

# 2018 Annual Report



## 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

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For year ending 30 June 2018



What an exciting year to be able to present to our shareholders the Chairperson's report for the Bellarine Peninsula Community Branch Limited Annual Report.

## Financial

At the end of the 2018 financial year the company held business totalling \$306 million across both branches. We have also been able to show another record profit after tax of \$173,814. We have committed \$150,000 to the Community Enterprise Foundation™ for future community investment. Again this year in accordance with our Franchise Agreement with Bendigo and Adelaide Bank Limited we are pleased to recommend to shareholders a 6 cent dividend this year.

## Community

Bellarine Peninsula Community Branch Limited, with our position across the North Bellarine through our **Community Bank®** branches at Drysdale and Portarlington is a major contributor to our local community, through direct grants, sponsorships and partnerships with other local organisations. We are extremely proud to have supported the groups noted below and we have also set aside \$150,000 for future projects, information about which we hope to be able to share with everyone very soon.

- Portarlington CFA – \$10,940 to assist with the cost of the new CFA building in Portarlington specifically to provide funding for the technology required for their new meeting room.
- Barwon Health Kids Rehabilitation Centre – \$22,000 in conjunction with Bendigo and Adelaide Bank Limited and other **Community Bank®** branches we are supporting the Kids Rehab project to build a brand new, state of the art facility at the McKellar Centre specifically designed for children's rehabilitation.
- Scholarship – \$5,000 support provided to a local student to assist her with her fees to attend university this year.

We are proud to 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. We have been able to help a number of local young adults get sufficient hours to then get their licence.

The Bellarine Secondary College shed is complete and being used by the Student Well Being team and the SHAPE program providing students the opportunity to learn from local craftsmen the skill of surfboard making. We will continue to build our relationship with Bellarine Secondary College 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.

## 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.

## Chairperson's report (continued)

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### **Staff**

Our Senior Manager, Shae Hunt, with the support of Nathan Warren, our Branch Manager in Drysdale, and their team have worked tirelessly 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. The work and effort that our team brings every day is obvious in the financial results that we bring to you for the year and in our ability to help in the community.

### **Bendigo and Adelaide Bank Limited**

We are also grateful to the staff at Bendigo and Adelaide Bank Limited, our franchise partner, for the continued support, knowledge and advice that our Board and staff receive. Our relationship is strong. We are able to have robust and transparent conversations, while maintaining a strong working relationship.

### **Shareholders**

To all of our shareholders we send a significant vote of thanks. Your initial commitment to the **Community Bank®** concept, nearly 20 years ago, has allowed this company to grow. Your continued support and advocacy is invaluable.



**Justine Finlay**  
**Chairperson**

# Managers' report

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For year ending 30 June 2018



The 2017/18 financial year saw another successful and record-breaking performance of our business.

Last financial year we had set a goal to reach \$300 million in holdings over the coming year and we are proud to advise that we have exceeded our goal well ahead of our expectations with current holdings of \$306 million.

As a business, our total growth for the financial year was over \$26 million with each branch exceeding their individual growth targets, contributing to another strong, profitable year.

Both Drysdale and Portarlington communities have seen major growth in their areas and surrounding suburbs. Due to the residential growth Drysdale **Community Bank®** Branch has seen an increase of 10.4% in their loan book and Portarlington has recorded 2% growth.

These statistics are showing that more of our community are choosing to bank with their local **Community Bank®** branches.

Community is our purpose and we are proud to have been involved with over 60 local organisations providing them with sponsorships and donations over the course of the year.

We have had a strong focus on empowering and developing our staff which has enabled three members of our team to progress into desired roles.

- Steve Glass promoted to a new position at Newcomb.
- Emilie Painter promoted to Assistant Branch Manager at Portarlington.
- Liz Jones Promoted to Customer relationship Officer at Portarlington.

We have also welcomed new staff members, Megan Armistead, Tansy Collins and Bre Gage, all of whom have provided fresh ideas and quality customer service.

We have farewelled Julie MacDonald and congratulate Jacqueline Devery, who is on 12 months maternity leave after welcoming a baby boy.

We have created strong relationships with key referral partners Drysdale Soccer Club, Bellarine Stockdale and Leggo and Loan Market Geelong. These organisations have introduced new customers to our branches enabling us to do what we do best and assist our customers in achieving their financial goals.

Portarlington and Drysdale **Community Bank®** branches were excited to run a “Small Business Afternoon” to engage with local business owners to network and create further opportunities to develop their relationships within the community.

Our **Community Bank®** branches have played a big part in the “Tee Up For Kids Golf Day” raising money for McKillop Family Services and the “Bendigo Bank Race Day” to support the construction of the Barwon Health Children's Rehabilitation Centre.

## Manager's report (continued)

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The funds provided to our local community are through the commitment of our shareholders and customers. Without their continued support we would be unable to make these significant contributions to our 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, we encourage you to visit our branches to see the change your banking can make to our local community.

We would like to thank the staff across both branches for their commitment to our business, customers and community during 2017/18. Our team worked together to ensure our clients were provided with a quality customer service and a holistic approach to meet their financial needs.

In closing, we would like to thank our Board of volunteers who donate much time and effort to strategize and create opportunity for the ongoing success of our company. Their support of the implementation of change within our business is outstanding and we are grateful to have such a knowledgeable and dedicated team to work with.

We look forward to the possibilities and successes the 2018/19 financial year presents.



**Shae Hunt**  
**Senior Manager**



**Nathan Warren**  
**Branch Manager**

# Bendigo and Adelaide Bank report

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For year ending 30 June 2018

It's been 20 years since the doors to the first **Community Bank®** branch opened. And it has only been a few months since the latest, the 321st, **Community Bank®** branch opened its doors.

In the last 20 years, much has changed. A staggering 92 per cent of our customers do their banking online and we pay for goods and services on a range of mobile phones, our watches and even our fitness devices. Many are embracing this online world with a sense of excitement and confidence. Our model will be even more accessible to people right across Australia.

Despite the change many things have also remained constant through the last two decades. Commitment within communities remains as strong today as it has ever been; from our first **Community Bank®** branch to the most recent one, and the 319 in between.

This year, five of our **Community Bank®** branches are celebrating 20 years in business. Bendigo Bank has celebrated 160 years in business. We farewelled Managing Director Mike Hirst and welcomed into the MD role long-time Bendigo employee Marnie Baker.

Our **Be the change** online marketing campaign has been the most successful online marketing campaign ever run by our organisation. The premise behind **Be the change** is simple – it thanks individual customers for banking with their **Community Bank®** branch.

But it's not the Bank thanking the customers. It's not the staff, volunteer directors or shareholders thanking the customers. It's the kids from the local little athletics and netball clubs, it's the man whose life was saved by a **Community Bank®** funded defib unit, it's members of the local community choir and the animal rescue shelter. These people whose clubs and organisations have received a share of over \$200 million in **Community Bank®** contributions, all because of people banking with their local **Community Bank®** branch.

**Be the change** has further highlighted the power of the model. For others, customers are important. For our **Community Bank®** network, customer support ensures our point of difference. It's the reason we can share in the revenue generated by their banking business. Without this point of difference, we would be just another bank.

But we're not, we're Bendigo Bank and we're Australia's only 'community bank', recently named by Roy Morgan Research as Australia's third most trusted brand and most trusted bank. As one of 70,000-plus **Community Bank®** company shareholders across Australia, these are outcomes we hope you too are proud of.

I'd like to thank you for your decision to support your local **Community Bank®** company as a shareholder. Your support has been vitally important to enhancing the prospects and outcomes within your community.

Without you, there would be no **Community Bank®** branch network in Australia.

We value your initial contribution and your ongoing support of your **Community Bank®** branch and your community. Thank you for continuing to play a role in helping your community **Be the change**.



**Robert Musgrove**  
**Bendigo and Adelaide Bank**



# Sponsorships and grants

For year ending 30 June 2018

<b>Sponsorships.</b>	
Drysdale Primary School	Portarlington Food Assist Program
Peddler Cycling Group	Clifton Springs Golf Club
Bellarine Historical Vehicle Club	Portarlington Bowls Club
Portarlington Primary School	Drysdale Hawks Football Club
Drysdale Food Relief Program	Clifton Springs Bowls Club
Lions Club	Harley-Christmas Toy Run
Family Fun Day – Potato Shed	Drysdale Bowls-Croquet Club
RSL Drysdale Sub Branch	Bethany Christmas tree
Community Awards – Students	Drysdale Cricket Club
Bayside Sharks Soccer Club	Portarlington Rotunda Celebration
Drysdale Soccer Club	Drysdale – Clifton Springs Association
Indented Heads Yacht Club	Port. Bayside Miniature Railway
Port. Business Development Association	Sunset Run 2018
Mussel Festival 2018	St John Ambulance
Peninsula Little Athletics	Pro Am Golf 2018
L2P Learner Driver Program	Bendigo-Charity Golf Day
St Leonards Cricket Club	Rotary Art Show
South/West Vic Bushfire Appeal	St Leonards Primary School
Mind Over Matter – Youth Driving Program	Springdale Community Garden
Bellarine Secondary College – Junior Breakfast Program	
<b>Grants</b>	
Bellarine Secondary College	Camp Awakenings – Youth Program
Portarlington CFA	Kids Rehab Centre
St Leonards Yacht Club – Defibrillator	The Winged Horse
Scholarship – University Student 2018	



# Directors' report

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For the financial year ended 30 June 2018

Your Directors submit the financial report of the company for the financial year ended 30 June 2018.

## 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	Kerry Trewin
Robert Barker	Sheryl Follett
Belinda Harvey (appointed 26 March 2018)	

## 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 \$172,851.

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 \$1,242,592 at the end of the financial year compared to \$1,165,655 for the previous year. The company's current asset ratio is 7.86, 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 \$0.06 cents per share paid on 1 December 2017.

## Matters subsequent to the end of the financial year

At the date of this report no matter or circumstance has arisen since the end of the financial year that has significantly affected or may significantly affect the operations of the company; the results of those operations; or the state of affairs of the company in future years.

## Future development

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

# Directors' report (continued)

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## 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.

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 2018 financial year Sandra was paid \$24,734 (2017 \$13,149).

Justine Finlay received an allowance of \$3,000 for out of pocket expenses incurred in carrying out the role of Chairperson.

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

The Bellarine Peninsula Community Branch Limited has accepted the **Community Bank**<sup>®</sup> 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 Limited. 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.

# Directors' report (continued)

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## Information on Directors

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

### **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 **Community Bank**® Branch for the Bellarine Peninsula Community Branch Limited.  
Drysdale resident.  
Shares held: 2,000

### **Sandra Baldwin – Company Secretary**

Cert. Governance Practice  
Member of the Steering committee of the Drysdale **Community Bank**® Branch for Bellarine Peninsula Community Branch Limited.  
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 **Community Bank**® Branch for the Bellarine Peninsula Community Branch Limited.  
Drysdale resident.  
Shares held: 1,000

### **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 and 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

# Directors' report (continued)

## Information on Directors (continued)

### Belinda Harvey – Director

Osteopath

Owner of Allied Health Clinics in Drysdale and Leopold.

Life Member of Portarlington Demons Football Netball Club.

Member of Portarlington Cricket Club.

Drysdale resident.

Shares held: Nil

## Meeting attendance July 2017 to June 2018

Director	24 July 2017	28 August 2017	25 September 2017	23 October 2017	27 November 2017	5 February 2018	26 February 2018	26 March 2018	23 April 2018	28 May 2018	25 June 2018
Justine Finlay	P	P	A	P	P	P	P	P	P	P	P
Paul Jones	A	P	P	A	P	P	P	A	P	A	P
Stephen Wight	P	L	P	P	P	P	A	P	L	P	P
Sandra Baldwin	P	P	P	P	P	P	P	P	P	P	P
Geoff Webster	P	P	A	A	P	P	P	A	A	A	P
Belinda Harvey								P	P	P	P
Kerry Trewin	P	P	P	P	P	A	P	P	P	P	P
Robert Barker	L	P	P	P	P	P	P	P	P	L	L
Sheryl Follett	L	P	L	P	P	P	P	P	P	P	P

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

## 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 2018 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.

A handwritten signature in dark ink, appearing to be 'LBW'.

LBW CHARTERED ACCOUNTANTS

A handwritten signature in dark ink, appearing to be 'Sripathy Sarma'.

SRIPATHY SARMA  
PRINCIPAL

Dated this 6<sup>th</sup> day of September 2018



CHARTERED ACCOUNTANTS  
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Liability limited by a  
scheme approved under  
Professional Standards  
Legislation.

# Financial statements

## Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2018

	Notes	2018 \$	2017 \$
<b>Revenue from ordinary activities</b>			
Revenue	2	1,969,970	1,856,502
<b>Expenses from ordinary activities</b>			
Employee benefits		996,814	958,150
Information technology expenses		71,851	66,586
Depreciation and amortisation	3	52,853	53,386
Property expenses		129,116	124,543
Professional fees		44,805	50,030
Insurance		24,263	23,528
Administration expenses		126,635	120,825
Other expenses from ordinary activities		44,368	45,141
<b>Total expenses from ordinary activities</b>		<b>1,490,705</b>	<b>1,442,189</b>
<b>Operating profit / (loss) before charitable donations and sponsorship</b>		<b>479,265</b>	<b>414,313</b>
Donations and sponsorship		228,221	229,289
<b>Net result before income tax</b>		<b>251,044</b>	<b>185,024</b>
Income tax expense	4	77,229	44,916
<b>Net result after income tax</b>		<b>173,815</b>	<b>140,108</b>
<b>Other comprehensive income</b>			
Available-for-sale revaluation surplus gain/(loss) recognised		(964)	19,372
<b>Total other comprehensive income</b>		<b>(964)</b>	<b>19,372</b>
<b>Comprehensive result for the year</b>		<b>172,851</b>	<b>159,480</b>
<b>Earnings per share (cents per share)</b>			
Basic earnings per share	24	0.11	0.09
Diluted earnings per share	24	0.11	0.07

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

# Financial statements (continued)

## Statement of Financial Position as at 30 June 2018

	Notes	2018 \$	2017 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	744,662	607,906
Receivables	6	126,094	117,474
<b>Total current assets</b>		<b>870,756</b>	<b>725,380</b>
<b>Non-current assets</b>			
Other financial assets	7	37,608	38,572
Deferred tax assets	8	19,077	23,766
Property, plant, equipment	9	310,306	334,790
Intangible assets	10	120,632	148,036
<b>Total non-current assets</b>		<b>487,623</b>	<b>545,164</b>
<b>Total assets</b>		<b>1,358,379</b>	<b>1,270,544</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Payables	11	31,080	30,856
Borrowings	12	4,497	4,497
Short-term provisions	13	57,513	69,531
Current tax liabilities	14	17,570	(10,458)
<b>Total current liabilities</b>		<b>110,660</b>	<b>94,426</b>
<b>Non-current liabilities</b>			
Borrowings	12	2,296	6,371
Long-term provisions	13	2,831	4,091
<b>Total non-current liabilities</b>		<b>5,127</b>	<b>10,462</b>
<b>Total liabilities</b>		<b>115,787</b>	<b>104,888</b>
<b>Net assets</b>		<b>1,242,592</b>	<b>1,165,656</b>
<b>Equity</b>			
Issued capital	15	787,911	787,911
Financial assets reserve		(2,392)	(1,428)
Retained earnings		457,073	379,172
<b>Total equity</b>		<b>1,242,592</b>	<b>1,165,655</b>

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



## Financial statements (continued)

### Statement of Changes in Equity for the year ended 30 June 2018

	Note	Issued capital \$	Financial assets reserve \$	Retained earnings \$	Total \$
Balance at 1 July 2016		787,911	(20,800)	318,993	1,086,104
<b>Comprehensive income</b>					
Net result for the year		-	-	140,108	140,108
Other comprehensive income for the year		-	19,372	-	19,372
<b>Transactions with owners in their capacity as owners</b>					
Dividends recognised for the year	25	-	-	(79,929)	(79,929)
<b>Balance at 30 June 2017</b>		<b>787,911</b>	<b>(1,428)</b>	<b>379,172</b>	<b>1,165,655</b>
<b>Comprehensive income</b>					
Net result for the year		-	-	173,815	173,815
Other comprehensive income for the year		-	(964)	-	(964)
<b>Transactions with owners in their capacity as owners</b>					
Dividends recognised for the year	25	-	-	(95,914)	(95,914)
<b>Balance at 30 June 2018</b>		<b>787,911</b>	<b>(2,392)</b>	<b>457,073</b>	<b>1,242,592</b>

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

# Financial statements (continued)

## Cash Flow Statement for the year ended 30 June 2018

	Notes	2018 \$	2017 \$
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Receipts from customers		1,948,907	1,846,666
Interest		12,443	11,743
<b>Payments</b>			
Employee benefits		(1,023,970)	(969,161)
Income tax paid		(44,512)	(64,261)
Other		(655,158)	(683,669)
<b>Net cash inflows from operating activities</b>	<b>16</b>	<b>237,710</b>	<b>141,318</b>
<b>Cash flows from investing activities</b>			
Purchase of plant and equipment		(965)	(21,113)
Proceeds from sale of plant & equipment		-	-
Purchase of intangible assets		-	-
<b>Net cash inflows/(outflows) from investing activities</b>		<b>(965)</b>	<b>(21,113)</b>
<b>Cash flows from financing activities</b>			
Proceeds from / (repayments of) borrowings		(4,075)	(4,498)
Dividends paid	25	(95,914)	(79,929)
<b>Net cash inflows/(outflows) from financing activities</b>		<b>(99,989)</b>	<b>(84,427)</b>
Net increase/(decrease) in cash held		136,756	35,778
Cash at 1 July		607,906	572,128
<b>Cash at 30 June</b>	<b>5</b>	<b>744,662</b>	<b>607,906</b>

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

# Notes to the financial statements

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For year ended 30 June 2018

## 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 2018 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 6th September, 2018

### 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.

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 2018.

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

# Notes to the financial statements (continued)

## (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.

### 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	2018	2017
Furniture & Fittings	10-25%	10-25%
Plant & Equipment	10-25%	10-25%
Leasehold Improvements	10-25%	10-25%
Motor Vehicles	23%	23%

## (f) Impairment of Assets

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

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

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

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

## (g) Goodwill

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

## (h) Payables

These amounts consist predominantly of liabilities for goods and services. Payables are initially recognised at fair value, then subsequently carried at amortised cost and represent liabilities for goods and services provided to the company prior to the end of the financial year that are unpaid, and arise when the company becomes obliged to make future payments in respect of the purchase of these goods and services. The normal credit terms are usually Net 30 days.

# Notes to the financial statements (continued)

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**(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 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.

**(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.

# Notes to the financial statements (continued)

## 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.

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.

	2018 \$	2017 \$
<b>Revenue from Continuing Operations</b>		
Services Revenue	1,938,402	1,769,239
Interest - Other Persons	11,211	11,777
Recoveries	20,357	75,486
<b>Total Revenue from Continuing Operations</b>	<b>1,969,970</b>	<b>1,856,502</b>

## NOTE 3: DEPRECIATION AND AMORTISATION

Depreciation of Property Plant and Equipment	25,449	25,824
Amortisation of Intangibles	27,404	27,562
	<b>52,853</b>	<b>53,386</b>

## NOTE 4: INCOME TAX EXPENSE

a) The components of tax expense comprise:		
Current Tax	72,540	47,041
Deferred Tax	4,689	(2,125)
	<b>77,229</b>	<b>44,916</b>
b) The prima facie tax on profit from ordinary activities before income tax is reconciled to income tax as follows:		
Prima facie tax payable on profit from ordinary activities before income tax at 27.5% (2017: 27.5%)	68,772	50,828
Add		
Tax effect of:		
other non-allowable items	8,457	(5,912)
	<b>77,229</b>	<b>44,916</b>
Less		
Tax effect of:		
under provision of tax in prior years	-	-
	<b>77,229</b>	<b>44,916</b>
Weighted Average Tax Effective Rate	<b>27.50%</b>	<b>24.28%</b>

## NOTE 5: CASH AND CASH EQUIVALENTS

Cash at Bank	227,743	103,431
Short Term Deposits	516,919	504,475
	<b>744,662</b>	<b>607,906</b>

## NOTE 6: RECEIVABLES

<b>CURRENT</b>		
<b>Contractual</b>		
Trade debtors	-	9,182
Franchise Income Receivable	124,704	105,670
Accrued Investment Income	1,390	2,622
<b>TOTAL</b>	<b>126,094</b>	<b>117,474</b>

### (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

# Notes to the financial statements (continued)

## NOTE 7: OTHER FINANCIAL ASSETS

### Non-Current

Available-for-Sale Financial Assets

Shares - Unlisted Public Company

2018	2017
\$	\$
37,608	38,572

### (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

Other

16,595	22,086
2,482	1,680
19,077	23,766

## NOTE 9: PROPERTY, PLANT & EQUIPMENT

### (a) Gross carrying amount and accumulated depreciation

#### At Cost

Furniture and Equipment

Less Accumulated Depreciation

Total Furniture and Equipment

65,563	64,598
(51,767)	(44,654)
13,796	19,944

Motor Vehicles

Less Accumulated Depreciation

Total Motor Vehicles

17,330	17,330
(8,191)	(5,538)
9,139	11,792

Leasehold Improvements

Less Accumulated Amortisation

Total Leasehold improvements

440,984	440,984
(153,613)	(137,930)
287,371	303,054

Total Property, Plant & Equipment

310,306	334,790
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### (b) Reconciliations of the carrying amounts of each class of asset

#### Balance at 1 July 2016

Additions

Disposals at WDV

Depreciation expense

#### Balance at 30 June 2017

Additions

Disposals at WDV

Depreciation expense

#### Balance at 30 June 2018

Leasehold Improvements	Motor Vehicles	Furniture & Equipment	Total
\$	\$	\$	\$
317,776	15,209	6,517	339,502
-	-	19,916	19,916
(14,722)	(3,417)	(6,489)	(24,628)
303,054	11,792	19,944	334,790
-	-	965	965
(15,683)	(2,653)	(7,113)	(25,449)
287,371	9,139	13,796	310,306

### (c) Fair value measurement hierarchy of assets as at 30/6/2018

Furniture and Equipment at fair value

Motor Vehicles at fair value

Leasehold Improvements at fair value

Carrying amount as at 30 June 2018	Fair value measurement at end of reporting period using:		
	Level 1(i)	Level 2(i)	Level 3(i)
13,796	-	13,796	-
9,139	-	9,139	-
287,371	-	287,371	-
310,306	-	310,306	-

#### 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 2018.



# Notes to the financial statements (continued)

## NOTE 10: INTANGIBLE ASSETS

### NON-CURRENT

Franchise Licence Fee  
less accumulated amortisation

2018	2017
\$	\$
137,426	137,426
(123,272)	(95,868)
14,154	41,558

Goodwill - Drysdale Branch at cost

106,478	106,478
120,632	148,036

## NOTE 11: PAYABLES

### CURRENT

#### Contractual

Payables - contractual  
Accrued wages  
Accrued Expenses

2018	2017
\$	\$
1,081	1,042
2,966	-
7,450	7,040
11,497	8,082

#### Statutory

GST payable  
PAYG withholding  
Payroll tax

13,651	10,393
5,932	8,054
-	4,327
19,583	22,774
31,080	30,856

TOTAL PAYABLES

## NOTE 12: BORROWINGS

### CURRENT

Equipment Finance Lease  
Less unexpired interest charges  
TOTAL

2018	2017
\$	\$
5,068	5,068
(571)	(571)
4,497	4,497

### NON-CURRENT

Equipment Finance Lease  
Less unexpired interest charges  
TOTAL

2,534	7,180
(238)	(809)
2,296	6,371

TOTAL BORROWINGS

6,793	10,868
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## NOTE 13: PROVISIONS

### CURRENT

Long Service Leave  
Annual Leave  
TOTAL

2018	2017
\$	\$
39,232	51,766
18,281	17,765
57,513	69,531

### NON-CURRENT

Long Service Leave

2,831	4,091
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TOTAL PROVISIONS

60,344	73,622
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## NOTE 14: TAX LIABILITIES

### CURRENT

Income Tax

17,570	(10,458)
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## NOTE 15: ISSUED CAPITAL

### (a) Ordinary Shares

1,598,571 (2017: 1,598,571) ordinary shares fully paid

787,911	787,911
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## NOTE 16: RECONCILIATION OF NET RESULT FOR THE YEAR TO NET CASH FLOWS FROM OPERATING ACTIVITIES

Result after income tax

2018	2017
\$	\$
173,815	140,108

Non-Cash Flows in Profit

Depreciation and amortisation  
Changes in Assets and Liabilities  
Increase/(Decrease) in Provisions  
Increase/(Decrease) in Payables  
Decrease/(Increase) in Receivables  
Net Cash From Operating Activities

52,853	53,386
19,440	(35,571)
222	(18,511)
(8,620)	1,907
237,710	141,318

# Notes to the financial statements (continued)

## 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.

### (b) Categorisation of Financial Instruments

			Carrying Amount	
	Note	Category	2018 \$	2017 \$
<b>Financial Assets</b>				
Cash and Cash Equivalents	5	N/A	744,662	607,906
Receivables	6	Loans and Receivables	126,094	117,474
Other Financial Assets	7	Available for sale of Financial Assets (at fair value)	37,608	38,572
<b>Financial Liabilities</b>				
Payables	11	Financial Liabilities measured at Amortised Cost	11,497	8,082

### (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 Ltd.

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

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 \$	Fixed Interest Rate \$	Interest Rate Exposure		Non Interest Bearing \$	Not Past Due And Not Impaired \$
				Variable Interest Rate \$			
<b>2018</b>							
<b>Financial Assets</b>							
Cash and Cash Equivalents	2.50	744,662	516,919	227,383		360	744,662
Receivables	0.00	126,094	-	-		126,094	126,094
Other Financial Assets	0.00	37,608	-	-		37,608	37,608
<b>Total Financial Assets</b>		<b>908,364</b>	<b>516,919</b>	<b>227,383</b>		<b>164,062</b>	<b>908,364</b>
<b>2017</b>							
<b>Financial Assets</b>							
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
<b>Total Financial Assets</b>		<b>763,952</b>	<b>504,475</b>	<b>103,071</b>		<b>156,406</b>	<b>763,952</b>

# 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	Consolidated	Interest Rate Exposure			Maturity Dates	
	Average Interest Rates %		Fixed Interest Rate \$	Non Interest Bearing \$	Less than 1 Month \$	1-2 Years	2-5 Years
<b>2018</b>							
Trade Creditors and Accruals	0.00	11,497	-	11,497	11,497	-	-
Borrowings	3.60	6,793	6,793	-	-	4,500	2,293
<b>Total Financial Liabilities</b>		<b>18,290</b>	<b>6,793</b>	<b>11,497</b>	<b>11,497</b>	<b>4,500</b>	<b>2,293</b>
<b>2017</b>							
Trade Creditors and Accruals	0.00	8,082	-	8,082	8,082	-	-
Borrowings	3.60	15,366	15,366	-	-	4,500	10,866
<b>Total Financial Liabilities</b>		<b>23,448</b>	<b>15,366</b>	<b>8,082</b>	<b>8,082</b>	<b>4,500</b>	<b>10,866</b>

### (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%

#### 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 \$	-1% Equity \$	+1% Profit \$	+1% Equity \$
<b>2018</b>					
<b>Financial Assets</b>					
Cash and Cash Equivalents	744,662	(2,274)	(2,274)	2,274	2,274
Receivables	126,094	-	-	-	-
Other Financial Assets	37,608	-	-	-	-
<b>Financial Liabilities</b>					
Trade Creditors and Accruals	11,497	-	-	-	-
Borrowings	6,793	-	-	-	-
<b>2017</b>					
<b>Financial Assets</b>					
Cash and Cash Equivalents	607,906	(1,031)	(1,031)	1,031	1,031
Receivables	117,474	-	-	-	-
Other Financial Assets	38,572	-	-	-	-
<b>Financial Liabilities</b>					
Trade Creditors and Accruals	8,082	-	-	-	-
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.

# Notes to the financial statements (continued)

## NOTE 17: 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 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	S Follett
R Barker	K Trewin
B Harvey (appt 26/3/18)	

2018	2017
\$	\$

### 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 \$37,945 (2017 \$43,430).

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 2018 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

# Notes to the financial statements (continued)

## NOTE 23: AUDITORS REMUNERATION

Remuneration of the Auditor of the Company for:  
-Auditing or reviewing the financial report

2018	2017
\$	\$
6,860	6,740
<u>6,860</u>	<u>6,740</u>

## 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).

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

	2018	2017
	\$	\$
Profit/(loss) after income tax expense	173,815	140,108
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)	0.11	0.09
b) Diluted earnings per share (cents per share)	0.11	0.09

## NOTE 25: DIVIDENDS

### (a) Dividends paid during the year

Previous year proposed Franked dividends - 6 cents per share (2017: 5 cents per share) 95,914 79,929

### (b) Dividends proposed and not recognised as a liability

No dividends have currently been proposed (2017: 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

168,294	160,162
---------	---------

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% (2017: 27.5%).  
Dividends proposed will be franked at a rate of 27.5% (2017: 27.5%).

## 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

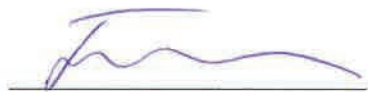
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The directors of the company declare that:

1. The financial statements of the company comprising the Income Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and notes to and forming part of the accounts
  - (a) give a true and fair view of the company's financial position as at 30 June 2018 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 6th day of September, 2018



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 2018, 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 2018 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 Company 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 Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the registered entity's financial reporting process.



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scheme approved under  
Professional Standards  
Legislation.



# 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 6<sup>th</sup> day of September 2018



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

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