



# annual report **2012**

Bellarine Peninsula  
Community Branch Limited

ABN 33 089 107 657

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# Chairman's report

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For year ending 30 June 2012



I am pleased to present the Chairman's report for the 13th Bellarine Peninsula Community Branch Limited annual report.

We now have consolidated business in excess of \$200 million and since inception, the company has assisted the community with grants, sponsorships, donations and share dividends in excess of \$1.124 million. We are pleased to advise that we have set aside \$78,914.37 to facilitate our Community Grants Program to assist local communities for this financial year.

We anticipate paying an eight cent fully franked dividend for this financial year. A final decision on the dividend will be made prior to and announced at the Annual General Meeting.

Both the Portarlington and Drysdale **Community Bank**<sup>®</sup> branches are very successful.

Portarlington **Community Bank**<sup>®</sup> Branch underwent an extensive refurbishment this year and became a "Branch of the Future". The refurbishment was done to bring the branch up-to-date and to meet the changing needs of its customers. The branch was designed to promote a welcoming and engaging environment that allows customers to choose how they interact with the branch. The new layout incorporates technology that makes transactions more efficient and allows staff more time to spend with customers. Customers are now able to talk one-on-one with specialist team members in a comfortable sit-down environment.

There are numerous ways that our branches are beneficial to our communities – in Portarlington we provide the community with the only banking service in town; and in Drysdale we have a competitive influence and impact on the other banks' conscience with their increased community support.

We take pride in employing 15 staff with mostly local people at both branches, which in turn provides income to the community with a large portion of the remuneration (in excess of \$575,000 for the year) being spent in the area.

This year, we have proudly continued to sponsor the Portarlington Primary School Breakfast Club, as well as other major events including the Mussel Festival and National Celtic Folk Festival in Portarlington and the 2012 Festival of Glass in Drysdale. We have installed life-saving defibrillators at the Portarlington Bowling Club, the Men's Shed in Drysdale, Clifton Springs Bowling Club and Springdale in Drysdale. The Bellarine Community Health Community Bus Project continues to run thanks to our sponsorship and numerous sporting clubs continue to be successful in part due to our support in sponsorships.

We have proudly sponsored the SES Bellarine Unit for \$57,000 to enable a new four-wheel drive support vehicle to be purchased to help the SES keep the community safe. The Bellarine SES Unit is run by volunteers who give their time to support the community in times of storm, flood and disaster and had been trying to raise money for a new vehicle for three years. The unit had expected to be saving for another three years with all other avenues of sponsorships and grants exhausted. Before now the unit only had one four-wheel drive vehicle that could tow a boat or trailer, if more than one vehicle was needed at a time, the volunteer members needed to use their own car. The new vehicle makes it possible to send out one crew with a full trailer of equipment and have another ready to attend to small jobs and do reconnaissance in a timelier manner and provide life-saving support on the Bellarine Peninsula.

During the year, we held an afternoon tea for our shareholders with guest speakers John Fendyke, CEO of Bellarine Community Health and Geoff Hutchinson, CEO of Vicwest Community Telco and presentations from our Treasurer Stephen Wight, Associate Director Breannon Deluca and the three Managers, Ian Faulkner from the Portarlington **Community Bank**<sup>®</sup> Branch, Craig Taylor from the Drysdale **Community Bank**<sup>®</sup> Branch and Mobile Manager Geoff Milward. We look forward to holding further functions in the future for our shareholders to keep them informed and up-to-date with the business and the branches.

## Chairman's report (continued)

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This year we had a change in Directors with the retirement of Bob Hynes and Karen Woodhart. We have been joined by new Board member Kerry Trewin, who has a number of years involvement in the Portarlington community on numerous levels, including as a player and a committee member of the Portarlington Demons Football and Netball Club, a founding committee member of the Portarlington Toy Library, Secretary and President of the local Kindergarten, Treasurer of the Portarlington Skate Park, a committee member of the local Pony Club and Treasurer of the Portarlington Girl Guides.

We also had the expertise of Junior Associate Director Breannon Deluca for three months when she assisted with the Youth Foundation and attended various functions and Board meetings before a career move saw her move to Melbourne.

I would like to thank the Managers and their teams of staff, without your dedication to our **Community Bank®** branches and providing the high levels of service to our customers and shareholders, our branches would not be in the position they are today. Thank you.

I would like to thank the Board; Vice Chair - Paul Jones, Secretary – Sandra Baldwin, Treasurer – Stephen Wight, Geoff Webster, Pam Evens, Janina Randone and Kerry Trewin. All Directors give their time and expertise on a volunteer basis and provide a valuable service to the Portarlington and Drysdale **Community Bank®** branches. I would also like to thank the Board Support Officer Robyn Durran.

I would like to acknowledge the continued support we receive from our Regional Manager, Pat Murnane and his team, and Senior Community Strengthening Manager Craig Thomas and his team in Melbourne. They form a valuable resource to our business.

Lastly, I would like to thank our shareholders for their initial vision in investing in our company, and for their continued support in banking at our branches.

Banking with Drysdale and Portarlington **Community Bank®** branches is not just banking, you are also investing in the future of your community.



**Russell Enders**  
**Chairman**

# Portarlington Manager's report

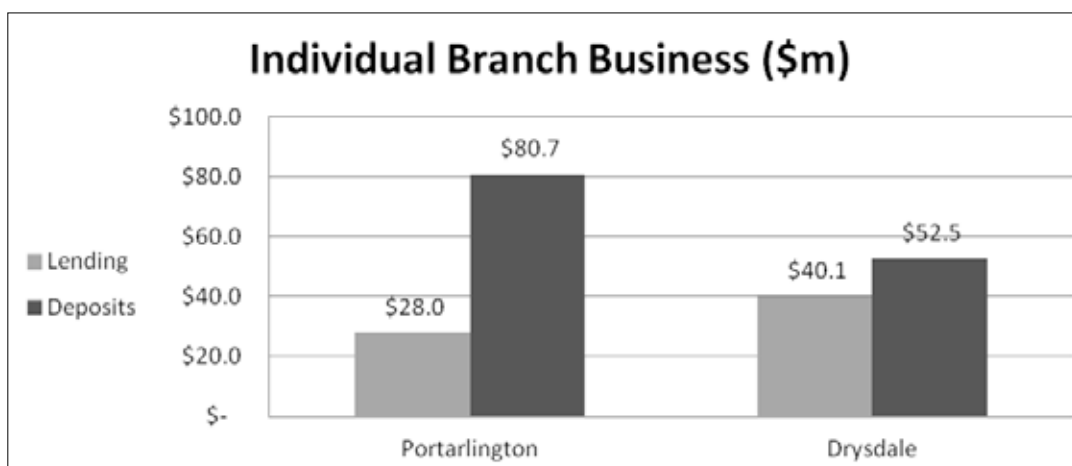
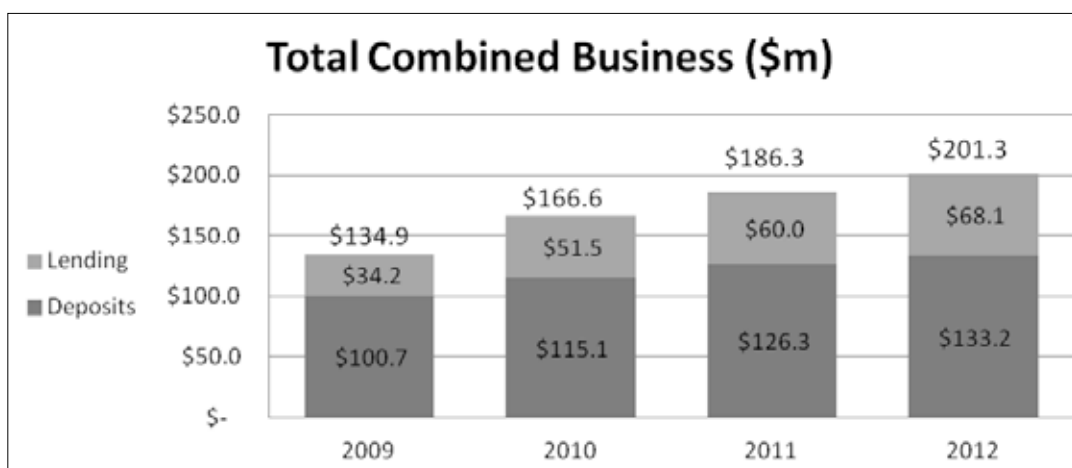
For year ending 30 June 2012



It gives me great pleasure, for this our 13th Annual Report, to again report we have had another successful year with the continued growth of our Portarlington and Drysdale **Community Bank**<sup>®</sup> branches. We have reached the milestone of over \$200 million with total business of \$201.3 million as at 30 June 2012. We now have 8,706 accounts (Portarlington 4,620 and Drysdale 4,086).

I thank all our customers for their support that enabled this continued growth which can be seen below:

	2009	2010	2011	2012
Numbers of accounts	7,240	8,071	8,404	8,706



The continued success has allowed us, through our grants and sponsorships, to support increasing numbers of organisations that provide services to the residents of the North Bellarine.

The **Community Bank**<sup>®</sup> model has continued to grow and there are now in excess of 290 **Community Bank**<sup>®</sup> branches throughout Australia. These **Community Bank**<sup>®</sup> branches are helping their own communities with their various support programs from their profits.

## Portarlington Manager's report (continued)

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Portarlington **Community Bank**® Branch refurbishment was completed in September 2011 and was completed within budget. The new open design has been welcomed by both customers and staff and is more customer friendly without the counter and glass partitions.

Staff numbers did not alter in the last year with our Mobile Manager, Geoff Milward, having settled in and helping promote the **Community Bank**® branches on the North Bellarine. Our casual Customer Service Officer, Bianca, resigned to take up a permanent full time position with Bendigo Bank in Geelong and we wish her well in her new position. We have employed Bea to fill the position and welcome her to our team. Bea's role is to cover relief at both Drysdale and Portarlington. I take this opportunity to thank all our staff for their assistance and support throughout the year.

I acknowledge and thank our shareholders for their continued support, our hard working Board of Directors and also the Bendigo Bank staff who assisted us throughout the year.

By banking with our branches we can help you achieve your financial goals and the **Community Bank**® branches to make North Bellarine a better place.



**Ian Faulkner**  
**Senior Manager**

# Drysdale Manager's report

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For year ending 30 June 2012



The Drysdale **Community Bank**® Branch continues to grow.

This year saw deposit growth tough with only a \$736,000 increase however lending exceeded budget with an \$8 million increase.

As at 30 June 2012 total business for **Community Bank**® Branch was a very healthy \$92.642 million.

While our growth budget was nearly achieved, our budgeted net profit was exceeded due to the improvement in the deposit/lending ratio.

Breakup of business was:

Deposits	\$52.519 million
Lending	\$40.123 million
Total	\$92.642 million
Numbers of accounts	4,086

The Drysdale **Community Bank**® Branch has continued to be a profitable and sustainable business and at the same time expanded its profile within the community.

Many of our local sporting and community organisations have continued to be recipients of sponsorships and donations from both branches, the increased support to the Festival of Glass and assistance to purchase a new vehicle for the Bellarine SES to name a few. Shareholders are continuing to receive a good dividend on their investment and a substantial Community Grants Program is testament to the support of the Bellarine communities.

The **Community Bank**® model under which all **Community Bank**® branches operate continues to be very successful and has provided much needed financial support in excess of \$80 million back into local communities around Australia.

It is encouraging to see the community continue to support their local branch which offers face to face banking and a full suite of products and services, which includes a Mobile Manager, Business Banking Managers and Financial Planners. We offer the full banking experience that is competitive in price and superior in service.

We welcomed new staff member this year, Dannielle Crabtree as a Customer Service Officer as well as Rowena Campbell (seconded from Bendigo Bank) as Customer Relationship Officer who is covering Kerry Firth's maternity leave.

I would like to thank the customers, shareholders, the Board of Directors, and especially my staff who offer our customers professional and friendly service and support. It is only with the support of everyone that enables us to grow, increase our profits and increase our contributions to the community.

Bring on the \$100 million target!

A handwritten signature in black ink, appearing to read 'Craig Taylor'.

**Craig Taylor**  
**Branch Manager**



# Mobile Manager's report

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For year ending 30 June 2012



The role of the Mobile Manager has continued to grow not only to offer services as a Mobile Lender but also promote and represent the **Community Bank®** branches in our community.

The past 12 months has seen the Mobile Manager's profile increase across the Bellarine Peninsula.

Since our last Annual General Meeting and Community Grants presentation, I have been able to undertake guest speaking roles at the meetings of organisations who last year received a grant from our **Community Bank®** branches. I have been able to give an insight into the history of the growth of Bendigo Bank and the establishment of the **Community Bank®** branch network.

The Business relationships within the Northern Bellarine area have continued to grow with local Real Estate Agents offering me to be present at house Open for Inspections and auctions which gives us a great opportunity to promote our brand and our **Community Bank®** branches. This also allows us another avenue to take our business to the community.

Recent trends have seen an increase in lending figures and the requirement of the mobile service. I believe this can be contributed to an increase in the local knowledge of the mobile service and the decrease in interest rates. We also see the opportunity of people looking to change banks for many reasons including the community support we offer and Saturday morning opening hours.

I predict solid growth in the next year for both the mobile service and our customer base.

Again I wish to thank our Board of Directors, Branch Managers Ian Faulkner and Craig Taylor and the staff of Portarlington and Drysdale **Community Bank®** branches for their support.

A handwritten signature in dark ink, appearing to read 'Geoff Milward'. The signature is fluid and cursive, written on a light background.

**Geoff Milward**  
**Mobile Manager**



# Directors' report

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For the financial year ended 30 June 2012

Your Directors submit the financial report of the company for the financial year ended 30 June 2012.

## Directors

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

Russell Enders	Paul Jones
Stephen Wight	Geoffrey Webster
Robert Hynes (Resigned 31 January 2012)	Karen Woodhart (resigned 25 June 2012)
Sandra Baldwin	Janina Randone
Pam Evans	Kerry Trewin

## Company Secretary

The Company Secretary is Sandra Baldwin.

## Principle activities and significant changes in nature of activities

The principle activities of the company during the course of the financial year were facilitating the **Community Bank®** services under management rights to operate two franchised branches of Bendigo and Adelaide Bank. There were no significant changes in the nature of principal activities during the financial year.

## Operating result and review of operations

The net result of the company for the year after providing for income tax was a profit of \$148,309 (2011: \$201,703).

There was no significant change in operations during the period with the asset base of both branches continuing to grow and thereby improving profitability.

## Financial position

The company's net assets have grown to \$1,092,672 at the end of the financial year compared to \$1,072,249 for the previous year. The company's current asset ratio is 4.03, indicating a sound financial position.

## Significant changes in state of affairs

There were no significant changes in the company's State of Affairs during the year.

## Dividends

Dividends paid or declared for payment during the financial year are as follows:

- Ordinary dividend of \$0.08 cents per share paid on 1 December, 2011.

## 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.

# Directors' report (continued)

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## **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.

## **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**

The company has indemnified all Directors and Auditors in respect of liabilities to other persons (other than the company or related body corporate) that may arise from their position as Directors of the company except where the liability arises out of conduct involving 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.

## **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.

## **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**

The Board is responsible for the determination of remuneration packages and policies applicable to the Manager of each branch and all the staff. The Managers are invited to the Board meeting as required to discuss performance and remuneration packages.

The Managers are paid a base salary, which is between \$60,000 and \$80,000 plus superannuation. In addition each Manager receives a bonus if the company exceeds the performance criteria established by the Board.

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

The Bellarine Peninsula Community Branch Ltd has accepted the **Community Bank®** Directors' Privileges package. The package is available to all Directors who can elect to avail themselves of the benefits based on their personal banking with the Bellarine Peninsula Community Branch Ltd. There is no requirement to own BEN shares and there is no qualification period to qualify to utilize the benefits. The package mirrors the benefits currently available to Bendigo and Adelaide Bank shareholders.

# Directors' report (continued)

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## Information on Directors

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

### **Russell Enders**

Managerial and Marketing  
Extensive Banking experience  
Ocean Grove resident  
Shares Held: Nil

### **Stephen J. Wight**

Chartered Accountant  
Registered Company Auditor  
Board Member of Barwon Health  
Involvement in public and not for profit organisations  
Geelong resident  
Shares Held: Nil

### **Sandra Baldwin**

Company Secretary  
Member of the Steering committee of the Drysdale  
Branch for the Bellarine Peninsula Community  
Branch Ltd  
Previous Business Owner in local area  
Clifton Springs resident  
Shares Held: 500

### **Paul Jones**

Trade Teacher  
Involved in community organisations  
Member of the Steering committee of the Drysdale  
Branch for the Bellarine Peninsula Community  
Branch Ltd  
Drysdale resident  
Shares Held: 2,500

### **Geoffrey Webster**

Salesman  
Member of the Steering committee of the Drysdale  
Branch for the Bellarine Peninsula Community  
Branch Ltd  
Drysdale resident  
Shares Held: 1,000

### **Janina Randone**

Self funded retiree and farmer  
Involved in community organisations.  
Member of the Steering committee of the Drysdale  
Branch for the Bellarine Peninsula Community  
Branch Ltd  
Drysdale resident  
Shares Held: 2,000

### **Pam Evans**

Portarlington Resident  
Board Member  
District Leader and Leader, Portarlington Girl Guides  
Shares Held – Nil

### **Kerry Trewin**

Receptionist  
Involved in community organisations  
Portarlington Resident  
Shares Held – Nil



Left to right – front row: Stephen Wight, Sandra Baldwin, Russell Enders, Paul Jones.  
Back row: Pam Evans, Janina Randone, Geoff Webster and Kerry Trewin.

# Directors' report (continued)

## Meeting attendance July 2011 to June 2012

Director	July 2011	August 2011	September 2011	October 2011	November 2011	January 2012	February 2012	March 2012	April 2012	May 2012	June 2012
Russell Enders	P	A	P	P	P	P	P	P	P	P	P
Paul Jones	P	P	P	P	P	P	A	P	P	P	P
Stephen Wight	P	P	P	A	A	P	A	P	P	A	P
Sandra Baldwin	P	P	P	P	P	P	P	P	P	P	P
Geoff Webster	A	P	P	P	A	P	P	A	P	P	P
Karen Woodhart	P	A	P	L	L	A	P	A	A	P	R
Pam Evans	P	P	P	P	P	A	P	P	P	P	P
Janina Randone	P	P	P	P	P	P	P	P	P	P	A
Bob Hynes	L	L	L	L	L	R	R	R	R	R	R
Kerry Trewin				P	P	P	P	P	P	P	P

Key to Symbols: P = Present, A = Apology, L = Leave, R = Resigned.

## Auditor's independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the Corporations Act 2001 is attached.

Signed in accordance with a resolution of the Board of Directors



**Stephen Wight**  
**Director**

# 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 2012 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



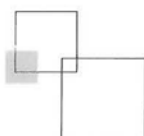
Dated this

27<sup>th</sup>

day of

August

2012



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# Financial statements

## Statement of comprehensive income for the year ended 30 June 2012

	Note	2012 \$	2011 \$
<b>Revenue</b>			
Revenue from continuing operations	2	1,693,404	1,658,134
<b>Expenses</b>			
Employee benefits		845,402	756,521
Information technology expenses		75,329	48,112
Depreciation and amortisation	3	31,917	33,731
Property expenses		98,779	84,656
Donations and sponsorship		181,119	165,261
Professional fees		36,845	35,715
Insurance		22,377	28,172
Administration expenses		153,864	153,616
Other expenses from ordinary activities		34,839	37,579
<b>Total expenses from ordinary activities</b>		<b>1,480,471</b>	<b>1,343,363</b>
<b>Net result before income tax</b>		<b>212,933</b>	<b>314,771</b>
Income tax expense	4	64,624	92,268
<b>Net result after income tax</b>		<b>148,309</b>	<b>222,503</b>
<b>Other comprehensive income</b>			
Net fair value loss on available for sale financial instruments		0	20,800
<b>Comprehensive result for the year</b>		<b>148,309</b>	<b>201,703</b>
<b>Earnings per share (cents per share)</b>			
Basic earnings per share	23	9.3	13.9
Diluted earnings per share	23	9.3	13.9

The accompanying notes form part of these financial statements.

# Financial statements (continued)

## Statement of financial position as at 30 June 2012

	Note	2012 \$	2011 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	567,370	723,079
Receivables	6	118,622	119,664
Prepayments		-	-
<b>Total current assets</b>		<b>685,992</b>	<b>842,743</b>
<b>Non-current assets</b>			
Other financial assets	7	19,200	19,200
Deferred tax assets	8	33,677	29,516
Property, plant, equipment	9	409,304	225,432
Intangible assets	10	126,599	139,180
<b>Total non-current assets</b>		<b>588,780</b>	<b>413,328</b>
<b>Total assets</b>		<b>1,274,772</b>	<b>1,256,071</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Payables	11	49,400	35,462
Short-term provisions	12	93,466	85,792
Current tax liabilities	13	27,284	54,474
<b>Total current liabilities</b>		<b>170,150</b>	<b>175,728</b>
<b>Non-current liabilities</b>			
Long-term provisions	12	11,950	8,094
<b>Total non-current liabilities</b>		<b>11,950</b>	<b>8,094</b>
<b>Total liabilities</b>		<b>182,100</b>	<b>183,822</b>
<b>Net assets</b>		<b>1,092,672</b>	<b>1,072,249</b>
<b>Equity</b>			
Issued capital	14	787,911	787,911
Financial assets reserve		(20,800)	(20,800)
Retained earnings		325,561	305,138
<b>Total equity</b>		<b>1,092,672</b>	<b>1,072,249</b>

The accompanying notes form part of these financial statements.



# Financial statements (continued)

## Statement of changes in equity for the year ended 30 June 2012

	Note	Issued capital \$	Financial assets reserve \$	Retained earnings \$	Total \$
<b>Balance at 1 July 2010</b>		<b>787,911</b>	-	<b>146,578</b>	<b>934,489</b>
<b>Comprehensive income</b>					
Net result for the year		-	-	<b>222,503</b>	<b>222,503</b>
Other comprehensive income for the year		-	(20,800)	-	(20,800)
<b>Transactions with owners in their capacity as owners</b>					
Dividends recognised for the year	24	-	-	(63,943)	(63,943)
<b>Balance at 30 June 2011</b>		<b>787,911</b>	<b>(20,800)</b>	<b>305,138</b>	<b>1,072,249</b>
<b>Comprehensive income</b>					
Net result for the year		-	-	148,309	148,309
Other comprehensive income for the year		-	-	-	-
<b>Transactions with owners in their capacity as owners</b>					
Dividends recognised for the year	24	-	-	(127,886)	(127,886)
<b>Balance at 30 June 2012</b>		<b>787,911</b>	<b>(20,800)</b>	<b>325,561</b>	<b>1,092,672</b>

The accompanying notes form part of these financial statements.

# Financial statements (continued)

## Statement of cash flows for the year ended 30 June 2012

	Note	2012 \$	2011 \$
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Receipts from customers		1,657,909	1,625,256
Interest		36,537	30,489
<b>Payments</b>			
Employee benefits		(832,482)	(752,227)
Income tax paid		(95,975)	(85,148)
Other		(590,604)	(544,760)
<b>Net cash flows from operating activities</b>	<b>15</b>	<b>175,385</b>	<b>273,610</b>
<b>Cash flows from investing activities</b>			
Purchase of plant & equipment		(203,208)	(27,942)
<b>Net cash flows from investing activities</b>		<b>(203,208)</b>	<b>(27,942)</b>
<b>Cash flows from financing activities</b>			
Dividends paid	24	(127,886)	(63,943)
		<b>(127,886)</b>	<b>(63,943)</b>
<b>Net increase/(decrease) in cash held</b>		<b>(155,709)</b>	<b>181,725</b>
Cash at 1 July		723,079	541,354
<b>Cash at 30 June</b>	<b>5</b>	<b>567,370</b>	<b>723,079</b>

The accompanying notes form part of these financial statements.

# Notes to the financial statements

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For year ended 30 June 2012

## Note 1. Statement of significant accounting policies

### **Basis of preparation**

Bellarine Peninsula Community Branch Limited ('the company') is domiciled in Australia. The financial statements for the year ending 30 June 2012 are presented in Australian dollars. The company was incorporated in Australia and the principal operations involve providing **Community Bank®** services.

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

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

The financial statements were authorised for issue by the Directors on the 27th of August, 2012.

### **Statement of compliance**

The financial report is a general purpose financial report, which has been prepared in accordance with Australian Accounting Standards (including Australian Interpretations) adopted by the Australian Accounting Standards Board and the Corporations Act 2001. The financial report of the company complies with International Financial Reporting Standards and interpretations adopted by the International Accounting Standards Board. Australian Accounting Standards that have been recently issued or amended, but are not yet effective, have not been adopted in the preparation of this financial report. The impact, if any, of the changes to these standards are still being assessed by the company.

### **Significant accounting policies**

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 2012.

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)

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## 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 16.

#### 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 16.

### **(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 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.

# Notes to the financial statements (continued)

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## Note 1. Statement of significant accounting policies (continued)

### (e) Plant and equipment (continued)

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

Class of asset	2012	2011
Furniture & fittings	10-25%	10-25%
Plant & equipment	10-25%	10-25%
Leasehold improvements	10-25%	10-25%
Motor vehicles	23%	23%

### (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.

### (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.

# Notes to the financial statements (continued)

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## Note 1. Statement of significant accounting policies (continued)

### **(i) 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.

### **(j) Share capital**

Issued and paid up capital is recognised at the fair value of the consideration received by the company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

### **(k) 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.

### **(l) 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 as 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.

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.

# Notes to the financial statements (continued)

## Note 1. Statement of significant accounting policies (continued)

### (m) 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.

### (n) 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.

### (o) 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.

### (p) Comparative information

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

	2012 \$	2011 \$
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## Note 2. Revenue

### Revenue from continuing operations

Services revenue	1,649,179	1,625,134
Interest - other persons	33,616	33,000
Parental leave payment recoveries	10,609	-
<b>Total revenue from continuing operations</b>	<b>1,693,404</b>	<b>1,658,134</b>



## Notes to the financial statements (continued)

	2012 \$	2011 \$
<b>Note 3. Depreciation and amortisation</b>		
Depreciation of plant and equipment	19,336	19,075
Amortisation of intangibles	12,581	14,656
	<b>31,917</b>	<b>33,731</b>

## Note 4. Income tax expense

a) The components of tax expense comprise:

Current tax	68,333	94,075
Deferred tax	(3,709)	(1,807)
	<b>64,624</b>	<b>92,268</b>

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% (2010: 30%)	63,880	94,431
Add		
Tax effect of:		
other non-allowable items	744	(2,163)
	<b>64,624</b>	<b>92,268</b>
<b>Weighted average tax effective rate</b>	<b>30.35%</b>	<b>29.31%</b>

## Note 5. Cash and cash equivalents

Cash at bank	124,196	117,878
Short term deposits	443,174	605,201
	<b>567,370</b>	<b>723,079</b>

## Notes to the financial statements (continued)

	2012 \$	2011 \$
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### Note 6. Receivables

#### Current

Franchise income receivable	116,198	113,919
Accrued investment income	2,424	5,345
Other receivables	-	400
<b>Total</b>	<b>118,622</b>	<b>119,664</b>

#### (a) Ageing of receivables

Please refer to note 16 (c) for the ageing analysis of receivables.

#### (b) Nature and extent of risk arising from receivables

Please refer to note 16 (c) for the nature and extent of credit risk arising from receivables.

### Note 7. Other financial assets

#### Non-current

#### Available-for-sale financial assets

<b>Shares - unlisted public company</b>	<b>19,200</b>	<b>19,200</b>
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#### (a) Ageing of other financial assets

Please refer to note 16 (c) for the ageing analysis of other financial assets.

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

Please refer to note 16 (c) for the nature and extent of credit risk arising from other financial assets.

### Note 8. Deferred tax assets

Deferred tax assets comprise:

Provisions	33,317	28,166
Other	360	1,350
	<b>33,677</b>	<b>29,516</b>

## Notes to the financial statements (continued)

	2012 \$	2011 \$
<b>Note 9. Property, plant &amp; equipment</b>		
<b>At cost</b>		
Furniture and fittings	32,548	32,548
Less accumulated depreciation	(28,537)	(26,704)
<b>Total furniture and fittings</b>	<b>4,011</b>	<b>5,844</b>
Motor vehicles	22,108	22,108
Less accumulated depreciation	(7,869)	(3,721)
<b>Total motor vehicles</b>	<b>14,239</b>	<b>18,387</b>
Leasehold improvements	435,642	232,434
Less accumulated amortisation	(44,588)	(31,233)
<b>Total leasehold improvements</b>	<b>391,054</b>	<b>201,201</b>
<b>Total property, plant &amp; equipment</b>	<b>409,304</b>	<b>225,432</b>

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 \$	Motor vehicles \$	Furniture & fittings \$	Total \$
<b>Balance at 1 July 2010</b>	<b>212,397</b>	-	<b>4,168</b>	<b>216,565</b>
Additions	-	22,108	5,834	27,942
Depreciation expense	(11,196)	(3,721)	(4,158)	(19,075)
<b>Balance at 30 June 2011</b>	<b>201,201</b>	<b>18,387</b>	<b>5,844</b>	<b>225,432</b>
Additions	203,208	-	-	203,208
Depreciation expense	(13,355)	(4,148)	(1,833)	(19,336)
<b>Balance at 30 June 2012</b>	<b>391,054</b>	<b>14,239</b>	<b>4,011</b>	<b>409,304</b>

	2012 \$	2011 \$
<b>Note 10. Intangible assets</b>		
<b>Non-current</b>		
Franchise licence fee	78,000	78,000
less accumulated amortisation	(57,879)	(45,298)
	<b>20,121</b>	<b>32,702</b>
Goodwill - Drysdale branch at cost	106,478	106,478
	<b>126,599</b>	<b>139,180</b>

## Notes to the financial statements (continued)

	2012 \$	2011 \$
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### Note 11. Payables

#### Current

Payables - statutory	27,444	23,593
Accrued expenses	21,956	11,869
	<b>49,400</b>	<b>35,462</b>

### Note 12. Provisions

#### Current

Long service leave	39,790	34,811
Annual leave	53,676	50,981
<b>Total</b>	<b>93,466</b>	<b>85,792</b>

#### Non-current

Long service leave	11,950	8,094
<b>Total provisions</b>	<b>105,416</b>	<b>93,886</b>

### Note 13. tax liabilities

#### Current

<b>Income tax</b>	<b>27,284</b>	<b>54,474</b>
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### Note 14. Issued capital

#### (a) Ordinary shares

<b>1,598,571 (2010: 1,598,571) ordinary shares fully paid</b>	<b>787,911</b>	<b>787,911</b>
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### Note 15. Reconciliation of net result for the year to net cash flows from operating activities

Result after income tax	148,309	222,503
Non-cash flows in profit		
Depreciation and amortisation	31,917	33,731
Changes in assets and liabilities		
Increase/(decrease) in provisions	(19,821)	10,444
Increase/(decrease) in payables	13,938	7,321
Increase/(decrease) in prepaid expenses	-	2,000
Decrease/(increase) in receivables	1,042	(2,389)
<b>Net cash from operating activities</b>	<b>175,385</b>	<b>273,610</b>

# Notes to the financial statements (continued)

## Note 16. financial risk management

### (a) Financial risk management objectives and policies

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 and Governance committee which reports regularly to the Board.

The company's principal financial instruments comprise of:

- Cash assets
- Term deposits
- Receivables (excluding statutory receivables)
- Payables (excluding statutory payables)

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, with respect to each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the financial statements.

### (b) Categorisation of financial instruments

	Note	Category	Carrying amount	
			2012 \$	2011 \$
Financial assets				
Cash and cash equivalents	4	N/a	567,370	723,079
Receivables	5	Loans and receivables	118,622	119,664
Other financial assets	6	Available for sale of financial assets (at fair value)	19,200	19,200
Financial liabilities				
Payables	10	Financial liabilities measured at amortised cost	49,400	35,462

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

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

# Notes to the financial statements (continued)

## Note 16. financial risk management (continued)

### (c) Credit risk (continued)

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

	Weighted average interest rates %	Interest rate exposure				Not past due and not impaired \$
		Consolidating carrying amount \$	Fixed interest rate \$	Variable interest rate \$	Non interest bearing \$	
2012						
Financial assets						
Cash and cash equivalents	4.98	567,370	443,174	123,836	360	567,370
Receivables	0.00	118,622	-	-	118,622	118,622
Other financial assets	0.00	19,200	-	-	19,200	19,200
Total financial assets		705,192	443,174	123,836	138,182	705,192
2011						
Financial assets						
Cash and cash equivalents	5.11	723,079	605,201	117,518	360	723,079
Receivables	0.00	119,664	-	-	119,664	119,664
Other financial assets	0.00	19,200	-	-	19,200	19,200
Total financial assets		861,943	605,201	117,518	139,224	861,943

### (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 %	Interest rate exposure					Not past due and not impaired \$
		Consolidated carrying amount \$	Fixed interest rate \$	Variable interest rate \$	Non interest bearing \$	Statutory Cash Flows \$	
2012							
Trade creditors and accruals	0.00	49,400	-	-	49,400	49,400	49,400
Total financial liabilities		49,400	-	-	49,400	49,400	49,400
2011							
Trade creditors and accruals	0.00	35,462	-	-	35,462	35,462	35,462
Total financial liabilities		35,462	-	-	35,462	35,462	35,462

# Notes to the financial statements (continued)

## Note 16. financial risk management (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 Reserve 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 3%.

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			
		-1%		+1%	
		Profit \$	Equity \$	Profit \$	Equity \$
2012					
Financial assets					
Cash and cash equivalents	567,370	(1,238)	(1,238)	1,238	1,238
Receivables	118,622	-	-	-	-
Other financial assets	19,200	-	-	-	-
Financial liabilities					
Trade creditors and accruals	49,400	-	-	-	-
2011					
Financial assets					
Cash and cash equivalents	723,079	(1,175)	(1,175)	1,175	1,175
Receivables	119,664	-	-	-	-
Other financial assets	19,200	-	-	-	-
Financial liabilities					
Trade creditors and accruals	35,462	-	-	-	-



# Notes to the financial statements (continued)

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## Note 16. financial risk management (continued)

### **(f) Net fair values**

The net fair values of financial assets and liabilities approximate the carrying values as disclosed in the Statement of financial position. The company does not have any unrecognised financial instruments at year end.

### **(g) Capital management**

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

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

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.

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

## Note 17. Capital and leasing commitments

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

## Note 18. 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 on the Bellarine Peninsula, Victoria. More than 90% revenue, net surplus from ordinary activities and segment assets relate to operations on the peninsula.

# Notes to the financial statements (continued)

## Note 19. Director and related party disclosures

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

R Enders	SJ Baldwin
R Hynes (resigned 1/2/2012)	PC Jones
KA Woodhart	GD Webster
S Wight	J Randone
P Evans	K Trewin

	2012 \$	2011 \$
<b>b) Income paid or payable to all Directors</b>	-	-

### c) Transactions with Directors and/or related parties

S. Wight is a Director of Davidsons Pty Ltd which provides accounting services to the company. The amount paid to Davidsons Pty Ltd for these services amounted to \$30,905 (2011 \$30,215).

The transactions were made on an arms length basis and on normal terms and conditions.

The Bellarine Peninsula Community Branch Ltd has accepted the **Community Bank®** Directors Privileges package. The package is available to all Directors who can elect to avail themselves of the benefits based on their personal banking with the Portarlington and Drysdale branches. There is no requirement to own BEN shares and there is no qualification period to qualify to utilize the benefits. The package mirrors the benefits currently available to Bendigo and Adelaide Bank shareholders.

## Note 20. Contingent assets and contingent liabilities

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

## Note 21. Events occurring after reporting date

Since 30 June 2012 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.

	2012 \$	2011 \$
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## Note 22. Auditor's remuneration

Remuneration of the Auditor of the company for:

- Auditing or reviewing the financial report	5,500	5,500
	<b>5,500</b>	<b>5,500</b>

## Notes to the financial statements (continued)

### Note 23. Earnings/ (loss) per share

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

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

	2012 \$	2011 \$
The following reflects the income and share data used in the basic and diluted earnings per share computations:		
<b>Profit/(loss) after income tax expense</b>	<b>148,309</b>	<b>222,503</b>
<b>Weighted average number of ordinary shares for basic and diluted earnings per share</b>	<b>1,598,571</b>	<b>1,598,571</b>
a) Basic earnings per share (cents per share)	0.093	0.139
b) Diluted earnings per share (cents per share)	0.093	0.139

### Note 24. Dividends

#### (a) Dividends paid during the year

Previous year proposed Franked dividends - 8 cents per share (2011: 4 cents per share)	127,886	63,943
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#### (b) Dividends proposed and not recognised as a liability

No dividends have currently been proposed (2011: 8 cents per share)	-	127,866
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#### (c) Franking credit balance

The amount of franking credits available for the subsequent financial year are:		
<b>Franking account balance as at the end of the financial year</b>	<b>144,964</b>	<b>104,457</b>
<b>Subsequent to year-end, the franking account would be reduced by the proposed dividend reflected per (b) as follows:</b>	<b>144,964</b>	<b>54,799</b>

The tax rate at which dividends have been franked is 30% (2011: 30%).

Dividends proposed will be franked at a rate of 30% (2011: 30%).

# Notes to the financial statements (continued)

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## Note 25. Corporate information

Bellarine Peninsula Community Branch Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the National Stock Exchange of Australia (NSX).

The registered office is: 44 Newcombe Street,  
Portarlington VIC 3223

The principal places of business are: Portarlington  
44 Newcombe Street,  
Portarlington VIC 3223  
  
Drysdale  
11 Clifton Springs Road,  
Drysdale VIC 3222

# Directors' declaration

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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 2012 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 this 27 August 2012

A handwritten signature in black ink, appearing to read 'Stephen Wight', written in a cursive style.

**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 statement of financial position as at 30 June 2012, and the statement of comprehensive income, 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 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

### Auditor's responsibility

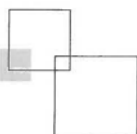
Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit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



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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, 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 2012 and of their performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.
- b. The financial report also complies with International Financial Reporting Standards as disclosed in Note 1.



LBW Chartered Accountants

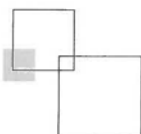


Peter Landers

Dated this 27<sup>th</sup> day of August 2012



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# NSX report

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## 1. Distribution of equity securities

The number of shareholders by size of holding are

Number of equity securities	The number of shareholders by size of holding
1 to 1,000	105
1,001 to 5,000	196
5,001 to 10,000	39
10,001 to 100,000	33
100,001 and over	nil

## 2. Twelve largest shareholdings

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

Shareholder name	Number of shares	Percentage of holding
Mrs Alice Patricia Stroud	60 000	3.75%
David Lewis Investments P/L	60 000	3.75%
Albert Batty	30 000	1.88%
Margaret Ann Batty	30 000	1.88%
Mrs Annie Carew	30 000	1.88%
Mr John Barry Carew	30 000	1.88%
Batty Investments	30 000	1.88%
DEJ Investments P/L	30 000	1.88%
Mrs Lynette Maree Elliott	30 000	1.88%
Impact Insurance Superannuation Fund P/L	30 000	1.88%

There are seven shareholders holding less than a marketable parcel of shares (\$500 in value).



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Drysdale **Community Bank®** Branch  
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