

Community  
Bank Branch of Bendigo Bank



# 2007 annual report

# Contents

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# Chairman's report

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For year ending 30 June 2007

I am very pleased to be able to present to the shareholders the eighth Annual Report on behalf of the Board of Directors of the Bellarine Peninsula Community Branch Ltd.

Over the last 12 months, the Board of Directors has continued to work diligently to maintain and improve the financial position and community engagement of and for the Company.

To that end, a decision was made to purchase the Drysdale agency of Bendigo Bank and that purchase was finalised in April of this year. We are now operating as a sub-branch from Drysdale in the very capable hands of the Manager Craig Taylor, and his staff, all overseen by our group Manager Ian Faulkner.

We are fulfilling the valuable role in Drysdale and district of providing full banking services. We are now in the initial stage of Drysdale becoming a full branch and involving the Drysdale community. We will continue to keep all of our shareholders fully informed as we progress with this exciting transition.

It was again with great pleasure that we, in partnership with the Community Enterprise Foundation, were able to offer grants to the community, totaling over \$62,000. The recipients of the grants were –

**Church By The Bay** - \$1,000 to assist with funding the annual Community Carols.

**Port Musos** - \$1,000 to fund the ongoing costs of this new group of instrumentalists and singers.

**Portarlington History Group** - \$1,000 to fund the publication of a book titled "Snippets of Portarlington History".

**Port Arts Network** - \$1,242 to assist with funding the Portarlington Mussel Festival.

**1st Drysdale Scout Group** - \$1,452 to assist with funding new, larger style tents.

**Portarlington Cricket Club** - \$1,500 to refurbish the kitchen.

**Portarlington Senior Citizens Inc.** - \$1,526 to accommodate 'keen-agers' table tennis into the Seniors Club.

**Bellarine Landcare Group Inc.** - \$2,000 to provide weather protection to plants and volunteers.

**Casual Art Group of St. Leonards** - \$2,000 to fund the Public Art in St. Leonards.

**Portarlington Bowls Club Inc.** - \$2,500 to purchase tables and chairs in the lounge area.

**Bayside Sharks Soccer Club Inc.** - \$2,519 to install lighting at the St. Leonards Lake Clubs Reserve

**Bellarine Agricultural Society Inc.** - \$3,000 to purchase panels to be used as safety barriers, crowd control, and traffic control.

**Life Education Geelong Inc.** - \$3,000 to fund the structural renovation of a mobile classroom.

**Portarlington Business Development Association** - \$3,000 to update, enhance, replace and distribute a local business and community information Directory.

**Portarlington Football and Netball Club** - \$3,000 to fund the erection of weather shelters.

## Chairman's report continued

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**Bellarine Police Community and Support Register Inc.** - \$3,038 to establish the register's office at Ocean Grove Police Station, including uniforms for volunteers.

**St Leonards/Indented Head Fire Brigade** - \$3,590 to purchase a quick fill pump to enhance the brigade's fire fighting capabilities, particularly on rural areas for grass and bush fires.

**Bellarine Community Health** - \$5,000 to relocate the existing Community Health Centre based weight resistance training and other older adult strength classes, to a more suitable permanent community based venue.

**Portarlington Tennis Club Inc.** - \$5,000 to fund a sun smart sport program in Portarlington Tennis Club.

**Portarlington Fire Brigade** - \$6,500 to purchase a set of breathing apparatus.

**Lions Club of Portarlington/ Drysdale Inc.** - \$10,000 to fund the extension of existing clubrooms.

We have again been able to make a sizeable contribution to the Foundation for grants in the coming year, to be presented at our annual meeting. Your bank branch is only able to make these wonderful grants to the local community with your continued support and I thank you.

The Company has also purchased shares in Geelong Community Investments Ltd. which operates Geelong Community Enterprise, a franchise of Bendigo Bank. The Enterprise aggregates the buying power of the group delivering exceptional service in telecommunications to the business community and later to the domestic sector in and around Geelong.

The organisation opened for business in June 2007 and has got off to a great start, receiving commitments from local business providing an initial turnover of \$1.4 million.

A unique differential of the organisation is that it has a clear charter to share one third of its profits with community projects. Two such projects have already commenced - firstly, in partnership with Bendigo Bank and the State Government a Youth Foundation has been launched in Geelong and secondly an agreement has been entered into with Anam Cara House to provide an ongoing income stream to assist with the costs of running its proposed hospice in Geelong.

Both of these projects demonstrate the fabulous potential this organisation has to contribute to our community and we are thrilled to be a stakeholder.

It is also pleasing to note that financially, our community Company has continued to prosper, having total business of over \$77 million at the end of the financial year. The success of the Company is only possible through the hard work and enthusiasm of our staff, and the ongoing support of you as shareholders and customers.

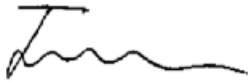
## Chairman's report continued

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As always I would take this opportunity to thank a number of people who work tirelessly for our Company. On behalf of the Company I would like to thank:

- Our Manager Ian Faulkner, Craig Taylor and our wonderful staff
- Our Regional Manager Pat Murnane and his staff for their ongoing assistance and support
- The Board of Directors
- Our Treasurer Stephen Wight and D.E and M. Davidsons
- The Port Report and The Echo

And especially to our valued shareholders and customers, who continue to enable our bank branch to grow and to now fulfill our goal of giving back to the community, our thanks and appreciation for your continued support.



**Justine Finlay**  
**Chairperson**

# Manager's report

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For year ending 30 June 2007

This is our eighth report and it is pleasing to provide details on our continuing growth, which would not be possible without the ongoing support of the community. This support has enabled the purchase of the Bendigo Bank agency at Drysdale, which is now our sub-branch.

Last year I reported that the total banking business as at 30 June 2006 was \$60.976 million. Our total business has grown, as at 30 June 2007, to \$77.953 million which includes Drysdale. Our total deposits are \$55.184 million and total loans \$22.769 million.

The break up of the business is as follows:

	Portarlington	Drysdale
Deposits	\$47.294m	\$7.890m
Loans	\$20.847m	\$1.922m
Total business	\$68.141m	\$9.812m
Number of accounts	4,208	1,163

With both branches, plus the ATM at St Leonards providing a service for our St Leonards customers, I am confident our growth will continue.

This increase in business has allowed us not only to continue our community grants program of another \$60,000, but also to sponsor community organisations to the tune of over \$11,000. Add these to our dividends of \$36,000, and the total contribution to our community is over \$107,000.

We need to remember that it is only with the continued support of the community that we will be able to increase the funds we are able to contribute to the community.

It is also worth remembering that Bendigo Bank believes that successful customers and successful communities create a successful bank - in that order. The **Community Bank**<sup>®</sup> model has been so successful that there are now over 200 branches around Australia. When we opened in 1999 we were the 16th **Community Bank**<sup>®</sup> branch.

I would like to acknowledge the support of all staff over the last year at both Portarlington and Drysdale. They have responded positively to the needs of our customers and the challenges of the changes that have occurred. We now employ 10 staff – a great boost to employment opportunities in the district. Craig Taylor has now moved from Portarlington to Drysdale as Customer Service Manager.

Let me also acknowledge the hard work of the Directors who volunteer their time for the community. This commitment has increased with our expansion to Drysdale.

## Manager's report continued

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I thank Pat Murnane, Bendigo Bank's Regional Manager, and his regional office support staff for their assistance throughout the year. Thanks also go to our Business Banking Manager Melissa Chirgwin, who assists our business customers with their lending requirements, and Financial Planner Dennis Saliba, who provides financial planning advice for customers.

The challenge for this next year is to increase the business at Drysdale and to convert the sub-branch into a full **Community Bank**<sup>®</sup> branch.

I look forward to working with shareholders, customers and the community to make this a reality.



**Ian Faulkner**  
**Manager**

# Directors' report

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For year ending 30 June 2007

Your committee presents their report on the financial statements of the Company for the year ended 30 June 2007.

## **Directors**

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

F Kelloway	R Hynes
S Thew	S Wight
K A Woodhart	G Irving
J P Finlay	T Hockley
R Enders	

## **Principle activities**

The principle activities of the Company during the year related to the development of the **Community Bank**<sup>®</sup> Branch with the support of Bendigo Bank Limited. No significant change in the nature of these activities occurred during the year.

## **Operating result**

The net profit of the Company after providing for income tax was \$43,048.

## **Dividends**

Dividends paid are as follows:

- Final ordinary dividend of \$0.09 per share paid on December 06, 2006, compared with the previous dividend of \$0.08 per share paid on December 12, 2005.

## **Review of operations**

The Company continues to grow with assets under management now exceeding \$501 thousand. As a result the Company was able to achieve a profit in the current period.

During the year the Company acquired the Drysdale agency of the Bendigo Bank with the expectation that this will become a full **Community Bank**<sup>®</sup> branch within the next eighteen months. This had some impact on profitability whilst the branch becomes established.

## **Matters subsequent to the end of the financial year**

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



# Directors' report continued

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## **Future development**

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

## **Environmental regulations**

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

## **Director and Auditor indemnification**

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an Officer or Auditor of the Company.

## **Share options**

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

## **Legal proceedings**

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

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

## **Information on Directors**

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

### **Justine P. Finlay LLB**

Chairperson Board of Directors  
Past President Business & Professional Women Geelong  
Geelong Community Investments Ltd Board member  
Partner Wighton Lawyers  
Ocean Grove Resident

### **Russell Enders**

Managerial and Marketing  
Extensive Banking experience  
Ocean Grove resident

### **Frank Kelloway M.B.A., B.A., A.F.A.M**

Manages consultancy business in Leadership  
Development & Communications  
Point Lonsdale resident

# Directors' report continued

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**Robert Hynes**

Councillor with Rural City of Marong for six years, including one year Mayor.

Member of Lions Club since 1994

Resident of St. Leonards

**Karen A. Woodhart**

Retail Bakery Operator

Involvement in local community organisations

Portarlington resident

**Stephen Thew**

Certificate of Engineering,

Certificate of Local Government Administration

Engineering Design Management

Newtown resident

**Gary L. Irving**

Registered Electrical Contractor

A Grade Electrician

Certificate III in telecommunications

3 years in the building industry

**Stephen J. Wight**

Chartered Accountant

Registered Company Auditor

Involvement in public and not for profit organisations

**Trevor R. Hockley**

Strong involvement in local community

Retired

St Leonard's resident

## Directors' report continued

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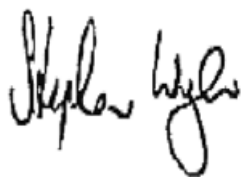
### General Board attendance

	No. Board meetings eligible to attend	No. attended
K. Woodhart	12	12
R. Hynes	12	11
S. Wight	12	11
S. Thew	12	11
G. Irving	12	11
R. Enders	12	10
F. Kelloway	12	9
J. Finlay	8	8
T. Hockley	9	8

### 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 11.

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



**Stephen Wight**

Dated 12 September 2007

# Auditor's independence declaration

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## AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF BELLARINE PENINSULA COMMUNITY BRANCH LTD

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2007 there have been:

- (i) no contraventions of the auditor's independence requirements as set out in 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.

LBW CHARTERED ACCOUNTANTS

A handwritten signature in black ink, appearing to read 'Peter Landers', written over a horizontal line.

Peter Landers

Partner

11<sup>th</sup> September 2007

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# Grants

## Snapshots of 2005 and 2006 Grants



**Bellarine Landcare Group Inc.  
Planting tables**



**Bayside Sharks  
Lighting Towers**



**Portarlington Bowls Club  
Tables and Chairs**



**Rotary Club  
Playground, Pt Richards**



**Grant Recipients  
2005**



**Bayside Sharks Lighting Tower**



**Portarlington CFA Equipment for Trailer "06"**



**Portarlington Senior Citizens "keen-agers" table tennis tables**



**Bellarine Community Health Adult Strength Classes Relocation Grant.**



**Portarlington CFA Breathing Apparatus "07"**

# Financial statements

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## Income statement

For year ending 30 June 2007

	Note	2007 \$	2006 \$
<b>Revenue from ordinary activities</b>			
Revenue from ordinary activities	2	697,632	585,476
<b>Expenses from ordinary activities</b>			
Employee benefits		306,493	232,371
Information technology expenses		29,965	22,036
Depreciation and amortisation		6,445	4,279
Property expenses		48,203	33,658
Donations and sponsorship		84,198	71,595
Professional fees		39,107	22,127
Insurance		16,626	13,846
Administration expenses		49,626	36,209
Other expenses from ordinary activities		46,604	29,514
<b>Total expenses from ordinary activities</b>		<b>627,267</b>	<b>465,636</b>
<b>Profit before income tax</b>		<b>70,365</b>	<b>119,840</b>
Income tax expense	3	27,317	35,555
<b>Profit/loss for the year</b>		<b>43,048</b>	<b>84,285</b>

The accompanying notes form part of these financial statements.

# Financial statements continued

## Balance sheet

As at 30 June 2007

	Note	2007 \$	2006 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	271,419	434,982
Receivables	5	55,595	47,957
Prepayments		8,000	-
<b>Total current assets</b>		<b>335,014</b>	<b>482,939</b>
<b>Non-current assets</b>			
Other financial assets	6	40,000	-
Deferred tax assets	7	10,462	10,360
Property, plant, equipment & other assets	8	5,191	9,641
Intangible assets	9	111,156	6,673
<b>Total non-current assets</b>		<b>166,809</b>	<b>26,674</b>
<b>Total assets</b>		<b>501,823</b>	<b>509,613</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Payables	10	18,480	24,419
Short-term provisions	11	38,789	32,786
Current tax liabilities	12	(4,772)	10,678
<b>Total current liabilities</b>		<b>52,497</b>	<b>67,883</b>
<b>Non-current liabilities</b>			
Long-term provisions	11	4,277	3,729
<b>Total non-current liabilities</b>		<b>4,277</b>	<b>3,729</b>
<b>Total liabilities</b>		<b>56,774</b>	<b>71,612</b>
<b>Net assets</b>		<b>445,049</b>	<b>438,001</b>
<b>Equity</b>			
Contributed equity	13	400,000	400,000
Retained earnings		45,049	38,001
<b>Total equity</b>		<b>445,049</b>	<b>438,001</b>

The accompanying notes form part of these financial statements.



# Financial statements continued

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## Statement of changes in equity

As at 30 June 2007

	Note	Contributed capital \$	Retained earnings \$	Total \$
<b>Balance at 01.07.2005</b>		<b>400,000</b>	<b>(14,284)</b>	<b>385,716</b>
Profit/(loss) for the year		-	84,285	84,285
Dividends paid or provided for		-	(32,000)	(32,000)
<b>Balance at 30.06.2006</b>		<b>400,000</b>	<b>38,001</b>	<b>438,001</b>
Profit for the year		-	43,048	43,048
Dividends paid or provided for		-	(36,000)	(36,000)
<b>Balance at 30.06.2007</b>	<b>13</b>	<b>400,000</b>	<b>45,049</b>	<b>445,049</b>

The accompanying notes form part of these financial statements.

# Financial statements continued

## Statement of cash flows

As at 30 June 2007

	Note	2007 \$	2006 \$
<b>Cash flows from operating activities</b>			
Receipts			
Receipts from customers		668,362	557,965
Interest		21,632	21,880
<b>Payments</b>			
Employee benefits		(303,421)	(225,136)
Tax paid		(42,869)	(38,936)
Other		(324,789)	(223,308)
<b>Net cash flows from operating activities</b>		<b>18,915</b>	<b>92,465</b>
<b>Cash flows from investing activities</b>			
Purchase of plant & equipment		-	(7,686)
Purchase of investments		(40,000)	-
Purchase of intangible assets		(106,478)	-
<b>Net cash flows from investing activities</b>		<b>(146,478)</b>	<b>(7,686)</b>
<b>Cash flows from financing activities</b>			
Dividends paid	23	(36,000)	(32,000)
		<b>(36,000)</b>	<b>(32,000)</b>
<b>Net increase/decrease in cash held</b>		<b>(163,563)</b>	<b>52,779</b>
Cash at 1 July		434,982	382,203
<b>Cash at 30 June</b>	<b>4</b>	<b>271,419</b>	<b>434,982</b>

The accompanying notes form part of these financial statements.

# Notes to the financial statements

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For year ending 30 June 2007

## Note 1: Statement of accounting policies

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, Urgent Issues Group Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report covers Bellarine Peninsula Community Branch Ltd. as an individual parent entity which is incorporated and domiciled in Australia. The financial report complies with all Australian equivalents to International Financial Reporting Standards (AIFRS) in their entirety.

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

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

### **(a) Rounding**

All amounts shown in the Financial Statements are expressed to the nearest dollar.

### **(b) Receivables**

Trade debtors are carried at nominal amounts due and are due for settlement within 30 days from the date of recognition. Collectability of debts is reviewed on an ongoing basis. The Directors believe that the full amount of debt is recoverable, and no doubtful debt provision has been made at 30 June 2007.

### **(c) Plant and equipment**

Plant and equipment are brought to account at cost or at independent or Directors' valuation less, where applicable, any accumulated depreciation or amortisation.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets' employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining recoverable amounts.

The depreciable amount of all fixed assets is depreciated over their useful lives commencing from the time the asset is held ready for use.

# Notes to financial statements continued

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## Note 1: Statement of accounting policies (continued)

### (c) Plant and equipment (continued)

A summary of the depreciation method and depreciation rates for each class of attached is as follows.

<b>Class of asset</b>	<b>2007</b>	<b>2006</b>
Furniture & fittings	18.75-25%	18.75-25%
Plant & equipment	18.75-25%	18.75-25%
Leasehold improvements	20-25%	20-25%

### (d) Payables

These amounts represent liabilities for goods and services provided prior to the end of the financial year and which are unpaid. The normal credit terms are Nett 30 days.

### (e) Goods and services tax

Revenues, expenses and assets are recognised net of GST except for receivables and payables which are stated with the amount of GST included and except where the amount of GST incurred is not recoverable, in which case GST is recognised as part of the cost of acquisition of an asset or part of an item of expense or revenue.

GST receivable from and payable to the Australian Taxation Office (ATO) is included in the statement of financial position. The GST component of a receipt or payment is recognised on a gross basis in the statement of cash flows in accordance with Accounting Standard AASB 107.

### (f) Income tax

The charge for current income tax expenses is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity. Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

# Notes to financial statements continued

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## Note 1: Statement of accounting policies (continued)

### **(g) Leases**

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are classified as finance leases. Finance leases are capitalised, recording as asset value of the minimum lease payments, including any guaranteed residual values. Leased assets are amortised over their estimated useful lives where it is likely that the entity will obtain ownership of the asset or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the interest expense for the period.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability. Lease payments received reduce the liability.

### **(h) Employee benefits**

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, 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.

Contributions are made by the Company to employee superannuation funds and are charged as expenses when incurred.

### **(i) Revenue recognition**

Revenue is recognised in accordance with AASB 118. Income is recognised as revenue to the extent it is earned. Unearned income at reporting date is reported as income received in advance.

### **(j) Comparative information**

Where necessary the previous year's figures have been reclassified to facilitate comparisons.

### **(k) Cash and cash equivalents**

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

## Notes to financial statements continued

	2007 \$	2006 \$
<b>Note 2: Revenue</b>		
<b>Revenue from operating activities</b>		
Services revenue	676,000	563,596
Interest-other persons	21,632	21,880
<b>Total revenue from ordinary activities</b>	<b>697,632</b>	<b>585,476</b>

### Note 3: Income tax expense

#### a) The components of tax expense comprise:

Current tax	27,419	40,117
Deferred tax	(5,074)	(1,562)
Over provision in respect of prior years	4,972	(3,000)
	<b>27,317</b>	<b>35,555</b>

#### b) The prima facie tax on profit from ordinary activities before income tax is reconciled to income tax as follows:

Prima facie tax payable on profit from ordinary activities before income tax at 30% (2005: 30%)	21,110	35,952
<b>Add</b>		
<b>Tax effect of:</b>		
non-deductible depreciation and amortisation	1,235	598
other non-allowable items	-	2,005
	22,345	38,555
<b>Less</b>		
<b>Tax effect of:</b>		
over provision of tax in prior years	(4,972)	3,000
<b>Income tax expense</b>	<b>27,317</b>	<b>35,555</b>
<b>Weighted average tax effective rate</b>	<b>29.67%</b>	<b>29.67%</b>

## Notes to financial statements continued

	2007	2006
	\$	\$

### Note 4: Cash and cash equivalents

For the purposes of the Statement of Cash Flows, cash includes cash on hand and in banks, and short-term deposits which are readily convertible to cash on hand, and are subject to insignificant risk of change in value.

Cash at bank	49,907	53,843
Short term deposits	221,511	381,139
	<b>271,418</b>	<b>434,982</b>

### Note 5: Receivables

#### Current

Franchise income receivable	55,595	47,261
Accrued investment income	-	696
<b>Total</b>	<b>55,595</b>	<b>47,957</b>

### Note 6: Other financial assets

Shares - Public Company	40,000	-
	<b>40,000</b>	-

### Note 7: Deferred tax assets

#### Deferred tax assets comprise:

Provisions	10,360	10,955
Other	102	(595)
	<b>10,462</b>	<b>10,360</b>

## Notes to financial statements continued

	2007	2006
	\$	\$

### Note 8: Property, plant & equipment

#### At cost

Furniture and fittings	14,964	14,964
Less accumulated depreciation	(9,773)	(5,323)
<b>Total plant &amp; equipment</b>	<b>5,191</b>	<b>9,641</b>

Reconciliations of the carrying amounts of each class of land, buildings and plant & equipment at the beginning and end of the current financial year is set out below.

	Furniture & fittings	Total
	\$	\$
<b>Balance at 1 July 2005</b>	-	-
Additions	7,686	7,686
Disposals at WDV	-	-
Depreciation expense	(2,285)	(2,285)
<b>Balance at 30 June 2006</b>	<b>5,401</b>	<b>5,401</b>
Additions	-	-
Disposals at WDV	-	-
Depreciation expense	(4,450)	(4,450)
<b>Balance at 30 June 2007</b>	<b>951</b>	<b>951</b>

	2007	2006
	\$	\$

### Note 9: Intangible assets

#### Non-current

Franchise licence fee	10,000	10,000
Less accumulated amortisation	(5,322)	(3,327)
	<b>4,678</b>	<b>6,673</b>
Goodwill - Drysdale branch at cost	106,478	-
	<b>111,156</b>	<b>6,673</b>



## Notes to financial statements continued

	2007	2006
	\$	\$
<b>Note 10: Payables</b>		
<b>Current</b>		
Trade creditors	2,250	4,050
Accrued expenses	16,230	20,369
	<b>18,480</b>	<b>24,419</b>

## Note 11: Provisions

<b>Current</b>		
Long service leave	6,803	3,764
Annual leave	31,987	29,022
<b>Total</b>	<b>38,790</b>	<b>32,786</b>
<b>Non-current</b>		
Long service leave	4,277	3,729
<b>Total provisions</b>	<b>43,067</b>	<b>36,515</b>

## Note 12: Tax liabilities

<b>Current</b>		
<b>Income tax</b>	<b>(9,744)</b>	<b>10,678</b>

## Note 13: Contributed equity

### (a) Contributed equity

<b>400,000 (2005: 400,000) ordinary shares fully paid</b>	<b>400,000</b>	<b>400,000</b>
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## Notes to financial statements continued

	2007	2006
	\$	\$
<b>Note 14: Reconciliation of net result for the year to net cash flows from operating activities</b>		
Profit after income tax	48,327	84,285
<b>Non-cash flows in profit</b>		
Depreciation and amortisation	6,445	4,279
<b>Changes in assets and liabilities</b>		
Increase/(decrease) in employee entitlements	(12,807)	7,235
Increase/(decrease) in payables	(11,119)	5,678
Increase/(decrease) in income tax payable		(3,381)
Decrease/(increase) in receivables	(15,638)	(5,631)
<b>Net cash from operating activities</b>	<b>15,208</b>	<b>92,465</b>

## Note 15: Financial instruments

### (a) Interest rate exposure

The Service's exposure to interest rate risk and effective weighted average interest rate by maturity periods is set out in the following timetable. For interest rates applicable to each class of liability refer to the individual notes in the financial statements. Exposure arises predominantly from assets and liabilities bearing variable interest rates.

## Notes to financial statements continued

### Note 15: Financial instruments (continued)

#### (a) Interest rate exposure (continued)

	Fixed interest rate maturing					Total 2007 \$	Total 2006 \$
	Floating interest rate \$	1 year or less \$	1 to 2 years \$	Over 5 years \$	Non interest bearing \$		
<b>Financial assets</b>							
Cash	271,419	-	-	-	-	271,419	434,982
Receivables	-	-	-	-	55,595	55,595	47,957
<b>Total financial assets</b>	<b>271,419</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>55,595</b>	<b>327,014</b>	<b>482,939</b>
<b>Financial liabilities</b>							
Payables	-	-	-	-	18,480	18,480	24,419
Tax liabilities	-	-	-	-	(4,772)	(4,772)	10,678
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,708</b>	<b>13,708</b>	<b>35,097</b>
<b>Net financial asset/liabilities</b>	<b>271,419</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>41,887</b>	<b>313,306</b>	<b>447,842</b>

Weighted average interest rate	2007	2006
<b>Financial assets</b>		
Cash	4.55%	4.10%
Receivables	0.00%	0.00%
Other financial assets	0.00%	0.00%
<b>Financial liabilities</b>		
Payables	0.00%	0.00%
Other financial liabilities	0.00%	0.00%
Interest bearing liabilities	0.00%	0.00%

#### b) Credit risk exposures

Credit risk represents the loss that would be recognised if counterparties failed to meet their obligations under the respective contracts at maturity. The credit risk on financial assets of the Company which have been recognised on the statement of financial position, is the carrying amount, net of any provision for doubtful debts. The Company is not materially exposed to any individual debtor.

## Notes to financial statements continued

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### Note 15: Financial instruments (continued)

#### c) Net fair values of financial assets and liabilities

The net fair value of on-balance sheet financial assets and liabilities are not materially different to the carrying value of the financial assets and liabilities.

	2007	2006
	\$	\$

### Note 16: Capital and leasing commitments

#### Non-cancellable operating leases

Operating lease commitments in respect of computers, photocopiers and property payable as follows:

Not later than 1 year	22,800	-
Later than 1 year and not later than 5 years	91,200	-
Later than 5 years	-	-
	<b>114,000</b>	-

There are no known capital commitments for Bellarine Peninsula Community Branch Limited.

### Note 17: Segment reporting

#### Industry segments

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

#### Geographical segment

Bellarine Peninsula Community Branch Limited operates predominantly in Portarlington, Victoria. More than 90% revenue, net surplus from ordinary activities and segment assets relate to operation in Portarlington.

### Note 18: Related party transactions

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

F Kelloway	R Hynes
S Thew	JP Finlay
KA Woodhart	R Enders
J Farrell	S Wight
G Irving	T Hockley

## Notes to financial statements continued

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	2007	2006
	\$	\$
Note 18: Related party transactions (continued)		
<b>b) Income paid or payable to all Directors</b>	-	-

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### Note 19: Contingent assets and contingent liabilities

The are no known contingent assets or contingent liabilities for the Company

### Note 20: Events occurring after reporting date

Since 30 June 2007 no matter or circumstance has arisen which had significantly affected or which may significantly affect the operations of the organisation or of a related entity

### Note 21: Auditors remuneration

Remuneration of the Auditor of the Company for:

- Auditing or reviewing the financial report	1,800	6,700
	<b>1,800</b>	<b>6,700</b>

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### Note 22: Earnings/(loss) per share

a)Basic earnings per share (cents per share)	0.108	0.21
b)Diluted earnings per share (cents per share)	0.108	0.21

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### Note 23: Dividends

2006 Final dividend Franked at 8 cents per share		32,000
2007 Final dividend Franked at 9 cents per share	36,000	

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# Directors' declaration

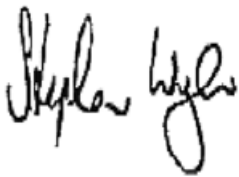
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The Directors of the Company declare that:

1. The financial statements and notes of the Company set out on pages 1 to 10:
  - (a) present fairly the Company's financial position as at 30 June 2007 and its performance and cash flows for the year ended on that date in accordance with Australian Accounting Standards; and
  - (b) comply with the Corporations Law.
2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed on behalf of the Directors by:

Dated 12 September 2007



**Stephen Wight**

# Independent audit report

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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BELLARINE PENINSULA COMMUNITY BRANCH LIMITED

### Report on the financial report

We have audited the accompanying financial report of Bellarine Peninsula Community Branch Limited, which comprises the balance sheet as at 30 June 2007, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes.

### *Directors' responsibility for the financial report*

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: 'Presentation of Financial Statements', that compliance with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with IFRS.

### *Auditor's responsibility*

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

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

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

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Geelong, 3220  
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F (03) 5223 1966

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# Independent audit report continued



## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BELLARINE PENINSULA COMMUNITY BRANCH LIMITED

### *Independence*

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of Bellarine Peninsula Community Branch Limited, on 11 September 2007, would be in the same terms if provided to the directors as at the date of this auditor's report.

### Auditor's opinion

In our opinion:

- a. the financial report of Bellarine Peninsula Community Branch Limited, is in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the company's financial position as at 30 June 2007 and of their performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.
- b. The financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

LBW Chartered Accountants

Peter Landers

Dated this 11<sup>th</sup> day of September 2007

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# BSX report

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Additional information requested by the Bendigo Stock Exchange Limited and not shown elsewhere in this report is as follows. The information is current as of 12th September 2007

## 1. Distribution of equity securities

The number of Shareholders by size of holding are

1-1,000	132
1,001 – 5,000	60
5,001 – 10,000	14
10,001 – 50,000	1

## 2. Twelve largest shareholdings

The names of the twelve largest Shareholders of quoted shares are:

Miss Alice Patricia Stroud	20,000
Mr. Peter Wolfenden	10,000
Impact Insurance Superannuation Fund Pty Ltd	10,000
Mrs. Lynette Maree Elliott	10,000
Dej Investments Pty Ltd	10,000
David Lewis Investment Pty Ltd (asf)	
Lewis Family Super Fund	10,000
Davis Lewis Investment Pty Ltd	10,000
Mr. John Barry Carew	10,000
Mrs. Annie Carew	10,000
Margaret Ann Batty	10,000
Albert Batty	10,000
Batty Investments	10,000

## 3. Voting rights

Each Shareholder has one vote.

## 4. Corporate governance.

The Board guides and monitors the business and affairs on and behalf of the Shareholders to whom they are accountable.

The Board recognizes the importance of a strong corporate governance focus and methodology. The Board is continually working towards adopting policies and procedures that will govern our Company into the future. We believe that building a policy framework will assist to clarify the future direction of our local Company,

# BSX report continued

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provide accountability and transparency and ensure there are guiding principals in place for future decision making.

## **Composition of the Board**

The composition of the Board is determined in accordance with the following principals and guidelines:

- The Board shall comprise at least three Directors and a maximum of 11
- The Board shall meet regularly and follow meeting guidelines set down to ensure all Directors are made aware of and have available all information, to participate in an informed discussion of all agenda items.
- All Directors should attend a minimum of 75% of eligible meetings.

The Directors who held office at the date of this statement are:

<b>Name</b>	<b>Position</b>
Justine Paige Finlay	Chairperson
Karen Ann Woodhart	Secretary
Russell Robert Enders	Director
Robert John Hynes	Director
Stephen Matthew Thew	Director
Francis Joseph Kelloway	Director
Stephen Wight	Director
Gary Irving	Director
Trevor Hockley	Director

## **Board responsibilities**

The Board acts on behalf of and is responsible to the shareholders, the Board seeks to identify the expectations of shareholders, as well as other regulatory and ethical expectations and obligations. In addition, the Board is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage those risks. The Board seeks to discharge these responsibilities in a number of ways.

The Board is responsible for ensuring that management's objectives are aligned with the expectations and risks identified by the Board. The Board has a number of mechanisms in place to ensure this is achieved. These mechanisms include the following:

- Board approval of a Business Plan and Marketing Strategy, which encompasses the entity's vision, mission and value statements, designed to meet stakeholders' needs and manage risk;
- The Business Plan is a dynamic document and the Board is actively involved in developing and approving initiatives and strategies designed to ensure the continued growth and success of the entity;

## BSX report continued

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- Implementation of operating plans and budgets by management and Board monitoring of progress against budget – this includes the establishment and monitoring of key performance indicators (both financial and non-financial) for all significant business processes.

### **Monitoring of the Boards Performance and communication to shareholders**

In order to ensure that the Board continues to discharge its responsibilities in an appropriate manner, the performance of all Directors is reviewed annually by the Chairperson. Directors whose performance is unsatisfactory are asked to retire.

The Board of Directors aims to ensure that the shareholders on behalf of whom they act are informed of all information necessary to assess the performance of the Directors. Information is communicated to the shareholders through:

- The Annual Report which is distributed to all shareholders;
- The annual general meeting and other meetings so called to obtain approval for Board action as appropriate.

### **5. Name of Company Secretary:**

Karen Ann Woodhart.

### **6. Address and telephone number of registered office.**

44 Newcombe St  
Portarlinton, VIC 3223  
Phone: (03) 5259 3266  
Fax: (03) 5259 3277

### **7. Address and telephone number of office at which securities register is kept.**

44 Newcombe St  
Portarlinton, VIC 3223  
Phone: (03) 5259 3266

### **8. Trading History**

Trading History for the year ended the 30th June 2007 for the Bellarine Peninsula Community Branch Limited is available on the BSX website at [www.bsx.com.au](http://www.bsx.com.au)

# Our purpose, vision and mission

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## Purpose

To offer a full range of banking services to, and for the benefit of, the Bellarine Peninsula community.

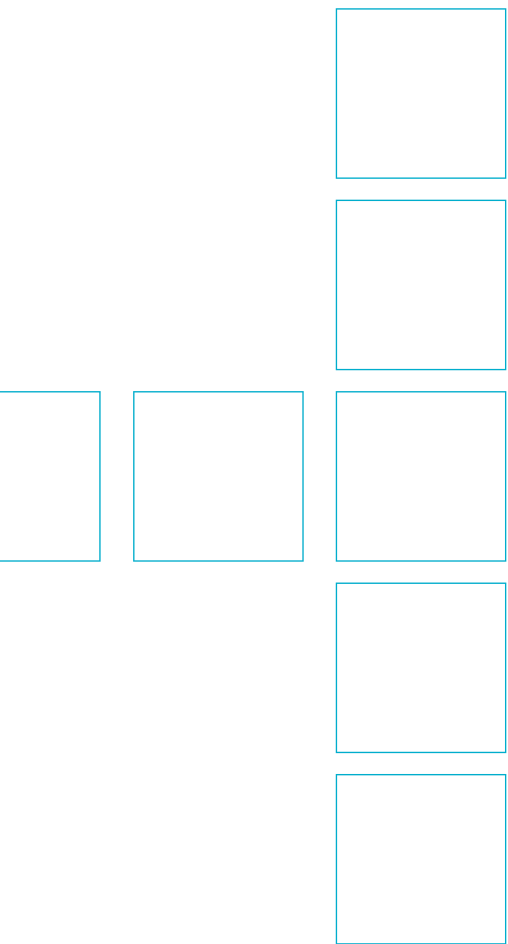
## Mission

- Provide quality franchised banking services to its customers
- Return a fair and equitable dividend to its shareholders
- Maintain a broad based ownership from the local community; ensuring the share transactions are conducted in a responsible, transparent, legal and ethical manner
- Maintain broad professional and community representation on the Board of Directors
- Provide a satisfying and rewarding workplace for staff who will be recruited for their professional skills and willingness to embrace the community banking concept
- Support local community projects.

## Vision

- Over the next three to five years the bank will continue to expand its services over a broad target area, to ensure that it meets the banking needs of the Bellarine Peninsula community
- It will have a strong, professional and representative Board of Directors which will be responsive to the needs of its shareholders, customers, staff and the wider Bellarine Peninsula community.
- The Company will have a strong financial position, be profitable, commercially based and committed to the community. As a leading corporate citizen it will offer leadership and support in the fields of economic, social, environmental and cultural community projects and initiatives.
- The Bellarine Peninsula Community Bank Community Project Fund will retain profit distributions set aside for community projects. Distribution of these funds will be through specific guidelines and a transparent process of application, adjudication and administration.





Bellarine Peninsula **Community Bank**<sup>®</sup> Branch  
44 Newcombe Street, Portarlington, VIC 3223  
Phone: (03) 5259 3266 Fax: (03) 5259 3277

Drysdale Sub-branch  
11 Clifton Springs Road, Drysdale, VIC 3266  
Phone: (03) 5253 3192 Fax: (03) 5251 2383

Franchisee: Bellarine Peninsula Community Branch Limited  
44 Newcombe Street, Portarlington, VIC 3223  
Phone: (03) 5259 3266 Fax: (03) 5259 3277  
ABN 33 089 107 657

[www.bendigobank.com.au](http://www.bendigobank.com.au)  
Bendigo Bank Limited, The Bendigo Centre, Bendigo, VIC 3550  
ABN 11 068 049 178. AFSL 237879. (BMPAR7057) (09/07)