

Fleurieu Community
Enterprises Ltd

ABN 72 116 550 157

annual report 2011

Aldinga Beach **Community Bank®** Branch

Aldinga Beach **Community Bank**[®] Branch
Shop 32, Aldinga Beach Shopping Centre,
1 Pridham Boulevard, Aldinga Beach 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

www.bendigobank.com.au/aldinga_beach
Bendigo and Adelaide Bank Limited,
The Bendigo Centre, Bendigo VIC 3550
ABN 11 068 049 178. AFSL 237879.
(BMPAR11028) (07/11)



FLEURIEU COMMUNITY ENTERPRISES LIMITED
ABN 72 116 550 157
Financial Report for the year ended 30 June 2011

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statements and reports



Director

Dated this 27th day of September 2011

CHAIRMAN'S REPORT

For the year ending 30 June 2011

I am pleased, once again, to report to you on behalf of the Directors of the Fleurieu Community Enterprises Limited, for the year ending 30 June 2011. The Board and staff continued to focus on the branch's growth. The Manager, Darren had to go on workers compensation due to work injury on his arm, but I am happy to report that his recovery is progressing satisfactorily. The branch has increased its growth in business and customer numbers and now we have in excess of \$50 million in bank deposits and business.

We are continuing to strive for more business. To this we ask you, the shareholders, to help by suggesting to your relatives and friends to start banking with us. I wish also to ask the shareholders that are not banking with us to consider transferring your accounts with us.

When I started to bring a **Community Bank®** to Aldinga Beach, I was told that we would need \$25 million to start making a profit. Then it became \$35 million and after that it became \$45 million, now we have over \$50 million in accounts and business and we have started to make a profit. We will pay a dividend to shareholders for the first time and I hope that the business will continue to grow so we will be able to increase the dividend each year.

In the last financial year, our **Community Bank®** branch continued to sponsor sporting clubs and community organisation around the district. The money we receive from Bendigo & Adelaide Bank, on the per centum of business we have in the bank each month has reached its maximum. We have reached in excess of \$50 million in banking and that is the maximum amount we can receive for Community Grants. In the last financial year we have granted \$24,000. We are seeking suggestions for worthy local projects.

In accordance with the company constitution three Directors will be retiring and may re-nominate for the same position. Any shareholder may nominate for a position on the Board. Forms required for nomination were issued with the Preliminary Annual General Notice. If required, an election will take place by those attending the Annual General Meeting and by those completing their proxy form that accompanies the Annual Report and Notice of Annual General Meeting. I am pleased to say that I am satisfied with the work done by all Directors.

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

If you have any queries please do not hesitate to ring me on (08) 8556 6326 or 0420 291 068.

Yours sincerely



Cr. George Apap.JP
Chairman
Fleurieu Community Enterprises Limited

Manager's Update

Financial Year ended 30 June 2011

A big thank you to our customers and the local community for their support over the last year. During the year I talked to our customers, community groups and businesses throughout the region about what differentiates our **Community Bank®** branch in the market place. Plainly stated our point of difference revolves around our commitment to invest in the local community. This message is starting to be clearly grasped throughout the area and we must continue to ensure that this difference is understood and reiterated.

The year 2011 saw us reach a significant milestone; the branch's first year profit and our 5th birthday. We continue to grow our customer base, and thus increasing our support in the local community. We are keen to increase this amount and that's where you come in, as the volume we're able to give back depends on the amount of banking the community does with the Aldinga Beach **Community Bank®** Branch. There are still shareholders who choose to bank elsewhere, I invite them to be part of this great community organisation and feel the excitement as the Bank's community investment increases and delivers more positive outcomes in the future.

The branch finished the year with total footings of just over \$52 million with a net profit for the year of \$140,139. Our customer base continues to grow as does the range of products that our customers are taking up with the branch. Our income from insurance sales continue to grow as do sales from our financial planner who is regularly in the branch and his expertise is in high demand.

Our branch is made up of the best staff I could ask for. The commitment to their jobs, the bank, our customers and shareholders is outstanding. Customer service is paramount. We believe this is why our customers are happy to bank with us. All our staff choose to get involved with the local community they live and work in by volunteering or partnering with local organisations. This is just one way our staff continue to ensure we are Australia's leading customer-connected bank.

I would like to personally thank my Board of Directors for their continued support and our business partners Bendigo and Adelaide Bank Ltd. We're looking forward to continuing to make Aldinga Beach and surrounding area's a great place to live, work and to achieve your financial goals.



Darren Michael Walker
Branch Manager

Bendigo and Adelaide Bank Ltd Report

As **Community Bank®** shareholders you are part of something special, a unique banking movement which has evolved into a whole new way of thinking about organising and strengthening community.

Together, we have reached new heights and achieved many great successes, all of which has been underpinned by our commitment and dedication to the communities we're a part of.

Together we're making extraordinary progress, with more than \$58.25 million returned to support community groups and endeavours since the network was established in 1998.

The returns grow exponentially each year, with \$469 thousand returned within the first five years, \$8.15 million within the first eight and \$22.58 million by the end of the first decade of operation. Based on this, we can predict the community returns should top \$100 million within the next three years, which equates to new community facilities, better health care, increased transport services and generally speaking, more prosperous communities.

Together, we haven't just returned \$58.25 million; there is also the flow on economic impact to consider. Bendigo and Adelaide Bank is in the process of establishing an evidential basis that captures the complete picture and the economic outcomes these initiatives generate. However, the tangible outcomes are obvious. We see it in tenanted shops, increased consumer traffic, retained local capital and new jobs but we know that there are broader elements of community strength beyond the economic indicators, which demonstrate the power of our community models.

It is now evident that branches go through a clear maturity phase, building customer support, generating surpluses and establishing a sustainable income stream. This enables Boards to focus less on generating business and more on the community's aspirations. Bendigo is facilitating this through Director engagement and education, community consultations and other community solutions (Community Enterprise Foundation™, Community Sector Banking, Community Telco, Generation Green™ and Community Enterprises) that will provide Boards with further development options.

In Bendigo, your **Community Bank®** Board has a committed and successful partner. Our past efforts and continued commitment to be Australia's leading customer-connected bank, that is relevant, connected and valued, is starting to attract attention and reap rewards.

In January, a Roy Morgan survey into customer satisfaction saw Bendigo Bank achieve an industry leading score among Australian retail banks. This was the first time Bendigo Bank has led the overall results since August 2009.

In May, Fitch Ratings upgraded Bendigo and Adelaide Bank's Long-Term Issuer Default Rating (IDR) to A- from BBB+. This announcement saw us become the first Australian bank – and one of the very few banks globally – to receive an upgrade since the Global Financial Crisis.

Standard & Poor's revised credit rating soon followed seeing Bendigo and Adelaide Bank shift from BBB+ stable, to BBB+ positive. These announcements reflect the hard and diligent work by all our staff, our sound risk management practices, low-risk funding and balance sheet structure, sound capital ratios and a sustained improvement in profitability.

The strength of our business model – based on our commitment to our customers and the communities that we operate in – is being recognised by all three ratings agencies.

Over the past year the bank has also added more than 700 additional ATMs through a network sharing agreement with Suncorp Bank, which further enhances our customers' convenience and expands our footprint across the country. In addition to this a further 16 **Community Bank®** branches were opened.

The bank has also had a renewed focus on business banking and re-launched our wealth management services through Bendigo Wealth, which oversees the Adelaide Bank, Leveraged Equities, Sandhurst Trustees and financial planning offering.

The **Community Bank®** model is unique and successful, it's one of our major points of difference and it enables us to connect with more than 550,000 customers, in excess of 270 communities and make a difference in the lives of countless people.

We are very proud of the model we have developed and we're very thankful for the opportunity to partner with communities to help build their balance sheets.

We thank you all for the part you play in driving this success.



Russell Jenkins
Executive Customer and Community

Directors' Report

Your Directors present their report together with the financial report of the Company for the year ended 30 June 2011.

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)
S James (appointed 24 March 2011)

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 license.

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

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.

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

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.

Shirley James

Treasurer's assistant. Past Treasurer of Aldinga Bay Residents Association, Victorian Ceramic Group and the Fourth National Ceramic Conference. Past President, Treasurer and Life member of Southern Vales Ladies Probus. Currently Treasurer, Off the Slate Galley, Willunga.

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

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	12	10
Adam Lucey	12	11
Anthony Dutton	8	4
Narelle Looker	12	11
Stanley Beck	12	12
George Lucey	12	7
John Martin	10	6
Peter Smith	10	6
Shirley James	4	3

Shareholdings

	Balance at incorporation	Options exercised	Net change Others *	Balance 30 June 2011
Directors				
George Apap	-	-	-	2,001
Stanley Beck	-	-	-	2,001
Anthony Dutton	-	-	-	1001
Narelle Looker	-	-	-	1001
Adam Lucey & George Lucey	-	-	-	65,001
John Martin	-	-	-	5001
Peter Smith	-	-	-	10001
Shirley James	-	-	-	500

Directors' Report

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 Bank, pursuant to a franchise agreement.

Operating results

The profit of the Company after providing for income tax amounted to \$140,139.

Dividends paid or recommended

The Company declared for payment dividends of -01c 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.

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.

The Company has applied however to the SSAT in relation to a dispute with WorkCover. These proceedings if successful will result in compensation from WorkCover for a staff injury.

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 2011:

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 27th day of September 2011

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 2011 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



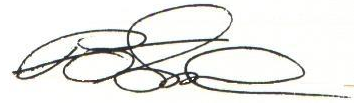
Narelle Looker
Director



Stanley Beck
Director



George Lucey
Director



Peter Smith
Director



John Martin
Director

Dated this 27th day of September 2011

FLEURIEU COMMUNITY ENTERPRISES LIMITED t/a
ALDINGA BEACH COMMUNITY BANK®

FLEURIEU COMMUNITY ENTERPRISES LIMITED
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

Accru⁺
Harris Orchard

To the Directors' of Fleurieu Community Enterprises Limited

Report on the Financial Report

We have audited the accompanying financial report of Fleurieu Community Enterprises Limited. This comprises the balance sheet as at 30 June 2011, the income statement, cash flow statement, statement of changes of equity for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the Fleurieu Community Enterprises Limited are responsible for the preparation and fair presentation of the financial report and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Corporations Act 2001* and is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We have conducted our audit in accordance with Australian Auditing Standards. Those 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 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, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view 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.

Independence

In conducting 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*, which has been given to the directors of Fleurieu Community Enterprises Limited (Date), would be in the same terms if given to the directors as at the time of the auditor's report.

Opinion

In our opinion the financial report of Fleurieu 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 2011 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards to the extent described in Note 1, and the *Corporations Regulations 2001*.

Material Uncertainty Regarding Continuation as a Going Concern

Without qualifying our opinion we draw attention to Company's accumulated net losses. Notwithstanding this year's profit of \$140,139, the Company has accumulated losses of \$577,374 as at 30th June 2011.



BEN WILLINGTON
Dulwich: 4 /10/2011



ACCRU⁺ HARRIS ORCHARD

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Chartered Accountants + Business Advisors
Sydney + Melbourne + Brisbane
Perth + Adelaide + Hobart + Auckland

Partners
Christopher J Marshall
Steven P Moore
James R Orchard
Samuel A Facy
Benjamin F Willington
Phillip Mills

FLEURIEU COMMUNITY ENTERPRISES LIMITED t/a
ALDINGA BEACH COMMUNITY BANK®

**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 2011 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.



ACCRU' HARRIS ORCHARD



BEN WILLINGTON

Partner

Adelaide, SA

Dated: 26/9/2011

INCOME STATEMENT

For the year ended 30 June 2011

	Note	2011 \$	2010 \$
Revenue	2	661,983	436,850
Employee benefits expense			
Depreciation and amortisation expense	3	(14,473)	(17,972)
Finance costs			
Other expenses	3	<u>(507,371)</u>	<u>(439,700)</u>
Profit before income tax expense		140,139	(20,821)
Income tax expense	4	<u>-</u>	<u>-</u>
Profit attributable to members		140,139	(20,821)
<hr/>			
Overall Operations			
Basic earnings per share (cents per share)		-19	(-02)
Diluted earnings per share (cents per share)		-19	(-02)

The accompanying notes form part of these financial statements

BALANCE SHEET

As at 30 June 2011

	Note	2011 \$	2010 \$
CURRENT ASSETS			
Cash and cash equivalents	5	300	300
Trade and other receivables		-	-
Other current assets	6	-	2,229
TOTAL CURRENT ASSETS		<u>300</u>	<u>2,529</u>
NON-CURRENT ASSETS			
Property, plant and equipment	7	189,850	201,112
Intangible assets	8	-	1,210
Other non-current assets		-	-
TOTAL NON-CURRENT ASSETS		<u>189,850</u>	<u>202,322</u>
TOTAL ASSETS		<u>190,150</u>	<u>204,851</u>
CURRENT LIABILITIES			
Trade and other payables	9	2,442	1,522
Financial liabilities	10	21,061	181,298
Short-term provisions	11	19,206	14,729
TOTAL CURRENT LIABILITIES		<u>42,709</u>	<u>197,549</u>
NON-CURRENT LIABILITIES			
Financial liabilities	10	-	-
TOTAL NON-CURRENT LIABILITIES		<u>-</u>	<u>-</u>
TOTAL LIABILITIES		<u>42,709</u>	<u>197,549</u>
NET ASSETS		<u>147,441</u>	<u>7,302</u>
EQUITY			
Issued capital	12	724,815	724,815
Accumulated losses		<u>(577,374)</u>	<u>(717,513)</u>
TOTAL EQUITY		<u>147,441</u>	<u>7,302</u>

The accompanying notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2011

	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			
	707,509	(529,198)	178,311
Balance at 30 June 2008			
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)	-
	724,815	(694,862)	28,123
Balance at 30 June 2009			
Balance at 1 July 2009	724,815	(696,692)	28,123
Profit attributable to the members of the Company		(20,821)	
Initial Expenses			
	724,815	(717,513)	7,302
Balance at 30 June 2010			
Balance at 1 July 2010	724,815	(717,513)	7,302
Profit attributable to the members of the Company		140,139	
Initial Expenses			
	724,815	(577,374)	147,441
Balance at 30 June 2011			

The accompanying notes form part of these financial statements

CASH FLOW STATEMENT

For the year ended 30 June 2011

	Note	2011 \$	2010 \$
Cash flows from operating activities			
Receipts from customers		661,983	436,850
Payments to suppliers and employees		(501,746)	(420,438)
Interest Received		-	-
Borrowing costs paid		<u> </u>	<u>(25,972)</u>
Net cash provided by/(used in) operating activities		160,037	(9,330)
		<u> </u>	<u> </u>
Cash flows from investing activities			
Payments for plant and equipment		<u> </u>	<u>(3,540)</u>
Net cash used in investing activities		-	-
		<u> </u>	<u> </u>
Cash flows from financing activities			
Shares Issued		-	-
Dividends paid		-	-
Proceeds from borrowings		<u> </u>	<u> </u>
Net cash provided by/(used in) financing activities		-	-
		<u> </u>	<u> </u>
Net increase/(decrease) in cash held		160,037	(12,870)
Cash held at the beginning of the financial year		<u>(181,298)</u>	<u>(168,428)</u>
Cash held at the end of the financial year	10	<u>(21,061)</u>	<u>(181,298)</u>

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2011

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 Bank 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 unlisted 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.

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.

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

<i>Class of Fixed Asset</i>	<i>Depreciation Rate</i>
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.

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 Bank is being amortised over the initial five (5) years period of the agreement, being the period of expected economic benefits of the franchise fee.

(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.

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 2011. 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

	2011 \$	2010 \$
2. Revenue		
Franchise Margin Income	661,983	436,850
Interest Revenue	-	-
	<u>616,983</u>	<u>436,850</u>
3. Expenses		
Rental on operating lease	62,115	48,750
IT leasing and running costs	20,984	19,614
Other operating expenses	423,004	388,493
Bad debts	1,268	815
	<u>507,371</u>	<u>457,672</u>
Remuneration of the auditor		
- Audit services	6,000	6,000
- Other services		
	<u></u>	<u></u>
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.

	2011 \$	2010 \$
5. Cash and cash equivalents		
Cash at bank and in hand	300	300
Short-term bank deposits	-	-
	<u>300</u>	<u>300</u>
6. Other current assets		
GST receivable	-	-
Prepayment	-	2,229
	<u>-</u>	<u>2,229</u>
7. Property, plant and equipment		
Plant and equipment		
Cost	3,540	17,857
Accumulated depreciation	(366)	(12,383)
	<u>3,174</u>	<u>5,474</u>
Leasehold Improvements		
Cost	198,423	198,423
Accumulated Depreciation	(24,738)	(20,239)
	<u>173,685</u>	<u>178,184</u>
Motor Vehicles at cost		
Cost	31,700	31,700
Accumulated Depreciation	(18,710)	(14,246)
	<u>12,990</u>	<u>17,454</u>
	<u>189,849</u>	<u>201,112</u>

8. Intangible Assets

Franchise Fee	18,000	18,000
Accumulated Amortisation	(18,000)	(16,790)

	-	1,210
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9. Trade and other payables

Other Payables	2,442	1,522
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10. Financial liabilities

Current		
Bank overdraft	21,061	181,298
Chattel Mortgage	-	-
Mortgage loan		

	21,061	181,298
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Non Current		
Chattel Mortgage	-	-
Mortgage loan	-	-

	-	-
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Security:

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

11. Provisions

Provision - Employee Entitlements	19,206	14,729
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12. Issued Capital

724,815 ordinary shares fully paid	724,815	724,815
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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.

14. Segment reporting

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

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.

16. Contingent liabilities

There were no contingent liabilities at the reporting date

17. Leasing commitments

Non cancellable operating lease commitment contracted for but not capitalised in the financial statements

Payable

- Not longer than 1 year	62,232	50,000
- Longer than 1 year but not longer than 5 years	<u>-</u>	<u>-</u>

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.

FLEURIEU COMMUNITY ENTERPRISES LIMITED t/a
ALDINGA BEACH COMMUNITY BANK®

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 July 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 7: Financial Instruments: Disclosures	AASB 1038: Life Insurance Contracts	As above	1 Jan 2007	1 July 2007
	AASB 139: Financial Instruments: Recognition and Measurement			
	AASB 132: Financial Instruments: Disclosure and Presentation			

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