annual report 2009

Heidelberg District
Community Enterprise Limited
ABN 62 095 312 744

East Ivanhoe and Heidelberg
Community Bank® branches of Bendigo Bank

Contents

Chairman's report

For year ending 30 June 2009

It is with pleasure that I present this ninth annual report of Heidelberg District Community Enterprise Ltd to shareholders.

The 12 months from July 2008 to June 2009 has had many highlights.

In the transition from a one branch to a two-branch Company, a change of name was needed to better reflect the expanded area to be serviced. The change from East Ivanhoe Community Corporation Ltd. to Heidelberg District Community Enterprise Ltd. was approved at an extraordinary shareholders meeting in May 2009. In addition in preparation of issuing a prospectus and taking on new shareholders the Company underwent a revaluation. Under guidance from Richmond, Synnott and Delahunty the Board approved a bonus issue of 1.3 shares for each share held. This increased our total shares from 477,560 to 1,098,386.

Our vision

Our vision is to be a key element in the success of our community's development, sustainability and prosperity. We will provide a level of service and community involvement that has people feeling left out if they are not banking with either Heidelberg **Community Bank®** Branch or East Ivanhoe **Community Bank®** Branch.

Our mission

Our mission is:

- To grow a sound and profitable banking facility for the Heidelberg, East Ivanhoe and surrounding communities
- To provide value for our shareholders, staff, customers and the community and
- To support community programs and groups in providing key benefits to their communities.

Current position

I proudly announce to you the 2008/09 year profit as $168,791 before income tax. This is a reduction on last year's profit before tax of $281,238. The reduction is a result of reduction in margins due to the Global Financial Crisis and an "impairment loss" where the Board choose to revalue its property asset in light of current economic conditions.

This profit is reached after deducting our annual allocation toward community grants and sponsorships which this year totalled $194,722.

During the last 12 months the number of accounts operated at the branch has grown and the value of our banking book has increased from $114,500,000 to $150,000,000.

At 30 June, Heidelberg District Community Enterprise Ltd had healthy retained earnings of $374,440.

Chairman's report continued

We believe the Company is sound, is governed well, that Bendigo and Adelaide Bank Ltd provide a great product and we as a business provide exemplary service.

Management and staff

Our highly experienced team are critical players in the successful results that we are enjoying. They are our windows to the community providing excellent service to our valuable customer base. Our team is led by Noel Donnelly who has served with the Company since we began in 2001, Customer Service Supervisor – Julie Bullen, Customer Relations Officer – Jo-Ann Downey, Customer Service Officers – Debbie, Sylvia, Amy, Kerryn, Nita, Carole and Emilia. The Board acknowledge and appreciate the energy and enthusiasm that the staff have for the **Community Bank®** concept, and the strong commitment to our Company's vision and values.

Business initiatives and development

This year we have continued to focus on spreading the story of our community contributions, creating greater awareness among the community and through this improving our business. In the last financial year the Board resolved to look at the opportunity of expanding with a second branch into the Burgundy Street area of Heidelberg.

The Heidelberg Steering Committee was formed in September 2008. This hardworking committee chaired by Brett Purchase has achieved outstanding results in an incredibly short period of time. The steering committee members were Brian Simpson, Jennifer Christiansen, Russell Hutchins, David Tregear, Jason Dwyer, David Mayne, Darren Pearce, Lyn Scott, Deb Parry, Paul Gittings and Andy Harris.

Community contributions

During this 12 month period East Ivanhoe **Community Bank®** Branch has supported the community with a figure of $194,722. The breakdown of this figure has been:-

- $46,580 toward sponsorships and donations
- $148,142 towards grants to different local not-for-profit organisations.

See the table at the end of this report for a detailed list of recipients.

A memorable evening was held in September 2008 when we allocated our Annual Grants to the recipients. Each group described their key focus and how their East Ivanhoe **Community Bank®** Branch grant was to be used.

Through our sponsorship and grants program we are building a healthier business as the return on this investment into our community is realised. It is our aim is to maximise this return on our community investment.

Shareholders

Thank you for your support. You are ambassadors of our **Community Bank®** branches and of the tangible benefits it brings to our community. We want you to help us spread the word and to encourage others to support the bank that supports your community.

Chairman's report continued

Proudly, in this our ninth year of operation, the Board of Directors has announced a dividend of 2¢ per share fully franked for 2009. This is our sixth successive dividend allocation. Since 30 June 2009 our shares has increased from 477,560 to 2,398,386 with an increase of shareholders from 230 to 442 shareholders.

See the table at the end of this report for a look at our past dividend allocation. We remind you that trading of our shares is on the open market at the Bendigo Stock Exchange.

The Board of Directors join me in encouraging those shareholders who are not yet banking with the East Ivanhoe or Heidelberg **Community Bank®** branches of Bendigo Bank that you consider doing so. For those who are enjoying the **Community Bank®** experience we encourage you to share this with family and friends.

Board of Directors

This past year has seen numerous changes to Board personnel. We have warmly welcomed four new members who have transitioned from the Heidelberg steering committee to Board positions. Jennifer Christiansen, Russell Hutchins, David Mayne, Brian Simpson. This takes the number of Directors on the Board to 12.

All Board members share positions on the following Sub Committees; Human Resource, Audit & Governance, Marketing and Sponsorship, Grants, and Business Development. This year Directors have attended various professional development seminars and workshops held throughout the year including New Branch conference, State and National **Community Bank®** Conferences and New Director Seminars.

In the role as Chairman, I am grateful for the support of Deputy Chairman, Graham Norman and Company Secretary, John Nelson, along with all Board members. Our Board members contribute generously of their time. Together we embrace the **Community Bank®** philosophy and work cooperatively toward achieving our goals. We continue to act on a voluntary base in the capacity of Directors on the Heidelberg District Community Enterprise Board, although the time involved and commitment given is most significant.

I look forward to our Annual General Meeting with shareholders on Tuesday 10 November 2009.

Nancy Louise Caple

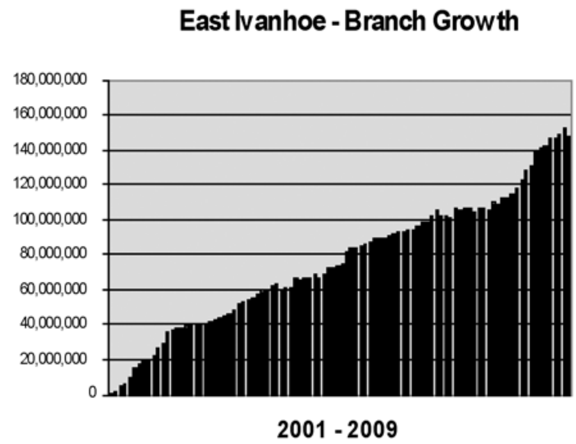
Chairman

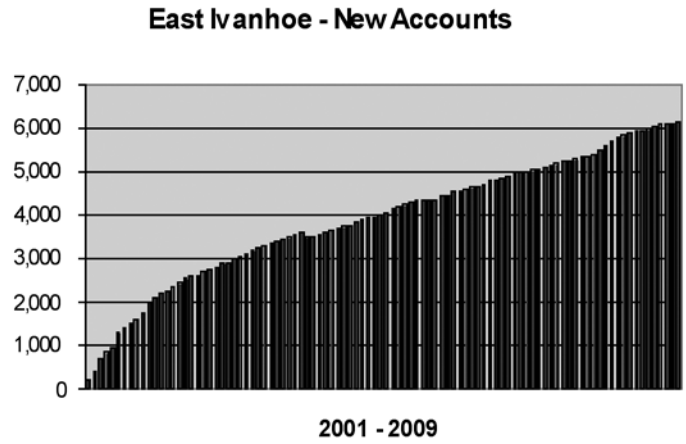
Manager's report

For year ending 30 June 2009

Business has continued to grow with our book now in excess of $145 million and we have in excess of 6,000 accounts. This is a continuing growth trend on both levels and shows the continued support our community is providing to their **Community Bank®** branch.

We had our best year so far, with growth in excess of $30 million – a fantastic effort by all involved with the Global Financial Crisis and falling margins causing concerns in the financial markets.





We celebrated our 8th birthday in May – another great event for our community.

As we continue to grow and tell and re-tell our community story, the local community is gaining a better understanding of how our business supports them. We benefit not just customers, but also provide funding by way of sponsorship and grants to our local community. The more we grow the more support our local community receives. It is exciting for our staff to be involved in supporting our community.

I would like to thank the shareholders, Directors and customers, who have all combined to assist with our growth and success.

Manager's report continued

I acknowledge and thank the staff for their excellent support and service, without them we would not have a successful branch.

We look forward to the exiting challenge of developing and growing our new branch in Heidelberg. We look forward to the Heidelberg community support, similar to the East Ivanhoe community over the past eight years.

We encourage you to continue to spread the word about your local East Ivanhoe and Heidelberg **Community Bank®** branches.

Noel Donnelly
Branch Manager

Bendigo and Adelaide Bank Ltd report

For year ending 30 June 2009

2008/09 will go down as one of the most tumultuous financial years in history. The global financial crisis and its aftermath wiped trillions of dollars off the world's net wealth. Some of the biggest names in international banking disappeared; many other banks – vastly bigger than Bendigo and Adelaide Bank Ltd – turned to governments to bail them out. Not surprisingly, confidence sagged, reflected in rising unemployment and stock markets falling by around half their former valuations.

In short, we have seen the biggest financial meltdown since the Great Depression of nearly 80 years ago.

Amidst all that turmoil, though, our grassroots banking movement marched steadily on. Twenty new **Community Bank®** branches joined Bendigo and Adelaide Bank Ltd's national network. Around 120,000 new customers switched to the Bendigo style of banking. And 70 more communities continued their local campaign to open a **Community Bank®** branch.

Those statistics are impressive in themselves, but it is the story behind them that is really important.

That's the story of ordinary people – an awful phrase, but you know what I mean – who inherently understand that the role of a bank is to feed into prosperity, rather than profit from it. That lesson was forgotten by many bankers across the globe, with devastating consequences. But it is now well understood by the residents of 237 towns and suburbs that own their own **Community Bank®** branch, because every day they see the fruits of their investment in locally owned banking.

Again, the statistics are impressive enough – $29 million paid out in community projects and nearly $11 million in local shareholder dividends. But again, the real stories lie behind the numbers – new community centres and fire trucks, more local nurses, new walking tracks and swimming pools, safer young drivers, more trees and fewer wasteful incandescent globes, innovative water-saving projects… the list goes on.

And of course more money retained and spent locally. And more jobs. Fifteen hundred or so just in the branches alone. More because of the flow-on, or multiplier, effect of those wages being spent locally. And yet more because of the extra shopping now done in communities made more prosperous and active by having their own bank branch.

Community Bank® branches have not escaped the fallout from the global turmoil. Like Bendigo and Adelaide Bank Ltd, they have received less income than in normal times. But also like Bendigo and Adelaide Bank Ltd, they have not needed anyone's help to get through this crisis. And every day we are reminded that banks that are relevant and connected locally will be valued by their customers and communities. For the better of all.

Russell Jenkins
Chief General Manager

Directors' report

For year ending 30 June 2009

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

Directors

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

Nancy Louise Caple
Chairman
Retailer

Graham Peter Norman
Treasurer
Chartered Accountant

John Kenneth Nelson
Secretary
Chartered Accountant

Evelyn Stagg
Director
Teacher

Alexander Aaron Harris
Director
Building Contractor

Cameron David Bragg
Director
Manager

Catherine Richmond
Director
Lecturer

Paul Anthony Gittings
Director
Retired Real Estate Agent

Jennifer Sonia June Christiansen
Director (Appointed 20 April 2009)
Palliative Care Co-Ordinator

Russell James Hutchins
Director (Appointed 20 April 2009)
IT Commercial Manager

David John Mayne
Director (Appointed 20 April 2009)
Communication Consultant

Brian Thomas Simpson
Director (Appointed 20 April 2009)
Retired Bank Executive

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

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

Directors interests in shares in the Company are disclosed in Note 20 to the financial statements.

Company Secretary

The Company Secretary is John Kenneth Nelson. John was appointed to the position of Secretary on 1 August 2007. John is a Chartered Accountant and has 35 years experience in industry accounting. He has had extensive corporate secretariate knowledge including previously performing the role as Company Secretary for a public Company.

Principal activities

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

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

Operating results

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

	Year ended 30 June 2009 $	Year ended 30 June 2008 $
	84,834	194,740

	Year ended 30 June 2009	
Dividends	**Cents**	**$**
Dividends paid in the year from 2008 profits as recommended and provided for in last year's report:		
- Franked dividend	13	62,083

An amount of $124,166 recommended and disclosed in the 2008 report of which half was paid pre 30 June 2008 and the balance after 30 June 2008 (as disclosed in Note 22).

Significant changes in the state of affairs

During last year, the Board identified the prospect of expanding the business by the possible opening of a second **Community Bank®** branch in Heidelberg.

The process of community consultation, which commenced in May 2008, continued during the year and included completion of a pledge process and a community feasibility study, both designed to measure the level of community support for a new **Community Bank®** branch in Heidelberg.

After positive outcomes from this process, it was decided to seek additional capital to fund this expansion by the issuance and allocation of new shares in the Company.

In order to ensure maintained equity interest of existing shareholders, an independent valuation of the Company was undertaken and the Board resolved to make a bonus issue to existing shareholders, awarding 1.3 bonus shares for every share held as at 19 May 2009. Bonus share certificates were issued and despatched on 17 June 2009.

The Australian Securities and Investment Commission approved a prospectus developed to offer new shares in the Company and this document was launched in Heidelberg on 16 of July 2009. The prospectus was fully subscribed and 1,200,000 shares at a par value of $1.00 were alloted on 22 Septmeber 2009.

Significant changes in the state of affairs (continued)

The new **Community Bank®** branch in Heidelberg was opened by Robert Musgrove, General Manager, Community & Partners on Wednesday 16 September 2009 and the branch opened for normal business on Thursday 17 September 2009.

To reflect the expansion of the **Community Bank®** Company to include Heidelberg, the name of the Company was changed to Heidelberg District Community Enterprise Limited, as voted on and passed at the Extraordinary Meeting held on 19 May 2009.

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

Matters subsequent to the end of the financial year

Apart from the effects of changes to the Company outlined above, there are no other matters or circumstances that have arisen since the end of the financial year that have significantly affected or may significantly affect in future year the operations of the Company, the results of those operations or the state of affairs of the Company.

Likely developments

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

Environmental regulation

The Company is not subject to any significant environmental regulation.

Indemnification and insurance of Directors and Officers

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

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

Indemnification of Auditor

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been Auditor of the Company.

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.

Directors' report continued

Corporate governance

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

(a) The establishment of an audit committee. Members of the audit committee are John Nelson (Convenor), Graham Norman, Katherine Richmond, Russell Hutchins and Brian Simpson.

(b) Director approval of operating budgets and monitoring of progress against these budgets;

(c) Ongoing Director training; and

(d) Monthly Director meetings to discuss performance and strategic plans.

Remuneration report

This report details the nature and amount of remuneration for each Director of Heidelberg District Community Enterprise Limited, and for the executives receiving the highest remuneration.

Remuneration policy

<u>Directors</u>

No Director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the Company, controlled entity or related body corporate with a Director, a firm which a Director is a member or an entity in which a Director has a substantial financial interest except as disclosed in note 20 to the financial statements. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by Directors shown in the Company's accounts, or the fixed salary of a full-time employee of the Company, controlled entity or related body corporate.

<u>Key management personnel remuneration policy</u>

Key management personnel receive a base salary (which is based on factors such as length of service and experience), superannuation and performance incentives.

Key management personnel also receive a superannuation guarantee contribution required by the government, which is currently 9%, and do not receive any other retirement benefits. Some individuals, however, have chosen to sacrifice part of their salary to increase payments towards superannuation.

The contracts for service between the Company and key management personnel are on a continuing basis, the terms of which are not expected to change in the immediate future. Upon retirement key management personnel are paid employee benefit entitlements accrued to date of retirement.

Key management personnel compensation is disclosed in Note 19 to the financial statements.

Directors' report continued

Directors' meetings

The number of Directors' meetings attended by each of the Directors of the Company during the year were:

	Number of Board meetings eligible to attend	Number attended
Nancy Louise Caple	14	12
Graham Peter Norman	14	13
John Kenneth Nelson	14	13
Evelyn Stagg	14	12
Alexander Aaron Harris	14	12
Cameron David Bragg	14	12
Catherine Richmond	14	12
Paul Anthony Gittings	14	11
Jennifer Sonia June Christiansen (Appointed 20 April 2009)	5	4
Russell James Hutchins (Appointed 20 April 2009)	5	4
David John Mayne (Appointed 20 April 2009)	5	4
Brian Thomas Simpson (Appointed 20 April 2009)	5	4

Auditors' independence declaration

A copy of the Auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 12.

Signed in accordance with a resolution of the Board of Directors at East Ivanhoe, Victoria on 28 September 2009.

Nancy Louise Caple
Chairman

John Kenneth Nelson
Secretary

Auditor's independence declaration

McBain
McCartin & Co

Chartered Accountants
Audit & Assurance Services

PO Box 82 Balwyn
Victoria, Australia 3103

ABN 26 028 714 960

AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF HEIDELBERG DISTRICT COMMUNITY ENTERPRISE LIMITED
(formerly EAST IVANHOE COMMUNITY CORPORATION LIMITED)

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2009 there have been:

1 no contraventions of the auditor's independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

2 no contraventions of any applicable code of professional conduct in relation to the audit.

McBain McCartin & Co

McBain McCartin & Co
Chartered Accountants

David W McBain (FCA, CPA)
Partner

Dated this 17th day of September 2009

123 Whitehorse Rd
BALWYN VIC 3103

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Financial statements

Income statement
For year ending 30 June 2009

	Note	2009 $	2008 $
Revenues from ordinary activities	3	1,155,436	1,125,559
Salaries and employee benefits expense		(408,730)	(366,417)
Charitable donations, sponsorship, advertising & promotion		(167,385)	(207,116)
Occupancy and associated costs		(84,020)	(86,468)
Systems costs		(25,873)	(26,634)
Depreciation and amortisation expense	4	(22,121)	(12,516)
Impairment of fixed asset	4	(99,647)	-
Finance costs	4	(52,551)	(14,416)
General administration expenses	4	(126,318)	(130,754)
Profit before income tax expense		**168,791**	**281,238**
Income tax expense	5	(83,957)	(86,498)
Profit for the period		**84,834**	**194,740**
Profit attributable to members of the entity		**84,834**	**194,740**

Earnings per share (cents per share)		**¢**	**¢**
- basic earnings per share	23	16.98	40.78
- diluted earnings per share	23	16.98	40.78
- dividends per share	22	13	26

The accompanying notes form part of these financial statements.

Balance sheet
As at 30 June 2009

	Note	2009 $	2008 $
Assets			
Current assets			
Cash assets	6	342,311	194,870
Current tax assets	7	4,183	2,128
Trade and other receivables	8	120,443	124,490
Total current assets		**466,937**	**321,488**
Non-current assets			
Property, plant and equipment	9	1,069,699	1,187,883
Intangible assets	10	3,833	5,833
Deferred tax assets	11	15,293	10,593
Total non-current assets		**1,088,825**	**1,204,309**
Total assets		**1,555,762**	**1,525,797**
Liabilities			
Current liabilities			
Trade and other payables	12	84,172	55,785
Borrowings	13	28,684	5,332
Provisions	14	45,355	77,331
Total current liabilities		**158,211**	**138,448**
Non-current liabilities			
Borrowings	13	574,784	604,668
Provisions	14	7,162	20,065
Total non-current liabilities		**581,946**	**624,733**
Total liabilities		**740,157**	**763,181**
Net assets		**815,605**	**762,616**
Equity			
Contributed equity	15	441,165	473,010
Retained earnings	16	374,440	289,606
Total equity		**815,605**	**762,616**

The accompanying notes form part of these financial statements.

Statement of cash flows
As at 30 June 2009

	Note	2009 $	2008 $
Cash flows from operating activities			
Receipts from customers		1,249,387	1,083,232
Payments to suppliers and employees		(888,249)	(784,600)
Interest expense		(52,551)	(14,416)
Interest received		15,695	32,344
Income taxes paid		(90,502)	(112,831)
Net cash provided by operating activities	**17**	**233,780**	**203,729**
Cash flows from investing activities			
Payments for property, plant and equipment		(1,584)	(1,132,973)
Net cash used in investing activities		**(1,584)**	**(1,132,973)**
Cash flows from financing activities			
Proceeds from borrowings		-	610,000
Repayment of borrowings		(6,532)	-
Payment for share issue costs		(16,140)	-
Dividends paid		(62,083)	(62,083)
Net cash provided by/(used in) financing activities		**(84,755)**	**547,917**
Net increase/(decrease) in cash held		**147,441**	**(381,327)**
Cash at the beginning of the financial year		194,870	576,197
Cash at the end of the financial year	**6(a)**	**342,311**	**194,870**

The accompanying notes form part of these financial statements.

Statement of changes in equity
As at 30 June 2009

	Note	2009 $	2008 $
Total equity at the beginning of the period		762,616	692,042
Net profit for the period		84,834	194,740
Net income/expense recognised directly in equity		-	-
Total income and expense recognised by the entity		**84,834**	**194,740**
Dividends provided for or paid		-	(124,166)
Shares issued during period		-	-
Preliminary share issue expenses	15	(31,845)	-
Total equity at the end of the period		**815,605**	**762,616**

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ending 30 June 2009

Note 1. Summary of significant accounting policies

Basis of preparation

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

The financial report covers Heidelberg District Community Enterprise Limited as an individual entity. Heidelberg District Community Enterprise Limited is a Company limited by shares, incorporated and domiciled in Australia.

The financial report is presented in Australian dollars. Both the functional and presentation currency is Australian dollars ($).

Heidelberg District Community Enterprise Limited shares are publicly traded on the Bendigo Stock Exchange.

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

Statement of compliance

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

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

Revenue

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

Goods and services tax

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

Note 1. Summary of significant accounting policies (continued)

Goods and services tax (continued)

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

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

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

Income tax

Current tax

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

Deferred tax

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

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

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

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

Notes to the financial statements continued

Note 1. Summary of significant accounting policies (continued)

Income tax (continued)

Current and deferred tax for the period

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

Employee entitlements

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

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

Intangibles

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

Cash

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

Comparative figures

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

Property, plant and equipment

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

Notes to the financial statements continued

Note 1. Summary of significant accounting policies (continued)

Property, plant and equipment (continued)

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

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

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

Critical accounting estimates and judgements

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

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

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

Payment terms

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

Trade receivables and payables

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

Borrowings

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

Notes to the financial statements continued

Note 1. Summary of significant accounting policies (continued)

Financial instruments

Recognition and initial measurement

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

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

Derecognition

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

Classification and subsequent measurement

(i) Loans and receivables

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

(ii) Held-to-maturity investments

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

(iii) Financial liabilities

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

Impairment

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

Leases

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

Notes to the financial statements continued

Note 1. Summary of significant accounting policies (continued)

Leases (continued)

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.

Provisions

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

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

Contributed equity

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

Earnings per share

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

Authorised for issue

The financial report was authorised for issue on 28 September 2009 by the Board of Directors.

New accounting standards and interpretations

There is no direct impact on the entity's financial statements for the year ended 30 June 2009 arising from accounting standards issued but not effective at the reporting date.

Note 2. Financial risk management

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

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

(i) Market risk

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

(ii) Price risk

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

(iii) Credit risk

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

(iv) Liquidity risk

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

(v) Cash flow and fair value interest rate risk

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

(vi) Capital management

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

Note 2. Financial risk management (continued)

(vi) Capital management (continued)

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

(i) the Distribution Limit is the greater of:

(a) 20% of the profit or funds of the Franchisee otherwise available for distribution to shareholders in that 12 month period; and

(b) subject to the availability of distributable profits, the Relevant Rate of Return multiplied by the average level of share capital of the Franchisee over that 12 month period; and

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

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

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

	2009 $	2008 $
Note 3. Revenue from ordinary activities		
Operating activities:		
- services commissions	1,104,557	1,082,131
- other revenue	-	-
Total revenue from operating activities	**1,104,557**	**1,082,131**
Non-operating activities:		
- interest received	13,371	36,208
- rental revenue	37,508	7,220
Total revenue from non-operating activities	**50,879**	**43,428**
Total revenues from ordinary activities	**1,155,436**	**1,125,559**

Notes to the financial statements continued

	2009 $	2008 $

Note 4. Expenses

	2009 $	2008 $
Depreciation of non-current assets:		
- plant and equipment	10,771	10,516
- capital works deduction	9,350	-
Amortisation of non-current assets:		
- franchise agreement	2,000	2,000
	22,121	**12,516**
Rental expense on operating leases - minimum lease payments	**65,724**	**66,119**
Impairment of fixed assets (from revaluation of land and buildings)	**99,647**	**-**
Finance costs:		
- interest paid	**52,551**	**14,416**
Bad debts	**1**	**6**

Note 5. Income tax expense

	2009 $	2008 $
(a) The component of tax expense comprise:		
Current tax	88,657	87,743
Deferred tax	(4,700)	(1,245)
	83,957	**86,498**
(b) The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Operating profit	168,791	281,238
Prima facie tax on profit from ordinary activities at 30%	50,637	84,371
Add tax effect of:		
• non-deductible expenses	600	600
• timing difference expenses (impairment)	29,894	-
• investment deduction	(238)	-
• other timing differences	3,064	1,527
Income tax expense on operating profit	**83,957**	**86,498**

Notes to the financial statements continued

	2009 $	2008 $

Note 6. Cash assets

Cash at bank and on hand	164,900	29,197
Term deposits	177,411	165,673
	342,311	**194,870**

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

6(a) Reconciliation of cash

Cash at bank and on hand	164,900	29,197
Term deposit	177,411	165,673
	342,311	**194,870**

Note 7. Current tax assets

Current tax refundable	**4,183**	**2,128**

Note 8. Trade and other receivables

Trade receivables	98,215	91,515
Sundry debtors & prepaid expenses	22,228	32,975
	120,443	**124,490**

Note 9. Property, plant and equipment

Plant and equipment

At cost	180,006	178,422
Less accumulated depreciation	(110,307)	(99,536)
	69,699	**78,886**

Notes to the financial statements continued

	2009 $	2008 $
Note 9. Property, plant and equipment (continued)		
Land & buildings		
Land - at cost	361,000	-
Buildings - at cost	747,997	1,108,997
Less: accumulated amortisation	(9,350)	-
Less: impairment (Director valuation)	(99,647)	-
	1,000,000	**1,108,997**
Total written down amount	**1,069,699**	**1,187,883**
Movements in carrying amounts:		
Plant and equipment		
Carrying amount at beginning	78,886	67,537
Additions	1,584	23,199
Disposals	-	(1,334)
Less: depreciation expense	(10,771)	(10,516)
Carrying amount at end	**69,699**	**78,886**
Land & buildings		
Carrying amount at beginning	1,108,997	-
Additions	-	1,108,997
Disposals	-	-
Less: accumulated amortisation	(9,350)	-
Less: impairment (Director valuation)	(99,647)	-
Carrying amount at end	**1,000,000**	**1,108,997**
Total written down amount	**1,069,699**	**1,187,883**

As a result of the market conditions encountered during the financial year the Directors have considered the effect of impairment on property, comprising land and building.

Note 9. Property, plant and equipment (continued)

The Directors have obtained an “Opinion of Market Worth” from an independent real estate agent, Miles Real Estate to assist in determining the impact of impairment on the land and building. Miles Real Estate, in their report dated 16 March 2009, have indicated an estimated market worth ranging between $920,000 to $990,000. The Directors have resolved to value the land and building at $950,000 approximating the mid point of the market worth as at 31 December 2008. The Board subsequently asked for another “Opinion of Market Worth” as at 30 June 2009 from Miles Real Estate and their report indicated an estimated market worth ranging between $920,000 and $1,020,000. At year ending 30 June 2009 the Board resolved to value the land and building at $1,000,000. The Land has been valued at $361,000 using the value per the 2009 Council Rates evaluation.

	2009 $	2008 $

Note 10. Intangible assets

Franchise fee		
At cost	10,000	10,000
Less: accumulated amortisation	(6,167)	(4,167)
	3,833	**5,833**

Note 11. Deferred tax

Opening balance	10,593	9,348
Recognition of provisions (see Note 4)	4,700	1,245
Closing balance	**15,293**	**10,593**

Note 12. Trade and other payables

Trade creditors	77,656	49,263
Other creditors & accruals	6,516	6,522
	84,172	**55,785**

	2009 $	2008 $

Note 13. Borrowings

	2009 $	2008 $
Current:		
Mortgage loan	**28,684**	**5,332**
Non-current:		
Mortgage loan	**574,784**	**604,668**

Bank loans are repayable monthly with the final instalment due on 28 April 2023. Interest is recognised at an average rate of 6.15%. The variable mortgage loan is secured over the premises and was interest only for the first twelve months (ending 28 April 2009).

Note 14. Provisions

	2009 $	2008 $
Current:		
Provision for annual leave	21,312	15,248
Provision for long service leave	24,043	-
Provision for dividend	-	62,083
	45,355	**77,331**
Non-current:		
Provision for long service leave	**7,162**	**20,065**
Number of employees at year end	**6.5**	**6**

Note 15. Contributed equity

	2009 $	2008 $
Share Issue - 2001 (East Ivanhoe)		
1,098,386 Ordinary shares (2008: 477,560)	**473,010**	**473,010**

A bonus share issue on a 1.3:1 basis (620,826 shares) was issued to all existing shareholders on 17 June 2009.

Notes to the financial statements continued

	2009 $	2008 $

Note 15. Contributed equity (continued)

Share Issue - 2009 (Heidelberg)

Nil Ordinary shares fully paid of $1 each	-	-
Less preliminary share issue expenses	(31,845)	-
	(31,845)	**-**
Total share capital	**441,165**	**473,010**

Subsequent to year end the Company is raising capital for funds to open a second branch at Heidelberg. No shares where issued as at 30 June 2009.

Note 16. Retained earnings

Balance at the beginning of the financial year	289,606	219,032
Net profit from ordinary activities after income tax	84,834	194,740
Dividends	-	(124,166)
Balance at the end of the financial year	**374,440**	**289,606**

Note 17. Statement of cash flows

Reconciliation of profit from ordinary activities after tax to net cash provided by operating activities

Profit from ordinary activities after income tax	84,834	194,740
Non cash items:		
- depreciation	20,121	10,516
- amortisation	2,000	2,000
- impairment of fixed asset	99,647	-
Changes in assets and liabilities:		
- (increase)/decrease in receivables	1,992	(3,364)
- increase in deferred tax asset	(4,700)	(3,373)
- increase/(decrease) in payables	12,682	(939)
-increase in provisions	17,204	4,149
Net cash flows provided by operating activities	**233,780**	**203,729**

Notes to the financial statements continued

	2009 $	2008 $

Note 18. Auditors' remuneration

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

- audit & review services	13,000	9,500
- non audit services	-	-
	13,000	**9,500**

Note 19. Key management personnel compensation

Branch Manager

Short term benefits		
• Salary and fees	92,900	93,563
Post employment benefits		
• Superannuation	8,359	8,421
Total compensation	**101,259**	**101,984**

Note 20. Director and Related party disclosures

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

Nancy Louise Caple

Graham Peter Norman

John Kenneth Nelson

Evelyn Stagg

Alexander Aaron Harris

Cameron David Bragg

Catherine Richmond

Paul Anthony Gittings

Jennifer Sonia June Christiansen (Appointed 20 April 2009)

Russell James Hutchins (Appointed 20 April 2009)

David John Mayne (Appointed 20 April 2009)

Brian Thomas Simpson (Appointed 20 April 2009)

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

Note 20. Director and Related party disclosures (continued)

Directors' shareholdings	**2009**	**2008**
Nancy Louise Caple	12,077	5,251
Graham Peter Norman	33,927	14,751
John Kenneth Nelson	1,150	500
Evelyn Stagg	2,300	1,000
Alexander Aaron Harris	12,077	5,251
Cameron David Bragg	1,150	500
Catherine Richmond	-	-
Paul Anthony Gittings	-	-
Jennifer Sonia June Christiansen (Appointed 20 April 2009)	-	-
Russell James Hutchins (Appointed 20 April 2009)	-	-
David John Mayne (Appointed 20 April 2009)	-	-
Brian Thomas Simpson (Appointed 20 April 2009)	-	-

The only change to the Directors' holdings during the year was the acceptance of the bonus issue of 1.3 shares for every 1 share held.

	2009 $	**2008 $**

Note 21. Capital and leasing commitments

a. Operating lease commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Payable - minimum lease payments		
not later than 12 months	67,456	65,769
between 12 months and five years	51,623	115,096
	119,079	**180,865**

b. Capital expenditure commitments

There were no capital commitments as at 30 June 2009.

	2009 $	2008 $

Note 22. Dividends paid or provided

a. Dividends paid during the year

Prior year proposed final		
100% (2008: 100%) franked dividend - 13 cents (2008: 13 cents) per share	62,083	62,083

b. Dividends proposed and not recognised as a liability

Nil% (2008: Nil%) franked dividend - Nil cents (2008: Nil cents) per share	-	-

c. Dividends proposed and recognised as a liability

Nil% (2008: 100%) franked dividend - Nil cents (2008: 13 cents) per share	-	62,083

The tax rate at which dividends have been franked is 30% (2008: 30%).

Dividends proposed will be franked at a rate of Nil% (2008: Nil%).

d. Franking credit balance

Balance of franking account at year end adjusted for franking credits arising from:		
• payment of provision for income tax	249,474	185,369
Subsequent to year-end, the franking account would be reduced by the proposed dividend reflected per (c) as follows:	-	(26,607)
	249,474	**158,762**

Note 23. Earnings per share

(a) Profit attributable to the ordinary equity holders of the Company used in calculating earnings per share	84,834	194,740

	2009 Number	2008 Number
(b) Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	499,672	477,560

Note 24. Events occurring after the balance sheet date

Apart from the effects of changes to the Company outlined in the significant changes to operations in the Directors' Report there are no other matters or circumstances that have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company, in future years.

Note 25. Contingent liabilities

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

Note 26. Segment reporting

The economic entity operates in the service sector where it facilitates **Community Bank®** services pursuant to a franchise agreement with Bendigo and Adelaide Bank Ltd. The economic entity operates in one geographic area being the East Ivanhoe and Heidelberg suburbs of Melbourne, Victoria.

Note 27. Registered office/principal place of business

The registered office and principal place of business is:

Registered office	Principal place of business
235 Lower Heidelberg Road,	235 Lower Heidelberg Road,
Ivanhoe East VIC 3079	Ivanhoe East VIC 3079

Note 28. Financial instruments

Net fair values

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

Credit risk

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

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

Notes to the financial statements continued

Note 28. Financial Instruments (continued)

Interest rate risk

Financial instrument	Floating interest rate		Fixed interest rate maturing in: 1 year or less		Over 1 to 5 years		Over 5 years		Non interest bearing		Weighted average effective interest rate	
	2009 $	2008 $	2009 $	2008 $	2009 $	2008 $	2009 $	2008 $	2009 $	2008 $	2009 %	2008 %
Financial assets												
Cash assets	164,901	29,198	-	-	-	-	-	-	-	-	3.35	6.41
Term deposits	-	-	177,411	165,673	-	-	-	-	-	-	6.75	7.39
Receivables	-	-	-	-	-	-	-	-	118,755	122,379	N/A	N/A
Financial liabilities												
Interest bearing liabilities	-	-	65,100	5,332	260,400	137,609	277,969	467,059	-	-	6.15	9.4
Payables	-	-	-	-	-	-	-	-	84,172	55,785	N/A	N/A

Directors' declaration

In accordance with a resolution of the Directors of Heidelberg District Community Enterprise Limited, we state that:

In the opinion of the Directors:

(a) the financial statements and notes of the Company are in accordance with the Corporations Act 2001, including:

  (i) giving a true and fair view of the Company's financial position as at 30 June 2009 and of its performance for the financial year ended on that date; and

  (ii) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

(c) the audited remuneration disclosures set out in the remuneration report section of the Directors' report comply with Accounting Standard AASB174 Related Party Disclosures and the Corporations Regulations 2001.

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

Nancy Louise Caple	**John Kenneth Nelson**
Chairman	**Secretary**

Signed on 28 September 2009.

Independent audit report

McBain McCartin & Co

Chartered Accountants
Audit & Assurance Services

PO Box 82 Balwyn
Victoria, Australia 3103
ABN 26 028 714 960

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
HEIDELBERG DISTRICT COMMUNITY ENTERPRISE LIMITED
(formerly EAST IVANHOE COMMUNITY CORPORATION LIMITED)
ACN 095 312 744

Report on the financial report
We have audited the accompanying financial report of Heidelberg District Community Enterprise Limited (formerly East Ivanhoe Community Corporation Limited), which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration.

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

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.

Level 1, 123 Whitehorse Road Balwyn Vic 3103
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Independent audit report continued

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*, provided to the directors of Heidelberg District Community Enterprise Limited (formerly East Ivanhoe Community Corporation Limited) has not changed as at the date of providing our audit opinion.

Auditor's Opinion
In our opinion,

a. the financial report of Heidelberg District Community Enterprise Limited (formerly East Ivanhoe Community Corporation Limited) 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 2009 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.

b. The financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

McBain McCartin & Co

McBain McCartin & Co
Chartered Accountants

David W McBain (FCA, CPA)
Partner

Dated this 29th day of September 2009

123 Whitehorse Rd
BALWYN VIC 3103

BSX report

Share information

In accordance with Bendigo Stock Exchange listing rules the Company provides the following information as at 25 September 2009, which is within 6 weeks of this report being sent to shareholders.

The following table shows the number of shareholders, broken into various categories showing the total number of shares held.

Number of shares held	Number of shareholders	Percentage of capital
1 to 1,000	97	2.87
1,001 to 5,000	227	25.03
5,001 to 10,000	46	16.85
10,001 to 100,000	72	55.25
100,001 and over	0	0
Total shareholders	**442**	**100.00**

Each shareholder is entitled to 1 vote, irrespective of the number of shares held.

There are no substantial shareholders (ie holding in excess of 5%) as each shareholder is entitled to 1 vote. Normally holding more than 5% of issued shares would create a substantial shareholder, but this is not applicable due to the voting restrictions for the Company.

There are no shareholders holding less than a marketable parcel of shares ($500 in value).

There are no restricted securities

All shares on issue are ordinary shares fully paid to $1. There are no unquoted equity securities. The total number of shareholders is 442.

BSX report continued

The following table shows the 11 largest shareholders

Shareholder	Number of shares	Percentage of capital
PJ & SR Pearce, GJ & CE Caddy	80,000	3.48%
Norfour Pty Ltd	35,875	1.56%
Noel Bernard Donnelly	35,640	1.55%
Berwell Pty Ltd	34,600	1.51%
Exardua Pty Ltd	33,930	1.48%
JL Knorr Pty Ltd	33,000	1.44%
Abraham Khoury	32,075	1.40%
Barlow Financial Services Pty Ltd	23,000	1.00%
Riadell Pty Ltd	23,000	1.00%
Drivecor Superannuation Fund	22,300	0.97%
Drivecor Pty Ltd	22,300	0.97%
Total	**375,720**	**16.35%**

Registered office and principal administrative office

The registered office of the Company is located at:
233-235 Lower Heidelberg Road,
East Ivanhoe VIC 3079
Phone (03) 9497 5133

The principal administrative office of the Company is located at:
233-235 Lower Heidelberg Road,
East Ivanhoe VIC 3079
Phone (03) 9497 5133

Security register

The security register (share register) is kept at:
Share Data National Share Registry Services
52 Angove Park Drive,
Tea Tree Gully SA 5091
Phone: (08) 8395 2308

BSX report continued

Company Secretary

John Nelson has been Company Secretary since 1 August 2007. John is a Chartered Accountant with over 35 years experience in industry. He has extensive corporate secretariate experience including previously performing the role as Company Secretary of a public Company.

Corporate Governance

The Company has implemented various Corporate Governance practices, which include:

a) The establishment of an Audit and Governance Committee. Members of the Committee are John Nelson, Graham Norman, Catherine Richmond, Brian Simpson and Russell Hutchins.

b) Ongoing Director training

c) Director approval of operating budgets and monitoring of progress against the budgets on a monthly basis; and

d) Monthly Director meetings to discuss performance and strategic plans.

Annexure 3A

There are no differences between the Annexure 3A and the Financial Documents contained in the Annual Report.

Sponsorship and grants for 2008/09 year

Alphington Bowling Club

Banyule Community Health Service Inc

Banyule Housing Support Group

Banyule Support & Information Centre

Bushfires and Floods Appeal

Catholic Parish of Ivanhoe Playgroup

Eaglemont Traders Association

East Ivanhoe Neighbourhood Watch

East Ivanhoe Traders Association

Heidelberg Drop in Centre

Heidelberg Historical Society

96.5 Inner FM Community Radio

Ivanhoe Park Croquet Club

Ivanhoe Uniting Church Kindergarten

Mary Immaculate Primary School Ivanhoe

Mother of God Primary School East Ivanhoe

Old Ivanhoe Grammarians Cricket Club

Old Ivanhoe Grammarians Football Club

Our Lady of Mercy College Heidelberg

St George Anglican Parish East Ivanhoe

St John's Primary School Heidelberg

Youth Foundation Victoria – West Heidelberg

Banyule Carols by Candlelight

Banyule Festival 2009

Banyule Junior Football Club

Banyule Toy Library

Children's Protection Society

Darebin Parklands Association

East Ivanhoe Bowling Club

East Ivanhoe Saints Cricket Club

GOAL - Heidelberg

Heidelberg Bowling Club

Heidelberg Women's Football Club

Ivanhoe Diamond Valley Centre

Livingstone Community Centre

Macleod Village Association

NMIT – Apprenticeship Awards

Olympic Adult Education

Olympic Village Exodus Community

Open House Christian Involvement Centre

Rosanna Golf Links Primary School

St John's Catholic Tennis Club Heidelberg

Yarra Valley Hockey Club

Total $194,722

Community contributions and shareholder dividends

Shareholder dividends		
	Cents per share	**Total distribution**
2004/05	5 cents	$23,651
2005/06	10 cents	$47,756
2006/07	10 cents	$47,756
2007/08	13 cents	$62,083
2008/09	13 cents	$62,083

Community contributions				
Financial year	**CEF ***	**Sponsorships**	**Total**	**Grants****
2001/04		10,000	10,000	
2004/05	50,000	12,330	62,330	
2005/06	120,000	41,450	161,450	48,050
2006/07	100,000	30,400	130,400	70,490
2007/08	148,000	43,300	191,300	122,751
2008/09	47,000	46,580	93,580	148,142
			649,060	

* CEF - Community Enterprise Foundation.

** Grants distributed from contributions to CEF

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