2021 Annual Report

Manningham Community Enterprises Limited

ABN 69 101 174 270

Community Bank · Doncaster East & Templestowe Village

Contents

Chairman's report

For year ending 30 June 2021

Banking is our business... Community is our focus.

This time last year we could not possibly have anticipated the year that lay ahead for us as a society, but as always, we have all shown remarkable resilience and, for our Community Bank company we have not just been resilient, we have flourished and as a result we have been able to be a part of our local community's fight against the impacts of the pandemic on our community and our fellow Manningham residents.

Your Board once again ensured that our focus for the year was on business growth while also ensuring that our efforts in the community were focused on helping those organisations and individuals most affected by COVID-19. Significant assistance was provided to organisations such as Doncare, Onemda, MannaCare, Kevin Heinze Grow, Foodbank Victoria and the Templestowe and Manningham Rotary Clubs to name just a few, all of whom provide direct support into the Manningham community.

The financial performance of both the Doncaster East and Templestowe Village branches has been nothing short of extraordinary with Doncaster East growing its business volume by $74.4 million or 27.8% and Templestowe Village growing by $39.4 million or 22.8% an extraordinary total growth of $113.8 million for the company.

This result is even more extraordinary in light of the financial hardship experienced by so many over the past year. Our amazing staff have continued to provide outstanding service to our valued customers and our community, with the leadership of our Doncaster East Senior Manager, Paul Thompson and our Templestowe Village Branch Manager, Lilian Gomes ensuring that we maintained our growth focus while always having the needs of our customers at the forefront of our approach to every customer enquiry. We must always honour the amazing commitment, professionalism, integrity, determination and compassion of our staff and I thank and congratulate each and every one of them for their outstanding efforts over this past year!

Of course the circumstances of the year, which featured a number of snap lockdowns that made community events impossible to plan, meant that we were unable to be as visible in our community, so our focus was on maintaining verbal and written communication lines with as many of our stakeholder and partner organisations as possible, to continually reiterate to them that we were here to help should they need us. There is no doubt that this ongoing reassurance assisted us in maintaining strong relationships despite the lack of face-to-face interactions.

The strength of our 2020/21 financial result allowed us to provide significant Sponsorship contributions and Community Enterprise Foundation™ (CEF) Grants during the year such that we took our total Sponsorship payments to $2.219 million and our CEF Grants to $2.004 million since our Doncaster East branch first opened in March of 2003.

Financial results

The Operating result for 2020/21 increased slightly from $300,123 to $324,730 with total revenue decreasing by $8,597 or 0.3% despite the very significant increase in our business volume of $113.8 million or 25.8%.

Additionally, the 2020/21 revenue was positively impacted by the Federal Government's cash flow boost of $37,500 which was $25,000 less than was received in 2019/20 ($62,500) meaning that if we exclude the impact of the cash flow boost in each year, our revenue from all other sources actually increased by only $16,403 or 0.6% despite the 25.8% increase in business volume.

Margin, Fee and Commission Income increased by $51,661 or 2% despite the far greater increase in business volume and this reflected the historically low interest rate environment in which we operate and the resultant squeeze on margins.

The challenge therefore is to maintain our business volume growth trajectory to ensure that the tighter margin environment does not continue to erode our relative profitability.

Expense management has continued to be a focus again this year with Total Expenses decreasing by $33,204 or 1.39%.

Your Board

My sincere appreciation goes to your 2020/21 Board of Directors – Geoff Roberts (Vice Chair), Ray Barrington, Rod Davitt (Treasurer), Nick Furlong, Max Chapman, Simon Lewis, Brad Dodemond, Deirdre Diamante and Victoria Paouros (Company Secretary). The commitment, expertise, passion, dedication and professionalism of each and every Board member never ceases to amaze me and is one of the reasons why our company is so successful and an outstanding example of what the Community Bank model can achieve.

Succession planning has long been a focus of the Board and during the year we were fortunate to obtain the services of Kerrydan Flory who joined the Board as a Board Associate. Kerrydan has already been a great asset for the Board having brought a broad skill set to all interactions at the Board level and we look forward to welcoming him as a Board Director in the future.

Board Committees

The Marketing Committee of Carly Kluge, Ray Barrington, Paul Thompson, Lilian Gomes, Lisa Jones and led by Geoff Roberts has continued to ensure that we maximize every opportunity to grow our business in the face of very difficult times.

The Committee has embraced the challenge of Marketing in a time of great uncertainty but has nonetheless provided significant support to our branch teams whilst also embracing the re-focussing of our Sponsorship and CEF funding towards the short term survival of our partner organisations and their long term growth and development post the pandemic.

With very little face-to-face interaction possible over the past year, the special skill set and expertise that Carly Kluge brings to our organisation has been crucial in maintaining momentum with our marketing. Carly's unique set of skills provides our company with expertise that we would otherwise be unable to access and on behalf of all Board members and staff, I thank her sincerely for her input to the growth and development of Manningham Community Enterprises Limited (MCEL).

The Human Resources (HR) Committee of Geoff Roberts, Ray Barrington, Brad Dodemond, Paul Thompson and led by Simon Lewis continues to support our Managers and staff to ensure that they are able to concentrate their efforts into business development knowing that the HR Committee is there to support them.

The Governance Committee of Victoria Paouros, Brad Dodemond, Nick Furlong, Rod Davitt and led by Deirdre Diamante again continued to provide a Governance Framework that has ensured the absolute integrity of everything that MCEL does and also a superb framework for the strategic leadership of the company during 2020/21 and into the future.

The Finance Committee under the leadership of Rod Davitt has continued to add rigour to MCEL's financial stewardship and with the superb work of our bookkeeper, Pam Tremlett, we are assured of accurate, timely and relevant financial reporting, analysis and advice to the Committee and the Board.

The Committee of Rod Davitt, Geoff Roberts, Max Chapman, Pam Tremlett and Paul Thompson are to be thanked for their commitment to best practice financial governance.

The Youth Engagement Committee of Victoria Paouros, Brad Dodemond and Nick Furlong has been severely curtailed in its activity this year due to the impact that the pandemic has had on schooling such that when schools are able to be teaching in the classroom the disruption has been such that their concentration has been on catching up with academic work rather than focusing on community development work that would otherwise have been possible.

The Committee has still been able to focus its efforts on maintaining relationships so that as soon as 'normality' returns to the education sector they will be able to recommence Youth development programs.

Our future focus

Here for good!

We have enjoyed a significant growth period during 2020/21 and it has set us up wonderfully for the future. We are now a business of $554 million and continue on a course to ultimately exceed $1 billion and be the bank of choice in the Manningham community as relationships with our Community Partners remain strong and we continue to forge new relationships as people and organisations come to understand the benefits of the Community Bank model.

Relationships with many levels within Bendigo and Adelaide Bank Limited (BABL) at both the Head Office, State and Regional level remain strong and a number of members of our Board have taken up roles within the Community Bank structure at BABL.

Our Board is committed to growth and to this end we have taken the recent decision to strengthen our mobile banking presence with the appointment of Suganthi Ramalingam as a Business Development Manager across both branches and with the impending return of Lauren Bagala at Templestowe Village branch, albeit on a part-time basis, we have in place the necessary structures to continue our growth trajectory.

Our focus for the immediate future is to provide as much support as possible for the vulnerable within our community and for those who are struggling with the impact of this pandemic.

We will also be looking to support local social support organisations that are also feeling the impact of increased demand for services and in some cases reduced funding, as philanthropic and fundraising opportunities become more scarce.

All of this will occur in a difficult financial environment where business growth may be compromised by the economic environment, however, your Board and staff will continue to work tirelessly for your Community Bank and all we ask in return is that you also take every opportunity to advocate on our behalf.

Finally, I want to acknowledge all of my fellow Board members and our staff as it is their hard work, enthusiasm, passion, commitment and professionalism that makes being a part of this amazing banking model so rewarding and such a privilege.

Ian Goldsmith
Chairman

Senior Manager’s report

For year ending 30 June 2021

It has been an exciting but also an extremely challenging year. While it was mainly business as usual, despite being heavily impacted by COVID-19 restrictions and an extremely competitive market, we achieved our highest level of growth since we opened in March 2003.

As we reached the end of the financial year, business under management totalled $341.8 million, representing amazing year on year growth of 27.8% or $74.4 million. Total deposits of $188 million and lending of $153.8 million maintains our excellent mix of business.

This staggering level of growth is something that we are all extremely proud of.

Customer numbers continue to grow, reinforcing the ever-increasing positive profile and attractiveness of community banking.

These results would not be possible without the following contributions.

Firstly, to my staff who are the key driver of our business and of course, the frontline of our customer service. They are to be commended for continuing to provide a professional level of service during unprecedented times. To Lisa Jones, Catherine Dole, Tina O’Shea, Marilyn Peters and Manjula Wijesiri a huge thank you for your outstanding personal service, professionalism, enthusiasm, passion, and commitment to the Community Bank model.

Secondly, to our Directors who work tirelessly to support both branches. The management of two bank branches presents numerous challenges which are addressed in a diligent and professional manner. My relationship with the Chairman, Ian Goldsmith and all Board members is something I value, as it provides a unique and positive environment for the continued growth of our business.

Thirdly, our partners, staff from Bendigo and Adelaide Bank Limited, our Regional Manager, Bradley Peel and all their support team, a huge thanks for their efforts and commitment.

The Community Bank model provides real opportunities for our community, and I would welcome the opportunity to talk to you, your family, or your friends to see how we can assist you and in turn provide increased benefits to our community. Importantly, we offer a full range of competitive banking, financial planning, and insurance products to meet your needs. Why not give us a call?

As the business grows, we are providing so many more people with outstanding banking products whilst we are also provided with the means to give back more to clubs and groups through our sponsorship and grants programs.

I remain extremely proud to work for this amazing organisation and more importantly to know that we are making a significant contribution to our local community.

May I again ask that you all continue to play your part in the growth of our bank by spreading the word about the very personal and professional banking services provided by Community Bank Doncaster East and Community Bank Templestowe Village.

Paul Thompson
Senior Manager

Manager's report

For year ending 30 June 2021

2020/21 – What an interesting year it has been! In spite of the COVID-19 pandemic, we've still enjoyed yet another outstanding year at Community Bank Templestowe Village.

Our branch was successfully able to record another strong year of footings growth resulting from continued high levels of customer satisfaction, regular business development activity and a loyal and growing network.

At the end of the financial year, the overall business footings hit another milestone of $212.4 million, which amounted to $39.4 million growth for the year. The branch also amassed $120.4 million in total loans and $92 million in deposits, representing an excellent mix of business.

These results would not be possible without the contributions of many people.

Firstly, my team of amazing staff: Lauren Bagala, Michelle Ellard, Kim Nihill and Cathy Buchanan. I sincerely thank each of them for their ongoing support of our customers and of each other as well as their passion for excellence. We've overcome many challenges this year which have made us a stronger and more unified team. Our staff consistently represent the Community Bank values by treating all customers with genuine care, and providing them with a courteous and professional service, tailored to their individual needs.

Secondly, our Directors, who work tirelessly through the challenges of supporting two bank branches. I have thoroughly enjoyed working with all members of the Board this past year and it makes my role easier knowing that I can readily call upon them for advice and assistance at any time.

Thirdly, our partners, the staff from Bendigo and Adelaide Bank Limited together with Brad Peel and his support team. Their ongoing support and commitment have been invaluable during these unprecedented times.

Finally, our existing customers and shareholders, who have been instrumental in referring new business to our branches. It has been an honour to witness the confidence our customers have in referring business to us for the benefit of the Manningham community.

I once again encourage all members of our community to continue to help us grow by spreading the word about the very personal and professional banking service provided by both of your Community Bank branches.

Lilian Gomes
Branch Manager

Bendigo and Adelaide Bank report

For year ending 30 June 2021

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

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

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

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

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

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

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

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

Collin Brady
Head of Community Development

Making an impact in our local community

COMMUNITY INVESTMENT

$4.5 million

over the past 18 years

Throughout the 2020/21 year, Manningham Community Enterprises Limited has continued to support a diverse range of clubs, sporting groups and charitable groups through the grant and sponsorship programs. Pictured is a snapshot of some project highlights.

▲ Despite consistent lockdowns the team from the Women's Friendship Group managed to get back in the pool in 2021. MCEL proudly support their Aquarena project which supports isolated women make connections and get active.

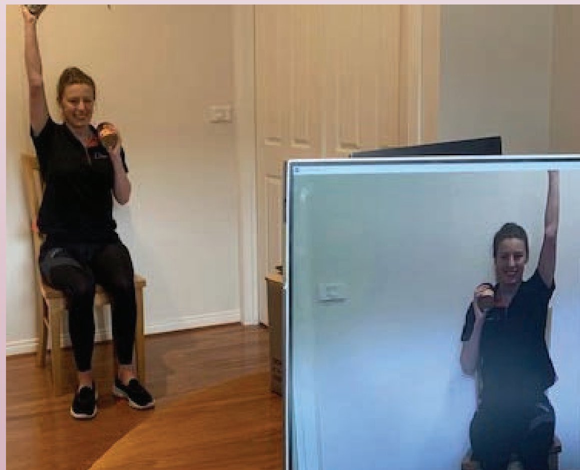
▲ The Rotary Club of Doncaster rolled up their sleeves and wrapped Christmas gifts to raise funds for their supported charities. MCEL matched all funds raised dollar for dollar.

▲ We proudly launched a new partnership with the Manningham United Blues Football Club – a great community club with hundreds of junior and senior players playing soccer throughout Manningham.

◀ A grant to supply shade sails over the trampolines at Onemda was welcome news to Onemda client Riley.

▶ The Templestowe Probus Club received a grant for a new projector to support their club activities. Club member Malcolm Shiel proudly showcases the new equipment.

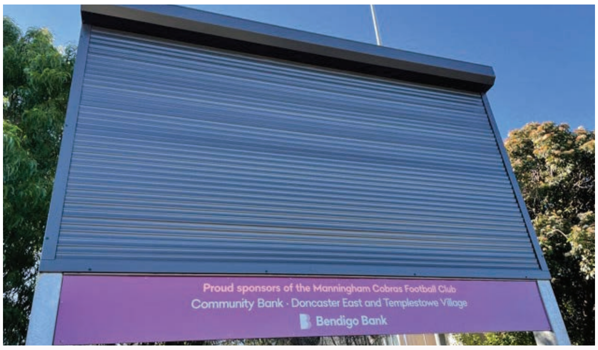
▼ MCEL proudly contributed a grant of over $30,000 to build a disabled toilet facility in the Kevin Heinze Grow precinct on Wetherby Road. The facility supports hundreds of participants each week through their horticultural therapy programs for individuals with disabilities.



▲ MannaCare's POWER program continued despite lockdowns – offering their rehabilitation programs online to service their growing client base. MCEL proudly support this program which assists local cancer patients.

▲ Our support of grassroots community sport continued despite lockdowns and disruptions to seasons. Community clubs play a significant role in shaping our community and clubs such as the Beverley Hills Junior Football Club have done it tough throughout the past 12 months.

▲ To support local business, MCEL produced free *Shop Templestowe Village* oversized jute shopper bags available for locals and local businesses to collect.



▲ MCEL contributed funds to the new electronic scoreboard at Koonung Reserve – used by the mighty Manningham Cobras Football Club.

▲ Unfortunately demand for emergency food relief has been particularly high throughout 2020 and 2021. Our grant of $10,000 to ensure that the Ajani Food Pantry remained stocked was well received.

▼ MCEL was proud to provide the seed funding for the *Connecting Seniors Through IT* project developed by Doncare to reduce isolation among our Manningham seniors. A team of local volunteers trained to assist seniors develop their IT skills and confidence and also provides access to loan digital devices. The group of volunteers will then train the next lot of volunteers through a "train the trainer model" ensuring the service can continue for many years to come.

▲ The Manningham community was deeply saddened by the loss of our great friend Doreen Stoves AM PSM JP. Doreen was a tireless worker for the most vulnerable people in our community, and in her role as CEO of Doncare she ensured that the health and wellbeing of all in Manningham was a priority. Doreen was the proud recipient of the Ray Lord Community Award in 2020, which we presented to her in our Doncaster East branch last year.

▼ The Australian Cricket Society is a statewide organisation that promotes and supports excellence in junior cricket. We were proud to sponsor the Junior Cricket Academy which gives all kids with cricket talent the opportunity to follow a professional pathway and pursue their goals.

▲ In 2021 we celebrated our 18 year milestone since the opening of our Doncaster East branch. It is extraordinary to reflect on the $4.5 million that these two branches have contributed back to the local community over the past 18 years.

Directors' report

For the financial year ended 30 June 2021

The directors present their report together with the financial statements of the company for the financial year ended 30 June 2021.

Directors

The directors of the company who held office during the financial year and to the date of this report are:

Ian Graham Goldsmith

Chairman

Occupation: Chief Executive Officer

Qualifications, experience and expertise: Ian has over 45 years experience in the hospital, aged care, ambulance and health insurance sectors in senior executive positions. He is a Certified Practising Accountant (CPA) and is currently Chief Executive Officer of Edith Bendall Lodge Aged Care in Pascoe Vale. Ian is also the Treasurer of the Rotary Club of Manningham and has been a Rotarian for 22 years and a Board member for 20 years.

Special responsibilities: Member of CEF Committee, Marketing Committee, Governance Committee, Finance Committee, Human Resources Committee and Youth Engagement Committee

Interest in shares: 32,500 ordinary shares

Geoffrey Bruce Roberts

Deputy Chairman

Occupation: Consultant/Investor

Qualifications, experience and expertise: Geoff has had over forty years of experience in the manufacturing, distribution, clothing and footwear industries having worked as a Senior Marketing Executive with the McPherson Group of companies, Director with the Yakka Group and more recently with Oliver Footwear. Whilst in these roles he also sat on many Industry boards. He has significant community involvement with his work with Rotary International. His qualifications include a Graduate Diploma of Business Studies and he has attended many professional development programs over the years.

Special responsibilities: Chair of Marketing Committee, Member of Finance Committee

Interest in shares: 5,000 ordinary shares

Victoria George Paouros

Company Secretary

Occupation: Analyst - Australian Public Service

Qualifications, experience and expertise: Victoria is currently employed as an Analyst in the Australian Competition and Consumer Commissions Digital Platforms Branch. Victoria has been part of the MCEL team since she participated in the Company's Junior Observer Program in 2009. Since then, she has occupied a number of roles including; Minute Secretary, Company Secretary, Youth Engagement Committee Chair and Director. She holds a number of qualifications, including a Bachelor of Laws (Hons), an Advanced Diploma of Management (HR), a Diploma of Business, a Certificate IV in Training and Education and a Certificate in Governance Practice.

Special responsibilities: Member of Youth Engagement Committee and Governance Committee

Interest in shares: nil share interest held

Raymond Bruce Barrington

Non-executive director

Occupation: Retired

Qualifications, experience and expertise: Raymond has had 10 years banking and finance experience in ES&A and ANZ Bank. He has a wealth of experience in small business having run the family business for 20 years. He has been a Board Member of Mannacare from 2009 to present.

Special responsibilities: Member of Human Resources Committee, Marketing Committee and Premises Committee

Interest in shares: 7,501 ordinary shares

Directors (continued)

Colin Roderick Davitt

Non-executive director

Occupation: Director

Qualifications, experience and expertise: Rod brings extensive experience across a range of industries and specific finance experience gained in Australia and Asia with a range of blue chip banking and insurance companies. Rod's skill base includes corporate governance, accounting, business and strategic planning and risk management gained through board roles, formal qualifications and more than 30 years working with leading Australian and international organisations. He holds degrees in Business (Accounting) and Economics, is a Fellow of CPA Australia (FCPA) and a graduate of the Australian Institute of Company Directors (GAICD).

Special responsibilities: Chair of Finance Committee, Member of Governance Committee

Interest in shares: nil share interest held

Simon David Lewis

Non-executive director

Occupation: CEO of Onemda

Qualifications, experience and expertise: As the Chief Executive Officer of Onemda, Simon has developed extensive experience and knowledge in the disability sector for over 20 years through a wide variety of leadership roles in the areas of intellectual disability, mental health, physical impairment and acquired brain injury. He commenced at Onemda in 2000 and his career has had a focus on community development, with many roles focussing on forging partnerships, relationships and opportunities with communities, governments and local enterprises to raise awareness and to enhance the valued status of people with a disability. In 2015, Simon was awarded with the Winston Churchill Fellowship Award which enabled him to undertake a study tour to Canada, USA and Peru. Simon has a Post Graduate Diploma in Leadership Studies (Disability) and has held roles on a range of local and regional committees and advisory groups.

Special responsibilities: Chair of Human Resources Committee

Interest in shares: nil share interest held

Bradley Dodemond

Non-executive director

Occupation: Senior Human Resources Business Partner

Qualifications, experience and expertise: Brad has over 9 years experience as a Human Resources professional both in Australia and North America. He currently works as a Senior Human Resources Business Partner for the Victorian Government at the Level Crossing Removal Project (LXRP). He possesses a number of qualifications including a Master of Business Management (MBA), Master of Human Resources Management and a Bachelor of Business (Human Resources). Brad commenced his MCEL journey in January 2018 as part of the Company's inaugural Future Directors Program offered in partnership with La Trobe University.

Special responsibilities: Chair of Youth Engagement Committee, Member of Human Resources Committee and Governance Committee

Interest in shares: nil share interest held

Deirdre Elizabeth Diamante

Non-executive director

Occupation: Self-employed

Qualifications, experience and expertise: Deirdre Diamante is the founder and principal of MIA Consulting Services, a government advisory firm, providing procurement, probity and government advisory services to public and private sector clients. Deirdre serves as Immediate Past Chair for the Victorian Council of the Australian Information Industry Association (AIIA) and is the Director and Co-Founder of the #TechDiversity Foundation and serves on its Board. She is also a Board Advisory to a Digital Services Firm, Advisory Board member to the Swinburne Course Advisory Board for their Master of Entrepreneurship and Innovation, and Board Member of Manningham Community Enterprises Ltd a Bendigo Bank Community Bank. Deirdre is a Councillor for Manningham City Council, elected in 2020.

Special responsibilities: Chair of Governance Committee

Interest in shares: nil share interest held

Directors (continued)

Maxwell Chapman

Non-executive director

Occupation: Consultant

Qualifications, experience and expertise: Max has a Bachelor of Commerce, Graduate Diploma of Accounting, CPA. Retail, Franchising and Retail Property Consultant for 20 years specialising in Large Format Retail. Max has lived in Manningham for over 35 years, initially in Lower Templestowe, and now Donvale. He has been a Committee Member of Doncaster All Abilities Basketball Club for over 14 years and is currently the Treasurer. The Club provides a Basketball Competition for Children and Young Adults with an Intellectual Disability. The Club has over 300 participants ranging from those developing basic skills to those who have been able to represent Victoria and Australian at National and International Competitions. Like most in the lockdowns the Children cannot wait to re-commence competition.

Special responsibilities: Member of the Finance Committee

Interest in shares: nil share interest held

Nicholas Furlong

Non-executive director

Occupation: Governance and Risk Analyst - Superannuation

Qualifications, experience and expertise: Nick currently works as a Governance and Risk Analyst in the superannuation industry and has developed robust knowledge of the legislation and prudential frameworks governing Australian financial services, as well as skills relating to business and strategic planning, funds management and investment governance. Nick commenced his journey with MCEL in 2014 as a Board Associate, assisting in the management of MCEL's Junior Observer Program and later Future Directors Program, whilst also sitting as a member of the Governance and Youth Engagement Committees. In addition to his professional experience, Nick also possesses a double bachelors degree in Business Management and Communications, and was a nominated attendee at the Rotary Youth Leadership Award, an intensive leadership development program for young people aged 18 - 30.

Special responsibilities: Member of Governance Committee and Youth Engagement Committee

Interest in shares: nil share interest held

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

No directors have material interest in contracts or proposed contracts with the company.

Company Secretary

The Company Secretary is Victoria George Paouros. Victoria was appointed to the position on 14 November 2013.

Principal activity

The principal activity of the company during the financial year was facilitating Community Bank services under management rights of Bendigo and Adelaide Bank Limited (Bendigo Bank).

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

Operating results

The profit of the company for the financial year after provision for income tax was:

Year ended 30 June 2021 $	Year ended 30 June 2020 $
245,559	227,755

Operating and financial review

Overview of the company

The company is a franchisee of Bendigo Bank providing financial products and services to individuals, businesses and organisations throughout the local area via the Doncaster East and Templestowe Village Community Bank branches. While the branch offers the full suite of Bendigo Bank products and services, margin earnings from loans and deposits are the predominant contributor to company results.

Operating and financial review (continued)

Overview of the company (continued)

The general nature of the business market for the company remains challenging and issues commented upon for the prior financial years continue to persist. Again, the company endured historically low cash rates set by the Reserve Bank of Australia that resulted in a corresponding decline in interest paid on deposit accounts, continuing the trend of lower than anticipated margins for this product group. Similarly, earnings from loans have made it difficult to achieve anticipated margins notwithstanding a stellar year in terms of business growth (footings). The company continues to actively pursue new customers and product offerings to offset the intense competition from major financial service providers in the marketplace.

Key metrics

Five year summary of performance	Unit	2021	2020	2019	2018	2017
Operating revenue	$	2,683,068	2,691,665	2,683,401	2,527,813	2,371,207
Earnings before interest, tax, depreciation, and amortisation	$	575,048	575,777	418,897	395,490	365,738
Earnings before interest and tax	$	364,310	368,304	349,047	325,956	305,020
Net profit after tax	$	245,559	227,755	251,744	234,579	218,242
Total assets	$	2,499,204	2,326,060	1,722,893	1,677,573	1,417,679
Total liabilities	$	1,317,261	1,216,839	376,560	431,752	255,205
Total equity	$	1,181,943	1,109,221	1,346,333	1,245,821	1,162,474
Net cash flow from operating activities	$	823,053	428,124	290,955	360,491	249,064
Business footings1	$m	554	440	412	406	373
Shareholder returns						
Profit attributable to owners of the company	$	245,559	227,755	251,744	234,579	218,242
Basic earnings per share	¢	11.37	10.54	11.65	10.86	10.10
Dividends paid	$	172,837	172,837	151,232	151,232	129,628
Dividends per share	¢	8.00	8.00	7.00	7.00	6.00
Net tangible assets per share	¢	49.00	44.00	57.00	51.00	52.00
Price earnings ratio	¢	11.37	10.54	11.65	10.86	10.10
Share price	¢	0.60	0.60	0.65	0.70	0.60

1 This is a non-IFRS measure of the business domiciled to the company from the franchisor. The footings is the underlying business which generates revenue under the Franchise Agreement. Business footings include loans, deposits, wealth products, and other business.

Returns to shareholders remained at $0.08 per share fully franked and it is expected that dividends in the future years will continue to be fully franked.

Financial position

Despite the challenging conditions, the company was still able to improve the operating result, increasing from $300,123 to $324,730 (8%).

Revenue dropped during the period, decreasing from $2.691m to $2.683m but net interest margin returns under the revenue share arrangement have decreased following four official cash rate cuts by the Reserve Bank of Australia.

Tight revenues and margins were somewhat offset by significant growth in business volume and a continued emphasis on cost controls. The company maintained the level of charitable donations to the community in line with the prior year but nevertheless total expenses, including charitable donations, sponsorships, advertising and promotions decreased by $33,204 or 1.4%. This has contributed to an increase in profitability from $227,755 to $245,559 (7.8%).

Containment of costs during a period of continuing lower margins remains a strong focus and the financial position of the company remains strong.

Combined Business Volume across the two branches increased by $113.8m to $554.2m or 25.8%. The lending to deposit ratio became more balanced at 51:49.

Operating and financial review (continued)

Financial position (continued)

The cash and cash equivalents position of the company improved for the reporting year from $1,122,750 for a year end balance of $1,537,104.

The company continues to build a resilient balance sheet with the net assets increasing by $72,722.

The company paid a fully franked dividend of 8 cents per share during the period.

Drivers of business performance

COVID-19 again resulted in mandatory quarantine during portions of the financial year. The impact is difficult to quantify however the company has held operating revenue essentially steady at $2,633,594 compared with $2,581,933. The Cash Flow boost provided in response to COVID-19 again contributed to revenue.

While the continuing impact of COVID-19 and ongoing restrictions to the community and the economy is not expected to significantly impact performance future reporting periods may see lower revenues and an increase in bad debt charges.

The company continues to support the community through a strong focus on its community grants and sponsorships and expects this to continue in future.

Partners such as Onemda, Doncare, EDVOS (Eastern Domestic Violence Service) and numerous local sporting and community organisations have benefited from contributions from the relationship.

Future outlook

The company believes there are opportunities to continue to grow and develop additional revenue through:

1. Acquiring additional customers through greater community based events and a focus on local businesses.
2. Improving the range and number of products and services, such as insurance, for each customer.

The company anticipates market conditions will remain challenging during the upcoming financial year. The company will continue to focus on increasing the number of customers and the uptake of products and services, thereby further improving revenue flow and profitability.

Remuneration report

Remuneration Policy

The Remuneration Policy of Manningham Community Enterprises Limited has been designed to align key management personnel objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the company's financial results. The board believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel to run and manage the company, as well as create goal congruence between Directors, executives and shareholders.

Key Management Personnel Remuneration Policy

Key management personnel receive a base salary, superannuation and performance incentives.

The performance of key management personnel is measured against criteria agreed annually with each executive and is based predominantly on the forecast growth of the company's profits and shareholders' value. All bonuses and incentives must be linked to predetermined performance criteria. The Board may, however, exercise its discretion in relation to approving incentives, bonuses and options. Any changes must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of executives and reward them for performance results leading to long-term growth in shareholder wealth.

Key management personnel also receive a superannuation guarantee contribution required by the government, which is currently 10.0%, and do not receive any other retirement benefits. Some individuals, however, have chosen to sacrifice part of their salary to increase payments towards superannuation.

The contracts for service between the company and key management personnel are on a continuing basis, the terms of which are not expected to change in the immediate future. Upon retirement key management personnel are paid employee benefit entitlements accrued to date of retirement.

Employment agreements were entered into with key management personnel.

Remuneration Structure

All directors are independent non-executive directors and are paid director fees as disclosed below.

Remuneration report (continued)

Non-executive Director Remuneration Policy

The Board's policy is to remunerate non-executive directors at market rates for time, commitment and responsibilities. The Board determines payments to the non-executive directors and regularly reviews the amount of fees paid, based on market practices, duties and accountability.

The maximum aggregate amount of fees that can be paid to non-executive directors requires approval by shareholders as required by the *Corporations Act 2001* and NSX listing rules.

Fees for non-executive directors are not linked to the performance of the Company.

Performance Based Remuneration

The Company does not pay performance based remuneration to any director.

Remuneration including superannuation for the financial year ended 30 June 2021

	$
Non-executive director remuneration	
Ian Graham Goldsmith	10,500
Geoffrey Bruce Roberts	7,167
Victoria George Paouros	7,167
Raymond Bruce Barrington	7,167
Colin Roderick Davitt	7,167
Simon David Lewis	7,167
Bradley Dodemond	7,167
Deirdre Elizabeth Diamante	7,166
Maxwell Chapman	7,166
Nicholas Furlong	7,166
	75,000

Directors' interests

	Fully paid ordinary shares		
	Balance at start of the year	Changes during the year	Balance at end of the year
Ian Graham Goldsmith	32,500	-	32,500
Geoffrey Bruce Roberts	5,000	-	5,000
Victoria George Paouros	-	-	-
Raymond Bruce Barrington	7,501	-	7,501
Colin Roderick Davitt	-	-	-
Simon David Lewis	-	-	-
Bradley Dodemond	-	-	-
Deirdre Elizabeth Diamante	-	-	-
Maxwell Chapman	-	-	-
Nicholas Furlong	-	-	-

Dividends

During the financial year, the following dividends were provided for and paid. The dividends have been provided for in the financial statements.

	Cents per share	Total amount
Final fully franked dividend	8	172,837

Significant changes in the state of affairs

Since January 2020, COVID-19 has developed and spread globally. In response, the Commonwealth and State Government introduced a range of social isolation measures to limit the spread of the virus. Such measures have been revised, as appropriate, based on case numbers and the level of community transmission. Whilst there has been no significant changes on the companies financial performance so far, uncertainty remains on the future impact of COVID-19 to the company's operations.

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

Events since the end of the financial year

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

Likely developments

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

Environmental regulation

The company is not subject to any significant environmental regulation.

Indemnification and insurance of directors and officers

The company has indemnified all directors and the manager in respect of liabilities to other persons (other than the company or related body corporate) that may arise from their position as directors or manager of the company except where the liability arises out of conduct involving the lack of good faith.

Disclosure of the nature of the liability and the amount of the premium is prohibited by the confidentiality clause of the contract of insurance. The company has not provided any insurance for an auditor of the company or a related body corporate.

Directors' meetings

The number of directors' meetings (including meetings of committees of directors) attended by each of the directors of the company during the financial year were:

E - eligible to attend   A - number attended

	Board Meetings Attended		Committee Meetings Attended									
			Finance		Human Resources		Marketing & Sponsorship		Governance		Youth Engagement	
	E	A	E	A	E	A	E	A	E	A		
Ian Graham Goldsmith	11	11	5	5	5	5	11	11	4	4	-	-
Geoffrey Bruce Roberts	11	10	5	5	5	5	11	11	-	-	-	-
Victoria George Paouros	11	9	-	-	-	-	-	-	4	4	4	4
Raymond Bruce Barrington	11	10	-	-	5	4	11	7	-	-	-	-
Colin Roderick Davitt	11	11	5	5	-	-	-	-	4	4	-	-
Simon David Lewis	11	10	-	-	5	5	-	-	-	-	-	-
Bradley Dodemond	11	10	-	-	5	5	-	-	4	4	4	4
Deirdre Elizabeth Diamante	11	10	-	-	-	-	-	-	4	4	-	-
Maxwell Chapman	11	11	5	5	-	-	-	-	-	-	-	-
Nicholas Furlong	11	11	-	-	-	-	-	-	4	3	4	4

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to 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 part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the *Corporations Act 2001*.

Non audit services

The company may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the company are important. Details of the amounts paid or payable to the auditor (Andrew Frewin Stewart) for audit and non audit services provided during the year are set out in note 27 to the accounts.

The board of directors has considered the non-audit services provided during the year by the auditor and, in accordance with the advice received from the Finance Committee, is satisfied that the provision of the non-audit services is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Finance Committee to ensure they do not impact on the impartiality, integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the company, acting as an advocate for the company or jointly sharing risks and rewards.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 18.

Signed in accordance with a resolution of the directors at Doncaster East, Victoria.

Ian Graham Goldsmith,
Chairman

Dated this 7th day of September 2021

Auditor's independence declaration

61 Bull Street
Bendigo VIC 3550
afs@afsbendigo.com.au
03 5443 0344

Independent auditor's independence declaration under section 307C of the *Corporations Act 2001* to the Directors of Manningham Community Enterprises Limited

As lead auditor for the audit of Manningham Community Enterprises Limited for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

i) no contraventions of the auditor independence requirements of 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.

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 7 September 2021

Joshua Griffin
Lead Auditor

Financial statements

Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2021

	Notes	2021 $	2020 $
Revenue from contracts with customers	8	2,633,594	2,581,933
Other revenue	9	41,809	93,711
Finance income	10	7,665	16,021
Employee benefit expenses	11c)	(1,062,077)	(1,206,351)
Charitable donations, sponsorship, advertising and promotion		(643,656)	(563,727)
Occupancy and associated costs		(57,506)	(65,303)
Systems costs		(62,802)	(62,897)
Depreciation and amortisation expense	11a)	(210,738)	(207,473)
Finance costs	11b)	(39,580)	(68,181)
General administration expenses		(281,979)	(217,610)
Profit before income tax expense		**324,730**	**300,123**
Income tax expense	12a)	(79,171)	(72,368)
Profit after income tax expense		**245,559**	**227,755**
Total comprehensive income for the year attributable to the ordinary shareholders of the company:		**245,559**	**227,755**
Earnings per share		**¢**	**¢**
- Basic and diluted earnings per share:	30a)	11.37	10.54

The accompanying notes form part of these financial statements.

Statement of Financial Position
as at 30 June 2021

	Notes	2021 $	2020 $
ASSETS			
Current assets			
Cash and cash equivalents	13	1,537,104	1,122,750
Trade and other receivables	14a)	217,399	199,775
Current tax assets	18a)	-	31,862
Total current assets		**1,754,503**	**1,354,387**
Non-current assets			
Property, plant and equipment	15a)	224,176	263,341
Right-of-use assets	16a)	387,949	540,547
Intangible assets	17a)	44,125	70,569
Deferred tax asset	18b)	88,451	97,216
Total non-current assets		**744,701**	**971,673**
Total assets		**2,499,204**	**2,326,060**
LIABILITIES			
Current liabilities			
Trade and other payables	19a)	447,002	153,483
Current tax liabilities	18a)	40,371	-
Lease liabilities	20a)	227,242	210,602
Employee benefits	22a)	138,029	125,829
Total current liabilities		**852,644**	**489,914**
Non-current liabilities			
Trade and other payables	19a)	-	29,815
Lease liabilities	20b)	396,811	629,678
Employee benefits	22b)	7,094	9,307
Provisions	21a)	60,712	58,125
Total non-current liabilities		**464,617**	**726,925**
Total liabilities		**1,317,261**	**1,216,839**
Net assets		**1,181,943**	**1,109,221**
EQUITY			
Issued capital	23a)	1,138,759	1,138,759
Retained earnings/(accumulated losses)	24	43,184	(29,538)
Total equity		**1,181,943**	**1,109,221**

-

The accompanying notes form part of these financial statements.

Statement of Changes in Equity
for the year ended 30 June 2021

	Notes	Issued capital $	Retained earnings/ Accumulated losses $	Total equity $
Balance at 1 July 2019		1,138,759	(84,456)	1,054,303
Total comprehensive income for the year		-	227,755	227,755
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	29	-	(172,837)	(172,837)
Balance at 30 June 2020		**1,138,759**	**(29,538)**	**1,109,221**
Balance at 1 July 2020		1,138,759	(29,538)	1,109,221
Total comprehensive income for the year		-	245,559	245,559
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	29	-	(172,837)	(172,837)
Balance at 30 June 2021		**1,138,759**	**43,184**	**1,181,943**

The accompanying notes form part of these financial statements.

Statement of Cash Flows
for the year ended 30 June 2021

	Notes	2021 $	2020 $
Cash flows from operating activities			
Receipts from customers		2,922,827	2,943,454
Payments to suppliers and employees		(2,042,602)	(2,351,124)
Interest received		6,493	22,247
Interest paid		-	(19,623)
Lease payments (interest component)	11b)	(36,993)	(45,729)
Lease payments not included in the measurement of lease liabilities	11d)	(28,498)	(28,729)
Income taxes received/(paid)		1,826	(92,372)
Net cash provided by operating activities	**25**	**823,053**	**428,124**
Cash flows from investing activities			
Payments for property, plant and equipment		-	(34,486)
Proceeds from sale of property, plant and equipment		-	16,542
Payments for intangible assets		(27,104)	(27,104)
Net cash used in investing activities		**(27,104)**	**(45,048)**
Cash flows from financing activities			
Lease payments (principle component)		(208,758)	(188,179)
Dividends paid	29	(172,837)	(172,837)
Net cash used in financing activities		**(381,595)**	**(361,016)**
Net cash increase in cash held		**414,354**	**22,060**
Cash and cash equivalents at the beginning of the financial year		1,122,750	1,100,690
Cash and cash equivalents at the end of the financial year	**13**	**1,537,104**	**1,122,750**

The accompanying notes form part of these financial statements.

Notes to the financial statements

For the year ended 30 June 2021

Note 1 Reporting entity

This is the financial report for Manningham Community Enterprises Limited (the company). The company is a for profit entity limited by shares, and incorporated and domiciled in Australia. The registered office and principal place of business is:

Registered Office	**Principal Place of Business**
900 - 902 Doncaster Road Doncaster East VIC 3109	900 - 902 Doncaster Road Doncaster East VIC 3109 128 James Street Templestowe VIC 3106

Further information on the nature of the operations and principal activity of the company is provided in the directors' report. Information on the company's related party relationships is provided in Note 28.

Note 2 Basis of preparation and statement of compliance

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards and Interpretations adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001.* The financial statements comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB).

The financial statements have been prepared on an accrual and historical cost basis. The financial report is presented in Australian dollars and all values are rounded to the nearest dollar, unless otherwise stated.

These financial statements for the year ended 30 June 2021 were authorised for issue in accordance with a resolution of the directors on 7 September 2021.

Note 3 Changes in accounting policies, standards and interpretations

There are a number of amendments to accounting standards issued by the AASB that became mandatorily effective for accounting periods beginning on or after 1 July 2020, and are therefore relevant for the current financial year. The amendments did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

Note 4 Summary of significant accounting policies

The company has consistently applied the following accounting policies to all periods presented in these financial statements.

a) Revenue from contracts with customers

The company has entered into a franchise agreement with Bendigo Bank. The company delivers banking and financial services of Bendigo Bank to its community. The franchise agreement provides for a share of interest, fee, and commission revenue earned by the company. Interest margin share is based on a funds transfer pricing methodology which recognises that income is derived from deposits held, and that loans granted incur a funding cost. Fees are based on the company's current fee schedule and commissions are based on the agreements in place. All margin revenue is recorded as non-interest income when the company's right to receive the payment is established.

The company acts as an agent under the franchise agreement and revenue arises from the rendering of services through its franchise agreement.

Revenue is recognised on an accruals basis, at the fair value of consideration specified in the franchise agreement. Under AASB 15 *Revenue from Contracts with Customers* (AASB 15), revenue recognition for the company's revenue stream is as follows:

Revenue stream	Includes	Performance obligation	Timing of recognition
Franchise agreement profit share	Margin, commission, and fee income	When the company satisfies its obligation to arrange for the services to be provided to the customer by the supplier (Bendigo Bank as franchisor).	On completion of the provision of the relevant service. Revenue is accrued monthly and paid within 10 business days after the end of each month.

Note 4 Summary of significant accounting policies (continued)

a) Revenue from contracts with customers (continued)

All revenue is stated net of the amount of Goods and Services Tax (GST). There was no revenue from contracts with customers recognised over time during the financial year.

Revenue calculation

The franchise agreement provides that three forms of revenue may be earned by the company – margin, commission and fee income. Bendigo Bank decides the form of revenue the company earns on different types of products and services.

The revenue earned by the company is dependent on the business that it generates. It may also be affected by other factors, such as economic and local conditions, for example, interest rates.

Margin

Margin is arrived at through the following calculation:

- Interest paid by customers on loans less interest paid to customers on deposits
- plus any deposit returns i.e. interest return applied by Bendigo Bank for a deposit,
- minus any costs of funds i.e. interest applied by Bendigo Bank to fund a loan.

The company is entitled to a share of the margin earned by Bendigo Bank. If this reflects a loss, the company incurs a share of that loss.

Commission

Commission revenue is in the form of commission generated for products and services sold. This commission is recognised at a point in time which reflects when the company has fulfilled its performance obligation.

The company receives trailing commission for products and services sold. Ongoing trailing commission payments are recognised on receipt as there is insufficient detail readily available to estimate the most likely amount of income without a high probability of significant reversal in a subsequent reporting period. The receipt of ongoing trailing commission income is outside the control of the company, and is a significant judgement area.

Fee income

Fee income is a share of what is commonly referred to as 'bank fees and charges' charged to customers by Bendigo Bank Group entities including fees for loan applications and account transactions.

Core banking products

Bendigo Bank has identified some products and services as 'core banking products'. It may change the products and services which are identified as core banking products by giving the company at least 30 days notice. Core banking products currently include Bendigo Bank branded home loans, term deposits and at call deposits.

Ability to change financial return

Under the franchise agreement, Bendigo Bank may change the form and amount of financial return the company receives. The reasons it may make a change include changes in industry or economic conditions or changes in the way Bendigo Bank earns revenue.

The change may be to the method of calculation of margin, the amount of margin, commission and fee income or a change of a margin to a commission or vice versa. This may affect the amount of revenue the company receives on a particular product or service.

Bendigo Bank must not reduce the margin and commission the company receives on core banking products and services to less than 50% (on an aggregate basis) of Bendigo Bank's margin at that time. For other products and services, there is no restriction on the change Bendigo Bank may make.

b) Other revenue

The company's activities include the generation of income from sources other than the core products under the franchise agreement. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and can be reliably measured.

Revenue stream	Revenue recognition policy
Cash flow boost	Cash flow boost income is recognised when the right to the payment is established (e.g. monthly or quarterly in the activity statement).
Other income	All other revenues that did not contain contracts with customers are recognised as goods and services are provided.

All revenue is stated net of the amount of Goods and Services Tax (GST).

Cash flow boost

In response to the COVID-19 outbreak, Boosting Cash Flow for Employers (Coronavirus Economic Response Package) Act 2020 (CFB Act) was enacted. The purpose was to provide temporary cash flow to small and medium sized businesses that employ staff and have been affected by the economic downturn associated with COVID-19.

Note 4 Summary of significant accounting policies (continued)

b) Other revenue (continued)

Cash flow boost (continued)

The amounts received are in relation to amounts withheld as withholding tax reported in the activity statement. This essentially subsidises the company's obligation to remit withholding tax to the Australian Taxation Office. For reporting purposes, the amounts subsidised are recognised as revenue.

The amounts are not assessable for tax purposes and there is no obligation to repay the amounts.

c) Economic dependency - Bendigo Bank

The company has entered into a franchise agreement with Bendigo Bank that governs the management of the Community Bank.

The company is economically dependent on the ongoing receipt of income under the franchise agreement with Bendigo Bank. The directors have no reason to believe a new franchise arrangement under mutually acceptable terms will not be forthcoming following expiry.

The company operates as a franchise of Bendigo Bank, using the name "Bendigo Bank" and the logo and system of operations of Bendigo Bank. The company manages the Community Bank on behalf of Bendigo Bank, however all transactions with customers conducted through the Community Bank are effectively conducted between the customers and Bendigo Bank.

All deposits are made with Bendigo Bank, and all personal and investment products are products of Bendigo Bank, 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 Bank, must be approved by Bendigo Bank. All credit transactions are made with Bendigo Bank, and all credit products are products of Bendigo Bank.

The company promotes and sells the products and services, but is not a party to the transaction.

The credit risk (i.e. the risk that a customer will not make repayments) is for the relevant Bendigo Bank entity to bear as long as the company has complied with the appropriate procedures and relevant obligations and has not exercised a discretion in granting or extending credit.

Bendigo Bank provides significant assistance in establishing and maintaining the Community Bank 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 and assistance in relation to:

- the design, layout and fit out of the Community Bank premises
- training for the branch manager and other employees in banking, management systems and interface protocol
- methods and procedures for the sale of products and provision of services
- security and cash logistic controls
- calculation of company revenue and payment of many operating and administrative expenses
- the formulation and implementation of advertising and promotional programs
- sales techniques and proper customer relations
- providing payroll services.

d) Employee benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for salary and wages where the employee has provided the service but payment has not yet occurred at the reporting date. They are measured at amounts expected to be paid, plus related on-costs. Non-accumulating sick leave is expensed when the leave is taken and measured at the rates paid or payable.

An annual leave liability is recognised for the amount expected to be paid if the company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be reliably estimated. The company's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as part of current trade and other payables in the statement of financial position. The company's obligations for employees' annual leave and long service leave entitlements are recognised in employee benefits in the statement of financial position.

Defined superannuation contribution plans

The company contributes to a defined contribution plan. Obligations for superannuation contributions to defined contribution plans are expensed as the related service is provided.

Other long-term employee benefits

The company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior reporting periods.

That benefit is discounted to determine its present value. Consideration is given to expected future wage and salary levels plus related on-costs, experience of employee departures, and years of service achieved. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

Remeasurements are recognised in profit or loss in the period in which they arise.

Note 4 Summary of significant accounting policies (continued)

e) Taxes

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income.

Current income tax

Current tax assets and liabilities are measured at amounts expected to be recovered from or paid to the taxation authorities. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are recognised for all deductible temporary differences, carried-forward tax losses, and unused tax credits to the extent that it is probable that future taxable profits will be available against which they can be used.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax is measured at the rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any.

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

Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except when the amount of GST incurred on a sale or purchase of assets or services is not payable to or recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the revenue or expense item.

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 taxation authority is included as part of receivables or payables in the statement of financial position. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Goods and Services Tax (continued)

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

f) Cash and cash equivalents

For the purposes of the statement of financial position and statement of cash flows, cash and cash equivalents comprise cash on hand and deposits held with banks.

g) Property, plant and equipment

Items of property, plant and equipment are measured at cost or fair value as applicable, less accumulated depreciation. Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the company.

Depreciation is calculated to write-off the cost of items of property, plant and equipment less their estimated residual values using straight-line and diminishing value method over their estimated useful lives, and is recognised in profit or loss.

The estimated useful lives of property, plant and equipment for the current and comparative periods are as follows:

Asset class	Method	Useful life
Leasehold improvements	Straight-line	4 to 40 years
Plant and equipment	Straight-line and diminishing value	2 to 10 years
Motor vehicles	Diminishing value	3 to 8 years

Depreciation methods, useful life, and residual values are reviewed at each reporting date and adjusted if appropriate.

h) Intangible assets

Intangible assets of the company relate to the franchise fees paid to Bendigo Bank which conveys the right to operate the Community Bank franchise.

Intangible assets are measured on initial recognition at cost. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

The franchise fees paid by the company are amortised over their useful life and assessed for impairment whenever impairment indicators are present.

Note 4 Summary of significant accounting policies (continued)

h) Intangible assets (continued)

The estimated useful life and amortisation method for the current and comparative periods are as follows:

Asset class	Method	Useful life
Franchise establishment fee	Straight-line	Over the franchise term (5 years)
Franchise fee	Straight-line	Over the franchise term (5 years)
Franchise renewal process fee	Straight-line	Over the franchise term (5 years)

Amortisation methods, useful life, and residual values are reviewed at each reporting date and adjusted if appropriate.

i) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The company's financial instruments include trade and other debtors and creditors, cash and cash equivalents and lease liabilities.

Trade receivables are initially recognised at the transaction price when they originated. All other financial assets and financial liabilities are initially measured at fair value plus, transaction costs (where applicable) when the company becomes a party to the contractual provisions of the instrument. These assets and liabilities are subsequently measured at amortised cost using the effective interest method.

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the rights are transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and rewards associated with the asset. Financial liabilities are derecognised when its contractual obligations are discharged, cancelled, or expire. Any gain or loss on derecognition is recognised in profit or loss.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the company currently has a legally enforceable right to set off the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

j) Impairment

Non-derivative financial assets

Expected credit losses (ECL) are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received. At each reporting date, the entity recognises the movement in the ECL (if any) as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

The company's trade receivables are limited to the monthly profit share distribution from Bendigo Bank, which is received 10 business days post month end. Due to the reliance on Bendigo Bank the company has reviewed credit ratings provided by Standard & Poors, Moody's and Fitch Ratings to determine the level of credit exposure to the company. The company also performed a historical assessment of receivables from Bendigo Bank and found no instances of default. As a result no ECL has been made in relation to trade receivables as at 30 June 2021.

Non-financial assets

At each reporting date, the company reviews the carrying amounts of its tangible and intangible assets that have an indefinite useful life to determine whether there is any indication those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately.

k) Issued capital

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

l) Provisions

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

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

m) Leases

At inception of a contract, the company assesses whether a contract contains or is a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration and obtain substantially all the economic benefits from the use of that asset.

Note 4 Summary of significant accounting policies (continued)

m) Leases (continued)

As a lessee

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the company's incremental borrowing rate.

The company determines its incremental borrowing rate by obtaining interest rates from funding sources and where necessary makes certain adjustments to reflect the terms of the lease and type of asset leased.

Lease payments included in the measurement of the lease liability comprise fixed or variable lease payments that depend on an index or rate and lease payments in a renewal option if the company is reasonably certain to exercise that option. For leases of property the company has elected to separate lease and non-lease components when calculating the lease liability.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if the company changes its assessment of whether it will exercise an extension option or if there is a revised in-substance fixed lease payment.

The company assesses at the lease commencement date whether it is reasonably certain to exercise extension options. The company reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

Where the company is a lessee for the premises to conduct its business, extension options are included in the lease term except when the company is reasonably certain not to exercise the extension option. This is due to the significant disruption of relocating premises and the loss on disposal of leasehold improvements fitted out in the demised leased premises.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Rent concessions

In response to the COVID-19 coronavirus pandemic, many lessors offered lessees various concessions. AASB 16: Leases allows lessees not to account for rent concessions as lease re-assessments if they are a direct consequence of COVID-19 and meet certain conditions. Instead these rent concessions are recognised through other revenue and offset against the lease liability.

Short-term leases and leases of low-value assets

The company has elected not to recognise right-of-use assets and lease liabilities for leases of short-term leases and low-value assets, including IT equipment. The company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

A short-term lease is a lease that, at commencement date, has a lease term of 12 months or less.

Note 5 Significant accounting judgements, estimates, and assumptions

In preparing these financial statements, management has made judgements and estimates that affect the application of the company's accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

a) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

Note	Judgement
- Note 20 - leases:	
a) control	a) whether a contract is or contains a lease at inception by assessing whether the company has the right to direct the use of the identified asset and obtain substantially all the economic benefits from the use of that asset;
b) lease term	b) whether the company is reasonably certain to exercise extension options, termination periods, and purchase options;
c) discount rates	c) judgement is required to determine the discount rate, where the discount rate is the company's incremental borrowing rate if the rate implicit in the lease cannot be readily determined. The incremental borrowing rate is determined with reference to factors specific to the company and underlying asset including the amount, the lease term, economic environment and other relevant factors.

Note 5 Significant accounting judgements, estimates, and assumptions (continued)

b) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at 30 June 2021 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

Note	Assumptions
- Note 18 - recognition of deferred tax assets	availability of future taxable profit against which deductible temporary differences and carried-forward tax losses can be utilised;
- Note 15 - estimation of useful lives of assets	key assumptions on historical experience and the condition of the asset;
- Note 22 - long service leave provision	key assumptions on attrition rate and pay increases though promotion and inflation;
- Note 21 - make-good provision	key assumptions on future cost estimates in restoring the leased premises in accordance with the lease agreement;

Note 6 Financial risk management

The company has exposure to credit, liquidity and market risk arising from financial instruments. The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the company. The company does not use derivative instruments.

Risk management is carried out directly by the board of directors.

a) Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's receivables from customers.

The company's franchise agreement limits the company's credit exposure to one financial institution, being Bendigo Bank. The company monitors credit worthiness through review of credit ratings of the bank.

b) Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting the obligations associated with its financial liabilities. The company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities. The contractual cash flows amounts are gross and undiscounted.

30 June 2021		Contractual cash flows		
Non-derivative financial liability	Carrying amount	Not later than 12 months	Between 12 months and five years	Greater than five years
Lease liabilities	624,053	253,323	420,053	-
Trade and other payables	447,002	447,002	-	-
	1,071,055	**700,325**	**420,053**	**-**

30 June 2020		Contractual cash flows		
Non-derivative financial liability	Carrying amount	Not later than 12 months	Between 12 months and five years	Greater than five years
Lease liabilities	840,280	247,871	679,303	-
Trade and other payables	183,298	153,483	29,815	-
	1,023,578	**401,354**	**709,118**	**-**

c) Market risk

Market risk is the risk that changes in market prices - e.g. foreign exchange rates, interest rates, and equity prices - will affect the company's income or the value of its holdings in financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

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

Note 6 Financial risk management (continued)

c) Market risk (continued)

Price risk

The primary goal of the company's investment in equity securities is to hold the investments for the long term for strategic purposes.

Cash flow and fair value interest rate risk

Interest-bearing assets and liabilities are held with Bendigo Bank and subject to movements in market interest.

The company held cash and cash equivalents of $1,537,104 at 30 June 2021 (2020: $1,122,750). The cash and cash equivalents are held with Bendigo Bank, which are rated BBB+ on Standard & Poor's credit ratings.

Note 7 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 distributions to shareholders. Capital is represented by total equity as recorded in the statement of financial position.

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

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 company over that 12 month period where the relevant rate of return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

The board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the year ended 30 June 2021 can be seen in the statement of profit or loss and other comprehensive Income.

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

	2021 $	2020 $
Note 8 Revenue from contracts with customers		
- Margin income	2,226,481	2,221,293
- Fee income	115,624	129,917
- Commission income	291,489	230,723
	2,633,594	**2,581,933**
Note 9 Other revenue		
- Market development fund income	-	20,000
- Cash flow boost	37,500	62,500
- Rent concessions	4,309	10,885
- Other income	-	326
	41,809	**93,711**
Note 10 Finance income		
- Term deposits	**7,665**	**16,021**

Finance income is recognised when earned using the effective interest rate method.

	2021 $	2020 $

Note 11 Expenses

a) Depreciation and amortisation expense		
Depreciation of non-current assets:		
- Leasehold improvements	16,986	18,486
- Plant and equipment	6,191	6,703
- Motor vehicles	15,988	15,431
	39,165	**40,620**
Depreciation of right-of-use assets		
- Leased land and buildings	145,129	140,409
Amortisation of intangible assets:		
- Franchise fee	4,407	4,407
- Franchise renewal process fee	22,037	22,037
	26,444	**26,444**
Total depreciation and amortisation expense	**210,738**	**207,473**

b) Finance costs		
- Lease interest expense	36,993	45,729
- Unwinding of make-good provision	2,587	2,829
- Other	-	19,623
	39,580	**68,181**

c) Employee benefit expenses		
- Wages and salaries	894,726	955,025
- Non-cash benefits	15,000	14,960
- Contributions to defined contribution plans	87,258	125,606
- Expenses related to long service leave	2,526	(17,011)
- Other expenses	62,567	127,771
	1,062,077	**1,206,351**

d) Recognition exemption

The company pays for the right to use information technology equipment. The underlying assets have been assessed as low value and exempted from recognition under AASB 16 accounting. Expenses relating to low-value exempt leases are included in system costs expenses.

- Expenses relating to low-value leases	**28,498**	**28,729**

Note 12 Income tax expense

a) Amounts recognised in profit or loss		
Current tax expense/(credit)		
- Current tax	70,407	42,360
- Movement in deferred tax	5,226	(86,370)
- Adjustment to deferred tax on AASB 16 retrospective application	-	110,769
- Adjustment to deferred tax to reflect reduction in tax rate in future periods	3,538	5,609
	79,171	**72,368**
b) Prima facie income tax reconciliation		
- Operating profit before taxation	324,730	300,123
- Prima facie tax on profit from ordinary activities at 26% (2020: 27.5%)	84,430	82,534

	2021 $	2020 $
Note 12 Income tax expense (continued)		
b) Prima facie income tax reconciliation (continued)		
Tax effect of:		
- Non-deductible expenses	954	1,413
- Temporary differences	(5,227)	(24,399)
- Other assessable income	(9,750)	(17,188)
- Movement in deferred tax	5,226	(86,370)
- Leases initial recognition	-	110,769
- Adjustment to deferred tax to reflect reduction in tax rate in future periods	3,538	5,609
	79,171	**72,368**

Note 13 Cash and cash equivalents

- Cash at bank and on hand	369,229	104,875
- Term deposits	1,167,875	1,017,875
	1,537,104	**1,122,750**

Note 14 Trade and other receivables

a) Current assets		
- Trade receivables	209,664	193,724
- Prepayments	5,921	5,409
- Other receivables and accruals	1,814	642
	217,399	**199,775**

Note 15 Property, plant and equipment

a) Carrying amounts		
Leasehold improvements		
- At cost	404,200	404,200
- Less: accumulated depreciation	(232,301)	(215,315)
	171,899	**188,885**
Plant and equipment		
- At cost	174,539	174,539
- Less: accumulated depreciation	(154,296)	(148,105)
	20,243	**26,434**
Motor vehicles		
- At cost	79,942	79,942
- Less: accumulated depreciation	(47,908)	(31,920)
	32,034	**48,022**
Total written down amount	**224,176**	**263,341**

b) Reconciliation of carrying amounts		
Leasehold improvements		
- Carrying amount at beginning	188,885	207,371
- Depreciation	(16,986)	(18,486)
	171,899	**188,885**

Notes to the financial statements (continued)

	2021 $	2020 $
Note 15 Property, plant and equipment (continued)		
b) Reconciliation of carrying amounts (continued)		
Plant and equipment		
- Carrying amount at beginning	26,434	33,137
- Depreciation	(6,191)	(6,703)
	20,243	**26,434**
Motor vehicles		
- Carrying amount at beginning	48,022	46,415
- Additions	-	34,486
- Disposals	-	(17,448)
- Depreciation	(15,988)	(15,431)
	32,034	**48,022**
Total written down amount	**224,176**	**263,341**

c) Changes in estimates

During the financial year, the company assessed estimates used for property, plant and equipment including useful lives, residual values, and depreciation methods. There were no changes in estimates for the current reporting period.

Note 16 Right-of-use assets

a) Carrying amounts		
Leased land and buildings		
- At cost	2,232,527	2,239,996
- Less: accumulated depreciation	(1,844,578)	(1,699,449)
Total written down amount	**387,949**	**540,547**
b) Reconciliation of carrying amounts		
Leased land and buildings		
- Carrying amount at beginning	540,547	-
- Initial recognition on transition	-	2,195,481
- Accumulated depreciation on adoption	-	(1,559,040)
- Remeasurement adjustments	(7,469)	44,515
- Depreciation	(145,129)	(140,409)
Carrying amount at end	**387,949**	**540,547**

Note 17 Intangible assets

a) Carrying amounts		
Franchise fee		
- At cost	123,174	123,174
- Less: accumulated amortisation	(115,818)	(111,411)
	7,356	**11,763**
Franchise renewal process fee		
- At cost	271,444	271,444
- Less: accumulated amortisation	(234,675)	(212,638)
	36,769	**58,806**
Total written down amount	**44,125**	**70,569**

	2021 $	2020 $
Note 17 Intangible assets (continued)		
b) Reconciliation of carrying amounts		
Franchise fee		
- Carrying amount at beginning	11,763	16,170
- Amortisation	(4,407)	(4,407)
	7,356	**11,763**
Franchise renewal process fee		
- Carrying amount at beginning	58,806	80,843
- Amortisation	(22,037)	(22,037)
	36,769	**58,806**
Total written down amount	**44,125**	**70,569**

c) Changes in estimates

During the financial year, the company assessed estimates used for intangible assets including useful lives, residual values, and amortisation methods. There were no changes in estimates for the current reporting period.

Note 18 Tax assets and liabilities

	2021 $	2020 $
a) Current tax		
- Income tax payable/(refundable)	**40,371**	**(31,862)**
b) Deferred tax		
Deferred tax assets		
- expense accruals	1,025	1,040
- employee provisions	36,281	35,675
- make-good provision	15,178	15,113
- lease liability	156,013	218,473
Total deferred tax assets	**208,497**	**270,301**
Deferred tax liabilities		
- income accruals	454	167
- property, plant and equipment	22,605	32,376
- right-of-use assets	96,987	140,542
Total deferred tax liabilities	**120,046**	**173,085**
Net deferred tax assets (liabilities)	**88,451**	**97,216**
- Movement in deferred tax charged to Statement of Profit or Loss and Other Comprehensive Income	**8,765**	**(23,214)**
- Movement in deferred tax charged to Statement of Changes in Equity	**-**	**110,770**

Note 19 Trade creditors and other payables

Where the company is liable to settle an amount within 12 months of reporting date, the liability is classified as current. All other obligations are classified as non-current.

	2021 $	2020 $
a) Current liabilities		
- Trade creditors	364,027	35,732
- Other creditors and accruals	82,975	117,751
	447,002	**153,483**

Note 19 Trade creditors and other payables (continued)

Increase in trade creditors due to $324,210 donation made to the Community Enterprise Foundation recognised in the current financial year, to be paid next financial year.

	2021 $	2020 $
b) Non-current liabilities		
- Other creditors and accruals	**-**	**29,815**

Note 20 Lease liabilities

Lease liabilities were measured at amounts equal to the present value of enforceable future payments of the term reasonably expected to be exercised, discounted at the appropriate incremental borrowing rate on the adoption date. The discount rate used on recognition was 5.00%.

The company has applied judgement in estimating the remaining lease term including the effects of any extension options reasonably expected to be exercised, applying hindsight where appropriate.

The company's lease portfolio includes:

- Templestowe Village Branch
  The lease agreement commenced in October 2009. A 5 year renewal option was exercised in March 2020. As such, the lease term end date used in the calculation of the lease liability is March 2025.
- Doncaster East Branch
  The lease agreement commenced in October 2006. A 5 year renewal option was exercised in March 2018. As such, the lease term end date used in the calculation of the lease liability is March 2023.

	2021 $	2020 $
a) Current lease liabilities		
- Property lease liabilities	253,323	247,871
- Unexpired interest	(26,081)	(37,269)
	227,242	**210,602**
b) Non-current lease liabilities		
- Property lease liabilities	420,053	679,303
- Unexpired interest	(23,242)	(49,625)
	396,811	**629,678**
c) Reconciliation of lease liabilities		
- Balance at the beginning	840,280	-
- Initial recognition on AASB 16 transition	-	983,944
- Remeasurement adjustments	(7,469)	44,515
- Lease interest expense	36,993	45,729
- Lease payments - total cash outflow	(245,751)	(233,908)
	624,053	**840,280**
d) Maturity analysis		
- Not later than 12 months	253,323	247,871
- Between 12 months and 5 years	420,053	679,303
Total undiscounted lease payments	**673,376**	**927,174**
- Unexpired interest	(49,323)	(86,894)
Present value of lease liabilities	**624,053**	**840,280**

	2021 $	2020 $

Note 21 Provisions

	2021 $	2020 $
a) Non-current liabilities		
- Make-good on leased premises	**60,712**	**58,125**

In accordance with the branch lease agreements, the company must restore the leased premises to their original condition before the expiry of the lease term. The company has estimated the provision based on experience and consideration of the expected future costs to remove all fittings and the ATM as well as cost to remedy any damages caused during the removal process. The leases are due to expire per below at which time it is expected the face-value costs to restore the premises will fall due.

Lease	Lease term expiry date per AASB 16	Total provision
Templestowe	March 2025	$35,000
Doncaster	March 2023	$35,000

Note 22 Employee benefits

	2021 $	2020 $
a) Current liabilities		
- Provision for annual leave	69,005	57,617
- Provision for long service leave	69,024	68,212
	138,029	**125,829**
b) Non-current liabilities		
- Provision for long service leave	**7,094**	**9,307**

c) Key judgement and assumptions

The company uses historical employee attrition rates in determining the probability of an employee, at a given date, achieving continuous employment eligible for entitlement in accordance with long service leave legislation.

Note 23 Issued capital

a) Issued capital

	2021		2020	
	Number	$	Number	$
- Ordinary shares - fully paid	1,185,461	1,185,461	1,185,461	1,185,461
- Bonus shares - fully paid	975,000	-	975,000	-
- Less: equity raising costs - Doncaster East	-	(22,075)	-	(22,075)
- Less: equity raising costs - Templestowe Village	-	(24,627)	-	(24,627)
	2,160,461	**1,138,759**	**2,160,461**	**1,138,759**

b) Rights attached to issued capital

Ordinary shares

<u>Voting rights</u>

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

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

Note 23 Issued capital (continued)

b) Rights attached to issued capital (continued)

Ordinary shares (continued)

Voting rights (continued)

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

Dividends

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

Transfer

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

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

Prohibited shareholding interest

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

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

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").
- Where the person is a shareholder, after the transfer of shares in the company to that person the number of shareholders in the company is (or would be) lower than the base number (the "base number test"). The base number is 346. As at the date of this report, the company had 345 shareholders (2020: 345 shareholders).

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

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

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

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

Note 24 Retained earnings (accumulated losses)

	2021 $	2020 $
- Balance at beginning of reporting period	(29,538)	207,574
- Adjustment for transition to AASB 16	-	(292,030)
- Net profit after tax from ordinary activities	245,559	227,755
- Dividends provided for or paid	(172,837)	(172,837)
Balance at end of reporting period	**43,184**	**(29,538)**

	2021 $	2020 $

Note 25 Reconciliation of cash flows from operating activities

	2021 $	2020 $
- Net profit after tax from ordinary activities	245,559	227,755
Adjustments for:		
- Depreciation	184,294	181,029
- Amortisation	26,444	26,444
- (Profit)/loss on disposal of non-current assets	-	907
Changes in assets and liabilities:		
- (Increase)/decrease in trade and other receivables	(17,624)	22,039
- (Increase)/decrease in other assets	40,627	(1,855)
- Increase/(decrease) in trade and other payables	290,808	(16,773)
- Increase/(decrease) in employee benefits	9,987	3,899
- Increase/(decrease) in provisions	2,587	2,829
- Increase/(decrease) in tax liabilities	40,371	(18,150)
Net cash flows provided by operating activities	**823,053**	**428,124**

Note 26 Financial instruments

The following shows the carrying amounts for all financial instruments at amortised costs. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Note	2021 $	2020 $
Financial assets			
- Cash and cash equivalents	13	369,229	104,875
- Term deposits	13	1,167,875	1,017,875
- Trade and other receivables	14	217,399	199,775
		1,754,503	**1,322,525**
Financial liabilities			
- Trade and other payables	19	447,002	183,298
- Lease liabilities	20	624,053	840,280
		1,071,055	**1,023,578**

Note 27 Auditor's remuneration

Amount received or due and receivable by the auditor of the company for the financial year.

	2021 $	2020 $
Audit and review services		
- Audit and review of financial statements	6,500	6,400
Non audit services		
- Taxation advice and tax compliance services	1,300	4,160
- General advisory services	3,690	4,730
- Share registry services	5,126	3,783
Total auditor's remuneration	**16,616**	**19,073**

Note 28 Related parties

a) Details of key management personnel

The directors of the company during the financial year were:

Ian Graham Goldsmith
Raymond Bruce Barrington
Bradley Dodemond
Nicholas Furlong
Geoffrey Bruce Roberts
Colin Roderick Davitt
Deirdre Elizabeth Diamante
Victoria George Paouros
Simon David Lewis
Maxwell Chapman

	2021 $	2020 $
b) Key management personnel compensation		
Key management personnel compensation comprised the following.		
- Short-term employee benefits	**75,000**	**75,000**

Compensation of the company's key management personnel includes salaries and contributions to a post-employment defined contribution plan.

c) Related party transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Transactions with related parties		
- Victoria George Paouros provided company secretarial services to the company. The total benefit received was:	**4,026**	**9,839**

Note 29 Dividends provided for or paid

a) Dividends provided for and paid during the period

The following dividends were provided for and paid to shareholders during the reporting period as presented in the Statement of Changes in Equity and Statement of Cash Flows.

	30 June 2021		30 June 2020	
	Cents	$	Cents	$
- Fully franked dividend	**8.00**	**172,837**	**8.00**	**172,837**

The tax rate at which dividends have been franked is 26% (2020: 27.5%).

	2021 $	2020 $
b) Franking account balance		
Franking credits available for subsequent reporting periods		
Franking account balance at the beginning of the financial year	245,020	218,207
Franking transactions during the financial year:		
- Franking credits (debits) arising from income taxes paid (refunded)	54,777	99,589
- Franking credits from the payment of income tax following lodgement of annual income tax return	(56,603)	(7,217)
- Franking debits from the payment of franked distributions	(60,726)	(65,559)
Franking account balance at the end of the financial year	**182,468**	**245,020**
Franking transactions that will arise subsequent to the financial year end:		
- Franking credits (debits) that will arise from payment (refund) of income tax	40,371	(31,862)
Franking credits available for future reporting periods	**222,839**	**213,158**

The ability to utilise franking credits is dependent upon the company's ability to declare dividends. The tax rate at which future dividends will be franked is 25%.

Note 30 Earnings per share

a) Basic and diluted earnings per share

The calculation of basic and diluted earnings per share has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding.

	2021 $	2020 $
- Profit attributable to ordinary shareholders	245,559	227,755
	Number	**Number**
- Weighted-average number of ordinary shares	2,160,461	2,160,461
	Cents	**Cents**
- Basic and diluted earnings per share	11.37	10.54

Note 31 Commitments

The company has no other commitments contracted for which would be provided for in future reporting periods.

Note 32 Contingencies

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

Note 33 Subsequent events

There have been no significant events occurring after the reporting period which may affect either the company's operations or the results of those operations or the company's state of affairs.

Directors' declaration

In accordance with a resolution of the directors of Manningham Community Enterprises Limited, we state that:

In the opinion of the directors:

(a) the financial statements and notes of the company are in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the company's financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and

   (ii) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

(c) the audited remuneration disclosures set out in the remuneration report section of the directors' report comply with Accounting Standard AASB 124 *Related Party Disclosures and the Corporations Regulations 2001.*

This declaration is made in accordance with a resolution of the board of directors.

Ian Graham Goldsmith,
Chairman

Dated this 7th day of September 2021

Independent audit report

61 Bull Street
Bendigo VIC 3550
afs@afsbendigo.com.au
03 5443 0344

Independent auditor's report to the Directors of Manningham Community Enterprises Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Manningham Community Enterprises Limited's (the company), which comprises:

- Statement of financial position as at 30 June 2021
- Statement of profit or loss and other comprehensive income
- Statement of changes in equity
- Statement of cash flows
- Notes to the financial statements, including a summary of significant accounting policies
- The directors' declaration of the company.

In our opinion, the accompanying financial report of Manningham 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 financial performance for the year ended on that date; and
ii. complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report.

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

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

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Chartered Accountants

61 Bull Street
Bendigo VIC 3550

afs@afsbendigo.com.au
03 5443 0344

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the matter
Revenue Share Model The company is a franchise of Bendigo Bank. The franchise agreement provides for a share of interest, fee, and commission revenue earned by the company. Interest margin share is based on a funds transfer pricing methodology which recognises that income is derived from deposits held, and that loans granted incur a funding cost. Fees are based on the company's current fee schedule and commissions are based on the agreements in place. All margin revenue is recorded as non-interest income when the company's right to receive the payment is established. The company receives the Revenue Share from Bendigo Bank via a monthly profit share statement. Our key audit matter was focused on the following areas of risk: ▪ Revenue is recognised appropriately and in line with AASB 15 Revenue from Contracts with Customers. ▪ Reliance on third party auditor EY to review the revenue share model.	In responding to the identified key audit matter, we completed the following audit procedures: ▪ We have obtained the monthly profit share statements from the entire year and analytically assess the existence, accuracy and completeness of revenue. ▪ EY complete a Community Bank Revenue Share Arrangements report on factual findings bi-annually, which we review and determine that the scope and testing procedures were sufficient to enable reliance on the monthly profit share reports specifically relating to revenue. **Key observation** We are satisfied that the revenue share model has been sufficiently reviewed by an external auditor and the reliance can be placed on the monthly profit share reports. The company's accounting policy relating to the revenue share model is detailed at note 4 a) to the financial statements.

There are no other key audit matters to disclose for the 30 June 2021 audit.

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61 Bull Street
Bendigo VIC 3550

afs@afsbendigo.com.au
03 5443 0344

Other Information

The company usually prepares an annual report that will include the financial statements, directors' report and declaration and our independence declaration and audit report (the financial report). The annual report may also include "other information" on the entity's operations and financial results and financial position as set out in the financial report, typically in a Chairman's report and Manager's report, and reports covering governance and shareholder matters.

The directors are responsible for the other information. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and accordingly we will not express any form of assurance conclusion thereon.

Our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If we identify that a material inconsistency appears to exist when we read the annual report (or become aware that the other information appears to be materially misstated), we will discuss the matter with the directors and where we believe that a material misstatement of the other information exists, we will request management to correct the other information.

Responsibilities of the Directors for the Financial Report

The directors of the company are responsible for the preparation of the financial report that it gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatement can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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Bendigo VIC 3550

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03 5443 0344

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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

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

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

61 Bull Street
Bendigo VIC 3550
afs@afsbendigo.com.au
03 5443 0344

Report on the Remuneration Report

We have audited the Remuneration Report included in the Directors' Report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Manningham Community Enterprises Limited for the year ended 30 June 2021, complies with section 300A of the *Corporations Act 2001*.

The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 7 September 2021

Joshua Griffin
Lead Auditor

NSX report

Manningham Community Enterprises Limited is a public company incorporated in Australia and listed on the National Stock Exchange of Australia (NSX).

Shareholding

The following table shows the number of shareholders, segregated into various categories based on the total number of shares held.

Number of shares held	Number of shareholders	Number of shares held
1 to 1,000	53	36,206
1,001 to 5,000	183	540,502
5,001 to 10,000	47	362,001
10,001 to 100,000	61	1,221,752
100,001 and over	-	-
Total shareholders	**344**	**2,160,461**

Equity securities

Each of the above shareholders are entitled to 1 vote, irrespective of the number of shares held.

There are no substantial shareholders (holding more than 5% of voting rights) as each shareholder is entitled to 1 vote. Normally holding more than 5% of total issued shares would create a substantial shareholder, but this is not applicable due to the voting restrictions for the company.

There are 9 shareholders holding less than a marketable parcel of shares ($500 in value).

There are no restricted securities on issue.

All shares on issue are ordinary shares fully paid to $1 per share. There are no unquoted equity securities.

Ten largest shareholders

The following table shows the 10 largest shareholders.

Shareholder	Number of fully paid	Percentage shares held capital
Scipio Nominees Pty Ltd	92,750	4.29
Thomas Leigh Pty Ltd <The Waring Family Superannuation Fund>	90,002	4.17
Reloade Pty Ltd <Salmon Superfund A/C>	84,500	3.91
Winpar Holdings Limited	53,250	2.46
Mr John Alexander Kent	37,500	1.74
Mr Russell Breadmore + Mrs Lynne Breadmore <R & L Breadmore Superfund A/C>	35,000	1.62
Mr Domenico Spizzica	35,000	1.62
Ralandian Pty Ltd <Ralandian Superfund A/C>	32,500	1.50
Ms Betty Mitchell	30,000	1.39
Mr James Douglas Christie + Mrs Deborah Anne Christie <Christie Super Fund A/C>	25,000	1.16
Mrs Judy Anne Tutty + Mr Marcus James Tutty	25,000	1.16
	540,502	

Registered office and principal administrative office

The registered office of the company is located at:

900 Doncaster Road
Doncaster East Victoria 3109
Telephone: (03) 9840 2028

The principal administrative office of the company is located at:

900 Doncaster Road
Doncaster East Victoria 3109
Telephone: (03) 9840 2028

Security register

The security register (share register) is kept at:

AFS & Associates
61 Bull Street,
Bendigo VIC 3550
Phone: (03) 5443 0344

Company Secretary

Victoria Paouros: Victoria is currently employed as an Analyst in the Australian Competition and Consumer Commission's Digital Platforms Branch. Victoria has been part of the MCEL team since she participated in the Company's Junior Observer Program in 2009. Since then, she has occupied a number of roles including: Minute Secretary, Company Secretary, Youth Engagement Committee Chair and Director. She holds a number of qualifications, including a Bachelor of Laws (Hons), an Advanced Diploma of Management (HR), a Diploma of Business, a Certificate IV in Training and Education and a Certificate in Governance Practice.

Corporate governance

The company has implemented various corporate governance practices, which include:

(a) The maintenance of a Finance Committee. Members include Maxwell Chapman, Colin Roderick Davitt, Ian Goldsmith and Geoffrey Roberts (Directors) as well as Pamela Tremlett (Bookkeeper).
(b) Director approval of operating budgets and monitoring of progress against these budgets;
(c) Ongoing Director training; and
(d) Monthly Director meetings to discuss operational performance and performance against strategy.

Annexure 3

There are no material differences between the information in the company's Annexure 3 and the information in the financial documents in its Annual Report.

5 Year summary of performance

	2017 $	2018 $	2019 $	2020 $	2021 $
Net profit before tax	304,960	325,960	349,040	300,120	324,730
Total assets	1.418 million	1.678 million	1.723 million	2.326 million	2.499 million
Total liabilities	255,200	431,800	376,600	1.218 million	1.317 million
Total equity	1.162 million	1.246 million	1.346 million	1.109 million	1.182 million

Community Bank · Doncaster East
900 Doncaster Road, Doncaster East VIC 3109
Phone: 03 9840 2028 Fax: 03 9840 2162
Email: doncastereastmailbox@bendigoadelaide.com.au
Web: bendigobank.com.au/doncaster-east

Community Bank · Templestowe Village
128 James Street, Templestowe VIC 3106
Phone: 03 9846 1455 Fax: 03 9846 4643
Email: templestowevillagemailbox@bendigoadelaide.com.au
Web: bendigobank.com.au/templestowe-village

/communitybankdoncastereastandtemplestowevillage

Franchisee:
Manningham Community Enterprises Limited
ABN: 69 101 174 270
900 Doncaster Road, Doncaster East VIC 3109
Phone: 03 9820 2028 Fax: 03 9840 2162

Share Registry:
AFS & Associates Pty Ltd
61 Bull Street, Bendigo VIC 3550
PO Box 454, Bendigo VIC 3552
Phone: 03 5443 0344 Fax: 03 5443 5304
Email: shareregistry@afsbendigo.com.au
www.afsbendigo.com.au

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