

Annual Report 2020

Leopold Community
Enterprises Limited

Community Bank
Leopold

ABN 39 133 061 800

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Chairperson's report

For year ending 30 June 2020

It is with pleasure that I submit my Chairperson's report on behalf of the Board for the financial year ending 30 June 2020.

The second half of 2019 started well with the company financially performing well, giving out some \$124,000 in grants to 13 community groups for some fantastic initiatives within the community; and a solid return on investment to shareholders for their continued support.

By the end of 2019 we experienced drought across much of our country and then came the bushfires. Communities of 25 Community Banks were directly affected by the bushfires. Our branch along with all Bendigo Bank branches gathered to support the country through the Bushfire Relief Fund which was well supported by our community. As we rolled into 2020 the whole world was thrown into confusion with COVID-19. We like all other businesses and communities have been impacted by all of these, especially the pandemic. This time has been an extremely challenging and unique time for our business and the community. As usual our community has stood strong and supported the most vulnerable.

Our shareholders

This year the company has paid a fully franked dividend to shareholders of 7c per share (December 2019). This brings the total dividends paid to date to 51 cents per share. Since paying our first dividend (June 2012) the shareholder dividend has either remained the same or increased each and every year. The total financial returns to shareholders directly now stand at over \$397,855. This demonstrates the company commitment to reward those who made the Community Bank company possible some eleven years ago and those who continue to support us today.

We look forward to announcing the 2020 dividend at our Annual General Meeting in November, which will be payable to all shareholders in November 2020 and is additional to the above balance on returns to shareholders.

Your Community Bank

If you have been into the branch recently you will have noticed that strict measures have been put in place to limit any health impacts on our staff and customers due to COVID-19 eg. protective screens at the tellers and in meeting rooms, limited numbers of people in the branch at any one time, increased cleaning requirements for the branch. Outside of this however it has been business as usual.

For their wonderful work we thank our staff for their continued professional work. Due to the reduced number of in branch customers, they have focussed on ensuring our customers are supported electronically for their banking requirements. We also thank all our customers for their patience and support over this difficult time.

In April this year we said goodbye to Craig Taylor (Branch Manager). Craig left us after four and a half years to pursue greater professional challenges in Melbourne and we wished him well for all that lies ahead for him. In May we welcomed a new Branch Manager, Hannah Palmer. Hannah comes to the branch having 10 years' experience with Bendigo Bank. During this time, she has worked in all branch roles and has spent the last two years as an Assistant Manager at different sites within the Geelong region. When not working she loves to travel, loves the sunshine and being active. Hannah values great relationships with family and friends and looks forward to building great business and customer relationships throughout the Leopold community. As Hannah settles into her role, we wish her well in taking on the Branch Manager role in such challenging environmental circumstances.

Chairperson's report (continued)

Over the coming couple of months and year, you will also see changes with the brand of Bendigo Bank. To date this has been introduced across the website, e-banking, social media channels, bank statements and cards; and is being introduced across all marketing materials. When the branch is due for a refurbishment it will be also seen in branch. The brand refresh is modern, distinctive and forward-looking. The new branding is to represent: Caring – for which we are well known for; and Capable – we have the professionalism to back it up.

Your Board of Governance

I wish to thank all Board members for their continued commitment to Leopold Community Enterprises Limited and the community of Leopold. Clearly, the first and foremost obligation of the Board is to ensure that the company continues to prosper and complies with all ASIC regulations and guidelines. In this regard, as a Board we are indebted to Paul Madden, Lily Reinert, Bronwyn Shearer and John Leach for ensuring that all matters are dealt with appropriately.

In May this year the Board welcomed three new Directors to our Board. Craig Savage, Kylie Clayton and Ramona Browne. They all bring unique skills and experience to their Board Director role but in common they bring a passion for supporting and improving the Leopold community. As a Board we look forward to their new ideas and continued commitment.

Our community

Our community, like all, has found 2020 to be most challenging. Although some \$124,000 in grants were given out in November 2019, many community groups have struggled financially and physically to undertake the outcomes expressed in their grant applications. We have extended many of these grants to enable time for these projects to be completed. We look forward to seeing these projects (see Community investments section) come to fruition over the coming months and will report the outcomes in the shareholder newsletters.

As we move into the remainder of 2020 and into 2021, we again thank you our shareholders and customers for your continued support of Community Bank Leopold. Without your support we would not be able to continue to support our ever growing and diverse community of Leopold. Please feel free to call the branch on 03 5250 1057 to make an appointment for any assistance with your banking requirements and don't forget to refer us to your friends and family.



Lily Reinert
Chairperson
Leopold Community Enterprises Limited

Manager's report

For year ending 30 June 2020

On 18 May 2020, I commenced my role as Branch Manager of Community Bank Leopold coming to the branch with over 10 years' experience in various roles within Bendigo Bank. To say the move from a company managed Bendigo Bank site to Community Bank Leopold has been an eye opener would be an understatement.

Being connected to the community is something I have always thought of as our point of difference in the banking sector and something that Bendigo Bank does extremely well. The Community Bank model allows us to be even more engaged with our community and take our connection to greater heights. This is evident in over \$1.3 million contributed to the Leopold and the surrounding community since our inception in 2009.

The 2019/20 financial year has seen some ups and downs within the banking sector and in life in general. We have continued to see tighter lending restrictions off the back of the royal commission, an extremely competitive market and the complete spiral in what has been COVID-19. We have seen things we would never have imagined including payment deferrals on loans, limits on the number of customers in the branch, restrictions on how many staff working at one workstation, mask wearing and hand sanitising. The one thing that remains consistent is that we work for an amazing company that does right by their customers, staff and communities alike. Through all of this we have remained strong and focussed on continuing to assist our customers with a level of service that is above the rest. None of this would have been possible without the customers being willing to wait that little bit longer, or change the way in which they do their banking and adapt to this challenge and new norm.

Operationally, despite the challenges we have still seen positive business growth of \$7.114 million taking our total branch footings to \$155.740 million. We saw negative growth in our lending of \$2.917 million with a total of \$17.663 million loans settled and \$13.522 million discharged. Our deposits on the other hand exceeded growth by 302% achieving a total increase of \$10.032 million for the financial year. Our balance sheet is now currently standing with \$90.771 million in deposits and \$64.968 million in lending.

Our total customers are currently sitting at 4,506 and we have increased our products per customer by 4.9% from the previous year and are looking to continuously expand on our footprint in the community year on year. We have seen our teller transactions drop with movement online methods and of course the impacts of COVID-19. As a business and our staff are continuously learning and adapting in the way we do banking in the community to ensure that we are meeting our customers' needs.

This year we saw a couple of changes in our staffing at the branch. I commenced in the role of Branch Manager taking over from Craig Taylor. I would like to thank Craig Taylor for his contribution to the business, the branch, the staff and the community in his time as Branch Manager. It is a blessing to begin the role of Branch Manager with such a well-oiled business. Also, a new Customer Service Officer joined the team in Danita and Jacqui Ludmon took up another opportunity within Bendigo Bank which allowed Robyn, our longest serving staff member of 11 years, to step in to the Customer Relationship Officer role where she continues to strengthen relationships with customers and staff alike. I would personally like to thank all of the staff, Steve Smiljanic, Robyn Collier, Mua Alatupe, Sam Allen, Christina Eden and Danita Eastman for their efforts whilst the branch was without a Manager for two months and their commitment to the organisation's goals and values. It has been a blessing to commence in a role where the branch dynamic and culture is fun, enjoyable but not without the work ethic that ensures the business continues to be effective and successful.

Manager's report (continued)

From a community perspective we have continued to connect and engage locally to ensure we are providing appropriate support to better Leopold and create growth opportunities for the future. We saw another \$124,000 invested into the community and undertook a community needs survey to ensure that our investments are meeting the needs of the people, businesses and organisations within the Leopold community. We look forward to working with the community in introducing some of the recommendations of this report once we are freer to move around the community.

I would also like to thank our volunteer Board, all of whom contribute to the business in their own unique way, for their much-appreciated time and effort. In particular, Lily and Bronwyn, who care about this business as if it was their own. I am thankful to have two very successful women who I can call on for support and guidance in my first managerial role.

Lastly, I would like to thank you – our shareholders and customers. Without you, it would not be possible to achieve any of this. For our branch to continue to grow and be successful, we need the ongoing assistance in bringing new business to the branch; as this enables us to further support you the shareholders and our wonderful Leopold community. If you are not currently banking with Community Bank Leopold please visit our branch or call to speak to one of our dedicated staff about your banking and business needs.

The 2020/21 year will bring many challenges and opportunities and I am excited to continue to engage and grow our brand within the community and meet with as many shareholders, customers, community groups and stakeholders to share in the experience of the Community Bank model.

Your banking – your community.



Hannah Palmer
Branch Manager

Community investments

For year ending 30 June 2020

As we all aware 2020 has been a difficult time for all community groups. COVID-19 has meant that many of our community investments have not been able to be actualized. We are proud that we have continued to support these groups through sponsorships, donations and grants; and look forward to seeing the outcomes of specific projects as the restrictions of 2020 start to ease.

In terms of our commitments during 2019/20 they are as follows.

Our sporting groups







As with most communities, our sport and recreation clubs are the hub of community life. We are proud to support numerous sporting clubs for grants for equipment and team sponsorships. This year they have included:

	Leopold Football Netball Club	Redevelopment and beautification program of the surrounds of the netball courts and junior team sponsorship	\$23,492
	Leopold Angling and Aquatic Club	Two marquees and a generator	\$10,000
	FC Leopold	Seed funding for stage one of the developments – two gender neutral change rooms and referee rooms and public toilets.	\$20,000
	Leopold Sportsmans Club (Golf section)	Event sponsorship	\$250
	Leopold Sportsmans Club (Bowls section)	Team sponsorship	\$3,500
	Leopold Cricket Club	Team sponsorship	\$7,500

Community investments (continued)

Our children and young people




Community Bank Leopold supports the children of our area in a variety of ways, including projects in our local schools, and involvement with our local kindergartens and playgroups. We consistently invest in initiatives that support the development of young people within our community.

	Cottage by the Sea	Mentor Program with students from Leopold Primary School and the broader community	\$10,721
	1st Eastern Park Scout Group	Shipping container to store a trailer and other equipment	\$2,000
	Leopold Primary School	Establishment of a new playground for students	\$25,000
	Allanvale PreSchool Leopold	Improve the quality of the various outdoor learning environments, providing a safe environment for play for our children	\$24,360
	Leopold Kindergarten	Outdoor play equipment	\$4,925
	Wallington Primary School	Student calendars	\$468
	Moolap Primary School	Gaga pit for students	\$3,280

Community investments (continued)




Our young at heart

Community Bank Leopold is committed to supporting activities and projects to those of all ages in our community.

	Leopold Men's Shed	Shipping container and carport for safe storage of materials and trailer, and event sponsorship	\$4,542
	Lions Club of Leopold	Printer and external drive	\$1,500
	Leopold Gateway Probus Club	Laptop and software	\$1,864

Our surroundings

Leopold is a proud suburb and the Community Bank Leopold has supported our environment and the security of Leopold through a number of grants to assist organisations in the wonderful work they are doing in our community. We believe in and support the exceptional work the volunteers are undertaking in providing a safe and community spirited environment for us all to enjoy.

	Club Italia	Ride-on lawn mower	\$5,007
	Leopold Hall Inc	Deaf aide loop sound system, Projector, Reverse cycle air conditioner, Hand dryers for bathrooms and Trestle table	\$12,568
	Encompass Community Services	Investment towards the Leopold Summer Community Markets.	\$2,000
	Boomerang Bags	Materials	\$465
	Lumen Christi Church Committee	Community Christmas Luncheon	\$250

We are pleased to say our community investment is growing regularly and whether you are young or young at heart; you have probably been involved in something that Community Bank Leopold (via Leopold Community Enterprises Limited) has supported.

Directors' report

For the financial year ended 30 June 2020

Meet the Directors of Leopold Community Enterprises Limited as at 30th June 2020.

Lily Reinert

Lily was born and educated in Geelong and worked at Geelong Hospital as a Registered Nurse. During this time, she was involved in clinical teaching at Barwon Health and Deakin University, focusing on returning Registered Nurses to the work force. Lily has lived in Leopold all her married life and has two children. For more than thirty years, she has been an active member on numerous Leopold community groups and committees. She supports her husband in running their business and is actively involved in occupational health and safety. Lily had the opportunity to join the steering committee for the Leopold Community Bank and has continued an active role on the board since Leopold Community Enterprises was formed holding the positions of director, Company Secretary for seven years and now the position of Chairperson.

Position	Chairperson, member of the Human Resources Committee, Governance and Risk Committee and Marketing Sponsorship and Business Development Committee.
Qualifications	Registered Nurse
Experience	Business Manager
Current directorships	Bremen Pty Ltd and Trenier Investments Pty Ltd
Commencement date	3rd September 2008

Paul Madden

Paul was born, raised and educated in Newtown. He lived in Leopold for 30 years with his wife and four sons and currently resides in Moolap. He has been a self-employed Public Accountant, CPA, for over thirty years trading as Advance Business Centres and Geelong Tax Services in Moorabool Street Geelong and has been involved with a variety of small businesses. Paul has been Past President of Leopold Scout Group, supported his sons attending the local AusKick, Little League and Leopold Football Club. His interests include cycling, sea kayaking, collecting money boxes, Australian stamps and antique family bibles. Paul has been involved since the establishment of the Leopold Community Bank Steering Committee. He currently is the Treasurer and Deputy Chairperson of the Board.

Position	Deputy Chairperson, Treasurer and member of the Finance Budget and Audit Committee
Qualifications	Accountant CPA, Registered Tax Agent
Experience	Principal Advance Business Centres Accountants and Planners Diploma of Business (Accounting)
Current directorships	Lasorate Pty Ltd, Investco Pty Ltd, Providence Holdings Pty Ltd, Link Consultants Pty Ltd
Commencement date	3rd September 2008

Directors' report (continued)

Meet the Directors (continued)

Bronwyn Shearer

Bronwyn has been a local of Leopold for over twenty-five years and is married with two adult children. Her employment has been in social work, particularly in the fields of employment and training. She spent ten years working with Boards in the areas of governance practices and board evaluations. She is passionate about travel, especially cruising. Bronwyn joined the board of Leopold Community Enterprises in 2015 and uses her skills to work with the Board to strengthen its' governance practices. Outside of the Board work the highlight of her Executive Officer and Company Secretary roles is working with the wonderful community groups we have in Leopold. She supports them through the provision of grants, donations and sponsorship from the Community Bank and assist with applications from other funding bodies.

Position Company Secretary and member of Human Resources Committee, Governance and Risk Committee and Marketing Sponsorship and Business Development Committee.

Qualifications Diploma of Community Welfare

Current directorships AKS Electrical Services

Commencement date 25th May 2015

Bob Reinert

Bob has been involved in the construction industry for over 30 years. Bob is a Registered Domestic and Commercial Builder. He owns and is Business Manager of a scaffold and working at heights company for the past twenty years. Married to Lily, he has raised his children in Leopold and been involved with a wide range of groups in the Leopold community including Leopold Football Netball Club and West Coast Soarers. Bob had the opportunity to join the steering committee for the Leopold Community Bank and has continued in an active role on the board since it was formed.

Position Director and member of the Asset Management Committee

Qualifications Registered commercial and residential builder

Current directorships Geelong Safety Rail Pty Ltd, Trenier Investments, Reinert Investments and Bremen Pty Ltd

Commencement date 3rd September 2008

John Leach

John was born in Geelong and educated at St Mary's Tech and Gordon Institute of Technology with a Graduate Diploma in Accounting from, Warrnambool Institute of Advanced Education. John has lived in Leopold with his wife, Joan, for forty years and they have two adult children. He has forty years' experience in various accounting roles in industry and local government. Over the years John has used his vast experience in supporting local sporting clubs and is currently a volunteer for St John of God Hospital and Bay Leaf Community Kitchen.

Position Director and member of the Governance and Risk Committee and the Finance, Budget and Audit Committee

Qualifications Retired Certified Practicing Accountant (CPA)

Current directorships NIL

Commencement date 20th November 2017

Directors' report (continued)

Meet the Directors (continued)

Gabrielle Jennings

Gabrielle was raised in Ocean Grove and has lived and travelled throughout Victoria, the Northern Territory and Cape York Peninsula working in international education, community program development, project planning, disability services and indigenous employment. She now resides in Leopold with her husband Andy and two young sons. Gabrielle has an interest in travel, exploring new places, cultures and cuisine. She looks forward to supporting a healthy, connected and culturally diverse community in Leopold.

Position	Director and member of Marketing Sponsorship and Business Development Committee
Qualifications	Cert IV in Leisure & Health, Cert III in Event Management, Cert III Tourism Operations
Current directorships	NIL
Commencement date	27th August 2018. Gabrielle took extended leave from the Board from March to June 2020.

Dennis More

Dennis brings a wealth of business experience to the Board. Starting his working life as an electrician, he has been self-employed in various business across Geelong over the past forty years. These have included electrical contracting, lighting retail, trenching contracting, and most recently as a commercial and industrial property developer. He is an active member of many community organisations including the donation of land for use for the Leopold Angling and Aquatic Club. Dennis was keen to have the opportunity to join the Board and is now involved in the Marketing, Sponsorship and Business Development Committee.

Position	Director and member of Marketing Sponsorship and Business Development Committee
Qualifications	Business Developer and electrician
Current directorships	More Holdings P/L, Leopold Lakes P/L and Leopold Property Holdings P/L
Commencement date	24th September 2018

Todd Hubers Van Assenraad

Todd is a community minded professional, who brings business, web, software development, and marketing experience to the board. He has previously served as director of Technology Geelong (ICT Geelong), ran Australia's first regional coworking space Start-up Cloud, and currently Geelong Silicon Beach, a casual lean start-up meetup group. He first started software coding at age seven, graduated from Deakin University with Bachelor of Business Information Technology in 2006 with Honours, and has since been running a software consultancy. In 2018, Todd started his first high scale start-up "Dull". Todd took the opportunity to join the Board and looks forward to further community development for his family and residents of Leopold.

Position	Director and member of Marketing Sponsorship and Business Development Committee
Qualifications	Bachelor of Business Information Technology (Hons)
Current directorships	Sole director of Alivate Pty Ltd and co-director of Dull Pty Ltd. Future director of Malkim Pty Ltd
Commencement date	29th April 2019

Directors' report (continued)

Meet the Directors (continued)

Craig Savige

Craig was born in Warragul but his parents came to Geelong when he was a teenager where he was educated and attended Deakin University to qualify as an electrical engineer. He worked as an electrical engineer with the State Electricity Commission of Victoria for several years before moving into teaching work, including with TAFE and other private providers. He then served as a RAAF Officer before joining the APS with the Department of Defence as a logistics manager in major projects. Craig has lived in Leopold since 2006 and is married with one daughter. He enjoys community work with churches and working in film making.

Position	Director
Qualifications	Diploma of Business, Graduate Diploma of educational Administration, Bachelor of Electrical Engineering
Current directorships	NIL
Commencement	25th May 2020

Kylie-Anne Clayton

Kylie was born in Melbourne, spent several years overseas as a child and then moved with her family to country Victoria. Throughout her childhood she spent many a holiday on the Bellarine and in 1998 she moved to Leopold, where she is now raising her 2 primary aged children. Much of her spare time is spent supporting her children in their sporting endeavours, from swimming, soccer with FC Leopold, AFL with Leopold Football & Netball Club and participating in the Net Set Go program. Kylie is also a community member of the Leopold Primary School Council and joined the board of Leopold Community Enterprises Limited in 2020. She enjoys renovating as well as travelling. Professionally, Kylie is a Certified Chartered Occupational Health & Safety Professional and Principal Auditor and comes from a strong background in leadership & executive coaching, with 20 years' experience working with and leading teams across operations and corporate support roles.

Position	Director
Qualifications	Certified OHS Generalist Professional and Principal Auditor and executive leadership coach
Current directorships	NIL
Commencement	25th May 2020

Ramona Browne

Ramona is a Leopold local of 18 years, married and a mum of two local Primary School aged boys. She has a love for our beautiful community, its people and supporting all things local. In recent years, she has held Executive roles on committees of Leopold Playgroup, Leopold Kindergarten and Leopold Primary School Council. Through her children, she and her husband Aaron have been involved with the local soccer and football club, as well as Leopold Athletics. Ramona's professional background is in Contract Management (International Trade), Human Resources and now working in Curriculum, Teaching & Learning, Tertiary sector. When not working/studying or driving kids to sporting/social activities, she loves Netflix, gardening, Book club, Wine club, dancing and dining with family/friends.

Position	Director
Qualifications	Masters Unit in People and Culture, Diploma of Science, Diploma of Management, Graduate Certificate in Education Business Leadership
Current directorships	NIL
Commencement	29th June 2020

Directors' report (continued)

Board meeting attendance

	Meeting attendance		July 2019	August 2019	September 2019	October 2019	November 2019	December 2019	January 2020	February 2020	March 2020	April 2020	May 2020	June 2020	
	Total	No.													
Lily Reinert	11	10	P	A	P	P	P	No meeting	P	P	P	P	P	P	
Paul Madden	11	10	P	P	P	A	P		P	P	P	P	P	P	P
Bob Reinert	11	10	P	A	P	P	P		P	P	P	P	P	P	P
Bronwyn Shearer	11	10	P	P	P	P	A		P	P	P	P	P	P	P
John Leach	11	11	P	P	P	P	P		P	P	P	P	P	P	P
Dennis More	11	8	P	A	A	P	A		P	P	P	P	P	P	P
Todd Hubers	11	11	P	P	P	P	P		P	P	P	P	P	P	A
Gabrielle Jennings	7	6	P	P	P	A	P		P	P	L	L	L	L	P
Craig Savige	2	2												P	P
Kylie Clayton	2	2												P	P
Ramona Browne	1	1													P

P=Present A=Apology L=Approved extended leave R=Resigned

Company Secretary

Bronwyn Shearer has been Company Secretary of Leopold Community Enterprises Limited since 2018. Bronwyn's qualifications and experience include Diploma of Community Welfare and over 10 years experience in governance of community organisations.

Principal activities

The principal activities of the company during the course of the financial year were in providing 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.

Review of operations

The profit of the company for the financial year after provision for income tax was \$196,541 (2019 profit \$170,962), which is a 15% increase as compared with the previous year.

Dividends

Dividends paid or declared since the start of the financial year. A fully franked final dividend of 7.0 cents per share was declared on 14th November 2019 and paid during the year for the year ended 30 June 2020.

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

Options

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

Significant changes in the state of affairs

No significant changes in the company's state of affairs occurred during the financial year. Covid19 has not materially impacted the business up to 30th June 2020.

Directors' report (continued)

Events subsequent to the end of the reporting period

No matters or circumstances have arisen since the end of the financial year that significantly affect or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company, in future financial years.

Likely developments

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

Environmental regulations

The company is not subject to any significant environmental regulation.

Indemnifying Officers or Auditor

The company has agreed to indemnify each Officer (Director, Secretary or employee) out of assets of the company to the relevant extent against any liability incurred by that person arising out of the discharge of their duties, except where the liability arises out of conduct involving dishonesty, negligence, breach of duty or the lack of good faith. The company also has Officers Insurance for the benefit of Officers of the company against any liability occurred by the Officer, which includes the Officer's liability for legal costs, in or arising out of the conduct of the business of the company or in or arising out of the discharge of the Officer's duties.

Disclosure of the nature of the liability and the amount of the premium is prohibited by the confidentiality clause of the contract of insurance. The company has not provided any insurance for an Auditor of the company.

Proceedings on behalf of company

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings. The company was not a party to any such proceedings during the year.

Auditor independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set at page 16 of this financial report. No Officer of the company is or has been a partner of the Auditor of the company.

Remuneration report

Director positions are held on a voluntary basis and therefore Directors are not remunerated for their services. Other than detailed below, no Director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a Director, a firm which a Director is a member or an entity in which a Director has a substantial financial interest. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by Directors shown in the company's accounts, or the fixed salary of a full-time employee of the company, controlled entity or related body corporate.

Leopold Community Enterprises Limited has not accepted the Bendigo and Adelaide Bank Limited's Community Bank Directors Privileges package. The package is available to all Directors who can elect to avail themselves of the benefits based on their personal banking with the branch. There is no requirement to own Bendigo and Adelaide Bank Limited shares and there is no qualification period to qualify to utilise the benefits. The package mirrors the benefits currently available to Bendigo and Adelaide Bank Limited shareholders. The Directors have estimated the total benefits received from the Directors Privilege Package to be \$0 for the year ended 30 June 2020.

Directors' report (continued)

Equity holdings of key management personnel

The number of ordinary shares in the company held during the financial year and prior year by each Director and other key management personnel, including their related parties, are set out below:

Name	Balance @ 30 June 2019	Net change in holdings	Balance @ 30 June 2020
Paul Madden	26,051	0	26,051
Bob Reinert	5,051	0	5,051
Lily Reinert	5,051	0	5,051
Todd Hubers Van Assenraad	0	1000	1000
Bronwyn Shearer	0	500	500

Loans to key management personnel

There were no loans to key management personnel during the current or prior reporting period.

Signed in accordance with a resolution of the Board of Directors on 28th September 2020.



Lily Reinert
Chair
Leopold Community Enterprises Limited

Auditor's independence declaration

Mark SP Wilkinson
ABN 46 472 629 469
Registered Company Auditor

30 September 2020

The Directors
Leopold Community Enterprises Limited
PO Box 74
LEOPOLD VIC 3224

Dear Directors,

To the Directors of Leopold Community Enterprises Limited (ABN 39 133 061 800)

Auditor's Independence Declaration under section 307C of the *Corporations Act 2001*.

I declare that to the best of my knowledge and belief, during the year ended 30 June 2020 there has 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 contraventions of any applicable code of professional conduct in relation to the audit.



Mark Stuart Pressland Wilkinson
Registered Company Auditor 4485
6 Kintyre Crescent
Leopold Victoria 3224

Liability limited by a scheme approved under Professional Standards Legislation.
6 Kintyre Crescent (PO Box 235) Telephone: 0418 772 212
Leopold Vic 3224 Email: auditvalue@bigpond.com

Financial statements

Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2020

	Notes	2020 \$	2019 \$
Revenue	2	1,172,719	1,208,260
Expenses			
Employee benefits expense	3	(556,244)	(556,244)
Depreciation and amortisation	3	(45,909)	(13,413)
Finance costs	3	-	-
Bad and doubtful debts expense	3	(361)	(264)
Administration and general costs		-	-
Occupancy expenses		(137,458)	(133,381)
IT expenses		(48,724)	(47,798)
Other expenses		(72,922)	(115,588)
		(861,618)	(866,688)
Operating profit before charitable donations & sponsorship		311,101	341,572
Charitable donations and sponsorships		(80,172)	(105,763)
Profit before income tax		230,929	235,809
Income tax benefit	4	(63,505)	(64,847)
Profit for the year after income tax		167,424	170,962
Other comprehensive income		29,117	-
Total comprehensive income for the year		196,541	170,962
Profit attributable to members of the company		196,541	170,962
Total comprehensive income attributable to members of the company		196,541	170,962
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company (cents per share):			
- basic earnings per share	19	25.19	21.92

These financial statements should be read in conjunction with the accompanying notes.

Financial statements (continued)

Statement of Financial Position as at 30 June 2020

	Notes	2020 \$	2019 \$
Assets			
Current assets			
Cash and cash equivalents	5	834,295	845,655
Trade and other receivables	6	108,065	108,155
Financial assets	7	226,674	133,366
Current tax asset	4	5,299	-
Other assets	8	4,346	5,377
Total current assets		1,178,679	1,092,553
Non-current assets			
Property, plant and equipment	9	83,740	97,343
Intangible assets	10	55,533	70,318
Deferred tax assets	4	-	-
Total non-current assets		139,273	167,661
Total assets		1,317,952	1,260,214
Liabilities			
Current liabilities			
Trade and other payables	12	114,515	97,207
Current tax liability	4	-	34,794
Borrowings	13	-	-
Provisions	14	39,808	54,170
Total current liabilities		154,323	186,171
Non-current liabilities			
Borrowings	13	-	-
Provisions	14	-	-
Deferred tax liability	4	-	-
Total non-current liabilities		-	-
Total liabilities		154,323	186,171
Net assets		1,163,629	1,074,043
Equity			
Issued capital	15	759,571	759,571
Retained earnings	16	404,058	314,472
Reserves	18	-	-
Total equity		1,163,629	1,074,043

These financial statements should be read in conjunction with the accompanying notes.

Financial statements (continued)

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

	Note	Issued capital \$	Retained earnings \$	Reserves \$	Total equity \$
Balance at 1 July 2019		948,644		-	948,644
Comprehensive income for the year					
Profit for the year		-	170,962	-	170,962
Other comprehensive income for the year		-	-	-	-
		-	170,962	-	170,962
Transactions with owners in their capacity as owners					
Other value change		-	-	8,720	8,720
Dividends paid or provided	17	-	(54,283)	-	(54,283)
Balance at 30 June 2019		948,644	116,679	8,720	1,074,043
Balance at 1 July 2020		1,074,043	-	-	1,074,043
Comprehensive income for the year					
Profit for the year		-	167,424	-	167,424
Other comprehensive income for the year		-	-	-	-
		-	167,424	-	167,424
Transactions with owners in their capacity as owners					
Other value change				(23,230)	(23,230)
Dividends paid or provided	17	-	(54,608)	-	(54,608)
Balance at 30 June 2020		1,074,043	112,816	(23,230)	1,163,629

These financial statements should be read in conjunction with the accompanying notes.

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		1,159,898	1,265,099
Payments to suppliers and employees		(888,092)	(1,158,425)
Dividends received		6,709	5,127
Interest paid		-	-
Interest received		12,821	21,232
Income tax paid		(103,598)	(59,990)
Net cash flows provided by operating activities	20b	187,738	73,043
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		5,909	-
Proceeds from sale of investments		-	-
Purchase of property, plant and equipment		(25,142)	(876)
Purchase of investments		(125,257)	
Purchase of intangible assets			(73,993)
Net cash flows used in investing activities		(144,490)	(74,869)
Cash flows from financing activities			
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Dividends paid		(54,608)	(54,283)
Net cash flows used in financing activities		(54,608)	(54,283)
Net decrease in cash held		(11,360)	(56,109)
Cash and cash equivalents at beginning of financial year		845,655	901,764
Cash and cash equivalents at end of financial year	20a	834,295	845,655

These financial statements should be read in conjunction with the accompanying notes.

Notes to the financial statements

For year ended 30 June 2020

These financial statements and notes represent those of Leopold Community Enterprises Limited.

Leopold Community Enterprises Limited ('the company') is a company limited by shares, incorporated and domiciled in Australia.

The financial statements were authorised for issue by the Directors on 29th September 2020.

Note 1. Summary of significant accounting policies

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. The company is a for profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non current assets, financial assets and financial liabilities.

Economic dependency

The company has entered into a franchise agreement with Bendigo and Adelaide Bank Limited that governs the management of the Community Bank branch at Leopold.

The branch operates as a franchise of Bendigo and Adelaide Bank Limited, using the name "Bendigo Bank", the logo, and systems of operation of Bendigo and Adelaide Bank Limited. The company manages the Community Bank branches on behalf of Bendigo and Adelaide Bank Limited, however all transactions with customers conducted through the Community Bank branches are effectively conducted between the customers and Bendigo and Adelaide Bank Limited.

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

"Bendigo and Adelaide Bank Limited provides significant assistance in establishing and maintaining the Community Bank branches 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 branches;
- Training for the Branch Managers and other employees in banking, management systems and interface protocol;
- Methods and procedures for the sale of products and provision of services;
- Security and cash logistic controls;
- Calculation of company revenue and payment of many operating and administrative expenses;
- The formulation and implementation of advertising and promotional programs; and
- Sale techniques and proper customer relations.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(b) Impairment of assets

At the end of each reporting period, the company assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less cost to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard. Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

(c) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(d) Comparative figures

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

(e) Critical accounting estimates and judgements

The Directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company. Estimates and judgements are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The estimates and judgements that have a significant risk of causing material adjustments to the carrying values of assets and liabilities are as follows:

Estimation of useful lives of assets

The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and intangible assets. The depreciation and amortisation charge will increase where useful lives are less than previously estimated lives.

Fair value assessment of non-current physical assets

The AASB 13 Fair Value standard requires fair value assessments that may involve both complex and significant judgement and experts. The value of land and buildings may be materially misstated and potential classification and disclosure risks may occur.

Employee benefits provision

Assumptions are required for wage growth and CPI movements. The likelihood of employees reaching unconditional service is estimated. The timing of when employee benefit obligations are to be settled is also estimated.

Income tax

The company is subject to income tax. Significant judgement is required in determining the deferred tax asset. Deferred tax assets are recognised only when it is considered sufficient future profits will be generated. The assumptions made regarding future profits is based on the company's assessment of future cash flows.

Impairment

The company assesses impairment at the end of each reporting period by evaluating conditions and events specific to the company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value in use calculations which incorporate various key assumptions.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(f) New and revised standards that are effective for these financial statements

There are no new and amended accounting policies that have been adopted by the company this financial year.

A number of new and revised standards became effective for the first time to annual periods beginning on or after 1 July 2017. Information on the more standard(s) applicable to this entity are presented below.

AASB 2016-1 Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses

AASB 2016-1 amends AASB 112 Income Taxes to clarify how to account for deferred tax assets related to debt instruments measured at fair value, particularly where changes in the market interest rate decrease the fair value of a debt instrument below cost.

AASB 2016-1 is applicable to annual reporting periods beginning on or after 1 January 2017.

(g) New accounting standards for application in future periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the company.

The company has decided not to early adopt any of the new and amended pronouncements. The company's assessment of the new and amended pronouncements that are relevant to the company but applicable in the future reporting periods is set out on the proceeding pages

(i) AASB 9 Financial Instruments and associated Amending Standards (applicable for annual reporting periods beginning on or after 1 January 2018)

AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities and includes a forward-looking 'expected loss' impairment model and a substantially-changed approach to hedge accounting.

These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are:

- a) Financial assets that are debt instruments will be classified based on:
 - (i) the objective of the entity's business model for managing the financial assets; and
 - (ii) the characteristics of the contractual cash flows.
- b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income (instead of in profit or loss). Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.
- c) Introduces a 'fair value through other comprehensive income' measurement category for particular simple debt instruments.
- d) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.
- e) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:
 - the change attributable to changes in credit risk are presented in Other Comprehensive Income (OCI)
 - the remaining change is presented in profit or loss. If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.

Otherwise, the following requirements have generally been carried forward unchanged from AASB 139 into AASB 9:

- classification and measurement of financial liabilities; and
- derecognition requirements for financial assets and liabilities

AASB 9 requirements regarding hedge accounting represent a substantial overhaul of hedge accounting that enable entities to better reflect their risk management activities in the financial statements.

Furthermore, AASB 9 introduces a new impairment model based on expected credit losses. This model makes use of more forward-looking information and applies to all financial instruments that are subject to impairment accounting.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(g) New accounting standards for application in future periods (continued)

- (i) AASB 9 Financial Instruments and associated Amending Standards (applicable for annual reporting periods beginning on or after 1 January 2018) (continued)

When this standard is first adopted for the year ending 30 June 2019, there will be no material impact on the transactions and balances recognised in the financial statements.

- (ii) AASB 15: Revenue from Contracts with Customers (applicable for annual reporting periods commencing on or after 1 January 2018)

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with customers;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

This Standard will require retrospective restatement, as well as enhanced disclosure regarding revenue.

When this Standard is first adopted for the year ending 30 June 2019, it is not expected that there will be a material impact on the transactions and balances recognised in the financial statements.

- (iii) AASB 16: Leases (applicable for annual reporting periods commencing on or after 1 January 2019)

AASB 16:

- replaces AASB 117 Leases and some lease-related Interpretations;
- requires all leases to be accounted for 'on-balance sheet' by lessees, other than short-term and low value asset leases;
- provides new guidance on the application of the definition of lease and on sale and lease back accounting;
- largely retains the existing lessor accounting requirements in AASB 117; and
- requires new and different disclosures about leases.

The entity is yet to undertake a detailed assessment of the impact of AASB 16. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2020.

Note 2. Revenue

	2020 \$	2019 \$
Revenue		
- service commissions	1,150,732	1,171,900
	1,150,732	1,171,900

Notes to the financial statements (continued)

Note 2. Revenue (continued)

	2020 \$	2019 \$
Other revenue		
- interest received	12,821	20,860
- other revenue	9,166	15,500
	21,987	36,360
Total revenue	1,172,719	1,208,260

Revenue arises from the rendering of services through its franchise agreement with the Bendigo and Adelaide Bank Limited. The revenue recognised is measured by reference to the fair value of consideration received or receivable, excluding sales taxes, rebates, and trade discounts.

The entity applies the revenue recognition criteria set out below to each separately identifiable sales transaction in order to reflect the substance of the transaction.

Rendering of services

The entity generates service commissions on a range of products issued by the Bendigo and Adelaide Bank Limited. The revenue includes upfront and trailing commissions, sales fees and margin fees.

Interest, dividend and other income

Interest income is recognised on an accrual basis using the effective interest rate method.

Dividend and other revenue is recognised when the right to the income has been established.

All revenue is stated net of the amount of goods and services tax (GST).

Note 3. Expenses

	2020 \$	2019 \$
Profit before income tax includes the following specific expenses:		
Employee benefits expense		
- wages and salaries	445,633	446,943
- superannuation costs	51,139	53,742
- other costs	31,047	55,559
	527,819	556,244
Depreciation and amortisation		
Depreciation		
- buildings	-	-
- leasehold improvements	2,625	2,626
- plant and equipment	1,329	2,805
- furniture and fittings	-	-
- motor vehicles	27,170	2,551
	31,124	7,982
Amortisation		
- franchise fees	14,785	5,431
- establishment costs	-	-
	14,785	5,431
Total depreciation and amortisation	45,909	13,413

Notes to the financial statements (continued)

Note 3. Expenses (continued)

	2020	2019
	\$	\$
Finance costs		
- Interest paid	-	-
Bad and doubtful debts expenses	361	264
(Gain) / Loss on disposal of property, plant and equipment	-	-
Auditors' remuneration		
Remuneration of the Auditor, RSD Audit, for:		
- Audit or review of the financial report	2,973	2,900
- Taxation services	-	-
- Share registry services	-	-
	2,973	2,900

Operating expenses

Operating expenses are recognised in profit or loss on an accruals basis, which is typically upon utilisation of the service or at the date upon which the entity becomes liable.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs.

Depreciation

The depreciable amount of all fixed assets, including buildings and capitalised leased assets, but excluding freehold land, is depreciated over the asset's useful life to the company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. For 2020 we have used accelerated depreciation to write-off assets purchased.

The depreciation rates used for each class of depreciable asset are:

Class of asset	Rate	Method
Buildings	3%	Straight line / Diminishing value
Leasehold improvements	4-5%	Straight line / Diminishing value
Plant and equipment	10-20%	Straight line / Diminishing value
Motor vehicles	13%	Straight line / Diminishing value

Gains/losses upon disposal of non-current assets

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

Notes to the financial statements (continued)

Note 4. Income tax

	2020 \$	2019 \$
a. The components of tax expense comprise:		
Current tax expense	63,505	64,847
Deferred tax expense	-	-
Recoupment of prior year tax losses	-	-
Under / (over) provision of prior years	-	-
	63,505	64,847
b. Prima facie tax payable		
The prima facie tax on profit / (loss) from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Prima facie tax on profit before income tax at 27.5% (2019: 27.5%)	63,505	64,847
Add tax effect of:		
- Utilisation of previously unrecognised carried forward tax losses		
- Under / (over) provision of prior years	-	-
- Non-deductible expenses	-	-
Income tax attributable to the entity	63,505	64,847
The applicable weighted average effective tax rate is:	-27.50%	-27.50%
c. Current tax liability		
Current tax relates to the following:		
Current tax liabilities / (assets)		
Opening balance	34,794	47,813
Income tax paid	(103,598)	(77,866)
Current tax	63,505	64,847
Under / (over) provision prior years	-	-
	(5,299)	34,794
d. Deferred tax asset / liability		
Deferred tax relates to the following:		
Deferred tax assets comprise:		
Provision for doubtful debts	-	-
Prepayments	-	-
Property, plant & equipment	-	-
Accruals	-	-
Employee provisions	-	-
Unused tax losses	-	-
	-	-
Deferred tax liabilities comprise:		
Accrued income	-	-
Property, plant & equipment	-	-
	-	-
Net deferred tax asset / liability	-	-
Total carried forward tax losses not recognised as deferred tax assets:	-	-

Notes to the financial statements (continued)

Note 4. Income tax (continued)

	2020 \$	2019 \$
e. Deferred income tax included in income tax expense comprises:		
Decrease / (increase) in deferred tax assets	-	-
(Decrease) / increase in deferred tax liabilities	-	-
Under / (over) provision prior years	-	-
	-	-

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

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities/assets are measured at the amounts expected to be paid to/recovered from the relevant taxation authority.

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

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Deferred income tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Note 5. Cash and cash equivalents

	2020 \$	2019 \$
Cash at bank and on hand	61,405	78,637
Short-term bank deposits	772,890	767,018
	834,295	845,655

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are reported within short-term borrowings in current liabilities in the statement of financial position.

The effective interest rate on short-term bank deposits was 1.3% (2019: 1.7%); these deposits have an average maturity of 365 days.

Note 6. Trade and other receivables

	2020 \$	2019 \$
Current		
Trade receivables	65,048	73,155
Cash Flow Boost ATO	8,017	
Other receivables	35,000	35,000
	108,065	108,155

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost, less any provision for doubtful debts. Trade and other receivables are due for settlement usually no more than 30 days from the date of recognition.

Notes to the financial statements (continued)

Note 6. Trade and other receivables (continued)

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts, which are known to be uncollectable, are written off. A provision for doubtful debts is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the assets carrying amount and the present value of estimated cash flows, discounted at the effective interest rate. The amount of the provision is recognised on profit or loss.

Credit risk

The main source of credit risk relates to a concentration of trade receivables owing by Bendigo and Adelaide Bank Limited, which is the source of the majority of the company's income.

The following table details the company's trade and other receivables exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as "past due" when the debt has not been settled, within the terms and conditions agreed between the company and the customer or counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the company.

The balances of receivables that remain within initial trade terms (as detailed in the table below) are considered to be high credit quality.

	Gross amount \$	Not past due \$	Past due but not impaired			Past due and impaired \$
			< 30 days \$	31-60 days \$	> 60 days \$	
2020						
Trade receivables	65,048	65,048	-	-	-	-
Other receivables	35,000	35,000	-	-	-	-
Total	100,048	100,048	-	-	-	-
2019						
Trade receivables	73,155	73,155	-	-	-	-
Other receivables	35,000	35,000	-	-	-	-
Total	108,155	108,155	-	-	-	-

Note 7. Financial assets

	2020 \$	2019 \$
Held to maturity financial assets		
Term deposits	-	-
Available for sale financial assets		
Listed investments	226,674	133,366
	226,674	133,366

(a) Classification of financial assets

The company classifies its financial assets in the following categories:

- loans and receivables,
- held to maturity investments,
- financial assets at fair value through profit or loss, and
- available for sale assets.

Notes to the financial statements (continued)

Note 7. Financial assets (continued)

(a) Classification of financial assets (continued)

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at the end of each reporting period.

Loans and receivables

This category is the most relevant to the company. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the period end, which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the statement of financial position.

Held to maturity investments

The entity classifies investments as held-to-maturity if:

- they are non-derivative financial assets
- they are quoted in an active market
- they have fixed or determinable payments and fixed maturities
- the entity intends to, and is able to, hold them to maturity.

Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the end of the reporting period, which would be classified as current assets.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term with the intention of making a profit. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. The company has not designated any financial assets at fair value through profit or loss.

Available for sale financial asset

Investments are designated as available-for-sale financial assets if they do not have fixed maturities and fixed or determinable payments, and management intends to hold them for the medium to long-term. Financial assets that are not classified into any of the other categories (at FVPL, loans and receivables or held-to-maturity investments) are also included in the available-for-sale category.

The financial assets are presented as non-current assets unless they mature, or management intends to dispose of them within 12 months of the end of the reporting period.

(b) Measurement of financial assets

At initial recognition, the entity measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Loans and receivables and held-to-maturity investments are subsequently carried at amortised cost using the effective interest method.

(c) Impairment of financial assets

The entity assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.

Notes to the financial statements (continued)

Note 7. Financial assets (continued)

(c) Impairment of financial assets (continued)

Assets carried at amortised cost

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the company may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

Assets classified as available for sale

If there is objective evidence of impairment for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss.

Impairment losses on equity instruments that were recognised in profit or loss are not reversed through profit or loss in a subsequent period.

If the fair value of a debt instrument classified as available-for-sale increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

(d) Derecognition

Financial assets are derecognised when the contractual rights to receipt of cash flows expire 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. Financial liabilities are derecognised when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Note 8. Other assets

	2020 \$	2019 \$
Prepayments	4,346	5,377
Security bond	-	-
Other	-	-
	4,346	5,377

Other assets represent items that will provide the entity with future economic benefits controlled by the entity as a result of past transactions or other past events.

Notes to the financial statements (continued)

Note 9. Property, plant and equipment

	2020 \$			2019 \$		
	At cost	Accumulated depreciation	Written down value	At cost	Accumulated depreciation	Written down value
Land	-	-	-	-	-	-
Buildings	-	-	-	-	-	-
Leasehold improvements	118,571	(40,393)	78,178	118,571	(37,768)	80,803
Plant and equipment	92,001	(86,439)	5,562	92,001	(85,110)	6,891
Furniture and fittings	-	-	-	-	-	-
Motor vehicles	25,142	(25,142)	-	20,404	(10,755)	9,649
Total property, plant and equipment	235,714	(151,974)	83,740	230,976	(133,633)	97,343

Land and buildings

Freehold land and buildings are measured at cost and therefore are carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of land and buildings is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised in profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present.

The carrying amount of land and buildings is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal.

Plant and equipment

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised in profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present.

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

Plant and equipment (continued)

Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(a) Capital expenditure commitments

The entity does not have any capital expenditure commitments at 30 June 2019 (2018: None)

Notes to the financial statements (continued)

Note 9. Property, plant and equipment (continued)

(b) Movements in carrying amounts of PP&E

2020	Opening written down value	Additions	Disposals	Revaluations	Impairments / write-offs	Depreciation	Closing written down value
Land	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-
Leasehold improvements	80,803		-	-	-	(2,625)	78,178
Plant and equipment	6,891		-	-	-	(1,329)	5,562
Furniture and fittings			-	-	-		-
Motor vehicles	9,649	25,142	(5,909)		(1,712)	(27,170)	-
Total property, plant and equipment	97,343	25,142	(5,909)	-	(1,712)	(31,124)	83,740
2019	Opening written down value	Additions	Disposals	Revaluations	Impairments / write-offs	Depreciation	Closing written down value
Land	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-
Leasehold improvements	83,429		-	-	-	(2,626)	80,803
Plant and equipment	8,007	876	-	-	-	(1,992)	6,891
Furniture and fittings	-	-	-	-	-	-	-
Motor vehicles	12,200	-	-	-	-	(2,551)	9,649
Total property, plant and equipment	103,636	876	-	-	-	(7,169)	97,343

Note 10. Intangible assets

	2020 \$			2019 \$		
	At cost	Accumulated amortisation	Written down value	At cost	Accumulated amortisation	Written down value
Franchise fees	205,376	(149,843)	55,533	205,376	(135,058)	70,318
Establishment costs	-	-	-	-	-	-
Total intangible assets	205,376	(149,843)	55,533	205,376	(135,058)	70,318

Notes to the financial statements (continued)

Note 10. Intangible assets (continued)

Franchise fees and establishment costs have been initially recorded at cost and amortised on a straight line basis at a rate of 20% per annum. The current amortisation charges for intangible assets are included under depreciation and amortisation in the Statement of Profit or Loss and Other Comprehensive Income.

Movements in carrying amounts

	Opening written down value	Additions	Disposals	Revaluations	Impairments / write-offs	Amortisation	Closing written down value
2020							
Franchise fees	70,318		-	-	-	(14,785)	55,533
Establishment costs	-	-	-	-	-	-	-
Total intangible assets	70,318	-	-	-	-	(14,785)	55,533
	Opening written down value	Additions	Disposals	Revaluations	Impairments / write-offs	Amortisation	Closing written down value
2019							
Franchise fees	1,756	73,993	-	-	-	(5,431)	70,318
Establishment costs	-	-	-	-	-	-	-
Total intangible assets	1,756	73,993	-	-	-	(5,431)	70,318

Note 11. Financial liabilities

Financial liabilities include trade payables, other creditors, loans from third parties and loans from or other amounts due to related entities. Financial liabilities are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Financial liabilities are initially measured at fair value plus transaction costs, except where the instrument is classified as "fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Note 12. Trade and other payables

	2020 \$	2019 \$
Current		
Unsecured liabilities:		
Trade creditors	55,533	59,136
Other creditors and accruals	58,982	38,071
	114,515	97,207

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

The average credit period on trade and other payables is one month.

Notes to the financial statements (continued)

Note 13. Borrowings

	2020 \$	2019 \$
Current		
Unsecured liabilities		
Bank overdraft	-	-
Secured liabilities		
Bank loan	-	-
Finance leases	-	-
	-	-
Non-current		
Unsecured liabilities		
Bank overdraft	-	-
Secured liabilities		
Bank loan	-	-
Finance leases	-	-
	-	-
Total borrowings	-	-

Loans

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Finance Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset - but not the legal ownership - are transferred to the company, are classified as finance leases.

Finance leases are capitalised by recognising an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

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

(a) Bank overdraft and bank loans

The company does not operate an overdraft facility.

The company does not have a mortgage loan.

(b) Lease liabilities

Lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

Notes to the financial statements (continued)

Note 14. Provisions

	2020 \$	2019 \$
Current		
Employee benefits	39,808	54,170
Non-current		
Employee benefits	-	-
Total provisions	39,808	54,170

Short-term employee benefits

Provision is made for the company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The liability for annual leave is recognised in the provision for employee benefits. All other short term employee benefit obligations are presented as payables.

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurement for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The company's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the company does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

Note 15. Share capital

	2020 \$	2019 \$
Ordinary shares fully paid	780,111	780,111
Bonus shares issued for no consideration	-	-
Less: Equity raising costs	(20,540)	(20,540)
	759,571	759,571

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

(a) Movements in share capital

Fully paid ordinary shares:

At the beginning of the reporting period	780,111	780,111
Shares issued during the year	-	-
At the end of the reporting period	780,111	780,111

Notes to the financial statements (continued)

Note 15. Share capital (continued)

(a) Movements in share capital (continued)

Ordinary shares participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held. At the shareholders' meetings each shareholder is entitled to one vote when a poll is called, or on a show of hands. The company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid. All shares rank equally with regard to the company's residual assets.

(b) 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 Statement of Financial Position.

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

(i) the Distribution Limit is the greater of:

(a) 20% of the profit or funds of the company otherwise available for distribution to shareholders in that 12 month period; and

(b) subject to the availability of distributable profits, the Relevant Rate of Return multiplied by the average level of share capital of the Franchisee over that 12 month period; and

(ii) 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 can be seen in the Statement of Profit or Loss and Comprehensive Income.

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

Note 16. Retained earnings

	2020 \$	2019 \$
Balance at the beginning of the reporting period	314,472	189,073
Profit for the year after income tax	167,424	170,962
Revaluation Reserve	(23,230)	8,720
Dividends paid	(54,608)	(54,283)
Balance at the end of the reporting period	404,058	314,472

Note 17. Dividends paid or provided for on ordinary shares

	2020 \$	2019 \$
Dividends paid or provided for during the year		
Fully franked ordinary dividend of 7 cents per share (2020:7 cents) franked at the tax rate of 27.5% (2019: 27.5%).	54,608	54,608

A provision is made for the amount of any dividends declared, authorised and no longer payable at the discretion of the entity on or before the end of the financial year, but not distributed at balance date.

Notes to the financial statements (continued)

Note 18. Reserves

	2020 \$	2019 \$
Asset revaluation reserve		
Balance at the beginning of the reporting period	-	-
Fair value movements during the period	-	-
Balance at the end of the reporting period	-	-

The reserves represent undistributable gains recognised on the revaluation of non-current assets.

Note 19. Earnings per share

	2020 \$	2019 \$
Basic earnings per share (cents)	25.19	21.92
Earnings used in calculating basic earnings per share	196,541	170,962
Weighted average number of ordinary shares used in calculating basic earnings per share.	780,111	780,111

Basic earnings per share

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

Note 20. Statement of cash flows

	2020 \$	2019 \$
(a) Cash and cash equivalents balances as shown in the Statement of Financial Position can be reconciled to that shown in the Statement of Cash Flows as follows:		
Cash and cash equivalents (Note 5)	834,295	845,655
Less bank overdraft (Note 13)	-	-
As per the Statement of Cash Flow	834,295	845,655
(b) Reconciliation of cash flow from operations with profit/loss after income tax		
Profit for the year after income tax	167,424	170,962
Non-cash flows in profit		
- Depreciation and amortisation	45,909	13,413
- Bad debts	361	264
- Net Loss on disposal of motor vehicle	(1,712)	-

Notes to the financial statements (continued)

Note 20. Statement of cash flows (continued)

	2020 \$	2019 \$
(b) Reconciliation of cash flow from operations with profit/loss after income tax (continued)		
Changes in assets and liabilities		
- (Increase) / decrease in trade and other receivables	90	12,702
- (increase) / decrease in prepayments and other assets	1,031	(37,361)
- (Increase) / decrease in deferred tax asset	-	-
- Increase / (decrease) in trade and other payables	17,308	157,097
- Increase / (decrease) in current tax liability	(40,093)	37,805
- Increase / (decrease) in provisions	(14,362)	44,975
Net cash flows from operating activities	175,956	399,857

(c) Credit standby arrangement and loan facilities

The company does not have any bank overdraft or commercial bill facility.

Note 21. Key management personnel and related party disclosures

(a) Key management personnel

Key management personnel includes any person having authority or responsibility for planning, directing or controlling the activities of the entity, directly or indirectly including any Director (whether executive or otherwise) of that company.

The totals of remuneration paid to key management personnel of the company during the year are as follows:

	2020 \$	2019 \$
Short-term employee benefits	-	-
Post-employment benefits	-	-
Other long-term benefits	-	-
Share-based payments	-	-
Total key management personnel compensation	-	-

Short-term employee benefits

These amounts include fees and benefits paid to the non-executive Chair and non-executive Directors as well as all salary, paid leave benefits, fringe benefits and cash bonuses awarded to Executive Directors and other key management personnel.

Post-employment benefits

These amounts are the current year's estimated cost of providing the company's defined benefits scheme post-retirement, superannuation contributions made during the year and post-employment life insurance benefits.

Other long-term benefits

These amounts represent long service leave benefits accruing during the year, long-term disability benefits and deferred bonus payments.

Notes to the financial statements (continued)

Note 21. Key management personnel and related party disclosures (continued)

(a) Key management personnel (continued)

Share-based payments

These amounts represent the expense related to the participation of key management personnel in equity-settled benefits schemes as measured by the fair value of the options, rights and shares granted on grant date.

(b) Other related parties

Other related parties include close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel, individually or collectively with their close family members.

(c) Transactions with key management personnel and related parties

Other than detailed below, no key management personnel or related party has entered into any contracts with the company. No Director fees have been paid as the positions are held on a voluntary basis.

During the year, the company purchased goods and services under normal terms and conditions, from related parties as follows:

Name of related party	Description of goods / services provided	Value \$
Advance Business Centres	Accounting Services	15,600
Bronwyn Shearer	Company Secretary, Executive Officer	48,436

Leopold Community Enterprises Limited have not accepted the Bendigo and Adelaide Bank Limited's Community Bank Directors Privileges package. The package is available to all Directors who can elect to avail themselves of the benefits based on their personal banking with the branch.

(c) Transactions with key management personnel and related parties (continued)

The estimated benefits from the Bendigo and Adelaide Bank Limited's Community Bank Directors Privileges package per Director is as follows:

	2020	2019
Lily Reinert	-	-
Paul Madden	-	-
Bronwyn Shearer	-	-
Bob Reinert	-	-
John Leach	-	-
Gabrielle Jennings	-	-
Dennis More	-	-

(d) Key management personnel shareholdings

The number of ordinary shares in Leopold Community Enterprises Limited held by each key management personnel of the company during the financial year is as follows:

	2020	2019
Paul Madden	26,051	26,051
Bob Reinert	5,051	5,051
Lily Reinert	5,051	5,051
Bronwyn Shearer	500	-
	36,653	36,153

Notes to the financial statements (continued)

Note 21. Key management personnel and related party disclosures (continued)

(d) Key management personnel shareholdings (continued)

There was no movement in key management personnel shareholdings during the year. Each share held has a paid up value of \$1 and is fully paid.

(e) Other key management transactions

There has been no other transactions involving equity instruments other than those described above.

Note 22. Events after the reporting period

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

Note 23. Contingent liabilities and contingent assets

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

Note 24. Operating segments

The company operates in the financial services sector where it provides banking services to its clients. The company operates in one area being Leopold, Victoria. The company has a franchise agreement in place with Bendigo and Adelaide Bank Limited who account for 98% of the revenue (2019: 98%).

Note 25. Commitments

Operating lease commitments

	2020 \$	2019 \$
Payable:		
- no later than 12 months	Nil	Nil
- between 12 months and five years	-	-
- greater than five years	-	-
Minimum lease payments	Nil	Nil

Include the details of the operating lease commitments. i.e. The property lease is a non-cancellable lease with a five year term, with rent payable monthly in advance and with CPI increases each year.

Non-cancellable operating leases contracted for but not capitalised in the Statement of Financial Position.

Finance lease commitments

Finance lease liabilities are payable exclusive of GST as follows:

	2020 \$	2019 \$
Payable:		
- no later than 12 months	-	-
- between 12 months and five years	-	-
- greater than five years	-	-
Minimum lease payments	-	-
Less future interest charges	-	-
Finance lease liability	-	-

Include the details of the finance lease commitments. i.e. Finance leases comprise leases of property, plant and equipment under normal commercial finance lease terms and conditions repayable over 5 years.

Notes to the financial statements (continued)

Note 26. Company details

The registered office is Level 1, 50-58 Moorabool Street, Geelong, VIC 3220 and principal place of business is Shop 18, Gateway Plaza, 621 Bellarine Highway, Leopold VIC 3224.

Note 27. Financial instrument risk

Financial risk management policies

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established an Audit Committee which reports regularly to the Board. The Audit Committee is assisted in the area of risk management by an internal audit function by Bendigo and Adelaide Bank Limited.

Specific financial risk exposure and management

The main risks the company is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk and other price risk. There have been no substantial changes in the types of risks the company is exposed to, how the risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

The company's financial instruments consist mainly of deposits with banks, short term investments, account receivables and payables, bank overdraft and loans. The totals for each category of financial instruments measured in accordance with AASB 139 Financial Instruments: Recognition and Measurement as detailed in the accounting policies are as follows:

	Note	2020 \$	2019 \$
Financial assets			
Cash and cash equivalents	5	834,295	845,655
Trade and other receivables	6	108,065	108,155
Financial assets	7	226,674	133,366
Total financial assets		1,169,034	1,087,176
Financial liabilities			
Trade and other payables	12	114,515	97,207
Borrowings	13	-	-
Bank overdraft	13	-	-
Total financial liabilities		114,515	97,207

(a) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the company.

Credit risk is managed through maintaining procedures ensuring, to the extent possible, that clients and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment. Credit terms for normal fee income are generally 30 days from the date of invoice. For fees with longer settlements, terms are specified in the individual client contracts. In the case of loans advanced, the terms are specific to each loan.

Credit risk exposures

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period is equivalent to the carrying amount and classification of those financial assets as presented in the table above.

The company has significant concentrations of credit risk with Bendigo and Adelaide Bank Limited. The company's exposure to credit risk is limited to Australia by geographic area.

None of the assets of the company are past due (2019: nil past due) and based on historic default rates, the company believes that no impairment allowance is necessary in respect of assets not past due.

The company limits its exposure to credit risk by only investing in liquid securities with Bendigo and Adelaide Bank Limited and therefore credit risk is considered minimal.

Notes to the financial statements (continued)

Note 27. Financial instrument risk (continued)

(b) Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company ensures it will have enough liquidity to meet its liabilities when due under both normal and stressed conditions. Liquidity management is carried out within the guidelines set by the Board.

Typically, the company maintains sufficient cash on hand to meet expected operational expenses, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward.

Financial liability and financial asset maturity analysis:

	Weighted average interest rate %	Total \$	Within 1 year \$	1 to 5 years \$	Over 5 years \$
30 June 2020					
Financial assets					
Cash and cash equivalents	-%	834,295	834,295	-	-
Trade and other receivables		108,065	108,065	-	-
Financial assets	-%	226,674	226,674	-	-
Total anticipated inflows		1,169,034	1,169,034	-	-
Financial liabilities					
Trade and other payables		114,515	114,515	-	-
Borrowings	-%	-	-	-	-
Bank overdraft *	-%	-	-	-	-
Total expected outflows		114,515	114,515	-	-
Net inflow / (outflow) on financial instruments		1,054,519	1,054,519	-	-

	Weighted average interest rate %	Total \$	Within 1 year \$	1 to 5 years \$	Over 5 years \$
30 June 2019					
Financial assets					
Cash and cash equivalents	-%	845,655	845,655	-	-
Trade and other receivables		108,155	108,155	-	-
Financial assets	-%	133,366	133,366	-	-
Total anticipated inflows		1,087,176	1,087,176	-	-

Notes to the financial statements (continued)

Note 27. Financial instrument risk (continued)

(b) Liquidity risk (continued)

30 June 2019	Weighted average interest rate %	Total \$	Within 1 year \$	1 to 5 years \$	Over 5 years \$
Financial liabilities					
Trade and other payables		97,207	97,207	-	-
Borrowings	-%	-	-	-	-
Bank overdraft *	-%	-	-	-	-
Total expected outflows		97,207	97,207	-	-
Net inflow / (outflow) on financial instruments		989,969	989,969	-	-

* The Bank overdraft has no set repayment period and as such all has been included as current.

(c) Market risk

Market risk is the risk that changes in market prices, such as interest rates, will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The company has no exposure to fluctuations in foreign currency, or any exposure to a material price risk.

The financial instruments that primarily expose the company to interest rate risk are fixed interest securities, and cash and cash equivalents.

Sensitivity analysis

The following table illustrates sensitivities to the company's exposures to changes in interest rates and equity prices. The table indicates the impact on how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible.

These sensitivities assume that the movement in a particular variable is independent of other variables.

	2020		2019	
	Profit \$	Equity \$	Profit \$	Equity \$
+/- 1% in interest rates (interest income)	10,610	10,610	9,790	9,790
+/- 1% in interest rates (interest expense)	-	-	-	-
	10,610	10,610	9,790	9,790

There have been no changes in any of the methods or assumptions used to prepare the above sensitivity analysis from the prior year.

Directors' declaration

In accordance with a resolution of the Directors of Leopold Community Enterprises Limited, the Directors of the company declare that:

1. The financial statements and notes, as set out on pages 17 to 44 are in accordance with the *Corporations Act 2001* and:
 - (i) comply with Australian Accounting Standards which, as stated in accounting policy Note 1(a) to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and
 - (ii) give a true and fair view of the company's financial position as at 30 June 2020 and of the performance for the year ended on that date;
2. In the Directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
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 resolution is made in accordance with a resolution of the Board of Directors.



Lily Rienert
Director

Signed at Leopold on 29th September 2020.

Independent audit report

Mark SP Wilkinson
ABN 46 472 629 469
Registered Company Auditor

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF LEOPOLD COMMUNITY ENTERPRISES LIMITED
ABN 39 133 061 800**

Report on the Financial Report

I have audited the accompanying financial report of Leopold Community Enterprises Limited, which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives me a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements that the financial statements comply with International Financial Reporting Standards (IFRS).

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on my audit. I have conducted my audit in accordance with Australian Auditing Standards. Those standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

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

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

Independence

In conducting my audit, I have complied with the independence requirements of the *Corporations Act 2001*. I confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Leopold Community Enterprises Limited, would be in the same terms if provided to the directors as at the time of this auditor's report.

Independent audit report (continued)

Mark SP Wilkinson
ABN 46 472 629 469
Registered Company Auditor

Auditor's Opinion

In my opinion:

- (a) the financial report of Leopold 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 for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with the International Financial Reporting Standards as disclosed in Note 1.



Mark Stuart Pressland Wilkinson
Registered Company Auditor 4485
6 Kintyre Crescent
Leopold Victoria 3224

Dated: 30 September 2020

6 Kintyre Crescent (PO Box 235)
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/LeopoldCommunityBankBranch

