

Inglewood & Districts Community
Enterprises Limited

ABN 87 123 959 375

**ANNUAL
REPORT
2013**

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Chairman's report

For year ending 30 June 2013

Once again I am happy to report yet another extremely successful and profitable year. Total business footings have topped the \$100 million mark, we are again considering further dividends for our loyal shareholders and profits continue to flow to our community.

The fundamental ethos of your **Community Bank**[®] branch has not changed. We aim to provide high quality, locally based banking services and to return the profits generated back to our local community. The total sum of those profits now exceeds \$500,000 (and is growing rapidly).

Our scholarship program was launched last year and has already proven to be extremely well received and valued. We are continuing with this program and will now be investing a total of \$20,000 each year in the tertiary education of our young adults.

I am also pleased to announce that the proposed redevelopment of one of our architectural icons – the Inglewood Town Hall – is now fully funded. We are proud that our promised contribution of \$100,000 has helped to achieve this outcome.

As always, our continued success is due to the hard work of our staff, the loyalty of our customers and the faith of our shareholders. On behalf of the Board I thank you all.



Max Higgs
Chairman

Manager's report

For year ending 30 June 2013

It has proven to be another incredibly successful year for Inglewood & Districts **Community Bank**[®] Branch, with the branch going from strength to strength.

As at 30 June 2013 our branch figures were:-

- Deposit footings are more than \$49 million
- Lending footings are more than \$36 million
- Other business (Rural Bank, Financial Planning & Equipment Finance) \$18.5 million
- Total business footings more than \$104 million.

During the financial year, 2012/13 the overall business size has grown from \$90.2 million to \$104.6 million, this is a growth of \$14.416 million. The budgeted growth was \$7.5 million; therefore actual growth for the year almost doubled and was certainly an amazing result.

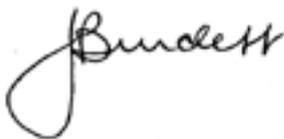
The Wedderburn Steering Committee continues to campaign and are working hard towards the possible second site at Wedderburn. They currently have \$580,000 in pledges, which is almost the required amount and are looking to move onto the Feasibility Study stage in the near future.

We are planning to have a Community Enterprise Foundation[™] Grants Program night 24 July 2013. Hopefully this will encourage a good range of applications for both grants and sponsorships and make the application process easier for those who are planning to apply.

Should all available funds be disbursed, the total contribution to our local communities since opening in 2007 will exceed \$600,000. This is another remarkable result given that we are a small country branch. Of course, none of this would be possible if it wasn't for the support of our valued customers and shareholders, it is because of you that we have been able to make this enormous difference to our communities by contributing back a significant share of our profits.

Lastly, I would like to thank the dedicated staff at Inglewood & Districts **Community Bank**[®] Branch, Wedderburn Agency, the Board of Directors, Regional Office staff, shareholders and customers. You are the people that make this business such a success, through your commitment and loyalty. Your support is valued and we will continue to strive for excellence and the success of both the branch and our customers.

Sincerely,



Jill Burdett
Branch Manager

Directors' report

For the financial year ended 30 June 2013

Your directors submit the financial statements of the company for the financial year ended 30 June 2013.

Directors

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

Maxwell Charles Higgs

Chairman

General Medical Practitioner

Graduated MBBS University of Melbourne in 1981. Has worked as a General Practitioner in the area for the past 28 years. Max served 3 years as Councillor for the Inglewood Riding Shire of Loddon, previously a member of Inglewood & District Health Services Board of Management.

Chairman, Audit

Interest in shares: 3,001

George Arthur Wyatt

Secretary

Retired

Extensive clerical work in financial services industry, managed the trading engine for the Bendigo Stock Exchange. George has been involved with the Newbridge Flood Recovery and also with local sporting clubs.

Secretary, HR and Governance.

Interests in shares: 3,501

Kenneth John Canfield

Treasurer

Primary Producer

Held executive positions with the Inglewood Golf and Bowls Clubs, Member of Salisbury West Landcare Group and member of Salisbury/Powlett Fire Brigade.

Treasurer, Governance

Interests in shares: 1,001

Dale Thomas Jackson

Director

Technical Design Officer

Technical Design Officer at the Shire of Loddon infrastructure Department. Diploma of Engineering, Vice President of the Wedderburn Bowls Club.

Marketing

Interests in shares: 501

Andrew Richard Smith

Director

Operations Manager

Andrew is the Operations Manager for a local fertilizer company. He serves on the Board of St Mary's

Primary School and is a member of the Inglewood Country Fire Authority.

Marketing

Interests in shares: 1,001

Simon Patrick Tuohey

Director

Primary Producer

Current Secretary for Serpentine CFA, member of Serpentine Plan Committee, Bears Lagoon Serpentine Football Club Committee (previously president), Serpentine Tennis Club and Jarklin Landcare Group.

Interests in shares: 2,001

Directors' report (continued)

Directors (continued)

Jill McFarlane

Director

Retired

Secretary of family farming business. Previously Chair of Management Board of Heritage Industries Mt Gambier, Audit Committee of NCCMA Bendigo and Wedderburn Conservation Management Network. Member of Heritage Industries for 20 years (since establishment). Also previously Board member for North Ventral Catchment Management Authority. Previously Councillor for Victorian Environmental Assessment Council. Currently member of various community groups and associations. Previous employment history includes 25 years as medical social worker in regional hospitals.

Interests in shares: 1,500

David Allan Edwards

Director (Appointed 23 October 2012)

Manger & Business Owner

An experience Operations Manager for more than 10 years, currently the owner of the Bridgewater Farmware. Has been involved in community groups including Bridgewater Primary School for 4 years. Hastertiary qualifications in engineering, Prject and Operational Management. Held various corporate Operations Management roles over the past 15 years.

Interests in shares: Nil

Kim Hanlon

Director (Appointed 26 March 2013)

Centre Manager

Currently employed as Manager of the Inglewood Neighbourhood House. Previously an employment Consultant for the Salvation Army, Receptionist at Girton Grammar School and Inglewood District Health Service and Office Manager for earthmoving contractor. Qualifications include: Diploma of Business Management and Certificate IV in Workplace Assessment and Training. Member of Inglewood sporting groups and Korong Newsletter.

Interest in shares: Nil

Colleen Mary Condliffe

Director

Primary Producer

Colleen has been involved with a range of community work over time, and is currently associated with the Rural Finance Counselling Service and Salisbury West Landcare. Currently a Councillor of the Loddon Shire. Interest in shares: 501

Linda Joy Younghusband

Director (Appointed 23 October 2012)

Farming Assistant/Medical Receptionist

Previously co-owner of family business, member of the Inglewood Primary School Parents Association participating as the Secretary and Treasurer. Currently a member of the Wedderburn College Parents Association, hold the position of Inglewood School Councillor and actively involved in Wedderburn sporting groups.

Interests in shares: 500

Stewart Dean Luckman

Director (Appointed 26 March 2013)

Banker

Previously employed as a Flour Miller at Laucke Flour Mill. Currently employed as a Banker at the Inglewood & Districts **Community Bank**[®]. Member of the Inglewood Lions Club, committee member of the Inglewood Christmas Carols event, member of the Australia Day celebrations and also a member of the Inglewood Primary School Parents Association.

Interest in shares: Nil

Directors' report (continued)

Directors (continued)

Pauline Elletson

Director (Retired 23 October 2012)
Office Manager/Secretary
Previously Secretary of Inglewood Anglican Parish and Newbridge Hall Committee & Ladies Auxiliary. Licenced Customs Agent. Has experience in office management and committee processes and requirements. Heavily involved in sporting and community groups prior to relocation.
Marketing, Newsletter
Interests in shares: Nil

Steven John Smith

Director (Retired 23 October 2012)
Policeman
Police Officer.
Interests in shares: Nil

Terence William Mangles

Director (Resigned 28 August 2012)
Retired
30 years of service in the Victoria Police Force. Member of the Inglewood Lions Club, Chairman of the Blue Ribbon Foundation and member of Neighbourhood Watch.
Marketing
Interests in shares: 1,001

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

No directors have material interests in contracts or proposed contracts with the company.

Company Secretary

The company secretary is George Arthur Wyatt. George was appointed to the position of secretary on 24 November 2009. George has extensive governance administrative experience.

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 Limited.

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

Operating Results

During the period the Board has worked with the Wedderburn community to form a Wedderburn **Community Bank**[®] Steering Committee, which includes two current Board Directors. The pledge forms have been distributed and they are currently being returned and recorded. Dependent on the success of the pledge responses the Committee will then review and if found to be a positive response then an independent feasibility study will be performed to determine the business case for the purchase of a Franchise from Bendigo & Adelaide Bank Limited.

Directors' report (continued)

Operating Results (continued)

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 2013 \$	Year ended 30 June 2012 \$
	37,989	42,042

Operating and Financial Review

The company has a base business of around \$100,000,000 and it is expected that this will increase despite the original feasibility study showing that growth would peak at \$88 million. The main drivers of the growth have been the excellent work by the staff of the bank, and the support of the board of directors for those staff and the business. The agricultural businesses that are the mainstay of the larger district have not enjoyed large growth in profit and have recently had a high Australian dollar negatively affecting export prices. The progress of this years cereal crops has raised some optimism among the farming community.

After the first four months of operations, the bank has been profitable every month since. The company has distributed in excess of \$400,000 in grants to the community and has returned 22 cents cash and 2.57 cents in franking credits to shareholders over the period that the company has held the franchise for the bank. There has been money set aside for further grants to community organisations that will bring the total allocated in excess of \$500,000. The board has endeavoured to have these grants allocated equitably around the districts that form the catchment area for the bank. Thus, the company has rewarded both shareholders and district residents through its activities.

Profit for the year is lower than 2012, due largely to increases in wages and salaries, rent of premises and general administrative expenses. The diminution of commission resulting from 'Restoring the Balance' also affected the operating revenue of the bank.

The closure of a banking competitor in Wedderburn has given rise to the opportunity to consider a second site. Members of the Wedderburn community are seeking pledges to raise capital to obtain a **Community Bank**[®] franchise. Once the capital is pledged and business commitments made, there may be a progression to a feasibility study to determine the viability of the franchise. This quest has raised the profile of the **Community Bank**[®] concept in the area and benefited the total business. In addition, the board has promoted the bank through personal contacts and advertising.

The business strategy currently used will not be changed in the immediate future and the board expects growth in line with the wider economy.

In addition to the excellent work done by the staff of the bank, it is the board's belief that people of the catchment district are increasingly aware of the rewards obtained by their communities as a result of the growth of the **Community Bank**[®] and are placing more business with the bank as a result. The staff and the board will continue to promote this message in every feasible way.

Remuneration Report

No Director receives remuneration for services as a Company Director or Committee Member.

There are no employees who are directly accountable and have responsibility for the strategic direction and operational management of the entity.

There are therefore no specified Executives whose remuneration requires disclosure.

Directors' report (continued)

Dividends

	Year Ended 30 June 2013	
	Cents	\$
Dividends paid in the year:	6	30,325

Significant Changes in the State of Affairs

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

Matters Subsequent to the End of the Financial Year

The board of directors continue to offer their support to the Wedderburn Steering Committee into the progress of opening a branch in Wedderburn.

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

Likely Developments

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

Environmental Regulation

The company is not subject to any significant environmental regulation.

Directors' Benefits

No director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a director, a firm which a director is a member or an entity in which a director has a substantial financial interest.

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.

Directors' report (continued)

Directors' Meetings

The number of directors' meetings attended by each of the directors of the company during the year were:

Director	Eligible to attend	Number attended
Maxwell Charles Higgs	12	12
George Arthur Wyatt	12	9
Kenneth John Canfield	12	12
Dale Thomas Jackson	12	9
Andrew Richard Smith	12	7
Simon Patrick Tuohey	12	12
Jill McFarlane	12	11
Colleen Mary Condliffe	12	10
David Allan Edwards (Appointed 23 October 2012)	9	7
Linda Joy Younghusband (Appointed 23 October 2012)	9	8
Kim Hanlon (Appointed 26 March 2013)	4	4
Stewart Dean Luckman (Appointed 26 March 2013)	4	4
Pauline Elletson (Retired 23 October 2012)	4	1
Steven John Smith (Retired 23 October 2012)	4	2
Terence Andrew Mangles (Resigned 28 August 2012)	3	0

The Board has seven sub-committees, Audit, Governance, Business Development, Marketing & Sponsorship, Human Resource, Due Diligence and Property. All sub-committees have elected Directors who meet on a regular, or as needs, basis and present reports/recommendations to the monthly Board meetings where required.

Non Audit Services

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

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

Directors' report (continued)

Non Audit Services (continued)

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

- all non-audit services have been reviewed by the audit committee to ensure they do not impact on the impartiality and objectivity of the auditor;
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risk and rewards.

Auditors' Independence Declaration

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 11.

Signed in accordance with a resolution of the board of directors at Inglewood, Victoria on 14 August 2013.



**Maxwell Charles Higgs,
Chairman**

Auditor's independence declaration



Lead auditor's independence declaration under section 307C of the *Corporations Act 2001* to the directors of Inglewood & Districts Community Enterprises Limited

I declare, that to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2013 there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit
- any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink, appearing to read 'Graeme Stewart', is written over a faint, light-colored signature line.

Graeme Stewart
Andrew Frewin Stewart
61 Bull Street, Bendigo Vic 3550

Dated: 14 August 2013

Liability limited by a scheme approved under Professional Standards legislation. ABRN: 51 381 725 337.

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TAXATION • AUDIT • BUSINESS SERVICES • FINANCIAL PLANNING

Financial statements

Statement of Comprehensive Income for the Year Ended 30 June 2013

	Note	2013 \$	2012 \$
Revenues from ordinary activities	4	802,740	735,390
Employee benefits expense		(359,639)	(339,429)
Charitable donations, sponsorship, advertising and promotion		(178,143)	(180,907)
Occupancy and associated costs		(27,561)	(18,636)
Systems costs		(21,415)	(24,032)
Depreciation and amortisation expense	5	(22,544)	(12,341)
General administration expenses		(139,082)	(98,644)
Profit before income tax expense		54,356	61,401
Income tax expense	6	(16,367)	(19,359)
Profit after income tax expense		37,989	42,042
Total comprehensive income for the year		37,989	42,042
Earnings per share (cents per share)		c	c
- basic for profit for the year	22	7.52	8.32

The accompanying notes form part of these financial statements.

Financial statements (continued)

Balance Sheet as at 30 June 2013

	Note	2013 \$	2012 \$
ASSETS			
Current Assets			
Cash and cash equivalents	7	220,255	204,027
Trade and other receivables	8	44,009	46,714
Total Current Assets		264,264	250,741
Non-Current Assets			
Property, plant and equipment	9	88,656	97,335
Intangible assets	10	166,302	180,166
Total Non-Current Assets		254,958	277,501
Total Assets		519,222	528,242
LIABILITIES			
Current Liabilities			
Trade and other payables	12	5,136	3,300
Current tax liabilities	11	1,140	19,436
Provisions	13	-	30,325
Total Current Liabilities		6,276	53,061
Non-Current Liabilities			
Deferred tax liabilities	11	1,500	1,724
Total Non-Current Liabilities		1,500	1,724
Total Liabilities		7,776	54,785
Net Assets		511,446	473,457
Equity			
Issued capital	14	488,516	488,516
Retained Earnings/ (Accumulated losses)	15	22,930	(15,059)
Total Equity		511,446	473,457

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of Changes in Equity for the Year Ended 30 June 2013

	Issued Capital \$	Retained Earnings \$	Total Equity \$
Balance at 1 July 2011	488,516	(26,776)	761,740
Total comprehensive income for the year	-	42,042	42,042
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	(30,325)	(30,325)
Balance at 30 June 2012	488,516	(15,059)	473,457
Balance at 1 July 2012	488,516	(15,059)	473,457
Total comprehensive income for the year	-	37,989	37,989
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	-	-
Balance at 30 June 2013	488,516	22,930	511,446

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of Cashflows for the Year Ended 30 June 2013

	Note	2013 \$	2012 \$
Cash Flows From Operating Activities			
Receipts from customers		867,471	756,866
Payments to suppliers and employees		(828,314)	(730,813)
Interest received		11,958	16,945
Interest paid		-	(1,309)
Income taxes paid		(34,887)	(21,908)
Net cash provided by operating activities	16	16,228	19,781
Cash Flows From Investing Activities			
Payment for intangible assets		-	(69,321)
Net cash provided by/(used in) investing activities		-	(69,321)
Cash Flows From Financing Activities			
Dividends paid		-	(30,325)
Net cash provided by/(used in) financing activities		-	(30,325)
Net increase/(decrease) in cash held		16,228	(79,865)
Cash and cash equivalents at the beginning of the financial year		204,027	283,892
Cash and cash equivalents at the end of the financial year	7(a)	220,255	204,027

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

a) Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standard Boards and the Corporations Act 2001. The company is a for-profit entity for the purpose of preparing the financial statements.

Compliance with IFRS

These financial statements and notes comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. These areas involving a higher degree of judgement or complexities, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

Historical cost convention

The financial statements have been prepared under the historical cost convention 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.

Comparative figures

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

Adoption of new and revised Accounting Standards

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2012 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods. Amendments made to AASB 101 Presentation of Financial Statements effective 1 July 2012 now require the statement of comprehensive income to show the items of comprehensive income grouped into those that are not permitted to be reclassified to profit or loss in a future period and those that may have to be reclassified if certain conditions are met. This amendment has not affected the presentation of the statement of comprehensive income of the company in the current period and is not likely to affect future periods.

The company has not elected to apply any pronouncements before their mandatory operative date in the annual reporting period beginning 1 July 2012.

Notes to the financial statements (continued)

Note 1. Summary of Significant Accounting Policies (continued)

a) Basis of Preparation (continued)

Economic dependency - Bendigo and Adelaide Bank Limited

The company has entered into a franchise agreement with Bendigo and Adelaide Bank Limited that governs the management of the **Community Bank**[®] branch at Inglewood, Victoria.

The branch operates as a franchise of Bendigo and Adelaide Bank Limited, using the name “Bendigo Bank” and the logo and system of operations of Bendigo and Adelaide Bank Limited. The company manages the **Community Bank**[®] branch on behalf of Bendigo and Adelaide Bank Limited, however all transactions with customers conducted through the **Community Bank**[®] branches are effectively conducted between the customers and Bendigo and Adelaide Bank Limited.

All deposits are made with Bendigo and Adelaide Bank Limited, and all personal and investment products are products of Bendigo and Adelaide Bank Limited, with the company facilitating the provision of those products. All loans, leases or hire purchase transactions, issues of new credit or debit cards, temporary or bridging finance and any other transaction that involves creating a new debt, or increasing or changing the terms of an existing debt owed to Bendigo and Adelaide Bank Limited, must be approved by Bendigo and Adelaide Bank Limited. All credit transactions are made with Bendigo and Adelaide Bank Limited, and all credit products are products of Bendigo and Adelaide Bank Limited.

Bendigo and Adelaide Bank Limited provides significant assistance in establishing and maintaining the **Community Bank**[®] branch franchise operations. It also continues to provide ongoing management and operational support, and other assistance and guidance in relation to all aspects of the franchise operation, including advice in relation to:

- advice and assistance in relation to the design, layout and fit out of the **Community Bank**[®] branch;
- training for the branch manager and other employees in banking, management systems and interface protocol;
- methods and procedures for the sale of products and provision of services;
- security and cash logistic controls;
- calculation of company revenue and payment of many operating and administrative expenses
- the formulation and implementation of advertising and promotional programs; and
- sales techniques and proper customer relations.

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

b) Revenue

Revenue is recognised when the amount of revenue can be reliably measured, it is probable that future economic benefit will flow to the company and any specific criteria have been met. Interest and fee revenue is recognised when earned. 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. All revenue is stated net of the amount of Goods and Services Tax (GST).

Revenue calculation

The franchise agreement with Bendigo and Adelaide Bank Limited provides for three types of revenue earned by the company. First, the company is entitled to 50% of the monthly gross margin earned by Bendigo and Adelaide Bank Limited on products and services provided through the company that are regarded as “day to day” banking business (ie ‘margin business’). This arrangement also means that if the gross margin reflects a loss (that is, the gross margin is a negative amount), the company effectively incurs, and must bear, 50% of that loss.

Notes to the financial statements (continued)

Note 1. Summary of Significant Accounting Policies (continued)

b) Revenue (continued)

Revenue calculation (continued)

The second source of revenue is commission paid by Bendigo and Adelaide Bank Limited on the other products and services provided through the company (i.e. 'commission business'). The commission is currently payable on various specified products and services, including insurance, financial planning, common fund, Sandhurst Select, superannuation, commercial loan referrals, products referred by Rural Bank, leasing referrals, fixed loans and certain term deposits (>90 days). The amount of commission payable can be varied in accordance with the Franchise Agreement (which, in some cases, permits commissions to be varied at the discretion of Bendigo and Adelaide Bank Limited). This discretion has been exercised on several occasions previously. For example in February 2011 and February 2013 Bendigo and Adelaide Bank Limited reduced commissions on two core banking products to ensure a more even distribution of income between Bendigo and Adelaide Bank Limited and its **Community Bank**[®] partners. The revenue share model is subject to regular review to ensure that the interests of Bendigo and Adelaide Bank Limited and **Community Bank**[®] companies remain balanced.

The third source of revenue is a proportion of the fees and charges (ie, what are commonly referred to as 'bank fees and charges') charged to customers. This proportion, determined by Bendigo and Adelaide Bank Limited, may vary between products and services and may be amended by Bendigo and Adelaide Bank Limited from time to time.

c) 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 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 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 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)

c) Income Tax (continued)

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the statement of comprehensive income, 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.

d) 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.

e) Cash and Cash Equivalents

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.

f) 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.

g) Property, Plant and Equipment

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

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

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

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

Notes to the financial statements (continued)

Note 1. Summary of Significant Accounting Policies (continued)

h) Intangibles

The franchise fee paid to Bendigo and Adelaide Bank Limited has been recorded at cost and is amortised on a straight line basis over the life of the franchise agreement.

i) Payment Terms

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

j) Borrowings

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

k) 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 transaction 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 statement of comprehensive income.

Notes to the financial statements (continued)

Note 1. Summary of Significant Accounting Policies (continued)

l) Leases

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

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

m) Provisions

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

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

n) 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.

o) 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.

p) Goods and Services Tax

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

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the 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 taxation authority are classified as operating cash flows.

Notes to the financial statements (continued)

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 Limited.

(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 Limited mitigates this risk significantly.

(v) Cash flow and fair value interest rate risk

Interest-bearing assets are held with Bendigo and Adelaide Bank Limited 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 Limited mitigates this risk significantly.

(vi) Capital management

The board's policy is to maintain a strong capital base so as to sustain future development of the company. The board of directors monitor the return on capital and the level of dividends to shareholders. Capital is represented by total equity as recorded in the balance sheet.

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

(i) the distribution limit is the greater of:

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

(b) subject to the availability of distributable profits, the relevant rate of return multiplied by the average level of share capital of the franchisee over that 12 month period; and

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

Notes to the financial statements (continued)

Note 2. Financial Risk Management (continued)

(vi) Capital management (continued)

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 2013 can be seen in the statement of comprehensive income.

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

Note 3. 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.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

Taxation

Judgement is required in assessing whether deferred tax assets and certain tax liabilities are recognised on the balance sheet. Deferred tax assets, including those arising from un-recouped tax losses, capital losses and temporary differences, are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits.

Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future sales volumes, operating costs, capital expenditure, dividends and other capital management transactions. Judgements are also required about the application of income tax legislation.

These judgements and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognised on the balance sheet and the amount of other tax losses and temporary differences not yet recognised. In such circumstances, some or all of the carrying amount of recognised deferred tax assets and liabilities may require adjustment, resulting in corresponding credit or charge to the statement of comprehensive income.

Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience and the condition of the asset is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

Notes to the financial statements (continued)

Note 3. Critical Accounting Estimates and Judgements (continued)

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the company's share of the net identifiable assets of the acquired branch/agency at the date of acquisition. Goodwill on acquisition is included in intangible assets. Goodwill is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses.

The calculations require the use of assumptions.

Impairment of assets

At each reporting date, the company reviews the carrying amounts of its tangible and intangible assets that have an indefinite useful life to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

	2013	2012
	\$	\$

Note 4. Revenue from Ordinary Activities

Operating activities:

- services commissions	790,928	719,161
Total revenue from operating activities	790,928	719,161

Non-operating activities:

- interest received	11,812	16,229
Total revenue from non-operating activities	11,812	16,229
Total revenues from ordinary activities	802,740	735,390

Notes to the financial statements (continued)

	Note	2013 \$	2012 \$
Note 5. Expenses			
Depreciation of non-current assets:			
- plant and equipment		2,102	2,609
- leasehold improvements		6,577	6,577
Amortisation of non-current assets:			
- franchise agreement		2,311	2,193
- franchise renewal fee		11,554	962
		22,544	12,341
Bad debts		162	955

Note 6. Income Tax Expense

The components of tax expense comprise:

- Current tax		16,591	19,436
- Movement in deferred tax		(224)	(77)
- Recoup of prior year tax loss		-	-
		16,367	19,359

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

Operating profit		54,356	61,401
Prima facie tax on profit from ordinary activities at 30%		16,367	18,420
Add tax effect of:			
- non-deductible expenses		-	939
- timing difference expenses		224	77
- other deductible expenses		-	-
		16,591	19,436
Movement in deferred tax	11	(224)	(77)
		16,367	19,359

Notes to the financial statements (continued)

	2013 \$	2012 \$
Note 7. Cash and Cash Equivalents		
Cash at bank and on hand	20,255	4,027
Term deposits	200,000	200,000
	220,255	204,027

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

Note 7.(a) Reconciliation of cash

Cash at bank and on hand	20,255	4,027
Term deposits	200,000	200,000
	220,255	204,027

Note 8. Trade and Other Receivables

Trade receivables	39,009	40,969
Other receivables and accruals	138	284
Prepayments	4,862	5,461
	44,009	46,714

Note 9. Property, Plant and Equipment

Plant and equipment

At cost	27,787	27,787
Less accumulated depreciation	(22,339)	(20,237)
	5,448	7,550

Leasehold improvements

At cost	134,129	134,129
Less accumulated depreciation	(50,921)	(44,344)
	83,208	89,785

Total written down amount	88,656	97,335
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Movements in carrying amounts:

Plant and equipment

Carrying amount at beginning	7,550	10,159
Less: depreciation expense	(2,102)	(2,609)
Carrying amount at end	5,448	7,550

Notes to the financial statements (continued)

	2013 \$	2012 \$
Note 9. Property, Plant and Equipment (continued)		
Leasehold improvements		
Carrying amount at beginning	89,785	96,362
Additions	-	-
Less: depreciation expense	(6,577)	(6,577)
Carrying amount at end	83,208	89,785
Total written down amount	88,656	97,335

Note 10. Intangible Assets

Franchise fee		
At cost	21,554	21,554
Less: accumulated amortisation	(12,503)	(10,193)
	9,051	11,361
Renewal fee		
At cost	57,768	57,768
Less: accumulated amortisation	(12,517)	(963)
	45,251	56,805
Goodwill on Purchase of Agency Business		
At cost	112,000	112,000
	112,000	112,000
Total written down amount	166,302	180,166

Note 11. Tax

Current:		
Income tax payable	1,140	19,436
Non-Current:		
Deferred tax liability		
- accruals	41	86
- deductible prepayments	1,459	1,638
	1,500	1,724
Net deferred tax liability	1,500	1,724
Movement in deferred tax charged to statement of comprehensive income	224	(77)

Notes to the financial statements (continued)

	2013 \$	2012 \$
Note 12. Trade and Other Payables		
Trade creditors	1,100	-
Other creditors and accruals	4,036	3,300
	5,136	3,300

Note 13. Provisions

Provision for dividend	-	30,325
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Note 14. Contributed Equity

505,412 Ordinary shares fully paid (2011: 505,412)	505,412	505,412
Less: equity raising expenses	(16,896)	(16,896)
	488,516	488,516

Rights attached to shares

(a) Voting rights

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

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

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

(b) Dividends

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

(c) Transfer

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

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

Notes to the financial statements (continued)

Note 14. Contributed Equity (continued)

Prohibited shareholding interest

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

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

- They control or own 10% or more of the shares in the company (the “10% limit”).
- In the opinion of the board they do not have a close connection to the community or communities in which the company predominantly carries on business (the “close connection test”).
- Where the person is a shareholder, after the transfer of shares in the company to that person the number of shareholders in the company is (or would be) lower than the base number (the “base number test”). The base number is 298. As at the date of this report, the company had 329 shareholders.

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

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

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

The National Stock Exchange (NSX) has advised that in its view the prohibited shareholding provisions are appropriate and equitable but the ‘base number test’ is not as a result the base number clause does not operate whilst the company remains listed on the NSX.

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

	2013 \$	2012 \$
Note 15. Retained Earnings/(Accumulated Losses)		
Balance at the beginning of the financial year	(15,059)	(26,776)
Net profit from ordinary activities after income tax	37,989	42,042
Dividends paid or provided for	-	(30,325)
Balance at the end of the financial year	22,930	(15,059)

Notes to the financial statements (continued)

	2013 \$	2012 \$
Note 16. Statement of Cashflows		
Reconciliation of profit from ordinary activities after tax to net cash provided by operating activities		
Profit from ordinary activities after income tax	37,989	42,042
Non cash items:		
- depreciation	8,679	9,186
- amortisation	13,865	3,155
Changes in assets and liabilities:		
- increase in receivables	2,704	(31,905)
- decrease in other assets	(224)	(77)
- increase in payables	1,836	(148)
- decrease in provisions	(30,325)	-
- decrease in current tax liabilities	(18,296)	(2,472)
Net cashflows provided by operating activities	16,228	19,781

Note 17. Leases

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	12,000	3,391
- between 12 months and 5 years	35,000	-
- greater than 5 years	-	-
	47,000	3,391

The property lease is linked to the Company's Franchise Agreement with Bendigo & Adelaide Bank Limited, the Franchise renewal was on 1 June 2012 with two, 5 year extension options available. As at reporting date the new lease agreement had not been finalised and is in the hands of legal representatives. There is no indication to suggest it will not be renewed.

Notes to the financial statements (continued)

	2013 \$	2012 \$
Note 18. Auditor's Remuneration		
Amounts received or due and receivable by the auditor of the company for:		
- audit and review services	4,900	4,500
- share registry services	3,998	3,036
- non audit services	1,130	1,750
	10,028	9,286

Note 19. Director and Related Party Disclosures

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

Maxwell Charles Higgs
 George Arthur Wyatt
 Kenneth John Canfield
 Dale Thomas Jackson
 Andrew Richard Smith
 Simon Patrick Tuohey
 Jill McFarlane
 Colleen Mary Condliffe
 David Allan Edwards (Appointed 23 October 2012)
 Linda Joy Younghusband (Appointed 23 October 2012)
 Kim Hanlon (Appointed 26 March 2013)
 Stewart Dean Luckman (Appointed 26 March 2013)
 Pauline Elletson (Retired 23 October 2012)
 Steven John Smith (Retired 23 October 2012)
 Terence William Mangles (Resigned 28 August 2012)

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

Directors Shareholdings	2013	2012
Maxwell Charles Higgs	3,001	3,001
George Arthur Wyatt	3,501	3,501
Kenneth John Canfield	1,000	1,001
Dale Thomas Jackson	501	1,001
Andrew Richard Smith	1,001	1,002
Simon Patrick Tuohey	2,001	2,001
Jill McFarlane	1,500	1,500
Colleen Mary Condliffe	501	501

Notes to the financial statements (continued)

Note 19. Director and Related Party Disclosures (continued)

Directors Shareholdings	2013	2012
David Allan Edwards (Appointed 23 October 2012)	-	-
Linda Joy Younghusband (Appointed 23 October 2012)	500	-
Kim Hanlon (Appointed 26 March 2013)	-	-
Stewart Dean Luckman (Appointed 26 March 2013)		
Pauline Elletson (Retired 23 October 2012)	-	-
Steven John Smith (Retired 23 October 2012)	-	-
Terence William Mangles (Resigned 28 August 2012)	1,001	1,001

	2013	2012
	\$	\$

Note 20. Dividends Paid or Provided

a. Dividends paid during the year

Franked dividend - 0 cents (2012: 6 cents) per share	-	30,325
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b. Dividends proposed and recognised as a liability

Current year final dividend		
100% (2011: 0%) franked dividend - 0 cents (2012: 6 cents) per share	-	30,325

c. Franking account balance

Franking credits available for subsequent reporting periods are:		
- franking account balance as at the end of the financial year	30,803	47,072
- franking debits that will arise from receipt of income tax refundable as at the end of the financial year	(1,140)	(5,728)
- franking debits that will arise from the payment of dividends recognised as a liability at the end of the financial year		(12,996)
Franking credits available for future financial reporting periods:	29,663	28,348
- franking debits that will arise from payment of dividends proposed or declared before the financial report was authorised for use but not recognised as a distribution to equity holders during the period	-	-
Net franking credits available	29,663	28,348

Notes to the financial statements (continued)

Note 21. Key Management Personnel Disclosures

No Director receives remuneration for services as a Company Director or Committee Member.

There are no employees who are directly accountable and have responsibility for the strategic direction and operational management of the entity.

There are therefore no specified Executives whose remuneration requires disclosure.

	2013	2012
	\$	\$

Note 22. Earnings Per Share

(a) Profit attributable to the ordinary equity holders of the company used in calculating earnings per share	37,989	42,042
	Number	Number
(b) Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	505,412	505,412

Note 23. Events Occurring After the Balance Sheet Date

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

Note 24. Contingent Liabilities

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

Note 25. Segment Reporting

The economic entity operates in the service sector where it facilitates **Community Bank**[®] services in Inglewood and the surrounding districts pursuant to a franchise agreement with Bendigo and Adelaide Bank Limited.

Note 26. Registered Office/Principal Place of Business

The entity is a company limited by shares, incorporated and domiciled in Australia. The registered office and principal place of business is:

Registered Office	Principal Place of Business
64 Brooke Street	64 Brooke Street
Inglewood VIC 3517	Inglewood VIC 3517

Notes to the financial statements (continued)

Note 27. Financial Instruments

Net Fair Values

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

Credit Risk

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

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

Interest Rate Risk

Financial instrument	Floating interest rate		Fixed interest rate maturing in						Non interest bearing		Weighted average effective interest rate	
			1 year or less		Over 1 to 5 years		Over 5 years					
	2013 \$	2012 \$	2013 \$	2012 \$	2013 \$	2012 \$	2013 \$	2012 \$	2013 \$	2012 \$	2013 %	2012 %
Financial Assets												
Cash and cash equivalents	20,155	3,927	200,000	200,000	-	-	-	-	100	100	4.27	5.01
Receivables	-	-	-	-	-	-	-	-	40,009	46,714	N/A	N/A
Financial Liabilities												
Payables	-	-	-	-	-	-	-	-	1,100	-	N/A	N/A

Directors' declaration

In accordance with a resolution of the directors of Inglewood & Districts Community Enterprises Limited, we state that:

In the opinion of the directors:

- (a) the financial statements and notes of the company are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2013 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 AASB124 Related Party Disclosures and the Corporations Regulations 2001.

This declaration is made in accordance with a resolution of the board of directors.



Maxwell Charles Higgs,
Chairman

Signed on the 14th of August 2013.

Independent audit report



Independent auditor's report to the members of Inglewood & Districts Community Enterprises Limited

Report on the financial report

We have audited the accompanying financial report of Inglewood & Districts Community Enterprises Limited, which comprises the balance sheet as at 30 June 2013, statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes and the directors' declaration.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and presentation of the financial report in accordance with Australian Accounting Standards and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and 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 fair accounting estimates that are reasonable in the circumstances. In note 1, the directors also state in accordance with the Accounting Standard AASB 101 Presentation of Financial Statements that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

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

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

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

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the company's financial position and of its performance.

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

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Independent audit report (continued)

Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written auditor's independence declaration, a copy of which is included in the directors' report.

Auditor's opinion on the financial report

In our opinion:

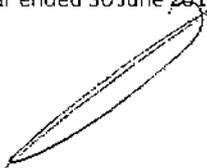
- 1) The financial report of Inglewood & Districts Community Enterprises Limited is in accordance with the *Corporations Act 2001* including giving a true and fair view of the company's financial position as at 30 June 2013 and of its financial performance and its cash flows for the year then ended and complying with Australian Accounting Standards and the Corporations Regulations 2001.
- 2) The financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Report on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2013. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the remuneration report of Inglewood & Districts Community Enterprises Limited for the year ended 30 June 2013, complies with section 300A of the *Corporations Act 2001*.



Graeme Stewart
Andrew Frewin Stewart
61 Bull Street Bendigo Vic 3550

Dated: 14 August 2013

NSX report

Share information

In accordance with the National Stock Exchange of Australia listing rules, the company provides the following information as at 13 September 2013, which is within 6 weeks of this report being sent to shareholders.

Inglewood & Districts Community Enterprises Limited is a public Company incorporated in Australia and listed on the National Stock Exchange of Australia (NSX).

Shareholding

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	Number of shares held
1 to 1,000	233	149010
1,001 to 5,000	89	295902
5,001 to 10,000	4	33500
10,001 to 100,000	2	27000
100,001 and over	0	0
Total shareholders	328	505,412

Equity securities

Each of the above shareholders are entitled to 1 vote, irrespective of the number of shares held.

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

There are 14 shareholders holding less than a marketable parcel of shares (\$500 in value).

There are no restricted securities on issue.

All shares on issue are ordinary shares fully paid to \$1 per share. There are no unquoted equity securities.

NSX report (continued)

Ten largest shareholders

The following table shows the 10 largest shareholders.

Shareholder	Number of fully paid shares held	Percentage of issued capital
Barry Robert Parker	15,000	2.97
Mrs Heather Denyse Appleby	12,000	2.37
Fp Nevins & Co Pty Ltd	10,000	1.98
Dorothy Margaret Fitzgerald	10,000	1.98
Northern Suburbs Secretarial Services P/L <Juleton A/C>	7,500	1.48
Inglewood And Districts Health Service Inc	6,000	1.19
Mr Garry Ian Appleby	5,000	0.99
Mr Neil Alexander Appleby	5,000	0.99
Mr Kenneth Gordon Appleby	5,000	0.99
Mr Arnold Evert Look	5,000	0.99
	80,500	16

Registered office and principal administrative office

The registered office of the company is located at:

64 Brooke Street,
Inglewood VIC 3517
Phone: (03) 5438 3500

The principal administrative office of the company is located at:

64 Brooke Street,
Inglewood VIC 3517
Phone: (03) 5438 3500

Security register

The security register (share register) is kept at:

AFS & Associates
61 - 65 Bull Street,
Bendigo VIC 3550
Phone: (03) 5443 0344

NSX report (continued)

Company Secretary

George Wyatt has been the Company Secretary of Inglewood & Districts Community Enterprises Limited for nearly four years. George's qualifications and experience include financial and administrative experience and involvement with community and sporting groups.

Corporate governance

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

- (a) The establishment of a Governance Committee. Members of the Governance Committee are Max Higgs, Ken Canfield and George Wyatt.
- (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.

Annexure 3

There are no material differences between the information in the company's Annexure 3 and the information in the financial documents in its Annual Report.

5 Year summary of performance

	2009	2010	2011	2012	2013
	\$	\$	\$	\$	\$
Gross revenue	524,271	581,889	675,861	735,390	802,740
Net profit before tax	29,252	57,176	81,036	61,401	54,356
Total assets	435,080	472,610	519,222	528,242	519,222
Total liabilities	7,409	37,600	57,482	54,785	7,776
Total equity	427,671	435,010	461,740	473,457	511,446

Inglewood & Districts **Community Bank**[®] Branch
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Franchisee:
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ABN: 87 123 959 375
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(BMPAR13110) (09/13)