

2021

Annual Report

**Leopold Community
Enterprises Limited**

ABN 39 133 061 800



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Chairperson's report

For year ending 30 June 2021



At the Annual General Meeting our 2021 grants will be announced, and we look forward to the projects which will be implemented in our wonderful community. With the ongoing support of our shareholders and our customers we will continue to support our local community – something which we are all proud of.

I am extremely proud to present this, my final report as Chair, on behalf of the Board of Leopold Community Enterprises Limited for the financial year ending 30 June 2021.

Whilst we have had a successful year with significant achievements, the impact of COVID-19 on our community and business operations cannot be underestimated. The economic and social impacts have been extremely challenging and unique, and it seems this will continue for some time yet. As usual our Leopold community has stood strong and supported each other.

Your branch

Over the past 12 months we have seen some changes in our branch staffing. We welcomed Hannah Palmer to the role of Branch Manager and said goodbye to two long term staff members, Steve Smiljanic and Mua Alatupe. We started a trainee in Tyler Stavenuiter who is thriving in this role. We cannot thank enough the staff led by Hannah, for their efforts over the last 12 months. It is always a pleasure to go into the branch and see such a friendly and supportive team.

Bendigo Bank continues to introduce its new branding. To date this has been introduced across the website, e-banking, social media channels, bank statements and cards, and all marketing materials. 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.

Our shareholders

This year the company paid a fully franked dividend to shareholders of 7c per share (November 2020). This brings the total dividends paid to date to 58 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 \$452,428. This demonstrates the company commitment to reward those who made the Community Bank company possible and those who continue to support us today. We look forward to announcing the 2021 dividend at our Annual General Meeting in November.

To all our shareholders we send a significant vote of thanks. Your initial commitment to the Community Bank concept has allowed this company to grow. Your continued support and advocacy are invaluable. Without your support we would not be able to continue to support our ever growing and diverse community of Leopold.

Chairman's report (continued)

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 the Executive for ensuring that all matters are dealt with appropriately.

As our new Directors, Craig Savige, Kylie Clayton and Ramona Browne, settle into their roles; they are bringing unique skills and experience to their Board roles. In common they bring a passion for supporting and improving the community of Leopold. As a Board we look forward to their new ideas and continued commitment.

Our community

One of the main purposes of this company is to be able to work with our local community, through grants and sponsorships. The financial success of the last year has again enabled us to fulfil this goal. If you refer to the Community Investment section of this report, you will see the projects and community feedback. At the Annual General Meeting our 2021 grants will be announced, and we look forward to the projects which will be implemented in our wonderful community. With the ongoing support of our shareholders and our customers we will continue to support our local community – something which we are all proud of.

As we move into the remainder of 2021 and into 2022, we will continue to build strong partnerships with all our key stakeholders (staff, community, shareholders and Bendigo and Adelaide Bank) to ensure we continue to live our values of:

- Commitment to working for our community
- Ethical, honest and transparent governance
- Responsive to the needs of our stakeholders
- Exceed expectations and redefine professional excellence; and
- Respect and inclusive to all.

So, if you still need a reason to bank with us, simply look around you.... and make the change.

On a personal note, this being my last report, I take this opportunity to thank everyone who has been involved with Leopold Community Enterprises Limited and the Community Bank over my 14 years. From the initial steering committee to current Directors, our staff and that of Bendigo Bank who have come and gone over the years, to our wonderful shareholders; who took the chance of being involved in something so great for our community; all I can say is thank you. I have had the pleasure of being part of this journey and look forward to seeing it prosper into the future.



Lily Reinert
Chairperson

Manager's report

For year ending 30 June 2021



The start of the financial year deemed challenging with our loan book being adversely affected by discharges. This was turned around after only a couple of months, with us really seeing some great improvement from November 2020 onwards.

Well, what a year! Lockdowns, restrictions on how we operate in branch and limitations to how we operate in the community.

Working with the community is a part of our Community Bank staff role which we all love. Unfortunately, lockdowns have limited the amount of time we could do this – something that has been truly missed. Connecting with our customers, our community, our clubs and organisations and our small businesses is something that we have done for 12 years, and I personally have felt the impact of COVID-19 restrictions we have faced over the last 12 months. On a positive note, however, we were able to achieve some small milestones and connect with a few of our wonderful clubs at some of their events.

Commencing in the Branch Manager's Role mid-May 2020 allowed me to settle in, get to know the team and start the new financial year fresh. The start of the financial year deemed challenging with our loan book being adversely affected by discharges. This was turned around after only a couple of months, with us really seeing some great improvement from November 2020 onwards.

Over the 12 months we saw positive growth of \$3,586 million to our loan book and \$9,314 million to our deposit book; thereby a total of \$12,9 million business growth through our branch for the financial year. As at 30 June 2021 we hold a total of \$68,420 million held in lending and \$100 million held in our deposit book.

In addition to these positive results, we were happy to see minimal customers experiencing severe financial difficulty because of COVID-19. With funding provided from the government and relief provided from the bank, there has been no financial hardship cases managed through the branch due to customers having to sell homes or declare bankruptcy.

Our total customers are currently sitting at 4,637 which is an increase from last year of 2.4% and our products per customers has remained steady at 2.2. Teller transactions, expectantly, have decreased from the previous financial year again with customers looking for other ways to bank. Our staff spent time on the phone to customers and assisted them with card ordering and e-banking registrations. There has also been a big shift to digital applications with the implementation of DocuSign in the lending space, allowing a contact free option for our customers in this difficult time.

We are all looking forward to the positive expectations of 2021/22.

Over the last 12 months, our staffing has seen some changes. We have said goodbye to Steve Smiljanic who had been our Home Loan Lender for six years. Steve moved into an internal role within the Bendigo Bank. We thank him for his dedication and support over the years. We also said goodbye to Mua Alatupe, who left us from a Customer Relationship Role. Mua has been dearly missed by our customers especially. And lastly, we had Danita Eastman commence Maternity Leave in December 2020. Her and her family welcomed their 3rd child, a little boy named Sebastian. Whilst it is always sad to see staff go, we have had the pleasure of welcoming some wonderful new members to our team.

Manager's report (continued)

Tyler Stavenuiter joined the team as a Trainee Customer Service Officer, employed through WestVic Staffing Solutions. Tyler has fitted in and excelled in his learning, and we will have the pleasure of him finishing his traineeship early; enabling him to take up a full-time position at Community Bank Leopold at the end of September.

We also welcomed Christopher White into our Home Loan Lending space. Chris comes with four years experience from the South Melbourne branch and has hit the ground running in his new role.

I take this time to thank the staff – Robyn, Sam, Chris, Tyler, and past Steve, Mua and Danita for their efforts over the past 12 months. Our great year of results wouldn't have been achievable without you all.

From a community perspective we have managed to continue to connect and engage with our current clubs and organisations with limitations. I would like to thank the Leopold Football Club for their commitment to giving back to the Leopold Community Bank and their Marketing approach this financial year. We look forward to continuing this relationship in the 2022 season.

From July 2020 to June 2021, we have contributed another \$111,372 back to the community through grants, sponsorships and donations. We look forward to being able to continue this in the future with the support of the community.

I would also like to thank our volunteer Board who commit their time freely to ensuring that the community benefits from the profits we earn. Their time and effort are also appreciated by the customers, staff and community alike.

And lastly, our shareholders and customers. Without you, none of this would be possible.

Keep referring family and friends, keep asking for help, keep calling and keep banking.

Thank you!



Hannah Palmer
Branch Manager

Community investments

Due to COVID-19 restrictions, this last year has been difficult for many of our community organisations and clubs to undertake the projects we have funded. As we moved into the later part of 2021, they are all moving forward. The following shows some of the projects completed and the feedback received.

Thanks Community Bank Leopold

“We have been lucky to receive sponsorship of our Annual Golf Day for the past 12 years. Thanks for your support.”

Ray Bird – Leopold Sporties – Golf Section Committee



Right on par



A great day by all



Friends of the Bellarine Rail Trail

Maintaining the Bellarine Rail Trail

“The grant from Community Bank Leopold has enabled us to purchase a drill and mobile spraying unit. These items will assist us in our work to maintain the Bellarine Rail Trail, making it a safe place for joggers, walkers, bike riders and all of the Leopold community.”

Community Bank Leopold has supported us over many years and we thank them for this.”

David Le Lievre

Let's go camping...

“Thanks Community Bank Leopold. We have received several grants from our Community Bank in recent years. We have purchased the necessary equipment to provide a safe, healthy and active program for our young people. In return, this benefits the whole community.”

Ted Pitfield



Thank you Community Bank Leopold from 1st Eastern Park Scouts

Community investments (continued)



A picnic under the lights

Let's light up the ground

“Thanks to Community Bank Leopold we are underway with our new development. With the lights now working we are ready to commence the next stage. Once complete it will be a fantastic facility for our club and community. Without seed funding from the Community Bank we would not have been able to achieve this. Please support them so they can continue to do the amazing work within the community.”

Lisa de Vries



Leopold War Memorial Committee



Thanks Community Bank Leopold



Watching it all grow

Exploring our Indigenous garden

“Leopold Kindergarten would like to thank Community Bank Leopold for enabling our Indigenous garden. The dry river bed and locally sourced plants gives our children heaps to explore.”

Kerrie Carter



A wonderful natural learning space for our children.

A place to remember

“Thanks to Community Bank Leopold the memorial has become a much-admired iconic community asset for the benefit of members of the wider Leopold community.”

Keith Pettigrew

Juniors have a blast

“Wallington Cricket Club thanks Community Bank Leopold for the support during the 2020/21 season. The Club has worked hard at rebuilding our Junior program, which saw us beat our ambitious target of doubling participants in the season and finished with 55 kids. The financial support provided has allowed us to keep registration fees to a minimum, put on complimentary BBQ for the kids every week and purchase new equipment for the increased participants.”

Marc Occhipinti



Community investments (continued)



Allanvale Pre-School



All weather play area

Inspirational and educational play

“Thanks to the support of Community Bank Leopold, our centre is looking fabulous. We now have a space to inspire and educate the next generation and for that we are truly grateful.”

Emma Moore

Watching things grow

“Thank you Community Bank Leopold. This grant is great news as it allows us to grow and increase our membership. We have completed the new garden beds and planting has commenced.

I hope everyone supports the bank so that they can support the community in their various projects.”

Maureen Garrett



Grinter Garden



Leopold Sportsman's Club
(Bowls section)

Keeping hydrated

“We have been very fortunate to receive numerous grants and team sponsorships from Community Bank Leopold. Our team and club are continually grateful for their continued support.”

Barry Young

Community investments (continued)

Shade and protection for our community

“The grant of \$25,000 from Community Bank Leopold has enabled the construction of our new shade structure near the Bellarine Building providing protection from the harsh UV rays. This is a great asset for families, community groups and the school to use when events are being held on the oval.

Thank you Community Bank Leopold.”

Charmaine Granger



Leopold Primary School

We're kicking and shooting goals

“Thanks to our grant from Community Bank Leopold, the recently upgraded netball forecourt space and seating has greatly enhanced the aesthetics and functionality of this space.”

Richard Hockley



Leopold Football Netball Club



Clean space for all to enjoy

Secure and clean storage

“Lions Club of Leopold is proud of their strong relationship with Community Bank Leopold. Thank you for your continued support enabling some fantastic projects to be undertaken.”

Judy Hansen



Our new concrete floor



Secure storage for our assets

Community investments (continued)



More fun and games

“Leopold Toy Library greatly appreciates the grant from Community Bank Leopold for purchase of wooden toys to add to our collection. Over the past year, the demand for wooden toys has increased and we would not be in a position to satisfy this without their assistance.

This grant has enabled us to expand our collection as well as provide more opportunities for families who are engaged with Montessori learning paths.”

Deborah Mould

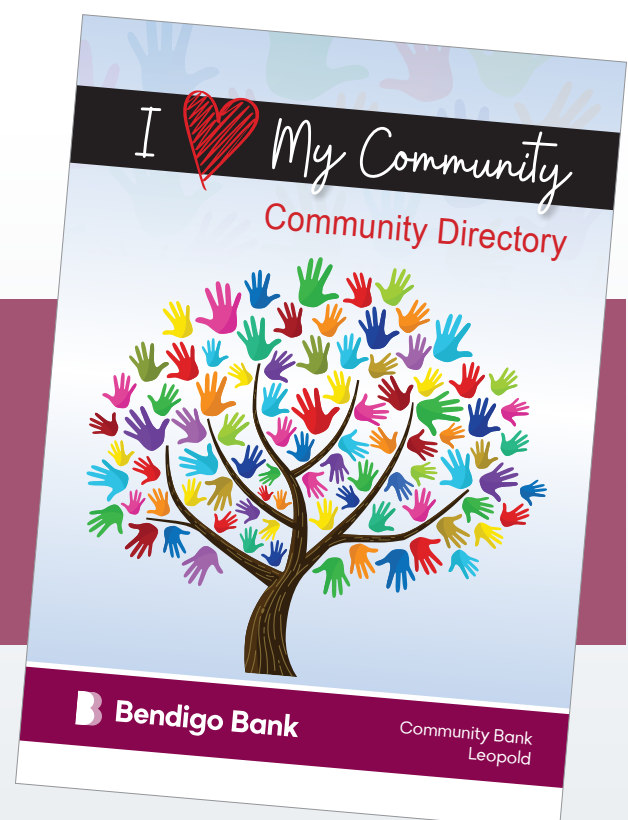
Community Directory

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 the Community Bank Leopold (via Leopold Community Enterprises Limited) has supported. So, bank local, encourage your family and friends to do the same and ensure this keeps growing.

Your opinion matters

The Community Needs Study highlighted several recommendations, and the Board continues to work through what we can do ourselves, who we can partner with to achieve these and those which are better served by external parties. To date a number of recommendations have commenced or are about to commence. These include:

- Leopold Community Directory which was recently delivered to all homes in Leopold. It is also available online at our website and through some venues throughout the community. It is intended that this will be updated regularly and available to new residents of our wonderful community
- Solar lighting on the rail trail – commencing in the latter part of 2021
- FC Leopold development – Lighting has been completed and club rooms to commence later in 2021
- Promotion of community groups through the branch – Community Investment wall established and continues to be expanded
- Gateway Plaza improvements – An external review of the parking was undertaken and some recommendations implemented
- Directorships – Ongoing marketing for potential Directors and induction of new Directors to the Board.



Directors' report

For the financial year ended 30 June 2021

This year we said goodbye to John Leach and Gabrielle Jennings as they retired from the Board. We thank them for their support and guidance during their time on the Board. These are the details of your Board as of 30th June 2021.



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 (2007) for the establishment of the Leopold Community Bank and has continued an active role on the board since Leopold Community Enterprises was formed (2008) 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: 3rd September 2008



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 and Safety Professional and Principal Auditor and comes from a strong background in leadership and executive coaching, with 20 years experience working with and leading teams across operations and corporate support roles.

Position: Deputy Chairperson, member of Human Resources Committee; and Governance and Risk Committee.

Qualifications: Certified OHS Generalist Professional and Principal Auditor and executive leadership coach

Current directorships: NIL

Commencement: 25th May 2020

Directors' report (continued)

Directors (continued)



Paul Madden

Paul was born, raised and educated in Newtown and Belmont. 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 eTaxAustralia.net.au, 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 (2007) and has had an active role since Leopold Community Enterprises was formed in 2008. He currently holds the position of Treasurer of the Board.

Position: Treasurer and member of the Finance, Budget and Audit Committee

Qualifications: Accountant CPA, Registered Tax Agent

Experience: Certified Practising Accountant (CPA), Diploma of Business (Accounting), Registered Tax Agent

Current directorships: Lasorate Pty Ltd, Investco Pty Ltd, Providence Holdings Pty Ltd, Link Consultants Pty Ltd

Commencement: 3rd September 2008



Bronwyn Shearer

Bronwyn has been a Leopold local for thirty 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 assists 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: 25th May 2015



Bob Reinert

Bob has been involved in the construction industry for over 45 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-five 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 (2007) for establishment of the Community Bank Leopold and has continued in an active role on the board since Leopold Community Enterprises was formed. (2008).

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: 3rd September 2008

Directors' report (continued)

Directors (continued)



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 businesses 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: 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 co-working 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 the Finance, Budget and Audit 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: 29th April 2019



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 and member of the Finance, Budget and Audit Committee

Qualifications: Diploma of Business, Graduate Diploma of Educational Administration, Bachelor of Electrical Engineering

Current directorships: NIL

Commencement: 25th May 2020

Directors' report (continued)

Directors (continued)



Ramona Browne

Ramona is a Leopold local of 20 years and parent of two local Primary School aged boys. She has a love for our beautiful community, it's people and supporting all things local. In recent years, she has held Executive roles on committees of Leopold Playgroup, Leopold Kindergarten, Leopold Primary School Council and Leopold Little Athletics. 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 currently works in Curriculum, Teaching and Learning, Tertiary sector. Ramona is dedicated to the Leopold community and Community Bank Leopold mission of 'Do Good, do more and do well'.

Position: Director and member of the Human Resources Committee

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

Board meeting attendance

	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21
Lily Reinert	P	P	P	P	P		P	P	P	P	P	P
Paul Madden	P	P	P	P	P		P	P	P	P	A	P
Bob Reinert	P	P	P	P	P		P	P	P	P	P	P
Bronwyn Shearer	P	P	P	P	P		P	P	P	P	P	P
Dennis More	P	P	P	P	P		P	P	P	P	P	P
Todd Hubers Van Assenraad	P	P	P	P	P		P	P	P	A	P	A
Craig Savige	P	P	P	P	A		P	P	P	P	P	P
Kylie Clayton	P	P	P	P	P		A	P	P	P	P	A
Ramona Browne	P	P	P	P	P		P	P	P	P	P	P
Gabrielle Jennings	E	E	E	R								
John Leach	P	R										

P=Present A=Apology E=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.

Directors' report (continued)

Review of operations

The profit of the company for the financial year after the provision for income tax was \$148,828 which is down on the 2020 financial year profit of \$196,541. This has been influenced by the implications of COVID, increased market competition and the historic low interest environment, which continued to place pressure on our margins.

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 9th November 2020 and paid on 10th November 2020 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.

Significant changes in the state of affairs

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

The 2020/21 financial year saw interest rates at a record low and as such the company saw a decrease in revenue due to these margin reductions. The company is still in a very good financial position due to cash reserves and continued growth in lending and deposits. Details are shown in the financial reports.

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. The company is investigating the opportunity to purchase a building from which to operate the branch. This investigation has stemmed from the continued escalating of costs associated with being located at Gateway Plaza. The Board considers such a relocation as the best way to consolidate its financial position into the future. The Board will continue to inform the shareholders of the potential investment.

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.

Directors' report (continued)

Auditor independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out in 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 any income for their director roles or received income from any companies associated with the provision of services to the company.

Two directors, Paul Madden and Bronwyn Shearer are employed by the company to provide additional services to the Board. Paul Madden CPA is employed to undertake accountancy requirements of the Board external to the volunteer Treasurer role and payment for these services is overseen by the Board. Payment for these services totalled \$17,160 for the 12 months. Bronwyn Shearer is employed directly by the Board as a part time Executive Officer. Her role is varied dependent on the requirements of the company but include but is not limited to administrative tasks, marketing, promotion and community development projects. Her remuneration for the 2020/21 year was \$44,751.

The Board is responsible for the determination of remuneration packages for all staff and have opted to align this with that of Bendigo Bank staff given a proportion of staff are seconded from Bendigo Bank. This ensures parity across staff performing the same role. Performance reviews and remuneration of the Branch Manager are conducted in consultation with the Regional Manager of Bendigo Bank.

Leopold Community Enterprises Limited has not accepted the Bendigo and Adelaide Bank Limited's Community Bank Directors Privileges package. Therefore \$0 for the Directors Privilege Package has been recorded for the year ended 30 June 2021.

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 2020	Net change in holdings	Balance @ 30 June 2021
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	1000	0	1000
Bronwyn Shearer	500	500	1000
Craig Savige	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 30th August 2021.



Lily Reinert

Chair

Leopold Community Enterprises Limited

Auditor's independence declaration

Mark SP Wilkinson
ABN 46 472 629 469
Registered Company Auditor

25 August 2021

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 2021 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)
Leopold Vic 3224

Telephone: 0418 772 212
Email: auditvalue@bigpond.com

Financial statements

Income Statement for the year ended 30 June 2021

	Notes	2021 \$	2020 \$
Revenue	2	1,061,298	1,172,719
Expenses			
Employee benefits expense	3	(523,131)	(527,819)
Depreciation and amortisation	3	(29,807)	(45,909)
Finance costs	3	-	-
Bad and doubtful debts expense	3	(367)	(361)
Administration and general costs			-
Occupancy expenses		(137,118)	(137,458)
IT expenses		(49,820)	(48,724)
Other expenses		(116,804)	(101,347)
		(857,047)	(861,618)
Operating profit before charitable donations & sponsorship		204,251	311,101
Charitable donations and sponsorships		(26,740)	(80,172)
Profit before income tax		177,511	230,929
Income tax benefit	4	(46,153)	(63,505)
Profit for the year after income tax		131,358	167,424
Other comprehensive income		17,470	29,117
Total comprehensive income for the year		148,828	196,541
Profit attributable to members of the company		148,828	196,541
Total comprehensive income attributable to members of the company		148,828	196,541
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	19.08	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 2021

	Notes	2021 \$	2020 \$
Assets			
Current assets			
Cash and cash equivalents	5	909,250	834,295
Trade and other receivables	6	121,481	108,065
Financial assets	7	345,864	226,674
Current tax asset	4	12,146	5,299
Other assets	8	58,202	4,346
Total current assets		1,446,943	1,178,679
Non-current assets			
Property, plant and equipment	9	86,112	83,740
Intangible assets	10	40,748	55,533
Deferred tax assets	4	885	-
Right-of-Use Assets	9c	274,287	
Total non-current assets		402,032	139,273
Total assets		1,848,975	1,317,952
Liabilities			
Current liabilities			
Trade and other payables	12	69,289	114,515
Current tax liability	4	-	-
Borrowings	13	-	-
Lease Liability	13b	106,572	
Provisions	14	31,593	39,808
Total current liabilities		207,454	154,323
Non-current liabilities			
Borrowings	13	-	-
Provisions	14	38,694	-
Lease liability	13b	181,508	
Total non-current liabilities		220,202	-
Total liabilities		427,656	154,323
Net assets		1,421,319	1,163,629
Equity			
Issued capital	15	759,571	759,571
Retained earnings	16	637,929	404,058
Reserves	18	39,371	-
Total equity		1,436,871	1,163,629

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 2021

	Note	Issued capital \$	Retained earnings \$	Reserves \$	Total equity \$
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
Balance at 1 July 2020		1,163,629	-	-	1,163,629
Comprehensive income for the year					
Profit for the year		-	131,358	-	131,358
Other comprehensive income for the year		-	-	-	-
		-	131,358	-	131,358
Transactions with owners in their capacity as owners					
GST, Right of use, Share revaluation				180,940	180,940
Dividends paid or provided	17	-	(54,608)	-	(54,608)
Balance at 30 June 2021		1,163,629	76,750	180,940	1,421,319

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 2021

	Notes	2021 \$	2020 \$
Cash flows from operating activities			
Receipts from customers		1,045,161	1,159,898
Payments to suppliers and employees		(936,769)	(899,874)
Dividends received		8,978	6,709
Interest paid		-	-
Interest received		7,160	12,821
Income tax paid		(52,749)	(103,598)
Net cash flows provided by operating activities	20b	71,781	175,956
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		-	5,909
Proceeds from sale of investments		138,265	11,782
Purchase of property, plant and equipment		(11,815)	(25,142)
Purchase of investments		(68,668)	(125,257)
Purchase of intangible assets			
Net cash flows from/(used in) investing activities		57,782	(132,708)
Cash flows from financing activities			
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Dividends paid		(54,608)	(54,608)
Net cash flows used in financing activities		(54,608)	(54,608)
Net increase/(decrease) in cash held		74,955	(11,360)
Cash and cash equivalents at beginning of financial year		834,295	845,655
Cash and cash equivalents at end of financial year	20a	909,250	834,295

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

Notes to the financial statements

For the year ended 30 June 2021

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.

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)

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)

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.

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.

Notes to the financial statements (continued)

1. Summary of significant accounting policies (continued)

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

(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.

We have adopted this and the transactions are shown in the Profit and Loss and Balance Sheets.

2. Revenue

	2021 \$	2020 \$
Revenue		
- service commissions	1,045,160	1,150,732
	1,045,160	1,150,732
Other revenue		
- interest received	7,160	12,821
- Dividends	8,978	9,166
	16,138	21,987
Total revenue	1,061,298	1,172,719

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.

Notes to the financial statements (continued)

2. Revenue (continued)

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).

3. Expenses

	2021 \$	2020 \$
Profit before income tax includes the following specific expenses:		
Employee benefits expense		
- wages and salaries	435,679	445,633
- superannuation costs	46,780	51,139
- other costs	40,672	31,047
	523,131	527,819
Depreciation and amortisation		
<i>Depreciation</i>		
- buildings	-	-
- leasehold improvements	2,625	2,625
- plant and equipment	12,397	1,329
- furniture and fittings	-	-
- motor vehicles	-	27,170
	15,022	31,124
<i>Amortisation</i>		
- franchise fees	14,785	14,785
- establishment costs	-	-
	14,785	14,785
Total depreciation and amortisation	29,807	45,909
Finance costs		
- Interest paid	-	-
Bad and doubtful debts expenses	367	361
(Gain) / Loss on disposal of property, plant and equipment	-	-
Auditors' remuneration		
<i>Remuneration of the Auditor, RSD Audit, for:</i>		
- Audit or review of the financial report	3,045	2,973
- Taxation services	-	-
- Share registry services	-	-
	3,045	2,973

Notes to the financial statements (continued)

3. Expenses (continued)

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.

4. Income tax

	2021 \$	2020 \$
a. The components of tax expense comprise:		
Current tax expense	46,153	63,505
Deferred tax expense	-	-
Recoupment of prior year tax losses	-	-
Under / (over) provision of prior years	-	-
	46,153	63,505
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 26% (2019: 27.5%)	46,153	63,505
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	46,153	63,505
The applicable weighted average effective tax rate is:	-26.00%	-27.50%

Notes to the financial statements (continued)

4. Income tax (continued)

	2021 \$	2020 \$
c. Current tax liability		
Current tax relates to the following:		
<i>Current tax liabilities / (assets)</i>		
Opening balance	(5,299)	34,794
Income tax paid	(53,000)	(103,598)
Current tax	46,153	63,505
Under / (over) provision prior years	-	-
	(12,146)	(5,299)
d. Deferred tax asset / liability		
Deferred tax relates to the following:		
<i>Deferred tax assets comprise:</i>		
Provision for doubtful debts	-	-
Prepayments	885	-
Property, plant & equipment	-	-
Accruals	-	-
Employee provisions	-	-
Unused tax losses	-	-
	885	-
<i>Deferred tax liabilities comprise:</i>		
Accrued income	-	-
Property, plant & equipment	-	-
	-	-
Net deferred tax asset / liability	885	-
Total carried forward tax losses not recognised as deferred tax assets:	-	-
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.

Notes to the financial statements (continued)

5. Cash and cash equivalents

	2021 \$	2020 \$
Cash at bank and on hand	172,251	61,405
Short-term bank deposits	736,999	772,890
	909,250	834,295

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 .8% (2020: 1.3%); these deposits have an average maturity of 365 days.

6. Trade and other receivables

	2021 \$	2020 \$
Current		
Trade receivables	69,010	65,048
Cash Flow Boost ATO	17,471	8,017
Other receivables	35,000	35,000
	121,481	108,065

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.

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	
2021						
Trade receivables	69,010	65,048	-	-	-	-
Other receivables	35,000	35,000	-	-	-	-
Total	100,048	100,048	-	-	-	-

Notes to the financial statements (continued)

6. Trade and other receivables (continued)

Credit risk (continued)

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

7. Financial assets

	2021 \$	2020 \$
Held to maturity financial assets		
Term deposits	-	-
Available for sale financial assets		
Listed investments	345,864	226,674
	345,864	226,674

(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.

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.

Notes to the financial statements (continued)

7. Financial assets (continued)

(a) Classification of financial assets (continued)

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.

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.

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.

Notes to the financial statements (continued)

7. Financial assets (continued)

(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.

8. Other assets

	2021 \$	2020 \$
Prepayments	4,317	4,346
Security bond	-	-
Other - PAYGI	53,885	-
	58,202	4,346

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.

9. Property, plant and equipment

	2021 \$			2020 \$		
	At cost	Accumulated depreciation	Written down value	At cost	Accumulated depreciation	Written down value
Land	-	-	-	-	-	-
Buildings	-	-	-	-	-	-
Leasehold improvements	118,571	(43,015)	75,556	118,571	(40,393)	78,178
Plant and equipment	103,816	(93,260)	10,556	92,001	(86,439)	5,562
Furniture and fittings	-	-	-	-	-	-
Motor vehicles	25,142	(25,142)	-	25,142	(25,142)	-
Total property, plant and equipment	247,529	(161,417)	86,112	235,714	(151,974)	83,740

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.

Notes to the financial statements (continued)

9. Property, plant and equipment (continued)

Plant and equipment (continued)

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.

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 2021 (2020: None)

(b) Movements in carrying amounts of PP&E

	Opening written down value	Additions	Disposals	Revaluations	Impairments / write-offs	Depreciation	Closing written down value
2020							
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

	Opening written down value	Additions	Disposals	Revaluations	Impairments / write-offs	Depreciation	Closing written down value
2021							
Land	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-
Leasehold improvements	78,178	-	-	-	-	(2,625)	75,553
Plant and equipment	5,562	11,815	-	-	-	(12,397)	4,980
Furniture and fittings	-	-	-	-	-	-	-
Motor vehicles	-	-	-	-	-	-	-
Total property, plant and equipment	83,740	11,815	-	-	-	(15,022)	80,533

Notes to the financial statements (continued)

9. Property, plant and equipment (continued)

(c) Right-Of-Use Assets

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

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

	2021 \$	2020 \$
Carrying Amounts		
Leased land and buildings	498705	0
Less Accumulated Depreciation	-224418	0
Balance	274287	0

10. Intangible assets

	2021 \$			2020 \$		
	At cost	Accumulated amortisation	Written down value	At cost	Accumulated amortisation	Written down value
Franchise fees	205,376	(164,628)	40,748	205,376	(149,843)	55,533
Establishment costs	-	-	-	-	-	-
Total intangible assets	205,376	(164,628)	40,748	205,376	(149,843)	55,533

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
2021							
Franchise fees	55,533	-	-	-	-	(14,785)	40,748
Establishment costs	-	-	-	-	-	-	-
Total intangible assets	55,533	-	-	-	-	(14,785)	40,748

	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

Notes to the financial statements (continued)

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.

12. Trade and other payables

	2021 \$	2020 \$
Current		
<i>Unsecured liabilities:</i>		
Trade creditors	40,758	55,533
Other creditors and accruals	28,531	58,982
	69,289	114,515

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.

13. Borrowings

	2021 \$	2020 \$
Current		
<i>Unsecured liabilities</i>		
Bank overdraft	-	-
<i>Secured liabilities</i>		
Bank loan	-	-
Finance leases	-	-
	-	-
Non-current		
<i>Unsecured liabilities</i>		
Bank overdraft	-	-
<i>Secured liabilities</i>		
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.

Notes to the financial statements (continued)

13. Borrowings (continued)

Loans

Borrowings as 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 measured at amounts equal to the present value of enforceable future payments of the term.

A discount rate of 5.5% was used on the adoption date for recognition of the liability.

The leased asset is Shop 18 Gateway Plaza Leopold.

The company assesses the lease options as appropriate from time to time.

	2021 \$	2020 \$
Lease liabilities on transition AASB 16	498,705	
Less accumulated depreciation	-224,418	
Current Liabilities	106,572	
Non Current liabilities	181,508	
Interest payable to end of lease	14,922	

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

14. Provisions

	2021 \$	2020 \$
Current		
Employee benefits	31,593	39,808
Non-current		
Make Good Leased premises	15,000	
Employee benefits	23,694	-
	38,694	
Total provisions	70,287	39,808

Notes to the financial statements (continued)

14. Provisions (continued)

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.

15. Share capital

	2021 \$	2020 \$
<i>Ordinary shares fully paid</i>	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

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.

Notes to the financial statements (continued)

15. Share capital (continued)

(b) Capital management (continued)

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.

16. Retained earnings

	2021 \$	2020 \$
Balance at the beginning of the reporting period	404,058	314,472
Profit for the year after income tax	131,358	167,424
Dividends paid	(39,056)	(54,608)
GST and Right-of -Use Asset	141,569	(23,230)
Balance at the end of the reporting period	637,929	404,058

17. Dividends paid or provided for on ordinary shares

	2021 \$	2020 \$
Dividends paid or provided for during the year		
Fully franked ordinary dividend of 5 cents per share (2020:7 cents) franked at the tax rate of 26% (2020: 27.5%).	39,056	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.

18. Reserves

	2021 \$	2020 \$
<i>Asset revaluation reserve</i>		
Balance at the beginning of the reporting period	(23,230)	-
Fair value movements during the period	62,601	-
Balance at the end of the reporting period	39,371	-

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

Notes to the financial statements (continued)

19. Earnings per share

	2021 \$	2020 \$
Basic earnings per share (cents)	19.08	21.92
Earnings used in calculating basic earnings per share	148,828	196,541
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.

20. Statement of cash flows

	2021 \$	2020 \$
(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)	909,250	834,295
Less bank overdraft (Note 13)	-	-
As per the Statement of Cash Flow	909,250	834,295
(b) Reconciliation of cash flow from operations with profit/loss after income tax		
Profit for the year after income tax	131,358	167,424
Non-cash flows in profit		
- Depreciation and amortisation	29,807	45,909
- Bad debts	367	361
- Net Loss on disposal of motor vehicle	-	(1,712)
Changes in assets and liabilities		
- (Increase) / decrease in trade and other receivables	(13,416)	90
- (increase) / decrease in prepayments and other assets	(53,856)	1,031
- (Increase) / decrease in deferred tax asset	(885)	-
- Increase / (decrease) in trade and other payables	(45,226)	17,308
- Increase / (decrease) in current tax liability	(6,847)	(40,093)
- Increase / (decrease) in provisions	30,479	(14,362)
Net cash flows from operating activities	71,781	175,956

(c) Credit standby arrangement and loan facilities

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

Notes to the financial statements (continued)

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:

	2021 \$	2020 \$
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.

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	44,460

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.

Notes to the financial statements (continued)

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

(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: (NIL)

	2021	2020
Lily Reinert	-	-
Paul Madden	-	-
Bronwyn Shearer	-	-
Kylie Clayton	-	-
Bob Reinert	-	-
Todd Hubers	-	-
Dennis More	-	-
Craig Savige	-	-
Ramona Browne	-	-
	-	-

(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:

	2021	2020
Paul Madden	26,051	26,051
Bob Reinert	5,051	5,051
Lily Reinert	5,051	5,051
Bronwyn Shearer	1,000	500
Todd Hubers	1,000	1,000
Craig Savige	500	-
	38,653	37,653

There was minimal movement in key management personnel shareholdings during the year. (as above) 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.

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.

23. Contingent liabilities and contingent assets

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

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 (2020: 98%).

Notes to the financial statements (continued)

25. Commitments

	2021 \$	2020 \$
Operating lease commitments		
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:		
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.

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.

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.

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.

Notes to the financial statements (continued)

27. Financial instrument risk (continued)

Specific financial risk exposure and management (continued)

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	2021 \$	2020 \$
Financial assets			
Cash and cash equivalents	5	909,250	834,295
Trade and other receivables	6	121,481	108,065
Financial assets	7	345,864	226,674
Total financial assets		1,376,595	1,169,034
Financial liabilities			
Trade and other payables	12	69,289	114,515
Borrowings	13	-	-
Bank overdraft	13	-	-
Total financial liabilities		69,289	114,515

(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.

(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.

Notes to the financial statements (continued)

27. Financial instrument risk (continued)

(b) Liquidity risk (continued)

Financial liability and financial asset maturity analysis:

	Weighted average interest rate %	Total \$	Within 1 year \$	1 to 5 years \$	Over 5 years \$
30 June 2021					
Financial assets					
Cash and cash equivalents	-%	909,250	909,250	-	-
Trade and other receivables		121,481	121,481	-	-
Financial assets	-%	345,864	345,864	-	-
Total anticipated inflows		1,376,595	1,376,595	-	-
Financial liabilities					
Trade and other payables		69,289	69,289	-	-
Borrowings	-%	-	-	-	-
Bank overdraft *	-%	-	-	-	-
Total expected outflows		69,289	69,289	-	-
Net inflow / (outflow) on financial instruments		1,307,306	1,307,306	-	-

	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	-	-

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

Notes to the financial statements (continued)

27. Financial instrument risk (continued)

(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.

	2021		2020	
	Profit \$	Equity \$	Profit \$	Equity \$
+/- 1% in interest rates (interest income)	12,551	12,551	10,610	10,610
+/- 1% in interest rates (interest expense)	-	-	-	-
	12,551	12,551	10,610	10,610

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 18 to 45 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 30th June 2021 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.

Signed in accordance with a resolution of the Board of Directors on 30th August 2021.



Lily Reinert
Chairperson

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 2021, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, 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 2021 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: 25 August 2021

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Leopold Community Enterprises Limited

ABN: 39 133 061 800

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(BNPAR21020) (09/21)