Annual Report 2020

Healesville & District Community Enterprise Limited

Community Bank
Healesville

ABN 64 143 284 182

Contents

Chair's report

For year ending 30 June 2020

It is my pleasure to present the 2019-20 Healesville & District Community Enterprise Limited Annual Report.

It is with enthusiasm that I can report that for the third year we have seen another annual trading surplus for the company. This has followed from continued good governance and management by Directors and Staff. We celebrated nine years of branch operation of the Healesville **Community Bank®** in February 2020 and have grown slowly, but at an increasing rate over the years.

The operating surplus from ordinary activities of approximately $43,000 reflects the work of a dedicated team of Staff and Directors with a commitment to both customers and community, together with a disciplined approach to expense management, based on our business strategy. Encouragingly, with the recent growth and forward budget projections, it remains our belief that we will now see a continuation of trading surpluses over coming years that will enable us to firstly repay debt and subsequently see payment of dividends to shareholders. The latter remains our strong intent, but this cannot be undertaken until loans have been re-paid.

Frustratingly, as has been commented by both myself and former Chair, Gary Slater, on many occasions, while our community increasingly understands the **Community Bank®** model, where the more they support us, the more we can support our community, in many instances people are still conservative about moving their banking. The **Community Bank®** model is unique. Being connected to our community means that we understand that successful customers assist to create a successful community. This community involvement is our real point of difference.

Thanks to the support of **Community Bank®** branch customers and shareholders, the Australia-wide network has now returned more than $220 million to support and strengthen local communities. This enormous achievement came as the **Community Bank®** network celebrated the opening of its 324th branch 20 years after the **Community Bank®** concept was born in the Western Victorian farming townships of Rupanyup and Minyip in 1998. We are a robust and maturing banking network where valued partnerships enhance banking services, taking the profits that local banking business generates and reinvesting that funding into initiatives that will ultimately strengthen their community. At the National Conference in Bendigo in August 2018 we celebrated 20 years of Community Banking.

Our Healesville **Community Bank®** Company has played its role in this milestone, supporting many projects and community groups with over $100,000 to help Healesville grow and thrive. These community grants and sponsorships have made a significant difference to a number of local organisations including Healesville Music Festival, Rotary Dogs Day Out, Yarra Valley FM99.1, Healesville CoRE, Healesville Football & Netball club, Badger Creek Primary and Healesville High School to name just a few. We look forward to continuing to support these groups and others, as more people bank with us and our improving financial position allows us to increase our local grants program.

Ratings upgrade

Bendigo and Adelaide Bank Limited remains one of the few banks globally to be awarded an upgraded credit rating since the onset of the Global Financial Crisis. In many areas it has been cited as an exemplary model in the recent Banking Royal Commission, is currently rated as Australia's most trusted bank and recognised in a Roy Morgan survey as Australia's the third most trusted brand.

Government guarantee

In September 2011, the Federal Government announced changes to its Financial Claims Scheme (FCS), also known as the "government guarantee", lowering it from $1 million to a permanent guarantee cap of $250,000 per account holder per Authorised Deposit-taking Institution (ADI) effective 1 February 2012.

All **Community Bank®** branches operate under Bendigo and Adelaide Bank Limited's banking licence, and as such the first $250,000 of a depositor's funds held with a **Community Bank®** branch are guaranteed by the Federal Government, free of charge, and supported by the capital base and financial strength of their franchise partner, Bendigo and Adelaide Bank Limited. Lowering the cap is an indication of the strength of Australian banks, including Bendigo and Adelaide Bank Limited and the combination of healthy, profitable banks and strong prudential regulation is the best guarantee our customers have that their money is safe.

Income and expenses

Healesville & District Community Enterprise Limited is reporting a full financial year trading surplus of $43,205 for 2019/20. Our existing overdraft and loan have been reduced significantly as the business is now growing, albeit slowly. All indicators are suggesting that we should now see continued surpluses and we thank our highly engaged Staff, Board and Bendigo Bank for working hard in the community and on our business growth strategies. These surpluses will enable us to repay loans and debt as the priority. The sub-leasing of the upstairs area continues to add additional income. Over the past year, we have again maintained a strong reign on expenses whilst improving growth.

COVID-19

Obviously, the arrival of the COVID19 pandemic has significantly impacted most businesses and has seen a significant change in customer needs. In the face of this as a designated essential service we have implemented stringent health and safety precautions for staff and customers in line with bank policy. The State Government lockdowns have meant that staff have initiated new and flexible ways of providing our services and support. In addition, Directors initiated an online winter webinar series in three parts focusing on resourcing and supporting local businesses and community groups during the pandemic.

Your Board

The Healesville & District Community Enterprise Limited Board of Directors is drawn from the local community and each Director is skilled in their area of expertise and passionate about our community. They volunteer their time to guide and grow the business. They support the branch staff and work tirelessly in the community promoting the Healesville **Community Bank®** Branch.

May I express my sincere appreciation to your 2019/20 Board of Directors – Kath Gannaway, Sue Jackson, Caroline Evans, Jo Bagg, Helen Wood (Company Secretary), Geoff Sherman, Danny Zemp, Laurence Webb, Jenny MacKinnon (ret.) and Blair Alban (ret.) for the work they do on our various committees and in the community.

I would like to particularly thank Jenny MacKinnon and Blair Alban who stepped down as Directors at 30 June 2020. In addition, Brad Sanders, Gary Slater and Sandra Schoffer have served as invaluable Associates. We also acknowledge the pivotal support of the Bendigo Bank team, particularly outgoing Regional Manager, Darryl Ellis.

We recently welcomed new Regional Manager, Shelley McLean.

Our Staff

Keeley Mahoney commenced as our new Branch Manager in May 2019 and Dan Mathers as Assistant Branch Manager in August 2019. All our staff team have continued to deliver excellent customer service and produce good results. They do this by providing local residents, community groups, traders and businesses with professional and friendly face-to-face banking and financial services which are highly valued and appreciated by our community. During the year we were ably assisted by Rebecca Parsons, Shelli Johanson, Michelle White, Mark Davenport and Lucia Bolger as our great banking team. Our congratulations to Lucia who celebrated 20 years with Bendigo Bank in July 2019.

Finance, Audit and Risk Committee

This committee, chaired by Sue Jackson and ably assisted by BCV Financial Services, have provided timely and accurate financials on which the Board can base their assessment of business performance. This committee has also been instrumental in managing business finances, regular auditing and a comprehensive risk register was completed at the onset of the current pandemic.

Business Development Committee

The Business Development Committee, chaired by Helen Wood, has as its charter to specifically develop and implement activities and events focussed on growing the company business. It has developed a number of initiatives that have already proved fruitful for our business growth.
Over the past year this has included a 'meet me in the main street', work with local businesses and community groups and oversight of the current winter webinar series.

In terms of Community Investment, Directors and management team have again focussed directly on connecting and maintaining contact with all the community entities that have benefited from our grants and sponsorships. We aim to develop stronger relationships with these recipients, ensuring they have a key understanding of the importance of supporting the **Community Bank®** branch that in turn supports them in their endeavours.

People and Culture Committee

This committee, chaired by Gary Slater, has continued their people and culture / HR focus, supporting and ensuring appropriate resourcing and training for both staff and directors. The current COVID19 pandemic has required significant support and resourcing to ensure safety for staff and customers coming into the branch.

During the year Directors attended State and Regional Bendigo Bank Conferences, undertook professional development courses in new Director induction, Low Volume Share Trading, Understanding Profit Share, The Effective Board and Marketing. The Directors and staff also participated in a strategic plan review to identify the key partners and chart a growth course for our business.

Challenges and Opportunities

It is exciting that in the next couple of months we will surpass a milestone of 2000 customers. Yet despite this some of the Healesville community still do not yet realise that Bendigo Bank provides a full range of financial/banking services and will distribute 80% of profits to community groups. In the current COVID19 environment, the challenge is for us to continue to make it easier for customers to do business with us. It is also important that we continue to remain competitive in pricing and continue to develop and deliver innovative and relevant banking products and services. Our current three year strategic plan, together with Bendigo Bank's support, will see us deliver continued growth in 2020-21 and we are most encouraged by the significantly increased levels of footings (both deposits and lending) that have occurred over the past three years. The Board has a clear intent to pay down debt and does acknowledge the lack of any dividends paid to shareholders over the years. It is also noted that there has been some buying and selling of shares over recent months.

Our core focus is to meet the needs and expectations of our customers as they change. Increasing the level of business activity and engagement and thereby deepening our relationship with our customers, is our key point of difference. On behalf of the Board of Directors I would encourage you, our shareholders, to be our ambassadors to the community at large. You can certainly help your community company achieve greater success by encouraging members of your family, friends and acquaintances to bank with us.

We look forward to seeing as many shareholders as possible at our Annual General Meeting which will be conducted at the Healesville RSL at 2pm on Saturday 21 November 2020.

Yours Sincerely,

Bruce Argyle
Chairman

Manager's report

For year ending 30 June 2020

Well, what a year 2020 has been!!

Who knew you could walk into a bank with a face mask on and no alarms start screeching!! Dan, Shelli, Luci and I, have stayed strong and positive throughout the COVID-19 pandemic, providing fantastic customer service every day to our existing and new customer with our face mask firmly on!

We proudly hit our 2000th customer in August this year, 6 months ahead of our target. The lucky customer turned out to be Lyrebird College at Coldstream and we could not have been more pleased. Lyrebird College is a new school catering to the academic development of children on the autism spectrum. In September we presented them with a $1,000 cheque to assist in the purchase of books. We congratulate them and feel proud be part of their journey. If you attend their school fete next year, you will find us running their sausage sizzle, come and say hello!

The branch has seen an increase of people looking for an alternative to the big 4 banks. We have taken full advantage of this and focused on making our customers feel welcomed and listened to. We've provided them with service and products that have saved them either time, money or effort. At the **Community Bank®** you're a person not a number!

Our display space at the front of the branch has proved to be very popular with local businesses. It been booked out since February. We have already booked November and December with customers enquiring about the space for 2021. If you know a club or business that would like to advertise for free let us know, we'll be happy to help!

The board have been a massive support, running three free webinars to support local businesses during COVID-19. They have popped into the branch checking on the staff's wellbeing. They have updated our Facebook page with brilliant community stories and events. The staff thank you all for your hard work and commitment.

We hope to build on the success we have made this year and welcome our Shareholders into the branch to review their banking at any time. Bendigo Bank is now an up to date and relevant bank in this fast-changing environment. Our technology has meant we are meeting our customer needs much quicker and our products are the best they have ever been.

Keeley Mahoney
Branch Manager

Head of Community Support, Bendigo Bank

For year ending 30 June 2020

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

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

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

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

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

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

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

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

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

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

As Australia's 5th largest bank with more than 1.9 million customers we are proud to partner with your community.
If 2020 has shown us anything, it's that we're stronger for the partnerships we have with the communities we operate in.

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

Mark Cunneen

Mark Cunneen
Head of Community Support
Bendigo and Adelaide Bank

Sub-committee reports

For year ending 30 June 2020

Finance, Audit and Risk

Another challenging and rewarding year for the Finance, Audit and Risk Committee. Our committee this year focussed on improving the financial and risk management systems and reviewed current reporting systems. Having joined the Board in 2018, this year has produced unprecedented circumstances for everyone. I have enjoyed the challenges and tasks presented throughout the year and appreciate the input and diligence of our committee members.

Having been in business for many years and recognising the importance of frameworks, it was decided our committee would set various goals for completion during the year. One of our main aims was to thoroughly review and update the numerous Financial Management policies that underpin our community bank. A comprehensive Risk Register has also been implemented, with updates and reviews undertaken on a monthly basis.

This year we engaged the services of BCV Financial Solutions. Sean Limpens and his team at BCV are providing HDCEL with book-keeping and financial services. This year our operating surplus was approximately $43,000. Our key financial challenges are to continue to increase profitability, pay down our overdraft, pay our shareholders a dividend and position ourselves to be able to provide greater financial support for our local community in the near future.

Our committee is looking forward to another successful year, that will no doubt provide a new set of challenges for us to navigate.

Sue Jackson
Chair – Finance, Audit and Risk Committee

Business Development

As Chair of the Business Development Committee during 2019/2020 it has been both an exciting and challenging year. The Board has prioritised Business Development this year in recognition that growing our business is the single most important thing we can do – both in regards to the contribution we can make to the community given 80% of our profits go back to our community through projects and grants but also in relation to rewarding our shareholders with dividends. Our shareholders have been very patient for many years now and it is a high priority for the Board to get to the point where we can pay dividends.

In relation to business development we have had several initiatives across the year that have increased the profile of the Community Bank and these have been very successful. Three key initiatives were the Shareholder Engagement and Information Session, Meet in Main St and the Winter Webinar Series. The first was an opportunity to meet with current and prospective shareholders, discuss what the investment by shareholders has achieved for the community of Healesville and to encourage buying and selling of shares to increase flexibility for shareholders. As a first-time event it was well attended, and everyone involved provided very positive feedback about the event and its potential. We will be hosting these events annually and look forward to being much more connected to our shareholders. 2020 will be an exception given the COVID challenges but we will be back strong in 2021. COVID has of course presented many challenges in second half of the year but this too we will overcome!

Meet Me in Main St was a fantastic promotion to encourage everyone to do their Christmas shopping in the main street of Healesville and to post their visits on Facebook. Prizes were on offer but even more important was the chance to promote local businesses and encourage us all to Think Local, Act Local, Bank Local to benefit our local community! Fantastic promotions and cartoons were supported by one of our longest serving Directors Kath Gannaway (social media extraordinaire) and Danny Zemp (cartoonist) another of our Board Directors.

The Winter Webinar Series was also a great initiative and commenced in June 2020. It was a series of 3 monthly sessions that focussed on different aspects of managing and re-imagining our business in a COVID and Post COVID world. This was a free event and open to all members of the Healesville and district community. With special guests, lots of tips and shared learnings it was very successful and provided an opportunity for NFPs and business in Healesville to share what we can all do to survive and thrive in relation to the impacts of COVID-19. We will be looking for other opportunities to support out community in similar ways in the coming months.

Many other initiatives to promote our community bank and work to increase our footings and profit thereby rewarding shareholders and benefiting our community of Healesville and the broader district was a key focus of our Business Development sub-committee. A great year all round with much more to come. I am excited to hand over Chair of the Business Development Committee to Caroline Evans – one of our new Directors and also CEO of Wine Yarra Valley. Caroline will do a great and bring her marketing and entrepreneurial skills to the committee.

Lastly I would like to thank Jenny MacKinnon for all her hard work as part of our Committee. Jenny has moved on from our Board this year but her focus on our marketing initiatives was much appreciated!

Helen Wood
Chair – Business Development Committee

People, Culture and Governance

New Director inductions and a reconfiguration of Board committees, with staff representation on those appropriate, was undertaken following the November 2019 Annual General Meeting.

We welcomed Mrs Michele White to the team as we said farewell to Ms Brooke Coleman and Ms. Rebecca Parsons who both departed to take up other career opportunities.

The Bendigo and Adelaide Bank Enterprise Agreement 2018-2021 (BEN EA) was approved and is awaiting Fair Work Commission approval before it can come into effect and HDCEL can consider its adoption and application for its Community Bank staff.

During the year the HDCEL Board adopted the Bendigo and Adelaide Bank – Board Code of Conduct to ensure consistent Governance.

With the start of the COVID-19 Pandemic and its impact on lives and businesses in our community HDCEL put in place a COVID management plan and equipment that enabled the doors of the bank to remain open, keep our customers and staff safe and our community connected.

Gary Slater
Chair – People, Culture and Governance Committee

Directors' report

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

Bruce Leonard Argyle

Position	Chairman
Occupation	Head of Philanthropy & State Management (Vic-Tas) for Community Sector Banking / Bendigo Bank
Qualifications, experience and expertise	Bachelor of Science (Hons.), Diploma in Business and Education and Masters in Dispute Resolution. Current Board and Director roles: Australian Charities & Not-for-Profit Commission (ACNC) - Reference Group (6 years) Social Investment Grants Program, Community Sector Banking - Chair (6 years) Non-executive Director, Lockwood Trust (16 years). Current community roles: Healesville Toastmasters – President, YVFM 99.1 Community Radio – Member and presenter, Healesville CoRE - Member and HEWI - Member. Paid employment roles: CEO Regional Extended Family Services (REFS) – 14 years, Director, Membership & Partnerships at Philanthropy Australia – 6 years, CEO InterCapital Fundraising – 2 years and Director Community Relations Uniting AgeWell – 2 years.
Special responsibilities	Finance, Audit & Risk Committee
Interest in shares	2,000 ordinary shares

Kathleen Therese Gannaway

Position	Non-executive director
Occupation	Retired
Qualifications, experience and expertise	Journalist and photographer with the Mail newspaper in Healesville for more than 20 years, retired in September 2018. Currently a member of Healesville Toastmaster and Yarra Ranges Film Society. Previously involved as a volunteer with Badger Creek Fire Brigade Auxiliary, Badger Creek Old School Building Committee and numerous Gateway Festival Committees.
Special responsibilities	Marketing & Development Committee
Interest in shares	2,004 ordinary shares

Geoffrey Allan Sherman

Position	Non-executive director
Occupation	Chartered Accountant
Qualifications, experience and expertise	Charted Accountant & Registered Tax Agent with over 15 years experience in both public practice and corporate accountancy, currently running his own accountancy firm. Past experiences include preparation of financial statements for reporting entities and providing accounting and taxation advice to boards of not-for-profit entities and public companies limited by guarantee.
Special responsibilities	Finance, Audit & Risk Committee
Interest in shares	2,000 ordinary shares

Daniel Zemp

Position	Non-executive director
Occupation	Cartoonist, Arborist and Education support
Qualifications, experience and expertise	Cartoonist and Arborist BSc, Frontline management, Environmental management and sustainability. Currently working at the local high school as an integration aide as well as providing a regular editorial cartoon in the local paper.
Special responsibilities	Marketing, People and Sponsorship Committee
Interest in shares	2,000 ordinary shares

Helen Maree Wood

Position	Non-executive director
Occupation	Management Consultant
Qualifications, experience and expertise	20 years in local and state government. Helen has operated her own business (TMS Consulting) since 2006 as a management consultant specialising in organisational capability (30-50 staff). She is the Chair and Board Member of the Brisbane Youth Services for 8 years - providing services to homeless and vulnerable youth. Individual areas of specialty are organisational performance, leadership, change management, human dynamics. A very experienced and well regarded facilitator, she has run major engagement forums for state and federal governments, helped executive teams align their strategy and helped organisations through major change. She is the joint owner of Yarra Gables Motel in Healesville and support Tourism industry with facilitation of industry forums etc.
Special responsibilities	Governance Committee; Former Chair Business Development Committee
Interest in shares	2,000 ordinary shares

Susan Ellen Jackson

Position	Treasurer
Occupation	Real Estate Agent (Licensed)
Qualifications, experience and expertise	Susan is a licensed Real Estate Agent with 18 years' experience in the industry. She completed Bachelor of Property & Real Estate in 2017. Involved in residential sales and manages a team of 12 sales agents. Susan has been involved with Montrose Traders Group for many years and supports various local clubs and groups.
Special responsibilities	Chair Finance, Audit & Risk Committee
Interest in shares	1,000 ordinary shares

Caroline Anne Evans

Position	Non-executive director (appointed 23 December 2019)
Occupation	CEO - Yarra Valley Wine Growers Association
Qualifications, experience and expertise	Accomplished executive with strong interpersonal leadership and team building skills, combined with a commitment to excellence, business acumen, strategic and organisational agility, problem solving and negotiation skills. Qualifications include Diploma of Business (Marketing) and Member of the Australian Institute of Company Directors. A member of the Yarra Valley community for over 40 years, with volunteer involvement in the Yarra Glen Football & Netball Club, HICCI, St Brigid's Primary School and Casey Volunteer Grants Committee. Other current directorships also include Ability Works Australia.
Special responsibilities	Chair Business Development Committee
Interest in shares	5,000 ordinary shares

Joanne Lee Bagg

Position	Non-executive director (appointed 2 June 2020)
Occupation	Consultant
Qualifications, experience and expertise	An experienced professional in management consultancy, tourism and hospitality sectors, with over 13 years experience working in the Yarra Valley. Previously managed the Yarra Valley Visitor Information centre in Healesville, working with community groups and businesses to promote the region to domestic and international visitors. worked for 10 years with Swinburne University (through Open Universities Australia) as convenor and tutor for tourism units. Qualifications include Bachelor of Business (Tourism Enterprise Management) and Diploma of Hospitality Management. Joanne has strong interpersonal, administrative and organisational skills and is dedicated to excellent customer service.
Special responsibilities	Governance Committee
Interest in shares	nil share interest held

Blair Reuben Alban

Position	Non-executive director (resigned 30 June 2020)
Occupation	General Manager
Qualifications, experience and expertise	Blair currently works as a General Manager for a winery in Dixons Creek. Growing up in regional community Blair understands the importance of investing his time into initiatives which support a vibrant and sustainable community. Previous experience as a director for his family business.
Special responsibilities	People and Culture; Governance Committee
Interest in shares	nil share interest held

Jenny Louise MacKinnon

Position	Non-executive director (resigned 30 June 2020)
Occupation	Program Manager, Business Development
Qualifications, experience and expertise	Currently managing business development program activities for Commonwealth assets within the Department of Defence, Jenny has a background in innovation, entrepreneurship, communications and marketing in complex subject matter and technology. During her time at Healesville and District Community Enterprise Limited, Jenny enjoyed many community development activities, built lasting community relationships and enjoyed the challenge of being part of the team effort to take the branch to the next stage of its life. Jenny also contributed to the wider community as Treasurer of the Yarra Ranges collaborative Marketing Cluster and as a member of the Community Bank National Council's Collaboration and Partnerships Committee.
Special responsibilities	Business Development Committee
Interest in shares	nil share interest held

Directors were in office for this entire year unless otherwise stated. No directors have material interest in contracts or proposed contracts with the company.

Company Secretary

There have been two company secretaries holding the position during the financial year:

- Sandra Schoffer was appointed company secretary on 20 January 2018 and ceased on 13 February 2020.
- Helen Wood was appointed company secretary on 13 February 2020.

Qualifications, experience and expertise: 20 years in local and state government. Helen has operated her own business (TMS Consulting) since 2006 as a management consultant specialising in organisational capability (30-50 staff). She was the Chair and Board Member of the Brisbane Youth Services for 8 years - providing services to homeless and vulnerable youth. Individual areas of specialty are organisational performance, leadership, change management, human dynamics. A very experienced and well-regarded facilitator, she has run major engagement forums for state and federal governments, helped executive teams align their strategy and helped organisations through major change. She is the joint owner of Yarra Gables Motel in Healesville and support Tourism industry with facilitation of industry forums etc.

Principal activity

The principal activity of the company during the financial year was facilitating Community Bank services under management rights of Bendigo and Adelaide Bank Limited (Bendigo Bank).

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

Operating results

The profit of the company for the financial year after provision for income tax was:

Year ended 30 June 2020 $	Year ended 30 June 2019 $
43,205	27,436

Dividends

No dividends were declared or paid for the previous financial year and the directors recommend that no dividend be paid in the current financial year.

New Accounting Standards implemented

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

Significant changes in the state of affairs

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

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

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.

Indemnification and insurance of directors and officers

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

Disclosure of the nature of the liability and the amount of the premium is prohibited by the confidentiality clause of the contract of insurance. The company has not provided any insurance for an auditor of the company or a related body corporate.

Directors' meetings

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

	Board Meetings Attended	
	Eligible	*Attended*
Bruce Leonard Argyle	11	11
Kathleen Therese Gannaway	11	9
Geoffrey Allan Sherman	11	9
Daniel Zemp	11	8
Helen Maree Wood	11	10
Susan Ellen Jackson	11	10
Caroline Anne Evans	6	5
Joanne Lee Bagg	1	1
Laurence Webb	1	-
Michael Brian Thompson	1	1
Gary James Slater	6	5
Sandra Alma Schoffer	6	5
Leonard William Ellis	7	5
Blair Reuben Alban	11	8
Jenny Louise MacKinnon	11	8

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 proceedin gs on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

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

Non audit services

The company may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the company are important. Details of the amounts paid or payable to the auditor (Andrew Frewin Stewart) for audit and non audit services provided during the year are set out in note 28 to the accounts.

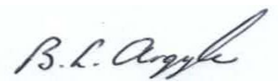
The board of directors has considered the non-audit services provided during the year by the auditor and, is satisfied that the provision of the non-audit services is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

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

Auditor’s independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 17.

Signed in accordance with a resolution of the directors at Healesville, Victoria.



Bruce Leonard Argyle, Chairman

Dated this 15th day of September 2020

2019-2020 Directors

Bruce Argyle
Chair

Geoff Sherman
Treasurer

Sandra Schoffer
Secretary
(retired Feb 2020)

Helen Wood
Secretary & Chair, Business Development

Gary Slater
Chair, People & Culture

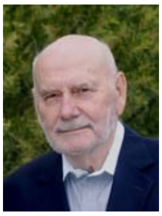
Sue Jackson
Chair, Finance

Jenny MacKinnon
(retired June 2020)

Kath Gannaway

Danny Zemp

Blair Alban
(retired June 2020)



Len Ellis
(retired Feb 2020)

Caroline Evans

Laurie Webb

Jo Bagg

Not pictured:
Michael Thompson
(retired July 2019)

Auditor's Independence Declaration

Partners in success
Chartered Accountants

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

Lead auditor's independence declaration under section 307C of the Corporations Act 2001 to the directors of Healesville & District Community Enterprise Limited

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

(i) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Andrew Frewin Stewart
61 Bull Street, Bendigo Vic 3550
Dated: 15 September 2020

Joshua Griffin
Lead Auditor

Financial Statements

Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2020

	Notes	2020 $	2019 $
Revenue from contracts with customers	8	545,764	537,937
Other revenue	9	88,119	54,135
Employee benefit expenses	10d)	(322,447)	(331,036)
Charitable donations, sponsorship, advertising and promotion		(8,522)	(9,232)
Occupancy and associated costs		(23,534)	(77,776)
Systems costs		(32,317)	(32,950)
Depreciation and amortisation expense	10a)	(56,779)	(20,185)
Impairment losses	10b)	(12,360)	-
Finance costs	10c)	(30,751)	(21,714)
General administration expenses		(69,610)	(61,336)
Profit before income tax expense		**77,563**	**37,843**
Income tax expense	11a)	(34,358)	(10,407)
Profit after income tax expense		**43,205**	**27,436**
Total comprehensive income for the year attributable to the ordinary shares of the company:		**43,205**	**27,436**
Earnings per share		**¢**	**¢**
- Basic and diluted earnings per share:	30a)	4.81	3.05

The accompanying notes form part of these financial statements.

Financial Statements (cont.)

Balance Sheet
as at 30 June 2020

	Notes	2020 $	2019 $
ASSETS			
Current assets			
Cash and cash equivalents	12a)	124	4
Trade and other receivables	14a)	62,907	60,660
Total current assets		**63,031**	**60,664**
Non-current assets			
Investment property	13a)	22,577	-
Property, plant and equipment	15a)	117,949	124,840
Right-of-use assets	16a)	166,514	-
Intangible assets	17a)	8,575	34,521
Deferred tax asset	18a)	316,509	320,074
Total non-current assets		**632,124**	**479,435**
Total assets		**695,155**	**540,099**
LIABILITIES			
Current liabilities			
Trade and other payables	19a)	39,983	48,296
Loans and borrowings	20a)	60,218	130,118
Lease liabilities	21b)	45,104	-
Employee benefits	23a)	8,518	6,664
Total current liabilities		**153,823**	**185,078**
Non-current liabilities			
Loans and borrowings	20b)	374,110	399,557
Lease liabilities	21c)	221,212	-
Employee benefits	23b)	2,034	3,670
Provisions	22a)	30,158	-
Total non-current liabilities		**627,514**	**403,227**
Total liabilities		**781,337**	**588,305**
Net liabilities		**(86,182)**	**(48,206)**
EQUITY			
Issued capital	24a)	872,080	872,080
Accumulated losses	25	(958,262)	(920,286)
Total equity		**(86,182)**	**(48,206)**

The accompanying notes form part of these financial statements.

Financial Statements (cont.)

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

	Notes	Issued capital $	Accumulated losses $	Total equity $
Balance at 1 July 2018		872,080	(947,722)	(75,642)
Total comprehensive income for the year		-	27,436	27,436
Balance at 30 June 2019		**872,080**	**(920,286)**	**(48,206)**
Balance at 1 July 2019		872,080	(920,286)	(48,206)
Effect of AASB 16: Leases	3d)	-	(81,181)	(81,181)
Restated balance at 1 July 2019		872,080	(1,001,467)	(129,387)
Total comprehensive income for the year		-	43,205	43,205
Balance at 30 June 2020		**872,080**	**(958,262)**	**(86,182)**

The accompanying notes form part of these financial statements.

Financial Statements (cont.)

Statement of Cash Flows
for the year ended 30 June 2020

	Notes	2020 $	2019 $
Cash flows from operating activities			
Receipts from customers		700,329	645,575
Payments to suppliers and employees		(505,476)	(568,484)
Interest paid		(13,564)	(21,714)
Lease payments (interest component)	10c)	(15,608)	-
Lease payments not included in the measurement of lease liabilities	10e)	(14,187)	-
Net cash provided by operating activities	26	**151,494**	**55,377**
Cash flows from investing activities			
Payments for property, plant and equipment		(285)	(6,134)
Payments for intangible assets		(13,556)	(13,556)
Net cash used in investing activities		**(13,841)**	**(19,690)**
Cash flows from financing activities			
Proceeds from loans and borrowings Repayment of loans		-	443,276
and borrowings		(29,168)	-
Lease payments (principal component)	21a)	(42,186)	-
Net cash provided by/(used in) financing activities		**(71,354)**	**443,276**
Net cash increase in cash held		**66,299**	**478,963**
Cash and cash equivalents at the beginning of the financial year		(86,395)	(565,358)
Cash and cash equivalents at the end of the financial year	12b)	**(20,096)**	**(86,395)**

The accompanying notes form part of these financial statements.

Notes to the financial statements

for the year ended 30 June 2020

Note 1 Reporting entity

This is the financial report for Healesville & District Community Enterprise Limited (the company). The company is a for profit entity limited by shares, and incorporated and domiciled in Australia. The registered office and principal place of business is:

Registered Office	Principal Place of Business
205 Maroondah Hwy	205 Maroondah Hwy
Healesville VIC 3777	Healesville VIC 3777

Further information on the nature of the operations and principal activity of the company is provided in the directors' report. Information on the company's related party relationships is provided in Note 29.

Note 2 Basis of preparation and statement of compliance

Basis of preparation and statement of compliance

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

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

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

These financial statements for the year ended 30 June 2020 were authorised for issue in accordance with a resolution of the directors on 15 September 2020.

Note 3 Changes in accounting policies, standards and interpretations

The company initially applied AASB 16 *Leases* from 1 July 2019. AASB Interpretation 23 *Uncertainty over Income Tax Treatments* is also effective from 1 July 2019 but is not expected to have a material impact on the company's financial statements. The company's existing policy for uncertain income tax treatments is consistent with the requirements in Interpretation 23.

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

a) Definition of a lease

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

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

b) As a lessee

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

Leases classified as operating leases under AASB 117

Previously, the company classified property and IT equipment leases as operating leases under AASB 117. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the company's incremental borrowing rate as at 1 July 2019.
Right-of-use assets are measured at either:

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

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

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

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

c) As a lessor

The company leases out its investment property, including own property and right-of-use assets. The company has classified these leases as operating leases.

The company is not required to make any adjustments on transition to AASB 16 for leases in which it acts as a lessor, except for a sub-leasing arrangement.

The company sub-leases some of its property. Under AASB 117, the head lease and the sub-lease contracts were classified as operating leases. On transition to AASB 16, the right-of-use asset recognised from the head leases are presented in investment property, and measured at cost at that date. The company assessed the classification of the sub-lease contracts with reference to the right-of-use asset rather than the underlying asset, and concluded that they are operating leases under AASB 16.

The company has applied AASB 15 Revenue from Contracts with Customers to allocate consideration in the contract to each lease and non-lease component.

d) Impact on financial statements

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

Impact on equity presented as increase (decrease)	Note	1 July 2019 $
Asset		
Right-of-use assets – land and buildings	16b)	184,539
Right-of-use assets – investment property	13b)	40,568
Deferred tax asset	18a)	30,793
Liability		
Lease liabilities	21a)	(308,502)
Provision of make-good	22b)	(28,579)
Equity		
Accumulated losses		(81,181)

When measuring lease liabilities for leases that were classified as operating leases, the company discounted lease payments using its incremental borrowing rate at 1 July 2019. The weighted average rate applied is 5.39%.

Lease liabilities reconciliation on transition	
Operating lease disclosure as at June 2019	70,139
Add: additional options now expected to be exercised	285,232
Less: AASB 117 lease commitments reconciliation	8,787
Less: present value discounting	(55,656)
Lease liability as at 1 July 2019	308,502

Note 4 Summary of significant accounting policies

The company has consistently applied the following accounting policies to all periods presented in these financial statements, except if mentioned otherwise (see also Note 3).

a) Revenue from contracts with customers

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

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

a) Revenue from contracts with customers (cont.)

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

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

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

Revenue calculation

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

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

Margin

Margin is arrived at through the following calculation:

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

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

Commission

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

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

Fee income

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

Core business products

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

a) Revenue from contracts with customers (cont.)

Ability to change financial return

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

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

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

b) Other revenue

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

Revenue	Revenue recognition policy
Rental income	Rental income from investment properties, including property owned and right-of-use assets leased, is accounted for on a straight-line basis over the lease term. If not received at balance date, revenue is reflected on the balance sheet as a receivable and carried at its recoverable amount.
Discretionary financial contributions (also "Market Development Fund" or "MDF" income)	MDF income is recognised when the right to receive the payment is established. MDF income is discretionary and provided and receivable at month-end and paid within 14 days after month-end.
Cash flow boost	Cash flow boost income is recognised when the right to the payment is established (e.g. monthly or quarterly in the activity statement).
Other income	All other revenues that did not contain contracts with customers are recognised as goods and services are provided.

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

Discretionary financial contributions

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

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

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

b) Other revenue (cont.)

Cash flow boost

During the financial year, in response to the COVID-19 outbreak, *Boosting Cash Flow for Employers (Coronavirus Economic Response Package) Act 2020* (CFB Act) was enacted. The purpose was to provide temporary cash flow to small and medium businesses that employ staff and have been affected by the economic downturn associated with COVID-19.

The amounts received or receivable is in relation to amounts withheld as withholding tax reported in the activity statement. This essentially subsidises the company's obligation to remit withholding tax to the Australian Taxation Office. For reporting purposes, the amounts subsidised are recognised as revenue.

The amounts are not assessable for tax purposes and there is no obligation to repay the amounts when the cash flow of the company improves.

c) Economic dependency – Bendigo Bank

The company has entered into a franchise agreement with Bendigo Bank that governs the management of the Community Bank.

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

The company operates as a franchise of Bendigo Bank, using the name "Bendigo Bank" and the logo and system of operations of Bendigo Bank. The company manages the Community Bank on behalf of Bendigo Bank, however all transactions with customers conducted through the Community Bank are effectively conducted between the customers and Bendigo Bank.

All deposits are made with Bendigo Bank, and all personal and investment products are products of Bendigo Bank, 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 Bank, must be approved by Bendigo Bank. All credit transactions are made with Bendigo Bank, and all credit products are products of Bendigo Bank.

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

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

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

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

d) Employee benefits

Short-term employee benefits

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

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

Defined superannuation contribution plans

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

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

Other long-term employee benefits

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

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

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

e) Taxes

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

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

Current income tax

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

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.
Deferred tax assets are recognised for all deductible temporary differences, carried-forward tax losses, and unused tax credits to the extent that it is probable that future taxable profits will be available against which they can be used.

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

e) Taxes (cont.)

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

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

Goods and Services Tax

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

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

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.
Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

f) Cash and cash equivalents

For the purposes of the statement of financial position and statement of cash flows, cash and cash equivalents comprise: cash on hand, deposits held with banks, and short-term, highly liquid investments (mainly money market funds) that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value. Bank overdrafts are shown as current liabilities within loans and borrowings in the statement of financial position.

g) Property, plant and equipment

Recognition and measurement

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

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

Subsequent expenditure

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

Depreciation

Depreciation is calculated to write-off the cost of items of property, plant and equipment less their estimated residual values using straight-line or diminishing value method over their estimated useful lives, and is recognised in profit or loss. Land is not depreciated.
The estimated useful lives of property, plant and equipment for the current and comparative periods are as follows:

g) Property, plant and equipment (cont.)

Asset class	Method	Useful life
Leasehold improvements	Straight-line	4 to 40 years
Plant and equipment	Straight-line and diminishing value	1 to 40 years

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

h) Intangible assets

Intangible assets of the company include the franchise fees paid to Bendigo Bank conveying the right to operate the Community Bank franchise. The company has also acquired an agency/customer list from Bendigo Bank.

Recognition and measurement

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

Subsequent expenditure

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

Amortisation

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

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

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

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

i) Financial instruments

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

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

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

i) Financial instruments (cont.)

Recognition and initial measurement

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

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

Classification and subsequent measurement

Financial assets

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

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

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

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

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

Financial assets – business model assessment

The company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed.

Financial assets – subsequent measurement and gains and losses

- Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities - classification, subsequent measurement and gains and losses

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

i) Financial instruments (cont.)

Derecognition

Financial assets

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

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

Financial liabilities

The company derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire. The company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.
On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Offsetting

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

j) Impairment

Non-derivative financial assets

The company recognises a loss allowance for ECL on its trade receivables.
ECL's are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received.

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

Recognition of expected credit losses in financial statements

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

The company's trade receivables are limited to the monthly profit share distribution from Bendigo Bank, which is received 14 days post month end. Due to the reliance on Bendigo Bank the company has reviewed credit ratings provided by Standard & Poors, Moody's and Fitch Ratings to determine the level of credit exposure to the company. The company also performed a historical assessment of receivables from Bendigo Bank and found no instances of default. As a result no impairment loss allowance has been made in relation to trade receivables as at 30 June 2020.

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

k) Issued capital

Ordinary shares

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.

l) Provisions

Provisions are recognised when the economic entity has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

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

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

m) Leases

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

Policy applicable from 1 July 2019

At inception of a contract, the company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the company uses the definition of a lease in AASB 16. This policy is applied to contracts entered into, on or after 1 July 2019.

<u>As a lessee</u>

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

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

m) Leases (cont.)

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

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

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

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

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

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

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

<u>Short-term leases and leases of low-value assets</u>

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

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

<u>As a lessor</u>

At inception or on modification of a contract that contains a lease component, the company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the company acts as a lessor, it determines at lease inception whether each lease is a finance or operating lease. To classify each lease, the company makes an overall assessment of whether the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the company is an intermediate lessor, it accounts for its interest in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the company applies the exemption described above, then it classifies the sub-lease as an operating lease.

m) Leases (cont.)

If an arrangement contains lease and non-lease components, then the company applies AASB 16 to allocate the consideration in the contract.

The company applies the derecognition and impairment requirements in AASB 9 to the net investment in the lease (see Note 4(l)). The company further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The company recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other revenue'.

Generally, the accounting policies applicable to the company as a lessor in the comparative period were not different from AASB 16 except for the classification of the sub-lease entered into during the current reporting period that resulted in a finance lease classification.

Policy applicable before 1 July 2019

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

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed the right to use an asset. An arrangement conveyed the right to use the asset if one of the following was met:
    - the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
    - the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
    - facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

<u>As a lessee</u>

In the comparative period, as a lessee the company classified leases that transferred substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent. Subsequent to initial recognition, the assets were accounted for in accordance with the accounting policy applicable to that asset.
Assets held under other leases were classified as operating leases and were not recognised in the company's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

<u>As a lessor</u>

When the company acted as a lessor, it determined at lease inception whether each lease was a finance or operating lease.

To classify each lease, the company made an overall assessment of whether the lease transferred substantially all of the risks and rewards incidental to ownership of the underlying asset. If this was the case then the lease was a finance lease; if not, then it was an operating lease. As part of this assessment, the company considered certain indicators such as whether the lease was for the major part of the economic life of the asset.

n) Standards issued but not yet effective

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

Note 5 Significant accounting judgements, estimates, and assumptions

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

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

a) Judgements

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

Note	Judgement
Note 8 – revenue recognition	Whether revenue is recognised over time or at a point of time;
Note 21 – leases:	
a) Control	a. whether a contract is or contains a lease at inception by assessing whether the company has the right to direct the use of the identified asset and obtain substantially all the economic benefits from the use of that asset;
b) Lease term	b. whether the company is reasonably certain to exercise extension options, termination periods, and purchase options;
c) Discount rates	c. judgement is required to determine the discount rate, where the discount rate is the company's incremental borrowing rate if the rate implicit in the lease cannot be readily determined. The incremental borrowing rate is determined with reference to factors specific to the company and underlying asset including: - the amount; - the lease term; - economic environment; and - other relevant factors.

b) Assumptions and estimation uncertainties

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

Note	Assumptions
- Note 8 - revenue recognition	estimate of expected returns;
- Note 18 - recognition of deferred tax assets	availability of future taxable profit against which deductible temporary differences and carried-forward tax losses can be utilised;
- Note 10b) - impairment test of intangible assets	key assumptions underlying recoverable amounts;
- Note 15 - estimation of useful lives of assets	key assumptions on historical experience and the condition of the asset;

- Note 23 - long service leave provision	key assumptions on attrition rate and pay increases though promotion and inflation;
- Note 22 - make-good provision	key assumptions on future cost estimates in restoring the leased premises in accordance with the lease agreement;

Note 6 Financial risk management

The company has exposure to the following risks arising from financial instruments:

- credit risk;
- liquidity risk; and
- market risk (including currency, price, cash flow and fair value interest rate).

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 company. The company does not use derivative instruments.

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

a) Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the company's receivables from customers.

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 Bank.

b) Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

The company maintains the following lines of credit with Bendigo Bank:

- $150,000 overdraft facility that is unsecured with available facility of $129,780. Interest is payable at a rate of 0% (2019: 3.771%)

The company believes that its sound relationship with Bendigo Bank mitigates this risk significantly.

The following are the remaining contractual maturities of financial liabilities. The amounts are gross and undiscounted and include contractual interest payments and exclude the impact of netting agreements.

b) Liquidity risk (cont.)

30 June 2020

			Contractual cash flows	
Non-derivative financial liability	Carrying amount	Not later than 12 months	Between 12 months and five years	Greater than five years
Bank overdraft	20,220	20,220	-	-
Bank loans	414,108	39,998	374,110	-
Lease liabilities	266,316	58,355	233,419	14,590
Trade payables	525	525	-	-
	701,169	119,098	607,529	14,590

30 June 2019

			Contractual cash flows	
Non-derivative financial liability	Carrying amount	Not later than 12 months	Between 12 months and five years	Greater than five years
Bank overdraft	86,399	86,399	-	-
Bank loans	443,276	43,719	399,557	-
Trade payables	15,132	15,132	-	-
	544,807	145,250	399,557	-

The bank overdraft is repayable on demand and used for cash management purposes. It is reviewed annually by the lender, Bendigo Bank. As at balance date, the lender does not intend to reduce or end the overdraft facility within the next 12 months.

c) Market risk

Market risk

Market risk is the risk that changes in market prices - e.g. foreign exchange rates, interest rates, and equity prices - will affect the company's income or the value of its holdings in financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

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

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.

Cash flow and fair value interest rate risk

Interest-bearing assets are held with Bendigo Bank 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 Bank mitigates this risk significantly.

c) Market risk (cont.)

The company held cash and cash equivalents of $124 at 30 June 2020 (2019: $4). The cash and cash equivalents are held with Bendgio Bank, which are rated BBB on Standard & Poor's credit ratings.

Note 7 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 distributions to shareholders. Capital is represented by total equity as recorded in the statement of financial position.

In accordance with the franchise agreement, in any 12 month period the funds distributed to shareholders shall not exceed the distribution limit.

The distribution limit is the greater of:

(a) 20% of the profit or funds of the company 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 company 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 2020 can be seen in the statement of profit or loss and other comprehensive Income.

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

Note 8 Revenue from contracts with customers

The company generates revenue primarily from facilitating community banking services under a franchise agreement with Bendigo Bank. The company is entitled to a share of the margin earned by Bendigo Bank.

Revenue from contracts with customers	2020 $	2019 $
Revenue:		
- Revenue from contracts with customers	545,764	537,937
	545,764	537,937
Disaggregation of revenue from contracts with customers		
At a point in time:		
- Margin income	450,487	441,236
- Fee income	41,293	42,926
- Commission income	53,984	53,775
	545,764	537,937

There was no revenue from contracts with customers recognised over time during the financial year.

Note 9 Other revenue

The company generates other sources of revenue from rental income from leased investment properties, discretionary contributions received from the franchisor and cash flow boost payments from the Australian Government.

Other revenue	2020 $	2019 $
Revenue:		
- Sub-leasing income	15,375	15,869
- Market development fund income	35,000	35,208
- Cash flow boost	32,567	-
- Other income	5,177	1,058
	88,119	54,135

Note 10 Expenses

a) Depreciation and amortisation expense

	2020 $	2019 $
Depreciation of non-current assets:		
- Leasehold improvements	5,446	5,446
- Plant and equipment	1,731	1,190
	7,177	6,636
Depreciation of right-of-use assets		
- Leased land and buildings	36,016	-
	36,016	-
Amortisation of intangible assets:		
- Franchise fee	2,265	2,258
- Franchise renewal process fee	11,321	11,291
	13,386	13,549
Total depreciation and amortisation expense	56,779	20,185

The non-current tangible and intangible assets listed above are depreciated and amortised in accordance with the company's accounting policy (see Note 4g and 4h).

b) Impairment losses

	2020 $	2019 $
Impairment of property, plant and equipment and intangible assets:		
- Domiciled agency or branch business	12,360	-
	12,360	-

The directors have assessed the carrying amounts of its intangible non-financial assets for indicators of impairment. Where the carrying amount exceeds its recoverable amount, the asset is impaired and an impairment charge is recognised to reduce the asset to the higher of its fair value less costs to sell and value in use.

b) Impairment losses (cont.)

As a result of the assessment, the carrying amount of the cash generating unit - domiciled accounts was found to exceed the recoverable amount indicating the asset is now fully impaired. As such, an impairment loss of $12,360 has been recognised for the financial year ending 30 June 2020.

c) Finance costs

	Note	2020 $	2019 $
Finance costs:			
- Bank overdraft interest paid or accrued		1,265	17,509
- Bank loan interest paid or accrued		12,291	4,205
- Lease interest expense	21a)	15,608	-
- Unwinding of make-good provision		1,579	-
- Other		8	-
		30,751	21,714

Finance costs are recognised as expenses when incurred using the effective interest rates.

d) Employee benefit expenses

	2020 $	2019 $
Wages and salaries	283,170	274,160
Contributions to defined contribution plans	25,964	25,532
Expenses related to long service leave	(1,038)	5,747
Other expenses	14,351	25,597
	322,447	331,036

e) Recognition exemption

The company has elected to exempt leases from recognition where the underlying asset is assessed as low-value or the lease term is 12 months or less.

	2020 $	2019 $
Expenses relating to low-value leases	14,187	-
	14,187	-

Expenses relating to leases exempt from recognition are included in system costs.

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

Note 11 Income tax expense

Income tax expense comprises current and deferred tax. Attributable current and deferred tax expense is recognised in the other comprehensive income or directly in equity as appropriate.

a) Amounts recognised in profit or loss

	2020 $	2019 $
Current tax expense:		
- Recoupment of prior year tax losses	16,265	-
- Movement in deferred tax	(30,960)	4,642
- Adjustment to deferred tax on AASB 16 retrospective application	30,793	-
- Reduction in company tax rate	18,260	-
- Recognition of previously unrecognised tax losses	-	5,765
	34,358	10,407

Progressive changes to the company tax rate have been enacted. Consequently, as of 1 July 2020, the company tax rate will be reduced from 27.5% to 26%. This change resulted in a loss of $18,260 related to the remeasurement of deferred tax assets and liabilities of the company.

b) *Prima face* income tax reconciliation

	2020 $	2019 $
Operating profit before taxation	77,563	37,843
Prima facie tax on profit from ordinary activities at 27.5% (2019: 27.5%)	21,330	10,407
Tax effect of:		
- Non-deductible expenses	3,723	-
- Temporary differences	168	(4,642)
- Other assessable income	(8,956)	-
- Movement in deferred tax	(30,960)	4,642
- Leases initial recognition	30,793	-
- Adjustment to deferred tax to reflect reduction of tax rate in future periods	18,260	-
	34,358	10,407

Progressive changes to the company tax rate have been enacted. Consequently, as of 1 July 2020, the company tax rate will be reduced from 27.5% to 26%. This change resulted in a loss of $18,260 related to the remeasurement of deferred tax assets and liabilities of the company.

Note 12 Cash and cash equivalents

a) Cash and cash equivalents

	2020 $	2019 $
Cash at bank and on hand	124	4
	124	4

b) Reconciliation to statement of cash flows

For the purposes of the statement of cash flows, cash includes cash on hand, cash held with financial and banking institutions, and investments in short-term money financial instruments, net of outstanding bank overdrafts. Bank overdrafts are presented with loans and borrowings. 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:

	Note	2020 $	2019 $
- Cash at bank and on hand		124	4
- Bank overdraft	20a)	(20,220)	(86,399)
		(20,096)	(86,395)

Note 13 Investment property

The company sub-leases some of its property. The company initially measures the head lease in accordance with AASB 16 before separately identifying the sub lease portion under AASB 140 Investment Property. The investment property is initially measured at cost under AASB 16 and subsequently measured at cost less accumulated depreciation under AASB 140 and assessed for impairment under AASB 136 Impairment of Assets.

a) Carrying amounts

	Note	2020 $	2019 $
Investment properties – sub-lease			
At cost		108,052	-
Less: accumulated depreciation		(85,475)	-
Total written down amount		22,577	-

b) Reconciliation of carrying amounts

		2020 $	2019 $
Investment properties – sub-lease			
Initial recognition on transition – at cost	3d)	108,051	-
Initial recognition on transition – accumulated depreciation		(67,183)	-
Depreciation		(17,991)	-
Total written down amount		22,577	-

Note 14 Trade and other receivables

a) Current assets

	2020 $	2019 $
Trade receivables	37,645	44,479
Prepayments	7,345	12,423
Other receivables and accruals	17,917	3,758
	62,907	60,660

Note 15 Property, plant and equipment

Carrying amounts

	2020 $	2019 $
Leasehold improvements		
At cost	195,563	195,563
Less: accumulated depreciation	(87,576)	(82,130)
	107,987	113,433
Plant and equipment		
At cost	44,432	44,146
Less: accumulated depreciation	(34,470)	(32,739)
	9,962	11,407
Total written down amount	117,949	124,840

The directors do not believe the carrying amount exceeds the recoverable amount of the above assets. The directors therefore believe the carrying amount is not impaired.

b) Reconciliation of carrying amounts

	2020 $	2019 $
Leasehold improvements		
Carrying amount at beginning	113,433	118,879
Depreciation	(5,446)	(5,446)
Carrying amounts at end	107,987	113,433
Plant and equipment		
Carrying amounts at beginning	11,407	6,463
Additions	286	6,134
Depreciation	(1,731)	(1,190)
Carrying amount at end	9,962	11,407
Total written down amount	117,949	124,840

c) Changes in estimates

During the financial year, the company assessed estimates used for property, plant and equipment including useful lives, residual values, and depreciation methods.

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

Note 16 Right-of-use assets

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

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

a) Carrying amounts

	Note	2020 $	2019 $
Leased land and buildings			
At cost		432,206	-
Less: accumulated depreciation		(265,692)	-
Total written down amount		166,514	-

b) Reconciliation of carrying amounts

		2020 $	2019 $
Leased land and buildings			
Initial recognition on transition	3d)	499,689	-
Accumulated depreciation on adoption	3d)	(315,150)	-
Depreciation		(18,025)	-
Total written down amount		166,514	-

Note 17 Intangible assets

a) Carrying amounts

	2020 $	2019 $
Franchised fee		
At cost	21,297	21,297
Less: accumulated amortisation	(19,868)	(17,603)
	1,429	3,694
Franchise renewal process fee		
At cost	100,000	100,000
Less: accumulated amortisation	(100,000)	(100,000)
	-	-
Franchise renewal process fee		
At cost	56,484	56,484
Less: accumulated amortisation	(49,338)	(38,017)
	7,146	18,467
Cash-generating unit – domiciled accounts		
At cost	12,360	12,360
Less: impairment	(12,360)	-
	-	12,360
Total written down amount	8,575	34,521

b) Reconciliation of carrying amounts

	2020 $	2019 $
Franchised fee		
Carrying amount at beginning	3,694	5,952
Amortisation	(2,265)	(2,258)
Carrying amount at end	1,429	3,694
Franchise renewal process fee		
Carrying amount at beginning	18,467	29,758
Amortisation	(11,321)	(11,291)
Carrying amount at end	7,146	18,467
Cash-generating unit – domiciled accounts		
Carrying amount at beginning	12,360	12,360
Impairment	(12,360)	-
Carrying amount at end	-	12,360
Total written down amount	8,575	34,521

c) Changes in estimates

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

The company has re-assessed the useful life of its cash-generating unit for business domiciled from Bendigo Bank to the company based on new information from Bendigo Bank relating to the customer product life cycle.

As a result of the reassessment, the carrying amount was found to exceed the recoverable amount indicating the asset is now fully impaired. As such, an impairment loss of $12,360 has been recognised in the retained earnings of the company as at 1 July 2019.

Note 18 Tax assets and liabilities

a) Deferred tax

Movement in the company's deferred tax balances for the year ended 30 June 2020:

	30 June 2019	Recognised in profit or loss	Recognised in equity	30 June 2020
Deferred tax assets	$	$	$	$
- Expense accruals	983	5	-	988
- Employee provisions	1,842	100	-	2,942
- Make-good provision	-	61,383	7,859	69,242
- Lease liability	-	(76,997)	84,838	7,841
- Carried-forward tax losses	325,450	(33,130)	-	292,320
Total deferred tax assets	329,275	(48,639)	92,697	373,333
Deferred tax liabilities				
- Property, plant and equipment	9,201	(1,540)	-	7,661
- Right-of-use assets	-	(12,741)	61,904	49,163
Total deferred tax liabilities	9,201	(14,281)	61,904	56,824
Net deferred tax assets (liabilities)	320,074	(34,358)	30,793	316,509

a) Deferred tax (cont.)

Movement in the company's deferred tax balances for the year ended 30 June 2019:

	30 June 2018	Recognised in profit or loss	Recognised in equity	30 June 2019
Deferred tax assets	$	$	$	$
- Expense accruals	970	13	-	983
- Employee provisions	2,693	149	-	2,842
- Carried-forward tax losses	331,214	(5,764)	-	325,450
Total deferred tax assets	334,877	(5,602)	-	329,275
Deferred tax liabilities				
- Property, plant and equipment	4,397	4,804	-	9,201
Total deferred tax liabilities	4,397	4,804	-	9,201
Net deferred tax assets (liabilities)	330,480	(10,406)	-	320,074

b) Uncertainty over income tax treatments

As at balance date, there are no tax rulings, or interpretations of tax law, which may result in tax treatments being over-ruled by the taxation authorities.

The company believes that its accrual for income taxes is adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience.

Note 19 Trade creditors and other payables

Where the company is liable to settle an amount within 12 months of reporting date, the liability is classified as current. All other obligations are classified as non-current.

a) Current liabilities

	2020	2019
	$	$
Trade creditors	525	15,132
Other creditors and accruals	39,458	33,164
	39,983	48,296

Note 20 Loans and borrowings

a) Current liabilities

	2020	2019
	$	$
Bank overdraft	20,220	86,399
Secured bank loans	39,998	43,719
	60,218	130,118

Bank overdraft

The company has an approved overdraft limit of $150,000 which was drawn down to $20,220. The company has $129,780 overdraft remaining before exceeding the approved limited or required to re-negotiate the terms.

The company has negotiated an interest free period with Bendigo Bank which ends on 31 September 2020.

b) Non-current liabilities

	2020 $	2019 $
Secured bank loans	374,110	399,557
	374,110	399,557

Bank loan

Bank loan is repayable monthly. Interest is recognised at an average rate of 2.90% (2019: 3.32%). The loan is secured by a fixed and floating charge over the company's assets.

c) Terms and repayment schedule

			30 June 2020		30 June 2019	
	Nominal interest rate	Year of maturity	Face value	Carrying value	Face value	Carrying value
Bank overdraft	0.0%	Floating	20,220	20,220	86,399	86,399
Secured bank loans	2.9%	2028	414,108	414,108	443,276	443,276

Note 21 Lease liabilities

Lease liabilities were measured at amounts equal to the present value of enforceable future payments of the term reasonably expected to be exercised, discounted at the appropriate incremental borrowing rate on the adoption date. The discount rate used on recognition was 5.39%.

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

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

Lease portfolio

The company's lease portfolio includes:

- Healesville Branch — The lease agreement is a non-cancellable lease with an initial term of five years which commenced in October 2010. An extension option term of five years was exercised in October 2015. The lease has one further five year extension option available. The company is reasonably certain to exercise the final five-year lease term.

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

a) Lease liability measurement

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

a) Lease liability measurement (cont.)

	Note	2020 $	2019 $
Lease liabilities on transition			
Initial recognition on AASB 16 transition	3d)	308,502	-
Lease payments – interest		15,608	-
Lease payments		(57,794)	-
		266,316	-

b) Current lease liabilities

	2020 $	2019 $
Property lease liabilities	58,355	-
Unexpired interest	(13,251)	-
	45,104	-

c) Non-current lease liabilities

	2020 $	2019 $
Property lease liabilities	248,009	-
Unexpired interest	(26,797)	-
	221,212	-

d) Maturity analysis

	2020 $	2019 $
- Not later than 12 months	58,355	-
- Between 12 months and 5 years	233,419	-
- Greater than 5 years	14,590	-
Total undiscounted lease payments	306,364	-
Unexpired interest	(40,048)	-
Present value of lease liabilities	266,316	-

e) Impact on the current reporting period

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

Comparison under current AASB 16 and former AASB 117

The net impact for the current reporting period is an increase in profit after tax of $3,329.

Profit or loss – increase (decrease) in expenses	AASB 117 expense not recognised	Impact on current reporting period	AASB 16 expense now recognised
- Occupancy and associated costs	57,794	(57,794)	-
- Depreciation and amortisation expense	-	36,016	36,016
- Finance costs	-	17,187	17,187
Decrease in expenses – before tax	57,794	(4,591)	53,203
- Income tax expense / (credit) – current	(15,893)	15,893	-
- Income tax expense / (credit) – deferred	-	(14,631)	(14,631)
Decrease in expenses – after tax	41,901	(3,329)	38,572

Note 22 Provisions

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

a) Non-current liabilities

	2020 $	2019 $
Make-good on leased premises	30,158	-
	30,158	-

b) Make-good provision

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

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

Provision	Notes	2020 $	2019 $
Face-value of make-good costs recognised	3d)	40,00	-
Present value discounting	3d)	(11,421)	-
Present value unwinding		1,579	-
		30,158	-

c) Changes in estimates

During the financial year, the company re-assessed the lease agreement with respect to the make-good and restoration clauses. The estimated costs were revised with respect to an analysis of restoration costs of bank branches completed by Bendigo Bank's property team. The provision was previously assessed as nil or immaterial with no provision recognised in the accounts.

The lease is due to expire on 30 September 2025 at which time it is expected the face-value costs to restore the premises will fall due.

Note 23 Employee benefits

a) Current liabilities

	2020 $	2019 $
Provision for annual leave	8,518	6,664
	8,518	6,664

b) Non-current liabilities

	2020 $	2019 $
Provision for long service leave	2,034	3,670
	2,034	3,670

c) Key judgement and assumptions

Employee attrition rates

The company uses historical employee attrition rates in determining the probability of an employee, at a given date, achieving continuous employment eligible for entitlement in accordance with long service leave legislation.

Note 24 Issued capital

a) Issued capital

	2020		2019	
	Number	$	Number	$
Ordinary shares – fully paid	899,026	899,026	899,026	899,026
Less: equity raising costs	-	(26,946)	-	(26,946)
	899,026	872,080	899,026	872,080

b) Rights attached to issued capital

Ordinary shares

Voting rights

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

b) Rights attached to issued capital (cont.)

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.

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 Bank 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).

Transfer

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

Prohibited shareholding interest

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

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

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").
- Where the person is a shareholder, after the transfer of shares in the company to that person the number of shareholders in the company is (or would be) lower than the base number (the "base number test"). The base number is 259. As at the date of this report, the company had 325 shareholders (2019: 284 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.

b) Rights attached to issued capital (cont.)

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.

Note 25 Accumulated losses

	Note	2020 $	2019 $
Balance at beginning of reporting period		(920,286)	(947,722)
Adjustment for transition to AASB 16	3d)	(81,181)	-
Net profit after tax from ordinary activities		43,205	27,436
Balance at end of reporting period		(958,262)	(920,286)

Note 26 Reconciliation of cash flows from operating activities

	2020 $	2019 $
Net profit after tax from ordinary activities	43,205	27,436
Adjustments for:		
- Depreciation	43,193	6,636
- Amortisation	13,586	13,549
- Impairment losses on intangible assets	12,360	-
Changes in assets and liabilities:		
- (Increase)/decrease in trade and other receivables	(2,246)	(11,748)
- (Increase)/decrease in other assets	34,358	10,407
- Increase/(decrease) in trade and other payables	5,240	8,555
- Increase/(decrease) in employee benefits	218	542
- Increase/(decrease) in provisions	1,580	-
Net cash flows provided by operating activities	151,494	55,377

Note 27 Financial instruments

The following shows the carrying amounts for all financial instruments at amortised costs. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Note	2020 $	2019 $
Financial assets			
Trade and other receivables	14	55,562	48,237
Cash and cash equivalents	12	124	4
		55,686	48,241
Financial liabilities			
Trade and other payables	19	525	15,132
Bank overdrafts	20	20,220	86,399
Secured bank loans	20	414,108	443,276
Lease liabilities	21	266,316	-
		701,169	544,807

Note 28 Auditor's remuneration

Amount received or due and receivable by the auditor of the company for the financial year.	2020 $	2019 $
Audit and review services		
- Audit and review of financial statements	4,800	4,600
	4,800	4,600
Non audit services		
- General advisory services	2,590	1,830
	2,590	1,830
Total auditor's remuneration	7,390	6,430

Note 29 Related parties

a) Details of key management personnel

The directors of the company during the financial year were:

Bruce Leonard Argyle
Kathleen Therese Gannaway
Geoffrey Allan Sherman
Daniel Zemp
Helen Maree Wood
Susan Ellen Jackson
Caroline Anne Evans
Joanne Lee Bagg
Laurence Webb
Michael Brian Thompson
Gary James Slater
Sandra Alma Schoffer
Leonard William Ellis
Blair Reuben Alban
Jenny Louise MacKinnon

b) Key management personnel compensation

No director of the company receives remuneration for services as a company director or committee member. There are no executives within the company whose remuneration is required to be disclosed.

c) Related party transactions

No director or related entity has entered into a material contract with the company.

Community Bank Directors' Privileges Package

The board has adopted 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 Community Bank. There is no requirement to own Bendigo Bank shares and there is no qualification period to qualify to utilise the benefits. The package mirrors the benefits currently available to Bendigo Bank shareholders.

Note 30 Earnings per share

a) Basic and diluted earnings per share

The calculation of basic and diluted earnings per share has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding.

	2020 $	2019 $
Profit attributable to ordinary shareholders	43,205	27,436
	Number	Number
Weighted-average number of ordinary shares	899,026	899,026
	Cents	Cents
Basic and diluted earnings per share	4.81	3.05

Note 31 Commitments

a) Lease commitments

Following adoption of AASB 16 as of 1 July 2019, all lease commitment information and amounts for the financial year ending 30 June 2020 can now be found in 'Lease liabilities' (Note 21).

Operating lease commitments – lessee	2020	2019
Non-cancellable operating leases contracted for but not capitalised in the financial statements	$	$
Payable – minimum lease payments:		
- Not later than 12 months	-	56,111
- Between 12 months and 5 years	-	14,028
Minimum lease payments payable	-	70,139

Operating lease commitments – lessor		
The future minimum lease payments receivable under non-cancellable operating lease in the aggregate and for each of the following periods:		
- Not later than 12 months	-	17,870
- Between 12 months and 5 years	-	22,336
Minimum lease payments receivable	-	40,206

b) Other commitments

The company has no other commitments contracted for which would be provided for in future reporting periods.

Note 32 Contingencies

There were contingent liabilities or contingent assets at the date of this report to affect the financial statements.

Note 33 Subsequent events

There have been no significant events occurring after the reporting period which may affect either the company's operations or the results of those operations or the company's state of affairs.

In accordance with a resolution of the directors of Healesville & District Community Enterprise Limited, we state that:

In the opinion of the directors:

(a) the financial statements and notes of the company are in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the company's financial position as at 30 June 2020 and of its performance for the financial year ended on that date; and

(ii) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

Bruce Leonard Argyle, Chairman

Dated this 15th day of September 2020

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Independent auditor’s report to the members of Healesville & District Community Enterprise Limited

Report on the audit of the financial report

Our opinion
In our opinion, the accompanying financial report of Healesville & District Community Enterprise Limited, is in accordance with the *Corporations Act 2001*, including:

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

What we have audited
Healesville & District Community Enterprise Limited’s (the company) financial report comprises the:

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

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

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

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

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

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

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

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

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

Directors' responsibility for the financial report

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

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

Auditor's responsibility for the audit of the financial report

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

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, 3550
Dated: 15 September 2020

Joshua Griffin
Lead Auditor

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healesvillecommunitybankbranch/

Bendigo Bank