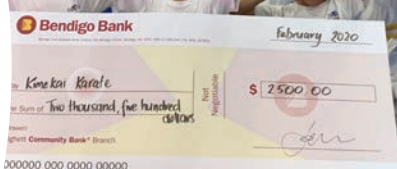


Annual Report 2020

Highett Community
Financial Services Limited

Community Bank
Highett

ABN 23 094 393 683



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Front cover photos (top to bottom): Group photo taken at 2019 Annual General Meeting, St. Agnes' Catholic Primary School fete, Kimekai Karate, Branch staff and Highett Football Netball Club (juniors).

Chairman's report

For year ending 30 June 2020



As the Chairperson of Highett Community Financial Services Limited it gives me great pleasure to present our Annual Report.

Committed to our Values and Purpose despite a challenging business environment

Over the past year, we have remained committed to becoming the bank of choice for our local community. 2019/20 has been a very challenging and different year for the company, our customers and our community. We have been operating within an evolving COVID-19 environment, have experienced low net customer growth, subdued consumer confidence and spending and witnessed personal hardships. Fortunately, we have remained profitable by taking a conservative approach to community investment while embedding our revised procedures surrounding funding requests and acquittals.

Profit before Tax and Community Returns

Our profit before tax is \$33,906 and over \$130,000 has been dispersed through community returns, donations and sponsorships.

Total Gross Income	982,071	Down 6% from prior year
Less Total Expenses	(948,165)	Up 4% on prior year
Profit before Tax	33,906	
Add back Community Returns, Donations and Sponsorships	132,632	Equal to last year
Profit before Tax and Community Returns	166,538	Down 38% from prior year

Community Investment

We have received many and varied requests for funding throughout 2019/20 and invested \$132,632 into different segments of our community. See our Community Impact Stories for more information about the worthwhile projects and community organisations supported.

Community Returns	78,000
Donations	1,000
Sponsorship	53,632
Total for 2019/20	132,632

Chairman's report (continued)

As shown below, our total returns as at 30 June 2020 are an impressive \$2,913,649.

Dividends / Returns to Shareholders	666,268
Donations and Community Returns	1,275,316
Sponsorship	972,065
Total Community Returns	2,913,649

We will continue to support our community, provide returns to our shareholders and a sustainable Community Bank for the Highett area. In this competitive and challenging operating environment, we have budgeted again for modest growth and plan to continue our focus on strengthening community partnerships.

Based on our profit and strong balance sheet this year, consistent with our constitution, the Board has determined that a five cent fully franked dividend will be paid.

The Board

We have seen some exciting changes to our Board throughout the year. Following a comprehensive recruitment and on-boarding process, we have co-opted four new Directors. Chris Pettit, Gerlinde Scholz, Debra Smith and Peter Smith are engaged, capable and making a valuable contribution. The Board Executive – Maria Koutsimpiris, Jasmine Parker, Skye Hardie and myself – has led and completed the Board Operational Review which has focused on strengthening governance, transparency, risk management and company sustainability. Thanks to Rowland Hassall and Caren Walliser for their continued contributions.

Some noteworthy changes to our Staff post-30 June 2020

While our branch team has performed well again this year, there have been some staffing changes. In December 2019 we farewelled Daniel Leonov (Customer Relationship Manager) who secured a Branch Manager role within the network and welcomed Michelle Canterford to our team. In July 2020 Stephanie Hughes commenced parental leave and we welcomed Alanna Hardy into the temporary role of Customer Services Officer.

In August, 2020, Chris Wheeler decided it was time to move on and Robyn Gawley announced an intention to retire. We thank Chris and Robyn for their lengthy service and contribution to the company. Mandy Keys has continued to play an integral role through the transition and her contribution and capability has been recognised through a promotion to the role of Senior Customer Service Officer. Throughout this transition, we have endeavored to remain customer focused. Our Community Liaison Co-ordinator Natalie Driessen has continued to play an important role supporting the Board in the areas of community investment, partnerships, marketing and administration. I would like to recognise the valuable guidance and support provided to our branch team and the Board by Stephanie Russell (Regional Manager Melbourne Bayside) and the Bendigo and Adelaide Bank Limited support team.

Thank you for your support

In closing, I would like to thank our shareholders and customers who play a crucial role in our success and sustainability. We are optimistic about the sustainability of Highett Community Financial Services Limited and the important leadership role we will play in community COVID-19 recovery. We look forward to working collaboratively and increasing our business opportunities through the support of our staff, customers, shareholders and the local community.

Dr. Robyn Cochrane
Chairperson

Manager's report

For year ending 30 June 2020



The close of the 2019/20 financial year brings with it a time to reflect upon the achievements we have made as well as the challenges we have faced.

Retail banking continues to be a changing landscape which presents constant challenges and requires our business to be dynamic and adaptable. We operate in an environment of heightened regulatory scrutiny and consumer vigilance. For Bendigo Bank in general, this process has proven to be somewhat of a blessing in disguise as we continue to see overall customer satisfaction for the brand higher than other banks in Australia. We have also experienced and witnessed the many and varied impacts of the COVID-19 global pandemic in our local community. We adapted to changing restrictions to ensure the safety of our staff and customers while delivering an essential service.

The company continues to strengthen its focus on building community resilience. The provision of banking products to the wider public with a customer centric focus underpins the framework which allows us to be an important asset in the growth of our community. Despite an extremely challenging year, we have maintained footings at \$163.4 million. Notwithstanding a slow growth year, we have still invested over \$130,000 in grants, sponsorships and donations and supported a variety of community groups. Our total investment in the community since the branch opened now exceeds \$2.8 million, an achievement we are all truly proud of. Our desire to deepen our community relations will continue to be a focal point. We are pleased with the progress so far in strengthening existing partnerships with key organisations which are leading the way and having a positive impact in our area.

To continue to grow our business and provide ongoing investment in our community, requires the right mix of staff. Over the past 12 months, our dedicated team has delivered great customer service and done so with a passion to assist clients to fulfil their financial needs. In December 2019 we congratulated Daniel as he secured the role of Branch Manager at the Glen Waverley corporate site. In July 2020 we wished Stephanie and her partner well as she headed off on parental leave. In September we farewelled our long-serving and valued staff member Robyn as she entered retirement. I would like to thank Mandy and Natalie for their continued and consistent quality work and excellent performance. We have also welcomed two new members into our team. Michelle replaced Daniel as our Customer Relationship Manager and Alanna was appointed to temporarily replace Stephanie. In August, I decided it was time to start the next chapter and leave the branch.

I would like to thank our customers for their business. By simply banking with us, you are part of the bigger picture. Your banking allows us to continue to invest to build a more prosperous community for all. In an environment where disillusionment with banks is high, we will continue to strive to provide exceptional service to fulfil all your financial goals. I would like to thank our shareholders for the important ongoing support and interest, it is greatly appreciated.

We wish everyone a successful 2020/21.

Chris Wheeler
Branch Manager

(Branch Manager until 4 September 2020)

Bendigo and Adelaide Bank report

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 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
Head of Community Support
Bendigo and Adelaide Bank

Directors' report

For the financial year ended 30 June 2020

Director profiles

Dr. Robyn Cochrane

“My initial interest was based on firsthand experience seeing the positive impact of community grants. I now have a fuller appreciation of the Community Bank 'Profit for purpose' model and have enjoyed working alongside quality, like-minded Directors and staff. My passion remains making a positive impact and being a leader, collaborating, initiating and advocating, to ensure the sustainability of the company and its service to the community.”



Occupation: Director/Lead Researcher of Cochrane Research Solutions (a home-based research consultancy business).

Work background: Around 30 years of experience in research, policy, planning and teaching roles in the higher education, vocational education and training, local government and community sectors.

Qualifications: PhD in Management, Certificate IV in Quality Management and Assurance and Applied Certificate in Project Management.

Community: Secretary of Bayside Glen Eira Kingston Local Learning and Employment Network (BGKLEN).

Other Directorships: NIL

Former Directorships in last three years: NIL

Board Committees and Working Groups: Community Partnerships Committee, People & Culture Committee, Director Recruitment & Selection Working Group, Risk & Compliance Working Group, and AGM & Annual Report Working Group.

Interest in shares: NIL

Skye Hardie

“The importance of contributing towards building an inclusive and vibrant local community has become increasingly clear to me, particularly since having children. I want my kids to grow up knowing that they can make a difference and be willing to do so for themselves and others.”



Occupation: Chartered Accountant.

Work background: Over 20 years' experience working as a Chartered Accountant in FMCG and banking sectors, in roles covering assurance, management accounting, performance insights and data analytics. Currently working part time in finance role in an IP Law Firm.

Qualifications: GAICD, CA.

Community: Previously Treasurer of Hampton Rovers Junior Football Club.

Other Directorships: Family Trust.

Former Directorships in last three years: NIL

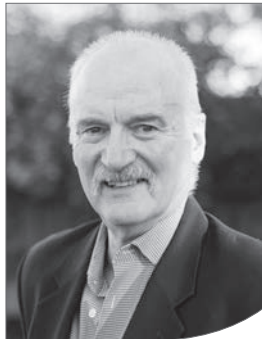
Board Committees and Working Groups: Finance & Assets Committee and People & Culture Committee.

Interest in shares: 900

Director profiles (continued)

Rowland Hassall

“I became a shareholder when the original call to support a Community Bank was proposed. It's the people, the community that give a place its character, and I want people to come to Highett and be part of our community. Being on the Highett Community Financial Services Limited Board is a great opportunity to support the community.”



Occupation: Principal and Sole Director of Hassall's Litigation Services Pty Ltd. A suburban legal firm servicing the local area and many others from farther afield.

Work background: Started legal practice in 1979 and it has grown to what it is now with three lawyers and six support staff doing building disputes, family law and debt collection as well as Wills and Power of Attorney.

Qualifications: B. Juris, LL.B. Monash.

Community: Currently on the Committee of Management of the Bayside Community Information and Support Service Inc (BayCISS).

Other Directorships: 3

Former Directorships in last three years: NIL

Board Committees and Working Groups: Governance Committee, Customer Promise & Business Growth Committee, and Franchise Agreement & Lease Renewal Working Group.

Interest in shares: 4,500 ordinary shares

Maria Koutsimpiris

GAICD, CPEng EngExec NER

“I grew up in Moorabbin and have lived most of my life in the Bayside area. I learnt the importance of community when my girls were younger in sessional kindergarten, local schools and involved with several community sports. I now have the capacity to leverage my governance, general management and strategic planning skills to help strengthen the Community Bank Highett and increase the returns to our local community in the areas of building resilience, education and sport.”



Occupation: Victorian Manager, ALS Industrial Pty Ltd (wholly owned by ALS Global Pty Ltd - ASX: ALQ)

Work background: Manage a cross functional team of 50, including consulting engineers and licensed technicians whose core business is inspection, non-destructive testing, metallurgical, product and mechanical testing services across a range of industries. Prior over 20 years of corporate experience focused on strategic planning, project and general management at GM Holden Ltd and Shell (Australia) Pty Ltd. I lived in Singapore from 2015 for a few years, leading Portfolio Planning for General Motors across Asia, Middle East, Africa and Australia and New Zealand and since returning I have completed some new multi-townhouse property developments.

Qualifications: Masters in Business Administration, Bachelor of Engineering (Mechanical) / Bachelor of Science (Mathematics).

Community: Executive Mentor for NAWO (National Association of Women in Operations), Advisory Committee Member of Power of Engineering (national charity that promotes Engineering to girls at school).

Other Directorships: Sole Director of Modern Expression Pty Ltd.

Former Directorships in last three years: NIL

Board Committees and Working Groups: People & Culture Committee, Governance Committee, Director Recruitment & Selection Working Group, and Franchise Agreement & Lease Renewal Working Group.

Interest in shares: NIL

Director profiles (continued)

Jasmine Parker

“I have consistently been impressed with the Community Bank Highett as fostering and reinforcing the strong sense of community in the area. It's a privilege to be a part of the Board – helping shape the future of a trusted local brand whilst creating positive change in the community.”



Occupation: Bachelor of Commerce student, Deakin University.

Work background: Extensive experience working in programme and project management roles in the not-for-profit sector in health, social justice, and social care in Australia and the United Kingdom.

Qualifications: Certificate IV Leadership & Management, PRINCE2 Certified Project Manager, Managing Successful Programs Certified Program Manager, Certificate IV Training & Assessment. Holds Golden Key International Honors Society membership for being in the top 15% of Deakin University across all academic disciplines.

Community: Previously Vice President of Bruthen Street Kindergarten, Community Visitor for the Office of the Public Advocate, and Board Member of RSPCA – Central London Branch (UK).

Other Directorships: NIL

Former Directorships in last three years: NIL

Board Committees and Working Groups: Governance Committee, Finance & Assets Committee, Director Recruitment & Selection Working Group, Risk & Compliance Working Group, and AGM & Annual Report Working Group.

Interest in shares: NIL

Chris Pettit

“Having had a career in the banking and finance industry, I am a strong believer in the role that banks can and do play in supporting their local community. I am honoured that Highett Community Financial Services Limited has given me the opportunity to play a part in connecting with local schools, sporting groups and other community organisations that make our area such a wonderful place to live.”



Occupation: Commercial Credit Manager, Bendigo and Adelaide Bank Limited.

Work background: Over 20 years' experience working as a Chartered Accountant, working with corporate and commercial clients in roles covering assurance, cash flow / working capital management, and turnaround management. Extensive leadership experience and passionate about coaching, mentoring, and workplace learning and development.

Qualifications: Certificate IV Training & Assessment, Chartered Accountant.

Community: Former manager, Beaumaris Sharks Football Club (2018); former treasurer, Gordon Street Pre-School (2010-2012).

Other Directorships: NIL

Former Directorships in last three years: NIL

Board Committees and Working Groups: Finance & Assets Committee, Customer Promise & Business Growth Committee, Risk & Compliance Working Group, and AGM & Annual Report Working Group.

Interest in shares: NIL

Directors' report (continued)

Director profiles (continued)

Gerlinde Scholz

“There is a strong alignment of purpose and values between community banking and community philanthropy, the sector in which I work in an executive capacity. I am a passionate believer in supporting locally focused community development. This informs my contribution as a volunteer Director at Highett Community Financial Services Limited as much as my professional life and participation in my local Bayside community.”



Occupation: Executive Officer, Australian Community Philanthropy.

Work Background: Executive career has included nine years as General Manager of a specialist medical research institute; five years as Director of Development at the University of Melbourne; a period as Interim CEO at a multicultural family violence agency; and consulting. As an advisor, senior executive and in a governance capacity, I have built a track record of success in leading business transformation and growth.

Qualifications: Holds Honours and Masters degrees in the Humanities, is an active member of Australian Institute of Company Directors, and has completed executive programs in Not-for-Profit Leadership at Stanford University (2014) and Governing for Social Impact at the Australian Graduate School of Management, UNSW (2019).

Community: Originally from Germany, I have lived in the Bayside community for 30 years with my architect partner and our daughter. I was previously Director and Chair of Better Place Australia until the end of 2018.

Other Directorships: Chair of Renew Australia.

Board Committees and Working Groups: Governance Committee and AGM & Annual Report Working Group.

Interest in shares: NIL

Debra Smith

“As a Highett local, I love that the Community Bank Highett has continuously delivered on its ‘profit-with-purpose’ promise, returning profits directly to community that generated them. It is a privilege to serve on a board that can make such a positive impact on its community.”



Occupation: Master of Social Work student.

Work Background: Around 30 years of experience in marketing, market research, and general management roles across the Corporate and more recently NFP sectors.

Qualifications: Bachelor of Business Studies from Massey University in New Zealand, currently completing a Masters of Social Work at Monash University, Melbourne.

Community: Prior volunteer roles in the Ardoch Schools Program and as a business mentor at BSL Stepping Stones.

Other Directorships: NIL

Former Directorships in last three years: NIL

Board Committees and Working Groups: Community Partnerships Committee.

Interest in shares: NIL

Directors' report (continued)

Director profiles (continued)

Peter Smith

“I have really enjoyed my first year serving on the Board. It is a privilege to be part of a talented group of people, all committed to building a strong business while genuinely integrating with, and supporting the community, has been really satisfying.”



Occupation: Business Coach, Company Director.

Work Background: 30 years of corporate experience working with leading global brands, specialising in Sales and Customer Service, and eight years of operating my own Telstra franchises.

Qualifications: Master of Business Administration, Diploma Asian Studies, Certified 6 Sigma Black Belt & Agile, Accredited Business Coach.

Community: Previously President, Brighton Beach Bowls Club; Black Rock Football Club; St Mary's Hampton Finance Committee; Lae Medical Services Ltd (PNG).

Other Directorships: Connected Six Group Pty Ltd; Dunlop Papua Guinea Ltd.

Former Directorships in last three years: NIL

Board Committees and Working Groups: Customer Promise & Business Growth Committee and Franchise Agreement & Lease Renewal Working Group.

Interest in shares: NIL

Caren Walliser

“We immigrated to Melbourne 21 years ago and have lived in Bayside since our move. My family has grown up in Bayside and we have established many wonderful relationships here. Being part of the Highbett Community Financial Services Limited Board has provided me with the opportunity to support this community and liaise with the organisations that the bank supports.”



Occupation: Tax Accountant.

Work background: Twelve years' experience in the external audit and internal audit sector in South Africa Australia. For the last 18 years, I have practised as a tax accountant and assistant SMSF auditor for a practice in Mentone.

Qualifications: Bachelor of Accounting Science (Honours), Certified Public Accountant, Registered Tax Agent.

Community: Treasurer Cheltenham Park Cricket Club 2010-19, Treasurer Olympic Avenue Kindergarten in 2006.

Other Directorships: NIL

Former Directorships in last three years: NIL

Board Committees and Working Groups: Community Partnerships Committee.

Interest in shares: NIL

Directors' report (continued)

Directors' Meetings

During the 2019/20 year, 12 Directors' meetings were held. Attendances by each Director were as follows:

Director	Meetings as Director	Meetings attended	Director details
Dr Robyn Cochrane	12	11	Director since 2008
Skye Hardie	12	11	Director since 2016
Rowland Hassall	12	11	Director since 2017
Maria Koutsimpiris	12	12	Director since 2019
Jasmine Parker	12	12	Director since 2018
Chris Pettit	7	7	Co-opted 27 January 2020
Debra Smith	7	7	Co-opted 27 January 2020
Peter Smith	7	7	Co-opted 27 January 2020
Gerlinde Scholz	7	5	Co-opted 27 January 2020
Caren Walliser	12	11	Director since 2018

Directors are involved in various Board Committees and Working Groups that meet throughout the year, as follows:

Committees: Community Partnerships; Customer Promise & Business Growth; Finance & Assets; Governance; and People & Culture.

Working Groups: AGM & Annual Report; Director Recruitment & Selection Working Group, Franchise Agreement & Lease Renewal; and Risk & Compliance Working Group.

These meetings involve the discussion of specific topics. Where decisions are required, recommendations are presented to the Board of Directors and dealt with at the regular Director meetings. Directors effectively make all decisions at the regular Director's meetings, hence attendance at 'Committee' meetings has not been disclosed.

Operating Result

The profit of the company for the financial year after providing for community returns, sponsorship and income tax amounted to:

Financial Year Ended	30 June 2020	30 June 2019
Net Profit after Tax	\$29,814	\$96,676

Review of Operations

A review of the operations of the company during the financial year and the results of those operations highlights a modest decrease in income received and a modest increase in expenses. The income reflects the declining interest rate environment. The increase in recorded expenses is mainly due to the adoption of AASB 16 in the current financial year.

Principal Activities

The principal activities of the company during the course of the year were Financial Services. No significant change in the nature of these activities occurred during the year.

After Reporting Date Events

No matters or circumstances have arisen since the end of the financial year which 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 subsequent financial years. Staffing changes that have occurred post-30 June 2020 are outlined in the Chairman's report.

Future Developments

The company expects to maintain the present status and level of operations and hence there are no likely developments in the operations in future financial years.

Directors' report (continued)

Environmental Issues

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

Dividends

A fully Franked Dividend was paid during the period for the 2019 year. In line with our constitution the Board has determined that a five cent fully Franked Dividend will be paid in the 2021 financial year.

Options

No options over issued shares or interests in the company were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

Directors' Interests in Shares of the Company or Related Bodies Corporate

The particulars of shares held by the Directors of the company in the company or in related bodies corporate have been noted and are declared in the register of directors' shareholdings.

Directors' Benefits

No director has received or has become entitled to receive, during or since the financial year, a benefit because of a contract made by the company 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. Director reimbursements and honorariums are paid to compensate for expenses incurred.

Community Bank Directors' Privileges Package for 2019/20: in recognition of their contribution, Directors are offered the benefits currently available to Bendigo and Adelaide Bank Limited shareholders via the Bank's Shareholder Privileges Package, apart from insurance, where Directors enjoy greater discounts.

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 the auditor of the company or a related body corporate.

Proceedings on Behalf of Company

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

Auditors Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* and has been included in this report.

Signed in accordance with a resolution by the Board of Directors



Dr. Robyn Cochrane, Director/Chairperson



Skye Hardie, Director/Treasurer

Date: 4 November 2020

Community impact stories

Throughout 2019/20, we have invested in a variety of worthy projects and community organisations across the categories of Community Resilience, Education and Sport and Recreation including:

BayCISS	Livingston Kindergarten
Bayside Cricket Club	Moorabbin Bowling Club
Bentleigh Junior Football Club	Moorabbin District Tennis Association
Brighton District Cricket Club	Moorabbin Little Athletics Club
Cheltenham Park Cricket Club	Moorabbin Rams Rugby Club
Cheltenham Secondary College	Omega Netball Club
Connect Health and Community	Order of Australia (Southern Central SRG)
East Sandringham Cricket Club	Rotary Club of Hampton
Farm Road Pre School	Southern Autistic School
Hampton Hammers Football/Netball Club	St Agnes' Catholic Primary School
Highett Football/Netball Club	St Catherine's Primary School
Highett Neighbourhood Community House	St David's Church Moorabbin
Highett West Cricket Club	St Vincent de Paul
Highett Youth Club Inc	The Give a Care Foundation
Holy Trinity Arrowsmith Program (St Catherine's PS)	White Star Dandenong Soccer Club
Kimekai Karate	

Community Resilience: The Give a Care Foundation

The Give a Care Foundation initially sought funding for a Family Fun Day event to combat social isolation being experienced by people living with a disability. Due to COVID-19 this event could not proceed, however, following consultation with the Community Bank Highett the funding was re-allocated to initiate the 'Because We Care' campaign.

With funding from the Community Bank Highett, The Give a Care Foundation established a program that has delivered packs of fresh fruit and vegetables, non-perishable food and household items to over 90 households across Melbourne, assisting over 165 clients and their families. The funding provided much needed resources to establish the donation point for non-perishable food and household items and cover the costs of purchasing extra non-perishable food items as required.

Through the 'Because We Care' campaign, The Give a Care Foundation has worked alongside local businesses and organisations to create positive outcomes for people living with a disability in our community. The campaign has also engaged volunteers and enabled regular social interaction at a time when many volunteers are not working and isolated and enhanced engagement with the local community through donation points.

Working together with Community Bank Highett permitted funds to be quickly diverted to meet the needs of clients. It also provided some of the most vulnerable members of our community with basic food and household items they would otherwise be unable to access.

For more information: www.giveacare.com.au



Community impact stories (continued)

Education: Order of Australia Association



The Order of Australia Association provides fellowship for recipients of the Order of Australia which is an honour bestowed by the Governor-General on citizens for their contribution to fellow Australians in a wide range of activities. Association membership provides opportunities for ongoing support to the community through initiatives organised by the local Regional Group.

Initiatives cover a wide range of topics such as Business 'Think Tanks'. Many members have made substantial contributions in the fields of medicine, engineering and commerce, and form a significant lobby group that achieves great results for the community. The Group also provides pastoral care for the mostly elderly members and mentors university students as they seek to forge a career.

The Order of Australia Association South Central Suburban Regional Group has a membership of over 270 people and covers the municipalities of Bayside, Glen Eira and Kingston. For many years this Regional Group has sponsored the Victorian Secondary Schools Debating Competitions.

For the past two years the Regional Group has been a sponsor of the Victorian Science Talent Search program with support being provided by Community Bank Highett in the second year.

This funding from Community Bank Highett has enabled the continuing support of the program to provide 10 bursaries being awarded to students across the local region.

For more information: www.theorderofaustralia.asn.au/vic/regional-groups

Sport and Recreation: Moorabbin Bowling Club



Established in 1954 and located on South Road (corner of Linton Street) in Moorabbin, the Moorabbin Bowls Club is a welcoming community club offering both competition and social options.

Moorabbin Bowls Club has grown in recent years by connecting with, and caring for, the community with a focus on the sport of lawn bowls. The Club has offered sports programs to neighbouring schools, bowls for the visually impaired and Barefoot Social Bowls nights. Social visitors have increased from 195 in 2013/14 to over 2,200 in the summer of 2019/20. Members have increased and 40% are females. The Club has a wonderful strong

community culture and is operated entirely by volunteers. The Club also has close connections with St. Kilda Football Club (Next Generation Academy, Cheer Squad, players and staff). Many companies use the venue for Christmas Parties and the Club hosts a five week Corporate Cup involving local companies and organisations including Community Bank Highett staff and Directors.

Looking ahead, Moorabbin Bowls Club is excited about the new shade for the front two greens funded by Community Bank Highett as well as the redevelopment of the back green, new lighting, outdoor deck and industrial sized BBQ. There will be a great space and facility available for community use in the near future.

"It has been wonderful having Community Bank Highett come on board as a supporter of the Moorabbin Bowls Club over the past 12 months. The sponsorship funding was put towards a new shade for our front two greens, which supports the members of our community. We enjoy a great relationship and connection with Community Bank Highett and feel we align closely with their community values."

For more information: www.moorabbinbowls.com.au

Auditor's independence declaration

**AUDITOR'S INDEPENDENCE DECLARATION TO THE MEMBERS OF
HIGHETT COMMUNITY FINANCIAL SERVICES LTD
ABN 23 094 393 683**

To Highett Community Financial Services Ltd

As lead auditor for the audit of Highett Community Financial Services Ltd 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 independence requirements of the Corporations Act in relation to the audit, and
- (ii) No contraventions of any applicable code of professional conduct in relation to the audit.

ALKEMADE & ASSOCIATES



**Registered Auditor 8015
Melbourne
Date: 4th day of November 2020**

Financial statements

Statement of Comprehensive Income

HIGHETT COMMUNITY FINANCIAL SERVICES LIMITED

For the year ended 30 June 2020

	NOTES	2020	2019
Revenue			
Revenue from Ordinary Activities	4	943,747	1,045,578
Other Income	5	38,324	-
Total Revenue		982,071	1,045,578
Expenses			
Community Returns (Donations & Grants)		(79,000)	(62,550)
Sponsorship		(53,632)	(70,609)
Marketing Expenses		(5,969)	(7,095)
Employee and Associated Costs		(486,996)	(446,001)
Occupancy and Associated Costs		(31,747)	(108,803)
System Costs		(58,317)	(58,562)
Depreciation and Amortisation	6	(78,860)	(18,318)
General Administration Expenses		(101,125)	(137,533)
Interest Expense	7	(52,519)	-
Total Expenses		(948,165)	(909,471)
Profit/(Loss) before Taxation		33,906	136,106
Income Tax Expense			
Income Tax Expense	8	(4,092)	(39,430)
Total Income Tax Expense		(4,092)	(39,430)
Net Profit After Tax		29,814	96,676
Dividends Provided For or Paid			
Dividends Provided For or Paid	9	(46,418)	(46,418)
Total Dividends Provided For or Paid		(46,418)	(46,418)
Other Appropriations			
Other Appropriations	21	10,000	10,000
Total Other Appropriations		10,000	10,000
Net Profit After Tax & Dividends		(6,604)	60,258

The accompanying notes form part of these financial statements. These statements should be read in conjunction with the attached compilation report.

Balance Sheet

HIGHETT COMMUNITY FINANCIAL SERVICES LIMITED As at 30 June 2020

	NOTES	30JUN2020	30JUN2019
Assets			
Current Assets			
Cash and Cash Equivalents	10	836,568	869,696
Receivables	11	73,656	85,165
Other Current Assets	12	3,798	3,087
Total Current Assets		914,023	957,948
Non-Current Assets			
Property, Plant and Equipment	13	142,830	147,786
Right-of-use Asset	14	984,335	-
Intangibles	15	8,306	18,306
Deferred Tax Asset	16	73,286	-
Total Non-Current Assets		1,208,757	166,092
Total Assets		2,122,779	1,124,040
Liabilities			
Current Liabilities			
Payables	17	19,413	35,679
Employee Entitlements	18	91,195	93,078
Taxation	19	(21,829)	33,765
Property Lease Liability	20	28,488	-
Total Current Liabilities		117,267	162,522
Non-Current Liabilities			
Payables	17	2,641	2,641
Property Lease Liability	20	1,149,380	-
Financial Liabilities	21	40,000	50,000
Provisions	22	5,015	-
Total Non-Current Liabilities		1,197,037	52,641
Total Liabilities		1,314,304	215,163
Net Assets		808,475	908,877
Equity			
Share Capital	23	464,175	464,175
Retained Earnings	24	344,300	444,702
Total Equity		808,475	908,877

The accompanying notes form part of these financial statements. These statements should be read in conjunction with the attached compilation report.

Statement of Changes in Equity

HIGHETT COMMUNITY FINANCIAL SERVICES LIMITED

For the year ended 30 June 2020

	ISSUED CAPITAL	ACCUMULATED PROFITS	ACCUMULATED RESERVES	TOTAL EQUITY
Transactions-2019				
Balance as at 1 July 2018	464,175	384,444	-	848,619
Total comprehensive income for the year	-	96,676	-	96,676
Transactions	-	-	-	-
Transfer to Highett Youth Club Liability from Accumulated Profit	-	10,000	-	10,000
Dividends provided for or paid	-	(46,418)	-	(46,418)
Balance as at 30 June 2019	464,175	444,702	-	908,877
	ISSUED CAPITAL	ACCUMULATED PROFITS	ACCUMULATED RESERVES	TOTAL EQUITY
Transactions-2020				
Balance as at 1 July 2019	464,175	444,702	-	908,877
Total comprehensive income for the year	-	29,814	-	29,814
Transactions	-	(93,798)	-	(93,798)
Transfer to Highett Youth Club Liability from Accumulated Profit	-	10,000	-	10,000
Dividends provided for or paid	-	(46,418)	-	(46,418)
Balance as at 30 June 2020	464,175	344,300	-	808,475

The accompanying notes form part of these financial statements. These statements should be read in conjunction with the attached compilation report.

Statement of Cash Flows

HIGHETT COMMUNITY FINANCIAL SERVICES LIMITED For the year ended 30 June 2020

	2020	2019
Operating Activities		
Receipt from Customers	1,037,156	1,134,709
Payments to Suppliers and Employees	(980,640)	(952,863)
Interest Received	12,435	13,159
Interest and other costs of finance paid	(31,962)	(31,833)
Income Tax Refunded/(Paid)	(58,515)	8,218
Cash Receipts From Other Operating Activities	38,324	-
Net Cash Flows from Operating Activities	16,798	171,390
Investing Activities		
Payment for Property, Plant and Equipment	(3,508)	(547)
Other Cash Items From Investing Activities	-	-
Net Cash Flows from Investing Activities	(3,508)	(548)
Financing Activities		
Dividends provided for or paid	(46,418)	(46,418)
Net Cash Flows from Financing Activities	(46,418)	(46,418)
Net Cash Flows	(33,127)	124,425
Cash and Cash Equivalents		
Cash and cash equivalents at beginning of period	869,696	745,271
Cash and cash equivalents at end of period	836,568	869,696
Net change in cash for period	(33,127)	124,425

The accompanying notes form part of these financial statements. These statements should be read in conjunction with the attached compilation report.

Statement of Cash Flows - Note 1

HIGHETT COMMUNITY FINANCIAL SERVICES LIMITED For the year ended 30 June 2020

1. Reconciliation of Cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts.

Cash at the end of the year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:

	2020	2019
Cash and Cash Equivalents		
1201 - General Cheque A/C	144,343	188,352
1202 - Market Development A/C	275	704
1203 - Manager's Visa A/C	162	376
1205 - Terminal Rental A/C	325	585
1206 - Everyday Business A/C	51,824	45,824
1207 - Dividend Payments A/C	921	951
1208 - Chairperson's Expense Account	286	333
2501 - Term Deposit	324,407	324,407
2503 - Bendigo Gold 6 Month	313,853	308,133
Petty Cash	172	30
Total Cash and Cash Equivalents	836,568	869,696

The accompanying notes form part of these financial statements. These statements should be read in conjunction with the attached compilation report.

Statement of Cash Flows - Note 2

HIGHETT COMMUNITY FINANCIAL SERVICES LIMITED For the year ended 30 June 2020

2. Reconciliation Of Net Cash Provided By/Used In Operating Activities To Net Profit

	2020	2019
Net cash provided by Operating Activities		
Profit from ordinary activities after tax	29,814	96,676
Non Cash Items:		
Depreciation	1,409	3,705
Amortisation	77,451	14,613
Changes in assets/(liabilities)		
Increase/(decrease) in Tax Liabilities	(58,444)	44,568
Changes in assets and liabilities net of effects of purchases and disposals of controlled entities:		
(Increase)/decrease in Plant & Equipment Assets	2,433	(2,433)
Other		
(Increase)/decrease in Receivables	11,509	(1,381)
(Increase)/decrease in Other Financial Assets	-	-
(Increase)/decrease in Deferred Tax Asset	(7,304)	-
Increase/(decrease) in Payables	(16,976)	19,720
Increase/(decrease) in Employee Entitlements	967	(4,079)
Increase/(decrease) in Lease Liabilities	(24,276)	-
Increase/(decrease) in Make-Good Provision	215	-
Total Net cash provided by Operating Activities	16,798	171,389

The accompanying notes form part of these financial statements. These statements should be read in conjunction with the attached compilation report.

Notes to the financial statements

For year ended 30 June 2020

1. Statement of Significant Accounting Policies

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

The financial statements cover Highett Community Financial Services Limited as an individual entity. Highett Community Financial Services Limited is a company limited by shares, incorporated and domiciled in Australia.

A. Basis of Preparation

Reporting Basis and Conventions

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

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

The directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and internally. The financial statements are presented in Australian dollars which is the company's functional and presentation currency.

Economic Dependency - Bendigo and Adelaide Bank Limited

The company has entered into a franchise agreement with Bendigo and Adelaide Bank Limited that governs the management of the Community Bank® branch at Highett, Victoria. The branch operates as a franchise of Bendigo and Adelaide Bank Limited, using the name "Bendigo Bank" and the logo and system of operations of Bendigo and Adelaide Bank Limited.

The company manages the Community Bank® branch on behalf of Bendigo and Adelaide Bank Limited, however all transactions with customers conducted through the Community Bank® branches are effectively conducted between the customers and Bendigo and Adelaide Bank Limited.

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

Bendigo and Adelaide Bank Limited provides significant assistance in establishing and maintaining the Community Bank® branch 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.

B. Changes in accounting policies, standards and interpretations

AASB16 Leases

The company applied AASB16 Leases from 1 July 2019. Prior to the adoption of AASB16, non-cancellable operating lease payments were not recognised as liabilities but were recognised as rental expenses over the lease term as and when the rent was paid on a monthly basis.

The company applied AASB16 using the modified retrospective approach, under which comparative information is not restated and the cumulative effect of initially applying AASB16 is recognised as an adjustment to the opening balance of retained earnings as at 1 July 2019. Therefore, the comparative information has not been restated and continues to be reported under AASB117 Leases.

Notes to the financial statements (continued)

(i) Definition of a lease

The company previously classified leases as operating or finance leases under AASB117 Leases and Interpretation 4 Determining whether an Arrangement contains a Lease. The company elected to apply the practical expedient to grandfather the assessment of which transactions are leases, and has only applied the definition of a lease under AASB16 to contracts entered into or changed on or after 1 July 2019.

(ii) The company as a lessee

The company leases various assets from time to time, including property. Previously, leases were classified either as operating or finance leases depending on whether the lease transferred significantly all the risks and rewards incidental to the ownership of the underlying company assets to the company.

As a result of the transition to AASB16, 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.

The lease term used in measuring the present value is the length of the lease contract, plus any options for further terms that have been stated in the lease.

(iii) The company as a lessor

The company is not a party to an arrangement where it is a lessor. Therefore, the company is not required to make any adjustments on transition to AASB16 for leases where it acts as a lessor.

(iv) Impact on financial statements

On transition to AASB16 the company recognised right-of-use assets and lease liabilities on the Balance Sheet, with an adjustment being made to the opening balance of retained earnings as at 1 July 2019. The impact of the transition is summarised below:

	1 July 2019
Asset	
Right-of-use assets	1,047,164
Deferred tax asset	43,940
Liability	
Property lease liability	(1,202,144)
Provision for make-good	(4,800)
Equity	
Retained earnings	(115,840)

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 rate applied is 4.39%.

Operating lease commitments as at 30 June 2019	1,765,683
Less: Present value discounting	(563,539)
Property lease liability as at 1 July 2019	1,202,144

Deferred income tax expense (income)

As deferred tax assets and liabilities resulting from the transition to AASB16 are now being reflected in the financial accounts, the impact of deferred tax assets resulting from employee provisions is also now being accounted for in the calculation of deferred income tax expense (income). The impact of this inclusion is to bring in the deferred income tax expense of \$22,042, which represents the liability for long service leave and annual leave as at 30 June 2019 multiplied by the current company tax rate of 27.5%.

These notes should be read in conjunction with the attached compilation report.

Notes to the financial statements (continued)

C. Accounting Policies

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

Revenue

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

The franchise agreement with Bendigo and Adelaide Bank Limited provides for three types of revenue earned by the company. First, the company is entitled to 50% of the monthly gross margin earned by Bendigo and Adelaide Bank Limited on products and services provided through the company that are regarded as “day to day” banking business. This arrangement also means that if the gross margin reflects a loss (that is, the gross margin is a negative amount), the company effectively incurs, and must bear, 50% of that loss.

The second source of revenue is commission paid by Bendigo and Adelaide Bank Limited on the other products and services provided through the company. The commission is currently payable on various specified products and services, including insurance, financial planning, common fund, Sandhurst Select, superannuation, commercial loan referrals, leasing referrals, fixed loans and certain term deposits (>90 days). The amount of commission payable can be varied in accordance with the Franchise Agreement (which, in some cases, permits commissions to be varied at the discretion of Bendigo and Adelaide Bank Limited). This discretion has been exercised on several occasions previously. For example, in February 2011 and February 2013 Bendigo and Adelaide Bank Limited reduced commissions on two core banking products to ensure a more even distribution of income between Bendigo and Adelaide Bank Limited and its Community Bank® partners. The revenue share model is subject to regular review to ensure that the interests of Bendigo and Adelaide Bank Limited and Community Bank® companies remain balanced.

The third source of revenue is a proportion of the fees and charges charged to customers. This proportion, determined by Bendigo and Adelaide Bank Limited, may vary between products and services and may be amended by Bendigo and Adelaide Bank Limited from time to time.

Income Tax

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of reporting year. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (or recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax assets and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of profit or loss when the tax relates to items that are recognised outside profit or loss.

Employee Benefits

Provision is made for the liability for employee entitlements arising from services rendered by employees to balance date. Employee entitlements expected to be settled within one year together with entitlements arising from wages and salaries, annual leave and sick leave which will be settled after one year, have been measured at their nominal amount. Other employee entitlements payable later than one year have been measured at the present value of the estimated future cash out flows to be made for those entitlements.

Contributions are made by Highett Community Financial Services Limited to an employee superannuation fund and are charged as expenses when incurred.

Notes to the financial statements (continued)

Cash and Cash Equivalents

Cash and Cash Equivalents includes cash on hand, deposits held at call with banks or financial institutions, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts i.e. investments which are readily convertible to known amounts of cash and subject to an insignificant risk of change in value.

Trade Receivables and Payables

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

Property, Plant and Equipment

Each class of plant and equipment and leasehold improvements are carried at cost less, where applicable, any accumulated depreciation and impairment losses.

The cost of the Leasehold Improvements includes all costs paid to contractors for provision of the improvements. Subsequent costs are included in the asset's carrying amount recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

The depreciable amount of all fixed assets including capitalised leased assets, is depreciated on a diminishing value basis over their useful lives to Highett Community Financial Services Limited commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An assets' carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income statement.

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

- Leasehold Improvements	40 Years
- Plant and Equipment	2.5 – 40 Years
- Motor Vehicle	8 Years

Intangibles

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

Leases

Our branch operating premises at 322 -324 Highett Road, Highett VIC 3190 are currently leased until 18th March 2021 with a further 3 options of 5 years. The next review date is 18th March 2021.

Provisions

Provisions are recognised when Highett Community Financial Services Limited has a legal or constructive obligation, as a result of past events, for which it is probable that the outflow of economic benefit will result and that the outflow can be measured reliably.

A provision of dividends is not recognised as a liability unless the dividends are declared, determined or publicly recommended on or before the reporting date.

Notes to the financial statements (continued)

Contributed Equity

Ordinary shares are recognised at the fair value of the consideration received by the company.
All Ordinary Shares were issued at \$1.00 per share.

Capital Management

The board's policy is to maintain a strong capital base so as to sustain future development of the company. The board of directors monitor the return on capital and the level of dividends to shareholders. Capital is represented by equity as recorded in the balance sheet.

In accordance with the franchise agreement, the funds distributed to shareholders shall not exceed the distribution limit of 20% of available profit for distribution for any 12 month period.

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

Goods and Service Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables in the balance sheet are shown inclusive of GST. Cash flows are presented in the Statement of cash flows statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cashflows.

2. Financial Risk Management

The company's activities expose it to a limited variety of financial risks: market risk, price risk, credit risk, liquidity risk and cash flow interest rate risk.

Market Risk

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.

Credit Risk

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

Liquidity Risk

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

Cash Flow Interest Rate Risk

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

Notes to the financial statements (continued)

3. Critical Accounting Estimates and Judgements

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

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

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

Taxation

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

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

These judgements and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognised on the balance sheet and the amount of other tax losses and temporary differences not yet recognised. In such circumstance, some or all of the carrying amount of recognised deferred tax assets and liabilities may require adjustment, resulting in corresponding credit or charge to the statement of comprehensive income.

Estimation of Useful Lives of Assets

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

Impairment of Assets

At each reporting date, the directors review the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the assets fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the income statement. Where it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs.

	2020	2019
4. Revenue from Ordinary Activities		
Gross Margin Income	825,661	913,119
Upfront Product Commission	11,123	12,458
Trailer Product Commission	24,661	34,026
Fee Income	59,819	61,197
Market Development Fund Income	10,000	10,000
Terminal Rental Income	1,646	1,472
Interest	10,836	13,305
Total Revenue from Ordinary Activities	943,747	1,045,578

Notes to the financial statements (continued)

	2020	2019
5. Other Income		
Coronavirus Cash Flow Boost	38,324	-
Total Other Income	38,324	-

	2020	2019
6. Depreciation and Amortisation		
Amortisation	77,451	14,613
Depreciation	1,409	3,705
Total Amortisation/ Depreciation	78,860	18,318

	2020	2019
7. Interest Expense		
Make-good interest	215	-
Right-of-use interest	52,304	-
Interest Expense	-	-
Total Interest Expense	52,519	-

8. Income Tax Expense

Income tax expense comprises current and deferred tax.

	2020	2019
Amounts recognised in profit or loss		
Current tax expense / (credit)		
Current tax	11,396	39,430
Movement in deferred tax	(77,514)	-
Adjustment to deferred tax on AASB16 retrospective application	43,940	-
Adjustment to deferred tax on employee provisions	22,042	-
Adjustment to deferred tax to reflect reduction in tax rate (to 26%) in future periods	4,228	-
Total Current tax expense / (credit)	4,092	39,430

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

	2020	2019
Prima face income tax reconciliation		
Operating profit before taxation		
Operating profit before taxation	33,906	136,106
Prima Facie Tax on profit from ordinary activities @ 27.5%	9,324	37,429
Tax effect of:		
Non deductible expenses	1,684	2,001
Temporary differences	10,927	-
Other assessable income	-	-
Non assessable income	(10,539)	-
Movement in deferred tax	(77,514)	-
Leases initial recognition	43,940	-
Employee provision recognition	22,042	-
Reduction in company tax rate to 26%	4,228	-
Income tax expense	4,092	39,430

Notes to the financial statements (continued)

	2020	2019
9. Dividends Provided For or Paid		
Dividends Provided For or Paid	46,418	46,418
Total Dividends Provided For or Paid	46,418	46,418

	2020	2019
10. Cash and Cash Equivalents		
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the below figures:		
Bank Accounts	198,308	237,155
Term Deposits	638,260	632,540
Total Cash and Cash Equivalents	836,568	869,696

	2020	2019
11. Receivables		
Profit Share Receivables	71,496	81,406
Accrued Interest Receivable	2,161	3,759
Total Receivables	73,656	85,165

	2020	2019
12. Other Current Assets		
AFS & Associates - Dividend Account	3,798	3,087
Total Other Current Assets	3,798	3,087

13. Property Plant and Equipment

Leasehold Improvements

At Cost	223,689	222,805
Less Accumulated Depreciation	(82,697)	(77,332)
Total Leasehold Improvements	140,992	145,473

Plant and Equipment

At Cost	35,325	35,134
Less Accumulated Depreciation	(33,487)	(32,821)
Total Plant and Equipment	1,838	2,313

Total Property Plant and Equipment	142,830	147,786
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14. 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, including the impact of exercising the options.

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 assets.

Notes to the financial statements (continued)

	2020	2019
(i) Carrying amounts		
Right-of-use asset	1,256,597	-
Accumulated amortisation on right-of-use asset	(272,263)	-
Total Written Down Value	984,335	-

	2020	2019
(ii) Reconciliation of carrying amounts		
Initial recognition on transition	1,256,597	-
Accumulated amortisation on adoption	(209,432)	-
Amortisation	(62,830)	-
Total Written Down Value	984,335	-

	2020	2019
15. Intangibles		
Franchise Fees		
At Cost	50,000	50,000
Less Accumulated Amortisation	(41,694)	(31,694)
Total Franchise Fees	8,306	18,306
Total Intangibles	8,306	18,306

16. Deferred Tax Assets

Movement in the company's deferred tax balances for the current year.

	30 June 2019	Recognised in Profit or Loss	Recognised in Equity	30 June 2020
Deferred Tax Asset				
Employee provisions	-	(379)	22,042	21,663
Make-good provisions	-	(16)	1,320	1,304
Lease liability	-	(24,344)	330,590	306,246
Total Deferred Tax Assets	-	(24,739)	353,952	329,213
Deferred Tax Liabilities				
Right-of-use assets	-	(32,043)	287,970	255,927
Total Deferred Tax Liabilities	-	(32,043)	287,970	255,927
Net Deferred Tax Assets/(Liabilities)	-	7,304	65,982	73,286

Notes to the financial statements (continued)

	2020	2019
17. Payables		
Current		
Trade Creditors	-	2,677
Other Creditors	2,700	17,000
Unclaimed Dividend Monies	16,713	16,002
Total Current	19,413	35,679
Non Current		
Return of Capital Monies	2,641	2,641
Total Non Current	2,641	2,641
Total Payables	22,055	38,320

	2020	2019
18. Employee Entitlements		
PAYG Withholding Payable	6,124	8,974
Superannuation Payable	1,750	3,950
Provisions		
Prov'n for Holiday Pay	37,182	36,398
Prov'n for Long Service Leave	46,138	43,756
Total Provisions	83,320	80,154
Total Employee Entitlements	91,195	93,078

	2020	2019
19. Taxation		
GST	(2,176)	6,299
Provision For Taxation	(30,003)	23,498
Other Creditors - ATO	10,350	3,968
Total Taxation	(21,829)	33,765

20. 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 rate. The discount rate used on recognition was 4.39%.

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 liability measurement

Where the company is a lessee for the premises to conduct its business, extension options are included in the lease term except where 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.

Notes to the financial statements (continued)

	2020	2019
Lease Liabilities on Transition		
Initial recognition on AASB16 transition	1,202,144	-
Right-of-use interest	52,304	-
Lease payments	(76,580)	-
Total Lease Liabilities on Transition	1,177,868	-

	2020	2019
Current Lease Liabilities		
Property Lease Liability	79,643	-
Unexpired interest	(51,155)	-
Total Current Lease Liabilities	28,488	-

	2020	2019
Non Current Lease Liabilities		
Property Lease Liability	1,609,460	-
Unexpired Interest	(460,080)	-
Total Non Current Lease Liabilities	1,149,380	-

	2020	2019
Maturity Analysis		
Undiscounted Lease Payments		
Not later than 12 months	79,643	-
Between 12 months and 5 years	351,730	-
Greater than 5 years	1,257,730	-
Total Undiscounted Lease Payments	1,689,103	-
Unexpired Interest	(511,235)	-
Present Value of Lease Liabilities	1,177,868	-

Impact on the current reporting period

During the financial year, the company has mandatorily adopted AASB16 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 is amortised. In contrast, in the comparative reporting period, operating lease payments were expensed as incurred. The following note presents the impact on the profit or loss for the current reporting period.

Comparison under AASB16 and former AAS117

	AASB117 expense not recognised	Impact on current reporting period	AASB16 expense now recognised
Profit or loss - increase (decrease) in expenses			
Rent expense	76,580	(76,580)	
Depreciation and amortisation expense		62,830	62,830
Finance costs		52,304	52,304
Increase in expenses - before tax	76,580	38,554	115,134
Income tax expense / (credit) - current	(21,060)	21,060	
Income tax expense / (credit) - deferred		(31,662)	(31,662)
Increases in expenses - after tax	55,520	27,952	83,472

Notes to the financial statements (continued)

	2020	2019
21. Financial Liabilities		
Non Current		
Unsecured		
Highett Youth Club	40,000	50,000
Total Unsecured	40,000	50,000
Total Non Current	40,000	50,000
Total Financial Liabilities	40,000	50,000

\$100,000 was provided to Highett Youth Club to assist with the New Club Building, and a loan account was established during the 2015 financial year. The principal is to be paid by HCFS LTD in 10 annual instalments of \$10,000, 4 Instalments are still to be paid.

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.

	2020	2019
Non-current liabilities		
Make-good on leased premises	5,015	-
Total Non-current liabilities	5,015	-

	2020	2019
Make-good provision		
Face-value of make-good costs recognised	10,000	-
Present value discounting	(5,200)	-
Make-good interest	215	-
Total Make-good provision	5,015	-

23. Contributed Capital

	2020	2019
Issued & Paid Up Capital	464,175	464,175
Total Contributed Capital	464,175	464,175

Ordinary shares at \$1.00 each fully paid

Ordinary shares participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held.

At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Notes to the financial statements (continued)

24. Accumulated Profits

Financial Year	2020	2019
Balance at beginning of reporting period	444,702	384,444
Effect of AASB16 Leases	(115,840)	
Effect of Employee provision recognition	22,042	
Transfer from/to Reserve from Accumulated Profits	0	0
Transfer from Accumulated Profit to Non Current Liability	10,000	10,000
Dividends Provided For or Paid	(46,418)	(46,418)
Net Profit after Tax	29,814	96,676
Balance at the reporting date	344,300	444,702

25. Superannuation Commitments

The entity participated in several Industry Superannuation Funds to provide benefits to employees on retirement, death or disability. Benefits provided under the plan are based on accumulated contributions and earnings for each employee.

Employees contribute various percentages of their gross income and the company also contributes at the rate of 12%.

26. Auditor's Remuneration

Remuneration of the auditor of the company for preparation of the annual audit report:

Financial Year	2020	2019
Auditor's Remuneration	4,000	4,000

27. Key Management Personnel Disclosures

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

28. Events Occurring After the Reporting Date

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

29. Contingent Liabilities

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

30. Registered Office and Principal Place of Business

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

Registered Office & Principal Place of Business
322-324 Highett Road
Highett VIC 3190

Directors' declaration

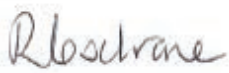
Hihett Community Financial Services Limited

For the year ended 30 June 2020

The directors of the company declare that:

1. the financial statements and notes are in accordance with the Corporations Act 2001 and:
 - (a) comply with Accounting Standards and the Corporations Regulations; and
 - (b) give a true and fair view of the company's financial position as at 30 June 2020 and of its performance for the year ended on that date;
2. in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Dr. Robyn Cochrane, Director/Chairperson



Skye Hardie, Director/Treasurer

Date: 4 November 2020

Independent audit report

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF HIGHTT COMMUNITY FINANCIAL SERVICES LTD ABN 51 004 313 142

We have audited the attached financial report of Hightt Community Financial Services Ltd for the year ended 30 June 2020. The Directors are responsible for the financial report and have determined that the accounting policies used and described in Note 1 to the financial statements are appropriate to meet the requirements of the Corporations Act 2001 and are appropriate to meet the needs of the members. We have conducted an independent audit of the financial report in order to express an opinion on it to the members. No opinion is expressed as to whether the accounting policies used, and described in Note 1, are appropriate to the needs of the members.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia and statutory requirements so as to present a view which is consistent with our understanding of the company's financial position, and performance as represented by the results of their operations and their cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Unqualified Audit Opinion

In our opinion, the financial report of Hightt Community Financial Services Ltd is in accordance with:

1. the Corporations Act 2001, including:
 - (a) giving a true and fair view of the Company's financial position as at 30 June 2020 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1; and
 - (b) complying with Accounting Standards to the extent described in Note 1 and the Corporations Regulations; and
2. other mandatory professional reporting requirements to the extent described in Note 1

ALKEMADE & ASSOCIATES



**Registered Auditor 8015
Melbourne**

Date: 4th day of November 2020

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322-324 Highett Road, Highett VIC 3190
Phone: 03 9555 6055 Fax: 03 9553 0611
Web: bendigobank.com.au/highett

Franchisee: Highett Community Financial Services Limited
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/HighettCommunityBankBranch



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