



# Annual Report 2018

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



In this, our 20th year of operations, I have great pleasure in presenting the 2017/18 Annual Report for Our Community Company Ltd.

Over the last twelve months our business obtained overall growth of 4.9% with deposits up by 9.1% and loans down by 2%. The year's business growth obtained across our branches was Lang Lang 10%, Pearcedale 7%, Koo Wee Rup 2.8%, Tooradin 14.5% and Narre Warren South -5.17%. With consideration of this activity and compared to same time last year I can report an overall increase in profit of 7.4% which is indeed an excellent result continuing our strong performance in 2016/17.

Our company continues to focus on core business principles in line with our business partner, Bendigo and Adelaide Bank and with direction and support we have once again delivered our shareholders a dividend.

Our Community Company Ltd continues its ongoing community investment playing a major role in contributing to our regions' sporting, social enterprise and broader community projects, whether it be partnering with our local government including Cardinia Shire and City of Casey, local CFA brigades, scouting groups, or our wonderful education providers. Our footprint covers a large area and we achieve remarkable results for our communities when we collaborate on projects. Our signature project the Lang Lang Community Recreation Project is well established and we will hopefully see cricket teams in play this summer.

This year October 27th marks a significant point in our district's banking and community wellbeing history. Over the last 20 years our **Community Bank**<sup>®</sup> branches have built a book of \$553 million, enabling returns to shareholders of \$1,662,498 and contributions to community projects of over \$7,000,000. The most pleasing aspect of all is that we have been able to help build and improve our communities.

We have had two retirements from the Board this year. One of our original Board members Doug Hamilton retired this year. Doug was on the conceptual steering committee and served as Deputy Chairman from inception to 2010, contributing many hours to the board's committee structure and development. We thank Doug for his great enthusiasm and respected work ethic. Rex Genoni who served for 3 years did not stand for re-election at our 2017 AGM. Described as a community stalwart by many and we agree, we sincerely thank Rex for his contribution over his time on the Board. Joining our Board this year after being elected at our 2017 AGM we welcome Shelley Beilharz and David Williams. Both Shelley and David bring strong business acumen and community spirit to our Board dynamic. Thank you for taking up the challenge and contributing throughout year.

Three leaders have joined Our Community Company Ltd over this last year. We welcomed new Branch Managers Liz Wade at Koo Wee Rup, Sunny Chittajallu at Narre Warren South and Chris Wood at Lang Lang. This rounds out the leadership team with Darryl Sutcliffe at Pearcedale and Tina Thompson at Tooradin. The Board extend their appreciation to all our Managers and fantastic branch teams for their diligent work and dedication to the community banking model.

The Board are very appreciative of Executive Officer Laura McBride's efforts. Her last twelve months work load has been significant and we respect her achievements enormously. Well done and thank you Laura.

To my Board colleges, Deputy Chairman Gordon Smale, Max Papley, Tania Hansen, Michael Bushe, Di Loft, Andrew Bullen, Shelley Beilharz & David Williams thank you for the support and your dedication to Our Community Company Ltd.

We collectively extend our ongoing gratitude to our shareholders and Bendigo and Adelaide Bank, who, without their vision, faith and support in the **Community Bank**<sup>®</sup> model over the last 20 years would have seen our fortunate communities look somewhat different.

We are all proud of our 2017/2018 result and look forward to the business of 2018/19.

Michael Duff  
Chairman



# Lang Lang Manager's Report



As the newly appointed Branch Manager for Lang Lang **Community Bank**<sup>®</sup> Branch, I am pleased to present to you a report on the past year.

Our banking industry is as competitive as ever and through methods such as the bank's Be The Change marketing campaign, we have been able to achieve positive results as a business which has resulted in positive outcomes for our community. As a community-focused and customer-connected business, we seek opportunities to strengthen relationships with current customers and welcome new ones. This is discussed within our team as we seek to improve how we operate, and how we can assist the community that support us.

Through our 2018 Grants and Sponsorship Program, we have provided nearly \$40,000 to the Lang Lang and surrounding communities including Catani, Caldermeade, Nyora and Poowong.

It is always very rewarding to see the hard work and efforts of the community and how it will benefit Lang Lang as a whole. In October we will celebrate 20 years of community banking in Lang Lang. This is a tremendous achievement and a very positive reflection of the work done by many to make Lang Lang and its **Community Bank**<sup>®</sup> successful.

We're very privileged to be able to contribute \$3.3 million towards the Lang Lang Community Recreation Project on Soldiers Road and Caldermeade Road, in partnership with Cardinia Shire Council. We've seen recently the completion of several components of Stage 1, including civil works, the construction of two AFL sized sports ovals for AFL football and cricket, netball courts and floodlighting. Once the full project is completed it will be a fantastic resource for Lang Lang and surrounding areas, not just for the multiple clubs and groups that will use the facilities but for the current and future township and region as a whole.

Though I have recently joined the branch, it is refreshing and inspiring to see how strong and supportive the community is in Lang Lang. With 12 years of my career spent at Bendigo Bank, I am well placed to assist our customers and community achieve your financial goals. It is by you supporting the Lang Lang **Community Bank**<sup>®</sup> 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 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**<sup>®</sup> Branch is achieved and then contributed back to the community.

Lang Lang **Community Bank**<sup>®</sup> Branch has a new but strong team that are continually striving to meet the needs and goals of both our branch and community alike. I would therefore like to extend a thank you to Jennifer, Molly, Keryn, Eve and Stacey, whose efforts do not go unnoticed and are thoroughly appreciated by our customers, community and myself.

I would like to take this opportunity to thank the Board of Directors and Executive Officer Laura McBride for their support over the past year, including close support in my early days at the branch. I look forward to building on this together as a strong continued partnership in the year to come.

To the Lang Lang community, customers and shareholders, I thank you for your continued support and promotion of our brand, without which we would not be able to support so many local organisations.

The Lang Lang **Community Bank**<sup>®</sup> Branch team wish all our customers, community, shareholders and Directors the very best for the next 12 months.

A handwritten signature in black ink, appearing to read 'Chris Wood', written over a light grey rectangular background.

Christopher Wood  
Branch Manager  
Lang Lang **Community Bank**<sup>®</sup> Branch











# Pearcedale Manager's Report



Pearcedale **Community Bank**<sup>®</sup> Branch had another successful year in the 2017/18 financial year which was underpinned by solid lending activity and deposit growth with both existing and new customers. During the year we continued our proven strategy of assisting our clients across all their banking, lending and associated banking products and service needs.

This year we welcomed three staff to our team at Pearcedale being Kay as our Customer Relationship Manager, Ash as our Customer Relationship Officer and Silvana as our Customer Service Officer. These staff appointments complement our existing team members of Penny and Diane. I have been pleased to lead such a dedicated and experienced Branch team and look forward to what is ahead in the 2018/19 financial year. I'd like to thank our team for your focus and commitment shown during the year.

As a team, we are also extremely proud of the great outcomes we have contributed towards within our community. We held our 2017/18 Grants and Sponsorship night at Pearcedale Tennis Club and this event was attended by over 52 local community group leaders and saw the distribution of grants and sponsorships totalling \$53,250. Some of the community projects we have assisted with this year are:

- Pearcedale Primary School – Major Playground Equipment Project
- Baxter Primary School – Electronic Signboard Project
- Pearcedale Country Fire Authority – Electronic Signboard Project
- Blairlogie Living & Learning inc – Major Outdoor Area Project

We are also proud to have once again have provided scholarship support to a Mount Erin College Year 11 student, Olivia Ballard, who attended the Magic Moments Youth Forum in Sydney in July 2018. This Scholarship is a feature project which has enabled Olivia to build upon her leadership capabilities. Olivia's participation in this forum enables her to build upon her leadership strength, which in turn directly feeds into the future prosperity of our community. 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.

Our team would like to thank 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. Just think; by encouraging everybody in your network to trust their banking needs to us, we will be in an even better position to contribute increased financial support within your community in the future.

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

A handwritten signature in black ink, appearing to read 'Darryl Sutcliffe'.

Darryl Sutcliffe  
Branch Manager  
Pearcedale **Community Bank**<sup>®</sup> Branch



# KooWeeRup Manager's Report



Since joining Bendigo Bank and Koo Wee Rup Branch as Branch Manager at the end of February 2018, I have been humbled by the friendliness of the locals and the high level of support from the staff, Directors, other branches in our region, community groups and **Community Bank®** shareholders.

I would like to sincerely thank everyone for welcoming me to this amazing town and making my transition to Bendigo Bank that much easier. The last twelve months have seen a significant change in personal within our business with Andrea Vincent moving to Customer Relationship Manager at Narre Warren South and Chris Wood who joined the Koo Wee Rup team in January 2018 quickly promoted to Branch Manager at Lang Lang. I would like to thank Andrea and Chris for their assistance over the last 5 months.

Koo Wee Rup branch finished the financial year on a solid note and more importantly have been able to establish a pleasing number of connections that have already been building our business for a successful year ahead. Both myself and the team at Koo Wee Rup are committed to delivering a personalised experience to our customers.

I believe very strongly in making myself accessible and mobile, thus creating a strong presence in the local community and delivering 'old fashioned' customer service, which is our number one priority. If you haven't already met me, please feel free to come in to the branch and introduce yourself. We place great value on all our shareholders and would welcome the opportunity to meet with you and discuss any of your banking requirements.

The team at Koo Wee Rup branch are an enthusiastic and efficient group. We are focused on building and strengthening the capability of each individual and this has laid the foundation for a strong potential growth pipeline in 2018/19. We are bigger than a bank and pride ourselves on being the most customer connected bank in Australia. To ensure that the next 12 months sees our growth trend continue, we are seeking new ways that we can engage within our community and foster a greater understanding of how the Koo Wee Rup branch is able to give back through this mutual relationship. We are working closely with our Regional support teams to find ways that we can promote our brand in a wider and more visible manner.

I would like to take this opportunity to thank our staff, Elyshia, Julie, Pauline and Kylie each of whom is highly professional and has represented our branch and the Bendigo Bank brand within our community. I would also like to thank you, the shareholders, for your continuing support which ensures the ongoing success of our branch, and Directors who volunteer their time and energy to support and grow the business. Your combined efforts are greatly appreciated. I am confident that Koo Wee Rup branch has commenced the 2018/19 financial year on very solid ground and look forward to a challenging yet successful year.

Liz Wade  
Branch Manager  
Koo Wee Rup branch











# Narre Warren South Manager's Report



As Branch Manager I am pleased to be presenting the 2018 Report for the Narre Warren South branch of Bendigo Bank. After transitioning, from successfully running a franchise and being self-employed, I have found the move into my role with Our Community Company Ltd has been seamless.

I am privileged to be Branch Manager at Narre Warren South branch and would like to sincerely thank Simon Sponza & the Board of Directors for welcoming me into this position.

I am a highly motivated person and I fervently believe our vision and values is what differentiates Bendigo and Adelaide Bank from other financial institutions; these are the values that I strive to bring to life through all of my interactions with our community, our customers and our team.

Narre Warren South branch had seen some significant changes over the past couple of years. I would like to thank the previous manager Tina Thompson for her guidance during the initial weeks whilst I was transitioning into my Branch Manager Role.

Since I have been at Narre Warren South from January 2018, I can reflect on the following achievements to date:

- Run off on the home loans has been heavily curtailed as we strive to connect and deepen the relationships that we have with our customers
- A marked increase in our home loan activity levels, through strategic acquisition
- A Satisfactory audit completed where we attained one of the highest ratings in the Mornington Peninsula area
- I have completed a comprehensive review of our expenses report; all purchases are reviewed and monitored
- A successful Community Grants night at Narre Warren South Bowls Club, where we were able to show our support to our local community through our community investment programs
- Reinvigorating our Branch's community engagement within the Narre area. I have been fortunate to meet many locals and this continues to be a work in progress.

At Narre Warren South we place great importance on our branch team and are constantly looking for ways to embed our corporate values into what we do every day. We are focussed on our development both individually and are actively working towards being a high performing team.

Our team consists of Andrea as Customer Relationship Manager, Kylie as Customer Relationship Officer, Michelle as Senior Customer Service Officer and Athena, Sylvia, Aimee and Angela as Customer Service Officers. I would like to thank my Narre Warren South team for their hard work and dedication to making a real difference to our customers' financial circumstances.

I would like to express my appreciation and gratitude to all of the shareholders and the Board of Directors for your continued support. I truly believe we have the underpinnings for a very successful 2018/19.



Sunny Chittajallu  
Branch Manager  
Narre Warren South branch



# Tooradin & Coastal Villages Manager's Report



Tooradin & Coastal Villages branch has seen another year of growth and success in 2018 in both deposits and lending and I believe this growth is reflective of the support and nurturing service we provide to the customers of our branch.

Staff development continues to be a priority and as the only branch within our group to hold a Teller Cash Recycling Machine (TCR) we have had the chance to support other staff within our group in developing their skills in using these machines within an open plan branch.

As a team we attended numerous community events throughout the year. These included, our ongoing support and sponsorship of the Tooradin Tractor Pull, the Carols on the Foreshore and Tooradin-Dalmore Football Club, just to name a few. These events are integral for us to connect with the community and provide us with an opportunity to network locally and convey our point of difference.

This year we provided 18 groups a total of \$30,550 in our 2017/18 Community Investment Program which supported projects of all shapes and sizes across the Tooradin & Coastal Villages communities. Our Community Investment Program is just one way for us to contribute to the continued growth of our community.

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

And finally, where would the branch be without our dedicated staff. I would sincerely like to thank Lorna, Carol, Aimee and Amanda for the efforts they have given. Ladies you are my backbone and your work ethic and commitment to the branch and community is to be commended.

A handwritten signature in black ink, which appears to read 'Tina Thompson'. The signature is stylized with a large 'S' and a cross through it.

Tina Thompson  
Customer Relationship Manager  
Tooradin and Coastal Villages branch







*Celebrating 20 years.*



# Message from Bendigo and Adelaide Bank



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

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

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

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

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

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

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

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

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

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

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

A stylized, handwritten signature in black ink, appearing to read 'Rob Musgrove'.

Robert Musgrove Bendigo and Adelaide Bank



# Directors' Report

Your directors submit the financial statements of the company for the financial year ended 30 June 2018.

## 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: As a long-term Koo Wee Rup local Michael has been connected with a variety of clubs and organisations supporting the community. He is a current member and past captain of the Koo Wee Rup CFA, past Chairman of both the Koo Wee Rup Business Association and Cochrane Park Committee. Michael is a current committee member of the Pakenham Racing Club. Along with Michael's committee connections, supporting the community also stems from his family business in petroleum sales which operates in Koo Wee Rup and sponsors many clubs, groups and events across the region.

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: Gordon is a resident of Pearcedale and has held the President, Vice President and Treasurer roles at the Pearcedale Tennis Club along with Past President of the Pearcedale Recreation Reserve Committee of Management. Gordon's community connection also extends to Mt Eliza where he is the Vice President of the Mt Eliza Cricket Club. Outside of his commitments as a Director with the board, Gordon manages an engineering company which employs over fifty staff.

Special responsibilities: Deputy Chairman, Business Growth Committee & Finance & Budget Committee

Interest in shares: 525 Ordinary Shares

### Tania Lyn Hansen

Director

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

Qualifications, experience and expertise: Tania has broad experience in supporting various community groups and organisations across our region including the Rotary Club Koo Wee Rup/Lang Lang, Board Member of Koo Wee Rup Regional Health Service, former Company Secretary of Flemington Financial Services Limited (resigned 31 Jan 2016), Secretary of Lang Lang Township Committee and Lang Lang Business Group Inc. Tania was former Executive Officer of Our Community Company Ltd (resigned 30 June 2016) and now works as Regional Community Manager with our partner Bendigo and Adelaide Bank. Tania has successfully completed AICD Company Directors Course and holds a Bachelor of Arts (Linguistics) and a Bachelor of Behavioural Science (Psychology).

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: Max is the longest standing Director and was a part of the original steering committee which saw him become the inaugural Chairman in 1998. Max is local to the region and through a family owned business based in Lang Lang has deep local connections. He has previously served as a Councillor and Mayor of Cardinia Shire Council.

Special responsibilities: Nil

Interest in shares: 30,250 Ordinary Shares

### Michael Alan Bushe

Director

Occupation: Construction Manager

Qualifications, experience and expertise: Michael resides in Pearcedale and is the current President of the Pearcedale Tennis Club. Michael runs his own Construction Business and is a registered Domestic and Commercial Building Practitioner. Michael also holds a Certificate IV Construction and Certificate IV in Occupational Health & Safety.

Special responsibilities: Asset Management Committee, Business Growth Committee, Grants & Sponsorship Committee

Interest in shares: 1,050 Ordinary Shares

### Dianne Lesley Loft

Director

Occupation: Newsagent

Qualifications, experience and expertise: Dianne is a member of the Tooradin community where she jointly runs the local newsagency within the community of Tooradin. Dianne holds a Diploma of Retail Management. Dianne has been a member of a variety of community groups within Tooradin and is currently a member of the Tooradin Business Association.

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

Interest in shares: Nil

## Directors' Report (continued)

### Andrew Lloyd Bullen

Director

Occupation: Farmer

Qualifications, experience and expertise: Andrew is the owner and manager of the family Poultry Farm in addition to beef and hay contracting. 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

### David John Williams

Director (Appointed 26 October 2017)

Occupation: Farmer

Qualifications, experience and expertise: David is a local to the community and holds strong connections to many local clubs, groups and organizations in the region. David's experience is focused in on the agriculture sector with extensive knowledge in both dairy and potato farming. David was a Director for the Victorian Potato Council for 12 years. Within the community David is the Treasurer of the Catani Football Club and Past President of the Lang Lang Cricket Club.

Special responsibilities: Business Growth Committee

Interest in shares: Nil

### Shelley Elizabeth Beilharz

Director (Appointed 26 October 2017)

Occupation: Accountant & Tax Agent

Qualifications, experience and expertise: Shelley is a local Lang Lang community member and holds a Bachelor of Commerce and Graduate Diploma Chartered Accounting. Shelley is a Registered Tax Agent of who founded her own accounting business Flourishing Figures.

Shelley has held a variety of roles within the community including former Treasurer of Lang Lang Community Centre, committee member of Southern Business Womens Network Inc, current President of Lang Lang Business Group Inc.

Special responsibilities: Audit & Governance Committee, Finance & Budget Committee, Business Growth Committee,

Human Resources Committee

Interest in shares: 1,775 Ordinary Shares

### Douglas Hugh Hamilton

Director (Resigned 5 September 2017)

Occupation: Retired Grazier

Qualifications, experience and expertise: Doug is a member of the Lang Lang community and was a part of the original steering committee for the Lang Lang **Community Bank**<sup>®</sup> Branch and inaugural Vice Chairman. Doug served two terms as a Cardinia Shire Councillor.

Special responsibilities: Human Resources Committee, Audit & Governance Committee

Interest in shares: 8,600 Ordinary Shares

### Rex Graham Genoni

Director (Resigned 26 October 2017)

Occupation: Company Director

Qualifications, experience and expertise: Rex resides in Tooradin and has held a variety of roles within that community including 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

### Glenister Malcolm McGregor

Director (Resigned 4 July 2017)

Occupation: Farmer

Qualifications, experience and expertise: Glen resides in Lang Lang and has farmed in the region for over 60 years. Glen has been a part of the Sand Quarry Industry for over 35 years. In addition to being on the original steering committee of the Lang Lang **Community Bank**<sup>®</sup> Branch, Glen has been the Past Chairman of the Lang Lang Township Committee, Chairman of the Lang Lang Medical Centre Inc for 11 years and Member Lang Lang Aged Care Support Group for 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.



## Directors' Report (continued)

### Company Secretary

The Company Secretary is Laura McBride. Laura was appointed to the position of secretary on 5 July 2016.

Laura has completed a Certificate IV in Financial Services & Certificate IV in Frontline Management. Prior to her commencement as Executive Officer in 2016, Laura began her employment with Our Community Company Ltd as a School Based Trainee with Koo Wee Rup Branch in 2009. She worked in all five branches with the group in a variety of roles including supporting the Branch Managers with consumer and small business lending. Laura has a passion for **Community Bank**<sup>®</sup> and the values it represents and looks forward to continuing her role within the company supporting our communities.

### Principal Activities

The principal activities of the company during the financial year were facilitating **Community Bank**<sup>®</sup> 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 2018	Year ended 30 June 2017
\$191,606	\$155,668

## Directors Report (continued)

### Dividends

Year ended 30 June 2018	
26 Cents	\$190,418

### Significant changes in the state of affairs

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

### Events since the end of the financial year

There are no matters or circumstances that have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the company the results of those operations or the state of affairs of the company, in future years.

### Likely developments

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

### Environmental regulation

The company is not subject to any significant environmental regulation.

### Directors' benefits

No director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a director, a firm which a director is a member or an entity in which a director has a substantial financial interest except as disclosed in note 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' Report (continued)

### Directors' meetings

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

	Committee Meetings Attended									
	Board Meetings Attended		Committee Meetings Attended							
			Audit & Governance		Business Growth		Human Resources		Asset Management	
	A	B	A	B	A	B	A	B	A	B
Michael John Duff	12	12	-	-	3	3	-	-	2	2
Gordon Douglas Smale	12	11	-	-	3	3	-	-	-	-
Tania Lyn Hansen	12	11	1	1	-	-	3	3	-	-
Maxwell William Papley	12	8	-	-	3	2	-	-	-	-
Michael Alan Bushe	12	10	-	-	3	3	-	-	2	2
Dianne Lesley Loft	12	8	1	1	-	-	3	3	2	2
Andrew Lloyd Bullen	12	10	-	-	3	3	-	-	-	-
David John Williams <sup>1</sup>	8	7	-	-	3	3	-	-	-	-
Shelley Elizabeth Beilharz <sup>1</sup>	8	8	1	1	3	2	3	3	-	-
Douglas Hugh Hamilton <sup>2</sup>	3	1	-	-	-	-	-	-	-	-
Rex Graham Genoni <sup>3</sup>	5	5	-	-	-	-	-	-	-	-
Glenister Malcolm McGregor <sup>4</sup>	-	-	-	-	-	-	-	-	-	-

A - eligible to attend  
B - number attended

1 - (Appointed 26 October 2017)  
2 - (Resigned 5 September 2017)

3 - (Resigned 26 October 2017)  
4 - (Resigned 4 July 2017)

### 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.

## Directors Report (continued)

### 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 24.

Signed in accordance with a resolution of the board of directors at Lang Lang, Victoria on 19 September 2018.



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Michael John Duff, Chairman



**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 2018, I declare that, to the best of my knowledge and belief, there have been:

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



**Andrew Frewin Stewart**  
61 Bull Street, Bendigo Vic 3550  
Dated: 19 September 2018



**David Hutchings**  
Lead Auditor

# Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2018

	Notes	2018 \$	2017 \$
Revenue from ordinary activities	4	4,016,394	3,886,778
Employee benefits expense		(1,882,460)	(1,831,034)
Charitable donations, sponsorship, advertising and promotion		(927,947)	(914,646)
Occupancy and associated costs		(328,097)	(302,023)
Systems costs		(124,431)	(115,399)
Depreciation and amortisation expense	5	(113,759)	(106,369)
Finance costs	5	(3,339)	(4,162)
General administration expenses		(373,674)	(399,912)
<b>Profit before income tax expense</b>		<b>262,687</b>	<b>213,233</b>
Income tax expense	6	(71,081)	(57,565)
<b>Profit after income tax expense</b>		<b>191,606</b>	<b>155,668</b>
<b>Total comprehensive income for the year attributable to the ordinary shareholders of the company:</b>		<b>191,606</b>	<b>155,668</b>
<b>Earnings per share</b>		¢	¢
Basic earnings per share	25	26.16	21.26

The accompanying notes form part of these financial statements



# Balance Sheet

for the year ended 30 June 2018

	Notes	2018 \$	2017 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	7	732,514	585,285
Trade and other receivables	8	359,847	378,405
<b>Total current assets</b>		<b>1,092,361</b>	<b>963,690</b>
<b>Non-current assets</b>			
Property, plant and equipment	9	291,934	308,848
Intangible assets	10	239,697	303,264
Financial assets	11	111,354	108,968
Deferred tax asset	12	54,506	51,319
<b>Total non-current assets</b>		<b>697,491</b>	<b>772,399</b>
<b>Total assets</b>		<b>1,789,852</b>	<b>1,736,089</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	13	310,189	279,577
Current tax liabilities	12	17,298	8,035
Borrowings	14	43,425	45,291
Provisions	15	179,662	172,970
<b>Total current liabilities</b>		<b>550,574</b>	<b>505,873</b>
<b>Non-current liabilities</b>			
Borrowings	14	24,733	18,771
Provisions	15	13,854	11,942
<b>Total non-current liabilities</b>		<b>38,587</b>	<b>30,713</b>
<b>Total liabilities</b>		<b>589,161</b>	<b>536,586</b>
<b>Net assets</b>		<b>1,200,691</b>	<b>1,199,503</b>
<b>EQUITY</b>			
Issued capital	16	607,871	607,871
Retained earnings	17	592,820	591,632
<b>Total equity</b>		<b>1,200,691</b>	<b>1,199,503</b>

The accompanying notes form part of these financial statements

# Statement of Changes in Equity

for the year ended 30 June 2018

	Notes	Issued capital \$	Retained earnings \$	Total equity \$
<b>Balance at 1 July 2016</b>		<b>607,871</b>	<b>567,792</b>	<b>1,175,663</b>
Total comprehensive income for the year		-	155,668	155,668
<b>Transactions with owners in their capacity as owners:</b>				
Shares issued during period		-	-	-
Costs of issuing shares		-	-	-
Dividends provided for or paid	23	-	(131,828)	(131,828)
<b>Balance at 30 June 2017</b>		<b>607,871</b>	<b>591,632</b>	<b>1,199,503</b>
<b>Balance at 1 July 2017</b>		<b>607,871</b>	<b>591,632</b>	<b>1,199,503</b>
Total comprehensive income for the year		-	191,606	191,606
<b>Transactions with owners in their capacity as owners:</b>				
Shares issued during period		-	-	-
Costs of issuing shares		-	-	-
Dividends provided for or paid	23	-	(190,418)	(190,418)
<b>Balance at 30 June 2018</b>		<b>607,871</b>	<b>592,820</b>	<b>1,200,691</b>

The accompanying notes form part of these financial statements



# Statement of Cash Flows

for the year ended 30 June 2018

	Notes	2018 \$	2017 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		4,406,289	4,180,728
Payments to suppliers and employees		(3,937,679)	(3,867,212)
Interest received		10,167	9,470
Interest paid		(3,339)	(4,162)
Income taxes paid		(49,344)	(59,915)
<b>Net cash provided by operating activities</b>	18	<b>426,094</b>	<b>258,909</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(33,279)	(54,567)
Proceeds from property, plant and equipment		-	27,268
Payments for intangible assets		(59,264)	(60,908)
<b>Net cash used in investing activities</b>		<b>(92,543)</b>	<b>(88,207)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		26,500	25,200
Repayment of borrowings		(22,404)	(28,391)
Dividends paid	23	(190,418)	(131,828)
<b>Net cash used in financing activities</b>		<b>(186,322)</b>	<b>(135,019)</b>
<b>Net increase in cash held</b>		<b>147,229</b>	<b>35,683</b>
Cash and cash equivalents at the beginning of the financial year		585,285	549,602
<b>Cash and cash equivalents at the end of the financial year</b>	7(a)	<b>732,514</b>	<b>585,285</b>

The accompanying notes form part of these financial statements

# Notes to the Financial Statements

for the year ended 30 June 2018

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## Note 1. Summary of significant accounting policies

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### **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 Standards Board (AASB) 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 AASB that became mandatorily effective for accounting periods beginning on or after 1 July 2017, and are therefore relevant for the current financial year.

AASB 9 Financial Instruments sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This accounting standard is not expected to have a material impact on the financial statements.

AASB 15 Revenue from Contracts with Customers establishes a comprehensive framework for determining whether, how much and when revenue is recognised. This accounting standard is not expected to have a material impact on the financial statements.

There are also a number of accounting standards and interpretations issued by the 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 2017. These future accounting standards and interpretations therefore have no impact on amounts recognised in the current period or any prior period.

AASB 16 Leases is effective for annual periods beginning on or after 1 January 2019. The standard introduces a single, - sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

The company has completed an initial assessment of the potential impact on its financial statements but has not yet completed its detailed assessment. The actual impact of applying AASB 16 on the financial statements in the period of initial application will depend on future economic conditions, including the company's borrowing rate at 1 January 2019, the composition of the lease portfolio at that date, the latest assessment of whether the company will exercise any lease renewal options and the extent to which the company chooses to use practical expedients and recognition exemptions.

So far, the most significant impact identified is that the company will recognise new assets and liabilities for its operating leases of its branches and printer. As at 30 June 2018, the company's future minimum lease payment under non-cancellable operating leases amount to \$489,571, on an undiscounted basis (see Note 20).

No significant impact is expected for the company's finance leases.



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## Note 1. Summary of significant accounting policies (continued)

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### a) Basis of preparation (continued)

#### *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**<sup>®</sup> branches at Lang Lang, Narre Warren South, Pearcedale, Koo Wee Rup and Tooradin in the state of Victoria.

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

#### *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.

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## Note 1. Summary of significant accounting policies (continued)

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### b) Revenue (continued)

#### *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.

#### *Monitoring and changing financial return*

Bendigo and Adelaide Bank Limited monitors the distribution of financial return between **Community Bank**<sup>®</sup> 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**<sup>®</sup> 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 payable (or refundable).



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## Note 1. Summary of significant accounting policies (continued)

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### c) Income tax (continued)

#### *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 entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax and when the balances relate to taxes levied by the same taxation authority and the 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 gain from bargain purchase.

### 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	5 -15 years
- motor vehicle	3- 5 years

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## Note 1. Summary of significant accounting policies (continued)

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### 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. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

#### *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.

##### *(iii) Financial liabilities*

Financial liabilities include borrowings, trade and other payables and non-derivative financial liabilities (excluding financial guarantees). They are subsequently measured at amortised cost using the effective interest rate method.

#### *Impairment*

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

### l) Leases

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



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## Note 1. Summary of significant accounting policies (continued)

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### l) Leases (continued)

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) Issued capital

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.

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## Note 2. Financial risk management

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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.

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## Note 2. Financial risk management (continued)

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### (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 2018 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.

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## Note 3. Critical accounting estimates and judgements

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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 carried-forward 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.

### Note 3. Critical accounting estimates and judgements (continued)

#### 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 entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

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

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.

### Note 4. Revenue from ordinary activities

	2018 \$	2017 \$
Operating activities:		
- gross margin	3,131,406	2,933,028
- services commissions	316,204	356,130
- fee income	379,092	395,792
- market development fund	147,500	147,500
<b>Total revenue from operating activities</b>	<b>3,974,202</b>	<b>3,832,450</b>
Non-operating activities:		
- interest received	9,207	9,232
- dividends received	3,728	3,457
- increase in net market value of financial assets	-	7,510
- profit on sale of non-current assets	-	5,785
- other revenue	29,257	28,344
<b>Total revenue from non-operating activities</b>	<b>42,192</b>	<b>54,328</b>
<b>Total revenues from ordinary activities</b>	<b>4,016,394</b>	<b>3,886,778</b>



<b>Note 5. Expenses</b>	<b>2018 \$</b>	<b>2017 \$</b>
Depreciation of non-current assets:		
- leasehold improvements	27,045	29,063
- motor vehicles	23,147	17,747
Amortisation of non-current assets:		
- franchise fee and franchise renewal fee	63,567	59,559
	<b>113,759</b>	<b>106,369</b>
Finance costs:		
- interest paid	<b>3,339</b>	<b>4,162</b>
Bad debts	<b>4,629</b>	<b>1,976</b>
Impairment on revaluation of financial assets	<b>1,341</b>	-

<b>Note 6. Income tax expense</b>	<b>2018 \$</b>	<b>2017 \$</b>
The components of tax expense comprise:		
- Current tax	75,866	63,270
- Movement in deferred tax	(3,187)	(4,223)
- Franking credits on dividends received	(1,598)	(1,482)
	<b>71,081</b>	<b>57,565</b>
The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows		
Operating profit	262,687	213,233
Prima facie tax on profit from ordinary activities at 27.5% (2017: 27.5%)	72,240	58,639
Add tax effect of:		
- timing difference expenses	3,187	4,223
- black hole expenses	439	408
	<b>75,866</b>	<b>63,270</b>
Movement in deferred tax	(3,187)	(4,223)
Franking credits on dividends received	(1,598)	(1,482)
	<b>71,081</b>	<b>57,565</b>

<b>Note 7. Cash and cash equivalents</b>	<b>2018 \$</b>	<b>2017 \$</b>
Cash at bank and on hand	668,997	216,763
Term deposits	63,517	368,522
	<b>732,514</b>	<b>585,285</b>

**Note 7(a). Cash and cash equivalents****2018**  
**\$****2017**  
**\$**

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	668,997	216,763
Term deposits	63,517	368,522
	<b>732,514</b>	<b>585,285</b>

**Note 8. Trade and other receivables****2018**  
**\$****2017**  
**\$**

Trade receivables	306,352	305,601
Prepayments	53,395	71,744
Other receivables and accruals	100	1,060
	<b>359,847</b>	<b>378,405</b>

**Note 9. Property, plant and equipment****2018**  
**\$****2017**  
**\$****Leasehold improvements**

At cost	803,237	794,210
Less accumulated depreciation	(589,513)	(562,467)
	<b>213,724</b>	<b>231,743</b>

**Motor vehicles**

At cost	137,195	112,943
Less accumulated depreciation	(58,985)	(35,838)
	78,210	77,105

**Total written down amount**

<b>291,934</b>	<b>308,848</b>
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**Movements in carrying amounts:****Leasehold improvements**

Carrying amount at beginning	231,743	288,431
Additions	9,026	13,284
Disposals	-	(40,909)
Less: depreciation expense	(27,045)	(29,063)
<b>Carrying amount at end</b>	<b>213,724</b>	<b>231,743</b>

**Motor vehicles**

Carrying amount at beginning	77,105	75,051
Additions	24,252	41,284
Disposals	-	(21,483)
Less: depreciation expense	(23,147)	(17,747)

**Carrying amount at end**

<b>78,210</b>	<b>77,105</b>
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**Total written down amount**

<b>291,934</b>	<b>308,848</b>
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<b>Note 10. Intangible assets</b>	<b>2018</b> <b>\$</b>	<b>2017</b> <b>\$</b>
<b>Franchise fee and renewal processing fee</b>		
At cost	604,990	604,990
Less: accumulated amortisation	(583,801)	(520,234)
	<b>21,189</b>	<b>84,756</b>
<b>Goodwill on purchase of agency</b>		
At cost	218,508	218,508
	<b>239,697</b>	<b>303,264</b>

<b>Note 11. Financial assets</b>	<b>2018</b> <b>\$</b>	<b>2017</b> <b>\$</b>
Available-for-sale financial assets		
Unlisted investments at fair value		
- Mt Eliza Community Enterprises Limited	Note 19	50,000
Listed investments at fair value		
- Bendigo & Adelaide Bank Limited	Note 19	61,354
		58,968
Total available-for-sale financial assets	<b>111,354</b>	<b>108,968</b>

<b>Note 12. Tax</b>	<b>2018</b> <b>\$</b>	<b>2017</b> <b>\$</b>
<b>Current:</b>		
Income tax payable	<b>17,298</b>	<b>8,035</b>
<b>Non-current:</b>		
Deferred tax assets		
- accruals	1,783	1,596
- employee provisions	53,217	50,851
	55,000	52,447
Deferred tax liability		
- accruals	28	292
- fair value of investments	466	836
	494	1,128
Net deferred tax asset	<b>54,506</b>	<b>51,319</b>
Movement in deferred tax charged to Statement of Profit or Loss and Other Comprehensive	<b>(3,187)</b>	<b>(4,222)</b>

<b>Note 13. Trade and other payables</b>	<b>2018</b> <b>\$</b>	<b>2017</b> <b>\$</b>
Trade creditors	210,233	234,427
Other creditors and accruals	99,956	45,150
	<b>310,189</b>	<b>279,577</b>



<b>Note 14. Borrowings</b>		<b>2018</b>	<b>2018</b>
		<b>\$</b>	<b>\$</b>
<b>Current:</b>			
Chattel mortgage		16,507	16,876
Bank loans	Note 20	26,918	28,415
		<b>43,425</b>	<b>45,291</b>
<b>Non-current:</b>			
Chattel mortgage	Note 20	<b>24,733</b>	<b>18,771</b>

Borrowings comprise of three chattel mortgages' taken out for a 2015 Camry Altise in October 2015, a Holden SV6 Sportswagon in June 2017 and a 2017 Camry Altise in November 2017. The contracts for the 2015 Camry Altise and the Holden SV6 Sportswagon are for a three year term ending in September 2018 and June 2020 respectively, with implicit interest rates of 4.3994% and 4.2509% respectively. The contract for the 2017 Camry Altise is for a four year term ending in October 2021 with an implicit interest rate of 4.4996%.

<b>Note 15. Provisions</b>		<b>2018</b>	<b>2017</b>
		<b>\$</b>	<b>\$</b>
<b>Current:</b>			
Provision for annual leave		88,769	85,616
Provision for long service leave		90,893	87,354
		<b>179,662</b>	<b>172,970</b>
<b>Non-current:</b>			
Provision for long service leave		<b>13,854</b>	<b>11,942</b>

<b>Note 16. Issued capital</b>		<b>2018</b>	<b>2017</b>
		<b>\$</b>	<b>\$</b>
732,375 ordinary shares fully paid (2017: 732,375)		732,375	732,375
Less: equity raising expenses		(124,504)	(124,504)
		<b>607,871</b>	<b>607,871</b>

#### **Rights attached to shares**

##### **(a) Voting rights**

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

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

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

##### **(b) Dividends**

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

##### **(c) Transfer**

Generally, ordinary shares are freely transferable. However, the directors have a discretion to refuse to register a transfer of shares. Subject to the foregoing, shareholders may transfer shares by a proper transfer effected in accordance with the company's constitution and the Corporations Act 2001.

## Note 16. Issued capital (continued)

### 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 231 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.

<b>Note 17. Retained earnings</b>	<b>2018</b> \$	<b>2017</b> \$
Balance at the beginning of the financial year	591,632	567,792
Net profit from ordinary activities after income tax	191,606	155,668
Dividends provided for or paid	(190,418)	(131,828)
Balance at the end of the financial year	<b>592,820</b>	<b>591,632</b>

<b>Note 18. Statement of cash flows</b>	<b>2018</b> \$	<b>2017</b> \$
Reconciliation of profit from ordinary activities after tax to net cash provided by operating activities		
Profit from ordinary activities after income tax	191,606	155,668
Non cash items:		
- depreciation	50,192	46,810
- amortisation	63,567	59,559
- (profit)/loss on disposal of asset	-	(7,510)
- (increase)/decrease in market value of investments	1,341	(5,785)
Changes in assets and liabilities:		
- decrease in receivables	18,558	50,784
- (increase)/decrease in other assets	(3,187)	9,540
- increase/(decrease) in payables	86,150	(68,870)
- increase in provisions	8,604	18,713
- increase in current tax liabilities	9,263	-
Net cash flows provided by operating activities	<b>426,094</b>	<b>258,909</b>

## 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.

<b>At 30 June 2018</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Recurring fair value measurements:</b>				
Available-for-sale financial assets				
Listed investments:				
- shares in listed corporations	61,354	-	-	61,354
Unlisted investments:				
- shares in other corporations	50,000	-	-	50,000
	111,354	-	-	111,354
<b>Total assets at fair value</b>	<b>111,354</b>	<b>-</b>	<b>-</b>	<b>111,354</b>

<b>At 30 June 2017</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Recurring fair value measurements:</b>				
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
<b>Total assets at fair value</b>	<b>108,968</b>	<b>-</b>	<b>-</b>	<b>108,968</b>

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.



<b>Note 20. Leases</b>	<b>2018 \$</b>	<b>2017 \$</b>
Finance lease commitments		
Payable - minimum lease payments:		
- not later than 12 months	17,962	17,901
- between 12 months and 5 years	25,819	19,699
- greater than 5 years	-	-
Minimum lease payments	43,781	37,600
Less future finance charges	(2,541)	(1,953)
Present value of minimum lease payments	<b>41,240</b>	<b>35,647</b>

Borrowings comprise of three chattel mortgages' taken out for a 2015 Camry Altise in October 2015, a Holden SV6 Sportswagon in June 2017 and a 2017 Camry Altise in November 2017. The contracts for the 2015 Camry Altise and the Holden SV6 Sportswagon are for a three year term ending in September 2018 and June 2020 respectively, with implicit interest rates of 4.3994% and 4.2509% respectively. The contract for the 2017 Camry Altise is for a four year term ending in October 2021 with an implicit interest rate of 4.4996%.

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	45,017	43,706
- between 12 months and 5 years	90,034	131,117
- greater than 5 years	-	-
	<b>135,051</b>	<b>174,823</b>

#### **Lang Lang**

Payable - minimum lease payments:		
- not later than 12 months	48,225	48,225
- between 12 months and 5 years	64,301	112,526
- greater than 5 years	-	-
	<b>112,526</b>	<b>160,751</b>

#### **Narre Warren South**

Payable - minimum lease payments:		
- not later than 12 months	59,987	58,240
- between 12 months and 5 years	119,975	174,720
- greater than 5 years	-	-
	<b>179,962</b>	<b>232,960</b>

#### **Tooradin**

Payable - minimum lease payments:		
- not later than 12 months	20,272	19,492
- between 12 months and 5 years	-	19,492
- greater than 5 years	-	-
	<b>20,272</b>	<b>38,984</b>

#### **Pearcedale**

Payable - minimum lease payments:		
- not later than 12 months	19,050	35,023
- between 12 months and 5 years	12,700	36,704
- greater than 5 years	-	-
	<b>31,750</b>	<b>71,727</b>

<b>Note 20. Leases (continued)</b>	<b>2018</b> \$	<b>2017</b> \$
HP Printer		
Payable - minimum lease payments:		
- not later than 12 months	3,432	3,432
- between 12 months and 5 years	6,578	10,010
- greater than 5 years	-	-
	<b>10,010</b>	<b>13,442</b>

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.

<b>Note 21. Auditor's remuneration</b>	<b>2018</b> \$	<b>2017</b> \$
Amounts received or due and receivable by the auditor of the company for:		
- audit and review services	5,400	5,650
- share registry services	3,643	2,333
- non audit services	2,310	1,805
	<b>11,353</b>	<b>9,788</b>

## **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  
Michael Alan Bushe  
Dianne Lesley Loft  
Andrew Lloyd Bullen  
David John Williams (Appointed 26 October 2017)  
Shelley Elizabeth Beilharz (Appointed 26 October 2017)  
Douglas Hugh Hamilton (Resigned 5 September 2017)  
Rex Graham Genoni (Resigned 26 October 2017)  
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.

Transactions with related parties:	<b>2018</b> \$	<b>2017</b> \$
Michael John Duff received remuneration for fuel supplies provided during the period under review.	14,858	11,370
Dianne Lesley Loft received remuneration for supply of newspapers to the community bank branches.	440	500

<b>Note 22. Director and related party disclosures (continued)</b>	<b>2018 \$</b>	<b>2017 \$</b>
<b>Directors Shareholdings</b>		
Michael John Duff	30,000	30,000
Gordon Douglas Smale	525	500
Tania Lyn Hansen	500	500
Maxwell William Papley	30,250	30,250
Michael Alan Bushe	1,050	1,050
Dianne Lesley Loft	-	-
Andrew Lloyd Bullen	-	-
David John Williams (Appointed 26 October 2017)	-	-
Shelley Elizabeth Beilharz (Appointed 26 October 2017)	1,775	1,775
Douglas Hugh Hamilton (Resigned 5 September 2017)	8,600	8,600
Rex Graham Genoni (Resigned 26 October 2017)	5,900	5,900
Glenister Malcolm McGregor (Resigned 4 July 2017)	52,000	52,000

<b>Note 23. Dividends provided for or paid</b>	<b>2018 \$</b>	<b>2017 \$</b>
<b>a. Dividends paid during the year</b>		
Current year dividend		
100% (2017: 100%) franked dividend - 26 cents (2017: 18 cents) per share	<b>190,418</b>	<b>131,828</b>
<b>b. Dividends proposed and not recognised as a liability</b>		
Current year final dividend		
100% (2017: nil) franked dividend - 28 cents (2017: nil) per share	<b>205,065</b>	-

The tax rate at which dividends have been franked is 27.5% (2017: 27.5%).  
Dividends proposed will be franked at a rate of 27.5% (2017: 27.5%).

<b>c. Franking account balance</b>		
Franking credits available for subsequent reporting periods are:		
- franking account balance as at the end of the financial year	362,744	384,147
- franking credits that will arise from payment of income tax as at the end of the financial year	17,298	43,553
- franking debits that will arise from the payment of dividends recognised as a liability at the end of the financial year	-	-
Franking credits available for future financial reporting periods:	380,042	427,700
- 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	<b>380,042</b>	<b>427,700</b>



<b>Note 24. Key management personnel disclosures</b>	<b>2018 \$</b>	<b>2017 \$</b>
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
Michael Alan Bushe	2,000	2,000
Dianne Lesley Loft	2,000	2,000
Andrew Lloyd Bullen	2,000	2,000
David John Williams (Appointed 26 October 2017)	-	-
Shelley Elizabeth Beilharz (Appointed 26 October 2017)	-	-
Douglas Hugh Hamilton (Resigned 5 September 2017)	-	2,000
Rex Graham Genoni (Resigned 26 October 2017)	-	2,000
Glenister Malcolm McGregor (Resigned 4 July 2017)	-	2,000
	<b>14,000</b>	<b>20,000</b>

#### **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 2018 (2017: \$nil).

<b>Note 25. Earnings per share</b>	<b>2018 \$</b>	<b>2017 \$</b>
(a) Profit attributable to the ordinary equity holders of the company used in calculating earnings per share	191,606	155,668
	<b>Number</b>	<b>Number</b>
(b) Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	732,375	732,375

<b>Note 26. Events occurring after the reporting date</b>	<b>2018 \$</b>	<b>2017 \$</b>
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There have been no events after the end of the financial year that would materially affect the financial statements.

<b>Note 27. Contingent liabilities and contingent assets</b>	<b>2018 \$</b>	<b>2017 \$</b>
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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****2018**  
**\$****2017**  
**\$**

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 Westport Road  
Lang Lang VIC 3984

**Principal Place of Business**

29 Westport Road  
Lang Lang VIC 3984

Pearcedale Shopping Centre  
4 Baxter-Tooradin Road  
Pearcedale VIC 3912

28 Station Street  
Koo Wee Rup VIC 3981

Amberly Park Shopping Centre  
8/101 Seebeck Drive  
Narre Warren South VIC 3805

2/106 South Gippsland Highway  
Tooradin VIC 3980

**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	
	2018	2017	2018	2017	2018	2017
Geographic Segments	\$	\$	\$	\$	\$	\$
Lang Lang	809,637	813,868	22,371	(32,108)	875,739	463,217
Pearcedale	974,214	912,817	148,957	121,921	122,814	150,813
Koo Wee Rup	796,706	740,444	67,741	14,284	40,067	62,355
Narre Warren South	925,393	932,100	(6,638)	43,208	82,409	105,456
Tooradin	510,444	487,549	(40,825)	8,363	51,143	8,078
Unallocated	-	-	-	-	28,519	409,584
<b>Total</b>	<b>4,016,394</b>	<b>3,886,778</b>	<b>191,606</b>	<b>155,668</b>	<b>1,200,691</b>	<b>1,199,503</b>

## 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					
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%
Financial assets												
Cash and cash equivalents	668,997	216,763	63,517	368,522	-	-	-	-	-	-	1.02	1.18
Receivables	-	-	-	-	-	-	-	-	306,352	305,601	N/A	N/A
Financial liabilities												
Interest bearing liabilities	-	-	43,425	45,291	24,733	18,771	-	-	-	-	4.83	7.61
Payables	-	-	-	-	-	-	-	-	210,233	234,427	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.

As at 30 June 2018, the effect on profit and equity as a result of changes in interest rate, with all other variables remaining constant would be as follows:

	2018 \$	2017 \$
<b>Change in profit/(loss)</b>		
Increase in interest rate by 1%	6,644	5,212
Decrease in interest rate by 1%	(6,644)	(5,212)
<b>Change in equity</b>		
Increase in interest rate by 1%	6,644	5,212
Decrease in interest rate by 1%	(6,644)	(5,212)



# 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 2018 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.



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Michael John Duff, Chairman

## 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 2018 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.

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: 19 September 2018



**David Hutchings**  
Lead Auditor



Lang Lang **Community Bank®** Branch  
29 Westernport Road, Lang Lang VIC 3984  
Phone: (03) 5997 5019  
[www.bendigobank.com.au/lang-lang](http://www.bendigobank.com.au/lang-lang)

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

**Franchisee: Our Community Company Ltd**  
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ABN: 51 092 756 351  
(BNPAR17008) (07/17)