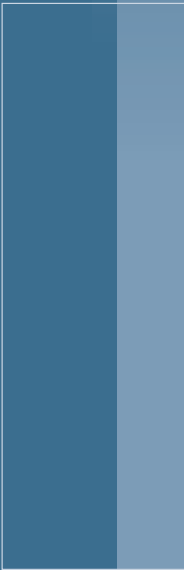
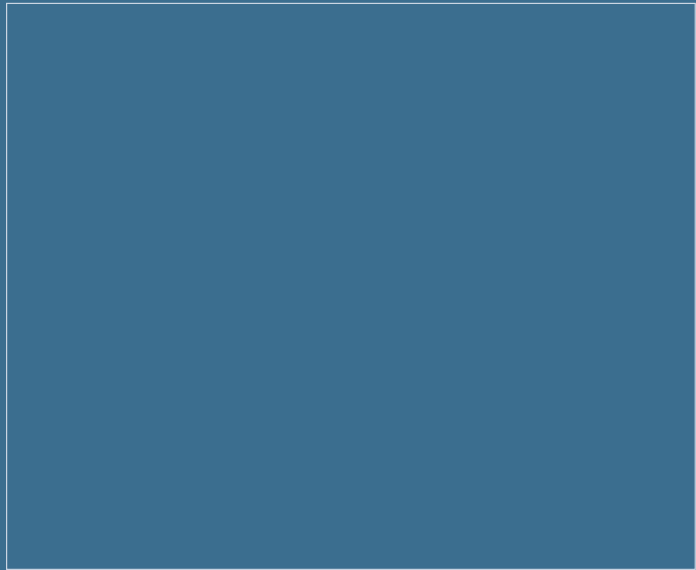
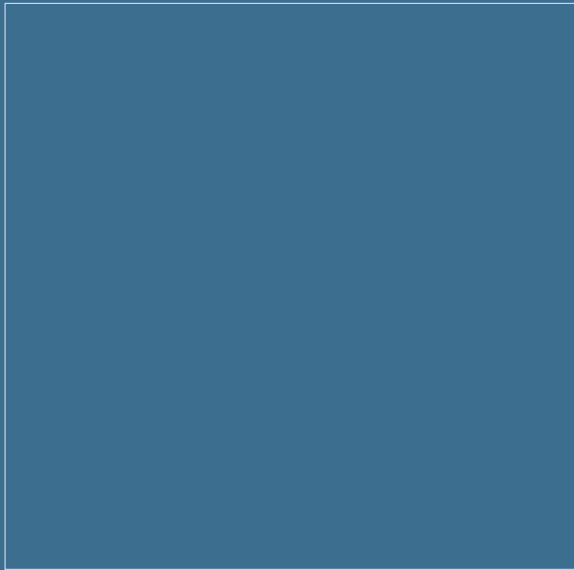


# annual report | 2009



Gisborne & District Community  
Enterprises Limited  
ABN 57 130 493 499

Gisborne & District **Community Bank**<sup>®</sup> Branch

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# Chairman's report

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For year ending 30 June 2009

It is with some pleasure that I present to you the first Annual Report of our **Community Bank**<sup>®</sup> branch, a venture that would not have eventuated without the enthusiastic support of you all, our valued shareholders.

At the end of the financial year, 30 June 2009 we hold a total book that is deposits, housing and personal loans, term deposits etc. in the vicinity of \$36 million. Having opened with a book of about \$15 million in November of 2008, being as we understand, a record opening balance of any **Community Bank**<sup>®</sup> branch in Australia, we reached the above total of \$36 million by end of June last. Thanks to all our staff the Board is gratified to see such a great result after eight months trading.

It heartens the Board, and in particular our staff to see that we have become very relevant within our catchment area with good support from all parts of the community.

The staff have been most successful in gaining and retaining the necessary business so that we can reach our objectives in supporting our local communities. To date we have been able to assist several bodies and institutions in the area of Gisborne, Riddell's Creek, Macedon and Bullengarook with others in the pipeline.

It seems that each week brings interested parties seeking some help. A sub-committee peruses these applications and their recommendations are taken to the full Board for decision. As a rule, we are concentrating our funds to the groups who bank with us on the understanding that the more funds we have to invest, the better return to hand on to the group committees.

We seek to maximise the funds we distribute by working with our local council, when appropriate, to seek matching grants for public facilities, likewise there are occasions when we can also match with State and Federal Government grants to make a real difference.

In the future we plan for a succession of Board members and will encourage younger members within our community to become Directors. It may be possible, for instance, to have a secondary school student as part of a sub-committee in order to give that person some experience. At a later stage that person may be interested enough to stand for election to the Board. Such suggestions are always being considered.

A special thanks should go to the four members of the original Board (and steering committee) who have decided to stand aside from the elections of this year, in some cases to attend to their own businesses, and others, to travel extensively. Our appreciation for their efforts to make the **Community Bank**<sup>®</sup> concept happen and their dedication to the task.

## Chairman's report continued

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It would be remiss of me not to mention the enthusiastic staff we have in the branch. From the Manager down they have all contributed heartily to make our **Community Bank**<sup>®</sup> branch a success, we are proud of their attitude towards customers and the pleasant manner in which they conduct themselves.

We are quietly confident that the future will see our **Community Bank**<sup>®</sup> branch performing along the lines of the original prospectus, and rewarding the shareholders for their patience.



**Maurice Bourke**

**Chairman**

# Manager's report

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For year ending 30 June 2009

It is with pleasure that I present to you a brief on the Gisborne & District **Community Bank**<sup>®</sup> Branch's progress since we opened our doors on 19 November 2008. It was with much excitement that we commenced trading, with some staff new to Bendigo and Adelaide Bank Ltd, some new to banking and some (Glenys) well and truly versed in "The Bendigo Bank Way". With a good mix of staff, we were well equipped to tackle all of the challenges that come with the opening of any new enterprise. Just over eight months on, we have settled into a rhythm and all staff are handling the rigors of the job with professionalism and efficiency.

From a purely business perspective, the results achieved by the Gisborne & District **Community Bank**<sup>®</sup> Branch have been outstanding to date. As at 30 June 2009, the bank boasted the following figures;

- Total loan book - \$18.4 million
- Total deposit book - \$17.9 million
- Accounts - 1,300
- Products per customer - 1.837

We have been fortunate to have been so well supported by not only the Gisborne community, but also the Macedon, Mount Macedon and Riddells Creek communities with a very even spread of custom from the residents of all of these towns. Our bank definitely does belong to the "Gisborne & District", in more than name.

We have had some staff movements with Zoe Olive falling pregnant and taking maternity leave. Her role was filled by existing staff member Amy White, and we were fortunate to secure the services of a very knowledgeable and versatile staff member from Sunbury, Susan Tresidder. She is a welcome addition to our team, and will assist with the ever increasing number of lending enquiries experienced by the branch.

The Gisborne & District **Community Bank**<sup>®</sup> Branch sponsorship committee has been kept very busy with requests for sponsorship/donations. We have attempted to stretch these dollars as far as possible, and are looking at contributing wherever possible to any worthwhile community project/body. As at 30 June 2009, we had reinvested over \$4,000 back into the local community, as well as gifting over \$1,700 on our opening day. From a Managers perspective, it is a wonderful feeling to "give back" to the local community. Any help we give is greatly appreciated, and our ability to gift monies is a powerful point of differentiation between our **Community Bank**<sup>®</sup> branch and our competitors.

To conclude, I would like to personally thank the Board members (both past and present) of the Gisborne & District **Community Bank**<sup>®</sup> Branch for their endeavors in making the dream of the **Community Bank**<sup>®</sup> concept in our area a reality. Your hard work, perseverance and dedication has well and truly paid off and "your" **Community Bank**<sup>®</sup> branch is fully operational and already making an impact in the Gisborne and district catchment area.

## Manager's report continued

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To the staff - thank you Glen, Janette, Amy, Zoe and Susan for all of your hard work to date. There is a long road in front of us, but we are well and truly on the right path. Let's stick together, work hard and enjoy the rewards that a successful **Community Bank**<sup>®</sup> branch will bring.

Finally, if you have visited us already- thank you. If not, why not? We are truly a Bank with a community conscious offering a product suite the equivalent of any other financier in Australia. Come and give us a try - you won't be disappointed and you will be helping your local community grow and prosper. I hope to see you soon...



**Jason Chuck**  
**Branch Manager**

# Directors' report

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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:

### **Ian Robert Barclay**

Director  
Retired

### **John Edward Brierley**

Director  
Cabinet Maker

### **Helen Louise Gray**

Minute Secretary/Director  
Company Director

### **Rhonda Anne Irving**

Company Secretary/Director  
Retired Bookkeeper

### **Bruce Francis Nunan**

Treasurer/Director  
Retired Manager

### **Nick Richard Montgomery Selleck**

Director  
Accessories Manager

### **John Brierley**

(Resigned 16 July 2009)

### **Maurice Thomas Bourke**

Chairman/Director  
Retired Bank Manager

### **Vivian Lee Glenister**

Director  
Developer

### **Brian Robert Hunt**

Director  
Estate Agent

### **Barry Charles Mullen**

Deputy Chairman/Director  
Retired Medical GP

### **Alan Perry**

Director  
Panel Beater

### **Clifford John Talbot**

Director  
Retired Bank Manager

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

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 period were in providing **Community Bank**<sup>®</sup> 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.

# Directors' report continued

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## **Operating results**

Operations have performed in line with expectations. The loss of the Company for the financial period after provision for income tax was \$188,704.

## **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. 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 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

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## Directors' meetings

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

<b>Number of meetings held:</b>	<b>31</b>
<hr/>	
<b>Number of meetings attended:</b>	
<hr/>	
Ian Robert Barclay	24
<hr/>	
Maurice Thomas Bourke	24
<hr/>	
John Edward Brierley	20
<hr/>	
Vivian Lee Glenister	26
<hr/>	
Helen Louise Gray	25
<hr/>	
Brian Robert Hunt	23
<hr/>	
Rhonda Anne Irving	22
<hr/>	
Barry Charles Mullen	27
<hr/>	
Bruce Francis Nunan	18
<hr/>	
Alan Perry	19
<hr/>	
Nick Richard Montgomery Selleck	24
<hr/>	
Clifford John Talbot	22
<hr/>	

## Company Secretary

Rhonda Anne Irving has been the Company Secretary of Gisborne & District Community Enterprises Ltd since 2008. Rhonda's qualifications and experience include book keeping and accounting.

## 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 Maurice Bourke, Barry Mullen, Rhonda Irving and Bruce Nunan;
- (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

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### **Richmond Sinnott & Delahunty** Chartered Accountants



172 McIvor Road  
PO Box 30  
Bendigo, 3552  
Ph. 03 5443 1177  
Fax. 03 5444 4344  
E-mail: [rsd@rsdadvisors.com.au](mailto:rsd@rsdadvisors.com.au)

#### **Auditor's independence declaration**

In relation to our audit of the financial report of Gisborne & District Community Enterprises Ltd for the financial 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.

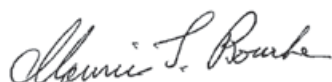


**Warren Sinnott**  
**Partner**

Richmond Sinnott & Delahunty  
Bendigo

30 September 2009

Signed in accordance with a resolution of the Board of Directors at Gisborne on 30 September 2009.



**Maurice Thomas Bourke**  
**Chairman**

# Financial statements

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## Income statement For year ending 30 June 2009

	Note	2009 \$
Revenue from ordinary activities	2	117,117
Employee benefits expense	3	(155,844)
Charitable donations and sponsorship		(6,850)
Depreciation and amortisation expense	3	(27,189)
Other expenses from ordinary activities		(186,784)
<b>Loss before income tax expense</b>		<b>(259,550)</b>
Income tax expense / (benefit)	4	(70,846)
<b>Loss after income tax expense</b>		<b>(188,704)</b>
<b>Earnings per share (cents per share)</b>		
- basic for loss for the period	21	(26.09)
- diluted for loss for the period	21	(26.09)

The accompanying notes form part of these financial statements.

## Financial statements continued

### Balance sheet As at 30 June 2009

	Note	2009 \$
<b>Current assets</b>		
Cash assets	6	248,372
Receivables	7	21,239
<b>Total current assets</b>		<b>269,611</b>
<b>Non-current assets</b>		
Property, plant and equipment	8	121,863
Deferred income tax asset	4	70,846
Intangible assets	9	99,945
<b>Total non-current assets</b>		<b>292,654</b>
<b>Total assets</b>		<b>562,265</b>
<b>Current liabilities</b>		
Payables	10	25,199
Provisions	11	10,679
<b>Total current liabilities</b>		<b>35,878</b>
<b>Total liabilities</b>		<b>35,878</b>
<b>Net assets</b>		<b>526,387</b>
<b>Equity</b>		
Share capital	12	715,091
Accumulated losses	13	(188,704)
<b>Total equity</b>		<b>526,387</b>

The accompanying notes form part of these financial statements.

## Financial statements continued

### Statement of cash flows As at 30 June 2009

	Note	2009 \$
<b>Cash flows from operating activities</b>		
Cash receipts in the course of operations		103,507
Cash payments in the course of operations		(324,683)
Interest received		3,454
<b>Net cash flows used in operating activities</b>	<b>14b</b>	<b>(217,722)</b>
<b>Cash flows from investing activities</b>		
Payment for intangible assets		(114,286)
Payments for property, plant and equipment		(134,711)
<b>Net cash flows used in investing activities</b>		<b>(248,997)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares		723,214
Equity raising costs paid		(8,123)
<b>Net cash flows from financing activities</b>		<b>715,091</b>
<b>Net increase in cash held</b>		<b>248,372</b>
Add opening cash brought forward		-
<b>Closing cash carried forward</b>	<b>14a</b>	<b>248,372</b>

The accompanying notes form part of these financial statements.

## Financial statements continued

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### Statement of changes in equity As at 30 June 2009

	Note	2009 \$	2008 \$
<b>Share Capital</b>			
<b>Ordinary shares</b>			
Balance at start of period			-
Issue of share capital			723,214
Share issue costs			(8,123)
<b>Balance at end of period</b>			<b>715,091</b>
<b>Accumulated losses</b>			
Balance at start of period			-
Loss after income tax expense			(188,704)
Dividends paid			-
<b>Balance at end of period</b>			<b>(188,704)</b>

The accompanying notes form part of these financial statements.

# Notes to the financial statements

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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 30 September 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

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## 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 straight line basis over the estimated useful life of the asset as follows:

<b>Class of asset</b>	<b>Depreciation rate</b>
Plant & equipment	10-40%

### **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

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## 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

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## 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.

### 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.

2009  
\$

## Note 2. Revenue from ordinary activities

### Operating activities

- services commissions	57,290
- other revenue	56,373
<b>Total revenue from operating activities</b>	<b>113,663</b>
<b>Non-operating activities:</b>	
- interest received	3,454
<b>Total revenue from non-operating activities</b>	<b>3,454</b>
<b>Total revenue from ordinary activities</b>	<b>117,117</b>

## Notes to the financial statements continued

	2009 \$
<b>Note 3. Expenses</b>	
<b>Employee benefits expense</b>	
- wages and salaries	132,244
- superannuation costs	12,389
- workers' compensation costs	532
- other costs	10,679
	<b>155,844</b>
<b>Depreciation of non-current assets:</b>	
- plant and equipment	12,848
<b>Amortisation of non-current assets:</b>	
- intangibles	14,341
	<b>27,189</b>
Bad debts	245

## 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%	(77,865)
Add tax effect of:	
- Non-deductible expenses	7,019
<b>Current income tax expense / (benefit)</b>	<b>(70,846)</b>
<b>Income tax expense / (benefit)</b>	<b>(70,846)</b>
<b>Deferred income tax asset</b>	
<b>Future income tax benefits arising from tax losses are recognised at reporting date as realisation of the benefit is regarded as probable.</b>	<b>70,846</b>

## Notes to the financial statements continued

2009  
\$

### 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
- Share registry services	1,800
- Accounting work for prospectus	2,500
	<b>13,000</b>

### Note 6. Cash assets

**Cash at bank and on hand** **248,372**

### Note 7. Receivables

**Trade debtors** **21,239**

### Note 8. Property, plant and equipment

#### Plant and equipment

At cost	134,711
Less accumulated depreciation	(12,848)
<b>Total written down amount</b>	<b>121,863</b>

#### Movements in carrying amounts

##### Plant and equipment

Carrying amount at beginning of period	-
Additions	134,711
Disposals	-
Depreciation expense	(12,848)
<b>Carrying amount at end of period</b>	<b>121,863</b>

## Notes to the financial statements continued

	<b>2009</b>
	<b>\$</b>

### Note 9. Intangible assets

#### Franchise fee

At cost	10,000
Less accumulated amortisation	(1,255)
	<b>8,745</b>

#### Preliminary expenses

At cost	104,286
Less accumulated amortisation	(13,086)
	<b>91,200</b>
	<b>99,945</b>

### Note 10. Payables

Trade creditors	14,672
Other creditors and accruals	10,527
	<b>25,199</b>

### Note 11. Provisions

<b>Employee benefits</b>	<b>10,679</b>
<b>Number of employees at period end</b>	<b>5</b>

### Note 12. Share capital

723,214 Ordinary shares fully paid of \$1 each	723,214
Less: Equity raising costs	(8,123)
	<b>715,091</b>

## Notes to the financial statements continued

	2009 \$
<b>Note 13. Accumulated losses</b>	
Balance at the beginning of the financial period	-
Loss after income tax	(188,704)
Dividends	-
<b>Balance at the end of the financial period</b>	<b>(188,704)</b>

## Note 14. Cash flow statement

### (a) Reconciliation of cash

<b>Cash assets</b>	<b>248,372</b>
--------------------	----------------

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

Loss after income tax	(188,704)
Non cash items	
- Depreciation	12,848
- Amortisation	14,341
Changes in assets and liabilities	
- (Increase) decrease in deferred income tax asset	(70,846)
- (Increase) decrease in receivables	(21,239)
- Increase (decrease) in payables	25,199
- Increase (decrease) in provisions	10,679
<b>Net cash flows used in operating activities</b>	<b>(217,722)</b>

## Notes to the financial statements continued

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### Note 15. Director and related party disclosures

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

Ian Robert Barclay  
Maurice Thomas Bourke  
John Edward Brierley  
Vivian Lee Glenister  
Helen Louise Gray  
Brian Robert Hunt  
Rhonda Anne Irving  
Barry Charles Mullen  
Bruce Francis Nunan  
Alan Perry  
Nick Richard Montgomery Selleck  
Clifford John Talbot

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

<b>Directors' shareholdings</b>	<b>2009</b>
Ian Robert Barclay	6,001
Maurice Thomas Bourke	10,001
John Edward Brierley	2,001
Vivian Lee Glenister	10,001
Helen Louise Gray	3,501
Brian Robert Hunt	5,001
Rhonda Anne Irving	10,001
Barry Charles Mullen	25,001
Bruce Francis Nunan	10,001
Alan Perry	1
Nick Richard Montgomery Selleck	1
Clifford John Talbot	3,001

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

## Notes to the financial statements continued

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### 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 Gisborne, Victoria.

### Note 19. Corporate information

Gisborne & District Community Enterprises Ltd is a Company limited by shares incorporated in Australia.

The registered office is: Level 1, 11a Hamilton Street,  
Gisborne VIC 3437

The principal place of business is: 11 Nexus Way,  
Gisborne VIC 3437

### 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:

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<b>Loss after income tax expense</b>	<b>(188,704)</b>
<b>Weighted average number of ordinary shares for basic and diluted earnings per share</b>	<b>723,214</b>

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# Notes to the financial statements continued

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## 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:

	<b>Carrying amount 2009 \$</b>
Cash assets	248,372
Receivables	21,239
	<b>269,611</b>

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

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

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 \$
<b>Payables</b>	<b>25,199</b>	<b>(25,199)</b>	<b>(25,199)</b>	<b>-</b>	<b>-</b>

### (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 \$
<b>Fixed rate instruments</b>	
Financial assets	-
Financial liabilities	-
	-
<b>Variable rate instruments</b>	
Financial assets	248,372
Financial liabilities	-
	<b>248,372</b>

# Notes to the financial statements continued

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## 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

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In accordance with a resolution of the Directors of Gisborne & District Community Enterprises 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.



**Maurice Thomas Bourke**  
**Chairman**

Signed at Gisborne on 30 September 2009.

# Independent audit report

## Richmond Sinnott & Delahunty Chartered Accountants



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

30 September 2009

The Directors  
Gisborne & District Community Enterprises Ltd  
PO Box 757  
Gisborne VIC 3437

Dear Directors

We have now completed our review of the financial report of Gisborne & District Community Enterprises Limited for the period ended 30 June 2009. Subject to the Board of Directors adopting the financial report, we are in a position to issue an unqualified audit opinion on the company's financial report.

### 1. Overview of Audit Approach

Our audit was designed in accordance with Australian Auditing Standards (AUS), which provides for reasonable, rather than absolute, assurance that the financial report is free of material misstatement. The nature and scope of the audit work performed was designed to achieve our primary goal of supporting the audit opinion on the financial report.

### 2. Operations

#### 2.1 Financial Performance

	30 June 2009 \$
Revenue from ordinary activities	117,117
Salaries & employee benefits expense	(155,844)
Charitable donations and sponsorship	(6,850)
Depreciation and amortisation expenses	(27,189)
Administration and other expenses	(186,784)
<b>Loss before income tax</b>	<b>(259,550)</b>
Income tax benefit	70,846
<b>Loss after income tax</b>	<b>(188,704)</b>

#### 2.2 Financial Position

	30 June 2009 \$
Liquid assets and cash	269,611
Other assets	292,654
<b>Total assets</b>	<b>562,265</b>
<b>Total liabilities</b>	<b>(35,878)</b>
<b>Shareholders' equity</b>	<b>526,387</b>

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](mailto:rsd@rsdadvisors.com.au)  
ABN 60 616 244 309

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### **3. Auditing/Accounting Issues**

We recommend the following matter is reviewed prior to future audits being completed.

#### **3.1 Authorisation of invoices**

During payments testing we noted that most invoices selected for testing held no evidence of authorisation for payment. We recommend as best practice that all invoices are initialled by two cheque signatories as a sign of approval.

### **4. Summary of Audit Differences**

There are no material audit differences that have not been included in the financial report for Gisborne & District Community Enterprises Limited.

### **5. Other Matters**

Our work is not primarily directed towards the discovery of weaknesses or the detection of fraud or other irregularities, other than those that would influence us in forming our audit opinion.

Should you have any queries in relation to any other matter please do not hesitate to contact us.

Yours sincerely



**Warren Sinnott**  
**Partner**  
**Richmond Sinnott & Delahunty**

# Tax note

	\$	\$
<b>Tax note</b>		
Loss		(259,549)
Add amortisation of franchise fee	1,255	
Amortisation of preliminary expenses	13,086	
Provision for entitlement increase	10,679	
Depreciation	12,848	37,868
		<b>(221,681)</b>
Less depreciation (deductible)	12,848	
Less share raising costs amortisation (deductible over 5 years)	1,625	14,473
		<b>(236,154)</b>
Tax @ 30%		(70,846)
FITB		70,846
<b>Tax</b>		<b>-</b>
<b>FITB</b>		
Opening balance 30/06/08		-
Add current year		70,846
<b>Closing balance 30/06/09</b>		<b>70,846</b>







Gisborne & District **Community Bank**<sup>®</sup> Branch  
11 Nexus Way, Gisborne VIC 3437  
Phone: (03) 5420 7210 Fax: (03) 5420 7346

Franchisee: Gisborne & District Community Enterprises Limited  
PO Box 757, Gisborne VIC 3437  
ABN: 57 130 493 499

[www.bendigobank.com.au](http://www.bendigobank.com.au)  
Bendigo and Adelaide Bank Limited,  
The Bendigo Centre, Bendigo VIC 3550  
ABN 11 068 049 178. AFSL 237879. (BMPAR9023) (07/09)