

Annual Report 2020

Inner West Community
Enterprises Limited

Community Bank
Seddon

ABN 93 124 893 705



Contents

Chair's report	2
Chief Executive Officer's report	5
Manager's report	7
Bendigo and Adelaide Bank report	9
Directors' report	10
Auditor's independence declaration	16
Financial statements	17
Notes to the financial statements	21
Directors' declaration	37
Independent audit report	38

Chair's report

For year ending 30 June 2020

I write this report from my home office like most of my fellow Victorians, as we are still living through the effects of COVID-19 on our community, our economy and our lives. From bushfires to floods and a pandemic, 2020 has tested all of us and the effects will be felt for many years yet. Some of them we hope will be positive, the shift to local, better work life balance and a strengthening sense of community.

This in essence is what we stand for at Community Bank Seddon, a bank with all of the benefits of a major financial institution that has a direct impact on your local community, the inner west. We employ local people, we support local business and we work to strengthen this community with the distribution of our investments, sponsorships and grants. In 11 years our commitment to growing this community has never waived and our continued growth and success is a testament to the fact that this community and you, our shareholders believe in that too.

Our branch team have been on the frontline during the pandemic and have had to adapt quickly to a rapidly changing environment. With new safety protocols, changes to the physical branch and having to assist our customers through some pretty tough times as jobs and businesses began to feel the effect of the situation. Throughout this they have remained calm, professional and most importantly have not ever lost their commitment to helping our customers in having meaningful conversations about their financial affairs. Many of them took the opportunity to make the move to digital banking solutions which will have a significant impact on how we service customers in the future.



As our partner, Bendigo and Adelaide Bank Limited has already signalled, the move to more online banking will change the nature of the branch network as over the counter transactions continue to fall. The Board of Inner West Community Enterprises Limited is happily part of this conversation with our partner but has also commenced work to investigate what our 'branch of the future' looks like. In the coming months you may see some changes and new initiatives at the branch. We are committed to our branch continuing to serve the needs of our community; perhaps beyond banking.

Chair's report (continued)

In another tough year for banking with low interest rates and a recession that hit us at the end of the financial year; our results have been extraordinary. While our revenue has remained flat, against a strong growth in funds under management, our branch team lead by Ashley Coles has been able to substantially grow the number of customers that bank with us and the number of products that they have. This strategy has helped us to grow revenue beyond our traditional deposit and lines of credit to see a growing contribution from commissions on other products. Of course, our customers like you benefit from that as well with great deals for the more products we support you with to the increasing revenue that gets delivered back into our community. This year our revenue was \$1,165,277 and with our continued careful management of expenses has allowed us to deliver a profit after tax of \$34,772.

This year with much of our community engagement activities cancelled including our own Community Pitch; we have turned our attention to support new community groups, outreach activities and showcase different parts of our business community. If you are a regular reader of The Westsider, one of our ongoing partnerships, you will have seen our local business showcase pages that have helped bring important notice and publicity to some local traders. This is just one of the many successful campaigns that our Marketing and Community Connection Coordinator, Suzanne Saunders has delivered. Our social pages on Facebook and Instagram have become the 'go to place' to learn about what's happening in



our community. We have supported fundraising activities, actively got behind the Bushfire Appeal which helped raise over \$30 million, worked in partnership with community connection initiatives, acknowledged and thanked frontline workers in conjunction with Bendigo and Adelaide Bank Limited and been able to provide valuable information to keep customers up-to-date about their branch and financial services.

As the Board signalled last year, our support has also created the Inner West Community Foundation Incorporated which was the recipient of 'Pick My Project' state government funding which saw the establishment of the Inner West Community Bike Hub in conjunction with Rotary Club of Footscray. This has been a huge success as you will read in the CEO Andy Moutray-Read's report and we thank our local community for getting behind this fantastic community project.



The work of the foundation has continued this year to deliver on our mission to grow the inner west in a sustainable way that provides employment opportunities for our local community. Through the work and connections of one of our Directors Pamela Sutton-Legaud we were successful in our application to receive funds to develop a financial literacy program for high school students in conjunction with Victoria University. This substantial amount of funding from Esctra Foundation was facilitated by our strong ties to the Hobsons Bay Community Fund who helped sponsor our application.

Chair's report (continued)

2020 has been about resilience and adaptability and I am grateful that all of our team have been able to deliver. I would like to acknowledge and thank my fellow Board members who have remained committed to the course and the cause through 2020 and continue to deliver expertise, skill and most importantly their time as volunteers. I would especially like to thank the leaders of our committee's and office bearers; Jack Fitcher, Treasurer and Jenny Britt who jointly chair our FARG and People and Performance committee, Pamela Sutton-Legaud who leads our Community Engagement Committee, David St John our Company Secretary and Wal Wiersma who chairs the Foundation.



Our branch and corporate teams are led by simply the best in the business in Ashley Coles and Andy Moutray-Read. They are the envy of our peers and in fact other branches have started to reach out to learn more about how we structure and run our community company. Our amazing branch team is rounded out by Jonathon Ray, Esha Shrestha, Trish Roache, Teena Brown and Therese Jeitani. Suzanne Saunders our Marketing and Community Connections Coordinator is the bridge between the branch and the corporate team and initiatives and keeps them connected to our community. And perhaps the most important person, Deirdre O'Donnell who continues to support the Board as our Executive Officer. As our business grows and becomes more complex, so does Deirdre's role as she also is integral in helping us to maintain our status as an employer of choice.

I am perennially humbled by the chance to serve as Chair of this organisation and in my fifth year feel I have so much to contribute. I am so proud of the results we have delivered to you our shareholders but more proud of the people we attract and retain and the tangible impact we have on our community. You are part of that, your seed funding started us on this journey and your continued support provides us the platform to serve this community in the best way we know how; to grow the inner west.

A handwritten signature in black ink, appearing to read 'Sarah Natalie Franklyn'.

Sarah Natalie Franklyn
Chair
Inner West Community Enterprises

Chief Executive Officer's report

For year ending 30 June 2020

In the most challenging of times Inner West Community Enterprises Limited (IWCE) has had to adapt to new ways of connecting to our community. Zoom has become a household name and our team has been challenged to develop community ties without the benefits of face-to-face interactions. We have, however, continued to develop existing partner programs, and enhanced our Inner West Community Foundation to oversee these developments.

The Westsider Newspaper

As many regional and metropolitan newspapers close, we are very proud to provide our ongoing support for the continued publication of The Westsider!

As a key partner we work with Derek and his team to ensure the paper prints every month. Although advertising revenue has dropped and the number of printed copies of the paper have reduced, the development of the online platform and the focus of the social media team has been amazing and provided growth in new areas. This will bode well for the paper as we emerge out of lockdown, providing local stories in both print and online formats.



The Community Bike Hub

Launched last year the Community Bike Hub has been a resounding success. From a concept some two years ago, which started with an empty container placed into the car park of a local business and receiving funding support from State Government, it finally opened in September last year.

A summary of highlights in its first 12 months of operation:

- Four part-time bike mechanics employed
- 12 volunteer bike mechanics
- 900 bike services or repairs completed
- 280 bikes sold
- 200 members signed
- 386 bikes repaired and donated to community members in need (with helmet, lock, lights).

The bike hub also made a small surplus, so thank you to every member of our community who either became a member, donated a bike or volunteered to help!



Chief Executive Officer's report (continued)

MAD Youth



The team at MAD Youth had a year of two halves; Successful programs included a fundraising BBQ at Footscray Finds which raised \$650 for the Victorian Bushfire Appeal and collecting toiletry items through local primary schools to collate over 30 bags for Share the Dignity Christmas appeal, all proving to be huge successes!

The second half of the year has been far more challenging, and we gave the team a break to focus on themselves, their families and in many cases their schoolwork!

We recently reconnected and began planning for next year, with a focus on ways to help our young adults as we come out of lockdown. A huge shout out to leaders Megha, Nick and Sophie for all their help and planning!

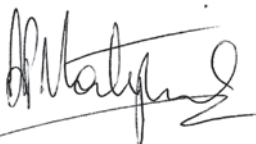
Financial Literacy

We continue the development of our financial literacy program in partnership with Victoria University, however, with COVID-19 conditions limiting the university students ability to collaborate on projects, plus the closure of high schools where we were to run the pilot programs, the time frame for the delivery of this program has been extended. Having secured funding from Ecstra Foundation through the Hobsons Bay Community Fund we are able to engage the students in paid roles to develop this program. A big thank you to our Board member Pamela Sutton-Legaud for both identifying the grant and then leading the development of the submission. This grant has enabled us to develop the program which will be delivered to our high school students, before further enhancing it to help other members of our broader community organisations. Although delayed, this program will now roll out in 2021.

Last Christmas we executed our planned departure from our co-working space at the Dream Factory. Given the developments of the COVID-19 pandemic, we have, along with most of Melbourne, been working from home. Although this has provided some cost savings, it provides its own challenges of running a community connecting business when community is unable to connect in the traditional way.

A huge thank you to the team at IWCE – nothing we do would happen without the combined efforts of Sarah and her team on the IWCE Board, Ashley and his team at Community Bank Seddon and our community support team of Deirdre and Suzanne. With a vision to simply 'Grow the Inner West' it is exciting to see the projects and programs we can support and deliver to make a difference to Melbourne's Inner West!

Thank You



Andy Moutray-Read
CEO

Manager's report

For year ending 30 June 2020

The 2019/20 financial year was an exceptional year for Community Bank Seddon. It was pleasing to see the branch at the forefront of the region in all areas of the business. The branch was able to produce this outstanding result through continued improvement in individual skills along with excellent teamwork and community support.

Key figures 2019/20 financial year

- Our business grew by \$24.4 million (15.2%) from \$161 million to \$185 million
- Increase in new customers 2.90%
- Products per customer increase of 4.90%
- Region leading results in Insurance sales
- Region leading results in Superannuation sales
- Region leading results in Sandhurst sales

The impact of COVID-19 is yet to be fully realised and we are under no illusions about the challenges faced in growing our business in these unprecedented times. However, I am confident we have the team and strategy in place to come out of this pandemic in a stronger position.

To those shareholders who are yet to bring their banking across to us, I implore you to think of Community Bank Seddon when considering your banking needs. We will continue calling all of our shareholders to discuss how we can assist with your banking needs and look forward to these conversations with you.

To those shareholders who have supported our branch, I thank you for your current and continued support. As a Community Bank, our mantra of supporting our local community continues in earnest. Since the branch commenced operations, numerous clubs, schools and organisations have received a total of more than \$755,553. It's exciting to think how much more could be done if everyone in the Inner West brought their banking to us.

Banking is what we do, however community is who we are. In the past 12 months we have also looked to assist community groups through branch community campaigns with activities including:

- Share the Dignity campaign with MAD Youth (collecting handbags and essentials for women and girls in need)
- Christmas Toy Drive for West Welcome Wagon
- Bendigo Bank Bushfire Appeal including:
 - homemade bags sales in conjunction with Far Fetched Designs
 - sausage sizzle with MAD Youth
 - sewing bee to make joey pouches in conjunction with Boomerang Bags & Footscray Finds
- Food Drive for ASRC (that was interrupted by COVID-19 restrictions)
- seed donations for World Environment Day
- coffee vouchers for local primary school teachers in collaboration with local businesses
- kid's clothing and blanket drive for Welcome West Wagon
- CWA Produce Stall in branch
- R U OK? Day morning tea



Manager's report (continued)



- Seddon Village Traders 'shop local' campaign in conjunction with The Westsider (three months)
- supporting Local Business 'shop local' campaign in conjunction with The Westsider (two months)
- supporting Reaching Out in the Inner West with goods donations (in conjunction with local business)
- collaboration with High Tees to support West Welcome Wagon
- supporting Footscray High School with care packs for Year 12s.

Despite the challenging times, our team – Jonathon, Esha, Trish, Teena and Therese, Andy, Deirdre and Suzanne are more passionate than ever about doing their very best for our customers and community.



With their continued drive and commitment, I look forward to what we can achieve in the coming financial year. Thank you for all the support you have provided for me, and the outstanding work you do, which I know our customers also greatly appreciate. Finally, on behalf of the branch team and myself, thank you to all those who continue to support their community.

Ashley Coles
Branch Manager

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

Your Directors submit the financial statements of the company for the financial year ended 30 June 2020.

Directors

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

Sarah Natalie Franklyn

Director

Occupation: Director of Sales and Marketing

Qualifications, experience and expertise: With a Bachelor of Business Marketing from Monash, Sarah has spent many years working in the loyalty, membership and digital industries across a number of sectors along with volunteering her time as a mentor to university graduates and other community groups. Sarah has also worked as a consultant for many small businesses and entrepreneurs to help build their marketing and business plans. A long term resident of Yarraville, Sarah shares a passion for the people and places of the inner west.

Special responsibilities: Chairperson

Interests in shares: 2,050

Jan Jelte Wiersma

Director

Occupation: Consultant

Qualifications, experience and expertise: Consultant in residential tertiary education. Former General Manager at Melbourne and Mt Eliza Business Schools. Past Dean at Trinity College, University of Melbourne and St Mark's College, University of Adelaide. Involved in Cross-Safe Yarraville and Preserve Yarraville Village.

Special responsibilities: None

Interest in shares: 1,000

David St John

Director

Occupation: Engineering Management

Qualifications, experience and expertise: David has been employed for over 30 years in the shipbuilding and aerospace industries at Williamstown & Richmond in roles such as payroll, systems development, statistical analysis, technical writing, logistics analysis and engineering management.

Special responsibilities: Company Secretary

Interest in shares: 2,100

Directors' report (continued)

Directors (continued)

Jonathon Victor Fitcher

Director

Occupation: Chief Financial Officer

Qualifications, experience and expertise: Jack is a qualified Certified Practising Accountant and a member of the Australian Institute of Company Directors. He has over 20 years' experience working in Finance roles across various industries with his most recent role being the Chief Financial Officer of the Australian Energy Market Operator (AEMO).

Special responsibilities: Treasurer

Interest in shares: 5,000

Jennifer Anne Britt

Director

Occupation: Manager, Business Strategy and Innovation, Department of Health and Human Services, Victorian Public Service

Qualifications, experience and expertise: Along with many years working in the West, Jenny has a proven record in delivering services and supports, particularly for those most vulnerable in our community. Jenny has a Masters of Business Administration and is a Graduate of the Australian Institute of Company Directors. Jenny is also a Director of Inner West Community Foundation Inc, delivering new social enterprises and innovation. She has a strong understanding of the public and community sectors, including disability accommodation and supports, sport and recreation, capital planning and delivery and project management.

Special responsibilities: Nil

Interest in shares: Nil

Anthony Mark Sticca

Director

Occupation: General Manager Design and Development

Qualifications, experience and expertise: Tony Sticca is a qualified architect. He is currently General Manager Design & Development for Village Entertainment, a division of Village Roadshow Ltd. In his current employment he has been involved in design and project management of cinema projects for past 25 years, on projects in over 25 countries through Asia and Europe as well as Australia. Tony has a Bachelor of Architecture and a Master of Architecture both from University of Melbourne, and a graduate diploma in Project Management from RMIT University. Tony is a resident of Yarraville, and has been living in the suburb for 20 years, raising 4 children in the community. He has been an active volunteer in sporting groups, and is a life member of Yarraville Seddon Eagles Football Club where his past roles included Junior Administrator and Club President.

Special responsibilities: Nil

Interest in shares: Nil

Directors' report (continued)

Directors (continued)

Pamela Sutton-Legaud

Director

Occupation: Fundraising Consultant

Qualifications, experience and expertise: Pamela Sutton-Legaud has built her career as a leader in the Australian and international not for profit sectors as a fundraiser and strategic manager in international aid, conservation and the environment with Bush Heritage Australia, Plan International and Oxfam Australia as well more recently in the education sector. She is a proven business and development strategy specialist who has significantly contributed to the NFP and commercial sectors having directed strategies that have raised more than \$150 million for Australian non-profit organisations. She successfully initiated, designed and completed a \$20 million capital raising campaign for Zoos Victoria, the most successful in Melbourne Zoo's 153-year history, leveraging and commemorating the 150th anniversary of the Zoo. Pamela has served as a Director or Trustee on a number of non-profit boards and contributed to their strategic growth. In recognition of her achievements, she was awarded the 2006 Victorian Telstra Business Woman of the Year award (Community & Government) for her work with Plan International and the Melbourne 2006 Commonwealth Games. Pamela completed a Masters of Business Administration (MBA) in February 2017 and is accredited as a Certified Fundraising Executive (CFRE) with CFRE International.

Special responsibilities: Nil

Interest in shares: Nil

Alisa Hood

Director

Occupation: Management Consultant - Digital & Customer Strategy

Qualifications, experience and expertise: Alisa has over 11 years of experience with a cross-section of digital and customer experience skills, with vast experience across bringing strategy, experience and technology to deliver customer and business outcomes in large and complex organisations. She is passionate about bringing customer experience and research to life by breaking down siloed teams, aligning around key customer metrics and outcomes and aligning teams across people, process and technology to drive business and customer outcomes. Alisa and her partner live in Yarraville, and is passionate about building thriving communities through sustainable initiatives.

Special responsibilities: Nil

Interest in shares: Nil

Patrick Maurice Jess

(Resigned 16 August 2019)

Director

Occupation: Local Government Leisure Health and Wellbeing Manager

Qualifications, experience and expertise: Pat has a Double Degree in Bachelor of Arts – Recreation Management and Bachelor of Business – Tourism Management. A Seddon local, Pat has 20 years' experience in the Sport and Recreation industry across Public, Private and Not for Profit sectors. He has a passion for community sport and helping local clubs to be strong contributors to their community.

Special responsibilities: Nil

Interest in shares: Nil

Directors were in office for this entire year unless otherwise stated.

No Directors have material interests in contracts or proposed contracts with the company.

Directors' report (continued)

Company Secretary

The Company Secretary is David St John.

David has held a range of positions in administrative and technical roles in the shipbuilding industry.

Principal activities

The principal activities of the company during the financial year were facilitating Community Bank services under management rights to operate a franchised branch of Bendigo and Adelaide Bank Limited.

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

Operating Results

Operations have continued to perform in line with expectations. The profit of the company for the financial year after provision for income tax was:

Year ended 30 June 2020	Year ended 30 June 2019
\$	\$
\$34,772	\$7,040

Remuneration report

Directors' remuneration

No Director of the company receives remuneration for services as a company Director or Committee member.

There are no Executives within the company whose remuneration is required to be disclosed.

Transactions with Directors

There were no transactions with Directors during the period under review.

Directors' shareholdings

	Balance at start of the year	Changes during the year	Balance at end of the year	Transactions after end of the year
Jan Jelte Wiersma	1,000	-	1,000	-
David St John	2,100	-	2,100	-
Jonathon Victor Fitcher (owned by Spouse)	5,000	-	5,000	-
Jennifer Anne Britt	-	-	-	-
Sarah Franklyn	2,050	-	2,050	-
Anthony Mark Sticca	-	-	-	-
Pamela Sutton-Legaud	-	-	-	-
Patrick Maurice Jess	-	-	-	-
Alisa Hood	-	-	-	-

Dividends

	Year ended 30 June 2020		Year ended 30 June 2019	
	Cents	\$	Cents	\$
Final dividends paid	5.0	33,385	7.0	46,740

Directors' report (continued)

Significant changes in the state of affairs

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

Events since the end of the financial year

A matter has continued to evolve since 30 June 2020 that has significantly affected, or may significantly affect:

- (a) the entity's operations in future financial years, or
- (b) the results of those operations in future financial years, or
- (c) the entity's state of affairs in future financial years.

The COVID-19 pandemic may induce changes in the state of affairs of the company during the financial period ended 30 June 2021. The Board of Directors will take all necessary measures to preserve capital and shepherd the company through this uncertain period. As at the date of signing this report, no negative changes due to the pandemic have affected the company.

Likely developments

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

Environmental regulation

The company is not subject to any significant environmental regulation.

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 specifically excluded by the insurance policy.

Directors' meetings

	Board meetings attended	
	Eligible	Attended
Jan Jelte Wiersma	8	8
David St John	8	8
Jonathon Victor Fitcher	6	4
Jennifer Anne Britt	8	8
Sarah Franklyn	8	8
Anthony Mark Sticca	8	8
Pamela Sutton-Legaud	8	7
Patrick Maurice Jess (Resigned 16 August 2019)	1	1
Alisa Hood	8	7

Proceedings on behalf of the 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.

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

Directors' report (continued)

Non audit services

The company may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the company are important. Details of the amounts paid or payable to the auditor (Frederik Eksteen of Collins & Co Audit Pty Ltd) for audit and non audit services provided during the year are set out in the notes to the accounts.

The Board of Directors has considered the position, in accordance with the advice received from the audit committee and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

The Directors are satisfied that the provision of non-audit services by the auditor, as set out in the notes did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

All non-audit services have been reviewed by the audit committee to ensure they do not impact on the impartiality and objectivity of the auditor.

None of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risk and rewards.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 16.

Signed in accordance with a resolution of the Board of Directors at Seddon, Victoria on 23 September 2020.



Sarah Natalie Franklyn
Chairperson

Auditor's independence declaration

TOWARDS A VISION SHARED



**Collins & Co
Audit Pty Ltd**

127 Paisley Street
Footscray VIC 3011
Australia

Phone (03) 9680 1000
Fax (03) 9689 6605

www.collinsco.com.au

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF
INNER WEST COMMUNITY ENTERPRISES LIMITED
A.B.N. 93 124 893 705**

I declare that to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2020 there have been:

- i. No contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- ii. No contravention of any applicable code of professional conduct in relation to the audit.

**Frederik Ryk Ludolf Eksteen CA
ASIC Auditor Registration Number 421448**

**Collins & Co Audit Pty Ltd
127 Paisley Street
FOOTSCRAY VIC 3011**

Dated this 23rd day of September 2020

Financial statements

Statement of Comprehensive Income for the year ended 30 June 2020

	Notes	2020 \$	2019 \$
Revenues from ordinary activities	4	1,165,277	1,148,719
Employee benefits expenses		(777,316)	(751,684)
Charitable donations, sponsorship, advertising and promotion		(90,112)	(80,835)
Occupancy and associated costs		(40,346)	(124,369)
Systems costs		(43,536)	(42,112)
Depreciation and amortisation expense	5	(67,230)	(27,139)
Finance costs	5	(25,188)	-
General administration expenses		(91,719)	(109,981)
Profit before income tax expense		29,830	12,599
Income tax expense	6	4,942	(5,559)
Profit after income tax expense		34,772	7,040
Total comprehensive income for the year attributable to members		34,772	7,040
Earnings per share (cents per share)		¢	¢
Basic attributable profit for the period:	21	5.21	1.05

The Statement of Comprehensive Income is to be read in conjunction with the independent audit report and the notes to the financial statements.

Financial statements (continued)

Statement of Financial Position as at 30 June 2020

	Notes	2020 \$	2019 \$
Assets			
Current assets			
Cash and cash equivalents	7	263,833	225,868
Trade and other receivables	8	127,784	132,008
Total current assets		391,617	357,876
Non current assets			
Property, plant & equipment	9	84,971	96,099
Intangible assets	10	427,848	51,114
Deferred tax asset	11	22,743	11,110
Total non-current assets		535,562	158,323
Total assets		927,179	516,199
Liabilities			
Current liabilities			
Trade and other payables	12	77,130	96,421
Tax liability	11	(2,211)	1,227
Provisions	13	34,589	17,302
Lease liability	14	32,573	-
Total current liabilities		142,081	114,950
Non-current liabilities			
Provisions	13	40,064	28,433
Lease liability	14	370,831	-
Total non-current liabilities		410,895	28,433
Total liabilities		552,976	143,383
Net assets		374,203	372,816
Equity			
Issued share capital		607,707	607,707
Accumulated funds/ (losses)		(233,504)	(234,891)
Total equity		374,203	372,816

The balance sheet is to be read in conjunction with the independent audit report and the notes to the financial statements.

Financial statements (continued)

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

	Issued share capital \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2018	607,707	(195,191)	412,516
Total comprehensive income for the year	-	7,040	7,040
	607,707	(188,151)	419,556
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Dividends provided for or paid	-	(46,740)	(46,740)
Balance at 30 June 2019	607,707	(234,891)	372,816
Balance as at 1 July 2019	607,707	(234,891)	372,816
Total comprehensive income for the year	-	34,772	34,772
	607,707	(200,119)	407,588
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Dividends provided for or paid	-	(33,385)	(33,385)
Balance as at 30 June 2020	607,707	(233,504)	374,203

The statement of changes in equity is to be read in conjunction with the independent audit report and the notes to the financial statements.

Financial statements (continued)

Statement of Cash Flows for the year ended 30 June 2020

	Notes	2020 \$	2019 \$
Cash flows from operating activities			
Receipts from customers		1,168,626	1,125,689
Payments to suppliers and employees		(1,034,481)	(1,112,371)
Interest received		2,402	3,285
Income tax paid		(10,129)	(11,368)
Net cash generated from/ (used in) operating activities	17	101,230	5,236
Cash flows from investing activities			
Payment for property, plant and equipment		-	(9,005)
Payment for intangible assets		-	-
Proceeds on disposal of property, plant and equipment		-	-
Net cash (used in)/ provided by investing activities		-	(9,005)
Cash flows from financing activities			
Repayment of lease liability		(29,880)	-
Dividends paid		(33,385)	(46,740)
Net cash used in financing activities		(63,265)	(46,740)
Net increase/ (decrease) in cash held		37,965	(50,509)
Cash and cash equivalents at beginning of financial year		225,868	276,377
Cash and cash equivalents at end of financial year	7	263,833	225,868

The statement of cash flows is to be read in conjunction with the independent audit report and the notes to the financial statements.

Notes to the financial statements

For year ended 30 June 2020

Note 1. Statement of significant accounting policies

The financial statements and notes represent those of Inner West Community Enterprises Limited, the company.

Statement of compliance

These financial statements are a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standards.

Basis of preparation

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. These areas involving a higher degree of judgement or complexities, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

Historical cost convention

The financial statements have been prepared under the historical cost convention on an accruals basis as modified by the revaluation of financial assets and liabilities at fair value through profit or loss and where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

Comparative figures

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

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 Seddon, 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 branch 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, including advice in relation to:

- advice and assistance in relation to the design, layout and fit out of the Community Bank branch
- training for the branch manager and other employees in banking, management systems and interface protocol
- methods and procedures for the sale of products and provision of services

Notes to the financial statements (continued)

Note 1. Statement of significant accounting policies (continued)

Basis of preparation (continued)

Economic dependency - Bendigo and Adelaide Bank Limited (continued)

- security and cash logistic controls
- calculation of company revenue and payment of many operating and administrative expenses
- the formulation and implementation of advertising and promotional programs
- sales techniques and proper customer relations.

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

Revenue

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

Revenue calculation

The franchise agreement 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 (i.e. 'margin 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 (i.e. 'commission business'). The commission is currently payable on various specified products and services, including insurance, financial planning, common fund, Sandhurst Select, superannuation, commercial loan referrals, products referred by Rural Bank, 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 (i.e. what are commonly referred to as 'bank 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

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the balance sheet liability method on temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Notes to the financial statements (continued)

Note 1. Statement of significant accounting policies (continued)

Income tax (continued)

Deferred tax (continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities reflects the tax consequences that would follow from the manner in which the consolidated entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

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

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the statement of comprehensive income, except when it relates to items credited or debited to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

Employee entitlements

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

The company contributes to a defined contribution plan. Contributions to employee superannuation funds are charged against income as incurred.

Cash and cash equivalents

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

Trade receivables and payables

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

Property, plant and equipment

Plant and equipment, leasehold improvements and equipment under finance lease are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land. Depreciation is calculated on a straight line basis so as to write off the net cost of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated at the rate equivalent to the available building allowance using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

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

- | | |
|--------------------------|----------------|
| - leasehold improvements | 40 years |
| - plant and equipment | 2.5 - 40 years |
| - furniture and fittings | 4 - 40 years |

Notes to the financial statements (continued)

Note 1. Statement of significant accounting policies (continued)

Intangibles

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

The renewal processing fee paid to Bendigo and Adelaide Bank Limited when renewing the franchise agreement has also been recorded at cost and is amortised on a straight line basis over the life of the franchise agreement.

The right of use asset - leased premises is amortised on a straight line basis over the life of the lease agreement.

Payment terms

Receivables and payables are non interest bearing and generally have payment terms of between 30 and 90 days.

Borrowings

All loans are initially measured at the principal amount. Interest is recognised as an expense as it accrues.

Financial instruments

Recognition and initial measurement

Financial instruments, incorporating financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument.

Financial instruments are initially measured at fair value plus transaction costs. Financial instruments are classified and measured as set out below.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset.

Classification and subsequent measurement

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

(ii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the entity's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

(iii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with changes in such fair value (i.e. gains or losses) recognised in the Statement of Comprehensive Income. Available-for-sale financial assets are included in non-current assets except where they are expected to be sold within 12 months after the end of the reporting period. All other financial assets are classified as current assets.

(iv) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Impairment

At each reporting date, the entity assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the statement of comprehensive income.

Notes to the financial statements (continued)

Note 1. Statement of significant accounting policies (continued)

Provisions

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

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

Contributed equity

Ordinary shares are recognised at the fair value of the consideration received by the company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet. Cash flows are included in the statement of cash flows on a gross basis.

The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Leased assets

For any new contracts entered on or after 1 July 2019, the company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period in exchange for consideration'. To apply this definition the company assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the company
- the company has the right to obtain substantially all the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- the company has the right to direct the use of the identified asset throughout the period of use.

The company assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the company recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the company's incremental borrowing rate.

Notes to the financial statements (continued)

Note 1. Statement of significant accounting policies (continued)

Measurement and recognition of leases as a lessee (continued)

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

Accounting for Leases under AASB 16

The adoption of this new Standard has resulted in the company recognising a right-of-use asset and related lease liability in connection with all former operating leases except for those identified as low-value or having a remaining lease term of less than 12 months from the date of initial application.

The new Standard has been applied using the modified retrospective approach, with the cumulative effect of adopting AASB 16 being recognised in equity as an adjustment to the opening balance of retained earnings for the current period. Prior periods have not been restated.

For contracts in place at the date of initial application, the company has elected to apply the definition of a lease from AASB 117 and has not applied AASB 16 to arrangements that were previously not identified as lease under AASB 117.

The company has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of AASB 16, being 1 January 2019. At this date, the company has also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition.

Instead of performing an impairment review on the right-of-use assets at the date of initial application, the company has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of AASB 16.

On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets the company has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straightline basis over the remaining lease term.

For those leases previously classified as finance leases, the right-of-use asset and lease liability are measured at the date of initial application at the same amounts as under AASB 117 immediately before the date of initial application.

On transition to AASB 16 the weighted average incremental borrowing rate applied to lease liabilities recognised under AASB 16 was 6%.

The company has benefited from the use of hindsight for determining the lease term when considering options to extend and terminate leases.

Note 2. Financial risk management

The company's activities expose it to a limited variety of financial risks: market risk (including currency risk, fair value interest risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the entity. The entity does not use derivative instruments.

Risk management is carried out directly by the Board of Directors.

(i) Market risk

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

(ii) Price risk

The company is not exposed to equity securities price risk as it does not hold investments for sale or at fair value. The company is not exposed to commodity price risk.

Notes to the financial statements (continued)

Note 2. Financial risk management (continued)

(iii) Credit risk

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

(iv) Liquidity risk

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

(v) Cash flow and fair value interest rate risk

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

(vi) Capital management

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

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

The distribution limit is the greater of:

- (a) 20% of the profit or funds of the franchisee otherwise available for distribution to shareholders in that 12 month period; and
- (b) subject to the availability of distributable profits, the relevant rate of return multiplied by the average level of share capital of the franchisee over that 12 month period where the relevant rate of return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

The Board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the year ended 30 June 2019 can be seen in the statement of comprehensive income.

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

Note 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.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

Taxation

Judgement is required in assessing whether deferred tax assets and certain tax liabilities are recognised on the balance sheet. Deferred tax assets, including those arising from un-recouped 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.

Notes to the financial statements (continued)

Note 3. Critical accounting estimates and judgements (continued)

Taxation (continued)

These judgements and assumptions are subject to risk and uncertainty. There is therefore a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognised on the balance sheet and the amount of other tax losses and temporary differences not yet recognised. In such circumstances, some or all of the carrying amount of recognised deferred tax assets and liabilities may require adjustment, resulting in corresponding credit or charge to the statement of 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 company reviews the carrying amounts of its tangible and intangible assets that have an indefinite useful life to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

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

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

	2020 \$	2019 \$
--	------------	------------

Note 4. Revenue from ordinary activities

Operating activities:

- services commissions	1,102,603	1,111,306
- other revenue	60,272	34,128
Total revenue from operating activities	1,162,875	1,145,434

Non-operating activities:

- interest received	2,402	3,285
Total revenues from ordinary activities	1,165,277	1,148,719

Notes to the financial statements (continued)

	2020 \$	2019 \$
--	------------	------------

Note 5. Expenses

Depreciation of non-current assets:

- plant and equipment	4,801	6,733
- leasehold improvements	5,879	7,184

Amortisation of non-current assets:

- franchise agreement	2,203	2,203
- franchise renewal fee	11,019	11,019
- right of use asset - leased premises	43,328	-

Finance costs:

- finance charges on lease liability	25,188	-
--------------------------------------	--------	---

Bad debts	965	831
-----------	-----	-----

Note 6. Income tax expense/credit

The components of tax expense comprise:

- Current tax	11,306	11,306
- Movement in deferred tax	(5,747)	(5,747)
- Under/(over) provision of tax in the prior period	-	-
	5,559	5,559

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

Operating profit	29,830	12,599
Prima facie tax on profit from ordinary activities at 27.5% (2019: 27.5%)	8,203	3,465
Add tax effect of:		
- non-deductible expenses	605	2,094
- timing difference expenses	(11,663)	(5,747)
- other non-taxable income	(13,750)	-
Current tax	(16,605)	(188)
Movement in deferred tax	11,663	5,747
Under/(over) provision of income tax in the prior year	-	-
	(4,942)	5,559

Note 7. Cash and cash equivalents

Cash at bank and on hand	118,386	82,806
Term deposits	145,447	143,062
	263,833	225,868

The above figures reconcile to the amount of cash shown in the statement of cash flows at the end of the financial year as follows:

Cash at bank and on hand	118,386	82,806
Term deposits	145,447	143,062
	263,833	225,868

Notes to the financial statements (continued)

	2020 \$	2019 \$
Note 8. Trade and other receivables		
Trade receivables	88,017	83,117
Other receivables and accruals	4,000	4,000
Prepayments	17,540	16,013
Security bond	-	8,500
Loan to Inner West Community Media Incorporated	18,227	20,378
	127,784	132,008

Note 9. Property, plant and equipment

Plant and equipment

At cost	39,293	39,293
Less accumulated depreciation	(22,996)	(18,195)
	16,297	21,098

Leasehold improvements

At cost	184,171	184,171
Less accumulated depreciation	(115,497)	(109,618)
	68,674	74,553

Furniture & Fittings

At cost	10,429	10,429
Less accumulated depreciation	(10,429)	(9,981)
	-	448

Total Written Down Value	84,971	96,099
---------------------------------	---------------	---------------

Movements in carrying amounts:

Plant and equipment

Carrying amount at beginning	21,098	18,826
Additions	-	9,005
Disposals	-	-
Less: depreciation expense	(4,801)	(6,733)
Carrying amount at end	16,297	21,098

Leasehold improvements

Carrying amount at beginning	74,553	81,737
Additions	-	-
Disposals	-	-
Less: depreciation expense	(5,879)	(7,184)
Carrying amount at end	68,674	74,553

Furniture & Fittings

Carrying amount at beginning	448	1,850
Additions	-	-
Disposals	-	-
Less: depreciation expense	(448)	(1,402)
Carrying amount at end	-	448

Total written down value	84,971	96,099
---------------------------------	---------------	---------------

Notes to the financial statements (continued)

	2020 \$	2019 \$
Note 10. Intangible assets		
Franchise fee		
At cost	11,018	11,018
Less: accumulated amortisation	(4,703)	(2,499)
	6,315	8,519
Renewal processing fee		
At cost	55,093	55,093
Less: accumulated amortisation	(23,516)	(12,498)
	31,577	42,595
Right of use asset - leased premises		
At cost	433,284	-
Less: accumulated amortisation	(43,328)	-
	389,956	-
Total Written Down Value	427,848	51,114

Note 11. Taxation

Provision for Income Tax	(2,211)	1,227
Deferred tax assets		
- employee provisions	20,530	12,577
- leases	3,698	-
Total deferred tax assets	24,228	12,577
Deferred tax liability		
- deductible prepayments	1,485	1,467
Total deferred tax liabilities	1,485	1,467
Net deferred tax asset	22,743	11,110
Movement in deferred tax charged to statement of comprehensive income	(11,633)	(5,748)

Note 12. Trade and other payables

Trade creditors	35,558	63,325
Other creditors and accruals	41,572	33,096
	77,130	96,421

Note 13. Provisions

Current:

Provision for annual leave	34,589	17,302
-----------------------------------	---------------	---------------

Non-Current:

Provision for long service leave	40,064	28,433
---	---------------	---------------

Notes to the financial statements (continued)

	2020 \$	2019 \$
--	------------	------------

Note 14. Lease liability

Current:

Lease liability - leased premises	32,573	-
-----------------------------------	--------	---

Non-Current:

Lease liability - leased premises	370,831	-
-----------------------------------	---------	---

Note 15. Contributed equity

667,696 ordinary shares fully paid (2018: 667,696)	635,901	635,901
Less: equity raising expenses (Seddon)	(28,194)	(28,194)
	607,707	607,707

Rights attached to shares

(a) Voting rights

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

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

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

(b) Dividends

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

(c) Transfer

Generally, ordinary shares are freely transferable. However, the Directors have a discretion to refuse to register a transfer of shares.

Subject to the foregoing, shareholders may transfer shares by a proper transfer effected in accordance with the company's constitution and the *Corporations Act 2001*.

Prohibited shareholding interest

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

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

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the Board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").
- Where the person is a shareholder, after the transfer of shares in the company to that person the number of shareholders in the company is (or would be) lower than the base number (the "base number test"). The base number is 246. As at the date of this report, the company had 251 shareholders.

Notes to the financial statements (continued)

Note 15. Contributed equity (continued)

Prohibited shareholding interest (continued)

As with voting rights, the purpose of this prohibited shareholding provision is to reflect the community-based nature of the company.

Where a person has a prohibited shareholding interest, the voting and dividend rights attaching to the shares in which the person (and his or her associates) have a prohibited shareholding interest, are suspended.

The Board has the power to request information from a person who has (or is suspected by the Board of having) a legal or beneficial interest in any shares in the company or any voting power in the company, for the purpose of determining whether a person has a prohibited shareholding interest. If the Board becomes aware that a member has a prohibited shareholding interest, it must serve a notice requiring the member (or the member's associate) to dispose of the number of shares the Board considers necessary to remedy the breach. If a person fails to comply with such a notice within a specified period (that must be between three and six months), the Board is authorised to sell the specified shares on behalf of that person. The holder will be entitled to the consideration from the sale of the shares, less any expenses incurred by the Board in selling or otherwise dealing with those shares.

In the constitution, members acknowledge and recognise that the exercise of the powers given to the Board may cause considerable disadvantage to individual members, but that such a result may be necessary to enforce the prohibition.

	2020 \$	2019 \$
--	------------	------------

Note 17. Statement of cash flows

Reconciliation of profit from ordinary activities after tax to net cash provided by operating activities:

Profit from ordinary activities before income tax	29,830	12,599
Non cash items:		
- depreciation	10,680	13,917
- amortisation	56,550	13,222
Changes in assets and liabilities:		
- (increase)/ decrease in receivables	5,751	(19,745)
- (increase)/ decrease in prepayments & other assets	(1,527)	(7,932)
- increase/ (decrease) in payables	(19,291)	(13,612)
- increase/ (decrease) in provisions	29,366	18,154
- (increase)/ decrease in deferred tax assets	(11,633)	(5,748)
- increase/ (decrease) in income tax liabilities	1,504	(5,620)
Net cash flows provided by operating activities	101,230	5,236

Note 18. Auditor's remuneration

Amounts received or due and receivable by the auditor of the company for:

Frederik Eksteen		
- audit and review services	3,900	3,900
Collins & Co		
- non audit services	2,900	2,900
	6,800	6,800

Notes to the financial statements (continued)

Note 19. Director and related party disclosures

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

Transactions with Directors

There were no transactions with Directors during the period under review.

	2020 \$	2019 \$
Key Management Personnel Shareholdings		
Ordinary shares fully paid	10,150	10,150

Detailed shareholding disclosures are provided in the remuneration report, included as part of the Directors' report.

Note 20. Dividends paid or provided

Dividends paid during the year

- Unfranked dividend - 5 cents (2019: 8 cents) per share	33,385	46,740
	33,385	46,740

Note 21. Earnings per share

(a) Profit attributable to the ordinary equity holders of the company used in calculating earnings per share	34,772	7,040
---	---------------	--------------

	Number	Number
(b) Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	667,696	667,696

Note 22. Events occurring after the reporting date

A matter has continued to evolve since 30 June 2020 that has significantly affected, or may significantly affect:

- (a) the entity's operations in future financial years, or
- (b) the results of those operations in future financial years, or
- (c) the entity's state of affairs in future financial years.

The COVID-19 pandemic may induce changes in the state of affairs of the company during the financial period ended 30 June 2021. The Board of Directors will take all necessary measures to preserve capital and shepherd the company through this uncertain period. As at the date of signing this report, no negative changes due to the pandemic have affected the company.

Note 23. Contingent liabilities and contingent assets

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

Note 24. Segment reporting

The economic entity operates in the service sector where it facilitates Community Bank services in Inner West, Victoria pursuant to a franchise agreement with Bendigo and Adelaide Bank Limited.

Notes to the financial statements (continued)

Note 25. Registered office/ 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 is:

Registered Office

90 Charles Street
Seddon Vic 3011

Principal Place of Business

90 Charles Street
Seddon Vic 3011

Note 26. Financial instruments

Financial Instrument Composition and Maturity Analysis

The information below reflects the undiscounted contractual settlement terms for all financial instruments, as well as the settlement period for instruments with a fixed period of maturity and interest rate.

Financial instrument	Floating interest		Fixed interest rate maturing in						Non interest bearing		Weighted Average	
			1 year or less		Over 1 to 5 years		Over 5 years					
	2020 \$	2019 \$	2020 \$	2019 \$	2020 \$	2019 \$	2020 \$	2019 \$	2020 \$	2019 \$	2020 %	2019 %
Financial assets												
Cash and cash equivalents	118,386	82,806	145,447	143,052	-	-	-	-	-		2.00%	2.25%
Receivables	-	-	-	-	-	-	-	-	88,017	83,117	N/A	N/A
Financial liabilities												
Interest bearing liabilities	-	-	-	-	-	-	-	-	-	-	N/A	N/A
Payables	-	-	-	-	-	-	-	-	77,130	96,421	N/A	N/A

Net Fair Values

The net fair values of financial assets and liabilities approximate the carrying values as disclosed in the balance sheet. The company does not have any unrecognised financial instruments at the year end.

Credit Risk

The maximum exposure to credit risk at balance date to recognised financial assets is the carrying amount of those assets as disclosed in the balance sheet and notes to the financial statements.

There are no material credit risk exposures to any single debtor or group of debtors under financial instruments entered into by the economic entity.

Interest Rate Risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from the interest bearing financial assets and liabilities in place subject to variable interest rates, as outlined above.

Sensitivity Analysis

The company has performed sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in interest rates.

Notes to the financial statements (continued)

Note 26. Financial instruments (continued)

Sensitivity Analysis (continued)

As at 30 June 2020, the effect on profit and equity as a result of changes in interest rate, with all other variables remaining constant would be as follows:

	2020 \$	2019 \$
Change in profit/(loss)		
Increase in interest rate by 1%	1,847	1,811
Decrease in interest rate by 1%	(1,847)	(1,811)
Change in equity		
Increase in interest rate by 1%	1,847	1,811
Decrease in interest rate by 1%	(1,847)	(1,811)

Directors' declaration

In accordance with a resolution of the Directors of Inner West Community Enterprises Limited, we state that:

In the opinion of the Directors:

1. The financial statements and notes are in accordance with the *Corporations Act 2001* including:
 - (a) giving a true and fair view of the financial position of the company as at 30 June 2020 and of its performance, as represented by the results of its operations and cash flows for the year ended on that date;
 - (b) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
2. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
3. the audited remuneration disclosures set out in the remuneration report section of the Directors' report comply with Accounting Standard AASB124 Related Party Disclosures and the Corporations Regulations 2001.

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



Sarah Natalie Franklyn
Chairperson

Dated this 23rd day of September 2020

Independent audit report

TOWARDS A VISION SHARED



Collins & Co
Audit Pty Ltd

127 Paisley Street
Footscray VIC 3011
Australia

Phone (03) 9680 1000
Fax (03) 9689 6605

www.collinsco.com.au

INNER WEST COMMUNITY ENTERPRISES LIMITED
A.B.N. 93 124 893 705
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS

Audit Opinion

I have audited the accompanying financial report of Inner West Community Enterprises Limited (the company), which comprises the statement of financial position as at 30 June 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration.

In my opinion:

the financial report of Inner West Community Enterprises Limited is in accordance with the Corporations Act 2001, including:

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

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of my report. I am 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 my audit of the financial report in Australia. I have also fulfilled our other ethical responsibilities in accordance with the Code.

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Report

Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

Liability limited by a scheme approved under Professional Standards Legislation

ABN 33 614 161 796

TOWARDS A VISION SHARED



Collins & Co
Audit Pty Ltd

127 Paisley Street
Footscray VIC 3011
Australia

Phone (03) 9680 1000
Fax (03) 9689 6605

www.collinsco.com.au

Auditor's Responsibilities for the Audit of the Financial Report

My 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 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report. As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- 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 my 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.
- Obtain an understanding of internal control relevant to the audit 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 registered entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the responsible entities.
- Conclude on the appropriateness of the responsible entities 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 registered entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the registered entity to cease to continue as a going concern.
- 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.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that I identify during my audit.

Frederik Ryk Ludolf Eksteen CA
ASIC Auditor Registration Number 421448

Dated this 23rd day of September 2020

Collins & Co Audit Pty Ltd
127 Paisley Street
FOOTSCRAY VIC 3011

Liability limited by a scheme approved under Professional Standards Legislation
ABN 33 614 161 796

Community Bank - Seddon
90 Charles Street, Seddon VIC 3011
Phone: 03 9687 2500 Fax: 03 9396 1200
Email: seddon@bendigoadelaide.com.au
Web: bendigobank.com.au/seddon

Franchisee: Inner West Community Enterprises Limited
ABN: 93 124 893 705
PO Box 313, Seddon West VIC 3011
Phone: 03 9687 2500



/SeddonCommunityBankBranch

