



Annual Report 2016

Our Community Company Ltd

ABN 51 092 756 351

Lang Lang and Pearcedale **Community Bank**[®] branches
Koo Wee Rup, Narre Warren South and Tooradin & Coastal Villages branches

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Chairman's report

For year ending 30 June 2016

I am pleased this year to report to shareholders and customers on the performance of Our Community Company Ltd for the 2015/16 financial year. Throughout the last financial year, your Board has continued to work diligently alongside our business partner Bendigo and Adelaide Bank in a competitive banking market. We are confident that through our continued strong partnership with the Bendigo Bank we are able to strengthen our company's performance. Overall in 2015/16 we have had business growth of approximately 8% with again that being made up predominantly in deposits.

With five sites located in diverse and unique communities our Branch Managers' work hard to engage with each community individually to ensure that we remain relevant to shareholders and customers alike. Our sites located in Lang Lang, Pearcedale, Koo Wee Rup, Narre Warren South and Tooradin & Coastal Villages now are the only banking providers in their respective towns, this in itself shows our commitment to these communities.

Connection to our varying customer demographics is important and this year we have again supported our youth through our Scholarship Program. This scholarship program to date has provided 26 students with in total \$230,000 which assists them on their tertiary education journeys. This program provides many young people across our region the opportunity to attend university and further their studies regardless of any trying circumstances. These students are our future leaders and your Board feel very passionate about providing this support to our local young people.

As a collective, the **Community Bank**[®] network across Australia to date has contributed back \$148 million in community contributions to their local communities. These contributions are only made possible by the support we receive from our customers and shareholders taking up our products and services. As a Board we urge our shareholders to visit your local branch, as a shareholder you have shown your initial support to the **Community Bank**[®] model and we encourage you to expand that support speak to our staff and become a more connected to the **Community Bank**[®] company through our banking services.

Our branch teams are dedicated to assisting our customers with their banking needs and I thank Paul Vaughan, Darryl Sutcliffe, Andrea Vincent, Tina Thompson and Jennifer Martin on leading your teams to individual branch successes, customer successes and staff development. Your enthusiasm to helping your customers is one to be admired. We thank Andrea, Jennifer and Paul for accepting their respective appointments and have great faith in your abilities to run your branches.

We would like to also take the opportunity to thank Richard Roach and Tim Gilmore for their service to their branches at Narre Warren South and Lang Lang as they both move on to new adventures. We wish them all the very best in their new endeavours.

We would like to wish Richard Perry all the best leading into his retirement and thank him for his contributions to our branches over his years of service. A very well respected part of our team of whom will be missed.

I'd like to acknowledge the tremendous work my fellow Directors do within their respective communities, a group of likeminded community advocates that provide their time and support to ensure our company continues to succeed.

In 2016 we had one of our inaugural Board members, Max Kneebone retire from the Board and we have to extend our upmost gratitude to Max for his efforts as a Director. Your work over the past 18 years is extremely appreciated and we wish Max all the best in the future.

The Directors would also like to acknowledge our diligent and supportive Executive Officer, Tania Hansen, thank you for your continued value and drive that you provide to the Board. Tania has recently accepted a position with Bendigo and Adelaide Bank and we have to extend our appreciation to her service over the past 16 years. Tania will continue as a committed and very active member of our Board. We welcome our new Executive Officer, Laura McBride to the team. We congratulate Laura on her new role and trust that she will provide great value to Our Community Company Ltd.

Chairman's report (continued)

Our headline Recreation Project is moving along well and is currently in the hands of the Cardinia Shire Council, this project is one of the largest of its kind in the **Community Bank**[®] network and we are extremely proud to be able to facilitate such an outstanding community driven project.

Lastly, celebrating 18 years of business this year our Board wish to thank our fellow shareholders for their continued faith and ongoing support instilled in us to run Our Community Company Ltd. We look forward to another successful year.



Michael Duff
Chairman

Lang Lang Manager's report

For year ending 30 June 2016

As newly appointed Branch Manager to Lang Lang, I am happy to present to you a report on the past year.

In a competitive market we have been able to see some good results in both lending and deposits, assisted by the closure of other local banking services. It has provided us with a great opportunity to strengthen relationships with current customers and connect with new.

Through our Grants and Sponsorship Program in 2016 we have contributed over \$40,000 to the Lang Lang and surrounding communities including Catani, Nyora, Poowong, Yannathan and Heath Hill. This support crossed over to many different demographics including football, netball, primary



schools, fire brigades and scouts. One project in particular was for the 1st Lang Lang Scouts for whom we provided \$10,000 to assist with the rejuvenation of their current hall. This project has also been funded at a federal government level, various local organisations contributing as well as funds raised by the Scouts themselves. This is a fantastic example of different groups working together to gain fantastic outcomes.

We have a wonderful team here at Lang Lang **Community Bank**[®] Branch that are continually meeting the needs and requirements of our customers. I would like to extend a thank you to our staff Laura, Diane, Melissa and Andi. We wish retiring Business Banker Richard Perry a very happy retirement and Tim Gilmore success in his new endeavours.

We receive great support from the Board of Directors and we thank them for their assistance throughout the year and look forward to a strong continued partnership in the year to come.



Finally I would like to thank our customers and shareholders, without your continued support we would not be able to provide our local communities with such tremendous support. If you don't currently have a banking relationship with our branch I urge you to contact us at the branch, as we truly believe we have a wide variety of products that can suit all your banking needs. These products range from transactional accounts, personal, home and business Lending, insurance, agribusiness products and wealth solutions.

We wish all our customers, sharholders and Directors the very best for the next 12 months.



Paul Vaughan
Branch Manager
Lang Lang Community Bank[®] Branch

Pearcedale Manager's report

For year ending 30 June 2016

Pearcedale **Community Bank**[®] Branch had a very successful year in the 2015/16 financial year which was underpinned by high lending activity to both existing and new customers. Actual loan growth achieved was 10.5% for the year, which was well above targeted growth. Deposit growth was as equally pleasing with growth of 12% achieved, once again, being well ahead of targeted growth for the period. During the year we continued our successful strategy of assisting our clients across all their banking, lending and associated products and service needs. Our goals in helping our customers to protect what is important to them was also met in insurance and advice services provided.

Customer Relationship Officer Kylie Lee was appointed to the Pearcedale team in August 2015. She has settled well into the role at Pearcedale **Community Bank**[®] Branch and is providing good support to me in managing the busy lending activity at the branch. Aside from Kylie's appointment, the Pearcedale team has remained stable, with Penny McMahon (Customer Service Supervisor), Diane Kennedy and Keryn O'Hehir (Customer Service Officers) all showing solid personal development in their respective roles during the year. I have been pleased to lead such a dedicated



and experienced Branch team and look forward to the challenges the 2016/17 financial year and beyond holds. Thanks girls for your focus and commitment shown during the year.

As a team, we are also extremely proud of the great outcomes we have contributed towards our community. We held our 2015/16 Grants and Sponsorship night at Somerville Bowling Club inc. on 10 August 2016. This event was attended by 62 local community group leaders and saw the distribution of grants and sponsorships totally \$45,600. Some of the worthwhile projects we have assisted with this year are:

- Pearcedale Primary School – electronic display board at the front of the School,
- Baxter Primary School – Shade Sail installation in the Senior area,
- Devon Meadows Primary School – Basketball court resurfacing project, and
- Kingsley Park Primary School – BBQ trailer. These projects will be undertaken during the course of the current financial year.

We are also proud to have once again provided scholarship support to a Mount Erin College Year 12 student, Jacinta Hennekam. The scholarship enables Jacinta to realise her dream of undertaking university studies. Our support of youth in our community is also demonstrated by ongoing sponsorship support of various Junior sports clubs and groups across the Pearcedale and surrounding communities.

Thanks to all our customers, shareholders, community groups, clubs and organisations that continue to provide their loyal custom and advocacy. Your strong support is what enables us to provide the many great outcomes in your community.

Thank you to all Board members and Tania Hansen, Our Community Company Ltd Executive Officer, for the support you have provided to the Pearcedale team during the year.



Darryl Sutcliffe
Branch Manager
Pearcedale Community Bank[®] Branch

Koo Wee Rup Manager's report

For year ending 30 June 2016

This year has seen some solid end of year results and an overall increase in customer numbers as the townsfolk showed their preference to continue to bank locally on the back of some other bank closures. Our **Community Bank**[®] company continues to be relevant to our community and we have assisted in strengthening our community.

Koo Wee Rup is known as asparagus country and has several large asparagus farms in the area. We were able to assist with bank accounts for farm workers when over 100 Vanuatu people came to Koo Wee Rup this year to help the farmers. This has been great for the town, farms and the workers who are able to assist their families back home.



We supported Koo Wee Rup Secondary College with their driver education training. Run by Motorvation, the students participated in a one-day course. We have been supporting this program for several years and it continues to receive excellent feedback from the students. Koo Wee Rup, Lang Lang and Bayles Primary School held their Swamp Schools Leadership Day for grade five students. This was a great way for the students to connect with other primary schools in the area and encouraged self-esteem and an ability to follow your dreams.

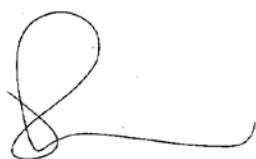
We have had some staff movements throughout the year with Kay Couch relieving as a Manager at Lang Lang and Tooradin for several months. Julie Palmer and Pauline Fell have continued with their excellent customer service roles along with Keryn O'Hehir and Amanda McKenzie assisting as a CRO and are now looking forward to an additional member of her family. I want to personally thank all the staff who showed a great deal of dedication to the branch and our customers which I believe contributed strongly in our success this year. I also want to thank the other **Community Bank**[®] branches; Lang Lang, Tooradin & Coastal Villages, Narre Warren South and Pearcedale along with the relief team for their assistance throughout the year.



I would like to thank the Board for their continued belief in me, Simon Sponza and Tania Hansen for all their assistance. I acknowledge all our customers, shareholders, Directors and staff whose continued support make it possible for our branch to continue to be relevant and grow with the Koo Wee Rup community and its wonderful people.



I look forward to a strong and prosperous year ahead as Koo Wee Rup's only bank branch. Our excellent customer service and community connections make us unique to the town.



Andrea Vincent
Customer Relationship Manager
Koo Wee Rup branch

Narre Warren South Manager's report

For year ending 30 June 2016

Beginning as Branch Manager in July this year at Narre Warren South branch places me in a position to report to you on the year that was.

In an environment with such strong competition in both lending and deposits, significant effort is required to gain new business and retain existing business.

The business has continued to grow throughout the last year hitting the milestone of \$120 million on its books. This result could not have been achieved without the support from our customers and the wider community.

Our business growth has a direct correlation with customer advocacy and we encourage all our current customers and shareholders alike to promote our brand and support their local community.

We have been fortunate to put back more than \$30,000 in community sponsorship and grants in the past financial year to a variety of groups, schools and organisations. The projects and initiatives that we have supported in the past year include sponsorship to the Narre Warren North Christmas Carols, safety equipment upgrades for local CFA and SES brigades and support to the local Provenance Artists Art Show.



In 2016 we have also been fortunate to support local student Atifa Asghari through our 2016 Narre Warren South Scholarship Program. Atifa began her studies with Monash University in a Bachelor of Science this year. Atifa demonstrated academic excellence and a commitment to her local community through various school and Girl Guides involvement. Through our Scholarship program we were able to provide \$10,000 over a two-year period to help Atifa reach her goal of attending university and furthering her studies.

Our staff are an integral part of the success of our branch and I would like to acknowledge Alison, Athena, Jack and Sylvia for their continued commitment to their customers at Narre Warren South branch. Our relief staff also offer a great deal of support and knowledge to our branch and we thank Angela, Sandi and Silvana for their dedication through the year. We wish Richard Roach every success in his new role with Bendigo Bank.

As a branch, we receive great support from the Board of Directors at Our Community Company Ltd along with support from our regional Bendigo Bank team; I thank them for their commitment to the success of our branch.

My staff and I at Narre Warren South branch are looking forward to a successful and rewarding year ahead.

Jennifer Martin
Branch Manager
Narre Warren South branch

Tooradin & Coastal Villages Manager's report

For year ending 30 June 2016

Tooradin & Coastal Villages branch continued to grow our footprint in the local area and were able to demonstrate solid results as a result. A focus for us in the 2015/16 financial year was community engagement; we believe the more we are seen, the more people will come and see us.

As a team we attended 36 events throughout the year. Some of which included the annual sponsors day with the Tooradin-Dalmore Football Netball Club, the Community Forum Night, Tooradin CFA's 70th Birthday celebrations and the Tooradin Tractor Pull. Our community POS facility was used 16 times and our Marquee helped provide shelter at 15 events.

This year we have provided 13 groups a total of \$24,850 in community grants/sponsorships.

We are keen to be part of and support our growing community.

I would like to thank the shareholders, customers and community groups that have supported the Tooradin & Coastal Villages branch over the last 12 months and the Directors of Our Community Company Ltd for their ongoing support.

And finally, where would the branch be without our dedicated staff. I would sincerely like to thank Lorna, Carol, Aimee and Elyshia for the efforts they have given. Ladies you are my backbone.



Tina Thompson
Customer Relationship Manager
Tooradin & Coastal Villages branch



Directors' report

For the financial year ended 30 June 2016

Your directors submit the financial statements of the company for the financial year ended 30 June 2016.

Directors

The names and details of the company's directors who held office during or since the end of the financial year:

Michael John Duff

Chairman

Occupation: Company Director

Qualifications, experience and expertise: Michael is currently the sole Managing Director of John Duff & Co Pty Ltd, having been a Director since 1984. He has been the company delegate to the Caltex Distributor Association since joining John Duff & Co in the early 80's. He has served as Chairman and Secretary of the Southern Region Caltex Distributor Association and served 6 years as delegate on the Caltex National Distributor Association Board. Michael and his company has been an active supporter of APADA and now ACAPMA since joining the industry and the company was along, with many others, a foundation member of the organisation some 40 years ago. John Duff & Co Pty Ltd has had a business association with Caltex Oil Australia since 1966 and on December 8th 2014 agreements were established that see John Duff & Co Pty Ltd continue to conduct petroleum wholesale distribution and retail sales operations under the Shell brand. Throughout the Gippsland and outer Melbourne Region over 80 local people are engaged in the petroleum industry by John Duff & Co Pty Ltd. Michael is a committee member of Pakenham Racing Club (PRC) and current Chairman of the PRC Gaming Operation sub committee. Life member of both the CFA and Koo Wee Rup Fire Brigade with 33 years service. Past Chairman Koo Wee Rup Community Centre. Current member Koo Wee Rup Township Committee. Past President and current member Koo Wee Rup Business Association. Past Chairman, Secretary and committee member Cochrane Park Recreation Reserve Koo Wee Rup.

Special responsibilities: Chairman of the Board

Interest in shares: 30,000 Ordinary Shares

Gordon Douglas Smale

Vice Chairman

Occupation: Manufacturing Manager

Qualifications, experience and expertise: Manager of engineering company employing 50 plus staff. Vice President Pearcedale Tennis Club. Past President Pearcedale Recreation Reserve Committee of Management. Past President Pearcedale Tennis Club, Treasurer Pearcedale Tennis Club. Past Secretary Mt Eliza Cricket Club, current Committee Member Mt Eliza Cricket Club.

Special responsibilities: Deputy Chairman, Business Growth Committee, Finance & Budget Committee, Grants/Sponsorship Committee.

Interest in shares: 500 Ordinary Shares

Tania Lyn Hansen

Executive Officer

Occupation: Senior Manager Community Relationships, Bendigo & Adelaide Bank Ltd.

Qualifications, experience and expertise: Treasurer for Rotary Club Koo Wee Rup/Lang Lang. Vice Chair of Koo Wee Rup Regional Health Board. Treasurer Western Port Seagrass Partnership Ltd. GAICD. Bachelor of Arts - linguistics. Bachelor of Behavioural Science - psychology. Former Company Secretary of Flemington Financial Services Ltd (resigned 31 Jan 2016). Former Secretary of Lang Lang Township Committee and Lang Lang Business Group Inc. Former Executive Officer Our Community Company Limited (resigned 30 June 2016).

Special responsibilities: All Committees

Interest in shares: 500 Ordinary Shares

Directors' report (continued)

Directors (continued)

Maxwell William Papley

Director

Occupation: Company Director

Qualifications, experience and expertise: Inaugural Chairman CFSV Ltd. Representation on Council. Councillor/Mayor.

Special responsibilities: Nil

Interest in shares: 30,250 Ordinary Shares

Douglas Hugh Hamilton

Director

Occupation: Retired Grazier

Qualifications, experience and expertise: Former Councillor Cardinia Shire, inaugural Vice Chairman CFSV Ltd, two terms as Cardinia Shire Councillor.

Special responsibilities: Audit & Governance Committee, Human Resources Committee

Interest in shares: 8,600 Ordinary Shares

Glenister Malcolm McGregor

Director

Occupation: Farmer

Qualifications, experience and expertise: Farmer 60 years. Owner manager Sand Quarry 35 years. Principle manager McGregor Sands Superannuation 36 years. **Community Bank** director since inception. Past Chairman Lang Lang Township Committee. Chairman Lang Lang Medical Centre Inc 11 years. Member Lang Lang Aged Care Support Group 6 years.

Special responsibilities: Audit & Governance Committee and Finance & Budget Committee

Interest in shares: 52,000 Ordinary Shares

Dianne Lesley Loft

Director

Occupation: Newsagent

Qualifications, experience and expertise: Diploma of Retail Management, small business owner. Secretary/Treasurer Tooradin Public Hall Committee. Board member Tooradin Sports Club.

Special responsibilities: Asset Management Committee, Human Resources Committee

Interest in shares: Nil Ordinary Shares

Michael Alan Bushe

Director

Occupation: Building Contractor

Qualifications, experience and expertise: Registered Building Practitioner. Certificate IV Construction. Certificate IV in Occupational Health & Safety. President of the Pearcedale Tennis Club.

Special responsibilities: Asset Management Committee, Business Growth Committee

Interest in shares: 1,050 Ordinary Shares

Directors' report (continued)

Directors (continued)

Rex Graham Genoni

Director

Occupation: Company Director

Qualifications, experience and expertise: President Tooradin District Sports Club. President Tooradin Football Club. President Tooradin Tennis Club. Vic Region Tennis Association President.

Special responsibilities: Business Growth Committee

Interest in shares: 5,900 Ordinary Shares

Maxwell Arthur John Kneebone

Director (Resigned 5 April 2016)

Occupation: Retired

Qualifications, experience and expertise: Retired bus operator. Farmer for 30 years. Member and past President of Rotary Club of Koo Wee Rup/Lang Lang. Current asset handy man for OCC Ltd.

Special responsibilities: Asset Management Committee

Interest in shares: 36,750 Ordinary Shares

Directors were in office for this entire year unless otherwise stated.

No directors have material interests in contracts or proposed contracts with the company.

Company Secretary

The company secretary is Laura McBride. Laura took over the position of Secretary on 5 July 2016 from Tania Hansen.

Tania holds a Bachelor Degree in Linguists and a Bachelor Degree in Behavioural Science. Previously Tania held the position of Treasurer and has a history in the banking sector. She has gained experience whilst involved at committee level on several local community committees. During 2010 Tania completed the Australian Institute of Company Directors (AICD) Company Directors Course. The course covers all aspects of a Director's role within the Australian context.

Laura has been appointed Executive Officer/Company Secretary in July 2016. Laura has completed a Certificate IV in Financial Services & Certificate IV in Frontline Management. Prior to her commencement as EO, Laura began as a School Based Trainee with the Koo Wee Rup Branch in 2009 and since then has worked in all five of our branch sites in various roles. Working her way through Customer Service work to assisting the relevant Branch Managers with Consumer & Small Business Lending. Laura has a passion for the **Community Bank**[®] concept and the values it represents and is looking forward to working alongside the Board and branches in developing our surrounding communities.

Principal Activities

The principal activities of the company during the financial year were facilitating **Community Bank**[®] services under management rights to operate franchised branches of Bendigo and Adelaide Bank Limited.

There have been no significant changes in the nature of these activities during the year.

Operating results

Operations have continued to perform in line with expectations. The profit of the company for the financial year after provision for income tax was:

Year ended 30 June 2016	Year ended 30 June 2015
\$	\$
115,095	150,456

Directors' report (continued)

Dividends

	Year ended 30 June 2016	
	Cents	\$
Final dividends recommended:	21	153,799

Significant changes in the state of affairs

In the opinion of the directors there were no 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.

Events since the end of the financial year

There are no matters or circumstances that have arisen since the end of the financial year that have 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.

Likely developments

The company will continue its policy of facilitating banking services to the community.

Environmental regulation

The company is not subject to any significant environmental regulation.

Directors' benefits

No director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a director, a firm which a director is a member or an entity in which a director has a substantial financial interest except as disclosed in note 24 to the financial statements. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the company's accounts, or the fixed salary of a full-time employee of the company, controlled entity or related body corporate.

Indemnification and insurance of directors and officers

The company has indemnified all directors and the manager in respect of liabilities to other persons (other than the company or related body corporate) that may arise from their position as directors or manager of the company except where the liability arises out of conduct involving the 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. The company has not provided any insurance for an auditor of the company or a related body corporate.

Directors' report (continued)

Directors' meetings

The number of directors' meetings attended by each of the directors of the company during the year were:

	Board Meetings Attended		Committee Meetings Attended									
			Audit & Governance		Business Growth		Human Resources		Asset Management		Finance & Budget	
	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended
Michael John Duff	11	11	-	-	2	2	-	-	-	-	1	1
Gordon Douglas Smale	11	10	-	-	2	2	-	-	-	-	1	1
Tania Lyn Hansen	11	11	-	-	2	2	-	-	-	-	1	1
Maxwell William Papley	11	8	-	-	-	-	-	-	-	-	-	-
Glenister Malcolm McGregor	11	10	-	-	-	-	-	-	-	-	1	1
Douglas Hugh Hamilton	11	9	-	-	-	-	-	-	-	-	-	-
Dianne Lesley Loft	11	8	-	-	-	-	-	-	-	-	-	-
Michael Alan Bushe	11	9	-	-	2	2	-	-	-	-	-	-
Rex Graham Genoni	11	7	-	-	2	1	-	-	-	-	-	-
Maxwell Arthur John Kneebone (Resigned 5 April 2016)	8	6	-	-	-	-	-	-	-	-	-	-

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to 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 part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the Corporations Act 2001.

Non audit services

The company may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the company are important. Details of the amounts paid or payable to the auditor (Andrew Frewin Stewart) for audit and non audit services provided during the year are set out in the notes to the accounts.

The board of directors has considered the position, in accordance with the advice received from the audit & governance committee and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are satisfied that the provision of non-audit services by the auditor, as set out in the notes did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the audit & governance committee to ensure they do not impact on the impartiality and objectivity of the auditor
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risk and rewards.

Directors' report (continued)

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 15.

Signed in accordance with a resolution of the board of directors at Lang Lang, Victoria on 9 September 2016.



**Michael John Duff,
Chairman**

Auditor's independence declaration



Lead auditor's independence declaration under section 307C of the *Corporations Act 2001* to the directors of Our Community Company Ltd

As lead auditor for the audit of Our Community Company Ltd for the year ended 30 June 2016, 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.

A handwritten signature in black ink, appearing to read 'Andrew Frewin Stewart'.

Andrew Frewin Stewart
61 Bull Street, Bendigo Vic 3550
Dated: 9 September 2016

A handwritten signature in black ink, appearing to read 'David Hutchings'.

David Hutchings
Lead Auditor

Liability limited by a scheme approved under Professional Standards Legislation. ABN: 51 061 795 337.

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TAXATION • AUDIT • BUSINESS SERVICES • FINANCIAL PLANNING

Financial statements

Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2016

	Notes	2016 \$	2015 \$
Revenue from ordinary activities	4	3,598,555	3,512,018
Employee benefits expense		(1,992,739)	(1,704,466)
Charitable donations, sponsorship, advertising and promotion		(532,989)	(676,202)
Occupancy and associated costs		(311,415)	(311,670)
Systems costs		(107,995)	(109,344)
Depreciation and amortisation expense	5	(120,359)	(129,734)
Finance costs	5	(2,258)	(2,167)
General administration expenses		(360,262)	(363,497)
Profit before income tax expense		170,538	214,938
Income tax expense	6	(55,443)	(64,482)
Profit after income tax expense		115,095	150,456
Total comprehensive income for the year		115,095	150,456
Earnings per share for profit attributable to the ordinary shareholders of the company:			
		¢	¢
Basic earnings per share	25	15.72	20.54

The accompanying notes form part of these financial statements.

Financial statements (continued)

Balance Sheet as at 30 June 2016

	Notes	2016 \$	2015 \$
ASSETS			
Current Assets			
Cash and cash equivalents	7	549,602	673,455
Trade and other receivables	8	429,188	315,239
Total Current Assets		978,790	988,694
Non-Current Assets			
Property, plant and equipment	9	363,482	385,586
Financial assets	11	98,000	50,000
Intangible assets	10	313,369	379,481
Deferred tax asset	12	47,097	53,890
Total Non-Current Assets		821,948	868,957
Total Assets		1,800,738	1,857,651
LIABILITIES			
Current Liabilities			
Trade and other payables	13	320,271	328,772
Current tax liabilities	12	6,162	820
Borrowings	14	55,387	17,789
Provisions	15	153,949	148,723
Total Current Liabilities		535,769	496,104
Non-Current Liabilities			
Trade and other payables	13	65,191	98,689
Borrowings	14	11,865	22,063
Provisions	15	12,250	26,428
Total Non-Current Liabilities		89,306	147,180
Total Liabilities		625,075	643,284
Net Assets		1,175,663	1,214,367
Equity			
Issued capital	16	607,871	607,871
Retained earnings	17	567,792	606,496
Total Equity		1,175,663	1,214,367

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of Changes in Equity for the year ended 30 June 2016

	Issued capital \$	Retained earnings \$	Total equity \$
Balance at 1 July 2014	607,871	609,839	1,217,710
Total comprehensive income for the year	-	150,456	150,456
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	(153,799)	(153,799)
Balance at 30 June 2015	607,871	606,496	1,214,367
Balance at 1 July 2015	607,871	606,496	1,214,367
Total comprehensive income for the year	-	115,095	115,095
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	(153,799)	(153,799)
Balance at 30 June 2016	607,871	567,792	1,175,663

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of Cash Flows for the year ended 30 June 2016

	Notes	2016 \$	2015 \$
Cash flows from operating activities			
Receipts from customers		3,928,131	3,875,503
Payments to suppliers and employees		(3,773,984)	(3,474,940)
Interest received		10,687	13,391
Interest paid		(2,258)	(2,167)
Income taxes paid		(43,308)	(62,211)
Net cash provided by operating activities	18	119,268	349,576
Cash flows from investing activities			
Payments for property, plant and equipment		(41,797)	(90,423)
Proceeds for property, plant and equipment		8,000	44,802
Payments for intangible assets		(30,454)	(68,713)
Payment for investments or financial assets		(52,471)	-
Net cash used in investing activities		(116,722)	(114,334)
Cash flows from financing activities			
Proceeds from borrowings		50,000	39,852
Repayment of borrowings		(22,600)	-
Dividends paid		(153,799)	(153,799)
Net cash used in financing activities		(126,399)	(113,947)
Net increase/(decrease) in cash held		(123,853)	121,295
Cash and cash equivalents at the beginning of the financial year		673,455	552,160
Cash and cash equivalents at the end of the financial year	7(a)	549,602	673,455

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2016

Note 1. Summary of significant accounting policies

a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standard Boards and the Corporations Act 2001. The company is a for-profit entity for the purpose of preparing the financial statements.

Compliance with IFRS

These financial statements and notes comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. These areas involving a higher degree of judgement or complexities, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

Historical cost convention

The financial statements have been prepared under the historical cost convention on an accruals basis as modified by the revaluation of financial assets and liabilities at fair value through profit or loss and where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

Comparative figures

Where required by Australian Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

Application of new and amended accounting standards

The following amendments to accounting standards issued by the Australian Accounting Standards Board (AASB) became mandatorily effective for accounting periods beginning on or after 1 July 2015, and are therefore relevant for the current financial year.

- AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality.
- AASB 2015-4 Amendments to Australian Accounting Standards – Financial Reporting Requirements for Australian Groups with a Foreign Parent.

None of the amendments to accounting standards issued by the Australian Accounting Standards Board (AASB) that became mandatorily effective for accounting periods beginning on or after 1 July 2015, materially affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

The following accounting standards and interpretations issued by the Australian Accounting Standards Board (AASB) become effective in future accounting periods.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

a) Basis of preparation (continued)

Application of new and amended accounting standards (continued)

	Effective for annual reporting periods beginning on or after
AASB 9 Financial Instruments, and the relevant amending standards.	1 January 2018
AASB 15 Revenue from Contracts with Customers and AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15.	1 January 2018
AASB 16 Leases	1 January 2019
AASB 2014-3 Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations.	1 January 2016
AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation.	1 January 2016
AASB 2014-6 Amendments to Australian Accounting Standards – Agriculture: Bearer Plants.	1 January 2016
AASB 2014-9 Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements.	1 January 2016
AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.	1 January 2018
AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle.	1 January 2016
AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101.	1 January 2016
AASB 2015-5 Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception.	1 January 2016
AASB 2016-1 Amendments to Australian Accounting Standards - Recognition of Deferred Tax Assets for Unrealised Losses.	1 January 2017
AASB 2016-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107.	1 January 2017

The company has not elected to apply any accounting standards or interpretations before their mandatory operative date for the annual reporting period beginning 1 July 2015. Therefore the abovementioned accounting standards or interpretations have no impact on amounts recognised in the current period or any prior period.

Economic dependency - Bendigo and Adelaide Bank Limited

The company has entered into a franchise agreement with Bendigo and Adelaide Bank Limited that governs the management of the **Community Bank**[®] branches at Lang Lang, Narre Warren South, Pearcedale, Koo Wee Rup and Tooradin in the state of Victoria.

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

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

a) Basis of preparation (continued)

Economic dependency - Bendigo and Adelaide Bank Limited (continued)

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

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 and Adelaide Bank Limited 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 and Adelaide Bank Limited provides significant assistance in establishing and maintaining the **Community Bank**[®] branches 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 in relation to:

- advice and assistance in relation to the design, layout and fit out of the **Community Bank**[®] branches
- 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.

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

b) Revenue

Revenue is recognised when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the company and any specific criteria have been met. Interest and fee revenue is recognised when earned. The gain or loss on disposal of property, plant and equipment is recognised on a net basis and is classified as income rather than revenue. All revenue is stated net of the amount of Goods and Services Tax (GST).

Revenue calculation

Over the period from September 2013 to February 2015, Bendigo and Adelaide Bank Limited conducted a review of the **Community Bank**[®] model, known as 'Project Horizon'. This was conducted in consultation with the **Community Bank**[®] network. The objective of the review was to develop a shared vision of the **Community Bank**[®] model that positions it for success now and for the future.

The outcome of that review is that the fundamental franchise model and community participation remain unchanged. Changes to be implemented over a three year period reflect a number of themes, including a culture of innovation, agility and flexibility, network collaboration, director and staff development and a sustainable financial model. This will include changes to the financial return for **Community Bank**[®] companies from 1 July 2016. A funds transfer pricing model will be used for the method of calculation of the cost of funds, deposit return and margin. All revenue paid on core banking products will be through margin share. Margin on core banking products will be shared on a 50/50 basis.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

b) Revenue (continued)

Revenue calculation (continued)

The franchise agreement provides that three forms of revenue may be earned by the company – margin, commission and fee income. Bendigo and Adelaide Bank Limited 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.

Core banking products

Bendigo and Adelaide Bank Limited has identified some Bendigo Bank Group 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.

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 and Adelaide Bank Limited for a deposit,
minus any costs of funds i.e. interest applied by Bendigo and Adelaide Bank Limited to fund a loan.

Note: In very simplified terms, currently, deposit return means the interest Bendigo and Adelaide Bank Limited gets when it invests the money the customer deposits with it. The cost of funds means the interest Bendigo and Adelaide Bank Limited pays when it borrows the money to give a customer a loan. From 1 July 2016, both will mean the cost for Bendigo and Adelaide Bank Limited to borrow the money in the market.

Products and services on which margin is paid include variable rate deposits and variable rate home loans. From 1 July 2016, examples include Bendigo Bank branded at call deposits, term deposits and home loans.

For those products and services on which margin is paid, the company is entitled to a share of the margin earned by Bendigo and Adelaide Bank Limited (i.e. income adjusted for Bendigo and Adelaide Bank Limited's interest expense and interest income return). However, if this reflects a loss, the company incurs a share of that loss.

Commission

Commission is a fee paid for products and services sold. It may be paid on the initial sale or on an ongoing basis. Commission is payable on the sale of an insurance product such as home contents. Examples of products and services on which ongoing commissions are paid include leasing and Sandhurst Trustees Limited products. This currently also includes Bendigo Bank branded fixed rate home loans and term deposits of more than 90 days, but these will become margin products from 1 July 2016.

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.

Ability to change financial return

Under the franchise agreement, Bendigo and Adelaide Bank Limited 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 and Adelaide Bank Limited earns revenue.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

b) Revenue (continued)

Ability to change financial return (continued)

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.

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

Bendigo and Adelaide Bank Limited must give the company 30 days' notice before it changes the products and services on which margin, commission or fee income is paid, the method of calculation of margin and the amount of margin, commission or fee income.

Monitoring and changing financial return

Bendigo and Adelaide Bank Limited monitors the distribution of financial return between **Community Bank**[®] companies and Bendigo and Adelaide Bank Limited on an ongoing basis.

Overall, Bendigo and Adelaide Bank Limited has made it clear that the **Community Bank**[®] model is based on the principle of shared reward for shared effort. In particular, in relation to core banking products and services, the aim is to achieve an equal share of Bendigo and Adelaide Bank Limited's margin.

The Board is yet to appreciate the full impact of the above changes on our revenue moving forward. We would anticipate that by the time of this year's AGM we will be able to inform our shareholders of the likely outcomes of the new model.

The Board is continuing to work with Bendigo and Adelaide Bank Ltd to understand any potential changes to revenue and will provide further details as appropriate in due course.

As discussed above in relation to Project Horizon, among other things, there will be changes in the financial return for **Community Bank**[®] companies from 1 July 2016. This includes 50% share of margin on core banking products, all core banking products become margin products and a funds transfer pricing model will be used for the method of calculation of the cost of funds, deposit return and margin.

c) Income tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the Balance Sheet liability method on temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

c) Income tax (continued)

Deferred tax (continued)

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities other than as a result of a business combination (which affects neither taxable income nor accounting profit). Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities reflects the tax consequences that would follow from the manner in which the consolidated entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

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 company entity intends to settle its tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the Statement of Profit or Loss and Other Comprehensive Income, except when it relates to items credited or debited to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

d) Employee entitlements

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

The company contributes to a defined contribution plan. Contributions to employee superannuation funds are charged against income as incurred.

e) Cash and cash equivalents

For the purposes of the Statement of Cash Flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the Balance Sheet.

f) Trade receivables and payables

Receivables are carried at their amounts due. The collectability of debts is assessed at balance date and specific provision is made for any doubtful accounts. Liabilities for trade creditors and other amounts are carried at cost that is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the company.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

g) Property, plant and equipment

Plant and equipment, leasehold improvements and equipment under finance lease are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land. Depreciation is calculated on a straight line basis so as to write off the net cost of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated at the rate equivalent to the available building allowance using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

The following estimated useful lives are used in the calculation of depreciation:

• leasehold improvements	40 years
• plant and equipment	2.5 - 40 years
• furniture and fittings	4 - 40 years

h) Intangibles

The franchise fee paid to Bendigo and Adelaide Bank Limited has been recorded at cost and is amortised on a straight line basis over the life of the franchise agreement.

The renewal processing fee paid to Bendigo and Adelaide Bank Limited when renewing the franchise agreement has also been recorded at cost and is amortised on a straight line basis over the life of the franchise agreement.

i) Payment terms

Receivables and payables are non interest bearing and generally have payment terms of between 30 and 90 days.

j) Borrowings

All loans are initially measured at the principal amount. Interest is recognised as an expense as it accrues.

k) Financial instruments

Recognition and initial measurement

Financial instruments, incorporating financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument.

Financial instruments are initially measured at fair value plus transaction costs. Financial instruments are classified and measured as set out below.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

k) Financial instruments (continued)

Classification and subsequent measurement

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

(ii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the entity's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

(iii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with changes in such fair value (i.e. gains or losses) recognised in the Statement of Profit or Loss and Other Comprehensive Income. Available-for-sale financial assets are included in non-current assets except where they are expected to be sold within 12 months after the end of the reporting period. All other financial assets are classified as current assets.

(iv) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Impairment

At each reporting date, the entity assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

l) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership are transferred to the company are classified as finance leases. Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term. Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred. Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

m) 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.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

m) Provisions (continued)

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.

n) Contributed equity

Ordinary shares are 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.

o) Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

p) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax (GST), except where the amount of GST incurred is not 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 expense.

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 Balance Sheet. Cash flows are included in the Statement of Cash Flows on a gross basis.

The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Note 2. Financial risk management

The company's activities expose it to a limited variety of financial risks: market risk (including currency risk, fair value interest risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the entity. The entity does not use derivative instruments.

Risk management is carried out directly by the board of directors.

(i) Market risk

The company has no exposure to any transactions denominated in a currency other than Australian dollars.

(ii) Price risk

The company holds a share portfolio with Bendigo and Adelaide Bank Limited and Mt Eliza Community Enterprises Limited and is exposed to equity securities price risk as it holds investments for sale or at fair value. The company has purchased these shares as an investment and does not hold them as part of its day to day operations therefore deems the risk insignificant.

(iii) Credit risk

The company has no significant concentrations of credit risk. It has policies in place to ensure that customers have an appropriate credit history. The company's franchise agreement limits the company's credit exposure to one financial institution, being Bendigo and Adelaide Bank Limited.

Notes to the financial statements (continued)

Note 2. Financial risk management (continued)

(iv) Liquidity risk

Prudent liquidity management implies maintaining sufficient cash and marketable securities and the availability of funding from credit facilities. The company believes that its sound relationship with Bendigo and Adelaide Bank Limited mitigates this risk significantly.

(v) Cash flow and fair value interest rate risk

Interest-bearing assets are held with Bendigo and Adelaide Bank Limited and subject to movements in market interest. Interest-rate risk could also arise from long-term borrowings. Borrowings issued at variable rates expose the company to cash flow interest-rate risk. The company believes that its sound relationship with Bendigo and Adelaide Bank Limited mitigates this risk significantly.

(vi) 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 Balance Sheet.

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 where 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 are no other externally imposed capital requirements, although the nature of the company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the year ended 30 June 2016 can be seen in the Statement of Profit or Loss and Other Comprehensive Income.

There were no changes in the company's approach to capital management during the year.

Note 3. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

Notes to the financial statements (continued)

Note 3. Critical accounting estimates and judgements (continued)

Taxation

Judgement is required in assessing whether deferred tax assets and certain tax liabilities are recognised on the Balance Sheet. Deferred tax assets, including those arising from un-recouped tax losses, capital losses and temporary differences, are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits.

Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future sales volumes, operating costs, capital expenditure, dividends and other capital management transactions. Judgements are also required about the application of income tax legislation.

These judgements and assumptions are subject to risk and uncertainty. There is therefore a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognised on the Balance Sheet and the amount of other tax losses and temporary differences not yet recognised. In such circumstances, some or all of the carrying amount of recognised deferred tax assets and liabilities may require adjustment, resulting in corresponding credit or charge to the Statement of Profit or Loss and Other Comprehensive Income.

Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience and the condition of the asset is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the company's share of the net identifiable assets of the acquired branch/agency at the date of acquisition. Goodwill on acquisition is included in intangible assets. Goodwill is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses.

The calculations require the use of assumptions.

Impairment of assets

At each reporting date, the company reviews the carrying amounts of its tangible and intangible assets that have an indefinite useful life to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Notes to the financial statements (continued)

Note 3. Critical accounting estimates and judgements (continued)

Impairment of assets (continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

Fair value measurement

Some of the company's assets and liabilities are measured at fair value for financial reporting purposes. The board of directors determine the appropriate valuation techniques and inputs for fair value measurements.

Fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly
- Level 3 inputs are unobservable inputs for the asset or liability.

In estimating the fair value of an asset or a liability, the company uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the company engages third party qualified valuers to perform the valuation.

	2016 \$	2015 \$
Note 4. Revenue from ordinary activities		
Operating activities:		
- services commissions	3,564,689	3,468,757
- other revenue	24,149	24,136
Total revenue from operating activities	3,588,838	3,492,893
Non-operating activities:		
- interest received	9,717	13,120
- profit on sale of non-current assets	-	6,005
Total revenue from non-operating activities	9,717	19,125
Total revenues from ordinary activities	3,598,555	3,512,018

Notes to the financial statements (continued)

	2016 \$	2015 \$
Note 5. Expenses		
Depreciation of non-current assets:		
- plant and equipment	35,200	35,305
- motor vehicles	19,047	26,005
Amortisation of non-current assets:		
- franchise fee and franchise renewal fee	66,112	68,424
	120,359	129,734
Finance costs:		
- interest paid	2,258	2,167
Bad debts	2,787	3,536
Loss on sale of non-current assets	1,653	-
Impairment on revaluation of investments	4,471	-

Note 6. Income tax expense

The components of tax expense comprise:

- Current tax	48,649	66,197
- Movement in deferred tax	2,512	(1,715)
- Adjustment to deferred tax to reflect change of tax rate in future periods	4,282	-
	55,443	64,482

The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows

Operating profit	170,538	214,938
Prima facie tax on profit from ordinary activities at 30%	51,161	64,482
Add tax effect of:		
- timing difference expenses	(2,512)	1,715
	48,649	66,197
Movement in deferred tax	2,512	(1,715)
Adjustment to deferred tax to reflect change of tax rate in future periods	4,282	-
	55,443	64,482

Notes to the financial statements (continued)

	2016 \$	2015 \$
Note 7. Cash and cash equivalents		
Cash at bank and on hand	190,384	274,119
Term deposits	359,218	399,336
	549,602	673,455

Note 7.(a) Reconciliation to cash flow statement

The above figures reconcile to the amount of cash shown in the Statement of Cash Flows at the end of the financial year as follows:

Cash at bank and on hand	190,384	274,119
Term deposits	359,218	399,336
	549,602	673,455

Note 8. Trade and other receivables

Trade receivables	260,014	247,367
Prepayments	169,174	67,872
	429,188	315,239

Note 9. Property, plant and equipment

Leasehold improvements

At cost	821,835	803,663
Less accumulated depreciation	(533,404)	(502,839)
	288,431	300,824

Motor vehicles

At cost	133,789	134,989
Less accumulated depreciation	(58,738)	(50,227)
	75,051	84,762

Total written down amount **363,482** **385,586**

Movements in carrying amounts:

Leasehold improvements

Carrying amount at beginning	300,824	328,972
Additions	22,807	6,592
Disposals	-	-
Less: depreciation expense	(35,200)	(34,740)
Carrying amount at end	288,431	300,824

Notes to the financial statements (continued)

	2016 \$	2015 \$
Note 9. Property, plant and equipment (continued)		
Motor vehicles		
Carrying amount at beginning	84,762	66,297
Additions	23,624	83,832
Disposals	(14,288)	(39,362)
Less: depreciation expense	(19,047)	(26,005)
Carrying amount at end	75,051	84,762
Total written down amount	363,482	385,586

Note 10. Intangible assets

Franchise fee and renewal processing fee

At cost	555,536	555,536
Less: accumulated amortisation	(460,675)	(394,563)
	94,861	160,973

Goodwill on purchase of agency

At cost	218,508	218,508
Total written down amount	313,369	379,481

Note 11. Financial Assets

Available-for-sale financial assets

Unlisted investments at fair value

Mt Eliza Community Enterprises Limited	50,000	50,000
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Listed investments at fair value

Bendigo and Adelaide Bank Limited	48,000	-
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Total available-for-sale financial assets	98,000	50,000
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Note 12. Tax

Current:

Income tax payable	6,162	820
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Non-Current:

Deferred tax assets

- accruals	1,749	2,025
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- employee provisions	45,705	52,545
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	47,454	54,570
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Notes to the financial statements (continued)

	Notes	2016 \$	2015 \$
Note 12. Tax (continued)			
Deferred tax liability			
- accruals		357	680
Net deferred tax asset		47,097	53,890
Movement in deferred tax charged to Statement of Profit or Loss and Other Comprehensive Income		6,793	(1,716)

Note 13. Trade and other payables

Current:

Trade creditors		264,693	308,635
Other creditors and accruals		55,578	20,137
		320,271	328,772

Non-Current:

Other creditors and accruals		65,191	98,689
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Note 14. Borrowings

Current:

Chattel mortgage	20	25,387	17,789
Bank loan		30,000	-
Total current borrowings		55,387	17,789

Non-Current:

Chattel mortgage	20	11,865	22,063
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Borrowings comprise of two chattel mortgages' taken out for a Toyota Camry and Holden SVS Sportswagon in September 2014, and a Camry Altise in October 2015. The contracts are for a three year term ending in January 2017 and October 2018 respectively, with implicit interest rate of 5.6003% (Holden) and 5.7003% (Toyota) and 4.3994 (Camry Altise).

	2016 \$	2015 \$
Note 15. Provisions		
Current:		
Provision for annual leave	62,599	62,751
Provision for long service leave	91,350	85,972
	153,949	148,723

Notes to the financial statements (continued)

	2016 \$	2015 \$
Note 15. Provisions (continued)		
Non-Current:		
Provision for long service leave	12,250	26,428

Note 16. Contributed equity

732,375 ordinary shares fully paid (2015: 732,375)	732,375	732,375
Less: equity raising expenses	(124,504)	(124,504)
	607,871	607,871

Rights attached to shares

(a) Voting rights

Subject to some limited exceptions, each member has the right to vote at a general meeting.

On a show of hands or a poll, each member attending the meeting (whether they are attending the meeting in person or by attorney, corporate representative or proxy) has one vote, regardless of the number of shares held. However, where a person attends a meeting in person and is entitled to vote in more than one capacity (for example, the person is a member and has also been appointed as proxy for another member) that person may only exercise one vote on a show of hands. On a poll, that person may exercise one vote as a member and one vote for each other member that person represents as duly appointed attorney, corporate representative or proxy.

The purpose of giving each member only one vote, regardless of the number of shares held, is to reflect the nature of the company as a community based company, by providing that all members of the community who have contributed to the establishment and ongoing operation of the **Community Bank**[®] branch have the same ability to influence the operation of the company.

(b) Dividends

Generally, dividends are payable to members in proportion to the amount of the share capital paid up on the shares held by them, subject to any special rights and restrictions for the time being attaching to shares. The franchise agreement with Bendigo and Adelaide Bank Limited contains a limit on the level of profits or funds that may be distributed to shareholders. There is also a restriction on the payment of dividends to certain shareholders if they have a prohibited shareholding interest (see below).

(c) Transfer

Generally, ordinary shares are freely transferable. However, the directors have a discretion to refuse to register a transfer of shares.

Subject to the foregoing, shareholders may transfer shares by a proper transfer effected in accordance with the company's constitution and the Corporations Act 2001.

Prohibited shareholding interest

A person must not have a prohibited shareholding interest in the company.

In summary, a person has a prohibited shareholding interest if any of the following applies:

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").

Notes to the financial statements (continued)

Note 16. Contributed equity (continued)

Prohibited shareholding interest (continued)

- Where the person is a shareholder, after the transfer of shares in the company to that person the number of shareholders in the company is (or would be) lower than the base number (the “base number test”). The base number is 209. As at the date of this report, the company had 223 shareholders.

As with voting rights, the purpose of this prohibited shareholding provision is to reflect the community-based nature of the company.

Where a person has a prohibited shareholding interest, the voting and dividend rights attaching to the shares in which the person (and his or her associates) have a prohibited shareholding interest, are suspended.

The board has the power to request information from a person who has (or is suspected by the board of having) a legal or beneficial interest in any shares in the company or any voting power in the company, for the purpose of determining whether a person has a prohibited shareholding interest. If the board becomes aware that a member has a prohibited shareholding interest, it must serve a notice requiring the member (or the member’s associate) to dispose of the number of shares the board considers necessary to remedy the breach. If a person fails to comply with such a notice within a specified period (that must be between three and six months), the board is authorised to sell the specified shares on behalf of that person. The holder will be entitled to the consideration from the sale of the shares, less any expenses incurred by the board in selling or otherwise dealing with those shares.

In the constitution, members acknowledge and recognise that the exercise of the powers given to the board may cause considerable disadvantage to individual members, but that such a result may be necessary to enforce the prohibition.

	2016 \$	2015 \$
Note 17. Retained earnings		
Balance at the beginning of the financial year	606,496	609,839
Net profit from ordinary activities after income tax	115,095	150,456
Dividends paid or provided for	(153,799)	(153,799)
Balance at the end of the financial year	567,792	606,496

Note 18. Statement of Cash Flows

Reconciliation of profit from ordinary activities after tax to net cash provided by operating activities

Profit from ordinary activities after income tax	115,095	150,456
Non cash items:		
- depreciation	54,247	61,310
- amortisation	66,112	68,424
- (profit)/loss on disposal of asset	1,653	(6,005)
- impairment on revaluation of investments	4,471	-

Notes to the financial statements (continued)

	2016 \$	2015 \$
Note 18. Statement of Cash Flows (continued)		
Changes in assets and liabilities:		
- (increase)/decrease in receivables	(113,949)	33,117
- (increase)/decrease in other assets	6,793	2,271
- increase/(decrease) in payables	(6,201)	41,305
- increase/(decrease) in provisions	(8,953)	(1,302)
Net cash flows provided by operating activities	119,268	349,576

Note 19. Fair value measurement

This section explains the judgements and estimates made in determining the fair values of the company's assets that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the applicable assets have been classified into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

At 30 June 2016	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Recurring fair value measurements:				
Available-for-sale financial assets				
Listed investments:				
- shares in listed corporations	48,000	-	-	48,000
Unlisted investments:				
- shares in other corporations	50,000	-	-	50,000
	98,000	-	-	98,000
Total assets at fair value	98,000	-	-	98,000

At 30 June 2015	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Recurring fair value measurements:				
Available-for-sale financial assets				
Listed investments:				
- shares in listed corporations	-	-	-	-
Unlisted investments:				
- shares in other corporations	50,000	-	-	50,000
	50,000	-	-	50,000
Total assets at fair value	50,000	-	-	50,000

Notes to the financial statements (continued)

Note 19. Fair value measurement (continued)

There were no transfers between Level 1 and Level 2 during the reporting period. The company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Level 1: The fair value of available-for-sale financial assets traded in active markets is based on the quoted market price at the close of business at the end of the reporting period.

Level 2: There were no fair value measurements by the Level 2 fair value hierarchy.

Level 3: There were no fair value measurements by the Level 3 fair value hierarchy.

	2016 \$	2015 \$
Note 20. Leases		
Finance lease commitments		
Payable - minimum lease payments:		
- not later than 12 months	26,689	19,587
- between 12 months and 5 years	12,143	22,851
- greater than 5 years	-	-
Minimum lease payments	38,832	42,438
Less future finance charges	(1,580)	(2,586)
Present value of minimum lease payments	37,252	39,852

The finance lease comprises of three chattel mortgages' taken out for a Toyota Camry and Holden SVS Sportswagon in September 2014, as well as a Toyota Camry Altise in October 2015. The contracts are for a three year term ending in January 2017 for the Toyota Camry and Holden SVS, with implicit interest rate of 5.6003% (Holden) and 5.7003% (Toyota). The Toyota Camry Altise is for a three year term ending in September 2018 with an implicit interest rate of 4.3994%.

	2016 \$	2015 \$
Operating lease commitments		
Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Koo Wee Rup		
Payable - minimum lease payments:		
- not later than 12 months	43,706	40,333
- between 12 months and 5 years	171,181	-
- greater than 5 years	-	-
	214,887	84,333

Notes to the financial statements (continued)

	2016 \$	2015 \$
Note 20. Leases (continued)		
Lang Lang		
Payable - minimum lease payments:		
- not later than 12 months	46,821	15,560
- between 12 months and 5 years	156,070	-
- greater than 5 years	-	-
	202,891	62,240
Narre Warren South		
Payable - minimum lease payments:		
- not later than 12 months	52,899	47,078
- between 12 months and 5 years	211,596	-
- greater than 5 years	-	-
	264,495	120,500
Tooradin		
Payable - minimum lease payments:		
- not later than 12 months	19,492	18,022
- between 12 months and 5 years	38,984	54,066
- greater than 5 years	-	-
	58,476	90,109
Pearcedale		
Payable - minimum lease payments:		
- not later than 12 months	35,023	33,943
- between 12 months and 5 years	71,727	103,768
- greater than 5 years	-	-
	106,750	76,684
HP Printer		
Payable - minimum lease payments:		
- not later than 12 months	3,432	-
- between 12 months and 5 years	13,442	-
- greater than 5 years	-	-
	16,874	-

The company holds various premises leases for each of the branch locations. The leases generally have a five-year term, with options for additional five-year terms. Rent is payable on a monthly basis. The company also holds an operating lease for a printer, which has a five-year term and is repayable monthly.

Notes to the financial statements (continued)

	2016 \$	2015 \$
Note 21. Auditor's remuneration		
Amounts received or due and receivable by the auditor of the company for:		
- audit and review services	5,550	5,050
- share registry services	2,920	2,992
- non audit services	1,755	1,790
	10,225	9,832

Note 22. Director and related party disclosures

The names of directors who have held office during the financial year are:

Michael John Duff
 Gordon Douglas Smale
 Tania Lyn Hansen
 Maxwell William Papley
 Glenister Malcolm McGregor
 Douglas Hugh Hamilton
 Dianne Lesley Loft
 Michael Alan Bushe
 Rex Graham Genoni
 Maxwell Arthur John Kneebone (Resigned 5 April 2016)

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

	2016 \$	2015 \$
Transactions with related parties:		
Michael John Duff received remuneration for fuel supplies provided during the period under review.	11,929	13,969
Maxwell Arthur John Kneebone received remuneration for rent paid on the Lang Lang and Koo Wee Rup branches, owned by Westernport Road Lines (Vic) Superannuation Fund.	88,725	97,602
Tania Lyn Hansen received a salary, plus super and vehicle for secretary services provided during the period under review.	69,321	69,504
Dianne Lesley Loft received remuneration for supply of newspapers to the Community Bank branches.	460	472

Notes to the financial statements (continued)

Note 22. Director and related party disclosures (continued)

	2016	2015
Directors' shareholdings		
Michael John Duff	30,000	30,000
Gordon Douglas Smale	500	500
Tania Lyn Hansen	500	500
Maxwell William Papley	30,250	30,250
Glenister Malcolm McGregor	52,000	52,000
Douglas Hugh Hamilton	8,600	8,600
Dianne Lesley Loft	-	-
Michael Alan Bushe	1,050	-
Rex Graham Genoni	5,900	5,900
Maxwell Arthur John Kneebone (Resigned 5 April 2016)	36,750	36,750

	2016 \$	2015 \$
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Note 23. Dividends paid or provided

a. Dividends paid during the year

Current year dividend		
100% (2015: 100%) franked dividend - 21 cents (2015: 21 cents) per share	153,799	153,799

b. Dividends proposed and not recognised as a liability

Current year final dividend		
100% (2015: 100%) franked dividend - 18 cents (2015: 21 cents) per share	131,828	153,799

The tax rate at which dividends have been franked is 30% (2015: 30%).

Dividends proposed will be franked at a rate of 30% (2015: 30%).

c. Franking account balance

Franking credits available for subsequent reporting periods are:		
- franking account balance as at the end of the financial year	374,236	364,181
- franking credits/(debits) that will arise from payment/(refund) of income tax as at the end of the financial year	6,305	(1,206)
- franking debits that will arise from the payment of dividends recognised as a liability at the end of the financial year	-	-
Franking credits available for future financial reporting periods:	380,541	362,975
- franking debits that will arise from payment of dividends proposed or declared before the financial report was authorised for use but not recognised as a distribution to equity holders during the period	-	-
Net franking credits available	380,541	362,975

Notes to the financial statements (continued)

	2016 \$	2015 \$
Note 24. Key Management Personnel Disclosures		
The directors received remuneration including superannuation, as follows:		
Michael John Duff	2,000	2,000
Gordon Douglas Smale	2,000	2,000
Tania Lyn Hansen	2,000	2,000
Maxwell William Papley	2,000	2,000
Glenister Malcolm McGregor	2,000	2,000
Douglas Hugh Hamilton	2,000	2,000
Dianne Lesley Loft	2,000	2,000
Michael Alan Bushe	2,000	2,000
Rex Graham Genoni	2,000	2,000
Maxwell Arthur John Kneebone (Resigned 5 April 2016)	2,000	2,000
	20,000	20,000

Community Bank® Directors Privileges Package

Our Community Company Limited has accepted the **Community Bank®** Directors Privileges Package. The package is available to all directors who can elect to avail themselves of the benefits based on their personal banking with the any of the following branches; Lang Lang, Pearcedale, Koo Wee Rup, Narre Warren South or Tooradin & Coastal Villages. 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. The total benefits received by the Directors from the Directors' Privilege Package are \$nil for the year ended 30 June 2016 (2015: \$nil).

	2016 \$	2015 \$
Note 25. Earnings per share		
(a) Profit attributable to the ordinary equity holders of the company used in calculating earnings per share	115,095	150,456
	Number	Number
(b) Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	732,375	732,375

Note 26. Events occurring after the reporting date

There have been no events after the end of the financial year that would materially affect the financial statements.

Note 27. Contingent liabilities and contingent assets

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

Notes to the financial statements (continued)

Note 28. Registered office/Principal place of business

The entity is a company limited by shares, incorporated and domiciled in Australia. The registered office and principal place of business is:

Registered Office

29 Westernport Road
Lang Lang VIC 3984

Principal Place of Business

29 Westernport Road
Lang Lang VIC 3984

Note 29. Segment reporting

The economic entity operates in the service sector where it facilitates **Community Banking** services pursuant to a franchise agreement with Bendigo and Adelaide Bank Limited. The economic entity operates in one geographic area being Lang Lang, Pearcedale, Koo Wee Rup, Narre Warren South and Tooradin.

Geographic Segments	Total Revenue		Profit from ordinary activities after income tax		Net Assets	
	2016 \$	2015 \$	2016 \$	2015 \$	2016 \$	2015 \$
Lang Lang	748,553	736,136	53,437	64,037	427,017	326,018
Pearcedale	865,488	874,923	71,057	185,112	163,541	173,074
Koo Wee Rup	676,431	659,826	(15,297)	32,381	65,005	39,640
Narre Warren South	890,618	809,355	106,717	155,120	97,881	87,949
Tooradin	417,465	394,758	(100,819)	(90,725)	26,864	37,510
Unallocated	-	37,020	-	(195,469)	395,355	550,176
Total	3,598,555	3,512,018	115,095	150,456	1,175,663	1,214,367

Notes to the financial statements (continued)

Note 30. Financial instruments

Financial Instrument Composition and Maturity Analysis

The table below reflects the undiscounted contractual settlement terms for all financial instruments, as well as the settlement period for instruments with a fixed period of maturity and interest rate.

Financial instrument	Floating interest		Fixed interest rate maturing in						Non interest bearing		Weighted average	
			1 year or less		Over 1 to 5 years		Over 5 years					
	2016 \$	2015 \$	2016 \$	2015 \$	2016 \$	2015 \$	2016 \$	2015 \$	2016 \$	2015 \$	2016 %	2015 %
Financial assets												
Cash and cash equivalents	190,384	274,119	359,218	399,336	-	-	-	-	-	-	1.42	3.32
Receivables	-	-	-	-	-	-	-	-	260,014	247,367	N/A	N/A
Financial liabilities												
Interest bearing liabilities	-	-	55,387	17,789	11,865	22,063	-	-	-	-	5.23	5.62
Payables	-	-	-	-	-	-	-	-	264,693	308,635	N/A	N/A

Net Fair Values

The net fair values of financial assets and liabilities approximate the carrying values as disclosed in the balance sheet. The company does not have any unrecognised financial instruments at the year end.

Credit Risk

The maximum exposure to credit risk at balance date to recognised financial assets is the carrying amount of those assets as disclosed in the balance sheet and notes to the financial statements.

There are no material credit risk exposures to any single debtor or group of debtors under financial instruments entered into by the economic entity.

Interest Rate Risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from the interest bearing financial assets and liabilities in place subject to variable interest rates, as outlined above.

Sensitivity Analysis

The company has performed sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in interest rates.

Notes to the financial statements (continued)

Note 30. Financial instruments (continued)

Sensitivity Analysis (continued)

As at 30 June 2016, the effect on profit and equity as a result of changes in interest rate, with all other variables remaining constant would be as follows:

	2016	2015
	\$	\$
Change in profit/(loss)		
Increase in interest rate by 1%	4,824	6,336
Decrease in interest rate by 1%	4,824	6,336
Change in equity		
Increase in interest rate by 1%	4,824	6,336
Decrease in interest rate by 1%	4,824	6,336

Directors' declaration

In accordance with a resolution of the directors of Our Community Company Limited, we state that:

In the opinion of the directors:

- (a) the financial statements and notes of the company are 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 2016 and of its performance for the financial year ended on that date; and
 - (ii) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (b) 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.



Michael John Duff,
Chairman

Signed on the 9th of September 2016.

Independent audit report



Independent auditor's report to the members of Our Community Company Ltd

Report on the financial report

We have audited the accompanying financial report of Our Community Company Ltd, which comprises the balance sheet as at 30 June 2016, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes and the directors' declaration.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and presentation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making fair accounting estimates that are reasonable in the circumstances. In note 1, the directors also state in accordance with Accounting Standard AASB 101 Presentation of Financial Statements that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the company's financial position and of its performance.

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

Liability limited by a scheme approved under Professional Standards Legislation. ABN: 51 061 795 337.

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Independent audit report (continued)

Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written auditor's independence declaration, a copy of which is included in the directors' report.

Auditor's opinion on the financial report

In our opinion:

1. The financial report of Our Community Company Ltd is in accordance with the *Corporations Act 2001* including giving a true and fair view of the company's financial position as at 30 June 2016 and of its financial performance and its cash flows for the year then ended and complying with Australian Accounting Standards and the Corporations Regulations 2001.
2. The financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.



Andrew Frewin Stewart
61 Bull Street, Bendigo Vic 3550
Dated: 9 September 2016



David Hutchings
Lead Auditor

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29 Westernport Road, Lang Lang VIC 3984
Phone: (03) 5997 5019 Fax: (03) 5997 5024
www.bendigobank.com.au/lang-lang

Pearcedale **Community Bank**[®] Branch
Shop 4, Pearcedale Village Shopping Centre,
Baxter-Tooradin Road, Pearcedale VIC 3912
Phone: (03) 5978 7566 Fax: (03) 5978 7572
www.bendigobank.com.au/pearcedale

Koo Wee Rup branch
28 Station Street, Koo Wee Rup VIC 3981
Phone: (03) 5997 2266 Fax: (03) 5997 2299
www.bendigobank.com.au/koo-wee-rup

Narre Warren South branch
Shop 8, Amberly Park Shopping Centre,
101 Seebeck Drive, Narre Warren VIC 3805
Phone: (03) 8790 3411 Fax: (03) 8790 2532
www.bendigobank.com.au/narre-warren-south

Tooradin & Coastal Villages branch
Shop 2, 106 South Gippsland Highway, Tooradin VIC 3980
Phone: (03) 5998 3038 Fax: (03) 5998 3256
www.bendigobank.com.au/tooradin

Franchisee: Our Community Company Ltd
29 Westernport Road, Lang Lang VIC 3984
Phone: (03) 5997 5019
ABN: 51 092 756 351

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