annual report | 2009

Mansfield and District
Community Enterprises Limited
ABN 92 124 069 914

Mansfield & District **Community Bank**® Branch

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Chairman's report

For year ending 30 June 2009

As I look forward to the 2009/10 financial year, I do so with the benefit of hindsight as our second year of business draws to a close. There is much to be confident about.

Mansfield & District Community Enterprises Ltd entered its second year on a strong and confident footing, not knowing that within weeks of our first birthday celebration, Lehman Bros in the USA would set in train a series of monumental failures within the world financial markets. There would be few of us who did not feel the impact of this event, whether through interest rates, superannuation or the stock market.

Our balance sheet has suffered due to the financial crisis, but we carried forward adequate capital reserves to ride out the storm, leaving us with a positive asset balance of $107,531 and the Company's closing equity of $312,170.

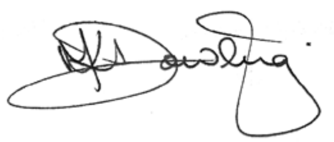
Despite the global malaise, we attracted very strong business to the **Community Bank®** branch increasing our customer numbers and diversifying our business from a heavily deposit weighted book.

If we look at the past twelve months from our local perspective, I believe your **Community Bank®** branch has served you well. Many would have benefited from lower interest rates, despite the difficulties of not having the Federal Government's equitable support under the Government Guarantee.

Our staff levels have been maintained as a result of a significant increase in our customer numbers and the type of products they have taken up. To me, this is the most encouraging outcome for the year – we cannot support you if do not support us. Our strength lies in our partnership with you, the community, and never taking this relationship for granted. We do this by providing the highest possible level of customer service coupled with competitive prices in financial services.

As your bank moves forward into the next stage of development, we have had a change in some of our original Directors. Maurie Walsh, Eileen Conway and Peter Morgan have been with us since day one. They have stepped down to make way for Rowena Ellis, a specialist in human resources and Jaya Naidu, an Auditor and retired accountant. It was with some regret that Maurie, Eileen and Peter left us as we had all worked together for so long, but Rowena and Jaya have brought with them new ideas and very sound skills contributing to the strength of the Company.

We are now in a position, through the Market Development Fund, to place significant funds into community projects that we believe will deliver the 'most to many'. These projects take a strong lead in supporting initiates within Mansfield and district. I urge you to support your **Community Bank®** branch so that further investment can be made locally.



Marian Dowling

Chairman

Manager's report

For year ending 30 June 2009

Our second year of operation at the Mansfield & District **Community Bank®** Branch has flown by for all of us. There have been global and local events impacting our business, so it is with great pleasure that I can advise our results have continued to be outstanding during the difficult changes in the domestic and international economies.

Our net account holdings have climbed to just over 1,700 and our total footings (Loans & Deposits) are now over $45 million.

This represents an increase of 400 new accounts and $15 million over the past year.

This is an excellent result and has indicated to us that our local Community knows we are here to stay by actively seeking our full suite of products and services.

A great deal of credit must go to our hard working staff of Ninel, Glenys, Terri and Sandra who make it their business to not only provide a professional approach, but take the time to get to know our clients and guide them through their financial needs.

As a branch we are looking for further opportunities to create greater wealth for our clients and our community by providing a strong alternative for banking services and financial advice.

It is our intention to continue to provide products and services ranging from Home and Commercial loans, Business & Personal accounts, Equipment Finance, Financial Planning and Bendigo Community Telco.

By using these products it enhances our opportunity to 'give back' financially to Mansfield and district through the Board's Sponsorship and Grants Program, for which applications are available through the branch.

We have successfully run our 'Get to Know You' breakfasts creating the opportunity to meet primary producers, business owners and individuals within the Community. If I missed you and you would like to be part of this initiative please contact the branch.

The Chairman highlights the number of ways the bank has been able to support our Community.

All staff devoted their time to Meals on Wheels and Relay for Life.

Through the weekly draw of our **Community Bank®** branch Bumper registration competition in conjunction with Mansfield Community Radio, many local organisations have benefited:

Mansfield Hospital, Delatite Cricket Club, Tolmie CFA, Jamieson Wildlife Shelter, Statewide Autistic Services, St Vincent's, Mansfield Community Radio, Mansfield Anglican Children's Ministry, 1st Mansfield Scout Group, National Alpine Museum, Barjarg CFA and Tolmie Recreational Reserve.

Manager's report continued

We have a positive outlook on the future of our bank and believe its ongoing strength within the community hinges on our shareholders and customers. Increased support of the whole Community will occur simply by placing your financial needs with your branch.

We all look forward to the challenge.

B A Bird

Branch Manager

Bendigo and Adelaide Bank Ltd report

For year ending 30 June 2009

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

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

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

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

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

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

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

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

Russell Jenkins
Chief General Manager

Directors' report

For year ending 30 June 2009

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

Directors

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

Marian Louise Dowling
Chairman
Community Representative

Margaret Colville Attley
Director
Shire Councillor

Haley Kate Tudor-Harrop
Director/Treasurer/Vice Chairman
Accountant

Graham Robert Corless
Director
Company Director

Noel Francis Willaton
Director
Systems Analyst

Roderick Hugh Kilpatrick
Director
Business Consultant

Rowena Christine Ellis
Director
HR Consultant
(Appointed 27/03/2009)

Anthony Ross Williams
Director
Solicitor

Jayaram Kanuparthy Naidu
Director/Secretary
Retired Accountant
(Appointed 29/05/2009)

Eileen Teresa Conway
Director
Business Consultant
(Resigned 29/06/2009)

Peter John Morgan
Director
Real Estate Agent
(Resigned 29/06/2009)

Maurice Patrick Walsh
Director
Retailer
(Resigned 05/02/2009)

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 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.

Operating results

The loss of the Company for the financial year after provision for income tax was $111,813 (2008: $305,817).

Dividends

No dividends were declared or paid during the 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

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

Likely developments

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

Directors' benefits

Henry Partners, of which Haley Tudor-Harrop is a partner, received a fee of $15,160 (2008: $8,160) for accounting services provided to the Company during the year ended 30 June 2009.

Highview Partners, of which Rowena Ellis is a partner, received a fee of $450 for human resource consultancy services provided to the Company during the year ended 30 June 2009.

Conway Alliance, of which Eileen Conway and Rod Kilpatrick are Directors of, received a fee of $125 for printing costs provided to the Company during the year ended 30 June 2009.

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 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 year were:

Number of meetings held:	**11**
Number of meetings attended:	
Marian Louise Dowling	9
Margaret Colville Attley	9
Eileen Teresa Conway (resigned 29 June 2009)	6
Graham Robert Corless	9
Roderick Hugh Kilpatrick	10
Peter John Morgan (resigned 29 June 2009)	7
Haley Tudor-Harrop	9
Maurice Patrick Walsh (resigned 5 February 2009)	7
Noel Francis Willaton	9
Anthony Ross Williams	10
Rowena Christine Ellis (appointed 27 March 2009)	2
Jayaram Kanuparthy Naidu (appointed 29 May 2009)	2

Company Secretary

Anthony Ross Williams resigned as Company Secretary of Mansfield & District Community Enterprises Ltd on 29 May 2009 when Jayaram Kanuparthy Naidu was appointed as Company Secretary. Jayaram’s qualifications and experience include being an accountant for more than 40 years.

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 Marian Dowling, Haley Tudor-Harrop, Anthony Williams and Jayaram Naidu;

(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

Richmond Sinnott & Delahunty
Chartered Accountants

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

1 September 2009

The Directors
Mansfield & District Community Enterprises Ltd
C/O Marian Dowling
PO Box 65
Mansfield Vic 3724

Dear Directors

Auditor's Independence Declaration

In relation to our audit of the financial report of Mansfield & District Community Enterprises Ltd for the year 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 Mansfield on 1 September 2009.

Marian Louise Dowling

Director

Financial statements

Income statement
For year ending 30 June 2009

	Note	2009 $	2008 $
Revenue from ordinary activities	2	290,588	208,681
Employee benefits expense	3	(215,669)	(241,195)
Charitable donations and sponsorship		(8,490)	(1,679)
Depreciation and amortisation expense	3	(21,460)	(47,785)
Finance costs	3	(8)	(20)
Other expenses from ordinary activities		(211,107)	(306,502)
Loss before income tax benefit		**(166,146)**	**(388,500)**
Income tax benefit	4	(54,333)	(82,683)
Loss after income tax benefit		**(111,813)**	**(305,817)**
Earnings per share (cents per share)			
- basic for loss for the year	19	(14.80)	(40.47)
- diluted for loss for the year	19	(14.80)	(40.47)

The accompanying notes form part of these financial statements.

Balance sheet
As at 30 June 2009

	Note	2009 $	2008 $
Current assets			
Cash assets	6	60,084	215,407
Receivables	7	41,778	30,972
Other assets		5,669	3,423
Total current assets		**107,531**	**249,802**
Non-current assets			
Property, plant and equipment	8	123,580	141,211
Deferred income tax asset	4	137,016	82,683
Total non-current assets		**260,596**	**223,894**
Total assets		**368,127**	**473,696**
Current liabilities			
Payables	9	40,714	35,771
Provisions	10	15,243	13,942
Total current liabilities		**55,957**	**49,713**
Total liabilities		**55,957**	**49,713**
Net assets		**312,170**	**423,983**
Equity			
Share capital	11	729,800	729,800
Accumulated losses	12	(417,630)	(305,817)
Total equity		**312,170**	**423,983**

The accompanying notes form part of these financial statements.

Statement of cash flows
As at 30 June 2009

	Note	2009 $	2008 $
Cash flows from operating activities			
Cash receipts in the course of operations		302,931	184,403
Cash payments in the course of operations		(459,984)	(521,849)
Interest paid		(8)	(20)
Interest received		5,567	12,069
Net cash flows used in operating activities	**13b**	**(151,494)**	**(325,397)**
Cash flows from investing activities			
Payments for property, plant and equipment		(3,829)	(188,996)
Net cash flows used in investing activities		**(3,829)**	**(188,996)**
Cash flows from financing activities			
Proceeds from issue of shares		-	755,660
Payment of equity raising costs		-	(25,860)
Net cash flows from financing activities		**-**	**729,800**
Net increase in cash held		**(155,323)**	**215,407**
Add opening cash brought forward		215,407	-
Closing cash carried forward	**13a**	**60,084**	**215,407**

The accompanying notes form part of these financial statements.

Statement of changes in equity
As at 30 June 2009

	Note	2009 $	2008 $
Share capital			
Ordinary shares			
Balance at start of year		729,800	-
Issue of share capital		-	755,660
Share issue costs		-	(25,860)
Balance at end of year		**729,800**	**729,800**
Retained earnings / (accumulated losses)			
Balance at start of year		(305,817)	-
Loss after income tax benefit		(111,813)	(305,817)
Dividends paid		-	-
Balance at end of year		**(417,630)**	**(305,817)**

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 1 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 folowing 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 2008 financial statements.

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
• Leasehold improvements (straight line basis)	2.5%
• Furniture & fittings	10 - 100%
• Computer software	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.

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 prior period, and hence comparative figures are for the period ended 30 June 2008.

Note 2. Revenue from ordinary activities

	2009 $	2008 $
Operating activities		
- services commissions	282,890	193,694
- other revenue	-	-
Total revenue from operating activities	**282,890**	**193,694**

Notes to the financial statements continued

	2009 $	2008 $

Note 2. Revenue from ordinary activities (continued)

Non-operating activities:		
- interest received	7,698	14,200
- other revenue	-	787
Total revenue from non-operating activities	**7,698**	**14,987**
Total revenue from ordinary activities	**290,588**	**208,681**

Note 3. Expenses

Employee benefits expense		
- wages and salaries	191,766	203,834
- superannuation costs	16,684	19,544
- workers' compensation costs	894	560
- other costs	6,325	17,257
	215,669	**241,195**
Depreciation of non-current assets:		
- leasehold improvements	1,533	1,307
- furniture & fittings	15,764	44,248
- computer software	4,163	2,230
	21,460	**47,785**
Finance costs:		
- Interest paid	8	20
Bad debts	-	119

Notes to the financial statements continued

	2009 $	2008 $

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%	(49,844)	(116,550)
Add tax effect of:		
- Non-deductible expenses	-	33,000
- Origination and reversal of temporary differences	(4,489)	867
Current income tax benefit	**(54,333)**	**(82,683)**
Income tax benefit	**(54,333)**	**(82,683)**
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.	**137,016**	**82,683**

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	3,650	2,700
- Accounting work for prospectus	-	2,150
- Share registry services	2,130	-
	5,780	**4,850**

Note 6. Cash assets

Cash at bank and on hand	**60,084**	**215,407**

Note 7. Receivables

Trade debtors	41,778	28,841
Other receivables	-	2,131
	41,778	**30,972**

Note 8. Property, plant and equipment

	2009 $	2008 $
Leasehold improvements		
At cost	61,328	61,328
Less accumulated depreciation	(2,840)	(1,307)
	58,488	**60,021**
Furniture and fittings		
At cost	121,088	117,259
Less accumulated depreciation	(60,012)	(44,248)
	61,076	**73,011**
Computer software		
At cost	10,409	10,409
Less accumulated depreciation	(6,393)	(2,230)
	4,016	**8,179**
Total written down amount	**123,580**	**141,211**
Movements in carrying amounts		
Leasehold improvements		
Carrying amount at beginning of year	60,021	-
Additions	-	61,328
Disposals	-	-
Depreciation expense	(1,533)	(1,307)
Carrying amount at end of year	**58,488**	**60,021**
Furniture and fittings		
Carrying amount at beginning of year	73,011	-
Additions	3,829	117,259
Disposals	-	-
Depreciation expense	(15,764)	(44,248)
Carrying amount at end of year	**61,076**	**73,011**

Notes to the financial statements continued

	2009 $	2008 $

Note 8. Property, plant and equipment (continued)

Computer software

	2009 $	2008 $
Carrying amount at beginning of year	8,179	-
Additions	-	10,409
Disposals	-	-
Depreciation expense	(4,163)	(2,230)
Carrying amount at end of year	**4,016**	**8,179**

Note 9. Payables

	2009 $	2008 $
Trade creditors	28,332	16,858
Other creditors and accruals	12,382	18,913
	40,714	**35,771**

Note 10. Provisions

	2009 $	2008 $
Employee benefits	**15,243**	**13,942**
Number of employees at year end	**5**	**5**

Note 11. Share capital

	2009 $	2008 $
755,660 Ordinary shares fully paid of $1 each	755,660	755,660
Less: Equity raising costs	(25,860)	(25,860)
	729,800	**729,800**

All the above shares were issued during the period ended 30 June 2008.

Note 12. Accumulated losses

	2009 $	2008 $
Balance at the beginning of the financial year	(305,817)	-
Loss after income tax	(111,813)	(305,817)
Dividends	-	-
Balance at the end of the financial year	**(417,630)**	**(305,817)**

	2009 $	2008 $

Note 13. Cash flow statement

(a) Reconciliation of cash

	2009 $	2008 $
Cash assets	**60,084**	**215,407**

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

	2009 $	2008 $
Loss after income tax	(111,813)	(305,817)
Non cash items		
- Depreciation	21,460	47,785
Changes in assets and liabilities		
- (Increase) decrease in receivables / other assets	(13,052)	(34,395)
- (Increase) decrease in deferred tax asset	(54,333)	(82,683)
- Increase (decrease) in payables	4,943	35,771
- Increase (decrease) in provisions	1,301	13,942
Net cashflows used in operating activities	**(151,494)**	**(325,397)**

Note 14. Director and related party disclosures

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

Marian Louise Dowling

Margaret Colville Attley

Eileen Teresa Conway (resigned 29 June 2009)

Graham Robert Corless

Roderick Hugh Kilpatrick

Peter John Morgan (resigned 29 June 2009)

Haley Tudor-Harrop

Maurice Patrick Walsh (resigned 5 February 2009)

Noel Francis Willaton

Anthony Ross Williams

Rowena Christine Ellis (appointed 27 March 2009)

Jayaram Kanuparthy Naidu (appointed 29 May 2009)

Note 14. Director and related party disclosures (continued)

Henry Partners, of which Haley Tudor-Harrop is a partner, received a fee of $15,160 (2008: $8,160) for accounting services provided to the Company during the year ended 30 June 2009.

Highview Partners, of which Rowena Ellis is a partner, received a fee of $450 for human resource consultancy services provided to the Company during the year ended 30 June 2009.Conway Alliance, of which Eileen Conway and Rod Kilpatrick are Directors of, received a fee of $125 for printing costs provided to the Company during the year ended 30 June 2009.

Other than stated above, 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**	**2008**
Marian Louise Dowling	2,501	2,501
Margaret Colville Attley	501	501
Eileen Teresa Conway (resigned 29 June 2009)	2,001	2,001
Graham Robert Corless	5,001	5,001
Haley Tudor-Harrop	2,001	2,000
Roderick Hugh Kilpatrick	2,001	2,001
Peter John Morgan (resigned 29 June 2009)	2,501	2,501
Maurice Patrick Walsh (resigned 5 February 2009)	2,001	2,001
Noel Francis Willaton	2,501	2,501
Anthony Ross Williams	10,001	10,001
Rowena Christine Ellis (appointed 27 March 2009)	-	-
Jayaram Kanuparthy Naidu (appointed 29 May 2009)	2,000	2,000

Haley Tudor-Harrop purchased 1 share during the year. There was no other movements in shares held during the year. Each share held has a paid up value of $1 and is fully paid.

Note 15. Subsequent events

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

Note 16. Contingent liabilities

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

Note 17. 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 Mansfield, Victoria.

Note 18. Corporate information

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

The registered office is:
24A Highett Street,
Mansfield VIC 3722

The principal place of business is:
96-98 High Street,
Mansfield VIC 3722

	2009 $	2008 $

Note 19. 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 year.

Diluted earnings per share amounts are calculated by dividing 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:

	2009 $	2008 $
Loss after income tax expense	**(111,813)**	**(305,817)**
Weighted average number of ordinary shares for basic and diluted earnings per share	**755,660**	**755,660**

Note 20. 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 $	**2008 $**
Cash assets	60,084	215,407
Receivables	41,778	30,972
	101,862	**246,379**

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.

None of the assets of the Company are past due (2008: 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.

Note 20. 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	40,714	(40,714)	(40,714)	–	–
	40,714	**(40,714)**	**(40,714)**	**–**	**–**
30 June 2008					
Payables	35,771	(35,771)	(35,771)	–	–
	35,771	**(35,771)**	**(35,771)**	**–**	**–**

(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.

Note 20. Financial risk management (continued)

(c) Market risk (continued)

Sensitivity analysis

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

	Carrying amount 2009 $	2008 $
Fixed rate instruments		
Financial assets	30,639	180,392
Financial liabilities	-	-
	30,639	**180,392**
Variable rate instruments		
Financial assets	29,413	35,015
Financial liabilities	-	-
	29,413	**35,015**

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 2008 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 Balance Sheet. The Company does not have any unrecognised financial instruments at period end.

Notes to the financial statements continued

Note 20. Financial risk management (continued)

(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 year ended 30 June 2009 can be seen in the Income Statement.

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

Directors' declaration

In accordance with a resolution of the Directors of Mansfield & District Community Enterprises Ltd, 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 year 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.

Marian Louise Dowling
Director

Signed at Mansfield on 1 September 2009.

Independent audit report

Richmond Sinnott & Delahunty
Chartered Accountants

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

INDEPENDENT AUDIT REPORT
TO THE MEMBERS OF MANSFIELD & DISTRICT COMMUNITY ENTERPRISES LTD

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 Mansfield & District Community Enterprises Ltd, for the year 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.

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.

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ABN 60 616 244 309

Independent audit report continued

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 Mansfield & District Community Enterprises Ltd 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;

(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

Sinnott.

W. J. SINNOTT
Partner
Bendigo

Date: 1 September 2009

Mansfield & District **Community Bank®** Branch
96-98 High Street, Mansfield VIC 3722
Phone: (03) 5775 3273 Fax: (03) 5779 1973

Franchisee: Mansfield and District Community Enterprises Limited
24A Highett Street, Mansfield VIC 3722
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ABN: 92 124 069 914

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The Bendigo Centre, Bendigo VIC 3550
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Bendigo Bank