

Bellarine Peninsula
Community Branch Limited

ABN 33 089 107 657



2019

Annual Report

Portarlinton Community Bank Branch
Drysdale Community Bank Branch

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Chairman's report

For year ending 30 June 2019



I am extremely proud to present to our shareholders my report for the 2018/19 financial year for the Bellarine Peninsula Community Branch Limited.

Financial

Our company, through the hard work of our staff, Directors and advocates, have been able to take our business to another level, with total holdings of \$325 million. Again this year we can report another record profit after tax of \$190,917. We have committed \$160,000 to the Community Enterprise Foundation™ this year for future community investment. This year, in accordance with our Franchise Agreement with Bendigo and Adelaide Bank Limited, we are pleased to recommend to shareholders a 6.5 cent dividend this year.

Community

One of the main purposes of this company is to be in a position to work with our local community, through grants, sponsorships and partnerships. The financial success of the last year has again enabled us to fulfil this goal.

We have committed \$250,000 to the new playground in Portarlington to be known as the Portarlington & Drysdale Community Bank Playspace at WG Little Reserve. In partnership with Bellarine Bayside and the Portarlington and Drysdale Lions club this new playground, which is due for completion before Christmas this year, will be a tremendous asset to our community, not only for our young people but for all of our community. Playgrounds of this calibre draw people from all over to visit, so the potential for our local businesses cannot be underplayed.

We have continued to support other local groups to enable them to continue the work they do in our area.

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.

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.

Shae Hunt was successful in her application for the role of Regional Manager for Bendigo and Adelaide Bank Limited and has now stepped into that role. Shae will continue to work closely with our business as we sit within her region.

Chairman's report (continued)

Bendigo and Adelaide Bank Limited

As noted earlier, there have been internal changes at Bendigo and Adelaide Bank Limited, which has meant, as well as losing our Senior Branch Manager to a role in the regional office, we have also become part of a different region, forming part of the Bellarine and Surf Coast group, which more closely aligns us with the other Community Bank branches in our area.

Our relationship with Bendigo and Adelaide Bank Limited remains strong and will continue to be maintained on both sides for the benefit of both organisations. We thank the staff at Bendigo and Adelaide Bank Limited for their continued support of our company.

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

For year ending 30 June 2019



The 2018/19 financial year saw another successful and record breaking performance for our business.

Last financial year saw us reach total holdings of \$300 million and we are pleased to advise that our total growth for the financial year was

over \$18 million taking our total holdings to \$325 million. This has also contributed to another year of strong profit for our business.

Both Drysdale and Portarlinton communities have seen major growth in their areas and surrounding suburbs. Due to this growth in our community, Drysdale Community Bank Branch has seen an increase of 9.7% of their loan book and Portarlinton has recorded 17.6% 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 50 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 members of our team to further develop their skills and made them more effective in their roles.

We have farewelled Heather from Drysdale who retired in January and Megan from Portarlinton who has relocated to Melbourne.

We have welcomed new staff Marcus Hinneberg at Drysdale and are very excited to have Seamus Kennedy as a trainee at Portarlinton. We are looking forward to both Marcus and Seamus contributing fresh ideas and quality customer service.

Our branches have played a big part in the 'Tee Up For Kids Golf Day' raising money for Read The Play and the 'Bendigo Bank Race Day' to support the Barwon Health Children's Rehabilitation Centre.

We have maintained strong relationships with our key referral partners Drysdale Soccer Club and Stockdale and Leggo Real Estate. 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. We have also introduced a new referral partner in Portarlinton Business Development Association (PBDA) and look forward to strengthening these relationships.

The continuing support of our local community, customers and shareholders has enabled us to deliver over \$1.6 million of benefits to our community through sponsorships, grants and donations. This year we have committed to providing \$250,000 for contribution to the redevelopment of the Portarlinton playground which will soon be named the Portarlinton & Drysdale Community Bank Playspace at WG Little Reserve through provision of a grant to Bellarine Bayside.

Managers' report (continued)

The funds provided to our local community are possible only because of the commitment of our shareholders and customers. Without their continued support we would be unable to make these significant contributions to our community.

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

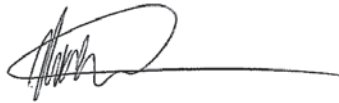
To all those who have supported our business by either banking with us or referring new business to us we are truly thankful.

We would like to thank the staff across both branches for a relentless effort during 2018/19. Although many changes have been made, the team has 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 and considered the better big bank.



Shae Hunt
Senior Manager



Nathan Warren
Branch Manager

Bendigo and Adelaide Bank report

For year ending 30 June 2019

As a Bank of 160-plus years, we're proud to hold the mantle of Australia's fifth biggest bank. In today's banking environment it's time to take full advantage of this opportunity and for even more people to experience banking with Bendigo Bank and our way of banking, and with our Community Bank partners.

In promoting our point of difference it's sometimes lost that although we're different, we're represented in more than 500 communities across Australia and offer a full suite of banking and financial products and services. In many ways we're also a leader in digital technology and meeting the needs of our growing online customer base, many of whom may never set foot in a traditional bank branch.

At the centre of our point of difference is the business model you chose to support as a shareholder that supports local communities. Whether you're a shareholder of our most recent Community Bank branch which opened in Smithton, Tasmania, in June 2019, or you're a long-time shareholder who, from more than 20 years ago, you all play an important role. Your support has enabled your branch, and this banking model, to prosper and grow. You're one of more than 75,000 Community Bank company shareholders across Australia who are the reason today, we're Australia's only bank truly committed to the communities it operates in.

And for that, we thank you. For the trust you've not only put in Bendigo and Adelaide Bank, but the faith you've put in your community and your Community Bank company local Board of Directors.

Bendigo and Adelaide Bank continues to rank at the top of industry and banking and finance sector awards. We have awards for our customer service, we have award winning products and we have a customer base that of 1.7 million-plus that not only trusts us with their money, but which respects our 'difference'.

As a Bank, we're working hard to ensure that those who are not banking with us, and not banking with your Community Bank branch, make the change. It really is a unique model and we see you, the shareholder, as playing a key role in helping us grow your local Community Bank business. All it takes is a referral to your local Branch Manager. They'll do the rest.

We find that our customer base is a very loyal group. It's getting people to make the change that's the challenge. In today's environment, we've never had a better chance to convince people to make the change and your support in achieving this is critical.

From Bendigo and Adelaide Bank, once again, thank you for your ongoing support of your Community Bank branch and your community.

We would also like to thank and acknowledge the amazing work of your branch staff and Directors in developing your business and supporting the communities that you live and work in.



Mark Cunneen
Head of Community Support
Bendigo and Adelaide Bank

Sponsorships and grants 2018/19

Sponsorships	
St Leonards Bowls Club	Port Business Development Association
Port Demons Football/Netball	Bendigo Bank Race Day
Lions Club Port/Drysdale	National Celtic Festival
Nth Bellarine Film Festival	Port Golf Club
Port Bowls Club	Community Information Booth
Breakfast Club Port Primary School	L 2 P Car & driver learning program
Clifton Springs Primary School	St Leonards Golf Club
Festival of Glass	Mentor Program Festival of Glass
Bellarine Quilters	Drysdale Tennis Club
Clifton Springs Bowls Club	Bellarine Storm Basketball
Drysdale Football/Netball	Maltese Pensioners
Family Fun Day Potato Shed	Port Miniature Railway
St Leonards Men's Shed	Drysdale RSL
Port Cricket Club	Clifton Springs Golf Club
Mark West Foundation	Sunset Run
Drysdale Senior Citizens	Rotary Club Drysdale
Drysdale Cricket Club	Bendigo Bank Golf Day
Drysdale Soccer Club	Fresh Fruit Friday Drysdale Primary
St Leonards Cricket Club	Port Food Relief Program
Bayside Sharks Soccer Club	

Grants	
St Leonards Men's Shed	Bellarine Quilters
Bellarine Community Health	Scholarship Program
Drysdale Soccer Club	The Winged Horse
Lions Club Port/Drysdale	Bellarine Catchment – water tanks
St Leonards & Indented Heads CFA	Portarlington CFA

Directors' report

For the financial year ended 30 June 2019

Your Directors submit the financial report of the company for the financial year ended 30 June 2019.

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 (resigned 26 November 2018)
Sandra Baldwin	Kerry Trewin
Robert Barker	Sheryl Follett (resigned 30 November 2018)
Belinda Harvey	Rebecca Smith (appointed 24 June 2019)

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 \$190,917.

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 \$1,325,059 at the end of the financial year compared to \$1,242,592 for the previous year. The company's current asset ratio is 8.94, 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 4 December 2018.

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 \$90,000 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 2019 financial year Sandra was paid \$25,752 (2018 \$24,734).

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 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 Limited
Drysdale resident
Shares Held: 2,000

Sandra Baldwin – Company Secretary

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

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 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

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

Rebecca Smith – Director

Registered Nurse

Previous member of Health & Disability services boards

Involved in local sporting groups

Experience in Strategic, Operational and Risk Management

Drysdale resident

Shares Held: Nil

Directors' report (continued)

Meeting attendance July 2018 to June 2019

Director	23 July 2017	27 August 2017	24 September 2017	22 October 2017	26 November 2017	4 February 2018	25 February 2018	25 March 2018	29 April 2018	27 May 2018	24 June 2018
Justine Finlay	A	P	P	P	P	A	P	P	P	P	P
Paul Jones	P	A	P	P	A	P	P	P	P	P	P
Stephen Wight	P	P	P	P	P	P	P	P	P	P	P
Sandra Baldwin	P	P	P	P	P	P	P	P	P	P	P
Geoff Webster	P	P	P	P	P	R	R	R	R	R	R
Belinda Harvey	P	P	P	P	P	P	A	P	A	P	P
Kerry Trewin	P	P	P	P	P	A	P	P	P	P	L
Robert Barker	A	P	P	P	P	P	P	P	P	P	L
Sheryl Follett	P	A	P	P	P	R	R	R	R	R	R
Rebecca Smith	-	-	-	-	P	P	P	P	A	P	P

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 2019 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 23rd day of September 2019

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scheme approved under
Professional Standards
Legislation.



Financial statements

Comprehensive Operating Statement for the financial year ended 30 June 2019

	Notes	2019 \$	2018 \$
Revenue from ordinary activities			
Revenue	2	2,067,561	1,969,970
Expenses from ordinary activities			
Employee benefits		1,036,203	996,814
Information technology expenses		78,856	71,851
Depreciation and amortisation	3	52,500	52,853
Property expenses		130,349	129,116
Professional fees		47,008	44,805
Insurance		25,221	24,263
Administration expenses		127,452	126,635
Other expenses from ordinary activities		51,514	44,368
Total expenses from ordinary activities		1,549,103	1,490,705
Operating profit / (loss) before charitable donations and sponsorship		518,458	479,265
Donations and sponsorship		235,512	228,221
Net result before income tax		282,946	251,044
Income tax expense	4	92,029	77,229
Net result after income tax		190,917	173,815
Other comprehensive income			
Available-for-sale revaluation surplus gain/(loss) recognised		(12,536)	(964)
Total other comprehensive income		(12,536)	(964)
Comprehensive result for the year		178,381	172,851
Earnings per share (cents per share)			
Basic earnings per share	24	0.12	0.11
Diluted earnings per share	24	0.12	0.11

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

Financial statements (continued)

Statement of Financial Position as at 30 June 2019

	Notes	2019 \$	2018 \$
Assets			
Current assets			
Cash and cash equivalents	5	879,646	744,662
Receivables	6	107,511	126,094
Total current assets		987,157	870,756
Non-current assets			
Other financial assets	7	25,072	37,608
Deferred tax assets	8	17,387	19,077
Property, plant, equipment	9	287,116	310,306
Intangible assets	10	121,637	120,632
Total non-current assets		451,212	487,623
Total assets		1,438,369	1,358,379
Liabilities			
Current liabilities			
Payables	11	28,423	31,080
Borrowings	12	2,296	4,497
Short-term provisions	13	58,852	57,513
Current tax liabilities	14	20,858	17,570
Total current liabilities		110,429	110,660
Non-current liabilities			
Borrowings	12	-	2,296
Long-term provisions	13	2,881	2,831
Total non-current liabilities		2,881	5,127
Total liabilities		113,310	115,787
Net assets		1,325,059	1,242,592
Equity			
Issued capital	15	787,911	787,911
Financial assets reserve		(14,928)	(2,392)
Retained earnings		552,076	457,073
Total equity		1,325,059	1,242,592

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 2019

	Note	Issued capital \$	Financial assets reserve \$	Retained earnings \$	Total \$
Balance at 1 July 2017		787,911	(1,428)	379,172	1,165,655
Comprehensive Income					
Net result for the year		-	-	173,815	173,815
Other comprehensive income for the year		-	(964)	-	(964)
Transactions with owners in their capacity as owners					
Dividends recognised for the year	25	-	-	(95,914)	(95,914)
Balance at 30 June 2018		787,911	(2,392)	457,073	1,242,592
Comprehensive Income					
Net result for the year		-	-	190,917	190,917
Other comprehensive income for the year		-	(12,536)	-	(12,536)
Transactions with owners in their capacity as owners					
Dividends recognised for the year	25	-	-	(95,914)	(95,914)
Balance at 30 June 2019		787,911	(14,928)	552,076	1,325,059

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

Financial statements (continued)

Cash Flow Statement for the year ended 30 June 2019

	Notes	2019 \$	2018 \$
Cash flows from operating activities			
Receipts			
Receipts from customers		2,060,299	1,948,907
Interest		17,225	12,443
Payments			
Employee benefits		(1,060,790)	(1,023,970)
Income tax paid		(54,334)	(44,512)
Other		(692,616)	(655,158)
Net cash inflows from operating activities	16	269,784	237,710
Cash flows from investing activities			
Purchase of plant & equipment		-	(965)
Proceeds from sale of plant & equipment		-	-
Purchase of intangible assets		(30,315)	-
Net cash inflows/(outflows) from investing activities		(30,315)	(965)
Cash flows from financing activities			
Proceeds from / (repayments of) borrowings		(8,572)	(4,075)
Dividends paid	25	(95,914)	(95,914)
Net cash inflows/(outflows) from financing activities		(104,486)	(99,989)
Net increase/(decrease) in cash held		134,983	136,756
Cash at 1 July		744,662	607,906
Cash at 30 June	5	879,646	744,662

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

Notes to the financial statements

For year ended 30 June 2019

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 2019 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 6 September 2019.

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 2019.

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

(d) Classification and subsequent measurement

Financial assets and liabilities at amortised cost

Financial assets and liabilities are measured at amortised cost if both of the following criteria are met:

- the assets are held to collect the contractual cash flows, and
- the assets' contractual terms give rise to cash flows that are solely payments of principal and interests.

These assets and liabilities are initially recognised at fair value plus any directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method less any impairment.

Financial assets at fair value through other comprehensive income

Debt investments are measured at fair value through other comprehensive income if both of the following criteria are met and the assets are not designated as fair value through net result:

- the assets are held to achieve its objective both by collecting the contractual cash flows and by selling the financial assets, and
- the assets' contractual terms give rise to cash flows that are solely payments of principal and interests.

Equity investments will be measured at fair value through other comprehensive income if the company makes an irrevocable election at initial recognition to recognise in this category. Dividend revenue received on underlying equity instruments investment will still be recognised in profit or loss.

Notes to the financial statements (continued)

Note 1. Statement of significant accounting policies (continued)

Significant accounting policies (continued)

(d) Classification and subsequent measurement (continued)

Financial assets at fair value through other comprehensive income (continued)

Upon disposal of these debt instruments, any related balance in the fair value reserve is reclassified to profit or loss. However, upon disposal of these equity instruments, any related balance in fair value reserve is reclassified to retained earnings.

Financial assets at fair value through profit or loss

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

The initial designation of financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

(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	2019	2018
Furniture & Fittings	10-25%	10-25%
Plant & Equipment	10-25%	10-25%
Leasehold Improvements	10-25%	10-25%
Motor Vehicles	23%	23%

Notes to the financial statements (continued)

Note 1. Statement of significant accounting policies (continued)

Significant accounting policies (continued)

(f) Impairment of Assets

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

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

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

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

(g) Goodwill

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

(h) Payables

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

(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.

Notes to the financial statements (continued)

Note 1. Statement of significant accounting policies (continued)

Significant accounting policies (continued)

(k) Goods and Services Tax

Revenues, expenses and assets are recognised net of GST except for receivables and payables which are stated with the amount of GST included and except where the amount of GST incurred is not recoverable, in which case GST is recognised as part of the cost of acquisition of an asset or part of an item of expense or revenue. GST receivable from and payable to the Australian Taxation Office (ATO) is included in the statement of financial position. The GST component of a receipt or payment is recognised on a gross basis in the cash flow statement except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(l) Income Tax

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

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

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

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

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

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

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

(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.

Notes to the financial statements (continued)

Note 1. Statement of significant accounting policies (continued)

Significant accounting policies (continued)

(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.

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.

	2019 \$	2018 \$
Revenue from Continuing Operations		
Services Revenue	2,051,213	1,938,402
Interest - Other Persons	14,946	11,211
Recoveries	1,402	20,357
Total Revenue from Continuing Operations	2,067,561	1,969,970

Notes to the financial statements (continued)

	2019 \$	2018 \$
Note 3. Depreciation and amortisation		
Depreciation of Property Plant and Equipment	23,190	25,449
Amortisation of Intangibles	29,310	27,404
	52,500	52,853

Note 4. Income tax expense

a) The components of tax expense comprise:

Current Tax	87,352	72,540
Deferred Tax	4,677	4,689
	92,029	77,229

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% (2018: 27.5%)	77,105	68,772
Add		
Tax effect of:		
other non-allowable items	14,924	8,457
	92,029	77,229
Less		
Tax effect of:		
under provision of tax in prior years	-	-
	92,029	77,229
Weighted Average Tax Effective Rate	27.50%	27.50%

Note 5. Cash and cash equivalents

Cash at Bank	46,734	227,743
Short Term Deposits	832,912	516,919
	879,646	744,662

Note 6. Receivables

Current

Contractual		
Franchise Income Receivable	107,168	124,704
Accrued Investment Income	343	1,390
Total	107,511	126,094

Notes to the financial statements (continued)

Note 6. Receivables (continued)

(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

	2019	2018
	\$	\$

Note 7. Other financial assets

Non-Current

Financial Assets at fair value through Other Comprehensive Income

Shares - Unlisted Public company	25,072	37,608
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(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

	2019	2018
	\$	\$

Note 8. Deferred tax assets

Deferred Tax Assets Comprise:

Provisions	16,976	16,595
Other	411	2,482
	17,387	19,077

Note 9. Property, plant and equipment

(a) Gross carrying amount and accumulated depreciation

At Cost

Furniture and Equipment	65,563	65,563
Less Accumulated Depreciation	(57,967)	(51,767)
Total Furniture and Equipment	7,596	13,796
Motor Vehicles	17,330	17,330
Less Accumulated Depreciation	(10,247)	(8,191)
Total Motor Vehicles	7,083	9,139

Notes to the financial statements (continued)

	2019 \$	2018 \$
Note 9. Property, plant and equipment (continued)		
Leashold Improvements	440,984	440,984
Less Accumulated Amortisation	(168,547)	(153,613)
Total Leasehold improvements	272,437	287,371
Total Property, Plant & Equipment	287,116	310,306

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

	Leasehold Improvements \$	Motor Vehicles \$	Furniture & Equipment \$	Total \$
Balance at 1 July 2017	303,054	11,792	19,944	334,790
Additions	-	-	965	965
Disposals at WDV	-	-	-	-
Depreciation expense	(15,683)	(2,653)	(7,113)	(25,449)
Balance at 30 June 2018	287,371	9,139	13,796	310,306
Additions	-	-	-	-
Disposals at WDV	-	-	-	-
Depreciation expense	(14,934)	(2,056)	(6,200)	(23,190)
Balance at 30 June 2019	272,437	7,083	7,596	287,116

(c) Fair value measurement hierarchy of assets as at 30/6/2019

	Carrying amount as at 30 June 2019	Fair value measurement at end of reporting period using:		
		Level 1 (i)	Level 2 (i)	Level 3 (i)
Furniture and Equipment at fair value	7,596	-	7,596	-
Motor Vehicles at fair value	7,083	-	7,083	-
Leasehold Improvements at fair value	272,437	-	272,437	-
	287,116	-	287,116	-

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 2019.

Notes to the financial statements (continued)

	2019 \$	2018 \$
Note 10. Intangible assets		
Non-current		
Franchise Licence Fee	30,315	137,426
less accumulated amortisation	(15,156)	(123,272)
	15,159	14,154
Goodwill - Drysdale Branch at cost	106,478	106,478
	121,637	120,632

Note 11. Payables

Current		
Contractual		
Payables - contractual	453	1,081
Accrued wages	2,884	2,966
Accrued Expenses	7,450	7,450
	10,787	11,497
Statutory		
GST payable	10,442	13,651
PAYG withholding	7,194	5,932
	17,636	19,583
Total payables	28,423	31,080

Note 12. Borrowings

Current		
Equipment Finance Lease	2,534	5,068
Less unexpired interest charges	(238)	(571)
Total	2,296	4,497
Non-current		
Equipment Finance Lease	-	2,534
Less unexpired interest charges	-	(238)
Total	-	2,296
Total borrowings	2,296	6,793

Notes to the financial statements (continued)

	2019 \$	2018 \$
Note 13. Provisions		
Current		
Long Service Leave	38,857	39,232
Annual Leave	19,995	18,281
Total	58,852	57,513
Non-current		
Long Service Leave	2,881	2,831
Total provisions	61,733	60,344

Note 14. Tax liabilities

Current		
Income Tax	20,858	17,570

Note 15. Issued capital

(a) Ordinary Shares

1,598,571 (2018: 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	190,917	173,815
Non-Cash Flows in Profit		
Depreciation and amortisation	52,500	52,853
Changes in Assets and Liabilities		
Increase/(Decrease) in Provisions	18,839	19,440
Increase/(Decrease) in Payables	(2,435)	222
Decrease/(Increase) in Receivables	9,963	(8,620)
Net Cash From Operating Activities	269,784	237,710

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.

Notes to the financial statements (continued)

Note 17. Financial risk management (continued)

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

The company's principal financial instruments comprise of:

- Cash Assets
- Term Deposits
- Receivables (excluding statutory receivables)
- Payables (excluding statutory payables)

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

(b) Categorisation of financial instruments

	Note	Category	Carrying Amount	
			2019 \$	2018 \$
Financial Assets				
Cash and Cash Equivalents	5	Financial assets at amortised cost	879,646	744,662
Receivables	6	Financial assets at amortised cost	107,511	126,094
Other Financial Assets	7	Financial assets at fair value through other comprehensive income	25,072	37,608
Financial Liabilities				
Payables	11	Financial Liabilities measured at Amortised Cost	10,787	11,497

(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.

Notes to the financial statements (continued)

Note 17. Financial risk management (continued)

(c) Credit risk (continued)

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

	Weighted Average Interest Rates %	Consolidated Carrying Amount \$	Interest rate exposure			Not Past due And not Impaired \$
			Fixed Interest Rate \$	Variable Interest Rate \$	Non Interest Bearing \$	
2019						
Financial assets						
Cash and cash equivalents	2.50	879,646	832,912	46,374	360	879,646
Receivables	0.00	107,511	-	-	107,511	107,511
Other financial assets	0.00	25,072	-	-	25,072	25,072
Total financial assets		1,012,229	832,912	46,374	132,943	1,012,229
2018						
Financial assets						
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
Total financial assets		908,364	516,919	227,383	164,062	908,364

(d) Liquidity risk

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

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

	Weighted Average Interest Rates %	Interest rate exposure				Maturity dates 1-2 Years	2-5 Years
		Consolidated Carrying Amount \$	Fixed Interest Rate \$	Non Interest Bearing \$	Less than 1 Month \$		
2019							
Trade creditors and accruals	0.00	10,787	-	10,787	10,787	-	
Borrowings	3.60	2,296	2,296	-	-	2,296	
Total financial liabilities		13,083	2,296	10,787	10,787	2,296	
2018							
Trade creditors and accruals	0.00	11,497	-	11,497	11,497	-	
Borrowings	3.60	6,793	6,793	-	-	6,793	
Total financial liabilities		18,290	6,793	11,497	11,497	6,793	

Notes to the financial statements (continued)

Note 17. Financial risk management (continued)

(e) Market risk

Currency risk

The company has no exposure to foreign currency risk.

Interest rate risk

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

Other price risk

The company is exposed to insignificant other price risk

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

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

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

	Carrying Amount \$	Interest Rate Risk			
		-1%		+1%	
		Profit \$	Equity \$	Profit \$	Equity \$
2019					
Financial Assets					
Cash and Cash Equivalents	879,646	(464)	(464)	464	464
Receivables	107,511	-	-	-	-
Other Financial Assets	25,072	-	-	-	-
Financial Liabilities					
Trade Creditors and Accruals	10,787	-	-	-	-
Borrowings	2,296	-	-	-	-
2018					
Financial Assets					
Cash and Cash Equivalents	744,662	(2,274)	(2,274)	2,274	2,274
Receivables	126,094	-	-	-	-
Other Financial Assets	37,608	-	-	-	-
Financial Liabilities					
Trade Creditors and Accruals	11,497	-	-	-	-
Borrowings	6,793	-	-	-	-

Notes to the financial statements (continued)

Note 17. Financial risk management (continued)

(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.

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 Limited.

Note 19. Segment reporting

Industry Segments

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

Geographical Segment

Bellarine Peninsula Community Branch Limited operates predominantly on the Bellarine Peninsula, Victoria. More than 90% revenue, net surplus from ordinary activities and segment assets relate to operations on the peninsula.

Notes to the financial statements (continued)

Note 20. Director and related party disclosures

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

	From	To
J Finlay	1 July 2018	30 June 2019
S Wight	1 July 2018	30 June 2019
SJ Baldwin	1 July 2018	30 June 2019
R Barker	1 July 2018	30 June 2019
B Harvey	1 July 2018	30 June 2019
PC Jones	1 July 2018	30 June 2019
K Trewin	1 July 2018	30 June 2019
GD Webster	1 July 2018	30 June 2019
S Follett	1 July 2018	30 June 2019
R Smith	20 June 2019	30 June 2019

	2019 \$	2018 \$
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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 \$35,320 (2018: \$37,945).

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

Note 21. Contingent assets and contingent liabilities

The Bendigo Peninsula Community Branch Limited 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 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.

Note 22. Events occurring after reporting date

Since 30 June 2019 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)

	2019 \$	2018 \$
Note 23. Auditors remuneration		
Remuneration of the Auditor of the company for:		
-Auditing or reviewing the financial report	6,800	6,860
	6,800	6,860

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:

	2019 \$	2018 \$
Profit/(loss) after income tax expense	190,917	173,815
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)	0.12	0.11
b) Diluted earnings per share (cents per share)	0.12	0.11

Note 25. Dividends

(a) Dividends paid during the year

Previous year proposed Franked dividends - 6 cents per share (2018: 6 cents per share)	95,914	95,914
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(b) Dividends proposed and not recognised as a liability

No dividends have currently been proposed (2018: 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	135,847	168,294
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% (2018: 27.5%).

Dividends proposed will be franked at a rate of 27.5% (2018: 27.5%).

Notes to the financial statements (continued)

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 2019 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 23 September, 2019



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 2019, 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 2019 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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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 23rd day of September 2019

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