



Annual Report 2017

Bellarine Peninsula
Community Branch Limited

ABN 33 089 107 657

Portarlington **Community Bank**[®] Branch
Drysdale **Community Bank**[®] Branch

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Chairperson's report

For year ending 30 June 2017



I am honoured to once again be in a position to present the Chairperson's report for the Bellarine Peninsula Community Branch Limited Annual Report.

Financial

At the end of the 2016/17 financial year, the company held business totalling \$271 million across both branches. We have also been able to show a record profit after tax of just over \$159,000 as can be seen from our financial report and are pleased to recommend to shareholders a 6 cent dividend this year.

Community

One of the major functions of your Board is to drive the strategic direction of the company to enable the company to continually support our local community. This year through grants, sponsorship and support of various programs, we have been able to contribute over \$135,000 into our community.

We continue to support the L2P program with the provision of a motor vehicle for the use of young learner drivers in our area. This program provides a vehicle and mentors to young adults in our community to assist them to obtain their required hours of driving so they can sit for their probationary licence.

Also of note is our contribution to the Bellarine Secondary College of over \$33,000. These funds have been used to construct a shed to house the SHAPE program which provides students the opportunity to learn from local craftsmen the skill of surfboard making. The shed also houses the Student Well Being program and provides a valuable resource to the school to assist young people who might be struggling with various issues. We are pleased to work in conjunction with the Secondary College and will continue to support and assist the school in looking after our young people.

With the ongoing support of our shareholders and our customers we will continue to support our local community.

Low Volume Market

At our Annual General Meeting last year it was agreed that we would de-list from the National Stock Exchange and move our share trading to a Low Volume Market. The Low Volume Market is an ASIC approved share trading register that allows shareholders to register their interest in selling their shares or in purchasing shares in our company. The Low Volume Market has been operating since 1 July 2017.

Board

As in the past I must thank my fellow Directors who provide their time and expertise to this company free of charge. All are passionate about our community and truly understand the benefits that this company provides to our local area.

Staff

We have had a number of changes in our staffing over the year with some staff members moving on. We thank Craig Taylor for over 10 years of service to the company as the Manager of our Drysdale branch. Craig has taken the opportunity to make a move to the Leopold **Community Bank**[®] Branch and they will certainly benefit from his knowledge and experience. We welcomed Nathan Warren to the position of Branch Manager at Drysdale **Community Bank**[®] Branch during the year.

Chairperson's report (continued)

Our Senior Manager, Shae Hunt, continues to work tirelessly with her staff to further our business and our ties within our community. As a Board, we are extremely grateful to Shae and her team for their enthusiasm and expertise in providing an excellent banking service to our area and their passion in supporting our community.

Shareholders

As always, we express our thanks to our shareholders for their commitment and ongoing support. You are our greatest advocates. We will continue to provide you with updates and information during the year. Our ability to provide benefits to our community is based on your initial and continued support of this company.



Justine Finlay
Chairperson

Senior Manager's report

For year ending 30 June 2017



Competitive in the market and generous in the community.

The 2016/17 financial year has seen a strong result in regards to profit for Bellarine Peninsula Community Branch Limited. This has enabled us to deliver over \$135,000 of benefits to our community through sponsorships, grants and donations. A further \$150,000 has been allocated for contribution to upcoming community projects.

Our business holds over \$271 million across the Portarlington and Drysdale **Community Bank**[®] branches with a goal to reach \$300 million in holdings in the coming years.

The Portarlington and Drysdale **Community Bank**[®] branches have seen many changes across the year in regards to staffing with the introduction of:

Shae Hunt - Senior Branch Manager

Nathan Warren - Branch Manager-Drysdale

Jacqueline Devery - Assistant Branch Manager-Portarlington

Emilie Painter - Customer Relationship Officer

Julie Macdonald - Customer Service Officer

Melinda Austin - Customer Service Officer

With these introductions, we have also said farewell to:

Mark O'Dowd

Bea Kennedy

Tegan Paul

Craig Taylor

Jenny Shinn

Susan Plummer

Yvonne D'Helin

I would like to thank the staff across both branches for a relentless effort during 2016/17. Although many changes have been made, the team worked together to ensure our clients were provided with quality customer service and a holistic approach to meet their financial needs.

Our strong profit has allowed the company to provide much needed support to our local community, showing that our business is much more than just a bank.

Our contributions have included but not been limited to:

- Portarlington Mussel Festival
- National Celtic Folk Festival
- Portarlington and Drysdale Football and Netball Clubs
- Portarlington Primary School – Breakfast Program
- Portarlington Directory
- Drysdale Soccer Club
- Spirit of Christmas event

Senior Manager's report (continued)

Our continued commitment on behalf of our customers and shareholders to the community-based L2P driving program has seen 11 young people participate with the assistance of 11 trained mentors. To date, one learner has obtained their probationary licence with another two waiting to sit their test. This is a great initiative with many local partners, which has built confidence and capability of young drivers on the Bellarine, providing them with an opportunity to achieve their required 120 hours.

One of the highlights during this year was our partnership with Bellarine Secondary College. Bellarine Peninsula Community Branch Limited, provided Bellarine Secondary College with a grant of over \$33,000 to not only establish the SHAPE program, but also fund the construction of the Student Wellbeing Activity Space in which the program can be run. The SHAPE program assists students who may have mental health concerns, family concerns or other issues affecting their engagement in school. This partnership has enabled both parties to share their visions in supporting youth in our community.

Across the 2017/18 financial year we look to further embed our desired culture of continuous improvement, achieving greater, sustainable outcomes for our community.

I sincerely thank our Board of Directors who volunteer their time and expertise to ensure that our company is in the best position to continue its growth and profitability and to support local partnerships in our community.

It is with our communities' support we can continue to do great things. Our success is your success.



Shae Hunt
Senior Manager

Drysdale Manager's report

For year ending 30 June 2017



I am pleased to present my first Annual Report for the Drysdale **Community Bank**[®] Branch for the 2016/17 financial year.

The business has total holdings of over \$141 million made up of over \$67 million in lending products and over \$74 million in deposit products.

The branch was set a challenging growth target of \$10.2 million and I am pleased to report that branch growth for the year was in excess of \$12.9 million.

The branch staff have played a crucial role in the growth of our business. Sincere thanks goes to Craig, Cameron, Steve, Heather, Liz, Tonia, Melinda, Wendy and Yvonne. The enthusiasm and care shown for our customers' financial well-being has been evident in our dealings on a day-to-day basis within our branch.

This year has seen much change.

Long standing Branch Manager Craig Taylor has moved on to a new opportunity within the Bendigo Bank. During his 10-year tenure, Craig has laid a solid platform for our business to continue to grow. I am excited by the opportunity this presents and I thank him for his hard work.

This has provided me a fantastic opportunity to lead the team at Drysdale **Community Bank**[®] Branch and I am grateful to the Board and our Senior Branch Manager, Shae, for appointing me to the role.

We have seen internal promotions for Steve and Liz and have said goodbye to Yvonne D'Helin after many years of fantastic service to our customers.

Community is our purpose and we are proud to have had involvement with some great projects and initiatives within our community such as:

- Drysdale Primary School's construction of a new prep playground
- The annual Festival of Glass
- The Easter Art Show and financial support for 2 youth mentorships
- Continued support of our local sporting clubs.

Without the support of our shareholders and customers, we would be unable to provide assistance to the many and varied events, clubs and not-for-profit organisations within the local community. To all those who have supported our business by either banking through us or referring new business to us we are truly thankful.

For those who may not use the Portarlington or Drysdale **Community Bank**[®] branches as their main financial institution, I encourage you to visit our branches to see how our staff can assist you to achieve your financial goals.

Finally, our Board of Directors put in many hours of work and provide significant support to ensure that Shae and I have the best environment to manage and maintain a successful business. I thank them for their commitment and enthusiasm for what our business can achieve.

A handwritten signature in black ink, appearing to read 'Nathan Warren'. The signature is fluid and cursive, with a long horizontal line extending to the right.

Nathan Warren
Drysdale Branch Manager

Bendigo and Adelaide Bank report

For year ending 30 June 2017

As we approach 20 years since the first **Community Bank**[®] branch opened its doors, it's timely to reflect on the role of our network's 70,000-strong shareholders and its army of nearly 2,000 passionate local Directors.

As a group of people you are a powerful force that continues to influence change both locally and nationally.

United for a shared purpose in your communities, you are making big things happen beyond the delivery of great banking products and services; you're creating jobs, helping businesses to thrive, solving problems and achieving outcomes that will make your communities better places to live and do business.

Amongst other things, you are providing hundreds of thousands of people in communities around Australia with new opportunities to:

- Play sport in new **Community Bank**[®] funded centres.
- Continue their education thanks to a **Community Bank**[®] scholarship.
- Seek treatment in hospitals closer to home with equipment funded through a **Community Bank**[®] grant.
- Reap the environmental benefits of **Community Bank**[®] funded solar panels and LED lighting, and
- Access mental health services for teenage children with a service supported by a local **Community Bank**[®] branch.

In fact, since the model's inception your investment in local communities exceeds \$165 million and that figure continues to grow every year. This amount excludes the significant co-investment on key projects that many companies have obtained from Government and other parties.

Nationally our voices are increasingly being heard, and our collaborative approach recognised and celebrated.

Representing us all at a recent forum at Canberra's Parliament House, Bendigo Bank's Managing Director and Chairman reinforced the significance of the **Community Bank**[®] model's achievements and called for regulatory change that would help us compete in a crowded and ever-evolving banking sector. Just two months later, the Federal Government announced a levy on Australia's biggest banks that is set to re-level the playing field as we've regularly advocated for.

But for us this is more than a levy. The Turnbull Government's announcement recognises the importance of customers having access to a robust, competitive and customer-focused banking sector. On this note Bendigo Bank was recently recognised as the banking provider of choice in the annual Mozo People's Choice Awards. Better yet, out of 110 banking providers nationally, we were the only bank recognised in all eight banking categories – and were rated the leading bank in six of those eight categories.

This is an extraordinary achievement for you and our bank. Not only does it demonstrate that, in the eyes of our customers, we are doing something right – it very clearly outlines that together we can continue to achieve results.

As we've long known, the more successful our customers are, the stronger our communities become. In this regard the **Community Bank**[®] model enables these outcomes for customers and communities, as increasingly recognised by more and more Australians.

So thank you for your investment in your local **Community Bank**[®] company, for your ongoing contribution and support, tireless advocacy and continued commitment to building strong local communities. Without this, our **Community Bank**[®] branches would be just another bank.



Robert Musgrove
Executive Engagement Innovation

Directors' report

For the financial year ended 30 June 2017

Directors' Report

Your Directors submit the financial report of the company for the financial year ended 30 June 2017.

Directors

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

Justine Finlay	Paul Jones
Stephen Wight	Geoffrey Webster
Sandra Baldwin	Janina Randone (retired 24 August 2016)
Pam Evans (retired 9 November 2016)	Kerry Trewin
Robert Barker	Sheryl Follett

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 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 \$159,480.

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 increased to \$1,165,656 at the end of the financial year compared to \$1,086,104 for the previous year. The company's current asset ratio is 7.68, 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 \$0.05 cents per share paid on 1 December 2016.

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)

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 \$80,000 and \$110,000 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.

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 2016/17 financial year Sandra was paid \$13,149.

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)

Information on Directors

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

Justine Finlay - Chairperson

Legal Practitioner
Bachelor of Laws, Diploma of Notarial Practice
Managing Director of Wightons Lawyers Geelong
Involved in local sports clubs
Resident of Bellarine Peninsula for 15 years
Ocean Grove Resident
Share Held: Nil

Stephen Wight - Treasurer

Chartered Accountant
Registered Company Auditor
Director of Davidsons accounting practice based in Geelong and Melbourne
Member of the Institute of Chartered Accountants Australia and New Zealand
Involvement in public and not for profit organisations
Geelong resident
Shares Held: Nil

Paul Jones - Vice-Chair

Trade Teacher
Self-employed Domestic Builder 35 years
Involved in community organisations
Member of the Steering committee of the Drysdale
Branch for the Bellarine Peninsula Community Branch
Drysdale resident
Shares Held: 2000

Sandra Baldwin - Company Secretary

Cert. Governance Practice
Member of the Steering committee of the Drysdale
Branch for Bellarine Peninsula Community Branch
Local resident for 34 years
Bannockburn resident
Shares Held: 500

Geoffrey Webster - Director

Retired
Career in Insurance, finance and retail sales
Member of the Steering committee of the Drysdale
Branch for the Bellarine Peninsula Community Branch
Drysdale resident
Shares Held: 1000

Directors' report (continued)

Information on Directors (continued)

Kerry Trewin - Director

Director of Cosmetic Clinic in Geelong and Melbourne

Member of Portarlington Business Association

Involved in community organisations

Portarlington Resident

Shares Held: Nil

Robert Barker-Director

Retired

Career in IT and Technology within the Banking & Finance Industries

St. Leonards resident

Shares Held: Nil

Sheryl Follett-Director

Retired

Career in education, social work, community health and management and

Policy experience at all levels of government.

Portarlington resident

Shares Held: Nil

Meeting attendance July 2016 to June 2017

2016 - 2017 Director	25 July 2016	22 August 2016	26 September 2016	24 October 2016	28 November 2016	30 January 2017	27 February 2017	27 March 2017	24 April 2017	22 May 2017	26 June 2017
Justine Finlay	A	P	P	P	A	P	P	P	P	P	P
Paul Jones	P	P	P	P	P	P	P	P	A	A	P
Stephen Wight	P	P	P	P	P	P	P	P	L	L	P
Sandra Baldwin	P	P	P	P	P	P	P	P	P	P	P
Geoff Webster	P	P	P	P	P	P	P	P	A	P	P
Pam Evans	P	P	P	P	R	R	R	R	R	R	R
Janina Randone	L	L	R	R	R	R	R	R	R	R	R
Kerry Trewin	P	P	P	P	P	P	P	P	P	P	A
Robert Barker	P	P	P	L	L	P	P	P	L	P	L
Sheryl Follett	P	A	P	P	P	P	A	P	L	P	P

Key to Symbols: P – Present, A – Apology, L – Leave, R – Retired

Directors' report (continued)

Auditor's Independence Declaration

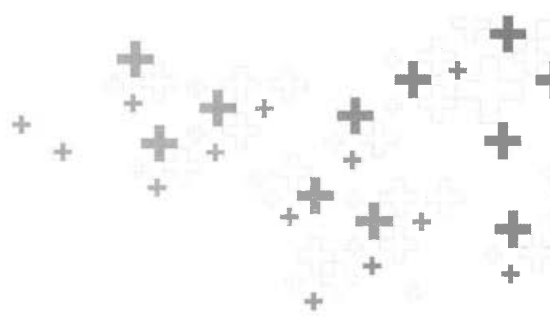
A copy of the Auditor's independence declaration as required under section 307C of the Corporations Act 2001 is attached.

Signed in accordance with a resolution of the Board of Directors



Justine Finlay
Chairperson

Auditor's independence declaration



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

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2017 there have been no contraventions of:

- i. the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. any applicable code of professional conduct in relation to the audit.

LBW CHARTERED ACCOUNTANTS

SRIPATHY SARMA
PRINCIPAL

Dated this 28th day of August 2017



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Standards Legislation, other than
for the acts or omissions
of financial services licensees.

Financial statements

Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2017

	Notes	2017 \$	2016 \$
Revenue from ordinary activities			
Revenue	2	1,856,502	1,624,015
Expenses from ordinary activities			
Employee benefits		958,150	906,837
Information technology expenses		66,586	75,562
Depreciation and amortisation	3	53,386	51,490
Property expenses		124,543	122,632
Professional fees		50,030	44,340
Insurance		23,528	23,328
Administration expenses		120,825	132,388
Other expenses from ordinary activities		45,141	39,803
Total expenses from ordinary activities		1,442,189	1,396,380
Operating profit / (loss) before charitable donations and sponsorship		414,313	227,635
Donations and sponsorship		229,289	95,686
Net result before income tax		185,024	131,949
Income tax expense	4	44,916	28,046
Net result after income tax		140,108	103,903
Other comprehensive income			
Available-for-sale revaluation surplus gain/(loss) recognised		19,372	-
Total other comprehensive income		19,372	-
Comprehensive result for the year		159,480	103,903
Earnings per share (cents per share)			
Basic earnings per share	24	0.09	0.07
Diluted earnings per share	24	0.09	0.07

The accompanying notes form part of these financial statements.

Financial statements (continued)

Balance Sheet as at 30 June 2017

	Notes	2017 \$	2016 \$
Assets			
Current assets			
Cash and cash equivalents	5	607,906	572,129
Receivables	6	117,474	119,381
Total current assets		725,380	691,510
Non-current assets			
Other financial assets	7	38,572	19,200
Deferred tax assets	8	23,766	25,263
Property, plant, equipment	9	334,790	339,501
Intangible assets	10	148,036	175,598
Total non-current assets		545,164	559,562
Total assets		1,270,544	1,251,072
Liabilities			
Current liabilities			
Payables	11	30,856	49,369
Borrowings	12	4,497	4,497
Short-term provisions	13	69,531	80,983
Current tax liabilities	14	(10,458)	10,384
Total current liabilities		94,426	145,233
Non-current liabilities			
Borrowings	12	6,371	10,869
Long-term provisions	13	4,091	8,866
Total non-current liabilities		10,462	19,735
Total liabilities		104,888	164,968
Net assets		1,165,656	1,086,104
Equity			
Issued capital	15	787,911	787,911
Financial assets reserve		(20,800)	(20,800)
Retained earnings		398,544	318,993
Total equity		1,165,655	1,086,104

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of Changes in Equity for the year ended 30 June 2017

	Note	Issued capital \$	Financial assets reserve \$	Retained earnings \$	Total \$
Balance at 1 July 2015		787,911	(20,800)	279,032	1,046,143
Comprehensive income					
Net result for the year		-	-	103,903	103,903
Other comprehensive income for the year		-	-	-	-
Transactions with owners in their capacity as owners					
Dividends recognised for the year	25	-	-	(63,943)	(63,943)
Balance at 30 June 2016		787,911	(20,800)	318,993	1,086,104
Comprehensive income					
Net result for the year		-	-	159,480	159,480
Other comprehensive income for the year		-	-	-	-
Transactions with owners in their capacity as owners					
Dividends recognised for the year	25	-	-	(79,929)	(79,929)
Balance at 30 June 2017		787,911	(20,800)	398,544	1,165,655

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of Cash Flows for the year ended 30 June 2017

	Notes	2017 \$	2016 \$
Cash flows from operating activities			
Receipts			
Receipts from customers		1,846,666	1,586,228
Interest		11,743	11,211
Payments			
Employee benefits		(969,161)	(921,085)
Income tax paid		(64,261)	24,915
Other		(683,669)	(535,206)
Net cash inflows from operating activities	16	141,318	166,063
Cash flows from investing activities			
Purchase of plant & equipment		(21,113)	(19,997)
Proceeds from sale of plant & equipment		-	-
Purchase of intangible assets		-	-
Net cash inflows/(outflows) from investing activities		(21,113)	(19,997)
Cash flows from financing activities			
Proceeds from / (repayments of) borrowings		(4,498)	15,366
Dividends paid	25	(79,929)	(63,943)
Net cash inflows/(outflows) from financing activities		(84,427)	(48,576)
Net increase/(decrease) in cash held		35,778	97,489
Cash At 1 July		572,128	474,639
Cash At 30 June	5	607,906	572,128

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2017

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 2017 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 28th August, 2017

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.

Economic dependency

The company has entered into a franchise agreement with Bendigo and Adelaide Bank Limited that governs the management of the Community Bank[®] branches at Drysdale and Portarlington.

The branches operate as a franchise of Bendigo and Adelaide Bank Limited, using the name "Bendigo Bank", the logo, and systems of operation of Bendigo and Adelaide Bank Limited. The company manages the Community Bank[®] branches on behalf of Bendigo and Adelaide Bank Limited, however all transactions with customers conducted through the Community Bank[®] branches are effectively conducted between the customers and Bendigo and Adelaide Bank Limited.

Notes to the financial statements (continued)

Note 1. Statement of significant accounting policies (continued)

Economic dependency (continued)

All deposits are made with Bendigo and Adelaide Bank Limited, and all personal and investment products are products of Bendigo and Adelaide Bank Limited, with the company facilitating the provision of those products. All loans, leases or hire purchase transactions, issues of new credit or debit cards, temporary or bridging finance and any other transaction that involves creating a new debt, or increasing or changing the terms of an existing debt owed to Bendigo and Adelaide Bank Limited, must be approved by Bendigo and Adelaide Bank Limited. All credit transactions are made with Bendigo and Adelaide Bank Limited, and all credit products are products of Bendigo and Adelaide Bank Limited.

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 2017.

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 17(f).

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.

Notes to the financial statements (continued)

Note 1. Statement of significant accounting policies (continued)

Significant accounting policies (continued)

(d) Other Financial Assets (continued)

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 17(f).

(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	2017	2016
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.

Notes to the financial statements (continued)

Note 1. Statement of significant accounting policies (continued)

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.

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.

Notes to the financial statements (continued)

Note 1. Statement of significant accounting policies (continued)

Significant accounting policies (continued)

(l) Income tax (continued)

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.

(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.

Note 2. Revenue

Revenue arises from the rendering of services through its franchise agreement with the Bendigo and Adelaide Bank Limited. The revenue recognised is measured by reference to the fair value of consideration received or receivable, excluding sales taxes, rebates, and trade discounts.

Notes to the financial statements (continued)

Note 2. Revenue (continued)

The entity applies the revenue recognition criteria set out below to each separately identifiable sales transaction in order to reflect the substance of the transaction.

Rendering of services

The entity generates service commissions on a range of products issued by the Bendigo and Adelaide Bank Limited. The revenue includes upfront and trailing commissions, sales fees and margin fees.

Interest, dividend and other income

Interest income is recognised on an accrual basis using the effective interest rate method.

	2017 \$	2016 \$
Revenue from continuing operations		
Services revenue	1,769,239	1,611,165
Interest - other persons	11,777	11,012
Recoveries	75,486	1,838
Total revenue from continuing operations	1,856,502	1,624,015

Note 3. Depreciation and amortisation

Depreciation of property plant and equipment	25,824	24,154
Amortisation of intangibles	27,562	27,336
	53,386	51,490

Note 4. Income tax expense

a) The components of tax expense comprise:

Current tax	47,041	22,030
Deferred tax	(2,125)	6,016
	44,916	28,046

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 27.5% (2016: 30%)	50,828	39,473
Add		
Tax effect of:		
other non-allowable items	(5,912)	(11,427)
	44,916	28,046
Weighted average tax effective rate	24.28%	21.26%

Notes to the financial statements (continued)

	2017 \$	2016 \$
Note 5. Cash and cash equivalents		
Cash at bank	103,431	79,396
Short term deposits	504,475	492,733
	607,906	572,129

Note 6. Receivables

Current

Contractual

Trade debtors	9,182	550
Franchise income receivable	105,670	116,243
Accrued investment income	2,622	2,588
Total	117,474	119,381

(a) Ageing of receivables

Please refer to note 17 (c) for the ageing analysis of receivables

(b) Nature and extent of risk arising from receivables

Please refer to note 17 (c) for the nature and extent of credit risk arising from receivables

Note 7. Other financial assets

Non-current

Available-for-sale financial assets		
Shares - unlisted public company	38,572	19,200

(a) Ageing of other financial assets

Please refer to note 17 (c) for the ageing analysis of Other Financial Assets

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

Please refer to note 17 (c) for the nature and extent of credit risk arising from Other Financial Assets

Note 8. Deferred tax assets

Deferred tax assets comprise:

Provisions	22,086	26,955
Other	1,680	(1,692)
	23,766	25,263

Notes to the financial statements (continued)

	2017 \$	2016 \$
Note 9. Property, plant & equipment		
(a) Gross carrying amount and accumulated depreciation		
At cost		
Furniture and equipment	64,598	44,682
Less accumulated depreciation	(44,654)	(38,165)
Total furniture and equipment	19,944	6,517
Motor vehicles	17,330	17,330
Less accumulated depreciation	(5,538)	(2,121)
Total motor vehicles	11,792	15,209
Leasehold improvements	440,984	440,984
Less accumulated amortisation	(137,930)	(123,208)
Total leasehold improvements	303,054	317,776
Total property, plant & equipment	334,790	339,501

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

	Leasehold Improvements \$	Motor Vehicles \$	Furniture & Equipment \$	Total \$
Balance at 1 July 2015	337,844	17,330	5,814	360,988
Additions	-	-	3,167	3,167
Disposals at WDV	(500)	-	-	(500)
Depreciation expense	(19,568)	(2,121)	(2,464)	(24,153)
Balance at 30 June 2016	317,776	15,209	6,517	339,502
Additions	-	-	19,916	19,916
Disposals at WDV	-	-	-	-
Depreciation expense	(14,722)	(3,417)	(6,489)	(24,628)
Balance at 30 June 2017	303,054	11,792	19,944	334,790

(c) Fair value measurement hierarchy of assets as at 30/6/2017

	Carrying amount as at 30 June 2017	Fair value measurement at end of reporting period using:		
		Level 1(i)	Level 2(i)	Level 3(i)
Furniture and Equipment at fair value	19,944	-	19,944	-
Motor Vehicles at fair value	11,792	-	11,792	-
Leasehold Improvements at fair value	303,054	-	303,054	-
	334,790	-	334,790	-

Notes to the financial statements (continued)

Note 9. Property, plant and equipment (continued)

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.

Bellarine Peninsula Community Branch acquires new vehicles and at times disposes of them before completion of their economic life. The process of acquisition, use and disposal in the market is managed by Bellarine Peninsula Community Branch who set relevant depreciation rates during use to reflect the consumption of the vehicles. As a result, the fair value of vehicles does not differ materially from the carrying value (depreciated cost).

There were no changes in valuation techniques throughout the period to 30 June 2017.

	2017 \$	2016 \$
Note 10. Intangible assets		
Non-current		
Franchise licence fee	137,426	137,426
Less accumulated amortisation	(95,868)	(68,306)
	41,558	69,120
Goodwill - Drysdale branch at cost	106,478	106,478
	148,036	175,598

Note 11. Payables

Current

Contractual		
Payables - contractual	1,042	1,859
Accrued expenses	7,040	7,041
	8,082	8,900
Statutory		
GST payable	10,393	22,909
PAYG withholding	8,054	12,442
Payroll tax	4,327	5,118
	22,774	40,469
Total payables	30,856	49,369

Notes to the financial statements (continued)

	2017 \$	2016 \$
Note 12. Borrowings		
Current		
Equipment finance lease	5,068	5,068
Less unexpired interest charges	(571)	(571)
Total	4,497	4,497
Non-current		
Equipment finance lease	7,180	12,249
Less unexpired interest charges	(809)	(1,379)
Total	6,371	10,869
Total borrowings	10,868	15,366

Note 13. Provisions

Current		
Long service leave	51,766	47,524
Annual leave	17,765	33,459
Total	69,531	80,983
Non-current		
Long service leave	4,091	8,866
Total provisions	73,622	89,849

Note 14. Tax liabilities

Current		
Income tax	(10,458)	10,384

Note 15. Issued capital

(a) Ordinary shares

1,598,571 (2016: 1,598,571) ordinary shares fully paid	787,911	787,911
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Notes to the financial statements (continued)

	2017	2016
	\$	\$
Note 16. Reconciliation of net result for the year to net cash flows from operating activities		
Result after income tax	140,108	103,903
Non-cash flows in profit		
Depreciation and amortisation	53,386	51,490
Changes in assets and liabilities		
Increase/(decrease) in provisions	(35,571)	63,835
Increase/(decrease) in payables	(18,511)	(26,590)
Decrease/(increase) in receivables	1,907	(26,576)
Net cash from operating activities	141,318	166,063

Note 17. 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.

Notes to the financial statements (continued)

Note 17. Financial Risk Management (continued)

(b) Categorisation of financial instruments

	Note	Category	Carrying Amount	
			2017 \$	2016 \$
Financial assets				
Cash and cash equivalents	5	N/A	607,906	572,129
Receivables	6	Loans and Receivables	117,474	119,381
Other financial assets	7	Available for sale of Financial Assets (at fair value)	38,572	19,200
Financial liabilities				
Payables	11	Financial Liabilities measured at Amortised Cost	8,082	8,900

(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.

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

	Weighted Average Interest Rates %	Consolidated Carrying Amount \$	Interest Rate Exposure			Not Past Due And Not Impaired \$
			Fixed Interest Rate \$	Variable Interest Rate \$	Non Interest Bearing \$	
2017						
Financial assets						
Cash and cash equivalents	2.50	607,906	504,475	103,071	360	607,906
Receivables	0.00	117,474	-	-	117,474	117,474
Other financial assets	0.00	38,572	-	-	38,572	38,572
Total financial assets		763,952	504,475	103,071	156,406	763,952
2016						
Financial assets						
Cash and cash equivalents	3.25	572,129	492,733	79,036	360	572,129
Receivables	0.00	119,381	-	-	119,381	119,381
Other financial assets	0.00	19,200	-	-	19,200	19,200
Total financial assets		710,710	492,733	79,036	138,941	710,710

Notes to the financial statements (continued)

Note 17. Financial risk management (continued)

(d) Liquidity risk

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

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

	Weighted Average Interest Rates %	Consolidated Carrying Amount \$	Interest Rate Exposure			Maturity Dates 1-2 Years	2-5 Years
			Fixed Interest Rate \$	Non Interest Bearing \$	Less than 1 Month \$		
2017							
Trade creditors and accruals	0.00	8,082	-	8,082	8,082	-	-
Borrowings	3.60	15,366	15,366	-	-	4500	10,866
Total financial liabilities		23,448	15,366	8,082	8,082	4,500	10,866
2016							
Trade Creditors and Accruals	0.00	8,900	-	8,900	8,900	-	-
Borrowings	3.60	15,366	15,366	-	-	4500	10,866
Total financial liabilities		24,267	15,366	8,900	8,900	4,500	10,866

(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%

Notes to the financial statements (continued)

Note 17. 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% Profit \$	Equity \$	+1% Profit \$	Equity \$
2017					
Financial assets					
Cash and cash equivalents	607,906	(1,031)	(1,031)	1,031	1,031
Receivables	117,474	-	-	-	-
Other financial assets	38,572	-	-	-	-
Financial liabilities					
Trade creditors and accruals	8,082	-	-	-	-
Borrowings	15,366	-	-	-	-
2016					
Financial assets					
Cash and cash equivalents	572,129	(790)	(790)	790	790
Receivables	119,381	-	-	-	-
Other financial assets	19,200	-	-	-	-
Financial liabilities					
Trade creditors and accruals	8,900	-	-	-	-
Borrowings	15,366	-	-	-	-

(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.

(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.

Notes to the financial statements (continued)

Note 17. Financial Risk Management (continued)

(g) Capital management (continued)

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 18. Capital and leasing commitments

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

Note 19. 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.

Note 20. Director and related party disclosures

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

J Finlay	PC Jones
S Wight	GD Webster
SJ Baldwin	J Randone (retired 24-8-16)
P Evans (retired 9-11-16)	K Trewin
R Barker	S Follett

Notes to the financial statements (continued)

	2017 \$	2016 \$
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Note 20. Director and related party disclosures (continued)

b) Income paid or payable to all Directors	-	-
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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 \$43,430 (2016 \$37,600).

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 shareholders.

Note 21. Contingent assets and contingent liabilities

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

Note 22. Events occurring after reporting date

Since 30 June 2017 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.

	2017 \$	2016 \$
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Note 23. Auditors remuneration

Remuneration of the Auditor of the company for:

-Auditing or reviewing the financial report	6,740	6,740
	6,740	6,740

Note 24. 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).

Notes to the financial statements (continued)

	2017 \$	2016 \$
Note 24. 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	140,108	103,903
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)	0.09	0.07
b) Diluted earnings per share (cents per share)	0.09	0.07

Note 25. Dividends

(a) Dividends paid during the year

Previous year proposed Franked dividends - 5 cents per share (2016: 4 cents per share)	79,929	63,943
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(b) Dividends proposed and not recognised as a liability

No dividends have currently been proposed (2016: 0 cents per share)	-	-
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(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	160,162	126,219
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 27.5% (2016: 30%).

Dividends proposed will be franked at a rate of 27.5% (2016: 30%).

Note 26. Corporate information

Bellarine Peninsula Community Branch Limited is a company limited by shares incorporated in Australia.

The registered office is: 44 Newcombe Street,
Portarlington 3223

The principal places of business are:

Portarlington	44 Newcombe Street, Portarlington 3223
Drysdale	1/13 Hancock Street, 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 2017 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 28 August, 2017



Justine Finlay
Chairperson

Independent audit report



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BELLARINE PENINSULA COMMUNITY BANK LTD

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Bellarine Peninsula Community Bank Ltd, which comprises the statement of financial position as at 30 June 2017, the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion:

- a. the accompanying financial report of Bellarine Peninsula Community Bank Ltd 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 2017 and of its financial performance for the year then ended; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Bellarine Peninsula Community Bank Ltd, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Responsibilities of the Directors for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.



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Independent audit report (continued)



Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

LBW Chartered Accountants

Sripathy Sarma

Principal

Dated this 28th day of August 2017



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NSX report

Bellarine Peninsula Community Branch Limited is a public company incorporated in Australia and listed on the National Stock Exchange of Australia (NSX).

Shareholding

The following table shows the number of shareholders, broken into various categories showing the total number of shares held.

Number of shares held	Number of shareholders	Number of shares held
1 to 1,000	104	70071
1,001 to 5,000	183	451896
5,001 to 10,000	39	279504
10,001 to 100,000	28	667100
100,001 and over	1	130000
Total shareholders	355	1,598,571

Equity securities

Each of the above shareholders are entitled to 1 vote, irrespective of the number of shares held.

There are no substantial shareholders (holding more than 5% of voting rights) as each shareholder is entitled to 1 vote. Normally holding more than 5% of total issued shares would create a substantial shareholder, but this is not applicable due to the voting restrictions for the company.

There are 7 shareholders holding less than a marketable parcel of shares (\$500 in value).

There are no restricted securities on issue.

All shares on issue are ordinary shares fully paid to \$1 per share. There are no unquoted equity securities.

Thirteen largest shareholders

The following table shows the 13 largest shareholders including equal holdings.

Shareholder	Number of fully paid shares held	Percentage of issued capital
Mrs Lynette Maree Elliott	130000	8.13
Miss Alice Patricia Stroud	70000	4.38
Scipio Nominees Pty Ltd	46100	2.88
Mrs Audrey Laureen Drever	40000	2.50
Mr John Barry Carew	32003	2.00
Mrs Annie Carew	32000	2.00
Thomas Leigh Pty Ltd <The Waring Family Superannuation Fund>	30000	1.88
Mr Peter Wolfenden	30000	1.88
Margaret Nicol Macleod	30000	1.88
Impact Insurance Superannuation Fund Pty Ltd	30000	1.88
Dej Investments Pty Ltd	30000	1.88
David Lewis Investments P/L <Lewis Family Super Fund>	30000	1.88
David Lewis Investments P/L	30000	1.88

NSX report (continued)

Security register

The security register (share register) is kept at:

AFS & Associates Pty Ltd
61 Bull Street
Bendigo VIC 3550
Phone: (03) 5443 0344

Company Secretary

Sandra Baldwin – Company Secretary since 2009.

- Cert. Governance Practice
- Previous local business owner
- Previous member of School boards and Industry board at TAFE
- Member of the Steering committee of the Drysdale **Community Branch**[®] Branch for Bellarine Peninsula Community Branch Limited
- Local resident for 34 years.

Corporate governance

The company has implemented various corporate governance practices, which include:

- (a) The establishment of an audit committee. Members of the audit committee are Justine Finlay, Stephen Wight, Sandra Baldwin.
- (b) Director approval of operating budgets and monitoring of progress against these budgets;
- (c) Ongoing Director training; and
- (d) Monthly Director meetings to discuss performance and strategic plans.

Annexure 3

There are no material differences between the information in the company's Annexure 3 and the information in the financial documents in its Annual Report.

5 Year summary of performance

		2013	2014	2015	2016	2017
Gross revenue	\$	1,659,584	1,579,229	1,540,017	1,624,015	1,856,502
Net profit before tax	\$	238,573	152,287	59,856	131,949	185,024
Total assets	\$	1,260,680	1,280,966	1,168,887	1,251,072	1,270,544
Total liabilities	\$	113,875	170,966	122,744	164,968	104,888
Total equity	\$	1,200,938	1,110,000	1,046,143	1,086,104	1,165,655

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(BNPAR17072) (08/17)

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