

annual report 2009



Lara District Community
Enterprise Limited
ABN 67 134 347 087

Lara District **Community Bank**[®] Branch

Contents

Chairman's report	2
Manager's report	3
Directors' report	4-7
Financial statements	8-11
Notes to the financial statements	12-24
Directors' declaration	25
Independent audit report	26-27

Chairman's report

For year ending 30 June 2009

On behalf of the Directors of Lara District Community Enterprise Limited I am pleased to present this inaugural annual report to shareholders.

Lara District **Community Bank**[®] Branch (your bank); was officially launched on Tuesday 30 June 2009, and after suitable celebration commenced trading at 2.00pm.

With only three hours of trading in the 2008/09 financial year, there is very little to report other than an immense amount of support by those in attendance; and by those people that pledged to become shareholders.

Your Company was registered with ASIC on 26 November 2008 and is the vehicle for the operation of our **Community Bank**[®] franchise in partnership with Bendigo and Adelaide Bank Ltd.

An initial steering committee was responsible for activities prior to and including incorporation. To those people we express our appreciation for their foresight and wisdom; and for the "heavy lifting" that was conducted in that time.

Subsequent to incorporation and the appointment of Directors; the second part of the **Community Bank**[®] branch life began. Principle activities included attending to the numerous administrative matters required to be a Company and a Bendigo and Adelaide Bank Ltd franchise owner; including the all important aspect of capital raising. It is at this time that our Directors became (and continue to be) advocates for our Company and for the Bendigo and Adelaide Bank Ltd **Community Bank**[®] philosophies.

This entire exercise was made possible by the support from Bendigo and Adelaide Bank Ltd staff, the community and the Directors of the Company.

Capital raising in difficult economic times is, and was a difficult exercise, and we thank all those involved; and most importantly you, the shareholders.

Given time and community support, your bank will reach the objectives set by the Company and be a prosperous business in our community.

Thank you.



Neville Trevena
Chairperson

Manager's report

For year ending 30 June 2009

Lara District **Community Bank**[®] Branch commenced trading 30 June 2009.

The establishment of the branch would not have been possible without the tireless work of our Directors and the support of our shareholders from the Lara, Little River, Anakie and surrounding communities.

The Prospectus dated 27 February 2009, indicated an initial growth forecast of 80% with a total banking business portfolio of \$22.14 million and growth forecast of 120% with total portfolio at \$33.21 million for the first year of trading.

As of the date of writing this report, in less than three months of trading, the combined banking business portfolio for the Lara District **Community Bank**[®] Branch currently exceeds \$39.34 million with approximately 1,700 customers. This is a fantastic achievement, thanks to our staff, customers and all our supporters.

Lara District **Community Bank**[®] Branch is not just a Bank. We have contributed over \$2,500 in grants and sponsorship back into the community in our first three months of business.

We plan to establish a second ATM at the Sixways Shopping Centre, giving our customers additional access to their banking needs.

We have also introduced a coin machine to the branch and we are awaiting the installation of an E-Kiosk, both machines are fee free to customers with Bendigo and Adelaide Bank Ltd accounts.

Personally, I would like to thank you, our shareholders, for investing in Lara District **Community Bank**[®] Branch.



Damien Foster
Branch Manager

Directors' report

For year ending 30 June 2009

Your Directors submit their report of the Company for the financial period 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 period are:

Thomas Neville Trevena

Chairman
Semi-Retired

William John Arthur

Company Secretary
Manager

Karen Elizabeth Chaston

Director
School Principal

Christine Roma Schulz

Director
Student

Penelope Anne Freame

Director
Kindergarten Teacher

Anthony Kevin McManus

Director
Real Estate Agent

Charles John Saliba

Director
Semi-Retired

Joy Leggo

Director
Chief Executive Officer

Benjamin John Spalding

Director
Senior Durability Engineer

Elizabeth Joy Bate

Director
Retired School Teacher

All Directors were appointed on 30 September 2008. Directors were in office for this entire period unless otherwise stated.

Principal activities

The principal activities of the Company during the course of the financial period were in providing **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 period.

Operating results

Operations have performed in line with expectations. The loss of the Company for the financial period after provision for income tax was \$26,228.

Directors' report continued

Dividends

The Directors recommend that no dividend be paid for the current period.

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 period under review not otherwise disclosed in this report.

Significant events after the balance date

There are no matters or circumstances that have arisen since the end of the financial period 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 providing banking services to the community.

Directors' benefits

No Director has received or become entitled to receive, during or since the financial period, 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 apart from the following.

Diesel Cooling Pty Ltd, of which Thomas Neville Trevena is a Director provided an interest free loan of \$10,000 to the Company during the period. This loan was repaid by the Company during the period. Diesel Cooling Pty Ltd is the owner of the premises in which the Company operates. No rental payments were made during the period.

Thomas Neville Trevena provided an interest free loan of \$25,000 to the Company during the period. This loan was repaid by the Company during the period.

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 emoluments received or the fixed salary of a full-time employee of the Company, controlled entity or related body corporate.

Indemnification and insurance of Directors and Officers

The Company has indemnified all Directors and the Manager in respect of liabilities to other persons (other than the Company or related body corporate) that may arise from their position as Directors or Managers 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 period were:

Number of meetings held:	8
<hr/>	
Number of meetings attended:	
<hr/>	
Thomas Neville Trevena	8
<hr/>	
Anthony Kevin McManus	8
<hr/>	
William John Arthur	8
<hr/>	
Charles John Saliba	5
<hr/>	
Karen Elizabeth Chaston	7
<hr/>	
Joy Leggo	4
<hr/>	
Christine Roma Schulz	6
<hr/>	
Benjamin John Spalding	7
<hr/>	
Penelope Anne Freame	8
<hr/>	
Elizabeth Joy Bate	7
<hr/>	

Company Secretary

William John Arthur has been the Company Secretary of Lara District Community Enterprise Limited since 2008. William John Arthur's qualifications and experience include being the Manager with the art centre and was Company Secretary with Valley Community Services Ltd for 5 years and 1 year as assistant Chair.

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 Joy Leggo and Charles Saliba;
- (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.

Auditor independence declaration

The Directors received the following declaration from the Auditor of the Company:

Richmond Sinnott & Delahunty
Chartered Accountants

Directors' report continued

Richmond Sinnott & Delahunty Chartered Accountants



Partners:
Kenneth J Richmond
Warren J Sinnott
Philip P Delahunty
Brett A Andrews

9 October 2009

The Directors
Lara District Community Enterprise Ltd
PO Box 518
LARA VIC 3212

Dear Directors

Auditor's Independence Declaration

In relation to our audit of the financial report of Lara District Community Enterprise Limited for the period ended 30 June 2009, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Warren Sinnott
Partner
Richmond Sinnott & Delahunty

Signed in accordance with a resolution of the Board of Directors at Lara on 9 October 2009.

Thomas Neville Trevena
Chairman

Financial statements

Income statement For year ending 30 June 2009

	Note	2009 \$
Revenue from ordinary activities	2	1,387
Employee benefits expense	3	(17,065)
Charitable donations and sponsorship		(1,900)
Depreciation and amortisation expense	3	(1,278)
Other expenses from ordinary activities		(19,377)
Loss before income tax benefit		(38,233)
Income tax benefit	4	(12,005)
Loss after income tax benefit		(26,228)
Earnings per share (cents per share)		
- basic for loss for the period	21	(3.20)
- diluted for loss for the period	21	(3.20)

The accompanying notes form part of these financial statements.

Financial statements continued

Balance sheet As at 30 June 2009

	Note	2009 \$
Current assets		
Cash assets	6	477,365
Receivables	7	43,919
Total current assets		521,284
Non-current assets		
Property, plant and equipment	8	141,437
Deferred income tax asset	4	12,005
Intangible assets	9	109,267
Total non-current assets		262,709
Total assets		783,993
Current liabilities		
Payables	10	4,000
Provisions	11	-
Total current liabilities		4,000
Total liabilities		4,000
Net assets		779,993
Equity		
Share capital	12	806,221
Accumulated losses	13	(26,228)
Total equity		779,993

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of cash flows As at 30 June 2009

	Note	2009 \$
Cash flows from operating activities		
Cash payments in the course of operations		(77,108)
Interest received		234
Net cash flows from/(used in) operating activities	14b	(76,874)
Cash flows from investing activities		
Payment for intangible assets		(110,000)
Payment for property, plant and equipment		(141,982)
Net cash flows from/(used in) investing activities		(251,982)
Cash flows from financing activities		
Proceeds from issue of shares		818,809
Payment for share issues costs		(12,588)
Net cash flows from/(used in) financing activities		806,221
Net increase/(decrease) in cash held		477,365
Add opening cash brought forward		-
Closing cash carried forward	14a	477,365

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of changes in equity As at 30 June 2009

	Note	2009 \$
Share capital		
Ordinary shares		
Balance at start of period		-
Issue of share capital		818,809
share issue costs		(12,588)
Balance at end of period		806,221
Accumulated losses		
Balance at start of period		-
Loss after income tax benefit		(26,228)
Dividends paid		-
Balance at end of period		(26,228)

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ending 30 June 2009

Note 1. Basis of preparation of the financial report

(a) Basis of accounting

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and applicable Australian Accounting Standards and other mandatory professional reporting requirements.

The financial report has been prepared on an accruals basis and is based on historical costs (except for land and buildings and available-for-sale financial assets that have been measured at fair value) and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The financial report was authorised for issue by the Directors on 9 October 2009.

(b) Statement of compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ('AIFRS'). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards ('IFRS'). Australian Accounting Standards that have been recently issued or amended, but are not yet effective, have not been adopted in the preparation of this financial report.

(c) Significant accounting policies

The following is a summary of the material accounting policies adopted.

Income tax

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled.

Notes to the financial statements continued

Note 1. Basis of preparation of the financial report (continued)

Property, plant and equipment

Property, plant and equipment are brought to account at cost less accumulated depreciation and any impairment in value.

Land and buildings are measured at fair value less accumulated depreciation.

Depreciation is calculated on a diminishing value basis over the estimated useful life of the asset as follows:

Class of asset	Depreciation rate
Plant & equipment	10 - 66.67%

Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of plant and equipment is the greater 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.

Revaluations

Following initial recognition at cost, land and buildings are carried at a revalued amount which is the fair value at the date of the revaluation less any subsequent accumulated depreciation on buildings and accumulated impairment losses.

Fair value is determined by reference to market based evidence, which is the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date.

Any revaluation surplus is credited to the asset revaluation reserve included in the equity section of the balance sheet unless it reverses a revaluation decrease of the same asset previously recognised in the income statement.

Any revaluation deficit is recognised in the income statement unless it directly offsets a previous surplus of the same asset in the asset revaluation reserve.

An annual transfer from the asset revaluation reserve is made to retained earnings for the depreciation relating to the revaluation surplus.

Notes to the financial statements continued

Note 1. Basis of preparation of the financial report (continued)

Recoverable amount of assets

At each reporting date, the Company assesses whether there is any indication that an asset is impaired. Where an indicator of impairment exists, the Company makes a formal estimate of the recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

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 cash flow statement 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 operating cash flows.

Employee benefits

The provision for employee benefits to wages, salaries and annual leave represents the amount which the Company has a present obligation to pay resulting from employees' services provided up to the balance date. The provision has been calculated on undiscounted amounts based on wage and salary rates expected to be paid and includes related on-costs.

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

Intangibles

Establishment costs have been initially recorded at cost and amortised on a straight line basis at a rate of 20% per annum.

Cash

Cash on hand and in banks are stated at nominal value.

For the purposes of the cash flow statement, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts.

Revenue

Interest and fee revenue is recognised when earned. All revenue is stated net of the amount of goods and services tax (GST).

Notes to the financial statements continued

Note 1. Basis of preparation of the financial report (continued)

Receivables and payables

Receivables and payables are non interest bearing and generally have payment terms of between 30 and 90 days. Receivables are recognised and carried at original invoice amount less a provision for any uncollected debts. 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.

Interest bearing liabilities

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

Provisions

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

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

Contributed capital

Issued and paid up capital is 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.

Comparative figures

The entity commenced operations during the period, hence there are no comparative figures.

Notes to the financial statements continued

	2009
	\$
Note 2. Revenue from ordinary activities	
Operating activities	
- services commissions	1,153
- other revenue	-
Total revenue from operating activities	1,153
Non-operating activities:	
- interest received	234
- other revenue	-
Total revenue from non-operating activities	234
Total revenue from ordinary activities	1,387

Note 3. Expenses

Employee benefits expense	
- wages and salaries	6,382
- superannuation costs	683
- other costs	10,000
	17,065
Depreciation of non-current assets:	
- plant and equipment	545
Amortisation of non-current assets:	
- intangibles	733
	1,278
Bad debts	-

Notes to the financial statements continued

2009
\$

Note 4. Income tax expense

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

Prima facie tax on loss before income tax at 30%	(11,470)
Add/(less) tax effect of:	
- Non-deductible/(other deductible) expenses	(535)
Current income tax benefit	(12,005)
Income tax benefit	(12,005)
Deferred income tax asset	
Future income tax benefits arising from tax losses are recognised at reporting date as realisation of the benefit is regarded as probable.	12,005

Note 5. Auditors' remuneration

Amounts received or due and receivable by Richmond, Sinnott & Delahunty for:

- Audit or review of the financial report of the Company	2,700
- Completion of feasibility study	6,000
- Accounting work for prospectus	2,500
	11,200

Note 6. Cash assets

Cash at bank and on hand	477,365
---------------------------------	----------------

Note 7. Receivables

GST receivable	27,314
Trade debtors	16,605
	43,919

Notes to the financial statements continued

2009
\$

Note 8. Property, plant and equipment

Plant and equipment

At cost 141,982

Less accumulated depreciation (545)

Total written down amount 141,437

Movements in carrying amounts

Plant and equipment

Carrying amount at beginning of period -

Additions 141,982

Disposals -

Depreciation expense (545)

Carrying amount at end of period 141,437

Note 9. Intangible assets

Franchise and establishment fee

At cost 110,000

Less accumulated amortisation (733)

109,267

Note 10. Payables

Trade creditors 4,000

Note 11. Provisions

Employee benefits -

Number of employees at period end 3

Notes to the financial statements continued

	2009 \$
Note 12. Share capital	
818,809 Ordinary shares fully paid of \$1 each	818,809
Less equity raising costs	(12,588)
	806,221

All shares were allocated during the period ending 30 June 2009.

Note 13. Accumulated losses

Balance at the beginning of the financial period	-
Loss after income tax	(26,228)
Balance at the end of the financial period	(26,228)

Note 14. Cash flow statement

(a) Reconciliation of cash

Cash assets	477,365
--------------------	----------------

(b) Reconciliation of loss after tax to net cash provided from/(used in) operating activities

Loss after income tax	(26,228)
Non cash items	
- Depreciation	545
- Amortisation	733
Changes in assets and liabilities	
- (Increase) decrease in deferred tax asset	(12,005)
- (Increase) decrease in receivables	(43,919)
- Increase (decrease) in payables	4,000
Net cash flows from/(used in) operating activities	(76,874)

Notes to the financial statements continued

Note 15. Director and related party disclosures

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

Thomas Neville Trevena

Anthony Kevin McManus

William John Arthur

Charles John Saliba

Karen Elizabeth Chaston

Joy Leggo

Christine Roma Schulz

Benjamin John Spalding

Penelope Anne Freame

Elizabeth Joy Bate

Diesel Cooling Pty Ltd, of which Thomas Neville Trevena is a Director provided an interest free loan of \$10,000 to the Company during the period. This loan was repaid by the Company during the period.

Diesel Cooling Pty Ltd is the owner of the premises in which the Company operates. No rental payments were made during the period.

Thomas Neville Trevena provided an interest free loan of \$25,000 to the Company during the period. This loan was repaid by the Company during the period.

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

Directors' shareholdings	2009
Thomas Neville Trevena	1
Anthony Kevin McManus	1
William John Arthur	1
Charles John Saliba	1
Karen Elizabeth Chaston	1
Joy Leggo	1
Christine Roma Schulz	1
Benjamin John Spalding	1
Penelope Anne Freame	1
Elizabeth Joy Bate	1

All shares were purchased during the period. Each share held has a paid up value of \$1 and is fully paid.

Additional shares were applied for during the period by Directors, but not issued until after 30 June 2009.

Notes to the financial statements continued

Note 16. Subsequent events

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

Note 17. Contingent liabilities

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

Note 18. Segment reporting

The economic entity operates in the financial services sector where it provides banking services to its clients. The economic entity operates in one geographic area being Lara, Victoria.

Note 19. Corporate information

Lara District Community Enterprise Limited is a Company limited by shares incorporated in Australia.

The registered office and principal place of business is:

1/5 Waverley Road,
Lara VIC 3212

Note 20. Dividends paid or provided for on ordinary shares

The Directors recommend that no dividend be paid for the current period.

2009
\$

Note 21. Earnings per share

Basic earnings per share amounts are calculated by dividing loss after income tax by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share amounts are calculated by dividing loss after income tax by the weighted average number of ordinary shares outstanding during the period (adjusted for the effects of any dilutive options or preference shares).

The following reflects the income and share data used in the basic and diluted earnings per share computations:

Loss after income tax benefit	(26,228)
Weighted average number of ordinary shares for basic and diluted earnings per share	818,809

Notes to the financial statements continued

Note 22. Financial risk management

The Company has exposure to credit risk, liquidity risk and market risk from their use of financial instruments.

This note presents information about the Company's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established an Audit Committee which reports regularly to the Board. The Audit Committee is assisted in the area of risk management by an internal audit function.

(a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. For the Company it arises from receivables and cash assets.

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. The Company's maximum exposure to credit risk at reporting date was:

	Carrying amount 2009 \$
Cash assets	477,365
Receivables	43,919
	521,284

The Company's exposure to credit risk is limited to Australia by geographic area. The majority of the balance of receivables is due from Bendigo and Adelaide Bank Ltd and the Australian Taxation Office.

None of the assets of the Company are past due and based on historic default rates, the Company believes that no impairment allowance is necessary in respect of assets not past due.

The Company limits its exposure to credit risk by only investing in liquid securities with Bendigo and Adelaide Bank Ltd.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company ensures it will have enough liquidity to meet its liabilities when due under both normal and stressed conditions. Liquidity management is carried out within the guidelines set by the Board.

Typically, the Company maintains sufficient cash on hand to meet expected operational expenses, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Notes to the financial statements continued

Note 22. Financial risk management (continued)

(b) Liquidity risk (continued)

The following are the estimated contractual maturities of financial liabilities, including estimated interest payments.

	Carrying amount \$	Contractual cash flows \$	1 year or less \$	Over 1 to 5 years \$	More than 5 years \$
30 June 2009					
Payables	4,000	(4,000)	(4,000)	-	-
	4,000	(4,000)	(4,000)	-	-

(c) Market risk

Market risk is the risk that changes in market prices, such as interest rates, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

Interest rate risk

Interest rate risk is that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company reviews the exposure to interest rate risk as part of the regular Board meetings.

Sensitivity analysis

At the reporting date the interest rate profile of the Company's interest bearing financial instruments was:

	Carrying Amount 2009 \$
Fixed rate instruments	
Financial assets	-
Financial liabilities	-
	-
Variable rate instruments	
Financial assets	477,365
Financial liabilities	-
	477,365

Notes to the financial statements continued

Note 22. Financial risk management (continued)

(c) Market risk (continued)

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed interest rate financial assets or liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have no impact on profit or retained earnings. This assumes all other variables remain constant.

(d) 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 year end.

(e) Capital management

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

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

(i) the Distribution Limit is the greater of:

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

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

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

The Board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the Company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the period 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 period.

Directors' declaration

In accordance with a resolution of the Directors of Lara District Community Enterprise Limited, I 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 their performance for the period ended on that date; and
 - (ii) complying with Accounting Standards in Australia and Corporations Regulations 2001; 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.



Thomas Neville Trevena
Chairman

Signed at Lara on 9 October 2009.

Independent audit report

Richmond Sinnott & Delahunty Chartered Accountants



INDEPENDENT AUDIT REPORT TO THE MEMBERS OF LARA DISTRICT COMMUNITY ENTERPRISE LIMITED

Partners:
Kenneth J Richmond
Warren J Sinnott
Phillip P Delahunty
Brett A Andrews

SCOPE

The financial report comprises the balance sheet, income statement, statement of changes in equity, cash flow statement, accompanying notes to the financial statements, and the directors' declaration for Lara District Community Enterprise Limited, for the period ended 30 June 2009.

The directors of the company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the company, and that complies with Accounting Standards in Australia, in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are established to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit of the financial report in order to express an opinion on it to the members of the company. Our audit has been conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly in accordance with the Corporations Act 2001, including compliance with Accounting Standards in Australia, and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report; and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant account estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Woodbury Court, 172 McIvor Road Bendigo 3550. PO Box 30 Bendigo 3552. Ph: (03) 5443 1177. Fax: (03) 5444 4344. Email: rsd@rsdadvisors.com.au

ABN 60 616 244 309

Liability limited by a scheme approved under Professional Standards Legislation

Independent audit report continued

We performed procedures to assess whether the substance of business transactions was accurately reflected in the financial report. These and our other procedures did not include consideration or judgement of the appropriateness or reasonableness of the business plans or strategies adopted by the directors and management of the company.

INDEPENDENCE

We are independent of the company, and have met the independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

AUDIT OPINION

In our opinion, the financial report of Lara District Community Enterprise Limited is in accordance with:

- (a) 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 Accounting Standards and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia.

Richmond Sinnott & Delahunt
RICHMOND SINNOTT & DELAHUNTY
Chartered Accountants

W. J. Sinnott

W. J. SINNOTT
Partner
Bendigo

Date: 9 October 2009

Lara District **Community Bank**[®] Branch
5 Waverley Road, Lara VIC 3212
Phone: (03) 5282 6430

Franchisee: Lara District Community Enterprise Limited
PO Box 40, Lara VIC 3212
Phone: (03) 5282 1122
ABN: 67 134 347 087

www.bendigobank.com.au/lara
Bendigo and Adelaide Bank Limited,
The Bendigo Centre, Bendigo VIC 3550
ABN 11 068 049 178. AFSL 237879. (BMPAR9031) (08/09)



This Annual Report has been printed on 100% Recycled Paper