

Bellarine Peninsula
Community Branch Limited
ACN 089 107 657

2008 annual report



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Chairman's report

For year ending 30 June 2008

I am pleased to present the Chairman's Report for the Ninth Annual Report of Bellarine Peninsula Community Branch Ltd.

Business developments

You will be aware that the Board and members of the Drysdale Steering Committee have been working on converting the Drysdale sub-branch into a full **Community Bank**[®] branch and increasing the size of the premises this year. We are working towards broadening the business and **Community Bank**[®] services, while supporting the community at the same time. When completed, we will have a full banking service to support the local area for years to come and the Drysdale/Clifton Springs community will reap the rewards to be made with the **Community Bank**[®] concept. We hope to open this branch by the end of the year.

Your bank has also been contributing to the local Youth Foundation. The Foundation brings groups of young people living in the area with different backgrounds together to look at the needs of their community, and then make grants to other young people to run activities to benefit that community.

Among other things, the young people will be responsible for raising funds to add to the contributions of the **Community Bank**[®] branch, the Victorian Government and private partners. Being involved with the Youth Foundation will help the young people of the Bellarine community to build skills such as

- working in leadership and decision-making roles;
- developing networking and community planning skills;
- volunteering based on stronger community connections
- project management
- communications and marketing; and,
- developing the attitudes and values that will enable them to effectively contribute to their communities.

The Bellarine Peninsula Community Branch Ltd is proud to be involved with such an initiative.

Community Contributions

We are continually working hard to promote the **Community Bank**[®] branch within the community and are very keen to support local events and activities, with our focus being to support those who bank with us. Over the past 12 months we have provided numerous sponsorships to various community organizations totaling \$53,821. Sponsorships for local events included the Mussel Festival, the Celtic Festival, the Portarlington Primary School Breakfast Program, and the Portarlington Community Association's Biggest Afternoon Tea. Numerous local clubs also benefited from a sponsorship, including The Lions Club of Portarlington/Drysdale, The Portarlington Bowls Club, St.Leonards Yacht Club, Drysdale Bowling & Croquet Club, Rotary Club of Drysdale Inc and Indented Head Yacht Club Inc.

Chairman's report continued

Future

In September this year, the Board and staff attended a workshop to discuss plans and directions for the Company over the next 12 months. Many ideas were discussed on how to support the Portarlington and Drysdale districts, and grow our business. We are continually working as a team towards establishing a set of goals for us to collaboratively achieve.

I'd like to thank our team of hardworking staff at both Portarlington and Drysdale.

Our Manager, Ian Faulkner at Portarlington and our Customer Service Manager, Craig Taylor at Drysdale are ably supported by Leeanne, Kerry, Melanie, Christina, Sheena, Mandy, Wendy and Tonia. Their dedication and commitment is very much appreciated.

I want to acknowledge and thank the team of staff of Bendigo Bank in Geelong for the high level of support we consistently receive from them.

I also thank and congratulate the Board of Directors for their input and effort during the year. Their commitment to Board and sub-committee meetings, as well as attendance at conferences, workshops and other meetings is very much appreciated.

And a final thank you to the members of the Drysdale Steering Committee members for their hard work this year. They have given up weekends and evenings to attend the information booth and various meetings to ensure the Drysdale/Clifton Springs community also has the opportunity of having a Community Branch.

As the business continues to grow, so does the capacity of our **Community Bank**[®] branches to assist our communities in their development and growth. I thank you for your on-going support of our **Community Bank**[®] branch, and encourage you all to continue to spread the word about the beneficial work our bank does in your community.



Russell Enders
Chairman

Manager's report

For year ending 30 June 2008

We have now been open for eight and half years and our **Community Bank**[®] branch continues to grow and support the North Bellarine.

Last year I reported to you that our banking business as at 30 June 2007 totalled \$77.953m. This year I am pleased to report that our total business is now \$99.494m which is an increase of \$21.541m or 27.6%. Our total number of accounts is now 6,447. This is an increase of 1,076 or 20% for the year. This is a great endorsement of the **Community Bank**[®] branch and our staff. This growth was achieved in difficult trading conditions in the banking and finance industry.

The Steering Committee have been working hard at Drysdale to convert the sub-branch to a full **Community Bank**[®] branch. This has raised the awareness of the **Community Bank**[®] branch resulting in our staff at Drysdale being busy opening accounts and growing the business.

The break up of business was:

	Portarlington	Drysdale
Deposits	\$54.354m	\$15.411m
Loans	\$22.424m	\$7.305m
Total business	\$76.778m	\$22.716m
Number of accounts	4,365	2,082

Our overall staff numbers have remained the same over the last year with Lisa leaving to take up a similar position with Bendigo Bank and Tonia joining us to replace Lisa. Craig Taylor has settled in well at Drysdale and manages the sub-branch. I thank all staff at both Drysdale and Portarlington for their support and on going commitment to the **Community Bank**[®] branch.

I expect this next year will be exciting with the anticipated conversion of Drysdale to a full **Community Bank**[®] branch and their larger upgraded premises. We expect to increase the number of staff in Drysdale when we move into the new premises.

It would be remiss of me not to acknowledge the hard work of our Directors and also the Steering Committee at Drysdale. They remain unpaid and give freely of their time to ensure our success. Their workload has increased this last year due to Drysdale.

I thank our customers and shareholders, for without your support, we would not continue to grow and achieve the above results. It is only with this support that we are able to support our community with our sponsorships, Youth Foundation and Community Grants program. By simply conducting your banking at our **Community Bank**[®] branch everyone in the wider Community Benefits.



Ian Faulkner
Branch Manager

Directors' report

For year ending 30 June 2008

Your committee presents their report on the financials statements of the Company for the year ended 30 June 2008.

Directors

The following persons held office as Directors at any time during or since the end of the financial year:

F Kelloway	R Hynes
S Thew	S Wight
K A Woodhart	G Irving
J P Finlay	T Hockley (resigned 14/11/2007)
R Enders	

Principle activities

The principle activities of the Company during the year related to the development of the **Community Bank**[®] branch with the support of Bendigo Bank Limited. No significant change in the nature of these activities occurred during the year.

Operating result

The net profit of the Company after providing for income tax was \$73,919.

Dividends

Dividends paid are as follows:

- Final ordinary dividend of \$0.09 per share, fully franked, which was paid on 14 December 2007.

Review of operations

The Company continues to grow with assets under management now exceeding \$558 thousand. As a result the Company was able to achieve a profit in the current period.

Matters subsequent to the end of the financial year

At the date of this report no matter or circumstance has arisen since the end of the financial year that has 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.

Future development

The Directors are not aware of any specific development likely to have a significant effect on the operations of the Company or the expected results of those operations.

Directors' report continued

Environmental regulations

The Company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Director and Auditor indemnification

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who us or has been an Officer or Auditor of the Company.

Share options

No options to shares in the Company have been granted during the financial year and there were no options outstanding at the date of this report.

Legal proceedings

No person had applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Remuneration report

No Directors remuneration has been paid as the positions are held on a voluntary basis.

Information on Directors

The Director responsible in office at the date of this report together with their qualifications, experience and special responsibilities are:

Justine P. Finlay LLB

Deputy Chairperson Board of Directors
Past President Business & Professional Woman
Geelong
Solicitor in local practise
Ocean Grove Resident

Russell Enders

Chairman
Managerial and Marketing
Extensive Banking experience
Ocean Grove resident

Frank Kelloway M.B.A., B.A., A.F.A.M

Manages consultancy business in Leadership
Development & Communications
Point Lonsdale resident

Robert Hynes

Councillor with Rural City of Marong for six years,
including one year Mayor.
Member of Lions Club since 1994
Resident of St. Leonards

Directors' report continued

Karen A. Woodhart

Retail Bakery Operator
Involvement in local community organisations
Executive Member of Region 2, Division 2,
Neighbourhood Watch
Portarlington resident

Stephen Thew

Certificate of Engineering,
Certificate of Local Government Administration
Engineering Design Management
Newtown resident

Gary L. Irving

Registered Electrical Contractor
A Grade Electrician
Certificate III in telecommunications
3 years in the building industry

Stephen J. Wight

Chartered Accountant
Registered Company Auditor
Involvement in public and not for profit organisations

Trevor R. Hockley

Strong involvement in local community
Retired
St Leonard's resident

General Board attendance

	No. Board meetings	
	eligible to attend	No. attended
K. Woodhart	12	8
R. Hynes	12	9
S. Wight	12	9
S. Thew	12	9
G. Irving	12	8
R. Enders	12	8
F. Kelloway	12	5
J. Finlay	8	7
T. Hockley	2	0

Directors' report continued

Auditor's independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 9.

Signed in accordance with a resolution of the Board of Directors:



Russell Enders
Chairman



Karen Woodhart
Company Secretary

Dated 26 August 2008.

Auditor's independence declaration

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF BELLARINE PENINSULA COMMUNITY BRANCH LTD

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2008 there have been:

- (i) no contraventions of the auditor's independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

LBW CHARTERED ACCOUNTANTS



Peter Landers
Partner

26 August 2008

PARTNERS

Michael
Bells FCA

Richard
Bull FCA

Simon
Thomas CPA
AFR (Acc FCA)

Nicholas
Elsner CA

Peter
Landers FCA

Sripathy
Sarma CA

Andrew
Wierchowski CA

Geoff
Williams CA



Chartered Accountants

LBW
Chartered Accountants

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Financial statements

Income statement For year ending 30 June 2008

	Note	2008 \$	2007 \$
Revenue from ordinary activities			
Revenue from ordinary activities	2	945,357	697,632
Expenses from ordinary activities			
Employee benefits		444,207	306,493
Information technology expenses		51,054	29,965
Depreciation and amortisation		5,752	6,445
Property expenses		70,107	48,203
Donations and sponsorship		82,408	84,198
Professional fees		27,036	39,107
Insurance		19,317	16,626
Administration expenses		98,960	49,626
Other expenses from ordinary activities		40,081	46,604
Total expenses from ordinary activities		838,922	627,267
Profit before income tax		106,435	70,365
Income tax expense	3	32,516	27,317
Profit for the year		73,919	43,048

The accompanying notes form part of these financial statements.

Financial statements continued

Balance sheet As at 30 June 2008

	Note	2008 \$	2007 \$
Assets			
Current assets			
Cash and cash equivalents	4	292,440	271,419
Receivables	5	79,753	55,595
Prepayments		6,000	8,000
Total current assets		378,193	335,014
Non-current assets			
Other financial assets	6	40,000	40,000
Deferred tax assets	7	12,279	10,462
Property, plant, equipment	8	19,328	5,191
Intangible assets	9	109,156	111,156
Total non-current assets		180,763	166,809
Total assets		558,956	501,823
Liabilities			
Current liabilities			
Payables	10	17,659	18,480
Short-term provisions	11	41,639	38,789
Current tax liabilities	12	11,690	(4,772)
Total current liabilities		70,988	52,497
Non-current liabilities			
Long-term provisions	11	5,000	4,277
Total non-current liabilities		5,000	4,277
Total liabilities		75,988	56,774
Net assets		482,968	445,049
Equity			
Issued capital	13	400,000	400,000
Retained earnings		82,968	45,049
Total equity		482,968	445,049

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of cash flows As at 30 June 2008

	Note	2008 \$	2007 \$
Cash flows from operating activities			
Receipts			
Receipts from customers		906,423	668,362
Interest		14,775	21,632
Payments			
Employee benefits		(440,634)	(303,421)
Tax paid		(17,871)	(42,869)
Other		(387,783)	(324,789)
Net cash flows from operating activities	14	74,910	18,915
Cash flows from investing activities			
Purchase of plant & equipment		(17,889)	-
Purchase of investments		-	(40,000)
Purchase of intangible assets		-	(106,478)
Net cash flows from investing activities		(17,889)	(146,478)
Cash flows from financing activities			
Dividends paid	23	(36,000)	(36,000)
		(36,000)	(36,000)
Net increase/decrease in cash held		21,021	(163,563)
Cash at 1 July		271,419	434,982
Cash at 30 June	4	292,440	271,419

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of changes in equity As at 30 June 2008

	Note	Issued capital \$	Retained earnings \$	Total \$
Balance at 01.07.2006		400,000	38,001-	438,001
Profit/(loss) for the year		-	43,048	43,048
Dividends paid or provided for		-	(36,000)	(36,000)
Balance at 30.06.2007		400,000	45,049	445,049
Profit for the year		-	73,919	73,919
Dividends paid or provided for		-	(36,000)	(36,000)
Balance at 30.06.2008	13	400,000	82,968	482,968

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ending 30 June 2008

Note 1. Statement of significant accounting policies

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

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

(a) Rounding

All amounts shown in the Financial Statements are expressed to the nearest dollar.

(b) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(c) Receivables

Trade debtors are carried at nominal amounts due and are due for settlement within 30 days from the date of recognition. Collectability of debts is reviewed on an ongoing basis. The Directors believe that the full amount of debt is recoverable, and no doubtful debt provision have been made at 30 June 2008.

Receivables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest rate method, less any accumulated impairment.

Notes to the financial statements continued

Note 1. Statement of significant accounting policies (continued)

(d) Other financial assets

Other financial assets are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs.

The Company classifies its other financial assets between current and non-current assets based on the purpose for which the assets were acquired at initial recognition.

The Company assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

Financial assets at fair value through profit or loss

Financial assets held for trading purposes are classified as current assets and are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 15.

Loans and receivables

Trade receivables, loans and other receivables are recorded at amortised cost, using the effective interest method, less impairment.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Held-to-maturity investments

Where the Company has the positive intent and ability to hold investments to maturity, they are stated at amortised cost less impairment losses.

Available-for-sale financial assets

Other financial assets held by the Company are classified as being available-for-sale and are stated at fair value. Gains and losses arising from changes in fair value are recognised directly in equity until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in profit or loss for the period. Fair value is determined in the manner described in Note 15.

Notes to the financial statements continued

Note 1. Statement of significant accounting policies (continued)

(e) Plant and equipment

Plant and equipment are brought to account at cost or at independent or Directors' valuation less, where applicable, any accumulated depreciation or amortisation.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets' employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining recoverable amounts.

The depreciable amount of all fixed assets is depreciated over their useful lives commencing from the time the asset is held ready for use.

A summary of the depreciation method and depreciation rates for each class of attached is as follows.

Class of asset	2008	2007
Furniture & fittings	18.75-25%	18.75-25%
Plant & equipment	18.75-25%	18.75-25%
Leasehold improvements	20-25%	20-25%

(f) Impairment of assets

Intangible assets with indefinite useful lives (and intangible assets not yet available for use) are tested annually for impairment (i.e. as to whether their carrying value exceeds their recoverable amount, and so require write-downs) and whenever there is an indication that the asset may be impaired. All other assets are assessed annually for indications of impairment, except for:

- financial instrument assets;
- investment property that is measured at fair value; and
- non-current assets held for sale.

If there is an indication of impairment, the assets concerned are tested as to whether their carrying value exceeds their recoverable amount. Where an asset's carrying value exceeds its recoverable amount, the difference is written-off by a charge to the operating statement except to the extent that the write-down can be debited to an asset revaluation reserve amount applicable to that class of asset.

It is deemed that, in the event of the loss of an asset, the future economic benefits arising from the use of the asset will be replaced unless a specific decision to the contrary has been made. The recoverable amount for most assets is measured at the higher of depreciated replacement cost and fair value less costs to sell. Recoverable amount for assets held primarily to generate net cash inflows is measured at the higher of the present value of future cash flows expected to be obtained from the asset and fair value less costs to sell.

Notes to the financial statements continued

Note 1. Statement of significant accounting policies (continued)

(g) Goodwill

Goodwill is initially recorded at the amount by which the purchase price for a business combination exceeds the fair value attributed to the interest in the net fair value of identifiable assets, liabilities and contingent liabilities at date of acquisition. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses.

(h) Payables

These amounts consist predominantly of liabilities for goods and services. Payables are initially recognised at fair value, then subsequently carried at amortised cost and represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid, and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services.

The normal credit terms are usually Nett 30 days.

(i) Goods and services tax

Revenues, expenses and assets are recognised net of GST except for receivables and payables which are stated with the amount of GST included and except where the amount of GST incurred is not recoverable, in which case GST is recognised as part of the cost of acquisition of an asset or part of an item of expense or revenue.

GST receivable from and payable to the Australian Taxation Office (ATO) is included in the statement of financial position. The GST component of a receipt or payment is recognised on a gross basis in the cash flow statement except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(j) Income tax

The income tax expense for the year comprises current income tax expense and deferred tax expense.

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities are therefore measured at the amounts expected to be paid to the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Notes to the financial statements continued

Note 1. Statement of significant accounting policies (continued)

(j) Income tax (continued)

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

(k) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are classified as finance leases. Finance leases are capitalised, recording as asset value of the minimum lease payments, including any guaranteed residual values. Leased assets are amortised over their estimated useful lives where it is likely that the entity will obtain ownership of the asset or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the interest expense for the period.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability. Lease payments received reduce the liability.

(l) Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Those cashflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows.

(m) Revenue recognition

Revenue is recognised in accordance with AASB 118. Income is recognised as revenue to the extent it is earned. Unearned income at reporting date is reported as income received in advance.

(n) Comparative information

Where necessary the previous year's figures have been reclassified to facilitate comparisons.

Notes to the financial statements continued

	2008 \$	2007 \$
Note 2. Revenue		
Revenue from operating activities		
Services revenue	929,634	676,000
Interest-other persons	15,723	21,632
Total revenue from ordinary activities	945,357	697,632

Note 3. Income tax expense

a) The components of tax expense comprise:

Current tax	33,977	27,419
Deferred tax	(1,817)	(5,074)
Over provision in respect of prior years	356	4,972
	32,516	27,317

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

Prima facie tax payable on profit from ordinary activities before income tax at 30% (2007: 30%)	31,930	21,110
Add		
Tax effect of:		
non-deductible depreciation and amortisation	600	1,235
other non-allowable items	342	-
	32,872	22,345
Less		
Tax effect of:		
over provision of tax in prior years	356	(4,972)
Income tax expense	32,516	27,317
Weighted average tax effective rate	30.55%	29.67%

Notes to the financial statements continued

	2008 \$	2007 \$
Note 4. Cash and cash equivalents		
Cash at bank	98,573	49,907
Short term deposits	193,867	221,511
	292,440	271,418

Note 5. Receivables

Current

Franchise income receivable	78,805	55,595
Accrued investment income	948	-
Total	79,753	55,595

(a) Ageing of receivables

Please refer to note 15 (c) for the ageing analysis of receivables.

(b) Nature and extent of risk arising from receivables

Please refer to note 15 (c) for the nature and extent of credit risk arising from receivables

Note 6. Other financial assets

Non-current

Available-for-sale financial assets		
Shares - unlisted public Company	40,000	40,000

(a) Ageing of other financial assets

Please refer to note 15 (c) for the ageing analysis of Other Financial Assets.

(b) Nature and extent of risk arising from other financial assets

Please refer to note 15 (c) for the nature and extent of credit risk arising from other financial assets.

Notes to the financial statements continued

	2008 \$	2007 \$
Note 7. Deferred tax assets		
Deferred tax assets comprise:		
Provisions	13,621	10,360
Other	(1,342)	102
	12,279	10,462

Note 8. Property, plant & equipment

At cost

Furniture and fittings	24,853	14,964
Less accumulated depreciation	(12,762)	(9,773)
Total plant & equipment	12,091	5,191
Leashold improvements	8,000	-
Less accumulated amortisation	(763)	-
	7,237	-
Total property, plant & equipment	19,328	5,191

Reconciliations of the carrying amounts of each class of land, buildings and plant & equipment at the beginning and end of the current financial year is set out below.

	Leasehold improvements \$	Furniture & fittings \$	Total \$
Balance at 1 July 2006	-	9,641	9,641
Additions	-	-	-
Disposals at WDV	-	-	-
Depreciation expense	-	(4,450)	(4,450)
Balance at 30 June 2007	-	5,191	5,191
Additions	8,000	9,889	17,889
Disposals at WDV	-	-	-
Depreciation expense	(763)	(2,989)	(3,752)
Balance at 30 June 2008	7,237	12,091	19,328

Notes to the financial statements continued

	2008 \$	2007 \$
Note 9. Intangible assets		
Non-current		
Franchise licence fee	10,000	10,000
Less accumulated amortisation	(7,322)	(5,322)
	2,678	4,678
Goodwill - Drysdale Branch at cost	106,478	106,478
	109,156	111,156

Note 10. Payables

Current		
Trade creditors	-	2,250
Accrued expenses	17,659	16,230
	17,659	18,480

Note 11. Provisions

Current		
Long service leave	10,766	6,802
Annual leave	30,873	31,987
Total	41,639	38,789
Non-current		
Long service leave	5,000	4,277
Total provisions	46,639	43,066

Note 12. Tax liabilities

Current		
Income tax	11,690	(4,772)

Notes to the financial statements continued

	2008 \$	2007 \$
Note 13. Issued capital		
(a) Issued capital		
400,000 (2007: 400,000) ordinary shares fully paid	400,000	400,000

Note 14. Reconciliation of net result for the year to net cash flows from operating activities

Profit after income tax	73,919	43,048
Non-cash flows in profit		
Depreciation and amortisation	5,752	6,445
Changes in assets and liabilities		
Increase/(decrease) in employee entitlements	18,218	(9,001)
Increase/(decrease) in payables	(821)	(5,939)
Increase/(decrease) in prepaid expenses	2,000	-
Decrease/(increase) in receivables	(24,158)	(15,638)
Net cash from operating activities	74,910	18,915

Note 15. Financial instruments

(a) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 1 to the financial statements.

Notes to the financial statements continued

Note 15. Financial instruments (continued)

(b) Categorisation of financial instruments

	Note	Category	Carrying amount	
			2008 \$	2007 \$
Financial assets				
Cash and cash equivalents	4	N/A	292,440	271,418
Receivables	5	Loans and receivables	79,753	55,595
Other financial assets	6	Available for sale of financial Assets (at fair value)	40,000	40,000
Financial liabilities				
Payables	10	Financial liabilities measured at amortised cost	17,659	18,480

(c) Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements. The Company does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the entity.

The Company's exposure to credit risk and effective weighted average interest rate by ageing periods is set out in the following table. For interest rates applicable to each class of asset refer to individual notes to the financial statements.

Interest Rate Exposure and ageing analysis of financial assets as at 30 June 2008

	Weighted average interest rates	Consolidated carrying amount	Interest rate exposure			Not past due and not impaired
			Fixed interest rate	Variable interest rate	Non interest bearing	
2008	%	\$	\$	\$	\$	\$
Financial assets						
Cash and cash equivalents	6.25	292,440	193,867	98,213	360	292,440
Receivables	0.00	79,753	-	-	79,753	79,753
Other financial assets	0.00	40,000	-	-	40,000	40,000
Total financial assets		412,193	193,867	98,213	120,113	412,193

Notes to the financial statements continued

Note 15. Financial instruments (continued)

(c) Credit risk (continued)

	Weighted average interest rates	Consolidated carrying amount	Interest rate exposure			Not past due and not impaired
			Fixed interest rate	Variable interest rate	Non interest bearing	
2007	%	\$	\$	\$	\$	\$
Financial assets						
Cash and cash equivalents	4.99	271,418	221,511	49,547	360	271,418
Receivables	0.00	55,595	-	-	55,595	55,595
Other financial assets	0.00	40,000	-	-	40,000	40,000
Total financial assets	367,013	221,511	49,547	95,955	367,013	

(d) Liquidity risk

The Company manages liquidity risk by monitoring forecast cash flows and ensuring that liquid assets are available.

The following table discloses the contractual maturity analysis for the Company's financial liabilities.

	Weighted average interest rates	Consolidated carrying amount	Interest rate exposure			Contractual cash flows	Maturity dates less than 1 month
			Fixed interest rate	Variable interest rate	Non interest bearing		
2008	%	\$	\$	\$	\$	\$	
Trade creditors							
and accruals	-	17,659	-	-	17,659	17,659	
Total financial liabilities		17,659	-	-	17,659	17,659	
2007							
Trade creditors							
and accruals	-	18,480	-	-	18,480	18,480	
Total financial liabilities		18,480	-	-	18,480	18,480	

Notes to the financial statements continued

Note 15. Financial instruments (continued)

(e) Market risk

Currency risk

The Company has no exposure to foreign currency risk.

Interest rate risk

Exposure to interest rate risk might arise primarily through the Company's interest bearing liabilities. The Company currently has no interest bearing liabilities.

Other price risk

The Company is exposed to insignificant other price risk.

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, the Company believes the following movements are 'reasonably possible' over the next 12 months (Base rates are sourced from the Federal Bank of Australia)

- A parallel shift of +1% and -1% in market interest rates (AUD) from year-end rates of 6%;
- A parallel shift of +1% and -1% in inflation rate from year-end rates of 2%

The following table discloses the impact on net operating result and equity for each category of financial instrument held by the Company at year end if changes in the relevant risk occur:

	Carrying amount	Interest rate risk			
		Profit	-1% Equity	+1% Profit	Equity
	\$	\$	\$	\$	\$
2008					
Financial assets					
Cash and cash equivalents	292,440	(982)	(982)	982	982
Receivables	79,753	-	-	-	-
Other financial assets	40,000	-	-	-	-
Financial liabilities					
Trade creditors and accruals	17,659	-	-	-	-
2007					
Financial assets					
Cash and cash equivalents	271,418	(495)	(495)	495	495
Receivables	55,595	-	-	-	-
Other financial assets	40,000	-	-	-	-
Financial liabilities					
Trade creditors and accruals	18,480	-	-	-	-

Notes to the financial statements continued

	2008 \$	2007 \$
Note 16. Capital and leasing commitments		
Non-cancellable operating leases		
Operating lease commitments in respect of computers, photocopiers and property payable as follows:		
Not Later than 1 year	22,800	22,800
Later than 1 year and not later than 5 years	68,400	91,200
Later than 5 years	-	-
	91,200	114,000

There are no known capital commitments for Bellarine Peninsula Community Branch Ltd.

Note 17. Segment reporting

Industry segments

Bellarine Peninsula Community Branch Ltd's only industry segment is the provision of branch banking services.

Geographical segment

Bellarine Peninsula Community Branch Ltd operates predominantly in Portarlington, Victoria. More than 90% revenue, net surplus from ordinary activities and segment assets relate to operation in Portarlington.

Note 18. Related party transactions

a) The names of Directors whom have held office during the financial year are:

F Kelloway	R Hynes
S Thew	JP Finlay
KA Woodhart	R Enders
G Irving	S Wight
T Hockley (resigned 14/11/2007)	

Notes to the financial statements continued

	2008 \$	2007 \$
Note 18. Related party transactions (continued)		
b) Income paid or payable to all Directors	-	-

Note 19. Contingent assets and contingent liabilities

The are no known contingent assets or contingent liabilities for the Company.

Note 20. Events occurring after reporting date

Since 30 June 2008 no matter or circumstance has arisen which had significantly affected or which may significantly affect the operations of the organisation or of a related entity

Note 21. Auditors remuneration

Remuneration of the Auditor of the Company for:

-Auditing or reviewing the financial report	5,300	4,800
	5,300	4,800

Note 22. Earnings/ (loss) per share

a) Basic earnings per share (cents per share)	0.185	0.108
b) Diluted earnings per share (cents per share)	0.185	0.108

Note 23. Dividends

2007 Final dividend Franked at 9 cents per share		36,000
2008 Final Dividend Franked at 9 cents per share	36,000	

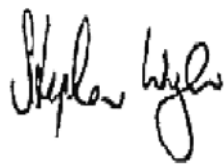
Director's declaration

The Directors of the Company declare that:

1. The financial statements of the Company comprising the Income Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and notes to and forming part of the accounts
 - (a) give a true and fair view of the Company's financial position as at 30 June 2008 and its performance and cash flows for the year ended on that date; and
 - (b) comply with the Corporations Act 2001, Accounting Standards and the Corporations Regulations 2001.
2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed on behalf of the Directors by:

Dated 22 September 2008.



Stephen Wight
Director

Independent audit report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BELLARINE PENINSULA COMMUNITY BRANCH LIMITED

Report on the financial report

We have audited the accompanying financial report of Bellarine Peninsula Community Branch Limited, which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: 'Presentation of Financial Statements', that compliance with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with IFRS.

Auditor's responsibility

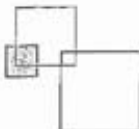
Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit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

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

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



Chartered Accountants



LBW
Chartered Accountants

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Independent audit report continued

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BELLARINE PENINSULA COMMUNITY BRANCH LIMITED

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of Bellarine Peninsula Community Branch Limited, on 28 August 2008, would be in the same terms if provided to the directors as at the date of this auditor's report.

Auditor's opinion

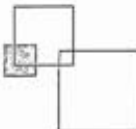
In our opinion:

- a. the financial report of Bellarine Peninsula Community Branch Limited, is 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 2008 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.
- b. The financial report also complies with International Financial Reporting Standards as disclosed in Note 1.


LBW Chartered Accountants


Peter Landers

Dated this 26th day of August 2008



LBW
Chartered Accountants

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BSX report

Additional information requested by the Bendigo Stock Exchange Limited and not shown elsewhere in this report is as follows. The information is current as of 12 September 2008

1. Distribution of equity securities

The number of shareholders by size of holding are

1-1,000	132
1,001 – 5,000	59
5,001 – 10,000	14
10,001 – 50,000	1

2. Twelve Largest shareholdings

The names of the twelve largest shareholders of quoted shares are:

Miss Alice Patricia Stroud	20,000
Mr. Peter Wolfenden	10,000
Impact Insurance Superannuation Fund Pty Ltd	10,000
Mrs. Lynette Maree Elliott	10,000
DEJ Investments Pty Ltd	10,000
David Lewis Investment Pty Ltd (asf) Lewis Family Super Fund	10,000
Davis Lewis Investment Pty Ltd	10,000
Mr. John Barry Carew	10,000
Mrs. Annie Carew	10,000
Margaret Ann Batty	10,000
Albert Batty	10,000
Batty Investments	10,000

3. Voting rights

Each Shareholder has one vote.

BSX report continued

4. Corporate governance

The Board guides and monitors the business and affairs on and behalf of the shareholders to whom they are accountable.

The Board recognizes the importance of a strong corporate governance focus and methodology. The Board is continually working towards adopting policies and procedures that will govern our Company into the future. We believe that building a policy framework will assist to clarify the future direction of our local Company, provide accountability and transparency and ensure there are guiding principals in place for future decision making.

Composition of the Board

The composition of the Board is determined in accordance with the following principals and guidelines:

- The Board shall comprise at least three Directors and a maximum of 10.
- The Board shall meet regularly and follow meeting guidelines set down to ensure all Directors are made aware of and have available all information, to participate in an informed discussion of all agenda items.
- All Directors should attend a minimum of 75% of eligible meetings.

The Directors who held office at the date of this statement are:

Name	Position
Russell Robert Enders	Chairperson
Karen Ann Woodhart	Secretary
Justine Paige Finlay	Director
Robert John Hynes	Director
Stephen Matthew Thew	Director (Retired Sept 08)
Francis Joseph Kelloway	Director
Stephen Wight	Director
Gary Leonard Irving	Director (Retired Sept 08)

Board responsibilities

The Board acts on behalf of and is responsible to the shareholder's, the Board seeks to identify the expectations of shareholders, as well as other regulatory and ethical expectations and obligations. In addition, the Board is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage those risks. The Board seeks to discharge these responsibilities in a number of ways.

The Board is responsible for ensuring that management's objectives are aligned with the expectations and risks identified by the Board. The Board has a number of mechanisms in place to ensure this is achieved. These mechanisms include the following:

BSX report continued

4. Corporate Governance (continued)

- Board approval of a Business Plan and Marketing Strategy, which encompasses the entity's vision, mission and value statements, designed to meet stakeholders needs and manage risk;
- The Business Plan is a dynamic document and the Board is actively involved in developing and approving initiatives and strategies designed to ensure the continued growth and success of the entity;
- Implementation of operating plans and budgets by management and Board monitoring of progress against budget – this includes the establishment and monitoring of key performance indicators (both financial and non-financial) for all significant business processes.

Monitoring of the Boards performance and communication to shareholders

In order to ensure that the Board continues to discharge its responsibilities in an appropriate manner, the performance of all Directors is reviewed annually by the Chairperson. Directors whose performance is unsatisfactory are asked to retire.

The Board of Directors aims to ensure that the shareholders on behalf of whom they act are informed of all information necessary to assess the performance of the Directors. Information is communicated to the shareholders through:

- The Annual Report which is distributed to all shareholders;
- The annual general meeting and other meetings so called to obtain approval for Board action as appropriate.
- Regular newsletters.

5. Name of Company Secretary

Karen Ann Woodhart.

6. Address and telephone number of registered office

44 Newcombe Street,
Portarlinton VIC 3223

Phone: (03) 5259 3266

Fax: (03) 5259 3277

BSX report continued

7. Address and telephone number of office at which securities register is kept

44 Newcombe Street,
Portarlinton VIC 3223

Phone: (03) 5259 3266

8. Trading history

Trading History for the year ended the 30 June 2008 for the Bellarine Peninsula Community Branch Limited is available on the BSX website at www.bsx.com.au

Bellarine Peninsula **Community Bank**[®] Branch
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Drysdale Sub-branch
11 Clifton Springs Road, Drysdale VIC 3222
Phone: (03) 5253 3192 Fax: (03) 5251 2383

Franchisee: Bellarine Peninsula Community Branch Limited
44 Newcombe Street, Portarlington VIC 3223
Phone: (03) 5259 3266 Fax: (03) 5259 3277
ABN 33 089 107 657

www.bendigobank.com.au

Bendigo and Adelaide Bank Limited, The Bendigo Centre, Bendigo VIC 3550
ABN 11 068 049 178. AFSL 237879. (BMPAR8059) (09/08)