Annual Report 2014

Bellarine Peninsula Community Branch Limited

ABN 33 089 107 657

Portarlington **Community Bank**® Branch
Drysdale **Community Bank**® Branch

Contents

Chairman's report

For year ending 30 June 2014

Russell Enders

I am pleased to present the Chairman's report for the 15th Bellarine Peninsula Community Branch Limited Annual Report.

We now have footings of $229 million, an increase of $10 million over the past 12 months. This level of business has allowed the Bellarine Peninsula Community Branch Limited to continue to assist the local community with an active grants program, sponsorships and a dividend to our shareholders.

We take pride that we are more than just a bank. Not only do we provide a full range of banking services for people and businesses alike, we also strongly support the community we operate in with programs that have a real impact. Some examples of this have been the Portarlington School breakfast program, Celtic Festival, Portarlington Mussel Festival, sending participants to the Youth Business and leadership Summit at Kyneton to name a few. The following Managers' reports list more of these examples.

This year there was a reduction in our net result before income tax. This has been caused by the tightening of margins throughout the fiscal year and the strong competition for business, particularly in the lending area. We would envisage this market condition to continue throughout the oncoming year. Because of these conditions it is essential we continue to increase our footings as much as possible and watch all expenditure items very closely to ensure we continue to be more than a bank within our community.

Also impacting on our industry are changing technologies. With these changes it is always imperative that our customers remain the focus of what we do. I am pleased to advise the Bendigo and Adelaide Bank has some exciting and beneficial products coming out in this area which will assist us with our relationships with our customers.

The Bellarine Peninsula **Community Bank**® Branch employs 14 staff, most of whom are local. This in turn generates income within the community as a large portion of their remuneration is spent locally.

I would like to thank the Managers, Ian Faulkner and Craig Taylor and their teams. Without their dedication to our **Community Bank**® branches and continuing the high levels of service to our customers and shareholders, our branches would not be in the position they now are. I advise that Ian Faulkner is retiring in the near future. Ian has been with the business since day one and has given excellent service during this time. I met Ian when I joined the Board and have always enjoyed working with him. On behalf of the Board I would like to wish Ian a long, healthy and enjoyable retirement.

I would like to thank the Board: Vice Chair- Paul Jones, Secretary- Sandra Baldwin, Treasurer- Stephen Wight, Pam Evans, Janina Randone, Kerry Trewin, Geoff Webster, Justine Finlay and our Board Support Officer Robyn Durran. All Directors give their time and expertise on a volunteer basis to provide an invaluable service to the Bellarine Peninsula.

I would also like to acknowledge the support we continue to receive from the Regional Manager Pat Murnane and his team along with the support staff based in Melbourne. They are a valuable resource to the Portarlington and Drysdale **Community Bank**® branches.

To our shareholders a big thanks. Without your initial and continued support we would not exist and be able to contribute to our local community as we presently do.

Chairman's report (continued)

As stated before we are **Bigger than a bank** because of what we are able to do in our community. With your continued support and with that of our local community we can look forward to providing a first rate banking service and help build a better community.

Russell Enders
Chairman

Senior Manager's report

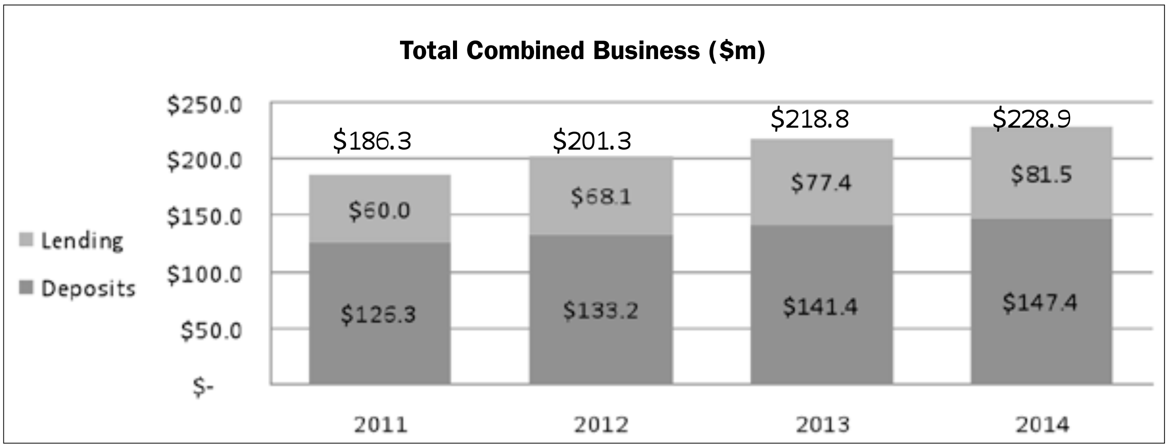
For year ending 30 June 2014

Ian Faulkner

I am pleased to present my 15th Annual Report for our Portarlington and Drysdale **Community Bank**® branches.

These are challenging times but I report that we have been able to increase our total business for both branches to $229 million, which was an increase of $10 million for the year and continues our yearly growth pattern. This growth was all at Drysdale **Community Bank**® Branch, which continues to grow with total business $114 million and Portarlington **Community Bank**® Branch has total business $115 million. At Portarlington it was a difficult year with customers selling property to reduce debt, and customers looking for higher rates of return on investments.

We now have a total of 9,287 accounts, an increase of 248, with Portarlington 4,737 accounts and Drysdale 4,550 accounts.



Whilst a review of income margins by Bendigo and Adelaide Bank reduced our income, we were still able to make a considerable difference to the North Bellarine through our sponsorships and grants program. Community support this year was $125,000 to over 70 organisations, events and youth activities. The total contributions to the community since we opened 15 years ago are now over $1.120 million.

This year's community contributions included the following:

- Portarlington Demons Football & Netball Club for new tables and chairs for their refurbished clubrooms.
- Portarlington Primary School for their breakfast program
- St Leonards Progress Association for their Festival
- Lions Club of Portarlington and Drysdale for their community activities
- Portarlington Mussel Festival
- National Celtic Festival
- Indented Head Yacht Club for their Wreck 2 Reef Swim Classic

Our **Community Bank**® branches provide a full portfolio of business and consumer banking products and services. I thank our customers, without their ongoing support, we could not fund the various community activities. I encourage you to pass the message onto others - banking with us benefits the community.

Senior Manager’s report (continued)

This will be my last report before my retirement and I sincerely thank the following:

- Craig Taylor and all staff from both branches for their support and commitment to providing our customers with excellent service.
- Our dedicated Directors for their support and commitment to the company and community.
- Our Regional Manager, Pat Murnane and regional staff for their support and assistance over the years.
- Our shareholders and customers for continued support.

I am confident our **Community Bank**® branches will continue their success in the future.

Ian Faulkner
Senior Manager

Drysdale Manager’s report

For year ending 30 June 2014

Craig Taylor

It is hard to believe this is our sixth year as a full **Community Bank**® branch, and it’s true, time does fly when you’re having fun. It is pleasing to acknowledge that our enthusiasm has not waned, along with our commitment to the community.

These are certainly challenging times, however, I am pleased to say the growth of the Drysdale **Community Bank**® Branch has continued, with total banking business now exceeding $110 million, with over 4,550 accounts held.

This year saw an even spread with deposit growth at $6.066 million and loan growth at $4.693 million. This meant the total growth for the financial year was $10.759 million against a budget of $10 million.

As at 30 June 2014 total business for the Drysdale **Community Bank**® Branch was a very healthy $113.565 million.

While our growth budget was achieved, our budgeted net profit was also exceeded due to tight control on expenses and the even spread of deposits and lending.

Breakup of business was:

- Deposits – $62.874 million (55.36%)
- Lending – $50.691 million (44.64%)
- Total numbers of accounts – 4,550 (up from 4,297 in 2013)
- Total number of customers – 2,856 (up from 2,744 in 2013)

Despite the ongoing economic challenges, this is a great achievement for a branch of our age, operating in a catchment with aggressive competition from the four major banks. To add to this, the growth over this period of time has not stagnated. This is testament to the dedication and drive of our staff, Board of Directors and the community support we have received and continue to receive.

The Drysdale **Community Bank**® Branch has continued to be a profitable and sustainable business and now provides continuing sponsorships and donations for many of our local sporting and community organisations.

Our commitment to our communities has continued with the following:

- A major sponsor of the annual Festival of Glass
- Major sponsor of the Rotary Easter Art Show
- Fresh Fruit Friday program at the Drysdale Primary School.

Youth projects also continued in the financial year including:

- Five students travelled to Kyneton to participate in a four-day Youth Summit where they learnt a lot about themselves and leadership qualities
- Local student selected to increase their love of art through the Bruno Callori Young Artist mentorship program operated through Rotary
- Drysdale Tennis Club – School Holiday junior tennis tournament held in September.

Shareholders are continuing to receive a good dividend on their initial investment and the ninth Community Grants Program is testament to the support of the Bellarine communities.

Drysdale Manager's report (continued)

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 $120 million back into local communities around Australia.

It is encouraging to see the community continue to support us. We offer our customers a face-to-face banking service that provides a full suite of products and services that are competitive in price and superior in service.

I want to give a huge thanks to my staff. Without them we could not provide a banking service in this community that is making a difference.

I also want to thank the Board of Directors who work hard to support me, the staff and the branches. This support has been constant and provided generously.

We are all aware of and thankful for the support of our shareholders and customers. Their capital and custom allows this company to make a meaningful difference to our local community. I therefore urge all our staff, Directors, shareholders, customers, community groups and clubs to encourage your friends and families to support the Portarlington and Drysdale **Community Bank**® branches. In this way, you can make a difference to your local community.

I need to include my usual message that the more the community banks with us, the more we are able to return to the community in the form of sponsorships, donations, grants and dividends.

Craig Taylor
Branch Manager

Directors' report

For the financial year ended 30 June 2014

Your Directors submit the financial report of the company for the financial year ended 30 June 2014.

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
Sandra Baldwin	Janina Randone
Pam Evans	Kerry Trewin
Justine Finlay	

Company Secretary

The Company Secretary is Sandra Baldwin.

Principal activities and significant changes in nature of activities

The principal 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 Limited. 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 $91,081 (2013: $182,019).

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 reduced slightly to $1,110,00 at the end of the financial year compared to $1,146,805 for the previous year. This was due to the payment of dividends totalling $127,886 during the year. The company's current asset ratio is 4.07, 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 3 December, 2013.

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.

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 $70,000 and $85,000 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 except for the following:

Sandra Baldwin received payment for services performed in a role as 'Executive Officer' including, but not limited to, community and public relations, corporate affairs administration, accounts liaison and other company secretarial duties. During the 2014 financial year Sandra was paid $9,925 plus superannuation.

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 Limited shareholders.

Above: Justine Finlay.
Left: Board of Directors.

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
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
Drysdale resident
Shares Held: 2,500

Geoffrey Webster
Salesman
Member of the Steering committee of the Drysdale Branch for the Bellarine Peninsula Community Branch
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 Bank® Branch
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

Justine Finlay
Managing Partner of Wightons Lawyers
Previous Chair and board member of Bellarine Peninsula Community Branch
Director on the board of VicWest Community Telco Board
Director on the board of Karingal Foundation Board
Shares Held – Nil

Directors' report (continued)

Meeting attendance July 2013 to June 2014

2013 - 2014 Director	July 2013	August 2013	September 2013	October 2013	November 2013	February 2014	February 2014	March 2014	April 2014	May 2014	June 2014
Russell Enders	P	A	P	P	P	P	P	P	P	P	P
Paul Jones	P	P	P	P	P	A	P	P	P	P	P
Stephen Wight	P	P	P	P	P	P	A	P	P	P	P
Sandra Baldwin	P	P	P	P	P	P	P	P	P	P	P
Geoff Webster	A	P	P	P	P	P	P	A	A	P	P
Pam Evans	P	P	A	P	P	P	A	P	A	P	P
Janina Randone	P	P	P	P	P	P	P	P	P	P	P
Kerry Trewin	P	P	P	P	P	P	P	P	P	P	P
Justine Finlay							A	P	P	P	P

Key to Symbols:

	P	Present	R	Resigned
	A	Apology	O	Attendance is optional
	L	Leave		

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 2014 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
Principal

Dated this 11th day of September 2014

Chartered Accountants

LBW Chartered Accountants

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Financial statements

Statement of profit or loss and Other Comprehensive Income for the year ended 30 June 2014

	Notes	2014 $	2013 $
Revenue from ordinary activities			
Revenue	2	1,579,229	1,659,584
Expenses from ordinary activities			
Employee benefits		837,298	802,277
Information technology expenses		88,754	90,103
Depreciation and amortisation	3	42,462	37,131
Property expenses		118,327	107,810
Donations and sponsorship		105,618	135,321
Professional fees		40,530	37,440
Insurance		22,341	26,347
Administration expenses		142,829	146,939
Other expenses from ordinary activities		28,783	37,643
Total expenses from ordinary activities		**1,426,942**	**1,421,011**
Net result before income tax		**152,287**	**238,573**
Income tax expense	4	61,206	56,554
Net result after income tax		**91,081**	**182,019**
Total comprehensive result for the year		**91,081**	**182,019**
Earnings per share (cents per share)			
Basic earnings per share	23	0.057	0.114
Diluted earnings per share	23	0.057	0.114

This statement should be read in conjunction with the accompanying notes.

Financial statements (continued)

Statement of financial position as at 30 June 2014

	Note	2014 $	2013 $
Assets			
Current assets			
Cash and cash equivalents	5	512,701	591,217
Receivables	6	116,137	123,879
Total current assets		**628,838**	**715,096**
Non-current assets			
Other financial assets	7	19,200	19,200
Deferred tax assets	8	39,597	37,670
Property, plant, equipment	9	362,987	375,715
Intangible assets	10	230,344	112,999
Total non-current assets		**652,128**	**545,584**
Total assets		**1,280,966**	**1,260,680**
Liabilities			
Current liabilities			
Payables	11	55,630	37,280
Short-term provisions	12	110,485	104,860
Current tax liabilities	13	(11,812)	(44,573)
Total current liabilities		**154,303**	**97,567**
Non-current liabilities			
Long-term provisions	12	16,663	16,308
Total non-current liabilities		**16,663**	**16,308**
Total liabilities		**170,966**	**113,875**
Net assets		**1,110,000**	**1,146,805**
Equity			
Issued capital	14	787,911	787,911
Financial assets reserve		(20,800)	(20,800)
Retained earnings		342,889	433,827
Total equity		**1,110,000**	**1,200,938**

This statement should be read in conjunction with the accompanying notes.

Statement of changes in equity for the year ended 30 June 2014

	Note	Issued Capital $	Financial Assets Reserve $	Retained Earnings $	Total $
Balance at 1 July 2012		**787,911**	**(20,800)**	**325,561**	**1,092,672**
Comprehensive income					
Net result for the year		-	-	182,019	182,019
Other comprehensive income for the year		-	-	-	-
Transactions with owners in their capacity as owners					
Dividends recognised for the year	24	-	-	(127,886)	(127,886)
Balance at 30 June 2013		**787,911**	**(20,800)**	**379,694**	**1,146,805**
Comprehensive income					
Net result for the year		-	-	91,081	91,081
Other comprehensive income for the year		-	-	-	-
Transactions with owners in their capacity as owners					
Dividends recognised for the year	24	-	-	(127,886)	(127,886)
Balance at 30 June 2014		**787,911**	**(20,800)**	**342,889**	**1,110,000**

This statement is to be read in conjunction with the accompanying notes.

Cash flow statement
for the year ended 30 June 2014

	Note	2014 $	2013 $
Cash flows from operating activities			
Receipts			
Receipts from customers		1,570,751	1,633,635
Interest		16,220	20,689
Payments			
Employee benefits		(815,551)	(787,503)
Income tax paid		(30,372)	(132,404)
Other		(544,600)	(588,482)
Net cash inflows from operating activities	**15**	**196,448**	**145,935**
Cash flows from investing activities			
Purchase of plant & equipment		(9,652)	(2,838)
Proceeds from sale of plant & equipment		-	8,636
Purchase of intangible assets		(137,426)	-
Net cash inflows/(outflows) from investing activities		**(147,078)**	**5,798**
Cash flows from financing activities			
Dividends paid	24	(127,886)	(127,886)
Net cash inflows/(outflows) from financing activities		**(127,886)**	**(127,886)**
Net increase/(decrease) in cash held		(78,516)	23,847
Cash at 1 July		591,217	567,370
Cash at 30 June	**5**	**512,701**	**591,217**

This statement should be read in conjunction with the accompanying notes.

Notes to the financial statements

For year ended 30 June 2014

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 2014 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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy; described as follows, based on the lowest level of input that is significant to the fair value measurement as a whole, in accordance with AASB 13 Fair Value Measurement applicable from 1 January 2013:

Level 1 - quoted market prices in active markets for identical assets or liabilities

Level 2 - valuation techniques for which the lowest level input that is significant to the fair value measurement is either directly or indirectly observable

Level 3 - valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

No material adjustments to the carrying amounts of any of the company's assets or liabilities were required as a consequence of applying AASB 13. However, AASB 13 required enhanced disclosures for both assets and liabilities measured at fair value which are disclosed in the notes to the financial statements.

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 11th September, 2014.

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.

Note 1. Statement of significant accounting policies (continued)

(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 2014.

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

(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.

Note 1. Summary of significant accounting policies (continued)

(d) Other financial assets (continued)

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.

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

Class of asset	2014	2013
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.

Note 1. Summary of significant accounting policies (continued)

(f) Impairment of assets (continued)

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.

(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.

Note 1. Summary of significant accounting policies (continued)

(l) Income tax (continued)

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.

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.

(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.

Note 1. Summary of significant accounting policies (continued)

(n) Employee benefits (continued)

In 2013-14, the company has applied AASB 119 Employee Benefits (Sept 2011, as amended), and related consequential amendments for the first time. The revised AASB 119 changes the definition of short-term employee benefits. These were previously benefits that were expected to be settled within 12 months after the end of the reporting period in which the employees render the related service, however, short-term employee benefits are now defined as benefits expected to be settled wholly within 12 months after the end of the reporting period in wihc the employees render the related service. As a result, accrued annual leave balances which were previously classified as short-term may no longer meet this definition with a resulting change in measurement from an undiscounted to a discounted basis. The change in classification has not materially altered the measurement of the annual leave provision.

(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.

	2014 $	2013 $

Note 2. Revenue

Revenue from continuing operations		
Services revenue	1,554,263	1,632,635
Interest - other persons	15,993	19,981
Recoveries	8,973	6,968
Total revenue from continuing operations	**1,579,229**	**1,659,584**
Note 2(a): net gain/(loss) on disposal of non-financial assets		
Proceeds from disposals of non-current assets		
Motor vehicles	-	8,636
Less: written down value of non-current assets sold		
Motor vehicles (refer note 9)	-	12,897
Net gain/(loss) on disposal of non-financial assets	**-**	**(4,261)**

Note 3. Depreciation and amortisation

Depreciation of plant and equipment	22,381	23,531
Amortisation of intangibles	20,081	13,600
	42,462	**37,131**

Notes to the financial statements (continued)

	2014 $	2013 $

Note 4. Income tax expense

a) The components of tax expense comprise:

Current tax	58,217	60,831
Deferred tax	2,989	(4,277)
	61,206	**56,554**

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% (2013: 30%)	45,548	60,831
Add		
Tax effect of:		
Other non-allowable items	(240)	(4,277)
	45,308	**56,554**
Less		
Tax effect of:		
Under provision of tax in prior years	15,898	-
	61,206	**56,554**
Weighted average tax effective rate	**40.19%**	**23.71%**

Note 5. Cash and cash equivalents

Cash at bank	114,139	118,353
Short term deposits	398,562	472,864
	512,701	**591,217**

Note 6. Receivables

Current

Franchise income receivable	114,649	122,164
Accrued investment income	1,488	1,715
Total	**116,137**	**123,879**

(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.

	2014 $	2013 $

Note 7. Other financial assets

Non-current

	2014 $	2013 $
Available-for-sale financial assets		
Shares - unlisted public company	**19,200**	**19,200**

(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:

	2014 $	2013 $
Provisions	38,144	36,350
Other	1,453	1,320
	39,597	**37,670**

Note 9. Property, plant & equipment

(a) Gross carrying amount and accumulated depreciation

At cost

	2014 $	2013 $
Furniture and fittings	39,197	35,387
Less accumulated depreciation	(33,030)	(30,447)
Total furniture and fittings	**6,167**	**4,940**
Leashold improvements	441,484	435,642
Less accumulated amortisation	(84,664)	(64,867)
Total leasehold improvements	**356,820**	**370,775**
Total property, plant & equipment	**362,987**	**375,715**

Note 9. Property, plant & equipment (continued)

(b) Reconciliations of the carrying amounts of each class of asset

	Leasehold improvements $	Motor vehicles $	Furniture & fittings $	Total $
Balance at 1 July 2012	**391,054**	**14,239**	**4,011**	**409,304**
Additions	-	-	2,839	2,839
Disposals at WDV	-	(12,897)	-	(12,897)
Depreciation expense	(20,279)	(1,342)	(1,910)	(23,531)
Balance at 30 June 2013	**370,775**	**-**	**4,940**	**375,715**
Additions	5,842	-	3,810	9,652
Disposals at WDV (refer Note 2(a))	-	-	-	-
Depreciation expense	(19,797)	-	(2,583)	(22,380)
Balance at 30 June 2014	**356,820**	**-**	**6,167**	**362,987**

(c) Fair value measurement hierarchy of assets as at 30 June 2014

	Carrying amount as at 30 June 2014	Fair value measurement at end of reporting period using:		
		Level 1(i)	**Level 2(i)**	**Level 3(i)**
Furniture and Fittings at fair value	6,167	-	6,167	-
Leasehold Improvements at fair value	356,820	-	356,820	-
	362,987	**-**	**362,987**	**-**

Note (i) Classified in accordance with the fair value hierarchy, see Note 1

Furniture and fittings and leasehold improvements are held at carrying value (depreciated cost). When furniture and fittings and leasehold improvements are specialised in use, such that it is rarely sold other than as part of a going concern, the depreciated replacement cost is used to estimate the value. Unless there is market evidence that current replacement costs are significantly different from the original cost, it is considered unlikely that the depreciated replacement cost will be materially different from the existing carrying value.

There were no changes in valuation techniques thoughout the period to 30 June 2014.

	2014 $	2013 $

Note 10. Intangible assets

Non-current		
Franchise licence fee	137,426	78,000
less accumulated amortisation	(13,560)	(71,479)
	123,866	**6,521**
Goodwill - Drysdale branch at cost	106,478	106,478
	230,344	**112,999**

Note 11. Payables

Current		
Contractual		
Payables - contractual	8,639	8,475
Accrued wages	17,053	-
Accrued expenses	4,840	6,600
	30,532	**15,075**
Statutory		
GST payable	18,326	18,197
Payroll tax	6,772	4,008
	25,098	**22,205**
Total payables	**55,630**	**37,280**

Note 12. Provisions

Current		
Long service leave	62,707	51,640
Annual leave	47,778	53,220
Total	**110,485**	**104,860**
Non-current		
Long service leave	**16,663**	**16,308**
Total provisions	**127,148**	**121,168**

	2014 $	2013 $

Note 13. Tax liabilities

	2014 $	2013 $
Current		
Income tax	**(11,812)**	**(44,573)**

Note 14. Issued capital

	2014 $	2013 $
(a) Ordinary shares		
1,598,571 (2012: 1,598,571) ordinary shares fully paid	**787,911**	**787,911**

Note 15. Reconciliation of net result for the year to net cash flows from operating activities

	2014 $	2013 $
Result after income tax	91,081	148,309
Non-cash flows in profit		
Depreciation and amortisation	42,461	31,917
Changes in assets and liabilities		
Increase/(decrease) in provisions	36,815	(19,821)
Increase/(decrease) in payables	18,349	13,938
Decrease/(increase) in receivables	7,742	1,042
Net cash from operating activities	**196,448**	**175,385**

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)

Note 16. Financial risk management (continued)

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

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 2014 $	Carrying amount 2013 $
Financial assets				
Cash and cash equivalents	4	N/A	512,701	591,217
Receivables	5	Loans and receivables	116,137	123,879
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	30,532	15,075

(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 Limited.

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

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.

Note 16. Financial risk management (continued)

(c) Credit risk (continued)

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 $	
2014						
Financial assets						
Cash and cash equivalents	3.25	512,701	398,562	113,779	360	512,701
Receivables	0.00	116,137	-	-	116,137	116,137
Other financial assets	0.00	19,200	-	-	19,200	19,200
Total financial assets		**648,038**	**398,562**	**113,779**	**135,697**	**648,038**
2013						
Financial assets						
Cash and cash equivalents	3.93	591,217	472,864	117,993	360	591,217
Receivables	0.00	123,879	-	-	123,879	123,879
Other financial assets	0.00	19,200	-	-	19,200	19,200
Total financial assets		**734,296**	**472,864**	**117,993**	**143,439**	**734,296**

(d) Liquidity risk

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

Note 16. Financial risk management (continued)

(d) Liquidity risk (continued)

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

	Weighted average interest rates %	Interest rate exposure					Maturity dates less than 1 month $
		Consolidated carrying amount $	Fixed interest rate $	Variable interest rate $	Non interest bearing $	Statutory Cash Flows $	
2014							
Trade creditors and accruals	0.00	30,532	-	-	30,532	30,532	30,532
Total financial liabilities		**30,532**	**-**	**-**	**30,532**	**30,532**	**30,532**
2013							
Trade creditors and accruals	0.00	37,280	-	-	37,280	37,280	37,280
Total financial liabilities		**37,280**	**-**	**-**	**37,280**	**37,280**	**37,280**

(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 4%;
- A parallel shift of +1% and -1% in inflation rate from year-end rates of 3%

Note 16. Financial risk management (continued)

(e) Market risk (continued)

Other price risk (continued)

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 $
2014					
Financial assets					
Cash and cash equivalents	512,701	(1,138)	(1,138)	1,138	1,138
Receivables	116,137	-	-	-	-
Other financial assets	19,200	-	-	-	-
Financial liabilities					
Trade creditors and accruals	30,532	-	-	-	-
2013					
Financial assets					
Cash and cash equivalents	591,217	(1,180)	(1,180)	1,180	1,180
Receivables	123,879	-	-	-	-
Other financial assets	19,200	-	-	-	-
Financial liabilities					
Trade creditors and accruals	37,280	-	-	-	-

(f) Fair values

The fair values and net fair values of financial instrument assets and liabilities are determined as follows:

Level 1 - the fair value of financial instrument with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices;

Level 2 - the fair value is determined using inputs other than quoted prices that are observable for the financial asset or liability, either directly or indirectly; and

Level 3 - the fair value is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using unobservable market inputs.

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.

Note 16. Financial risk management (continued)

(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 Penisula, Victoria. More than 90% revenue, net surplus from ordinary activities and segment assets relate to operations on the peninsula.

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
S Wight	PC Jones
P Evans	GD Webster
K Trewin	J Randone
J Finlay (appointed 25/11/2013)	

Notes to the financial statements (continued)

	2014 $	2013 $
Note 19. Director and related party disclosures (continued)		
b) Income paid or payable to all Directors	-	-

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 $34,730 (2014 $33,480).

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

The Bendigo 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 Bendigo 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 Limited 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 2014 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

	2014 $	2013 $
Note 22. Auditors remuneration		
Remuneration of the Auditor of the company for:		
- Auditing or reviewing the financial report	5,800	5,500
	5,800	**5,500**

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).

	2014 $	2013 $

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

The following reflects the income and share data used in the basic and diluted earnings per share computations:

Profit/(loss) after income tax expense	**91,081**	**182,019**
Weighted average number of ordinary shares for basic and diluted earnings per share	**1,598,571**	**1,598,571**
a) Basic earnings per share (cents per share)	0.057	0.114
b) Diluted earnings per share (cents per share)	0.057	0.114

Note 24. Dividends

	2014 $	2013 $
(a) Dividends paid during the year		
Previous year proposed franked dividends - 8 cents per share (2013: 8 cents per share)	127,886	127,886
(b) Dividends proposed and not recognised as a liability		
No dividends have currently been proposed (2013: 0 cents per share)	-	-
(c) Franking credit balance		
The amount of franking credits available for the subsequent financial year are:		
Franking account balance as at the end of the financial year	252,057	222,560
Subsequent to year-end, the franking account would be reduced by the proposed dividend reflected per (b) as follows:	**-**	**-**

The tax rate at which dividends have been franked is 30% (2013: 30%).

Dividends proposed will be franked at a rate of 30% (2013: 30%).

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 3223

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

Directors' 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 2014 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:

Stephen Wight
Director

Dated 11 September, 2014

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 2014, and the statement of profit or loss and other 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 of the financial report and have determined that the accounting policies described in Note 1 to the financial report are appropriate to meet the requirements of the *Corporations Act 2001* and are appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards (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 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 2014 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

Principal

Dated this 11th day of September 2014

Chartered Accountants

LBW Chartered Accountants

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NSX report

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	187
5,001 to 10,000	40
10,001 to 100,000	29
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
Margaret Ann Batty	100000	6.26%
Alice Patricia Stroud	60 000	3.75%
Mr Richard Everritt Thorne	43100	2.7%
Mrs Audrey Laureen Drever	40000	2.5%
Mrs Annie Carew	30 000	1.88%
Mr John Barry Carew	30 000	1.88%
David Lewis Investments PL	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%
Mr Peter Wolfenden	30 000	1.88%
David Lewis Investments P/L – Lewis Family Super Fund	30 000	1.88%
Margaret Nicol Macleod	30 000	1.88%
The Waring Family Superannuation – Thomas Leigh Pty Ltd	30 000	1.88%

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

Portarlington **Community Bank®** Branch
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