Annual Report 2020

Bellarine Peninsula
Community Branch Limited

Community Bank
Portarlington and Drysdale

ABN 33 089 107 657

Contents

Chairperson’s report

For year ending 30 June 2020

I am extremely proud to present to our shareholders my report for the 2019/20 financial year for the Bellarine Peninsula Community Branch Limited.

Whilst, as demonstrated below, we have had a successful year with significant achievements the impact of COVID-19 on our community cannot be underestimated. The financial economic and social impacts are going to be with us for some time yet. The concept of a Community Bank is not just the provision of a banking service but also to support our community by distributing our profits in the form of shareholder dividends, grants, sponsorships and donations. During the financial year this totalled over $220,000 with a further $250,000 for the playground in Portarlington also being paid. This support will continue into the 2021 financial year as we acknowledge the needs of the community by budgeting for a significant increase in our community support.

Dividend history		
2003	dividend paid	5 cents
2004	dividend paid	7 cents
2005	dividend paid	8 cents
2006	dividend paid	9 cents
2007	dividend paid	9 cents
2008	dividend paid	9 cents
2009	bonus share given to existing shareholders of 2 for 1	
2010	dividend paid	4 cents
2011	dividend paid	8 cents
2012	dividend paid	8 cents
2013	dividend paid	8 cents
2014	dividend paid	7 cents
2015	dividend paid	4 cents
2016	dividend paid	5 cents
2017	dividend paid	6 cents
2018	dividend paid	6 cents
2019	dividend paid	6.5 cents

Financial

This year we can report another record profit after tax of $284,484. We have committed $50,000 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 5.0 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.

The new playground in Portarlington being the Portarlington and Drysdale Community Bank Playspace at WG Little Reserve was successfully opened during the year and 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

As mentioned at our last Annual General Meeting, Shae Campbell left the Community Bank to take up a role as Regional Manager for Bendigo and Adelaide Bank Limited. We continue to see Shae on a regular basis and thank her and Bendigo and Adelaide Bank Limited for their continued support of our branches and the local community.

With Shae's departure we were extremely fortunate to gain the services of Chris Niven as our new Senior Branch Manager. Chris has moved seamlessly into this role and his enthusiasm towards the business and our community will hold us in great stead for the future. Unfortunately, Chris has been unable to move about the community as much as he would like due to COVID-19 but is looking forward to a time when that can occur.

Besides Chris we are fortunate to have the services of a great team led by Nathan Warren at Drysdale and Tansy Collins at Portarlington. The efforts of Nathan and Tansy and their respective teams are greatly appreciated by the Community Bank Board.

Finally, to all our shareholders and to the Bendigo and Adelaide Bank Limited we send a significant vote of thanks. Your initial commitment to the Community Bank concept has allowed this company to grow. Your continued support and advocacy is invaluable.

Stephen Wight
Chairperson

Manager's report

For year ending 30 June 2020

Despite the extraordinary challenges we have experienced throughout the year, from bushfires to a global pandemic, we are very pleased to report another successful year for your local Community Bank.

With the strong support of almost 7,000 customers and growing across our two sites at Portarlington and Drysdale, and total holdings now of $330 million, we've produced another strong profit result for the business this year.

Our solid growth and subsequent profit enables us to continue to support our local communities through our many valued partnerships and our community grants program. We are proud to have again provided support to over 50 local organisations during the year.

The highlight of our grants program this year was our assistance in the completion of the fantastic upgrade to the WG Little Reserve in Portarlington. Our $250,000 contribution was vital in this amazing upgrade and is another great example of the power of community collaboration.

We've also assisted with the bushfire fundraising earlier in the year providing almost $14,000 to the appeal. Bendigo Bank, together with its Community Bank partners contributed over $45 million from 135,000 donors across the network, an extraordinary result.

Our grants program was also able to fund vital improvements to the Recreation Reserve precinct at Portarlington via grants to the Portarlington Football Netball Club and the Portarlington Cricket Club. We also supported Read the Play which delivers mental health awareness and wellbeing sessions to 15 year olds at local football netball clubs. Other much needed support was provided to the Foodbanks at both Portarlington and Drysdale during the year.

The funding for our grant program and community partnership support is ultimately due to the ongoing commitment of our shareholders and customers. Thank you again from all of us as this enables us in turn to keep making an extremely important, positive impact in our local communities.

In what has been a year when our customers needed our help more than ever before, our staff have been amazing. We are fortunate to have a group who are passionate about taking care of our customers and fully engaged in the business and our local communities.

A big thank you to Shae Campbell who has progressed on to greater things within the Bank and had a huge impact on the business in the Senior Manager role. We also farewelled Cameron Place and Emilie Painter who both took on higher roles within the Bank and sincerely thank them for their contributions.

We welcomed Emma Miceli to the team who comes in as our specialist lender across both sites and Tansy Collins is our new Manager at Portarlington. Frances Dungey commenced as a trainee at Portarlington during the year following in the footsteps of Seamus Kennedy, who accepted a full-time role at Drysdale, graduating from the trainee program.

Special thanks to Nathan Warren for his fantastic support as Manager at Drysdale. Nathan is also an integral member of our leadership team along with Tansy and Emma.

Manager’s report (continued)

Special thanks also to our referral partners Drysdale Soccer Club, Stockdale and Leggo Real Estate and the Portarlington Business Development Association (PBDA). We greatly appreciate these partnerships which help with the future sustainability and growth of our business and ultimately assist us to provide that unique support back to our local communities.

This year we also partnered with The Tribe, a local specialist social media business run by Adam Tribe. Adam has been busy helping us stay connected with customers and community in a year of disconnection through Facebook and Instagram. He has completed a series of amazing short videos capturing key events such as the Mussel Festival and other brilliant Bellarine footage. We encourage all our customers, community partners and organisations, friends, and family to Like, Share and Follow so we can keep you completely up-to-date and stay even better connected with each other.

Finally, a special thank you to our wonderful Board. Our Directors are hardworking, dedicated, community-minded who kindly give up many hours a week for the benefit of the Community Bank and the local communities within which we operate.

Chris Niven
Senior Manager

Bendigo and Adelaide Bank report

For year ending 30 June 2020

In the 20-plus years since the opening of the very first Community Bank branch, it's fair to say we haven't seen a year quite like 2020.

After many years of drought, the 2019 calendar year ended with bushfires burning across several states. A number of our Community Bank companies were faced with an unprecedented natural disaster that impacted lives, homes, businesses and schools in local communities.

As fires took hold, Bendigo and Adelaide Bank's head office phones started to ring, emails came in from all over the world and our customers, and non-customers, headed into our branches to donate to an appeal that we were still in the process of setting up.

Our reputation as Australia's most trusted bank and the goodwill established by 321 Community Bank branches across the country meant that people instinctively knew that Bendigo, and our Community Bank partners, would be there to help. An appeal was established and donations were received in branch and online from 135,000 donors from all around the world. More than $45 million was donated.

Just as the fires had been extinguished and the Bank's foundation was working with government, not-for-profit organisations and impacted communities to distribute donations, the global COVID-19 pandemic arrived.

The impact of this pandemic was, and continues to be, more than about health. The impacts are far-reaching and banking is not immune. Your support as a shareholder, and a customer, of your local Community Bank company has never been so important.

You should be proud of your investment in your local Community Bank company. As the Australian workforce had to adjust its way of working, your Community Bank branch staff were classified as essential workers and turned up for work every day throughout the pandemic to serve your local customers.

Your Community Bank company, led by your local Directors, were committed to supporting local economies. Often it was the little things like purchasing coffees and meals from local cafes, not only for their branch staff but for other essential workers (teachers, nurses, hospital support staff, ambulance and police officers and aged care workers). This not only supported essential workers also supported many local businesses when they needed it the most.

What we've discovered in 2020 is that in times of crisis, Australia's Community Bank network has unofficially become Australia's 'second responder'. Local organisations and clubs look to their local Community Bank companies not only for financial assistance, but to take the lead in connecting groups and leading the community through a crisis.

So, what does this all mean? For Bendigo and Adelaide Bank, it reinforces the fact that you are a shareholder of a unique and caring company – run by locals to benefit not only your community but those in need.

As Australia's 5th largest bank with more than 1.9 million customers we are proud to partner with your community.

If 2020 has shown us anything, it's that we're stronger for the partnerships we have with the communities we operate in.

On behalf of Bendigo and Adelaide Bank, we thank all of our Community Bank company Directors and shareholders and your branch staff and customers for your continued support throughout the year.

Mark Cunneen

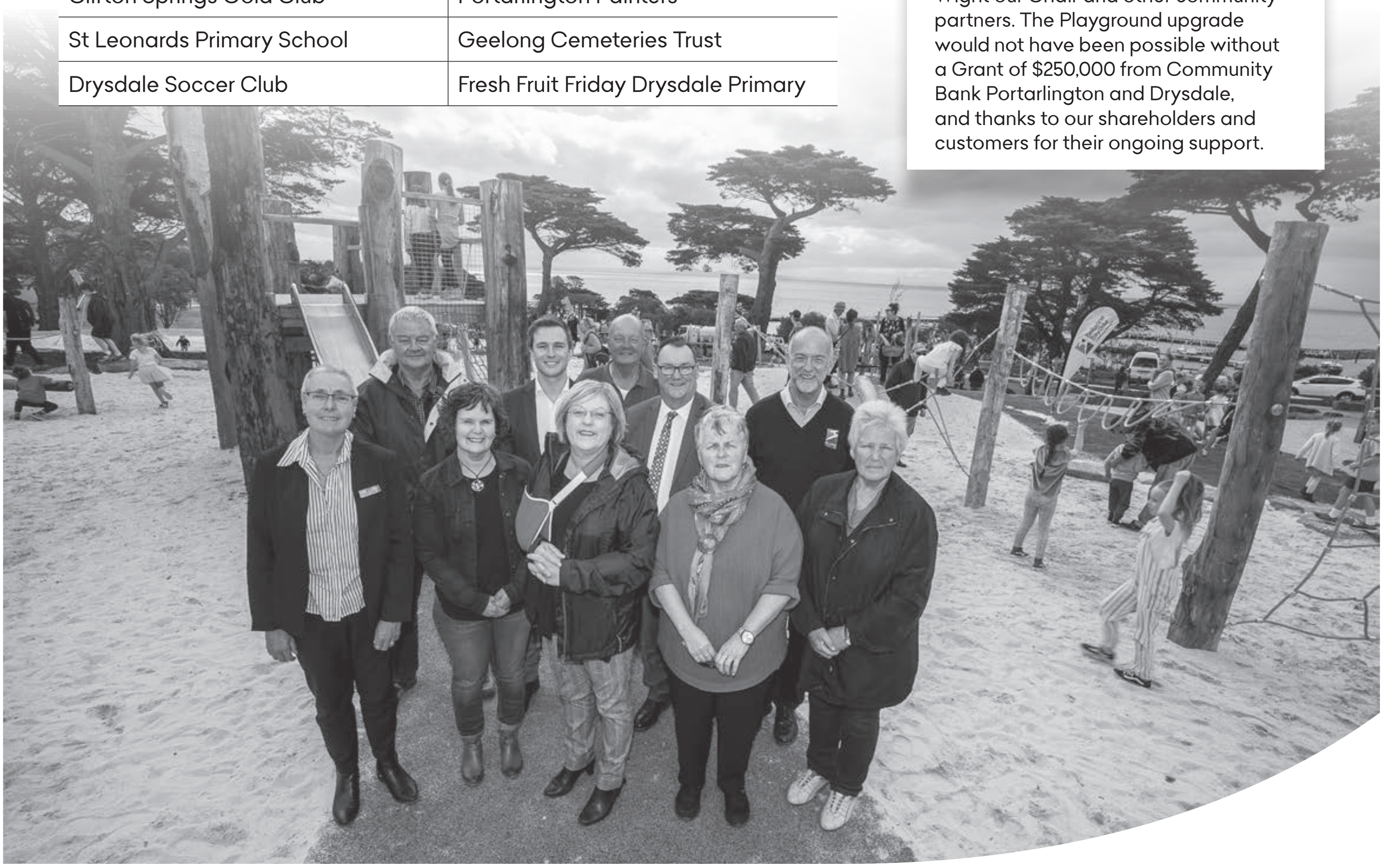
Mark Cunneen
Head of Community Support
Bendigo and Adelaide Bank

Sponsorships and grants

Sponsorships 2019/20	
St Leonards Bowls Club	Lions Club Port/Drysdale
Port Demons Football/Netball	North Bellarine Art Trail
Port Business Development Association	Drysdale/Clifton Springs Association
Nth Bellarine Film Festival	AED Authority-defibrillator
Port Bowls Club	St Vincent De Paul
Breakfast Club Port Primary School	L 2 P Car & driver learning program
Indented Heads Yacht Club	Bellarine Woodworkers
Bellarine Women's Network	Mentor Program Festival of Glass
Bellarine Quilters	Drysdale Tennis Club
Portarlington Tennis	Bellarine Storm Basketball
Drysdale Football/Netball	Maltese Pensioners
Peninsula Little Athletics	Drysdale Food Relief Program
Drysdale Bowls Club	Sunset Run
Portarlington Mussel Festival	Rotary Club Drysdale-Art Show
Mark West Foundation	Portarlington Food Relief Program
Clifton Springs Gold Club	Portarlington Painters
St Leonards Primary School	Geelong Cemeteries Trust
Drysdale Soccer Club	Fresh Fruit Friday Drysdale Primary

Grants 2019/20	
Organisation	Amount $
Portarlington and Drysdale Community Bank Playspace at WG Little Reserve	250,000
Read the Play	4,4000
Portarlington Cricket Club	5,681
CFA Bush fire Appeal	13,945
Portarlington Football/ Netball	5,169
Drysdale Food Bank	2,000
Portarlington Food Bank	2,000

On 19 November 2019 Portarlington and Drysdale Community Bank Playspace at WG Little Reserve was opened by Lisa Neville joined by Stephen Wight our Chair and other community partners. The Playground upgrade would not have been possible without a Grant of $250,000 from Community Bank Portarlington and Drysdale, and thanks to our shareholders and customers for their ongoing support.



Directors' report

For the financial year ended 30 June 2020

Your Directors submit the financial report of the company for the financial year ended 30 June 2020.

Directors

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

Stephen Wight	Paul Jones
Kerry Trewin	Sandra Baldwin
Belinda Harvey	Robert Barker
Rebecca Smith	Justine Finlay – retired 25 November 2019

Company Secretary

The Company Secretary is Sandra Baldwin.

Principal activities and significant changes in nature of activities

The principal activities of the Company during the course of the financial year were facilitating the Community Bank services under management rights to operate two franchised branches of Bendigo and Adelaide Bank Limited.

There were no significant changes in the nature of principal activities during the financial year.

Operating result and review of operations

The net result of the company for the year after providing for income tax was a profit of $281,591.

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 $1,405,653 at the end of the financial year compared to $1,325,059 for the previous year. The Company's current asset ratio is 5.23, indicating a sound financial position.

New accounting standards implemented

The company has implemented a new accounting standard which has come into effect and is included in the results. AASB 16: Leases (AASB 16) has been applied retrospectively without restatement of comparatives by recognising the cumulative effect of initially applying AASB 16 as an adjustment to the opening balance of equity at 1 July 2019. Therefore, the comparative information has not been restated and continues to be reported under AASB 117: Leases. See note 4 for further details.

Significant changes in state of affairs

During the financial year, the Australian economy was greatly impacted by COVID-19. Bendigo Bank, as franchisor, announced a suite of measures aimed at providing relief to customers affected by the COVID-19 pandemic. The relief support and uncertain economic conditions has not materially impacted the company's earnings for the financial year. As the pandemic continues to affect the economic environment, uncertainty remains on the future impact of COVID-19 to the company's operations.

In the opinion of the directors there were no other significant changes in the state of affairs of the company that occurred during the financial year under review not otherwise disclosed in this report or the financial statements.

Dividends

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

- Ordinary fully franked dividend of $0.065 cents per share paid on 4 December 2019.

Matters subsequent to the end of the financial year

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

Future development

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

Environmental regulations

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Director and Auditor indemnification

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

Disclosure of the nature of the liability and the amount of the premium is prohibited by the confidentiality clause of the contract of insurance.

Share options

No options to shares in the company have been granted during the financial year and there were no options outstanding at the date of this report.

Proceedings

No person had applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Remuneration report

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

The managers are paid a base salary, which is between $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 2020 financial year Sandra was paid $26,464 (2019 $25,752).

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

Remuneration report (continued)

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.

Information on Directors

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

Stephen Wight

Chair
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

Robert Barker

Co-Vice Chair
Retired
- Career in IT and Technology within the Banking & Finance Industries
- Involved in Local Sporting groups
- St. Leonards resident

Shares Held: Nil

Rebecca Smith

Co-Vice Chair
Regional Manager for Home Care Program
- Registered Nurse
- Previous member of Health & Disability services boards
- Involved in local sporting groups
- Experience in Strategic, Operational & Risk Management
- Drysdale resident

Shares Held: Nil

Sandra Baldwin

Company Secretary
- Cert. Governance Practice
- Member of the Steering committee of the Drysdale Branch for Bellarine Peninsula Community Branch
- Local resident for 34 years
- Bannockburn resident

Shares Held: 500

Paul Jones

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

Shares Held: 2000

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: 1000

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 2019 to June 2020

Director	28 July 2019	26 August 2019	23 September 2019	20 October 2019	25 November 2019	3 February 2020	24 February 2020	23 March 2020	20 April 2020	25 May 2020	22 June 2020
Stephen Wight	P	P	P	P	A	P	P	C	P	P	P
Justine Finlay	P	A	P	P	P	R	R	R	R	R	R
Robert Barker	L	L	P	A	P	P	P	C	P	P	P
Rebecca Smith	P	P	P	A	P	P	P	C	P	A	P
Sandra Baldwin	P	P	P	P	P	P	P	C	P	A	P
Paul Jones	P	P	P	A	P	P	P	C	P	P	P
Kerry Trewin	P	P	P	P	P	P	P	C	P	P	P
Belinda Harvey	P	P	P	A	P	P	A	C	P	P	P

Key to Symbols
P – Present
A – Apology
L – Leave
R – Retired
C – Cancelled

Auditor's Independence Declaration

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

Signed in accordance with a resolution of the Board of Directors.

Stephen Wight
Chairperson

Auditor's independence declaration

Partners in success

Chartered Accountants

61 Bull Street, Bendigo 3550
PO Box 454, Bendigo 3552
03 5443 0344
afsbendigo.com.au

Lead auditor's independence declaration under section 307C of the *Corporations Act 2001* to the directors of Bellarine Peninsula Community Branch Limited

As lead auditor for the audit of Bellarine Peninsula Community Branch Limited for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

i) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Andrew Frewin Stewart
61 Bull Street, Bendigo Vic 3550
Dated: 2 October 2020

Joshua Griffin
Lead Auditor

Taxation | Audit | Business Services

Financial statements

Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2020

	Notes	2020 $	2019 $
Revenue from ordinary activities			
Revenue	6	2,008,658	2,052,615
Finance income	6	12,416	14,946
Expenses from ordinary activities			
Employee benefits		1,020,933	1,036,203
Information technology expenses		81,924	78,856
Depreciation and amortisation	7	97,693	52,500
Finance costs	7	14,603	-
Property expenses		54,398	130,349
Professional fees		47,565	47,008
Insurance		28,044	25,221
Administration expenses		115,239	127,452
Other expenses from ordinary activities		45,516	51,514
Total expenses from ordinary activities		**1,505,915**	**1,549,103**
Operating profit before charitable donations and sponsorship		**515,159**	**518,458**
Donations and sponsorship	7	122,080	235,512
Net result before income tax		**393,079**	**282,946**
Income tax expense	8	108,595	92,029
Net result after income tax		**284,484**	**190,917**
Other comprehensive income			
Available-for-sale revaluation surplus loss recognised		(2,893)	(12,536)
Total other comprehensive income		**(2,893)**	**(12,536)**
Comprehensive result for the year		**281,591**	**178,381**
Earnings per share (cents per share)			
Basic earnings per share	31	17.80	0.12
Diluted earnings per share	31	17.80	0.12

This statement should be read in conjunction with the accompanying notes

Statement of Financial Position
as at 30 June 2020

	Notes	2020 $	2019 $
Assets			
Current assets			
Cash and cash equivalents	9	1,030,404	879,646
Receivables	10	111,862	107,511
Total current assets		**1,142,266**	**987,157**
Non-current assets			
Other financial assets	11	22,179	25,072
Deferred tax assets	12	44,285	17,387
Property, plant, equipment	13	309,175	287,116
Right-of-use assets	14	146,248	-
Intangible assets	15	199,861	229,118
Total non-current assets		**721,748**	**558,693**
Total assets		**1,864,014**	**1,545,850**
Liabilities			
Current liabilities			
Payables	16	46,756	44,958
Loans and borrowings	17	-	2,296
Lease liabilities	18	80,694	-
Employee benefits	20	51,853	58,852
Current tax liabilities	21	39,037	20,858
Total current liabilities		**218,340**	**126,964**
Non-current liabilities			
Payables	16	60,630	90,946
Lease liabilities	18	169,248	-
Provisions	19	6,215	-
Employee benefits	20	3,928	2,881
Total non-current liabilities		**240,021**	**93,827**
Total liabilities		**458,361**	**220,791**
Net assets		**1,405,653**	**1,325,059**
Equity			
Issued capital	22	787,911	787,911
Financial assets reserve		(17,821)	(14,928)
Retained earnings		635,563	552,076
Total equity		**1,405,653**	**1,325,059**

This statement should be read in conjunction with the accompanying notes

Statement of Changes in Equity for the year ended 30 June 2020

	Note	Issued Capital $	Financial Assets Reserve $	Retained Earnings $	Total Equity $
Balance at 1 July 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	32	-	-	(95,914)	(95,914)
Balance at 30 June 2019		**787,911**	**(14,928)**	**552,076**	**1,325,059**
Opening Balance adjustment - adoption of AAS16		-	-	(97,090)	(97,090)
Re-stated Balance at 1 July 2019		**787,911**	**(14,928)**	**454,986**	**1,227,969**
Comprehensive income					
Net result for the year		-	-	284,484	284,484
Other comprehensive income for the year		-	(2,893)	-	(2,893)
Transactions with owners in their capacity as owners					
Dividends recognised for the year	32	-	-	(103,907)	(103,907)
Balance at 30 June 2020		**787,911**	**(17,821)**	**635,563**	**1,405,653**

This statement should be read in conjunction with the accompanying notes

Statement of Cash Flows
for the year ended 30 June 2020

	Notes	2020 $	2019 $
Cash flows from operating activities			
Receipts			
Receipts from customers		2,199,245	2,060,299
Interest		11,397	17,225
Dividends		2,314	-
Payments			
Employee benefits		(1,006,556)	(1,060,790)
Income tax paid		(80,487)	(54,334)
Lease payments (interest component)		(14,603)	-
Lease payments not included in the measurement of lease liabilities		(31,224)	-
Payments to suppliers		(675,105)	(692,616)
Net cash inflows from operating activities	**24**	**404,981**	**269,784**
Cash flows from investing activities			
Purchase of plant & equipment		(44,256)	-
Purchase of intangible assets		(27,559)	(30,315)
Net cash outflows from investing activities		**(71,815)**	**(30,315)**
Cash flows from financing activities			
Repayment of borrowings		(2,297)	(8,572)
Lease payments (principal component)		(76,204)	-
Dividends paid	32	(103,907)	(95,914)
Net cash outflows from financing activities		**(182,408)**	**(104,486)**
Net increase in cash held		150,758	134,983
Cash at 1 July		879,646	744,662
Cash at 30 June	**9**	**1,030,404**	**879,646**

This statement should be read in conjunction with the accompanying notes

Notes to the financial statements

For year ended 30 June 2020

Note 1. Reporting entity

Bellarine Peninsula Community Branch Limited ('the company') is domiciled in Australia. The financial statements for the year ending 30 June 2020 are presented in Australian dollars. The company was incorporated in Australia and the principal operations involve providing Community Bank services. The registered office and principal place of business is:

Registered office:	44 Newcombe Street Portarlington 3223
Principal places of business:	Portarlington 44 Newcombe Street Portarlington 3223
	Drysdale 1/13 Hancock Street Drysdale 3222

Note 2. Basis of preparation and statement of compliance

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards and Interpretations adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The financial statements comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB).

The financial statements have been prepared on an accrual and historical cost basis, except for certain properties, financial instruments, and equity financial assets that are measured at revalued amounts or fair values at the end of each reporting period.

The financial report is presented in Australian dollars and all values are rounded to the nearest dollar, unless otherwise stated.

These financial statements for the year ended 30 June 2020 were authorised for issue in accordance with a resolution of the directors.

Note 3. Changes in accounting policies, standards and interpretations

The company has implemented a new Accounting Standard which has come into effect and is included in the results. AASB 16: Leases (AASB 16) has been applied retrospectively without restatement of comparatives by recognising the cumulative effect of initially applying AASB 16 as an adjustment to the opening balance of equity at 1 July 2019. Therefore, the comparative information has not been restated and continues to be reported under AASB 117: Leases.

(a) Definition of a lease

Previously, the company determined at contract inception whether an arrangement was or contained a lease under Interpretation 4 Determining whether an Arrangement contains a Lease. The company now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in Note 17.

On transition to AASB 16, the company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The company applied AASB 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under AASB 117 and Interpretation 4 were not reassessed for whether there is a lease under AASB 16. Therefore, the definition of a lease under AASB 16 was applied only to contracts entered into or changed on or after 1 July 2019.

Note 3. Changes in accounting policies, standards and interpretations (continued)

(b) As a lessee

As a lessee, the company leases its branch offices. The company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to the ownership of the underlying asset to the company. Under AASB 16, the company recognises right-of-use assets and lease liabilities for most of these leases (i.e. these leases are on balance sheet).

Leases classified as operating leases under AASB117

Previously, the company classified property leases as operating leases under AASB 117. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the company's incremental borrowing rate as at 1 July 2019.

Right-of-use assets are measured at either:

- their carrying amount as if AASB 16 had been applied since the lease commencement date, discounted using the company's incremental borrowing rate at the date of initial application: the company applied this approach to its property lease; or
- an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments; the company applied this approach to all other leases.

The company has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

The company has used a number of practical expedients when applying AASB 16 to leases previously classified as operating leases under AASB 117. The practical expedients include that the company:

- did not recognise right-of-use assets and liabilities for leases which the lease term ends within 12 months of the date of initial application;
- did not recognise right-of-use assets and liabilities for leases of low value assets (e.g. office equipment and IT equipment);
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term on contracts that have options to extend or terminate.

(c) Impact on financial statements

On transition to AASB 16, the company recognised additional right-of-use assets and additional lease liabilities, recognising the difference in retained earnings. The impact on transition is summarised below.

	$
Balance sheet as at 1 July 2019	
Right-of-use assets	198,445
Make good provision	(6,215)
Lease liabilities	(326,146)
Deferred tax asset	36,826
Accumulated losses	**(97,090)**

Lease liabilities were discounted using a weighted average discount rate of 5%.

Recognition exemption

The company pays for the right to use information technology equipment. The underlying assets have been assessed as low value and exempted from recognition under AASB 16.

	30-Jun-20 $
Expenses relating to low value leases	30,986
Expenses relating to short-term leases	238
	31,224

Note 4. Summary of 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) Revenue from contracts with customers

The company has entered into a franchise agreement with Bendigo Bank. The company delivers banking and financial services of Bendigo Bank to its community. The franchise agreement provides for a share of interest, fee, and commission revenue earned by the company. Interest margin share is based on a funds transfer pricing methodology which recognises that income is derived from deposits held, and that loans granted incur a funding cost. Fees are based on the company's current fee schedule and commissions are based on the agreements in place. All margin revenue is recorded as non-interest income when the company's right to receive the payment is established.

The company acts as an agent under the franchise agreement and revenue arises from the rendering of services through its franchise agreement.

Revenue is recognised on an accruals basis, at the fair value of consideration specified in the franchise agreement. Under AASB 15 Revenue from Contracts with Customers (AASB 15), revenue recognition for the company's revenue stream is as follows:

Revenue stream	Includes	Performance obligation	Timing of recognition
Franchise agreement profit share	Margin, commission, and fee income	When the company satisfies its obligation to arrange for the services to be provided to the customer by the supplier (Bendigo Bank as franchisor).	On completion of the provision of the relevant service. Revenue is accrued monthly and paid within 10 business days after the end of each month.

All revenue is stated net of the amount of Goods and Services Tax (GST).

Revenue calculation

The franchise agreement provides that three forms of revenue may be earned by the company – margin, commission and fee income. Bendigo Bank decides the form of revenue the company earns on different types of products and services.

The revenue earned by the company is dependent on the business that it generates. It may also be affected by other factors, such as economic and local conditions, for example, interest rates.

Margin

Margin is arrived at through the following calculation:

- Interest paid by customers on loans less interest paid to customers on deposits
- plus any deposit returns i.e. interest return applied by Bendigo Bank for a deposit,
- minus any costs of funds i.e. interest applied by to fund a loan.

The company is entitled to a share of the margin earned by Bendigo Bank. If this reflects a loss, the company incurs a share of that loss.

Commission

Commission revenue is in the form of commission generated for products and services sold. This commission is recognised at a point in time which reflects when the company has fulfilled its performance obligation.

The company receives trailing commission for products and services sold. Ongoing trailing commission payments are recognised on receipt as there is insufficient detail readily available to estimate the most likely amount of income without a high probability of significant reversal in a subsequent reporting period. The receipt of ongoing trailing commission income is outside the control of the company, and is a significant judgement area.

Fee income

Fee income is a share of what is commonly referred to as 'bank fees and charges' charged to customers by Bendigo Bank Group entities including fees for loan applications and account transactions.

Note 4. Summary of significant accounting policies (continued)

(a) Revenue from contracts with customers (continued)

Core banking products

Bendigo Bank has identified some products and services as 'core banking products'. It may change the products and services which are identified as core banking products by giving the company at least 30 days notice. Core banking products currently include Bendigo Bank branded home loans, term deposits and at call deposits.

Ability to change financial return

Under the franchise agreement, Bendigo Bank may change the form and amount of financial return that the company receives. The reasons it may make a change include changes in industry or economic conditions or changes in the way Bendigo Bank earns revenue.

The change may be to the method of calculation of margin, the amount of margin, commission and fee income or a change of a margin to a commission or vice versa. This may affect the amount of revenue the company receives on a particular product or service. The effect of the change on the revenue earned by the company is entirely dependent on the change.

Bendigo Bank must not reduce the margin and commission the company receives on core banking products and services to less than 50% (on an aggregate basis) of Bendigo Bank's margin at that time. For other products and services, there is no restriction on the change Bendigo Bank may make.

(b) Other revenue

The company's activities include the generation of income from sources other than the core products under the franchise agreement. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and can be reliably measured.

Revenue stream	Revenue recognition policy
Dividend and distribution income	Dividend and distribution income is recognised when the right to receive the payment is established.
Sale of property, plant and equipment	Revenue from the sale of property, plant and equipment is recognised when the buyer obtains control of the asset. Control is transferred when the buyer has the ability to direct the use of and substantially obtain the economic benefits from the asset.
Discretionary financial contributions (also "Market Development Fund" or "MDF" income)	MDF income is recognised when the right to receive the payment is established. MDF income is discretionary and provided and receivable at month-end and paid within 14 days after month-end.
Cash flow boost	Cash flow boost income is recognised when the right to the payment is established (e.g. monthly or quarterly in the activity statement).
Other income	All other revenues that did not contain contracts with customers are recognised as goods and services are provided.

All revenue is stated net of the amount of Goods and Services Tax (GST).

Discretionary financial contributions

In addition to margin, commission and fee income, and separate from the franchise agreement, Bendigo Bank has also made MDF payments to the company.

The amount has been based on the volume of business attributed to a branch. The purpose of the discretionary payments is to assist with local market development activities, including community sponsorships and grants. It is for the board to decide how to use the MDF.

The payments from Bendigo Bank are discretionary and may change the amount or stop making them at any time. The company retains control over the funds, the funds are not refundable to Bendigo Bank.

(c) 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.

Note 4. Summary of significant accounting policies (continued)

(c) Economic dependency (continued)

The company is economically dependent on the ongoing receipt of income under the franchise agreement with Bendigo Bank. The directors have no reason to believe a new franchise arrangement under mutually acceptable terms will not be forthcoming following expiry.

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.

The company promotes and sells the products and services, but is not a party to the transaction.

The credit risk (i.e. the risk that a customer will not make repayments) is for the relevant Bendigo Bank entity to bear as long as the company has complied with the appropriate procedures and relevant obligations and has not exercised a discretion in granting or extending credit.

Bendigo Bank provides significant assistance in establishing and maintaining the Community Bank franchise operations. It also continues to provide ongoing management and operational support and other assistance and guidance in relation to all aspects of the franchise operation, including advice and assistance in relation to:

- the design, layout and fit out of the Community Bank premises
- training for the branch manager and other employees in banking, management systems and interface protocol
- methods and procedures for the sale of products and provision of services
- security and cash logistic controls
- calculation of company revenue and payment of many operating and administrative expenses
- the formulation and implementation of advertising and promotional programs
- sales techniques and proper customer relations.

(d) Employee benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for salary and wages (including non-monetary benefits), annual leave, and sick leave which are expected to be wholly settled within 12 months of the reporting date. They are measured at amounts expected to be paid when the liabilities are settled, plus related on-costs. Expenses for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

An annual leave liability is recognised for the amount expected to be paid if the company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be reliably estimated.

Defined superannuation contribution plans

The company contributes to a defined contribution plan. Obligations for superannuation contributions to defined contribution plans are expensed as the related service is provided.

Contributions to a defined contribution plan are expected to be settled wholly before 12 months after the end of the financial year in which the employees render the related service.

Other long-term employee benefits

The company’s net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior reporting periods.

Note 4. Summary of significant accounting policies (continued)

(d) Employee benefits (continued)

Other long-term employee benefits (continued)

That benefit is discounted to determine its present value. Consideration is given to expected future wage and salary levels plus related on-costs, experience of employee departures, and years of service achieved. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimate future cash outflows.

Remeasurements are recognised in profit or loss in the period in which they arise.

(e) Taxes

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income.

The company has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore recognises them under AASB 137 Provisions, Contingent Liabilities and Contingent Assets.

Current income tax

Current tax assets and liabilities are measured at amounts expected to be recovered from or paid to the taxation authorities. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are recognised for all deductible temporary differences, carried-forward tax losses, and unused tax credits to the extent that it is probable that future taxable profits will be available against which they can be used.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax is measured at the rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax and when the balances relate to taxes levied by the same taxation authority and the entity intends to settle its tax assets and liabilities on a net basis.

Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except:

- when the amount of GST incurred on a sale or purchase of assets or services is not payable to or recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the revenue or expense item.
- when receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(f) 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.

Note 4. Summary of significant accounting policies (continued)

(g) Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost or fair value as applicable, which includes capitalised borrowings costs, less accumulated depreciation and any accumulated impairment losses.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the company.

Depreciation

Depreciation is calculated to write-off the cost of items of property, plant and equipment less their estimated residual values using straight-line or diminishing value method over their estimated useful lives, and is recognised in profit or loss.

The estimated useful lives of property, plant and equipment for the current and comparative periods are as follows:

Asset class	Method	Useful life
Leasehold improvements	Straight-line	over the lease term
Furniture, fixtures and fittings	Straight-line	2 to 10 years
Motor vehicles	Diminishing value	3 to 8 years

Depreciation methods, useful life, and residual values are reviewed at each reporting date and adjusted if appropriate.

(h) Intangible assets

Intangible assets of the company include the franchise fees paid to Bendigo Bank conveying the right to operate the Community Bank franchise.

Recognition and measurement

Intangible assets acquired separately are measured on initial recognition at cost. The useful lives of intangible assets are assessed as either finite or indefinite.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill, is recognised in profit or loss as incurred.

Amortisation

Intangible assets with finite lives are amortised over their useful life and assessed for impairment whenever impairment indicators are present. Intangible assets assessed as having indefinite useful lives are tested for impairment at each reporting period and whenever impairment indicators are present. The indefinite useful life is also reassessed annually.

The estimated useful life and amortisation method for the current and comparative periods are as follows:

Asset class	Method	Useful life
Franchise fee	Straight-line	Over the franchise term (5 years)
Franchise renewal process fee	Straight-line	Over the franchise term (5 years)
Domiciled customer accounts	Assessed for impairment	Indefinite

Amortisation methods, useful life, and residual values are reviewed at each reporting date and adjusted if appropriate.

Note 4. Summary of significant accounting policies (continued)

(i) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The company's financial instruments include trade debtors and creditors, cash and cash equivalents, borrowings, leases, equity securities (shares, managed funds, ETFs).

Sub-note (i) and refer to the following acronyms:

Acronym	Meaning
FVTPL	Fair value through profit or loss
FVTOCI	Fair value through other comprehensive income
SPPI	Solely payments of principal and interest
ECL	Expected credit loss
CGU	Cash-generating unit

Recognition and initial measurement

Trade receivables are initially recognised when they originated. All other financial assets and financial liabilities are initially recognised when the company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to the acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost, FVTOCI - debt investment; FVTOCI - equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. The election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVTOCI as described above are measured at FVTPL. On initial recognition, the company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or FVTOCI as FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

- Equity investments at FVTOCI
  These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in other comprehensive income and are never reclassified to profit or loss.
- Financial assets at amortised cost
  These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Note 4. Summary of significant accounting policies (continued)

(i) Financial instruments (continued)

Classification and subsequent measurement (continued)

Financial liabilities - classification, subsequent measurement and gains and losses

Borrowings and other financial liabilities (including trade payables) are classified as measured at amortised cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Any gain or loss on derecognition is also recognised in profit or loss.

Derecognition

Financial assets

The company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Where the company enters into transactions where it transfers assets recognised in the statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred asset, the transferred assets are not derecognised.

Financial liabilities

The company derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire. The company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the company currently has a legally enforceable right to set off the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(j) Impairment

Non-derivative financial assets

The company recognises a loss allowance for ECL on:

- financial assets that are measured at FVTOCI;
- lease receivables;
- loan commitments that are not measured at FVTPL; and
- financial guarantee contracts that are not measured at FVTPL.

Loss allowance is not recognised for:

- financial assets measured at FVTPL; or
- equity instruments measured at FVTOCI.

ECL's are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The company uses the simplified approach to impairment. The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime ECL at all times.

Note 4. Summary of significant accounting policies (continued)

(j) Impairment (continued)

Non-derivative financial assets (continued)

This approach is applicable to:

- trade receivables that result from transactions that are within the scope of AASB 15, that contain a significant financing component.

In measuring the ECL, a provision matrix for trade receivables is used, taking into consideration various data to get to an ECL, (ie diversity of its customer base, appropriate groupings of its historical loss experience etc.).

Recognition of expected credit losses in financial statements

At each reporting date, the entity recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

The directors have assessed the ECL and noted it is not material.

Non-financial assets

At each reporting date, the company reviews the carrying amount of its non-financial assets (other than investment property, contracts assets, and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

(k) 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.

(l) 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.

The estimated provisions for the current and comparative periods are to restore the premises under a 'make-good' clause.

The company is required to restore the leased premises to its/their original condition before the end of the lease term. A provision has been recognised for the present value of the estimated expenditure required to remove any leasehold improvements, ATM installed at the branch, and incidental damage caused from the removal of assets.

(m) Leases

The company has applied AASB 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under AASB 117 and Interpretation 4. The details of accounting policies under AASB 117 and Interpretation 4 are disclosed separately.

Policy applicable from 1 July 2019

At inception of a contract, the company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the company uses the definition of a lease in AASB 16.

This policy is applied to contracts entered into, on or after 1 July 2019.

As a lessee

At commencement or on modification of a contract that contains a lease component, the company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for leases of property the company has elected not to separate lease and non-lease components and account for the lease and non-lease components as a single lease component.

Note 4. Summary of significant accounting policies (continued)

(m) Leases (continued)

Policy applicable from 1 July 2019 (continued)

As a lessee (continued)

The company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the company by the end of the lease term or the costs of the right-of-use asset reflects that the company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate.

The company determines its incremental borrowing rate by obtaining interest rates from funding sources and where necessary makes certain adjustments to reflect the terms of the lease and type of asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual guarantee; and
- the exercise price under a purchase option the company is reasonable certain to exercise, lease payments in an option renewal period if the company is reasonably certain to exercise that option, and penalties for early termination of a lease unless the company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the company's estimate of the amount expected to be payable under a residual value guarantee, if the company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The company has elected not to recognise right-of-use assets and lease liabilities for leases of short-term leases and low-value assets, including IT equipment. The company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

A short-term lease is a lease that, at commencement date, has a lease term of 12 months or less.

Policy applicable before 1 July 2019

For contracts entered into before 1 July 2019, the company determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed the right to use an asset. An arrangement conveyed the right to use the asset if one of the following was met:
- the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;

Note 4. Summary of significant accounting policies (continued)

(m) Leases (continued)

Policy applicable before 1 July 2019 (continued)

- the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
- facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

As a lessee

In the comparative period, as a lessee the company classified leases that transferred substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent. Subsequent to initial recognition, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognised in the company's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

(n) Fair value measurement

Fair value is 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 in the principal or, in its absence, the most advantageous market to which the company has access at that date. The fair value of a liability reflects its non-performance risk.

The company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received.

(o) Standards issued but not yet effective

A number of new standards are effective for annual reporting periods beginning after 1 January 2019, however the changes are not expected to have a significant impact on the company's financial statements.

Note 5. Significant accounting judgements, estimates, and assumptions

In preparing these financial statements, management has made judgements and estimates that affect the application of the company's accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

(a) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

Note	Judgement
- revenue recognition	whether revenue is recognised over time or at a point in time;
- leases:	
a) control	whether a contract is or contains a lease at inception by assessing whether the company has the right to direct the use of the identified asset and obtain substantially all the economic benefits from the use of that asset;

Note 5. Significant accounting judgements, estimates, and assumptions (continued)

(a) Judgements (continued)

Note	Judgement
b) lease term	whether the company is reasonably certain to exercise extension options, termination periods, and purchase options;
c) discount rates	judgement is required to determine the discount rate, where the discount rate is the company's incremental borrowing rate if the rate implicit in the lease cannot be readily determined. The incremental borrowing rate is determined with reference to factors specific to the company and underlying asset including: - the amount; - the lease term; - economic environment; and - other relevant factors.

(b) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at 30 June 2020 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

Note	Assumptions
- recognition of deferred tax assets	availability of future taxable profit against which deductible temporary differences and carried-forward tax losses can be utilised;
- fair value	determining the fair value less costs to sell of the disposal group on the basis of significant unobservable inputs;
- estimation of useful lives of assets	key assumptions on historical experience and the condition of the asset;
- long service leave provision	key assumptions on attrition rate and pay increases though promotion and inflation;
- make-good provision	key assumptions on future cost estimates in restoring the leased premises in accordance with the lease agreement;

Note 6. 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.

<u>Rendering of services</u>

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.

<u>Interest, dividend and other income</u>

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

Note 6. Revenue (continued)

	2020 $	2019 $
Revenue from Continuing Operations		
Services Revenue	1,964,499	2,051,213
Interest - Other Persons	12,416	14,946
Recoveries	5,261	1,402
Cash flow boost	38,898	-
Total Revenue from Continuing Operations	**2,021,074**	**2,067,561**

Note 7. Expenses

	2020 $	2019 $
a) Depreciation and amortisation expense		
Depreciation of property, plant and equipment	22,197	23,190
Depreciation of right-of-use assets.	52,197	-
Amortisation of intangibles	23,299	29,310
	97,693	**52,500**
b) Finance costs		
Lease interest expense	14,603	-
	14,603	**-**

c) Charitable donations, sponsorship, advertising and promotion

The overarching philosophy of the Community Bank model, is to support the local community in which the company operates. This is achieved by circulating the flow of financial capital into the local economy through community contributions (such as donations and grants).

	2020 $	2019 $
Direct sponsorship, advertising, and promotion payments	69,448	67,091
Contribution to the Community Enterprise Foundation™	52,632	168,421
	122,080	**235,512**

The funds contributed are held by the Community Enterprise Foundation™ (CEF) and are available for distribution as grants to eligible applicants for a specific purpose in consultation with the directors.

When the company pays a contribution in to the CEF, the company loses control over the funds at that point. While the directors are involved in the payment of grants, the funds are not refundable to the company.

Note 8. Income tax expense

	2020 $	2019 $
a) The components of tax expense comprise:		
Current Tax	92,612	87,352
Movement in deferred tax	(29,165)	4,677
Franking credits on dividends received	(878)	-
Adjustment to deferred tax upon adoption of AASB 16	36,826	-
Reduction in company tax rate	2,555	-
Over provision in respect of prior years	6,645	-
	108,595	**92,029**
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%)	108,097	77,105
Add		
Tax effect of:		
non-deductible expenses	2,550	-
timing difference expenses	(7,579)	-
non-assessable income	(10,456)	-
movement in deferred tax	(29,165)	-
franking credits on dividends received	(878)	-
adjustment to deferred tax upon adoption of AASB 16	36,826	-
reduction in company tax rate	2,555	-
other deductible expenses	-	14,924
	101,950	**92,029**
Less		
Tax effect of:		
under provision of tax in prior years	6,645	-
	108,595	**92,029**
Weighted Average Tax Effective Rate	27.50%	27.50%

Note 9. Cash and cash equivalents

Cash and cash equivalents includes cash on hand and in banks. Term deposits which can be readily converted to a known amount of cash and subject to an insignificant risk of change may qualify as a cash equivalent.

	2020 $	2019 $
Cash at Bank	186,096	46,734
Short Term Deposits	844,308	832,912
	1,030,404	**879,646**

Note 10. Receivables

	2020 $	2019 $
Current		
Contractual		
Franchise Income Receivable	110,500	107,168
Accrued Investment Income	1,362	343
Total	**111,862**	**107,511**

(a) Ageing of Receivables

Please refer to note 25 (c) for the ageing analysis of receivables

(b) Nature and extent of risk arising from Receivables

Please refer to note 25 (c) for the nature and extent of credit risk arising from receivables

Note 11. Other financial assets

	2020 $	2019 $
Non-current		
Financial Assets at fair value through Other Comprehensive Income		
Shares - Unlisted Public Company	**22,179**	**25,072**

(a) Ageing of Other Financial Assets

Please refer to note 25 (c) for the ageing analysis of Other Financial Assets

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

Please refer to note 25 (c) for the nature and extent of credit risk arising from Other Financial Assets

Note 12. Deferred tax assets

	2020 $	2019 $
Deferred Tax Assets Comprise:		
Employee Benefits	14,503	16,976
Make-good Provision	1,616	-
Lease Liability	64,985	-
Right-of-use Asset	(38,024)	-
Other	1,205	411
	44,285	**17,387**

Note 13. Property, plant and equipment

	2020 $	2019 $
(a) Gross carrying amount and accumulated depreciation		
At Cost		
Work in progress at cost	20,944	-
Total Work in progress	**20,944**	**-**
Work in progress relates to a building development for a new Drysdale branch.		
Furniture and Equipment	76,584	65,563
Less Accumulated Depreciation	(64,389)	(57,967)
Total Furniture and Equipment	**12,195**	**7,596**
Motor Vehicles	17,330	17,330
Less Accumulated Depreciation	(11,845)	(10,247)
Total Motor Vehicles	**5,485**	**7,083**
Leasehold Improvements	453,275	440,984
Less Accumulated Amortisation	(182,724)	(168,547)
Total Leasehold improvements	**270,551**	**272,437**
Total Property, Plant & Equipment	**309,175**	**287,116**

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

	Work in progress $	Leasehold Improvements $	Motor Vehicles $	Furniture & Equipment $	Total $
Balance at 1 July 2018	-	287,371	9,139	13,796	310,306
Depreciation expense	-	(14,934)	(2,056)	(6,200)	(23,190)
Balance at 30 June 2019	-	272,437	7,083	7,596	287,116
Additions	20,944	12,291	-	11,021	44,256
Depreciation expense	-	(14,177)	(1,598)	(6,422)	(22,197)
Balance at 30 June 2020	**20,944**	**270,551**	**5,485**	**12,195**	**309,175**

Note 14. Right-of-use assets

Right-of-use assets are measured at amounts equal to the present value of enforceable future payments on the adoption date, adjusted for lease incentives, make-good provisions, and initial direct costs.

The company derecognises right-of-use assets at the termination of the lease period or when no future economic benefits are expected to be derived from the use of the underlying asset.

	2020 $	2019 $
a) Carrying amounts		
Leased land and buildings	746,570	-
Less Accumulated Depreciation	(600,322)	-
	146,248	**-**

Note 14. Right-of-use assets (continued)

	2020 $	2019 $
b) Reconciliation of carrying amounts		
Leased land and buildings		
Carrying amount at beginning	-	-
Initial recognition on transition	746,570	-
Accumulated depreciation on adoption	(548,125)	-
Depreciation	(52,197)	-
Carrying amount at end	**146,248**	**-**

Note 15. Intangible assets

	2020 $	2019 $
Non-current		
Franchise Licence Fee	131,838	131,838
less accumulated amortisation	(38,455)	(9,198)
	93,383	**122,640**
Goodwill - Drysdale Branch at cost	106,478	106,478
	199,861	**229,118**

(a) Changes in estimates

During the financial year, the company assessed estimates used for intangible assets including useful lives, residual values, and amortisation methods.

There were no changes in estimates for the current reporting period.

Note 16. Payables

	2020 $	2019 $
Current		
Contractual		
Payables - contractual	30,972	16,988
Accrued wages	25,288	2,884
Accrued Expenses	6,000	7,450
	62,260	**27,322**
Statutory		
GST payable	18,276	10,442
PAYG witholding	(33,780)	7,194
	(15,504)	**17,636**
Total current	**46,756**	**44,958**

Note 16. Payables (continued)

	2020 $	2019 $
Non-current		
Contractual		
Payables - contractual	60,630	90,946
Total non-current	**60,630**	**90,946**
Total payables	**107,386**	**135,904**

Note 17. Loans and borrowings

	2020 $	2019 $
Current		
Motor Vehicle Chattel Mortgage	-	2,534
Less unxpired interest charges	-	(238)
Total current	**-**	**2,296**

Following the adoption of AASB 16, the company has grouped its 'Chattel mortgage' previously recognised in 'loans and borrowings' in 'lease liabilities'.

Note 18. Lease liabilities

Lease liabilities were measured at amounts equal to the present value of enforceable future payments of the term reasonably expected to be exercised, discounted at the appropriate incremental borrowing rate on the adoption date. The discount rate used on recognition was 5%.

The discount rate used in calculating the present value of enforceable future payments takes into account the particular circumstances applicable to the underlying leased assets (including the amount, lease term, economic environment, and other relevant factors).

The company has applied judgement in estimating the remaining lease term including the effects of any extension or termination options reasonably expected to be exercised, applying hindsight where appropriate.

Lease portfolio

The company's lease portfolio includes:

Drysdale branch
The lease agreement is a non-cancellable lease with an initial term of 5 years which commenced in April 2007. An extension option term of 5 years was exercised in April 2012, and further 5 years in April 2017. There are no extension options remaining.

Portarlington branch
The lease agreement is a non-cancellable lease with an initial term of 4 years which commenced in January 2010. An extension option term of 5 years was exercised in January 2014, and further 5 years in January 2019. There is a further 5 year extension option. The company is not reasonably certain to exercise the final five-year lease term.

Motor vehicle
The company purchased a motor vehicle subject to a finance lease that ended

The company assesses at the lease commencement date whether it is reasonably certain to exercise extension options. The company reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

Note 18. Lease liabilities (continued)

a) Lease liability measurement

Where the company is a lessee for the premises to conduct its business, extension options are included in the lease term except when the company is reasonably certain not to exercise the extension option. This is due to the significant disruption of relocating premises and the loss on disposal of leasehold improvements fitted out in the demised leased premises.

	2020 $	2019 $
Lease liabilities on transition		
Balance at the beginning (finance lease liabilities)	2,296	-
Initial recognition on AASB 16 transition	326,146	-
Lease payments - interest	14,601	-
Lease payments	(93,101)	-
	249,942	**-**
b) Current lease liabilities		
Property lease liabilities	91,386	-
Less unexpired interest charges	(10,692)	-
Total	**80,694**	**-**
	80,694	**-**
c) Non-current lease liabilities		
Property lease liabilities	179,660	-
Less unexpired interest charges	(10,412)	-
Total	**169,248**	**-**
Total	**249,942**	**-**
d) Maturity analysis		
- Not later than 12 months	91,386	-
- Between 12 months and 5 years	179,660	-
Total undiscounted lease payments	**271,046**	**-**
Unexpired interest	(21,104)	-
Present value of lease liabilities	**249,942**	**-**

e) Impact on the current reporting period

During the financial year, the company has mandatorily adopted AASB 16 for the measurement and recognition of its leases. The primary impact on the profit or loss is that lease payments are split between interest and principal payments and the right-of-use asset depreciates. This is in contrast to the comparative reporting period where lease payments under AASB 117 were expensed as incurred. The following note presents the impact on the profit or loss for the current reporting period.

Note 18. Lease liabilities (continued)

e) Impact on the current reporting period (continued)

Comparison under current AASB 16 and former AASB 117

The net impact for the current reporting period is an increase in profit after tax of $19,069.

	AASB 117 expense not recognised	Impact on current reporting period	AASB 16 expense now recognised
Profit or loss - increase (decrease) in expenses			
- Occupancy and associated costs	93,101	(93,101)	-
- Depreciation and amortisation expense	-	52,197	52,197
- Finance costs	-	14,601	14,601
Decrease in expenses - before tax	**93,101**	**(26,303)**	**66,798**
- Income tax expense / (credit) - current	(25,603)	25,603	-
- Income tax expense / (credit) - deferred	-	(18,369)	(18,369)
Decrease in expenses - after tax	**67,498**	**(19,069)**	**48,429**

Note 19. Provisions

As at the reporting date, the make-good of the leased premises is not expected to be wholly settled within 12 months. The balance is classified as non-current.

	2020 $	2019 $
a) Non-current liabilities		
Make-good on leased premises	6,215	-
	6,215	**-**

In accordance with the branch lease agreements, the company must restore the leased premises to their original condition before the expiry of the lease term.

The company has estimated the provision based on experience and consideration of the expected future costs to remove all fittings and the ATM as well as cost to remedy any damages caused during the removal process.

	2020 $	2019 $
Provision		
Balance at the beginning	-	-
Face-value of make-good costs recognised	7,000	-
Present value discounting	(785)	-
	6,215	**-**

Note 20. Employee benefits

	2020 $	2019 $
Current		
Long Service Leave	29,826	38,857
Annual Leave	22,027	19,995
Total	**51,853**	**58,852**
Non-current		
Long Service Leave	**3,928**	**2,881**
	55,781	**61,733**

Note 21. Tax liabilities

	2020 $	2019 $
Current		
Income Tax	**39,037**	**20,858**

Note 22. Issued capital

	2020 $	2019 $
(a) Ordinary Shares		
1,598,571 (2018: 1,598,571) ordinary shares fully paid	**787,911**	**787,911**

Note 23. Correction of error

Accounting errors were made in the comparative period (year ended 30 June 2019) in relation to the following area:

- The purchase of intangible assets (franchise renewal fees) were not brought to account.
- The amount payable for intangible assets (franchise renewal fees) were not brought to account.

	30-Jun-19 Previous $	Adjustment	30-Jun-19 Restated $
Balance Sheet (extract)			
Assets			
Non-current assets			
- Intangible assets - franchise fees	30,315	101,523	131,838
- Less accumulated amortisation	(15,156)	5,958	(9,198)
Total assets	**15,159**	**107,481**	**122,640**
Liabilities			
Current liabilities			
- Trade and other payables	28,423	16,535	44,958

Note 23. Correction of error (continued)

	30-Jun-19 Previous $	Adjustment	30-Jun-19 Restated $
Non-current liabilities			
- Trade and other payables	-	90,946	90,946
Total liabilities	**28,423**	**107,481**	**135,904**
Net assets	**(13,264)**	**-**	**(13,264)**

Note 24. Reconciliation of net result for the year to net cash flows from operating activities

	2020 $	2019 $
Result after income tax	284,484	190,917
Non-Cash Flows in Profit		
- Depreciation and amortisation	74,394	23,190
Amortisation	23,299	29,310
Changes in Assets and Liabilities		
- Increase/(Decrease) in employee benefits	(5,952)	18,839
- Increase/(Decrease) in payables	(958)	(2,435)
- Increase/(Decrease) in tax liabilities	18,180	-
- Decrease/(Increase) in receivables	11,534	9,963
Net Cash From Operating Activities	**404,981**	**269,784**

Note 25. 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 4 to the financial statements.

Note 25. Financial risk management (continued)

(b) Categorisation of Financial Instruments

	Note	Category	Carrying Amount	
			2020 $	2019 $
Financial Assets				
Cash and Cash Equivalents	9	Financial assets at amortised cost	1,030,404	879,646
Receivables	10	Financial assets at amortised cost	111,862	107,511
Other Financial Assets	11	Financial assets at fair value through other comprehensive income	22,179	25,072
Financial Liabilities				
Payables	16	Financial Liabilities measured at Amortised Cost	62,260	27,322

(c) Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

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

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

The company's exposure to credit risk and effective weighted average interest rate by ageing periods is set out in the following table. For interest rates applicable to each class of asset refer to individual notes to the financial statements.

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

	Weighted Average Interest Rates %	Consolidated Carrying Amount $	Interest Rate Exposure			Not Past Due And Not Impaired $
			Fixed Interest Rate $	Variable Interest Rate $	Non Interest Bearing $	
2020						
Financial Assets						
Cash and Cash Equivalents	2.50	1,030,404	844,308	185,736	360	1,030,404
Receivables	0.00	111,862	-	-	111,862	111,862
Other Financial Assets	0.00	22,179	-	-	22,179	22,179
Total Financial Assets		**1,164,445**	**844,308**	**185,736**	**134,401**	**1,164,445**
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**

Note 25. Financial risk management (continued)

(d) Liquidity Risk

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

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

	Weighted Average Interest Rates %	Interest Rate Exposure					
		Consolidated Carrying Amount $	Fixed Interest Rate $	Non Interest Bearing $	Less than 1 Year $	Maturity Dates	
						1-5 Years	5+ Years
2020							
Trade Creditors and Accruals	0.00	62,260	-	62,260	62,260	-	-
Lease Liabilities	5.00	249,942	249,942	-	91,386	179,660	-
Total Financial Liabilities		**312,202**	**249,942**	**62,260**	**153,646**	**179,660**	**-**
2019							
Trade Creditors and Accruals	0.00	10,787	-	10,787	10,787	-	-
Loans and Borrowings	3.60	-	-	-	-	2,296	-
Total Financial Liabilities		**10,787**	**-**	**10,787**	**10,787**	**2,296**	**-**

(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:

Note 25. Financial risk management (continued)

(e) Market Risk (continued)

	Carrying Amount $	Interest Rate Risk			
		-1%		+1%	
		Profit $	Equity $	Profit $	Equity $
2020					
Financial Assets					
Cash and Cash Equivalents	1,030,404	(1,857)	(1,857)	1,857	1,857
Receivables	111,862	-	-	-	-
Other Financial Assets	22,179	-	-	-	-
Financial Liabilities					
Trade Creditors and Accruals	62,260	-	-	-	-
Lease Liabilities	249,942	-	-	-	-
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	27,322	-	-	-	-
Loans and Borrowings	2,296	-	-	-	-

(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.

Note 25. Financial risk management (continued)

(g) Capital management (continued)

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

Note 27. Director and related party disclosures

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

	From	To
J Finlay	7/1/19	11/25/19
S Wight	7/1/19	6/30/20
SJ Baldwin	7/1/19	6/30/20
R Barker	7/1/19	6/30/20
B Harvey	7/1/19	6/30/20
PC Jones	7/1/19	6/30/20
K Trewin	7/1/19	6/30/20
R Smith	7/1/19	6/30/20

b) Key management personnel compensation

No director of the company receives remuneration for services as a company director or committee member.

There are no executives within the company whose remuneration is required to be disclosed.

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 $51,165 (2019 $35,320).

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

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

Note 28. Contingent assets and contingent liabilities

There were no contingent liabilities or contingent assets at the date of this report to affect the financial statements.

Note 29. Events occurring after reporting date

Since 30 June 2020 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.

Note 30. Auditor's remuneration

	2020 $	2019 $
Remuneration of the Auditor of the company for:		
-Auditing or reviewing the financial report	7,400	6,860
-General advisory services	1,550	-
-Share registry services	3,733	-
	12,683	**6,860**

Note 31. Earnings per share

Basic earnings per share amounts are calculated by dividing profit 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 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:

	2020 $	2019 $
Profit after income tax expense	**284,484**	**190,917**
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)	17.80	11.94
b) Diluted earnings per share (cents per share)	17.80	11.94

Note 32. Dividends

	2020 $	2019 $
(a) Dividends paid during the year		
Fully Franked dividends - 6.5 cents per share (2019: 6 cents per share)	103,907	95,914
(b) 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	**271,279**	**218,964**

The tax rate at which dividends have been franked is 27.5% (2019: 27.5%).

Dividends proposed will be franked at a rate of 26% (2019: 27.5%).

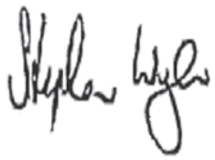
Directors' declaration

The directors of the company declare that:

1. The financial statements of the company comprising the Statement of Profit and Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and notes forming part of the accounts:
   (a) give a true and fair view of the company's financial position as at 30 June 2020 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 2nd day of October, 2020



Stephen Wight
Chairperson

Independent audit report

AFS
Partners in success
Chartered Accountants
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Independent auditor's report to the members of Bellarine Peninsula Community Branch Limited

Report on the audit of the financial report

Our opinion
In our opinion, the accompanying financial report of Bellarine Peninsula Community Branch Limited, is in accordance with the *Corporations Act 2001*, including:

i. giving a true and fair view of the company's financial position as at 30 June 2020 and of its financial performance for the year ended; and
ii. complying with Australian Accounting Standards and the Corporations Regulations 2001.

What we have audited
Bellarine Peninsula Community Branch Limited's (the company) financial report comprises the:

- ✓ Statement of profit or loss and other comprehensive income
- ✓ Statement of financial position
- ✓ Statement of changes in equity
- ✓ Statement of cash flows
- ✓ Notes comprising a summary of significant accounting policies and other explanatory notes
- ✓ The directors' declaration of the company.

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.

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. 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 (including Independence Standards)* (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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other information
The company usually prepares an annual report that will include the financial statements, directors' report and declaration and our independence declaration and audit report (the financial report). The annual report may also include "other information" on the entity's operations and financial results and financial position as set out in the financial report, typically in a Chairman's report and Manager's report, and reports covering governance and shareholder matters.

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The directors are responsible for the other information. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and accordingly we will not express any form of assurance conclusion thereon.

Our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If we identify that a material inconsistency appears to exist when we read the annual report (or become aware that the other information appears to be materially misstated), we will discuss the matter with the directors and where we believe that a material misstatement of the other information exists, we will request management to correct the other information.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that it 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 is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the company's ability 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 cease operations, or have no realistic alternative but to do so.

Auditor's responsibility 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. Misstatement can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/home.aspx. This description forms part of our auditor's report.

Andrew Frewin Stewart
61 Bull Street, Bendigo, 3550
Dated: 2 October 2020

Joshua Griffin
Lead Auditor

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