|--------------------------|--------------|--------------|
| Cost | 17,857 | 14,377 |
| Accumulated depreciation | (12,383) | (9,197) |
| | 5,474 | 5,180 |

Leasehold improvements

| | | |
|--------------------------|----------------|----------------|
| Cost | 198,423 | 198,423 |
| Accumulated depreciation | (20,239) | (15,331) |
| | 178,184 | 183,092 |

Notes to the financial statements continued

| | 2010 \$ | 2009 \$ |
|---|----------------|----------------|
| Note 7. Property, plant and equipment (continued) | | |
| Motor vehicles at cost | | |
| Cost | 31,700 | 31,700 |
| Accumulated depreciation | (14,246) | 8,428 |
| | 17,454 | 23,272 |
| | 201,112 | 211,544 |

Note 8. Intangible assets

| | | |
|--------------------------|--------------|--------------|
| Franchise fee | 18,000 | 18,000 |
| Accumulated amortisation | (16,790) | (12,790) |
| | 1,210 | 5,210 |

Note 9. Trade and other payables

| | | |
|----------------|-------|--------|
| Other payables | 1,522 | 10,662 |
|----------------|-------|--------|

Note 10. Financial liabilities

Current

| | | |
|------------------|----------------|----------------|
| Bank overdraft | 181,297 | 144,168 |
| Chattel mortgage | - | 24,259 |
| Mortgage loan | | |
| | 181,297 | 168,427 |

Non Current

| | | |
|------------------|---|---|
| Chattel mortgage | - | - |
| Mortgage loan | - | - |
| | - | - |

Security:

The bank overdraft and mortgage loan are secured by a floating charge over the Company's assets.

Notes to the financial statements continued

| | 2010 \$ | 2009 \$ |
|--|---------------|---------------|
| Note 11. Provisions | | |
| Provision - employee entitlements | 14,729 | 12,324 |

Note 12. Issued capital

| | | |
|---|----------------|----------------|
| 724,815 ordinary shares fully paid | 724,815 | 724,815 |
|---|----------------|----------------|

Note 13. Related party transactions

Two related party transactions have occurred during the year, namely the provision of Accounting Services and the provision of rented premises. The Directors are satisfied that these have been provided on an arms length basis at Market rates or better.

Note 14. Segment reporting

The Company operates in the financial services sector as a branch of Bendigo Bank in South Australia.

Note 15. Events after the balance sheet date

No matters or circumstances have arisen since the end of the financial year that 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 subsequent financial years.

Note 16. Contingent liabilities

There were no contingent liabilities at the reporting date

| | 2010 \$ | 2009 \$ |
|---|------------|------------|
| Note 17. Leasing commitments | | |
| Non cancellable operating lease commitment contracted for but not capitalised in the financial statements | | |
| Payable | | |
| - Not longer than 1 year | 50,000 | 48,750 |
| - Longer than 1 year but not longer than 5 years | - | 63,334 |

Notes to the financial statements continued

Note 18. Changes in accounting policy

The following Australian Accounting Standards have been issued or amended and are applicable to the parent and consolidated group but are not yet effective. They have not been adopted in preparation of the financial statements at reporting date.

| AASB Amendment | Standards Affected | Outline of Amendment | Application Date of Standard | Application Date for Group |
|--|--|--|-------------------------------------|-----------------------------------|
| AASB 2005-10: Amendments to Australian Accounting Standards | AASB 1: First time adoption of AIFRS | The disclosure requirements of AASB 132: Financial Instruments: Disclosure and Presentation have been replaced due to the issuing of AASB 7: Financial Instruments: Disclosures in August 2005. These amendments will involve changes to financial instrument disclosures within the financial report. However, there will be no direct impact on amounts included in the financial report as it is a disclosure standard. | 1 Jan 2007 | 1 Jan 2007 |
| | AASB 4: Insurance Contracts | | | |
| | AASB 101: Presentation of Financial Statements | | | |
| | AASB 114: Segment Reporting | | | |
| | AASB 117: Leases | | | |
| | AASB 133: Earnings per Share | | | |
| | AASB 1023: General Insurance Contracts | | | |
| | AASB 1038: Life Insurance Contracts | | | |
| AASB 139: Financial Instruments: Recognition and Measurement | | | | |
| AASB 7: Financial Instruments: Disclosures | AASB 132: Financial Instruments: Disclosure and Presentation | As above | 1 Jan 2007 | 1 Jan 2007 |

Note 19. Company details

The registered office and principal place of business of the Company is:

Shop 32, Aldinga Central Shopping Centre,
1 Pridham Boulevard,
Aldinga Beach SA 5173

Aldinga Beach **Community Bank**[®] Branch
Shop 32 Aldinga Beach Shopping Centre,
1 Pridham Boulevard, Aldinga SA 5173
Phone: (08) 8557 8166

Franchisee: Fleurieu Community Enterprises Ltd
PO Box 447, Aldinga Beach SA 5173
Phone: (08) 8557 8166
ABN: 72 116 550 157

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Bendigo and Adelaide Bank Limited,
The Bendigo Centre, Bendigo VIC 3550
ABN 11 068 049 178. AFSL 237879.
(BMPAR10059) (09/10)