Lara District Community Enterprise Limited

ABN 67 134 347 087

annual report 2011

Lara District **Community Bank**® Branch

Contents

Chairman's report

For year ending 30 June 2011

All banking enterprises are experiencing challenging times due to the aftermath of the Global Financial Crisis and periods of instability in the world finance industry, most are outside Australia's control but nevertheless influence the Australian market.

It is with great pleasure therefore that I am able to report banking business for Lara District **Community Bank®** Branch has steadily continued to increase during the reporting period, with growth of 30% in the 2010/2011 financial year.

It is too soon to confidently assure you that we have passed the rough territory of negotiating the development and establishment of the Company. We can reassure you however, that we will continue to diligently monitor Company income and expenditure with the primary aims of growing our business, putting money into the community and returning a dividend to shareholders.

Our Community Support Program (CSP) committee continues to receive and process applications for grants, donations and support from not-for-profit organisations, within the Lara and surrounding district area. In our two year period of operation we have distributed $79,000.

A new Company faces many challenges and we continue to review and hone the administrative operation of Lara District Community Enterprise. A small number of share transactions have occurred, however we acknowledge that the share trading system is not user friendly, and are currently in discussions with Bendigo and Adelaide Bank Ltd to improve the process.

The Board meets on a monthly basis (excluding December). All Board members also participate in one Company committee; either the Community Support Programme (CSP) Committee or the Governance/Administration Committee. Each committee meets regularly and reports to the monthly Board meeting.

The Board wishes to acknowledge the work of our Branch Manager Damien Foster, who along with his dedicated staff, are responsible for our continued business growth.

We encourage you to take the opportunity to attend the Lara District Community Enterprise Annual General Meeting which will be held at the Bisinella Centre on 17 November 2011. Registration will open at 7.00pm and the meeting will commence at 7.30pm sharp. A light supper will be provided.

The meeting will include a brief presentation on the business operation of Lara District Community Enterprise. You will have the opportunity to both listen and ask questions so that you remain fully informed about the management and operation of your Company.

Neville Trevena
Chairman

Manager's report

For year ending 30 June 2011

I am pleased to report that as of 30 June 2011 Lara District **Community Bank®** Branch holdings were more than $75 million with over 4,000 current accounts, which easily exceeds either scenario of the second year forecast in the Offer to shareholder's Prospectus dated 27 February 2009.

The recent installation of an ATM at the McClelland Avenue Take Away Food & Car Wash precinct has brought the number of Lara District **Community Bank®** Branch ATMs to three. All ATMs are well used by both customers and non-customers. We have removed the e-kiosk from within the branch due to lack of use. The coin counting machine usage however continues to increase.

Our branch has welcomed Jade Oscar as a new staff member. Jade joined our team in August 2010 and is currently our Customer Relationship Officer. Jade was previously employed at the Malop Street branch of Bendigo Bank.

I would like to personally and publicly thank Lara District **Community Bank®** Branch staff - Rebecca, Michelle, Dianne, Sara, Cindy and Jade - for their work over the past 12 months. Their professionalism and commitment to the service of our customers is to be commended.

Recently we farewelled Sara who has transferred to a position at the Corio branch of Bendigo Bank. I thank Sara for her work and commitment over the first two years of operation.

Without our banking customers the branch would not have exceeded forecasted expectations. On behalf of myself and the staff of Lara District **Community Bank®** Branch I thank our customers for their support and loyalty and look forward to our ongoing banking association.

Damien Foster
Branch Manager

Directors' report

For the financial year ended 30 June 2011

Your Directors submit their report of the Company for the financial year ended 30 June 2011.

Directors

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

Thomas Neville Trevena
Chairman
Semi-Retired

Anthony Kevin McManus (resigned 1 December 2010)
Director
Real Estate Agent

Karen Elizabeth Chaston
Director
School Principal

Charles John Saliba
Director
Semi-Retired

Christine Roma Schulz
Director
Student

Joy Leggo
Director
Chief Executive Officer

Penelope Anne Freame
Director
Kindergarten Teacher

Elizabeth Joy Bate (resigned 28 October 2010)
Director
Retired School Teacher

Benjamin John Spalding
Director
Senior Durability Engineer

Helen Craven (appointed 30 September 2010)
Director
HR Manager

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

Principal activities

The principal activities of the Company during the course of the financial year 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 year.

Review of operations

The profit/(loss) of the Company for the financial year after provision for income tax was $10,720 (2010: $166,822).

Dividends

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

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.

Significant events after the balance date

Since the balance date, world financial markets have shown volatility that may have an impact on investment earnings in the 2011/12 financial year. The Company continues to maintain a conservative investment strategy to manage the exposure to market volatility.

There have been 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.

Remuneration report

Diesel Cooling Pty Ltd of which Thomas Neville Trevena is the owner of the premises in which the Company operates. Rental payments of $45,900 were paid during the year ended 30 June 2011 (2010: $38,900).

Charles Saliba was paid $1,000 (2010: $1,000) for his role as Treasurer to assist in offsetting out of pocket expenses.

Other than stated above, no other 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. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by Directors shown in the Company's accounts, or the fixed salary of a full-time employee of the Company, controlled entity or related body corporate.

Indemnification and insurance of Directors and Officers

The Company has agreed to indemnify each Officer (Director, Secretary or employee) out of assets of the Company to the relevant extent against any liability incurred by that person arising out of the discharge of their duties, except where the liability arises out of conduct involving dishonesty, negligence, breach of duty or the lack of good faith. The Company also has Officers Insurance for the benefit of Officers of the Company against any liability occurred by the Officer, which includes the Officer's liability for legal costs, in or arising out of the conduct of the business of the Company or in or arising out of the discharge of the Officer's duties.

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 during the year were:

Director	Board meetings #
Thomas Neville Trevena	11 (11)
Anthony Kevin McManus (resigned 1 December 2010)	1 (4)
Charles John Saliba	11 (11)
Karen Elizabeth Chaston	10 (11)
Joy Leggo	11 (11)
Christine Roma Schulz	11 (11)
Benjamin John Spalding	11 (11)
Penelope Anne Freame	10 (11)
Elizabeth Joy Bate (resigned 28 October 2010)	0 (3)
Helen Craven (appointed 30 September 2010)	7 (9)

The first number is the meetings attended while in brackets is the number of meetings eligible to attend.

Company Secretary

Joy Leggo was appointed Company Secretary on 1 February 2010. She has lived in Lara for eight years. She is employed as the Chief Executive Officer of an aged care faciility in Geelong, with over 25 years experience in health management. Formal qualifications are a Bachelor of Health Adminstration and a Master of Business Administration. She has a specific interest in corporate governance and is currently completing a Graduate Diploma in Applied Corporate Governance.

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.

Directors' report continued

Auditor Independence Declaration

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

Richmond Sinnott & Delahunty
Chartered Accountants

14 September 2011

The Directors
Lara District Community Enterprise Limited
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 year ended 30 June 2011, 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 14 September 2011.

Thomas Neville Trevena, Chairman

Financial statements

Statement of comprehensive income
for the year ended 30 June 2011

	Note	2011 $	2010 $
Revenue from continuing operations	2	684,891	444,841
Employee benefits expense	3	(348,100)	(308,447)
Charitable donations and sponsorship		(48,551)	(24,775)
Depreciation and amortisation expense	3	(80,388)	(101,318)
Finance costs	3	-	(67)
Other expenses		(221,773)	(276,752)
Loss before income tax benefit		**(13,921)**	**(266,518)**
Income tax benefit	4	(24,641)	(99,696)
Profit/(loss) after income tax benefit		**10,720**	**(166,822)**
Other comprehensive income		-	-
Total comprehensive income		**10,720**	**(166,822)**
Earnings per share (cents per share)			
- basic for profit/(loss) for the year	21	1.22	(18.96)
- diluted for profit/(loss) for the year	21	1.22	(18.96)

The accompanying notes form part of these financial statements.

Statement of financial position as at 30 June 2011

	Note	2011 $	2010 $
Current assets			
Cash and cash equivalents	6	332,223	258,780
Receivables	7	67,217	52,261
Total current assets		**399,440**	**311,041**
Non-current assets			
Property, plant and equipment	8	136,410	194,802
Deferred tax assets	4	136,342	111,701
Intangible assets	9	65,419	87,415
Total non-current assets		**338,171**	**393,918**
Total assets		**737,611**	**704,959**
Current liabilities			
Payables	10	54,186	34,179
Provisions	11	8,230	6,305
Total current liabilities		**62,416**	**40,484**
Total liabilities		**62,416**	**40,484**
Net assets		**675,195**	**664,475**
Equity			
Share capital	12	857,525	857,525
Accumulated losses	13	(182,330)	(193,050)
Total equity		**675,195**	**664,475**

The accompanying notes form part of these financial statements.

Statement of cash flows
for the year ended 30 June 2011

	Note	2011 $	2010 $
Cash flows from operating activities			
Cash receipts in the course of operations		721,232	465,669
Cash payments in the course of operations		(662,180)	(609,975)
Interest received		14,391	7,315
Interest paid		-	(67)
Net cash flows from/(used in) operating activities	**14b**	**73,443**	**(137,058)**
Cash flows from investing activities			
Payment for property, plant and equipment		-	(132,831)
Net cash flows from/(used in) investing activities		**-**	**(132,831)**
Cash flows from financing activities			
Proceeds from issue of shares		-	61,202
Payment for share issues costs		-	(9,898)
Net cash flows from/(used in) financing activities		**-**	**51,304**
Net increase/(decrease) in cash held		**73,443**	**(218,585)**
Cash and cash equivalents at start of year		258,780	477,365
Cash and cash equivalents at end of year	**14a**	**332,223**	**258,780**

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of changes in equity for the year ended 30 June 2011

	Note	2011 $	2010 $
Share capital			
Balance at start of year		857,525	806,221
Issue of share capital		-	61,202
Share issue costs		-	(9,898)
Balance at end of year		**857,525**	**857,525**
Accumulated losses			
Balance at start of year		(193,050)	(26,228)
Profit/(loss) after income tax benefit		10,720	(166,822)
Dividends paid	20	-	-
Balance at end of year		**(182,330)**	**(193,050)**

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2011

Note 1. Basis of preparation of the financial report

(a) Basis of preparation

Lara District Community Enterprise Limited ('the Company') is domiciled in Australia. The financial statements for the year ending 30 June 2011 are presented in Australian dollars. The Company was incorporated in Australia and the principal operations involve providing **Community Bank®** services.

The financial statements have been prepared on an accruals basis and are based on historical costs and do not take into account changing money values or, except where stated, current valuations of non-current assets.

The financial statements require judgements, estimates and assumptions to be made that affect the application of accounting policies. Actual results may differ from these estimates.

The financial statements were authorised for issue by the Directors on 14 September 2011.

(b) Statement of compliance

The financial report is a general purpose financial report, which has been prepared in accordance with Australian Accounting Standards (including Australian Interpretations) adopted by the Australian Accounting Standards Board and the Corporations Act 2001. The financial report of the Company complies with International Financial Reporting Standards and interpretations adopted by the International Accounting Standards Board. 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. These changes are not expected to have a material impact on the Company's financial statements.

(c) Significant accounting policies

The following is a summary of the material accounting policies adopted. The accounting policies have been consistently applied and are consistent with those applied in the 30 June 2010 financial statements.

Income tax

Deferred income tax is provided on all temporary differences at the reporting 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 reporting 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.

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	30%
Motor vehicles	30%

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.

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.

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

Goods and services tax (continued)

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position. Cash flows are included in the Statement of Cash Flows on a gross basis.

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

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.

Loans and borrowings

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.

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

Provisions (continued)

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.

Share 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

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year. The Company commenced operations during the prior period and hence comparative figures are for the period ending 30 June 2010.

	2011 $	2010 $

Note 2. Revenue from continuing operations

Operating activities		
- services commissions	670,500	437,526
- other revenue	-	-
	670,500	**437,526**
Non-operating activities:		
- interest received	14,391	7,315
- other revenue	-	-
	14,391	**7,315**
	684,891	**444,841**

Note 3. Expenses

Employee benefits expense		
- wages and salaries	279,713	239,074
- superannuation costs	27,818	20,462
- workers compensation	734	1,434
- payroll tax	8,500	7,555
- other costs	31,335	39,922
	348,100	**308,447**

	2011 $	2010 $
Note 3. Expenses (continued)		
Depreciation of non-current assets:		
- plant and equipment	58,392	79,466
Amortisation of non-current assets:		
- intangibles	21,996	21,852
	80,388	**101,318**
Bad debts	324	341
Finance costs	-	67

Note 4. Income tax expense

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

	2011 $	2010 $
Prima facie tax on loss before income tax at 30%	(4,176)	(79,955)
Add/(less) tax effect of:		
- Non-deductible expenses	5,827	7,461
- Prior year over provision for tax	(26,292)	(27,202)
Current income tax benefit	**(24,641)**	**(99,696)**
Income tax benefit	**(24,641)**	**(99,696)**
Deferred tax assets		
Future income tax benefits arising from tax losses are recognised at reporting date as realisation of the benefit is regarded as probable.	**136,342**	**111,701**

Note 5. Auditors' remuneration

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

	2011 $	2010 $
- Audit or review of the financial report of the Company	3,900	3,900
- Share registry	1,375	2,600
	5,275	**6,500**

	2011 $	2010 $

Note 6. Cash and cash equivalents

Cash at bank and on hand	**332,223**	**258,780**

Note 7. Receivables

Trade debtors	**67,217**	**52,261**

Note 8. Property, plant and equipment

Plant and equipment		
At cost	242,220	242,220
Less accumulated depreciation	(122,731)	(71,599)
Total written down amount	**119,489**	**170,621**
Motor vehicles		
At cost	32,593	32,593
Less accumulated depreciation	(15,672)	(8,412)
Total written down amount	16,921	24,181
	136,410	**194,802**
Movements in carrying amounts		
Plant and equipment		
Carrying amount at beginning of year	170,621	141,437
Additions	-	100,238
Disposals	-	-
Depreciation expense	(51,132)	(71,054)
Carrying amount at end of year	**119,489**	**170,621**
Motor vehicles		
Carrying amount at beginning of year	24,181	-
Additions	-	32,593
Disposals	-	-
Depreciation expense	(7,260)	(8,412)
Carrying amount at end of year	**16,921**	**24,181**

	2011 $	2010 $

Note 9. Intangible assets

Franchise and establishment fee		
At cost	110,000	110,000
Less accumulated amortisation	(44,581)	(22,585)
	65,419	**87,415**

Note 10. Payables

Trade creditors	**54,186**	**34,179**

Note 11. Provisions

Employee benefits	**8,230**	**6,305**
Movement in employee benefits		
Opening balance	6,305	-
Additional provisions recognised	7,544	7,838
Amounts utilised during the year	(5,619)	(1,533)
Closing balance	**8,230**	**6,305**

Note 12. Share capital

880,011 Ordinary Shares fully paid of $1 each	880,011	880,011
less Equity raising costs	(22,486)	(22,486)
	857,525	**857,525**
Movement in ordinary shares		
Balance at beginning of year	857,525	806,221
Equity raising costs	-	(9,898)
Issue of share capital	-	61,202
Balance at end of year	**857,525**	**857,525**

	2011 $	2010 $

Note 13. Accumulated losses

Balance at the beginning of the financial year	(193,050)	(26,228)
Profit / (loss) after income tax	10,720	(166,822)
Balance at the end of the financial year	**(182,330)**	**(193,050)**

Note 14. Statement of cash flows

(a) Cash and cash equivalents

Cash assets	**332,223**	**258,780**

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

Profit / (loss) after income tax	10,720	(166,822)
Non cash items		
- Depreciation	58,392	79,466
- Amortisation	21,996	21,852
Changes in assets and liabilities		
- (Increase) decrease in deferred tax asset	(24,641)	(99,696)
- (Increase) decrease in receivables	(14,956)	(8,342)
- Increase (decrease) in provisions	1,925	6,305
- Increase (decrease) in payables	20,007	30,179
Net cashflows from/(used in) operating activities	**73,443**	**(137,058)**

Note 15. Director and related party disclosures

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

Thomas Neville Trevena

Anthony Kevin McManus (resigned 1 December 2010)

Charles John Saliba

Karen Elizabeth Chaston

Joy Leggo

Christine Roma Schulz

Benjamin John Spalding

Penelope Anne Freame

Elizabeth Joy Bate (resigned 28 October 2010)

Helen Craven (appointed 30 September 2010)

Note 15. Director and related party disclosures (continued)

Diesel Cooling Pty Ltd of which Thomas Neville Trevena is a Director is the owner of the premises in which the Company operates. Rental payments of $45,900 were paid during the year ended 30 June 2011 (2010: $38,900).

Charles Saliba was paid $1,000 (2010: $1,000) for his role as Treasurer to assist in offsetting out of pocket expenses.

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	**2011**	**2010**
Thomas Neville Trevena	43,303	43,303
Anthony Kevin McManus (resigned 1 December 2010)	10,001	10,001
Charles John Saliba	5,001	5,001
Karen Elizabeth Chaston	1,001	1,001
Joy Leggo	501	1
Christine Roma Schulz	6,000	6,000
Benjamin John Spalding	1	1
Penelope Anne Freame	4,001	4,001
Elizabeth Joy Bate (resigned 28 October 2010)	5,001	5,001
Helen Craven (appointed 30 September 2010)	1,000	-

Helen Craven purchased 1,000 shares and Joy Leggo purchased 500 shares during the year. There was no other movement in Directors' shareholdings during the year. Each share held has a paid up value of $1 and is fully paid.

Note 16. Subsequent events

Since the balance date, world financial markets have shown volatility that may have an impact on investment earnings in the 2011/12 financial year. The Company continues to maintain a conservative investment strategy to manage the exposure to market volatility.

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

Note 17. Contingent liabilities and assets

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

Note 18. Segment reporting

The economic entity operates in the financial services sector were 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 year.

Note 21. Earnings per share

Basic earnings per share amounts are calculated by dividing profit/(loss) after income tax by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing profit/(loss) after income tax by the weighted average number of ordinary shares outstanding during the year (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:

	2011 $	2010 $
Profit/(loss) after income tax benefit	**10,720**	**(166,822)**
Weighted average number of ordinary shares for basic and diluted earnings per share	**880,011**	**880,011**

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.

Note 22. Financial risk management (continued)

(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 reporting date to recognised financial assets is the carrying amount of those assets as disclosed in the Statement of Financial Position and notes to the financial statements. The Company's maximum exposure to credit risk at reporting date was:

	Carrying amount	
	2011	**2010**
	$	**$**
Cash assets	332,223	258,780
Receivables	67,217	52,261
	399,440	**311,041**

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

None of the assets of the Company are past due (2010: nil 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.

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

Note 22. Financial risk management (continued)

(b) Liquidity risk (continued)

	Carrying amount $	Contractual cash flows $	1 year or less $	Over 1 to 5 years $	More than 5 years $
30 June 2011					
Payables	54,186	(54,186)	(54,186)	–	–
	54,186	**(54,186)**	**(54,186)**	**–**	**–**
30 June 2010					
Payables	34,179	(34,179)	(34,179)	–	–
	34,179	**(34,179)**	**(34,179)**	**–**	**–**

(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 2011 $	2010 $
Fixed rate instruments		
Financial assets	250,000	200,000
Financial liabilities	-	-
	250,000	**200,000**
Variable rate instruments		
Financial assets	82,223	58,780
Financial liabilities	-	-
	82,223	**58,780**

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. For the analysis performed on the same basis as at 30 June 2010 there was also no impact. As at both dates 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 Statement of Financial Position. 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 Statement of Financial Position.

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

(i) the Distribution Limit is the greater of:

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

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

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

The Board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the Company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the year ended 30 June 2011 can be seen in the Statement of Comprehensive Income.

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

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 2011 and of their performance for the year ended on that date; and

  (ii) complying with Accounting Standards in Australia, International Financial Reporting Standards 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 14 September 2011.

Independent audit report

Richmond
Sinnott &
Delahunty
Chartered Accountants

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

SCOPE

The financial report comprises the statement of financial position, statement of comprehensive income, statement of cash flows, statement of changes in equity, accompanying notes to the financial statements, and the directors' declaration for Lara District Community Enterprise Limited, for the year ended 30 June 2011.

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.

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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 2011 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 & Delahunty

RICHMOND SINNOTT & DELAHUNTY
Chartered Accountants

W Sinnott.

W. J. SINNOTT
Partner
Bendigo

Date: 14 September 2011

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Bendigo Bank

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