

# Highett Community Financial Services Limited

ABN 23 094 393 683

## 2021 Annual Report



# Contents

Chairman's report	2
Manager's report	4
Bendigo and Adelaide Bank report	5
Board of Directors	6
Community impact stories	12
Directors' report	14
Auditor's independence declaration	16
Financial statements	17
Notes to the financial statements	23
Directors' declaration	36
Independent audit report	37

## Front cover photos (top to bottom):

Director group photo taken at 20th Birthday Celebration; Cheltenham Park Cricket Club; Heimann Award winner Yvonne Octigan with Chair Robyn Cochrane and Helen Heimann; Community Bank Highett team.

# Chairman's report

For year ending 30 June 2021



We will continue to support our growing community, provide returns to our shareholders and provide important banking and financial services to the community in and around Highett. In this competitive and challenging operating environment, we plan to continue our focus on retaining and growing business activity and activating our community partnerships.

As the Chair of Highett Community Financial Services Limited it gives me great pleasure to present our Annual Report for 2021 – our 20th birthday year.

Over the past year, we have remained committed to becoming the bank of choice for our local community. 2020/21 has been a challenging year for the company, our customers and our community. We have been operating within an uncertain COVID-19 environment, experienced low net customer growth, subdued consumer confidence and witnessed personal hardships. In March, we renewed the Franchise Agreement with Bendigo and Adelaide Bank Limited as well as the lease for the branch for a further five years and started working on a new strategic plan for the company.

Fortunately, we have remained profitable. We have taken a conservative approach to community investment (many organisations and groups were unable to operate as usual), carefully monitored and adjusted our financial position and received government COVID-19 relief payments.

## Profit before tax and community returns

Our profit before tax is \$32,324 and over \$62,000 has been dispersed through community returns, donations and sponsorships.

	2021	2020	Change
Total gross income	861,278	982,071	-12%
Less total expenses	(828,954)	(948,165)	-13%
Profit before tax	32,324	33,906	-5%
Add back community returns and sponsorships	62,122	132,632	-53%
<b>Profit before tax and community returns</b>	<b>94,446</b>	<b>166,538</b>	<b>-43%</b>

## Community investment

We have received many and varied requests for funding throughout 2020/21 and invested \$62,122 into different segments of our community. See our *Community impact stories* for more information about the worthwhile projects and community organisations supported.

Community returns (donations and grants)	\$10,000
Sponsorships	\$52,122
<b>Total for 2020/21</b>	<b>\$62,122</b>

As shown below, our total returns as at 30 June 2021 are an impressive \$2,998,980.

Dividends / returns to shareholders	\$689,477
Community returns (donations and grants)	\$1,285,316
Sponsorship	\$1,024,187
<b>Total community returns</b>	<b>\$2,998,980</b>

## Chairman's report (continued)

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Based on our profit and strong balance sheet this year and consideration of potential future challenges, the Board has determined that a five cent fully franked dividend will be paid per share.

### **The Board**

We have seen some changes to our Board throughout the year. Following a recruitment and on-boarding process, we have co-opted two new Directors. Susan Smith and Rick Iversen have joined our Board and taken on the roles of Company Secretary and Treasurer respectively. Rowland Hassall, Skye Hardie and Jasmine Parker have retired after making a significant contribution over several years. Maria Koutsimpiris (Deputy Chair), Chris Pettit, Gerlinde Scholz, Debra Smith, Peter Smith and Caren Walliser have continued to make valuable contributions to the Board. The Board has continued to enhance its governance policies and procedures and is commencing a strategic planning process which aims to ensure company sustainability. A big thank you to current and retiring Directors for their service to our company, shareholders and community.

### **Our Community Bank Highett team**

We are pleased to welcome Glenn Jowett to the role of Branch Manager. Glenn brings a wealth of experience from an esteemed banking career. He has held a variety of roles including Relationship Director in Westpac's Premium Bank and State Manager for Westpac Partnerships. Glenn has also been an active volunteer with community sports organisations.

Our Community Bank Highett team has performed well again this year, despite staffing changes and uncertain COVID-19 restrictions. Chris Wheeler and Robyn Gawley departed in September 2020. Stephanie Hughes advised that she would not be returning from parental leave and her temporary replacement Alanna Hardy resigned to pursue a new role. We thank Chris, Robyn, Stephanie and Alanna for their service. In March 2021 we welcomed Jane Turner to the team.

Since 30 June 2021, Rochelle Putt advised she would not be returning from extended leave. Mandy Keys has continued to play an integral role through the transition and has been promoted to Customer Relationship Officer. Michelle Canterfield continues in the role of Customer Relationship Manager and works closely with Branch Manager Glenn Jowett. Our Community Liaison Coordinator Natalie Driessen has strengthened her relationships with community partners, traders and stakeholders. I would like to recognise the support provided to our branch team and Board by Peter Rice and predecessor 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 vital role in our success and relevance. We remain optimistic about the sustainability of Highett Community Financial Services Limited and the important leadership role we will continue to play in community COVID-19 recovery. We look forward to working collaboratively and increasing our opportunities through the support of our staff, directors, customers, shareholders, community partners and local community.

**Dr. Robyn Cochrane**  
**Chair**

# Manager's report

For year ending 30 June 2021



This year we celebrated our 20th birthday.

Twenty years of being a partner with the Highett, Moorabbin and Bayside communities is a significant milestone.

The past 12 months have presented many challenges, not only in banking but for the wider community. The global pandemic continues to impact every one of us in many ways. During these times many customers have adopted digital platforms and found other ways to transact and do their banking. This change has resulted in less customers entering the branch which has provided the opportunity for branch staff to act more proactively. What this means is we have been driving growth for the future by working closely with our community partners and local Highett and Moorabbin traders to build greater reciprocity.

**Our goal is to build community advocates and earn the right to ask for a referral.**

Community Bank Highett provides the full suite of banking products and services. We are very competitive and differentiate ourselves by a superior customer service model. So if you have a family member, friend, neighbour, or colleague that you could refer we would welcome the opportunity to assist them to achieve their financial goals. And remember the more customers and shareholders that support us with their banking, the more we can do to support the community.

**Despite the challenges we faced this year, there is a lot to be proud of.**

We remained open. While many competitors took the opportunity to close branches, we remained open, at times with reduced hours to meet requirements but open to support our customers and our community. I would like to recognise Michelle and Mandy for their care, courage, and compassion during this time.

We supported our Highett, Moorabbin, and Bayside community. During 2020/21 we supported many initiatives including the Highett Community Neighbourhood House - Hello Neighbour Project, which was designed to combat isolation and loneliness reaching over 1,000 residents. This was achieved through connecting the community to local services and traders offering support during COVID-19 lockdown.

We also provided support to organisations such as Bayside Community Emergency Relief and St Vincent de Paul by providing funds to purchase essential hamper items for vulnerable members of our community. In addition, we supported BayCISS (Bayside Community Information and Support Services) to employ a caseworker one day per week to assist those community members who require extensive support during these challenging times. The Pathways to Change program supported over 200 people each month.

We also sponsored 18 local sporting clubs ranging from basketball to bowling, karate to calisthenics and everything in between. We are committed to ensuring our grass roots clubs and volunteer committees remain sustainable and continue to offer sporting opportunities and enjoyment to our local community.

Finally, I'd like to acknowledge and thank the previous and current Directors, previous and current staff, and all of the shareholders who have played a major part in achieving our 20 year milestone.

We wish everyone success and happiness for the year ahead.

**Glenn Jowett**  
**Branch Manager**

# Bendigo and Adelaide Bank report

For year ending 30 June 2021

On behalf of Bendigo and Adelaide Bank, thank you! As a shareholder of your local Community Bank company, you are playing an important role in supporting your community.

It has been a tumultuous year for every community across Australia, and across the world. For our business, recognition that banking is an essential service has meant that we've kept the doors open, albeit with conditions that none of us could ever imagine having to work with.

Face masks, perspex screens, signed documents to cross state borders, checking in customers with QR codes and ensuring hand sanitiser stations are filled aren't what you would expect as a bank employee.

Then there's the fact that while communities have been, and continue to go in and out of lockdown, digital and online banking has become the norm.

So, what does that mean for Bendigo Bank and the Community Bank that you are invested in both as a shareholder, and a customer?

What we're seeing is that your Community Bank is still as important, if not more so, than when you first invested as a shareholder. If the pandemic has taught us anything, it has taught us the importance of place, of our local community, our local economy, our community-based organisations, the importance of social connection and the importance of your local Community Enterprise – your Community Bank in providing, leadership, support, and assistance in these difficult times.

As we continue to adapt to this rapidly changing world one thing that continues to be important to us all is supporting each another and our strong sense of community.

Your continued support as a shareholder is essential to the success of your local community. Thank you for continuing to back your Community Bank company and your community.



**Collin Brady**  
Head of Community Development

# Board of Directors

For the financial year ended 30 June 2021

## 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:** Over 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 (BGKLEEN)

**Other Directorships:** Family Trust

**Former Directorships in last three years:** NIL

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

**Interest in shares:** NIL

## Skye Hardie *Retired 29 March 2021*



“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

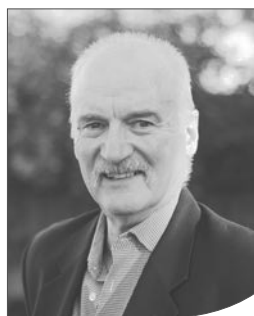
**Former Directorships in last three years:** NIL

**Board Committees and Working Groups:** Treasurer, Finance and Assets Committee and People and Culture Committee

**Interest in shares:** 900

## Board of Directors (continued)

### Rowland Hassall *Retired 19 November 2020*



“I became a shareholder when the original call to support a Community Bank branch 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 Board of Highett Community

Financial Services Limited 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, Branch Performance Committee, and Franchise Agreement and Lease Renewal Working Group.

**Interest in shares:** 4,500 ordinary shares

### Maria Koutsimpiris



“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 Community Bank Highett and increase the returns to our local community in the areas of building resilience, education and sport.”

**Occupation:** Project Controls Manager, Acciona Construction Australia Pty Ltd

**Work background:** Maria is a globally experienced operational, project and strategic executive with a strong governance background. She has worked extensively across complex capital-intensive multinationals and on large billion dollar plus projects and managed large functional and cross functional teams both. Her career spans oil and gas, automotive, consulting engineering, technical services and infrastructure

**Qualifications:** Australian Institute of Company Directors Course Graduate, 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), Chair of Women in Engineering Victoria for Engineers Australia

**Other Directorships:** Sole Director of Modern Expression Pty Ltd

**Former Directorships in last three years:** NIL

**Board Committees and Working Groups:** People and Culture Committee, Director Recruitment and Selection Working Group, Franchise Agreement and Lease Renewal Working Group and AGM and Annual Report Working Group

**Interest in shares:** NIL



## Board of Directors (continued)

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### Rick Iversen



“I grew up in Bayside and am excited to be able to contribute locally. Community Bank Highett does fantastic work and I look forward to helping this continue.”

**Occupation:** Independent management consultant, specialising in financial services and fintech businesses

**Work background:** 25 years experience in corporate strategy, mergers and acquisitions, and partnership development, with UK and Australian major banks, insurers, and management consulting firms

**Qualifications:** GAICD, Master of Applied Finance, Bachelor of Commerce

**Community:** I grew up in Mentone with a job at the original Highett newsagency (now Hot Lips Hacienda) while studying at university, and am now living in Bayside with my young family.

**Other Directorships:** Sole trader business

**Former Directorships in the last three years:** NIL

**Board Committees and Working Groups:** Treasurer, Finance and Assets Committee, Branch Performance Committee

**Interest in shares:** NIL

### Jasmine Parker *Retired 26 April 2021*



“I have consistently been impressed with Community Bank Highett’s fostering and reinforcing of 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:** Company Secretary, Governance Committee, Finance and Assets Committee, Director Recruitment and Selection Working Group, Risk and Compliance Working Group, and AGM and Annual Report Working Group

**Interest in shares:** NIL

## Board of Directors (continued)

### 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 and Assets Committee, Branch Performance Committee and Governance Committee

**Interest in shares:** NIL

### Gerlinde Scholz



“I believe in local people working together to help improve their communities. As a Bayside local for over 30 years, I enjoy contributing my governance skills and experience in business and community development to the board of Community Bank Highett. The Community Bank

model is to banking what community foundations are to philanthropy. In my executive role, I lead the peak body for Australia's community foundations. Volunteering as a Community Bank director compliments that perfectly. It's fantastic to see Community Bank Highett's investment over the years in so many different local community groups and programs.”

**Occupation:** Executive Officer, Australian Community Philanthropy

**Work Background:** Executive career in higher education, medical research, social services, and philanthropy sector. Board appointments in social services and environmental sustainability sector. Track record of success in leading business transformation and growth in executive, governance and advisory roles

**Qualifications:** BA, MA (Melb.), BA Hons (LaTrobe). Member, Australian Institute of Company Directors. Executive Program Not-for-Profit Leadership, Stanford University; Governing for Social Impact, Australian Graduate School of Management, UNSW

**Community:** I have lived in the Bayside area for some 30 years with my family and been involved with local schools and sporting clubs

**Other Directorships:** President (Board Chair) of sustainability organisation Renew Australia. Previous Non-Executive Director and Chair of relationship services provider Better Place Australia

**Former Directorships in last three years:** Better Place Australia

**Board Committees and Working Groups:** Governance Committee

**Interest in shares:** NIL

## Board of Directors (continued)

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### Debra Smith

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“As a Highett local, I love that 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:** General and Marketing Management

**Qualifications:** Bachelor of Business Studies

**Community:** Various volunteering and community roles

**Other Directorships:** NIL

**Former Directorships in last three years:** NIL

**Board Committees and Working Groups:** Community Partnerships Committee and Governance Committee

**Interest in shares:** NIL

### Peter Smith

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“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, and 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 and 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 and Dunlop Papua Guinea Ltd.

**Former Directorships in last three years:** NIL

**Board Committees and Working Groups:** Branch Performance Committee and Franchise Agreement and Lease Renewal Working Group

**Interest in shares:** NIL

## Board of Directors (continued)

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### Susan Smith

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“I first recognised how the Community Bank model creates positive change and supports its customers through my interaction with my parents’ local country Community Bank. It has been a privilege to be selected this year as a Board member to guide the future my local branch of a

Bank that proudly partners with communities to ensure their prosperity.”

**Occupation:** Company Secretary and Legal Compliance, Monash College Pty Ltd (wholly owned by Monash University)

**Work background:** Over 35 years experience in Air Traffic Management, from working as an air traffic controller to corporate executive management, including representing the Federal Government at the International Civil Aviation Organisation (part of the UN). I am currently working part time as a corporate compliance specialist and company secretary in the education sector, whilst managing my own aviation consulting business

**Qualifications:** Master in Business Administration, Bachelor of Science; Graduate Diploma Corporate Governance, Diploma of Aviation

**Community:** Previously on the management committee of Aspergers Victoria (until 2018). Currently on the Board of Vicsport who represents and advocates for Victorian sporting clubs and associations and builds the capacity and capability of these members. Member Brighton Tennis Club

**Other Directorships:** Chair of Swimming Victoria and Deputy Chair of Vicsport

**Former Directorships in last three years:** NIL

**Board Committees and Working Groups:** Governance Committee; Finance and Assets Committee and AGM and Annual Report Working Group

**Interest in shares:** NIL

### Caren Walliser

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“We immigrated to Melbourne over 20 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 Highett 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 and People and Culture Committee

**Interest in shares:** NIL

# Community impact stories

Throughout 2020/21, 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	Highett Youth Club Inc
Bayside Cricket Club	Holy Trinity Arrowsmith Program (St Catherine's PS)
Bayside Emergency Community Relief	Kimekai Karate
Bentleigh Junior Football Club	McKinnon Basketball Association
Bentleigh RSL Swimming Club	Moorabbin Bowling Club
Brighton Philatelic Society	Moorabbin District Tennis Association
Bentmoor Community Men's Shed	Moorabbin Kangaroos Football Club
Cheltenham Park Cricket Club	Moorabbin Little Athletics Club
Cheltenham Secondary College	Moorabbin Primary School
Connect Health and Community	Sandringham Athletics Club
Hampton Hammers Football/Netball Club	Order of Australia (Southern Central SRG)
Hampton Central Cricket Club	St Pauls Primary School
Helen Paul Kindergarten	St Agnes' Catholic Primary School
Highett Bowls Club	St David's Church Moorabbin
Highett Football/Netball Club	St Vincent de Paul
Highett Neighbourhood Community House	5th Sandringham Scout Group
Highett West Cricket Club	White Star Dandenong Soccer Club

## Community Resilience: Highett Neighbourhood Community House

The Hello Neighbour Project was designed to address and combat social isolation and loneliness. The Project involved a three-part campaign which aimed to connect community members with local services and traders in addition to offering social and practical support during the COVID-19 lockdown in 2020.

Community Bank Highett supported this Project which enabled over 1,000 residents to be reached. These residents received a showbag full of goodies including a local services directory, children's trader treasure map, fairy floss and an opportunity to collect fresh fruit and vegetables.

The Hello Neighbour Project strengthened relationships with local traders through the promotion of their products and services. It also encouraged trading and enhanced community connections. Community Bank Highett was pleased to collaborate with the Highett Neighbourhood Community House team to deliver this special initiative to our community.

**For more information:**

<https://baysidecommunitycentres.org.au/>



## Community impact stories (continued)

### Education: St Paul's Primary School

Community Bank Highett supported an application from St Paul's Primary School for the STEM Genius Hour Project. The funding enabled the purchase of materials to construct a new cubby house for students which was designed and built by students.

The students were so excited as this funding ensured the project would proceed. A lot of learning, problem solving and fun was experienced throughout the process. The new cubby house improved the school environment and this has had a positive impact on the school community. It has also brought more variety to the playground area, which the students love. The end result is amazing.

We would strongly recommend partnering with Community Bank Highett because they are so generous with their time and money in ensuring communities are the beneficiaries of their funds and they are extremely helpful with the process (Cath Knights, CT/Digital Technologies Teacher & Leader)

**For more information:** <https://www.spbentleigh.catholic.edu.au/>



**Community  
is connection**

Community Bank · Highett

Celebrating 20 years of  
community banking



**Community  
is local**

Community Bank · Highett

Celebrating 20 years of  
community banking

### Sport and Recreation: McKinnon Basketball Association

After the extended COVID-19 lockdowns during 2020, the Association faced the daunting task of restarting operations when the impact of the pandemic on participation levels were unknown. The decision to apply for funding from Community Bank Highett assisted the Association to quickly deliver competitions and development programs and support the upgrading of facilities and equipment in readiness for the start of the 2021 Winter season.

Specifically, the funding supported the delivery of a coach and referee induction and education programs to address the declining supply after the extended lockdown in 2020. Much needed improvements were also made to the basketball facilities and equipment, including upgrades to rings, nets and scoring pads. The outcomes from this funding have been

widespread. Participation increased across all programs, coaches are more engaged in learning which sees better outcomes for players. The increased pool of referees has permitted the competition to be adequately staffed at a high standard. Overall, the funding has helped the Association to bounce back after nearly 300 basketball-free days in 2020-21.

Community Bank Highett care deeply about their community and have been extremely supportive and collaborative in our mission to improve the experience of our members (Anita Ledger, General Manager).

**For more information:** <https://www.mckinnonbasketball.org/>

# Directors' report

## HIGHETT COMMUNITY FINANCIAL SERVICES LIMITED For the year ended 30 June 2021

### Directors' Meetings

During the 2020-21 year, 11 Directors meetings were held. Attendance by each Director was as follows:

Director	Meetings as Director	Meetings attended	Director details
Dr Robyn Cochrane	11	10	Director since 2008
Skye Hardie	8	7	Retired 29 March 2021
Roland Hassall	4	3	Retired 19 November 2020
Rick Iversen	4	4	Co-opted 22 February 2021
Maria Koutsimpiris	11	10	Director since 2019
Jasmine Parker	9	9	Retired 26 April 2021
Chris Pettit	11	10	Director since 2020
Gerlinde Scholz	11	10	Director since 2020
Debra Smith	11	11	Director since 2020
Peter Smith	11	10	Director since 2020
Susan Smith	3	3	Co-opted 29 March 2021
Caren Walliser	11	11	Director since 2018

Note: New Directors observed meetings before co-opting which are not included.

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

**Committees:** Community Partnerships; Branch Performance; Finance and Assets; Governance; and People and Culture.

**Working Groups:** AGM and Annual Report; Director Recruitment and Selection Working Group, Franchise Agreement and Lease Renewal; and Risk and 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 2021	30 June 2020
Net Profit after Tax	\$34,191	\$29,815

### Review of Operations

During 2020/21 the Board continued its focus on good corporate governance. This included a change in auditors to RSD Audit and a move to an electronic platform for the share registry. In March, the Franchise Agreement with Bendigo and Adelaide Bank was renewed for five years. The lease for the Branch at 322-324 Highett Road was also renewed in March, with a 4% rent increase in year 1 and then 2.5% for each year thereafter.

It is noteworthy that revenue included \$50.5k of government COVID-19 relief payments.

### 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 2021 are outlined in the Chairperson'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)

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### 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 five cent fully franked dividend was paid during the period for the 2020 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.

### 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 has been included in this report.

Signed in accordance with a resolution by the Board of Directors



**Dr. Robyn Cochrane, Director/Chairperson**



**Rick Iversen, Director/Treasurer**

Date: 27 September 2021



# Auditor's independence declaration



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## **Auditors Independence Declaration under section 307C of the *Corporations Act 2001* to the Directors of Highett Community Financial Services Limited**

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Highett Community Financial Services Limited. As the lead audit partner for the audit of the financial report for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) The auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) Any applicable code of professional conduct in relation to the audit.

**RSD Audit**

A handwritten signature in black ink, appearing to read 'Katie Teasdale'.

**Kathie Teasdale**  
**Partner**  
41A Breen Street  
Bendigo VIC 3550

**Dated:** 29 September 2021

# Financial statements

## Statement of Comprehensive Income

HIGHETT COMMUNITY FINANCIAL SERVICES LIMITED

For the year ended 30 June 2021

	NOTES	2021	2020
<b>Revenue</b>			
Revenue from Ordinary Activities	4	797,136	943,747
Other Income	5	64,142	38,324
<b>Total Revenue</b>		<b>861,278</b>	<b>982,071</b>
<b>Expenses</b>			
Community Returns (Donations & Grants)		(10,000)	(79,000)
Sponsorship		(52,122)	(53,632)
Marketing Expenses		(6,264)	(5,969)
Employee and Associated Costs		(452,497)	(486,996)
Occupancy and Associated Costs		(27,649)	(31,747)
System Costs		(58,787)	(58,317)
Depreciation and Amortisation	6	(82,351)	(78,860)
General Administration Expenses		(110,905)	(101,125)
Interest Expense	7	(28,378)	(52,519)
<b>Total Expenses</b>		<b>(828,954)</b>	<b>(948,165)</b>
<b>Profit/(Loss) before Taxation</b>		<b>32,324</b>	<b>33,906</b>
<b>Income Tax Expense</b>			
Income Tax Expense	8	1,867	(4,092)
<b>Total Income Tax Expense</b>		<b>1,867</b>	<b>(4,092)</b>
<b>Net Profit After Tax</b>		<b>34,191</b>	<b>29,814</b>
<b>Dividends Provided For or Paid</b>			
Dividends Provided For or Paid	9	(23,209)	(46,418)
<b>Total Dividends Provided For or Paid</b>		<b>(23,209)</b>	<b>(46,418)</b>
<b>Other Appropriations</b>			
Other Appropriations	22	10,000	10,000
<b>Total Other Appropriations</b>		<b>10,000</b>	<b>10,000</b>
<b>Net Profit After Tax &amp; Dividends</b>		<b>20,982</b>	<b>(6,604)</b>

# Balance Sheet

## HIGHETT COMMUNITY FINANCIAL SERVICES LIMITED As at 30 June 2021

	NOTES	30 JUN 2021	30 JUN 2020
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	10	209,383	198,308
Receivables	11	60,018	73,656
Financial Assets	12	622,296	638,260
Taxation	13	6,424	21,829
Other Current Assets	14	1,787	3,798
<b>Total Current Assets</b>		<b>899,909</b>	<b>935,852</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	15	137,636	142,830
Right-of-use Asset	16	836,082	984,335
Intangibles	17	67,976	8,306
Deferred Tax Asset	18	75,153	73,286
<b>Total Non-Current Assets</b>		<b>1,116,847</b>	<b>1,208,757</b>
<b>Total Assets</b>		<b>2,016,756</b>	<b>2,144,608</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Payables	19	21,740	27,288
Provisions	20	29,262	83,320
Accrued Expenses	21	11,049	-
Financial Liabilities	22	10,000	-
Property Lease Liability	23	37,547	28,488
<b>Total Current Liabilities</b>		<b>109,599</b>	<b>139,096</b>
<b>Non-Current Liabilities</b>			
Payables	19	43,503	2,641
Provisions	20	12,728	5,015
Financial Liabilities	22	20,000	40,000
Property Lease Liability	23	1,001,468	1,149,380
<b>Total Non-Current Liabilities</b>		<b>1,077,699</b>	<b>1,197,037</b>
<b>Total Liabilities</b>		<b>1,187,298</b>	<b>1,336,133</b>
<b>Net Assets</b>		<b>829,458</b>	<b>808,475</b>
<b>Equity</b>			
Share Capital	24	464,175	464,175
Retained Earnings	25	365,283	344,300
<b>Total Equity</b>		<b>829,458</b>	<b>808,475</b>

## Statement of Changes in Equity

### HIGHETT COMMUNITY FINANCIAL SERVICES LIMITED

For the year ended 30 June 2021

	ISSUED CAPITAL	ACCUMULATED PROFITS	TOTAL EQUITY
<b>Transactions-2020</b>			
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)
<b>Balance as at 30 June 2020</b>	<b>464,175</b>	<b>344,300</b>	<b>808,475</b>
	ISSUED CAPITAL	ACCUMULATED PROFITS	TOTAL EQUITY
<b>Transactions - 2021</b>			
Balance as at 1 July 2020	464,175	344,300	808,475
Total comprehensive income for the year	-	34,192	34,192
Transactions	-	-	-
Transfer to Highett Youth Club Liability from Accumulated Profit	-	10,000	10,000
Dividends provided for or paid	-	(23,209)	(23,209)
<b>Balance as at 30 June 2021</b>	<b>464,175</b>	<b>365,283</b>	<b>829,458</b>

## Statement of Cash Flows

### HIGHETT COMMUNITY FINANCIAL SERVICES LIMITED

For the year ended 30 June 2021

	2021	2020
<b>Operating Activities</b>		
Receipt from Customers	883,795	1,037,156
Payments to Suppliers and Employees	(896,463)	(980,640)
Interest Received	6,028	12,435
Interest and other costs of finance paid	(31,527)	(31,962)
Income Tax Refunded/(Paid)	10,334	(58,515)
Cash Receipts From Other Operating Activities	64,142	38,324
<b>Net Cash Flows from Operating Activities</b>	<b>36,309</b>	<b>16,798</b>
<b>Investing Activities</b>		
Proceeds from Sale of Investments	21,992	6,715
Payment for Property, Plant and Equipment	(3,434)	(3,508)
Payment for Investments	(6,028)	(12,435)
<b>Net Cash Flows from Investing Activities</b>	<b>12,530</b>	<b>(9,227)</b>
<b>Financing Activities</b>		
Dividends provided for or paid	(23,209)	(46,418)
Unclaimed dividend monies	(12,915)	-
Return of Capital Amounts Payable	(1,640)	-
<b>Net Cash Flows from Financing Activities</b>	<b>(37,764)</b>	<b>(46,418)</b>
<b>Net Cash Flows</b>	<b>11,075</b>	<b>(38,847)</b>
<b>Cash and Cash Equivalents</b>		
Cash and cash equivalents at beginning of period	198,308	237,155
Cash and cash equivalents at end of period	209,383	198,308
<b>Net change in cash for period</b>	<b>11,075</b>	<b>(38,847)</b>

# Statement of Cash Flows – Note 1

## HIGHETT COMMUNITY FINANCIAL SERVICES LIMITED For the year ended 30 June 2021

### 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:

	2021	2020
<b>Cash and Cash Equivalents</b>		
1201 - General Cheque A/C	132,270	144,343
1202 - Market Development A/C	17,213	275
1203 - Manager's Visa A/C	345	162
1205 - Terminal Rental A/C	187	325
1206 - Everyday Business A/C	57,824	51,824
1207 - Dividend Payments A/C	892	921
1208 - Chairperson's Expense Account	470	286
Petty Cash	182	172
<b>Total Cash and Cash Equivalents</b>	<b>209,383</b>	<b>198,308</b>

## Statement of Cash Flows – Note 2

HIGHETT COMMUNITY FINANCIAL SERVICES LIMITED

For the year ended 30 June 2021

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

	2021	2020
<b>Net cash provided by Operating Activities</b>		
Profit from ordinary activities after tax	34,191	29,814
<b>Non Cash Items:</b>		
Depreciation	2,209	1,409
Amortisation	80,142	77,451
<b>Changes in assets/(liabilities)</b>		
Increase/(decrease) in Tax Liabilities	15,405	(58,444)
<b>Changes in assets and liabilities net of effects of purchases and disposals of controlled entities:</b>		
(Increase)/decrease in Plant & Equipment Assets	-	2,433
<b>Other</b>		
(Increase)/decrease in Receivables	13,638	11,509
(Increase)/decrease in Deferred Tax Asset	(1,867)	(7,304)
Increase/(decrease) in Payables	(20,624)	(16,976)
Increase/(decrease) in Employee Entitlements	-	967
Increase/(decrease) in Accrued Expenses	11,049	-
Increase/(decrease) in Lease Liabilities	(51,489)	(24,276)
Increase/(decrease) in Provisions	(46,345)	215
<b>Total Net cash provided by Operating Activities</b>	<b>36,309</b>	<b>16,798</b>

# Notes to the financial statements

## HIGHETT COMMUNITY FINANCIAL SERVICES LIMITED

For the year ended 30 June 2021

### 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. 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).



## Notes to the financial statements (continued)

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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.

### 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.

## Notes to the financial statements (continued)

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### 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 2026 with a further 2 options of 5 years. The next review date is 18th March 2026.

### 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.

### 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.

## Notes to the financial statements (continued)

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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 cash flows.

## **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.

## **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.

## Notes to the financial statements (continued)

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.

	2021	2020
<b>4. Revenue from Ordinary Activities</b>		
Gross Margin Income	709,654	825,661
Upfront Product Commission	9,972	11,123
Trailer Product Commission	19,416	24,661
Fee Income	53,448	59,819
Market Development Fund Income	-	10,000
Terminal Rental Income	-	1,646
Interest	4,645	10,836
<b>Total Revenue from Ordinary Activities</b>	<b>797,136</b>	<b>943,747</b>
	2021	2020
<b>5. Other Income</b>		
Coronavirus Cash Flow Boost	50,572	38,324
Other Income - Paid Parental Leave	13,570	-
<b>Total Other Income</b>	<b>64,142</b>	<b>38,324</b>
	2021	2020
<b>6. Depreciation and Amortisation</b>		
Amortisation	80,142	77,451
Depreciation	2,209	1,409
<b>Total Amortisation / Depreciation</b>	<b>82,351</b>	<b>78,860</b>

## Notes to the financial statements (continued)

	2021	2020
<b>7. Interest Expense</b>		
Make-good interest	225	215
Right-of-use interest	28,154	52,304
<b>Total Interest Expense</b>	<b>28,378</b>	<b>52,519</b>

## 8. Income Tax Expense

Income tax expense comprises current and deferred tax.

	2021	2020
<b>Amounts recognised in profit or loss</b>		
<b>Current tax expense / (credit)</b>		
Current tax	-	11,396
Movement in deferred tax	(4,873)	(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 in future periods	3,006	4,228
<b>Total Current tax expense / (credit)</b>	<b>(1,867)</b>	<b>4,092</b>

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

	2021	2020
<b>Prima face income tax reconciliation</b>		
<b>Operating profit before taxation</b>		
Operating profit before taxation	33,906	33,906
<b>Prima Facie Tax on profit from ordinary activities</b>		
Prima Facie Tax on profit from ordinary activities @ 26% (2020: 27.5%)	8,404	9,324
<b>Tax effect of:</b>		
Non deductible expenses	327	1,684
Temporary differences	(7,878)	10,927
Other assessable income	-	-
Non assessable income	(13,149)	(10,539)
Movement in deferred tax	(4,873)	(77,514)
Leases initial recognition	-	43,940
Employee provision recognition	-	22,042
Reduction in company tax rate in future periods	3,006	4,228
Adjustment to account for tax loss for the period	12,296	-
<b>Income tax expense</b>	<b>(1,867)</b>	<b>4,092</b>

## Notes to the financial statements (continued)

	2021	2020
<b>9. Dividends Provided For or Paid</b>		
Dividends Provided For or Paid	23,209	46,418
<b>Total Dividends Provided For or Paid</b>	<b>23,209</b>	<b>46,418</b>
	2021	2020
<b>10. Cash and Cash Equivalents</b>		
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the below figures:		
Bank Accounts	209,383	198,308
<b>Total Cash and Cash Equivalents</b>	<b>209,383</b>	<b>198,308</b>
	2021	2020
<b>11. Receivables</b>		
Profit Share Receivables	59,241	71,496
Accrued Interest Receivable	777	2,161
<b>Total Receivables</b>	<b>60,018</b>	<b>73,656</b>
	2021	2020
<b>12. Financial Assets</b>		
Term Deposits	622,296	638,260
<b>Total Financial Assets</b>	<b>622,296</b>	<b>638,260</b>
	2021	2020
<b>13. Taxation</b>		
GST	(2,895)	2,176
Provision For Taxation	10,773	30,003
Other Creditors - ATO	(1,454)	(10,350)
<b>Total Taxation</b>	<b>6,424</b>	<b>21,829</b>
	2021	2020
<b>14. Other Current Assets</b>		
AFS & Associates - Dividend Account	1,787	3,798
<b>Total Other Current Assets</b>	<b>1,787</b>	<b>3,798</b>

## Notes to the financial statements (continued)

	2021	2020
<b>15. Property Plant and Equipment</b>		
<b>Leasehold Improvements</b>		
At Cost	225,479	223,689
Less Accumulated Depreciation	(89,320)	(82,697)
<b>Total Leasehold Improvements</b>	<b>136,159</b>	<b>140,992</b>
<b>Plant and Equipment</b>		
At Cost	36,968	35,323
Less Accumulated Depreciation	(35,491)	(33,487)
<b>Total Plant and Equipment</b>	<b>1,477</b>	<b>1,838</b>
<b>Total Property Plant and Equipment</b>	<b>137,636</b>	<b>142,830</b>

## 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, 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.

	2021	2020
<b>Right-of-use Assets</b>		
Right-of-use asset	1,169,233	1,256,597
Accumulated amortisation on right-of-use asset	(333,151)	(272,263)
<b>Total Written Down Value</b>	<b>836,082</b>	<b>984,335</b>

	2021	2020
<b>17. Intangibles</b>		
<b>Franchise Fees</b>		
At Cost	72,505	50,000
Less Accumulated Amortisation	(4,529)	(41,694)
<b>Total Franchise Fees</b>	<b>67,976</b>	<b>8,306</b>
<b>Total Intangibles</b>	<b>67,976</b>	<b>8,306</b>

## Notes to the financial statements (continued)

### 18. Deferred Tax Assets

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

	30 June 2020	Recognised in Profit or Loss	Recognised in Equity	30 June 2021
<i>Deferred Tax Asset</i>				
Employee provisions	21,663	(12,476)	-	9,187
Make-good provisions	1,304	6	-	1,310
Lease liability	306,246	(46,492)	-	259,754
Accrued expenses	-	2,765	-	2,765
Carried forward tax losses	-	11,823	-	11,823
<b>Total Deferred Tax Assets</b>	<b>329,213</b>	<b>(44,374)</b>	<b>-</b>	<b>284,839</b>
<i>Deferred Tax Liabilities</i>				
Right-of-use assets	255,927	(46,907)	-	209,020
Accrued interest	-	194	-	194
Property, Plant & Equipment	-	472	-	472
<b>Total Deferred Tax Liabilities</b>	<b>255,927</b>	<b>(46,241)</b>	<b>-</b>	<b>209,686</b>
<b>Net Deferred Tax Assets/(Liabilities)</b>	<b>73,286</b>	<b>1,867</b>	<b>-</b>	<b>75,153</b>
			2021	2020

### 19. Payables

<b>Current</b>		
Other Creditors	-	2,700
PAYG Withholding Payable	5,444	6,124
Superannuation Payable	9	1,750
Unclaimed Dividend Monies	1,787	16,713
Franchise Renewal Fee via Revenue Share	14,501	-
<b>Total Current</b>	<b>21,740</b>	<b>27,288</b>
<b>Non Current</b>		
Return of Capital Monies	-	2,641
Franchise Renewal Fee via Revenue Share	43,503	-
<b>Total Non Current</b>	<b>43,503</b>	<b>2,641</b>
<b>Total Payables</b>	<b>65,243</b>	<b>29,929</b>



## Notes to the financial statements (continued)

### 20. Provisions

	2021	2020
<b>Provisions</b>		
<b>Current liabilities</b>		
Provision for Holiday Pay	29,262	37,182
Provision for Long Service Leave	-	46,138
<b>Total Current liabilities</b>	<b>29,262</b>	<b>83,320</b>
<b>Non-current liabilities</b>		
Provision for Long Service Leave	7,488	-
Make-good on leased premises	5,240	5,015
<b>Total Non-current liabilities</b>	<b>12,728</b>	<b>5,015</b>
<b>Total Provisions</b>	<b>41,990</b>	<b>88,335</b>

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.

	2021	2020
<b>Make-good provision</b>		
Face-value of make-good costs recognised	10,000	10,000
Present value discounting	(4,985)	(5,200)
Make-good interest	225	215
<b>Total Make-good provision</b>	<b>5,240</b>	<b>5,015</b>

	2021	2020
<b>21. Accrued Expenses</b>		
Accrued Salaries & Wages	6,446	-
Accrued Expenses	803	-
Provision for Audit Fees	3,800	-
<b>Total Accrued Expenses</b>	<b>11,049</b>	<b>-</b>

## Notes to the financial statements (continued)

	2021	2020
<b>22. Financial Liabilities</b>		
<b>Current</b>		
<b>Unsecured</b>		
Highett Youth Club	10,000	-
<b>Total Unsecured</b>	<b>10,000</b>	<b>-</b>
<b>Total Current</b>	<b>10,000</b>	<b>-</b>
<b>Non Current</b>		
<b>Unsecured</b>		
Highett Youth Club	20,000	40,000
<b>Total Unsecured</b>	<b>20,000</b>	<b>40,000</b>
<b>Total Non Current</b>	<b>20,000</b>	<b>40,000</b>
<b>Total Financial Liabilities</b>	<b>30,000</b>	<b>40,000</b>

\$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, 3 Instalments are still to be paid.

## 23. 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.

	2021	2020
<b>Current Lease Liabilities</b>		
Property Lease Liabilities	82,420	79,643
Unexpired interest	(44,873)	(51,155)
<b>Total Current Lease Liabilities</b>	<b>37,547</b>	<b>28,488</b>
	2021	2020
<b>Non Current Lease Liabilities</b>		
Property Lease Liability	1,356,073	1,609,460
Unexpired Interest	(354,605)	(460,080)
<b>Total Non Current Lease Liabilities</b>	<b>1,001,468</b>	<b>1,149,380</b>

## Notes to the financial statements (continued)

	2021	2020
<b>Maturity Analysis</b>		
<b>Undiscounted Lease Payments</b>		
Not later than 12 months	82,420	79,643
Between 12 months and 5 years	350,808	351,730
Greater than 5 years	1,005,265	1,257,730
<b>Total Undiscounted Lease Payments</b>	<b>1,438,493</b>	<b>1,689,103</b>
Unexpired Interest	(399,478)	(511,235)
<b>Present Value of Lease Liabilities</b>	<b>1,039,015</b>	<b>1,177,868</b>

	2021	2020
<b>24. Contributed Capital</b>		
Issued & Paid Up Capital	464,175	464,175
<b>Total Contributed Capital</b>	<b>464,175</b>	<b>464,175</b>

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.

## 25. Accumulated Profits

Financial Year	2021	2020
Balance at beginning of reporting period	344,300	444,702
Effect of AASB16 Leases	0	(115,840)
Effect of Employee provision recognition	0	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	(23,209)	(46,418)
Net Profit after Tax	34,192	29,814
<b>Balance at the reporting date</b>	<b>365,283</b>	<b>344,300</b>

## 26. 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%.

## Notes to the financial statements (continued)

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### 27. Auditor's Remuneration

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

Financial Year	2021	2020
Auditor's Remuneration	4,955	4,000

### 28. Key Management Personnel Disclosures

The following honorarium payments were made to Directors:

Amount	Number of Directors
\$0	5
\$1 - \$500	0
\$501 - \$1,000	2
\$1,001 - \$1,500	2

### 29. 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.

### 30. Contingent Liabilities

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

### 31. 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

## Directors' Declaration

HIGHETT COMMUNITY FINANCIAL SERVICES LIMITED

For the year ended 30 June 2021

In accordance with a resolution of the directors of Highett Community Financial Services 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 2021 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.



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**Dr. Robyn Cochrane**

Director/Chairperson



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**Rick Iversen**

Director/Treasurer

# Independent audit report



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## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HIGHTETT COMMUNITY FINANCIAL SERVICES LIMITED**

### **REPORT ON THE AUDIT OF THE FINANCIAL REPORT**

#### **Opinion**

We have audited the financial report of Hightett Community Financial Services Limited (the Company), which comprises the statement of financial position as at 30 June 2021, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion the accompanying financial report of Hightett Community Financial Services 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 2021 and of its performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*

#### **Basis for Opinion**

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements related to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report.

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

#### **Independence**

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

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

#### **Director's Responsibility for the Financial Report**

The directors of the Company are responsible for the preparation of the financial report that 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company 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 to cease operations, or have no realistic alternative but to do so.

Richmond Sinnott & Delahunty, trading as RSD Audit  
ABN 60 616 244 309  
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## **Auditor's Responsibility for the Audit of the Financial Report**

Our responsibility is to express an opinion on the financial report based on our audit. 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. Misstatements 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.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

We identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We obtain sufficient appropriate audit evidence regarding the financial information of the entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

## **Other Information**

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2021 but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information, 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, based on



the work we have performed, we conclude that there is material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

The financial report of Highett Community Financial Services Limited for the year ended 30 June 2020 was audited by another auditor who expressed an unmodified opinion on the financial report on 4<sup>th</sup> November 2020.

**RSD Audit**  
Chartered Accountants

A handwritten signature in black ink, appearing to read 'Katie Teasdale'.

**Kathie Teasdale**  
Partner  
Bendigo  
Dated: 29 September 2021



**Community Bank · Highett**

322-324 Highett Road, Highett VIC 3190

Phone: 03 9555 6055

Web: [bendigobank.com.au/highett](http://bendigobank.com.au/highett)



/communitybankhighett



/bendigocb\_highett

**Franchisee:**

Highett Community Financial Services Limited

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