



Annual Report 2017

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 2017

Once again I have great pleasure to be able to report on the performance for Our Community Company Ltd. The 2016/17 financial year results have been outstanding.

Our business has continued to grow throughout 2016/217 with all branches achieving their overall growth targets for the year in what many would call a challenging environment. Our growth can be split into three main areas with our lending book growing by \$7.2 million, deposits growing by \$16.5 million and other business growing by \$21 million. The category of Other Business is made up of funds held in Financial Planning, Managed Funds, Community Sector Banking, Rural Bank and Debtor Finance. The growth in this area is a great result as we aim to provide a holistic banking service to our customers by diversifying from the core banking products such as lending and deposits.

In terms of percentage growth at our individual sites we had Lang Lang at 7.65%, Pearcedale at 12.33%, Koo Wee Rup at 10.09%, Narre Warren South at 5.75% & Tooradin at 15.43%. A variety of factors contribute to this growth and as our partners Bendigo and Adelaide Bank become more competitive in the market it provides our branch staff the tools they need to best service our customers.

Last financial year Bendigo and Adelaide Bank moved to a different method of splitting revenue within the **Community Bank®** network called Funds Transfer Pricing or FTP. This new framework calculates the true value of lending and deposits and shares the revenue 50/50 with the **Community Bank®** companies and Bendigo and Adelaide Bank. As a consequence of this change the company has seen an increase in revenue and complimented by the branches strong growth has resulted in an excellent performance for the year.

Thank you to my fellow Directors for their great support to the Chairman and the business that we conduct. Our shareholders can be assured that this group of highly motivated people continue to provide great guidance and stewardship for Our Community Company Ltd. Again we thank our fellow shareholders for their continued faith and ongoing support.

This year has seen the retirement of another original Board member, Glenn McGregor who has served his community on our Board for over 19 years. He is a very respected colleague who contributed to our Board structure with great knowledge and business acumen. At our 2016 Annual General Meeting Andrew Bullen was elected to the Board and we thank him for his enthusiastic involvement over the last 12 months.

Along with my fellow Directors I would like to acknowledge the wonderful performance of our Executive Officer, Laura McBride, with having just over 12 months behind her now, Laura has grasped the role, taken ownership and performed admirably. We thank her very much for her dedicated contribution.

The Board recognises the fantastic contribution of our team of Managers and their dedicated branch staff. At the recent Mornington Peninsula regional awards, Andrea and her Koo Wee Rup team were presented with the prestigious '2017 Branch of the Year' recognising their fantastic years performance, well done.

Our company has continued to support local community bodies in their endeavours. Our current signature project The Lang Lang Community Recreation Precinct is well under way, and we anticipate that the oval will be in use for the 2018 cricket season.

With 19 years of employing the **Community Bank®** concept business on the table, we are very proud of our community involvement and achievements. We thank our business partner Bendigo and Adelaide Bank for their continued support and guidance and we look forward to a successful 2018.



Michael Duff
Chairman

Lang Lang Manager's report

For year ending 30 June 2017



Recipients of the 2017 Grants and Sponsorship with the branch staff of Lang Lang **Community Bank®** Branch.

On behalf of the Lang Lang **Community Bank®** Branch, I am pleased present to you a report on the past year and announce key aspects of this journey.

We operate in an extremely competitive market however, by highlighting our key differences and promotion of **Bigger than a bank**, we have been able to achieve positive results as a business and this then flow's into our community. As a community-focused business, we seek opportunities to strengthen relationships with current customers and welcome new ones. This ethos is discussed within our team and network regularly as we seek to improve how we operate.

Through our 2017 Grants and Sponsorship Program, we have provided over \$36,000 to the Lang Lang and surrounding communities including Catani, Caldermeade, Nyora, Poowong, Yannathan and Heath Hill.

Through business and individual support to the **Community Bank®** branch, the Grants and Sponsorship Program sees support placed into local groups such as football, netball, tennis, bowling, soccer, pony, community reserves, primary schools, fire brigades and Scouts Association.

One project in particular was for the Lang Lang Community Centre with the implementation of an art trial. This Art Trial shall display local artists on rubbish bins by metal plating. The intended goal is for the beautification of the township and promotion of tourists to Lang Lang.

We have also been watching with great interest and excitement the start of civil works for the Lang Lang Community Recreation Precinct on Soldiers Road and Caldermeade Road, a major project in partnership with Cardinia Shire Council. The benefits to multiple groups within Lang Lang and surrounding area is far reaching for current and future township growth.

Lang Lang **Community Bank®** Branch has a strong team that are continually meeting the needs and requirements of our branch or developing news was to be engaged with their community so I would like to extend a thank you to the staff Diane, Melissa, Amanda, Eve and Veena. The 2016/17 financial year has also bought some changes to our staffing with Elyshia moving into a Customer Relationship Officer role at Koo Wee Rup branch, congratulations to Elyshia with the promotion.

Lang Lang Manager's report (continued)

I would like to take this opportunity to thank the Board of Directors for their regular and frequent assistance throughout the year and look forward to a strong continued partnership in the year to come. It has been a pleasure to listen to the experienced Board members providing direction and see the introduction of new members.

Finally, I would like to thank the Lang Lang community, our customers and shareholders, without your continued support and promotion of our brand, we would not be able to collaborate with so many local organisations, which directly influence our local district. It has also been a pleasure to be involved with sponsor nights, Annual General Meetings, school banking, breakfast meetings and others various events.

It is by you supporting the Lang Lang **Community Bank**[®] Branch that enables us to support the community therefore we urge you to contact us at the branch. We have a strong and competitive range of products that can suit all your banking needs. It is through providing a wide range of products such as lending, insurance, agribusiness and wealth solutions, that income for the Lang Lang **Community Bank**[®] Branch is achieved and then contributed back to the community.

The Lang Lang **Community Bank**[®] Branch team wish all our customers, community, shareholders 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 2017

Pearcedale **Community Bank**® Branch had a very successful year in the 2016/17 financial year, underpinned by solid lending activity to both existing and new customers. Actual loan growth achieved was 6.3% for the year, which was closely in line with targeted growth. Deposit/Wealth Products growth was strong with growth of 18.6% achieved, being well ahead of targeted growth for the period.

During the year we continued our successful strategy of assisting our clients with all their banking, lending and associated products and service needs. The Branch team, comprising Kylie Lee (Customer Relationship Officer), Penny McMahon (Customer Service Supervisor), Diane Kennedy and Keryn O'Hehir (Customer Service Officers) remained unchanged during the year, with all staff attaining good results in prescribed training and development opportunities.

Being a busy lending branch, Pearcedale **Community Bank**® Branch is making solid contributions to the company's overall performance. I have been pleased to lead such a dedicated and experienced branch team and look forward to the challenges the 2017/18 financial year and beyond brings. Thanks team for your focus and commitment shown during the year. We also acknowledge the strong support we receive from the Bendigo Bank Head Office, State and Regional Support network in achieving our best.

As a team, we are also extremely proud of the great outcomes we have contributed to in our community. We held our 2016/17 Grants and Sponsorship night at Pearcedale Football Netball Club Inc. 01 August 2017. This event was attended by 64 local community group leaders and saw the distribution of grants and sponsorships totalling \$53,700.

Some of the many worthwhile projects we have assisted with this year are:

- Pearcedale Primary School – External Basketball Court resurfacing,
- Pearcedale Rural Fire Brigade & Langwarrin Rural Fire Brigade Thermal Imaging Equipment,
- Somerville Rural Fire Brigade Community Electronic Display Board,
- South East Juniors Football League sponsorship, and
- Kingsley Park Primary School and Victorian Canine Association Defibrillators.

We are also proud to have provided support to Somerville and Pearcedale local students, Jasmine Birch and sisters Jacinta and Rachele Hennekam who were awarded this year's Pearcedale **Community Bank**® Branch Scholarships, Jacinta Hennekam from Somerville who is attending the University of Melbourne in Parkville studying a Bachelor of Arts, Rachele Hennekam

from Somerville who is attending the Australian Catholic University in Fitzroy to study a double degree being a Bachelor of Applied Public Health & Bachelor of Global Studies, and Jasmine Birch from Somerville who is attending Australian Catholic University in Melbourne to study a double degree being a Bachelor of Exercise Science and Bachelor of Public Health. These scholarships are awarded to first-time tertiary



Scholarship recipients Jacinta and Rachele Hennekam with Pearcedale **Community Bank**® Branch staff.

Pearcedale Manager's report (continued)

students who otherwise might not be able to undertake a university degree. The scholarship then continues on in their second year of study.

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. This year, we also sponsored three Mount Erin College (Frankston South) students (Year 10 and 11); Jordan Desmond, Kobe Moran and Sena Fukushima to attend the five day Magic Moments Youth Forum in Sydney NSW in the July School Holidays. This is the first time our Board have sponsored students to attend this Forum, which is a cornerstone project of the Magic Moments Foundation Ltd. They thoroughly enjoyed their development experiences with like-minded students who had travelled from across Australia and many other countries to attend the Summit. We look forward to continuing our work with these students who, no doubt will one day become leaders in our community.

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 Laura McBride, 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 2017

This year we have had some fantastic results. We have grown in all areas across the business including, lending, savings, insurances and wealth. This is thanks to the community support, bringing in new business and still being very relevant for your needs.

There has been a great deal of highlights this year. Some of these include Kay Couch and the Koo Wee Rup branch receiving awards at the Annual Regional event. Kay was also promoted to Customer Relationship Manager of Tooradin & Coastal Villages branch after nearly 13 years at Koo Wee Rup. Kylie Barker joined us as the Customer Service Officer (a replacement for Amanda McKenzie), and Elyshia Thobe was recently appointed the new Customer Relationship officer from Customer Service Officer at the Lang Lang **Community Bank®** Branch.



Branch staff at Koo Wee Rup branch Kay, Andrea, Pauline, Kylie and Julie.

During this year I had the privilege of attending the Bendigo Bank's National **Community Bank®** Conference in Hobart in September which was very informative and inspiring. I was a judge for the young students in a public speaking debate sponsored by Lions. I was able to attend a two-day workshop for a certificate in Mental Health training, attended the opening of the new HUB in Koo Wee Rup which assists young people in the area with a safe support place, held our Annual Grants Evening supporting local community groups in KWR, attended our scholarship night for university students and enjoyed the Pakenham Races in November with customers, staff and Businesses.



VCAL Students from Koo Wee Rup Secondary College at the Motorvate Driver Education Program supported by Koo Wee Rup branch.

Koo Wee Rup Manager's report (continued)

This year has seen an increase in customers referring family and friends to me for repeat business which I believe is the core to growing our business and provides me with the greatest satisfaction as a Manager knowing that our customers are satisfied and would recommend me to their friends and family. This, along with the development of deeper relationships with our community groups of which we support year in and year out, has meant our community continues to be strong and prosper.

I would like to thank the Board and shareholders for their continued support in recommending our bank and referring customers. I would also like to thank Simon Sponza for his mentoring along with Tania Hansen and Laura McBride for their assistance. Very importantly my staff over this year being Elyshia, Kylie, Julie, Pauline, Kay, Keryn and Amanda for continuing to provide excellent customer service and being able to meet our customers' needs. And finally, a big thank you to all of our valued customers for banking with us. I look forward to the year ahead.



Andrea Vincent
Branch Manager
Koo Wee Rup branch

Narre Warren South Manager's report

For year ending 30 June 2017

The 2016/17 financial year has seen many changes occur at Narre Warren South branch.

Jennifer Martin joined the team as Branch Manager in July 2016 until her 12 month maternity leave began at the end of April 2017.

This was when I joined the team. Having moved over from Tooradin & Coastal Villages branch on a 12-month contract until Jennifer's return in 2018.

We also saw changes with our frontline staff, Jack left us to pursue a career in Real Estate, Eve joined us for a short time before moving on to our Lang Lang **Community Bank**® Branch and Alison took some personal time before returning to the group and gaining experience at our Tooradin & Coastal Villages branch and Koo Wee Rup branch.

We have welcomed Heather Clayton who has been promoted in for 12 months as our Customer Relationship Manager. Her experience in all areas of banking is truly an asset.

Grants and Sponsorships this year have totalled \$14,500 which was shared between 10 lucky recipients. Again we supported our local schools, community centre, SES and not for profit clubs.

We are putting in place many programs to increase/expand our community connection. We want to focus on our point of difference. Bendigo Bank is unique from other banks and we should be sharing our story far and wide.

Our 2017 Scholarship Program this year supports Nicholas McKinnon from Kambrya College. Nicholas is off to Deakin University to study his Bachelor of Law and Bachelor of Commerce and we wish him the best of luck.

I would like to thank the shareholders, customers and community groups that have accepted and adjusted to our changes over the last 12 months and the Directors of Our Community Company Ltd for their ongoing support.

Of course the backbone of any branch is the staff, I would sincerely like to thank all staff including Heather, Sylvia, Michelle, Athena, Angela and Silvana for your continued contribution towards growing our business.



Branch staff at the Narre Warren South Grants and Sponsorship evening.

Tina Thompson
Branch Manager
Narre Warren South branch

Tooradin & Coastal Villages Manager's report

For year ending 30 June 2017

As recently appointed Customer Relationship Manager at Tooradin & Coastal Villages branch I am pleased to report to you on the year that was.

The branch has had a very successful year over the last 12 months.

This can be partly attributed to the continued presence in the community by branch staff attending many local events which keeps Bendigo Bank at the front of our customers' minds when thinking about their banking needs.

Our Grants Night, which was held on 16 August, saw us give back \$29,082 to the local community groups. An example of one of the great community projects we have been able to help with is by funding the purchase of a defibrillator for the Tooradin Fire Brigade.

I would like to acknowledge the support of the shareholders and Directors as well as our customers and community groups, who without their continued support would not make it possible for our branch to be successful and in turn to be able to give back some of our profit to the community.

I would also like to thank the staff here, Carol, Lorna, Aimee and Amanda for their contribution throughout the last 12 months & especially for making me welcome here.

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



Kay Couch
Customer Relationship Manager
Tooradin & Coastal Villages branch



Branch staff at the Tooradin & Coastal Villages branch Carol, Lorna, Amanda, Aimee and Tina.

Bendigo and Adelaide Bank report

For year ending 30 June 2017

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

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

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

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

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

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

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

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

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

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

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

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



Robert Musgrove
Executive Engagement Innovation

Directors' report

For the financial year ended 30 June 2017

Your directors submit the financial statements of the company for the financial year ended 30 June 2017.

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: Current member and past Captain Koo Wee Rup CFA, current Committee Member Pakenham Racing Club, past Chairman Koo Wee Rup Business Association and past Chairman and Secretary Cochrane Park Committee.

Special responsibilities: Chairman of the Board, Ex Officio all Sub-Committees

Interest in shares: 30,000 Ordinary Shares

Gordon Douglas Smale

Deputy Chairman

Occupation: Manufacturing Manager

Qualifications, experience and expertise: Manager of engineering company employing 50 plus staff. Vice President, Treasurer and past President of Pearcedale Tennis Club. Past President Pearcedale Recreation Reserve Committee of Management. Current Vice President and past Secretary 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

Director

Occupation: Regional Community Manager, Bendigo & Adelaide Bank Ltd.

Qualifications, experience and expertise: Current Bulletin Editor and previous Treasurer for Rotary Club Koo Wee Rup/Lang Lang. Vice Chair of Koo Wee Rup Regional Health Services Board. Previous 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: Human Resources Committee, Community Recreation Project

Interest in shares: 500 Ordinary Shares

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

Directors' report (continued)

Directors (continued)

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: Human Resources Committee, Audit & Governance Committee

Interest in shares: 8,600 Ordinary Shares

Dianne Lesley Loft

Director

Occupation: Newsagent

Qualifications, experience and expertise: Diploma of Retail Management, small business owner. Secretary Tooradin Public Hall Committee.

Special responsibilities: Asset Management Committee, Human Resources Committee, Audit & Governance Committee

Interest in shares: Nil

Michael Alan Bushe

Director

Occupation: Construction Manager

Qualifications, experience and expertise: Registered Domestic and Commercial 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, Grants & Sponsorship Committee

Interest in shares: 1,050 Ordinary Shares

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

Andrew Lloyd Bullen

Director (Appointed 27 October 2016)

Occupation: Farmer

Qualifications, experience and expertise: Andrew is the Owner and manager of the family Poultry Farm and also a beef and hay contractor. He is a Caldermeade Junior Football Club committee member and the under 12's Football Coach and also involved with the Catani Tennis Club.

Special responsibilities: Business Growth Committee, Finance & Budget Committee

Interest in shares: Nil

Directors' report (continued)

Directors (continued)

Glenister Malcolm McGregor

Director (Resigned 4 July 2017)

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, Finance & Budget Committee

Interest in shares: 52,000 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 was appointed to the position of secretary on 5 July 2016 taking over from Tania Hansen.

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®** model 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 2017 \$	Year ended 30 June 2016 \$
155,668	115,095

Dividends

	Year ended 30 June 2017	
	Cents	\$
Dividends paid in the year	18	131,828

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.

Directors' report (continued)

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 22 and 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' 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	
	A	B	A	B	A	B	A	B	A	B	A	B
Michael John Duff	11	8	-	-	2	2	-	-	-	-	2	2
Gordon Douglas Smale	11	10	-	-	2	2	-	-	-	-	2	2
Tania Lyn Hansen	11	9	-	-	-	-	4	4	-	-	1	1
Maxwell William Papley	11	6	-	-	-	-	-	-	-	-	-	-
Douglas Hugh Hamilton	11	10	1	1	-	-	4	4	-	-	-	-
Dianne Lesley Loft	11	10	1	1	-	-	4	4	2	2	-	-
Michael Alan Bushe	11	9	-	-	-	-	-	-	2	2	-	-
Rex Graham Genoni	11	10	-	-	2	2	-	-	-	-	-	-
Andrew Lloyd Bullen*	8	7	-	-	2	2	-	-	-	-	2	2
Glenister Malcolm McGregor**	11	10	1	1	-	-	-	-	-	-	2	2

A - eligible to attend
B - number attended

* - (Appointed 27 October 2016)
** - (Resigned 4 July 2017)

Directors' report (continued)

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.

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 17.

Signed in accordance with a resolution of the board of directors at Lang Lang, Victoria on 27 September 2017.



Michael John Duff,
Chairman

Auditor's independence declaration



Partners in success

Chartered Accountants

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

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

As lead auditor for the audit of Our Community Company Ltd for the year ended 30 June 2017, 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: 27 September 2017

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

David Hutchings
Lead Auditor

Taxation | Audit | Business Services

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

Financial statements

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

	Notes	2017 \$	2016 \$
Revenue from ordinary activities	4	3,886,778	3,598,555
Employee benefits expense		(1,831,034)	(1,992,739)
Charitable donations, sponsorship, advertising and promotion		(914,646)	(532,989)
Occupancy and associated costs		(302,023)	(311,415)
Systems costs		(115,399)	(107,995)
Depreciation and amortisation expense	5	(106,369)	(120,359)
Finance costs	5	(4,162)	(2,258)
General administration expenses		(399,912)	(360,262)
Profit before income tax expense		213,233	170,538
Income tax expense	6	(57,565)	(55,443)
Profit after income tax expense		155,668	115,095
Total comprehensive income for the year attributable to the ordinary shareholders of the company:		155,668	115,095
Earnings per share		¢	¢
Basic earnings per share	25	21.26	15.72

The accompanying notes form part of these financial statements.

Financial statements (continued)

Balance Sheet as at 30 June 2017

	Notes	2017 \$	2016 \$
ASSETS			
Current Assets			
Cash and cash equivalents	7	585,285	549,602
Trade and other receivables	8	378,405	429,188
Total Current Assets		963,690	978,790
Non-Current Assets			
Property, plant and equipment	9	308,848	363,482
Intangible assets	10	303,264	313,369
Financial assets	11	108,968	98,000
Deferred tax asset	12	51,319	47,097
Total Non-Current Assets		772,399	821,948
Total Assets		1,736,089	1,800,738
LIABILITIES			
Current Liabilities			
Trade and other payables	13	279,577	320,271
Current tax liabilities	12	8,035	6,162
Borrowings	14	45,291	55,387
Provisions	15	172,970	153,949
Total Current Liabilities		505,873	535,769
Non-Current Liabilities			
Trade and other payables	13	-	65,191
Borrowings	14	18,771	11,865
Provisions	15	11,942	12,250
Total Non-Current Liabilities		30,713	89,306
Total Liabilities		536,586	625,075
Net Assets		1,199,503	1,175,663
Equity			
Issued capital	16	607,871	607,871
Retained earnings	17	591,632	567,792
Total Equity		1,199,503	1,175,663

The accompanying notes form part of these financial statements.

Financial statements (continued)

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

	Issued capital \$	Retained earnings \$	Total equity \$
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
Balance at 1 July 2016	607,871	567,792	1,175,663
Total comprehensive income for the year	-	155,668	155,668
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	(131,828)	(131,828)
Balance at 30 June 2017	607,871	591,632	1,199,503

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of Cash Flows for the year ended 30 June 2017

	Notes	2017 \$	2016 \$
Cash flows from operating activities			
Receipts from customers		4,180,728	3,928,131
Payments to suppliers and employees		(3,867,212)	(3,773,984)
Interest received		9,470	10,687
Interest paid		(4,162)	(2,258)
Income taxes paid		(59,915)	(43,308)
Net cash provided by operating activities	18	258,909	119,268
Cash flows from investing activities			
Payments for property, plant and equipment		(54,567)	(41,797)
Proceeds from property, plant and equipment		27,268	8,000
Payments for intangible assets		(60,908)	(30,454)
Payment for investments or financial assets		-	(52,471)
Net cash used in investing activities		(88,207)	(116,722)
Cash flows from financing activities			
Proceeds from borrowings		25,200	50,000
Repayment of borrowings		(28,391)	(22,600)
Dividends paid		(131,828)	(153,799)
Net cash used in financing activities		(135,019)	(126,399)
Net increase/(decrease) in cash held		35,683	(123,853)
Cash and cash equivalents at the beginning of the financial year		549,602	673,455
Cash and cash equivalents at the end of the financial year	7(a)	585,285	549,602

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2017

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

There are a number of 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 2016, and are therefore relevant for the current financial year.

None of these amendments to accounting standards issued by the Australian Accounting Standards Board (AASB) materially affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

There are also a number of accounting standards and interpretations issued by the Australian Accounting Standards Board (AASB) that become effective in future accounting periods.

The company has elected not to apply any accounting standards or interpretations before their mandatory operative date for the annual reporting period beginning 1 July 2016. These future accounting standards and interpretations therefore have no impact on amounts recognised in the current period or any prior period.

Only AASB 16 Leases, effective for the annual reporting period beginning on or after 1 January 2019 is likely to impact the company. This revised standard will require the branch leases to be capitalised.

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.

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)

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.

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

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.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

b) Revenue (continued)

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.

Margin is paid on all core banking products. A funds transfer pricing model is used for the method of calculation of the cost of funds, deposit return and margin.

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.

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.

Discretionary financial contributions

In addition to margin, commission and fee income, and separate from the franchise agreement, Bendigo and Adelaide Bank Limited has also made discretionary financial payments to the company. These are referred to by Bendigo and Adelaide Bank Limited as a "Market Development Fund" (MDF).

The amount has been based on the volume of business attributed to a branch. The purpose of the discretionary payments is to assist with local market development activities, including community sponsorships and donations.

It is for the board to decide how to use the MDF.

The payments from Bendigo and Adelaide Bank Limited are discretionary and Bendigo and Adelaide Bank Limited may change the amount or stop making them at any time.

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

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.

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.

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.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

c) Income tax (continued)

Deferred tax (continued)

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.

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
- motor vehicle 3 - 5 years

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

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.

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.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

k) Financial instruments (continued)

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.

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.

Notes to the financial statements (continued)

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 is not exposed to equity securities price risk as it does not hold investments for sale or at fair value.

The company is not exposed to commodity price risk.

(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.

(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 2017 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.

Notes to the financial statements (continued)

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.

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.

Notes to the financial statements (continued)

Note 3. Critical accounting estimates and judgements (continued)

Impairment of assets (continued)

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.

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.

	2017 \$	2016 \$
Note 4. Revenue from ordinary activities		
Operating activities:		
- gross margin	2,933,028	2,145,067
- services commissions	356,130	777,816
- fee income	395,792	393,472
- market development fund	147,500	248,334
- other revenue	28,344	22,449
Total revenue from operating activities	3,860,794	3,587,138

Notes to the financial statements (continued)

	2017 \$	2016 \$
Note 4. Revenue from ordinary activities (continued)		
Non-operating activities:		
- interest received	9,232	9,717
- dividends received	3,457	1,700
- increase in net market value of financial assets	7,510	-
- profit on sale of non-current assets	5,785	-
Total revenue from non-operating activities	25,984	11,417
Total revenues from ordinary activities	3,886,778	3,598,555

Note 5. Expenses

Depreciation of non-current assets:

- leasehold improvements	29,063	35,200
- motor vehicle	17,747	19,047

Amortisation of non-current assets:

- franchise fee and franchise renewal fee	59,559	66,112
	106,369	120,359

Finance costs:

- interest paid	4,162	2,258
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Bad debts	1,976	2,787
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Impairment on revaluation of financial assets	-	4,471
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Loss on sale of non-current assets	-	1,653
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Note 6. Income tax expense

The components of tax expense comprise:

- Current tax	63,270	48,649
- Movement in deferred tax	(4,223)	2,512
- Adjustment to deferred tax to reflect change to tax rate in future periods	-	4,282
- Franking credits on dividends received	(1,482)	-
	57,565	55,443

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

Operating profit	213,233	170,538
Prima facie tax on profit from ordinary activities at 27.5% (2016: 30%)	58,639	51,161

Notes to the financial statements (continued)

	2017 \$	2016 \$
Note 6. Income tax expense (continued)		
Add tax effect of:		
- timing difference expenses	4,223	(2,512)
- black hole expenses	408	-
	63,270	48,649
Movement in deferred tax	(4,223)	2,512
Adjustment to deferred tax to reflect change of tax rate in future periods	-	4,282
Franking credits on dividends received	(1,482)	-
	57,565	55,443

Note 7. Cash and cash equivalents

Cash at bank and on hand	216,763	190,384
Term deposits	368,522	359,218
	585,285	549,602

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	216,763	190,384
Term deposits	368,522	359,218
	585,285	549,602

Note 8. Trade and other receivables

Trade receivables	305,601	258,716
Prepayments	71,744	169,174
Other receivables and accruals	1,060	1,298
	378,405	429,188

Note 9. Property, plant and equipment

Leasehold improvements		
At cost	794,210	821,835
Less accumulated depreciation	(562,467)	(533,404)
	231,743	288,431

Notes to the financial statements (continued)

	2017 \$	2016 \$
Note 9. Property, plant and equipment (continued)		
Motor vehicles		
At cost	112,943	133,789
Less accumulated depreciation	(35,838)	(58,738)
	77,105	75,051
Total written down amount	308,848	363,482
Movements in carrying amounts:		
Leasehold improvements		
Carrying amount at beginning	288,431	300,824
Additions	13,284	22,807
Disposals	(40,909)	-
Less: depreciation expense	(29,063)	(35,200)
Carrying amount at end	231,743	288,431
Motor vehicles		
Carrying amount at beginning	75,051	84,762
Additions	41,284	23,624
Disposals	(21,483)	(14,288)
Less: depreciation expense	(17,747)	(19,047)
Carrying amount at end	77,105	75,051
Total written down amount	308,848	363,482

Note 10. Intangible assets

Franchise fee and renewal processing fee

At cost	604,990	555,536
Less: accumulated amortisation	(520,234)	(460,675)
	84,756	94,861
Goodwill on purchase of agency		
At cost	218,508	218,508
Total written down amount	303,264	313,369

Notes to the financial statements (continued)

	Note	2017 \$	2016 \$
Note 11. Financial Assets			
Available-for-sale financial assets			
Unlisted investments at fair value			
- Mt Eliza Community Enterprises Limited	19	50,000	50,000
Listed investments at fair value			
- Bendigo & Adelaide Bank Limited	19	58,968	48,000
Total available-for-sale financial assets		108,968	98,000

Note 12. Tax

Current:

Income tax payable	8,035	6,162
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Non-Current:

Deferred tax assets		
- accruals	1,596	1,749
- employee provisions	50,851	45,705
	52,447	47,454
Deferred tax liability		
- accruals	292	357
- property, plant and equipment	836	-
	1,128	357
Net deferred tax asset	51,319	47,097
Movement in deferred tax charged to Statement of Profit or Loss and Other Comprehensive Income		
	(4,222)	6,793

Note 13. Trade and other payables

Current:

Trade creditors	244,680	264,693
Other creditors and accruals	34,897	55,578
	279,577	320,271

Non-Current:

Other creditors and accruals	-	65,191
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Notes to the financial statements (continued)

	Note	2017 \$	2016 \$
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Note 14. Borrowings

Current:

Chattel mortgage	20	16,876	25,387
Bank loans		28,415	30,000
		45,291	55,387

Non-Current:

Chattel mortgage	20	18,771	11,865
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Borrowings comprise of three chattel mortgages' taken out for a Toyota Camry in September 2014, a Camry Altise in October 2015 and a Holden SV6 Sportswagon in June 2017. The contracts are for a three term ending in August 2017, September 2018 and June 2020 respectively, with implicit interest rates of 5.7003% (Toyota), 4.3994 (Camry Altise) and 4.2509% (Holden).

	2017 \$	2016 \$
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Note 15. Provisions

Current:

Provision for annual leave	85,616	62,599
Provision for long service leave	87,354	91,350
	172,970	153,949

Non-Current:

Provision for long service leave	11,942	12,250
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Note 16. Contributed equity

732,375 ordinary shares fully paid (2016: 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.

Notes to the financial statements (continued)

Note 16. Contributed equity (continued)

Rights attached to shares (continued)

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").
- 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 226 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.

Notes to the financial statements (continued)

	2017 \$	2016 \$
Note 17. Retained earnings		
Balance at the beginning of the financial year	567,792	606,496
Net profit from ordinary activities after income tax	155,668	115,095
Dividends paid or provided for	(131,828)	(153,799)
Balance at the end of the financial year	591,632	567,792

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	155,668	115,095
Non cash items:		
- depreciation	46,810	54,247
- amortisation	59,559	66,112
- (profit)/loss on disposal of asset	(7,510)	1,653
- impairment on revaluation of investments	(5,785)	4,471
Changes in assets and liabilities:		
- (increase)/decrease in receivables	50,784	(113,949)
- (increase)/decrease in other assets	9,540	6,793
- increase/(decrease) in payables	(68,870)	(6,201)
- increase/(decrease) in provisions	18,713	(8,953)
Net cash flows provided by operating activities	258,909	119,268

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 2017	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Recurring fair value measurements:				
Available-for-sale financial assets				
Listed investments:				
- shares in listed corporations	58,968	-	-	58,968
Unlisted investments:				
- shares in other corporations	50,000	-	-	50,000
	108,968	-	-	108,968
Total assets at fair value	108,968	-	-	108,968

Notes to the financial statements (continued)

Note 19. Fair value measurement (continued)

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

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: The fair value of property, plant and equipment is based on a valuation performed by a third party qualified valuer using quoted prices for similar assets in an active market.
- Level 3: There were no fair value measurements by the Level 3 fair value hierarchy.

	2017 \$	2016 \$
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Note 20. Leases

Finance lease commitments

Payable - minimum lease payments:

- not later than 12 months	17,901	26,689
- between 12 months and 5 years	19,699	12,143
- greater than 5 years	-	-
Minimum lease payments	37,600	38,832
Less future finance charges	(1,953)	(1,580)
Present value of minimum lease payments	35,647	37,252

Finance lease commitments comprise of three chattel mortgages' taken out for a Toyota Camry in September 2014, a Camry Altise in October 2015 and a Holden SV6 Sportswagon in June 2017. The contracts are for a three term ending in August 2017, September 2018 and June 2020 respectively, with implicit interest rates of 5.7003% (Toyota), 4.3994% (Camry Altise) and 4.2509% (Holden).

Notes to the financial statements (continued)

	2017 \$	2016 \$
Note 20. Leases (continued)		
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	43,706
- between 12 months and 5 years	131,117	171,181
- greater than 5 years	-	-
	174,823	214,887
Lang Lang		
Payable - minimum lease payments:		
- not later than 12 months	48,225	46,821
- between 12 months and 5 years	112,526	156,070
- greater than 5 years	-	-
	160,751	202,891
Narre Warren South		
Payable - minimum lease payments:		
- not later than 12 months	58,240	52,899
- between 12 months and 5 years	174,720	211,596
- greater than 5 years	-	-
	232,960	264,495
Tooradin		
Payable - minimum lease payments:		
- not later than 12 months	19,492	19,492
- between 12 months and 5 years	19,492	38,984
- greater than 5 years	-	-
	38,984	58,476
Pearcedale		
Payable - minimum lease payments:		
- not later than 12 months	35,023	35,023
- between 12 months and 5 years	36,704	71,727
- greater than 5 years	-	-
	71,727	106,750

Notes to the financial statements (continued)

	2017 \$	2016 \$
Note 20. Leases (continued)		
HP Printer		
Payable - minimum lease payments:		
- not later than 12 months	3,432	3,432
- between 12 months and 5 years	10,010	13,442
- greater than 5 years	-	-
	13,442	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.

Note 21. Auditor's remuneration

Amounts received or due and receivable by the auditor of the company for:

- audit and review services	5,650	5,550
- share registry services	2,333	2,920
- non audit services	1,805	1,755
	9,788	10,225

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
Douglas Hugh Hamilton
Dianne Lesley Loft
Michael Alan Bushe
Rex Graham Genoni
Andrew Lloyd Bullen (Appointed 27 October 2016)
Glenister Malcolm McGregor (Resigned 4 July 2017)

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

Notes to the financial statements (continued)

	2017 \$	2016 \$
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Note 22. Director and related party disclosures (continued)

Transactions with related parties:

Michael John Duff received remuneration for fuel supplies provided during the period under review.	11,370	11,929
Tania Lyn Hansen received a salary, plus super and vehicle for secretary services provided during the period under review.	-	69,321
Dianne Lesley Loft received remuneration for supply of newspapers to the Community Bank branches.	500	460

	2017	2016
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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
Douglas Hugh Hamilton	8,600	8,600
Dianne Lesley Loft	-	-
Michael Alan Bushe	1,050	1,050
Rex Graham Genoni	5,900	5,900
Andrew Lloyd Bullen (Appointed 27 October 2016)	-	-
Glenister Malcolm McGregor (Resigned 4 July 2017)	52,000	52,000

There was no movement in directors' shareholdings during the year.

	2017 \$	2016 \$
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Note 23. Dividends paid or provided

a. Dividends paid during the year

Current year dividend		
100% (2016: 100%) franked dividend - 18 cents (2016: 21 cents) per share	131,828	153,799
The tax rate at which dividends have been franked is 27.5% (2016: 30%).		

Notes to the financial statements (continued)

	2017 \$	2016 \$
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Note 23. Dividends paid or provided (continued)

b. Franking account balance

Franking credits available for subsequent reporting periods are:		
- franking account balance as at the end of the financial year	384,147	374,236
- franking credits that will arise from payment of income tax as at the end of the financial year	43,553	6,305
- 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:	427,700	380,541
- 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	427,700	380,541

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
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
Andrew Lloyd Bullen (Appointed 27 October 2016)	2,000	-
Glenister Malcolm McGregor (Resigned 4 July 2017)	2,000	2,000
	20,000	18,000

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 2017 (2016: \$nil).

Notes to the financial statements (continued)

	2017 \$	2016 \$
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Note 25. Earnings per share

(a) Profit attributable to the ordinary equity holders of the company used in calculating earnings per share	155,668	115,095
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	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.

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.

	Total Revenue		Profit from ordinary activities after income tax		Net Assets	
	2017 \$	2016 \$	2017 \$	2016 \$	2017 \$	2016 \$
Geographic Segments						
Lang Lang	813,868	748,553	(32,108)	53,437	463,217	427,017
Pearcedale	912,817	865,488	121,921	71,057	150,813	163,541
Koo Wee Rup	740,444	676,431	14,284	(15,297)	62,355	65,005
Narre Warren South	932,100	890,618	43,208	106,717	105,456	97,881
Tooradin	487,549	417,465	8,363	(100,819)	8,078	26,864
Unallocated	-	-	-	-	409,585	395,355
Total	3,886,778	3,598,555	155,668	115,095	1,199,504	1,175,663

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					
	2017 \$	2016 \$	2017 \$	2016 \$	2017 \$	2016 \$	2017 \$	2016 \$	2017 \$	2016 \$	2017 %	2016 %
Financial assets												
Cash and cash equivalents	216,763	190,384	368,522	359,218	-	-	-	-	-	-	1.18	1.42
Receivables	-	-	-	-	-	-	-	-	305,601	258,716	N/A	N/A
Financial liabilities												
Interest bearing liabilities	-	-	45,291	55,387	18,771	11,865	-	-	-	-	7.61	5.23
Payables	-	-	-	-	-	-	-	-	244,680	264,693	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 2017, the effect on profit and equity as a result of changes in interest rate, with all other variables remaining constant would be as follows:

	2017 \$	2016 \$
Change in profit/(loss)		
Increase in interest rate by 1%	5,212	4,824
Decrease in interest rate by 1%	(5,212)	(4,824)
Change in equity		
Increase in interest rate by 1%	5,212	4,824
Decrease in interest rate by 1%	(5,212)	(4,824)

Directors' declaration

In accordance with a resolution of the directors of Our Community Company Ltd , 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 2017 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.
- (c) the audited remuneration disclosures set out in the remuneration report section of the directors' report comply with Accounting Standard AASB124 Related Party Disclosures and the Corporations Regulations 2001.

This declaration is made in accordance with a resolution of the board of directors.



Michael John Duff,
Chairman

Signed on the 27th of September 2017.

Independent audit report



Chartered Accountants

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

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

Report on the audit of the financial statements

Our opinion

In our opinion, the financial report of Our Community Company Ltd is in accordance with the *Corporations Act 2001*, including:

- i. giving a true and fair view of the company's financial position as at 30 June 2017 and of its performance for the year ended on that date; and
- ii. complying with Australian Accounting Standards.

What we have audited

Our Community Company Ltd's (the company) financial report comprises the:

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

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report.

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Other information

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

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Independent audit report (continued)

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

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

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

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

Directors' responsibility for the financial report

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

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

Auditor's responsibility for the audit of the financial report

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

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



Andrew Frewin Stewart
61 Bull Street, Bendigo, 3550
Dated: 27 September 2017



David Hutchings
Lead Auditor

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Baxter-Tooradin Road, Pearcedale VIC 3912
Phone: (03) 5978 7566
www.bendigobank.com.au/pearcedale

Koo Wee Rup branch
28 Station Street, Koo Wee Rup VIC 3981
Phone: (03) 5997 2266
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
www.bendigobank.com.au/narre-warren-south

Tooradin & Coastal Villages branch
Shop 2, 106 South Gippsland Highway, Tooradin VIC 3980
Phone: (03) 5998 3038
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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