



Our Community Company Ltd
Annual Report
2019

Lang Lang and Pearcedale **Community Bank®** branches
Koo Wee Rup, Narre Warren South and Tooradin & Coastal Villages branches

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Chairman's Report

For year ending 30 June 2019



I am very pleased to report to shareholders and customers on behalf of the board another strong year for Our Community Company Ltd. An extremely pleasing result for 2018/19 has been achieved despite increased pressure on the financial services sector over the last twelve months.

Our successful organisation continues into its twenty-first year of operation under a Board of committed and motivated people with a focused direction to business success, community support and social improvement. Since the last Chairman's report, we have welcomed Glenn Barwick to the Board this year wishing him well and thanking him for accepting the challenges that lay ahead.

Our communities will once again benefit from this strong position through our community grants program. Nationally the 324 **Community Bank**[®] branches have over the last twenty-one years contributed over \$205 million dollars to local community groups. Of this

amount, our company has provided in excess of \$8.5 million to our district community groups. A wonderful milestone and we thank our business partner Bendigo and Adelaide Bank Limited for their continued support and guidance.

Over the last twelve months, Our Community Company Ltd has continued to invest in our district's wellbeing by enhancing the social fabric that creates a great environment for our families and greater communities. Our scholarship program which aims to support students on their journey through tertiary education saw 9 nine awardees and families directly benefit. Our annual community investment events across our five branches saw \$196,000 distributed to 100 organisations.

Our major partnership project with Cardinia Shire, the Rotary Club of Koo Wee Rup/Lang Lang and our community is the Lang Lang Community Recreation Facility. Construction of the pavilion is well underway and anticipated for completion in December 2019. We anticipate that our user groups and the community will move to the facility early 2020 and begin enjoying these state-of-the-art sporting and recreational facilities.

This year we welcomed a new Branch Manager into the team; Courtney Northrop joins us as Branch Manager at Tooradin. We'd like to congratulate Courtney and wish her well. Our thanks are also conveyed to Courtney's predecessor Tina Thompson for her service to Our Community Company Ltd over the last six years.

This year we appointed Sonia Draxler to the position of Board Support Officer. This is a part time role that offers our Board and extremely busy Executive Officer a well needed assistant. Thank you Sonia, we very much appreciate your efforts.

I would like to convey our thanks to the hard-working branch teams in branches, well lead by our dedicated Branch Managers, Darryl, Sunny, Chris, Liz and Courtney. To our business partners Bendigo and Adelaide Bank Limited, thank you and we look forward to further joint success in the future. To our fellow shareholders, thank you for your continued enthusiastic support; your committed hardworking board are always mindful of the faith you have shown. To Laura McBride our diligent Executive Officer, another outstanding year's work, a pillar of strength to the Board and the Chairman, we thank Laura for her continued commitment.

A handwritten signature in black ink, appearing to read 'Michael Duff'. The signature is stylized and fluid.

Michael Duff
Chairman

Lang Lang Manager's Report

For year ending 30 June 2019



As Branch Manager for Lang Lang **Community Bank**[®] Branch, I am pleased to present to you a report on the past year.

In a challenging year with regulatory changes making impacts throughout our industry, we have been able to come through the year well placed to make a strong improvement into the 2019/2020 financial year. Through methods such as the bank's Better Big Bank marketing campaign, we have been able to achieve positive results as a business which has resulted in positive outcomes for our community.

Through our 2019 Community Investment Program, we have provided nearly \$40,000 to Lang Lang and surrounding communities including Catani, Caldermeade, Loch, Nyora and Poowong.

It is always very rewarding to see the hard work and efforts of the community and at our recent Community Investment Presentation Night, we made a determined effort to make sure those in attendance were well recognised for their contributions to their communities, particularly those with multiple interests.

We're very privileged to be able to contribute \$3.3 million towards the Lang Lang Community Recreation Project on Soldiers Road and Caldermeade Road, in partnership with Cardinia Shire Council and the Rotary Club of Koo Wee Rup/Lang Lang. We've seen recently the main pavilion start to take shape as works continue towards a positive conclusion in the near future. We greatly anticipate the benefits this will provide to Lang Lang and surrounding communities.

With 13 years of my career spent at Bendigo Bank, I am well placed to assist our customers and community achieve their financial goals. It is through providing a wide range of products such as lending, insurance, agribusiness and wealth solutions, that income for the Lang Lang **Community Bank**[®] Branch is achieved and then contributed back to the community. We therefore urge you to support our branch to enable us to continue supporting you.

Lang Lang **Community Bank**[®] Branch has a strong, positive team that are continually striving to meet the needs and goals of both our customers, community and business alike. They do a fantastic job and I would therefore like to extend a thank you to Jennifer, Molly, Keryn, Eve and Stacey, whose efforts are thoroughly appreciated by our customers, community and myself.

I would like to take this opportunity to thank the Board of Directors and Executive Officer Laura McBride for their support over the past year. Their efforts often go unrecognised, but they are pillars for our community. Our contributions back to our local stakeholders wouldn't happen without their support. I look forward to building on our strong partnership in the year to come.

To the Lang Lang community, customers and shareholders, I thank you for your continued support and promotion of our brand, without which we would not be able to support so many local organisations.

The Lang Lang **Community Bank**[®] Branch team wish all our customers, community, shareholders and Directors the very best for the next 12 months.

A handwritten signature in black ink, appearing to read 'Chris Wood', written over a light grey rectangular background.

Christopher Wood
Branch Manager
Lang Lang **Community Bank**[®] Branch

Pearcedale Manager's Report

For year ending 30 June 2019



Pearcedale **Community Bank**[®] Branch had a successful year in the 2018/19 financial year, which was underpinned by solid lending and deposit growth, to both existing and new customers in what was a very competitive market environment. During the year we continued our proven approach of assisting our clients across all banking, lending and associated banking products and service needs.

This year we welcomed Customer Service Officer Alexandra to our team at Pearcedale. Alexandra brings a vibrant quality to our team and has settled in well. Thank you to the Pearcedale team in Kay, Ash, Diane & Penny for your focus and commitment during the year. I have been pleased to lead such a dedicated and experienced branch team and look forward to the what is ahead in the 2019/20 financial year.

As a team, we are also extremely proud of the great outcomes we have contributed to within our community. We held our 2018/19 Community Investment Night at Pearcedale Primary School on 18th July 2019, which was attended by over sixty passionate local community group leaders, who saw the distribution of Community Investments totalling \$68,500. Some of the community projects we supported this year are:

- Pearcedale Fire Brigade – Mobile Phone replacement and Community Golf Day sponsor
- Pearcedale Primary School – Outside performing stage area works
- Blairlogie Living & Learning Inc. – Multi Media Room upgrade
- Pearcedale Girl Guides – Subsidy for group camp

We are also proud to have once again have provided scholarship support to two Mount Erin College Year 11 students; Justine and Phoebe, who attended the Magic Moments Youth Forum in Sydney in July 2019. This scholarship is a feature project supported by Pearcedale **Community Bank**[®] Branch which has enabled Justine and Phoebe to build upon their leadership capabilities. Their participation in this forum has helped them to become confident and inspired to build upon their leadership strengths, which in turn, ultimately will feed into the future prosperity of our community. 2017 scholar Kobe Moran also attended the forum this year as a Graduate, which provided her with the opportunity to support Forum Facilitators in providing insight and guidance attained through her three year journey with Magic Moments.

We also provided a two year University Scholarship to Mount Erin College Student Tanika Purcell, to pursue her passion of attaining a Bachelor of Secondary Education. This scholarship assists with various direct costs that university study requires. Tanika is a community role model who we consider will most certainly continue to give back to community in her future life journey. Essentially, our participation in this program is motivated by our desire to support in the development of our leaders of the future.

Our support for youth in our community is also demonstrated by ongoing sponsorship support of various junior sports clubs and groups across the Pearcedale and surrounding communities.

Our team thanks all our customers, shareholders, community groups, clubs and organisations that continue to provide their loyal custom and advocacy. Your strong support is what enables us to provide the many great outcomes in your community. Just think; by encouraging everybody in your network to trust their banking needs to us, we will be in an even better position to contribute increased financial support within your community in the future.

Thank you to all Our Community Company Ltd Board members and Executive Officer Laura McBride for the support you have provided to the Pearcedale team during the year.

A handwritten signature in black ink, appearing to read 'Darryl Sutcliffe', written in a cursive style.

Darryl Sutcliffe
Branch Manager
Pearcedale **Community Bank**[®] Branch

KooWeeRup Manager's Report

For year ending 30 June 2019



I am very pleased to be able to present a report on behalf of the team at Koo Wee Rup branch.

It was a challenging year in a competitive and sometimes nervous financial market. We have witnessed record low interest rates which has been great for borrowers but has also been a challenge for those with investments. Our focus as always remains around adding value to our existing customers while building deeper relationships within our community.

Our results for the year were not where we wanted them to be, however I am very confident that the plans we have in place will ensure that the 2019/2020 year ends with a positive result. The Koo Wee Rup team are dedicated to making sure that our plans come to fruition.

I am very fortunate to be part of a wonderful branch team that are committed and passionate about Koo Wee Rup and community; we love nothing more than assisting our local people every day.

I would like to sincerely thank Kylie B, Kylie L, Julie, Pauline, Sarah and Amanda for their contributions over the past year. They all play a part in the success of our branch and are wonderful ambassadors for our brand at the many community events that we attend.

I would also like to take this opportunity to thank the board of Directors for their continued support. They dedicate many hours to the success of our branches, and I look forward to the outcomes we can achieve together in the coming year.

I would like to also give a special thank you to Laura McBride and Sonia Draxler for their unending help and support. Our days would be so much busier if it wasn't for these two helping us in almost every area of the business. They are both such wonderful people to work with and are completely dedicated to the success of our branches.

Our community contributions were again substantial. We were able to invest close to \$90,000 back into our local community through our Community Investment Program; 28 local groups were able to benefit from their continued relationship with Koo Wee Rup branch.

We were very proud to be able to send three Koo Wee Rup Secondary College students to the Magic Moments Youth Leadership summit in NSW. We have also been able to assist other students in their career endeavours through our scholarship program as well as many programs with Koo Wee Rup Secondary College and all local primary schools.

It is a privilege to be able to see our profits being invested back to the local community and to see firsthand the wonderful things that this support provides.

To the Koo Wee Rup community, customers, Directors and shareholders, I thank you for your continued support. Your advocacy of our brand ensures that we will have shared success in the coming year and many more to come.

The Koo Wee Rup branch team would like to extend our best wishes to all our customers, community, shareholders and Directors for the coming year

Liz Wade
Branch Manager
KooWeeRup Branch

Narre Warren South Manager's Report

For year ending 30 June 2019



As Branch Manager, I am pleased to be presenting the 2019 report for the Narre Warren South branch of Bendigo and Adelaide Bank. I fervently believe in our vision and the values of our bank; these are the values that I use through all my interactions with our customers, community and our team.

As a branch, we are seeing consistent interest in our products and many opportunities to create new customer connections. We continue to strive to fulfil all these needs while adhering to our internal policies and lending appetite. The updates to the banking code of practice will support our efforts to service all these new and existing opportunities.

Regarding our branch team, I can reflect on the following changes; Kylie Lee who has evinced interest as a Customer Relationship Manager, has successfully moved to our Koo Wee Rup branch in this position. A similar situation for Andrea Vincent, who has now progressed towards a Credit & Capability role with Bendigo and Adelaide Bank. And we congratulate Athena

Dennis, who has resigned to pursue a career in the legal industry.

I would like to thank Kylie, Andrea, and Athena for their assistance over the last twelve months.

Jessica Clark who has been with us since October 2018 as Customer Relationship Manager has demonstrated a great passion and enthusiasm to be successful in the role.

My current team consists of Jessica Clark as our Customer Relationship Manager, Michelle Giansante Senior Customer Service Officer, Sylvia Job and Angela Giffin are our Customer Service Officers. I would like to thank my Narre Warren South team for their hard work and dedication. With emphasis on teamwork, I truly believe my team have embraced our corporate values and this is indeed evident in their regular interactions with our customers.

We had a successful Community Grants events night at Narre Warren South Bowls Club on Thursday 11th July, a further reiteration of our commitment and support to our local community. Through our 2019 grants program we have managed to contribute \$14,000 of funding into our local community and we are already receiving significant interest from our local community around applying for the forthcoming grants program in 2020.

As a community focused and customer connected business, we place significant importance on finding opportunities to strengthen relationships with our current customers, retaining their business and improving their banking experience, in addition to expanding our network to include new business. This is discussed within our team and network regularly as we seek to improve how we operate, and how we can assist the community that support us.

I would like to express my appreciation and gratitude to all the shareholders and the Board of Directors for your enduring support

A handwritten signature in black ink, appearing to read 'S. Chittajallu', with a long, sweeping horizontal line extending from the end of the signature.

Sunny Chittajallu
Branch Manager
Narre Warren South branch

Tooradin & Coastal Villages Manager's Report

For year ending 30 June 2019



Since joining Tooradin & Coastal Villages branch at the start of May 2019 I have been delighted by the good nature of the locals and high level of support from the staff, Directors, other branches in our region, community groups and **Community Bank®** shareholders.

As newly appointed Branch Manager, I would like to thank everyone for welcoming me to this beautiful town and although I have recently joined the branch, it is refreshing and inspiring to see how strong and supportive the community is in Tooradin and the Coastal Villages.

One of the highlights since joining Tooradin & Coastal Villages branch has been the celebration of our 10th Birthday.

I have also had the privilege to be a part of supporting our local community through our Community Investment program. This year we have been able to give back nearly \$35,000 to the Tooradin and Coastal Villages communities including Tooradin, Dalmore, Cardinia, Blind-Bight, Warneet and Devon Meadows.

As a community-focused and customer-connected business, we seek opportunities to strengthen relationships with current customers and welcome new ones. This is discussed within our team and network regularly as we seek to improve how we operate, and how we can assist the community that support us.

The past twelve months has seen some significant changes to our branch team; Tina Thompson and Aimee Voet pursued new career opportunities and we welcomed new Customer Service Officer Kylie Franks. I would like to take this opportunity to thank our dedicated well-known team including Carol Bancel, Lorna Lloyd, Kylie Franks and Amanda De Winter for all your support and continuing hard work throughout the changes in the past 12 months. If you haven't already met us, already please feel free to come into the branch and introduce yourself. We would welcome the opportunity to meet you and discuss any of your banking requirements.

Tooradin & Coastal Villages branch aims to continue to focus on providing excellent customer service and to do more out in the community. The more we grow our business, the more we can contribute to your community. We are focusing on building and strengthening the capability of each individual and are actively working towards being a high performing team.

Finally, a big thank you to you, the shareholders for your continuing support. In conjunction with our Directors, your time and energy to support and grow the business ensures the ongoing success of our branch. I am confident that the Tooradin & Coastal Villages branch has commenced the 2019/20 financial year strong and look forward to a successful year.

A handwritten signature in black ink, appearing to read 'Courtney Northrop'.

Courtney Northrop
Branch Manager

Message from Bendigo & Adelaide Bank

For year ending 30 June 2019



As a bank of 160-plus years, we're proud to hold the mantle of Australia's fifth biggest bank. In today's banking environment it's time to take full advantage of this opportunity and for even more people to experience banking with Bendigo Bank and our way of banking, and with our **Community Bank®** partners.

In promoting our point of difference it's sometimes lost that although we're different, we're represented in more than 500 communities across Australia and offer a full suite of banking and financial products and services. In many ways we're also a leader in digital technology and meeting the needs of our growing online customer base, many of whom may never set foot in a traditional bank branch.

At the centre of our point of difference is the business model you chose to support as a shareholder that supports local communities. Whether you're a shareholder of our most recent **Community Bank®** branch which opened in Smithton, Tasmania, in June 2019, or you're a long-time shareholder who, from more than 20 years ago, you all play an important role. Your support has enabled your branch, and this banking model, to prosper and grow. You're one of more than 75,000 **Community Bank®** company shareholders across Australia who are the reason today, we're Australia's only bank truly committed to the communities it operates in.

And for that, we thank you. For the trust you've not only put in Bendigo and Adelaide Bank, but the faith you've put in your community and your **Community Bank®** company local board of directors.

Bendigo and Adelaide Bank continues to rank at the top of industry and banking and finance sector awards. We have awards for our customer service, we have award winning products and we have a customer base that of 1.7 million-plus that not only trusts us with their money, but which respects our 'difference'.

As a Bank, we're working hard to ensure that those who are not banking with us, and not banking with your **Community Bank®** branch, make the change. It really is a unique model and we see you, the shareholder, as playing a key role in helping us grow your local **Community Bank®** business. All it takes is a referral to your local branch manager. They'll do the rest.

We find that our customer base is a very loyal group. It's getting people to make the change that's the challenge. In today's environment, we've never had a better chance to convince people to make the change and your support in achieving this is critical.

From Bendigo and Adelaide Bank, once again, thank you for your ongoing support of your **Community Bank®** branch and your community.

We would also like to thank and acknowledge the amazing work of your branch staff and directors in developing your business and supporting the communities that you live and work in.

A handwritten signature in black ink that reads "Mark Cunneen". The signature is fluid and cursive, with a long horizontal stroke at the end.

Mark Cunneen
Head of Community Support Bendigo and Adelaide Bank

Our Community Company Ltd

Directors' Report

Your directors submit the financial statements of the company for the financial year ended 30 June 2019.

Directors

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

Michael John Duff

Chairman

Occupation: Company Director

Qualifications, experience and expertise: As a long-term Koo Wee Rup local Michael has been connected with a variety of clubs and organisations supporting the community. He is a life member and past captain of the Koo Wee Rup CFA, past Chairman of both the Koo Wee Rup Business Association and Cochrane Park Committee. Michael is a current committee member of the Pakenham Racing Club. Along with Michael's committee connections supporting the community also stems from his daily role as General Manager of the family business John Duff & Co Pty Ltd. The company operates in wholesale & retail petroleum sales across the greater Gippsland and Mornington Peninsula areas sponsoring many clubs, groups and events across the regions.

Special responsibilities: Chairman of the Board, Ex Officio all Sub-Committees

Interest in shares: 30,000 Ordinary Shares

Gordon Douglas Smale

Deputy Chairman

Occupation: Manufacturing Manager

Qualifications, experience and expertise: Gordon is a resident of Pearcedale and has held the President, Vice President and treasurer roles at the Pearcedale Tennis Club along with Past President of the Pearcedale Recreation Reserve Committee of Management. Gordon's community connection also extends to Mt Eliza where he is the Vice President of the Mt Eliza Cricket Club. Outside of his commitments as a Director with the board, Gordon manages an engineering services company.

Special responsibilities: Deputy Chairman, Business Growth Committee & Finance & Budget Committee

Interest in shares: 525 Ordinary Shares

Tania Lyn Hansen

Director

Occupation: Regional Community Manager, Bendigo & Adelaide Bank Ltd.

Qualifications, experience and expertise: Tania has a broad experience in supporting various community groups and organisations across our region including the Rotary Club Koo Wee Rup/Lang Lang, Board Member of Koo Wee Rup Regional Health Service, former Company Secretary of Flemington Financial Service Ltd (resigned 31 Jan 2016), Secretary of Lang Lang Township Committee and Lang Lang Business Group Inc. Tania was also the former Executive Officer of Our Community Company Ltd (resigned 30 June 2016) and now works as the a Community Business Manager with our partner Bendigo and Adelaide Bank. Tania has successfully completed the AICD Company Directors Course and holds a Bachelor of Arts (Linguistics) and a Bachelor of Behavioural Science (Psychology).

Special responsibilities: Human Resources Committee, Community Recreation Project

Interest in shares: 500 Ordinary Shares

Maxwell William Papley

Director

Occupation: Company Director

Qualifications, experience and expertise: Max is the longest standing Director and was a part of the original steering committee which saw him become the inaugural Chairman in 1998. Max is local to the region and through a family owned business based in Lang Lang has deep local connections. He has previously served as a councillor and Mayor of Cardinia Shire Council.

Special responsibilities: Nil

Interest in shares: 17,750 Ordinary Shares

Our Community Company Ltd

Directors' Report

Directors (*continued*)

Michael Alan Bushe

Director

Occupation: Construction Manager

Qualifications, experience and expertise: Michael resides in Pearcedale and is the current President of the Pearcedale Tennis Club and President of the Westernport Night Tennis Association. Michael runs his own Construction Business and is a registered Domestic and Commercial Building Practitioner. Michael also holds a Certificate IV Construction and Certificate IV in Occupational Health & Safety.

Special responsibilities: Asset Management Committee, Business Growth Committee, Grants & Sponsorship Committee

Interest in shares: 1,050 Ordinary Shares

Dianne Lesley Loft

Director

Occupation: Newsagent

Qualifications, experience and expertise: Dianne is a member of the Tooradin community where she jointly runs the local newsagency within the community of Tooradin. Dianne holds a Diploma of Retail Management. Dianne has been a member of a variety of community groups within Tooradin and is currently a member of the Tooradin Business Association.

Special responsibilities: Asset Management Committee, Human Resources Committee, Audit & Governance Committee

Interest in shares: Nil

Andrew Lloyd Bullen

Director

Occupation: Farmer

Qualifications, experience and expertise: Andrew is the owner and manager of the family Poultry Farm in addition to beef and hay contracting. He is a Caldermeade Junior Football Club committee member and a member of the Catani Football Club committee and also involved with the Catani Tennis Club.

Special responsibilities: Business Growth Committee, Finance & Budget Committee

Interest in shares: Nil

David John Williams

Director

Occupation: Farmer

Qualifications, experience and expertise: David is a local to the community and holds strong connections to many local clubs, groups and organizations in the region. David's experience is focused in on the agriculture sector with extensive knowledge in both dairy and potato farming. David was a delegate representing the Victorian Potato Crisping Growers for the Potato Council at Victorian Farmers Federation for 12 years. Within the community David is the Treasurer of the Catani Football Club and Past President, Treasurer and Life Member of the Lang Lang Cricket Club.

Special responsibilities: Business Growth Committee

Interest in shares: Nil

Shelley Elizabeth Beilharz

Director

Occupation: Accountant & Tax Agent

Qualifications, experience and expertise: Bachelor of Commerce, Graduate Diploma Chartered Accounting, Registered Tax Agent, Founder & Director of Flourishing Figures. Former Treasurer of Lang Lang Community Centre, former committee member of Southern Business Womens Network Inc, current President of Lang Lang Business Group Inc.

Special responsibilities: Audit & Governance Committee, Business Growth Committee

Interest in shares: 1,775 Ordinary Shares

Our Community Company Ltd

Directors' Report

Directors (*continued*)

Glenn Warren Barwick

Director (*Appointed 28 October 2018*)

Occupation: Stock Agent

Qualifications, experience and expertise: Local stock agent/auctioneer whom has lived in Lang Lang for 55 years. Life member of the Lang Lang Football Club and community representative for the new Lang Lang Community Recreation facility.

Special responsibilities: Business Growth and Lang Lang Community Recreation Committee

Interest in shares: 5,850 Ordinary Shares

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

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

Company Secretary

The Company Secretary is Laura McBride. Laura was appointed to the position of secretary on 5 July 2016.

Laura has completed a Certificate IV in Financial Services & Certificate IV in Frontline Management. Prior to her commencement as Executive Officer in 2016, Laura began her employment with Our Community Company Ltd as a School Based Trainee with Koo Wee Rup Branch in 2009. She worked in all five branches with the group in a variety of roles including supporting the Branch Managers with consumer and small business lending. Laura has a passion for **Community Bank®** and the values it represents and looks forward to continuing her role within the company supporting our communities.

Principal Activities

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

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

Operating results

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

Year ended 30 June 2019	Year ended 30 June 2018
\$	\$
(10,318)	191,606

	Year ended 30 June 2019	
Dividends	Cents	\$
Final dividends recommended:	21	153,799
Dividends paid in the year:		
- As recommended in the prior year report	28	205,065

Significant changes in the state of affairs

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

Events since the end of the financial year

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.

Our Community Company Ltd

Directors' Report

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.

Directors' benefits

No director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a director, a firm which a director is a member or an entity in which a director has a substantial financial interest except as disclosed in note 22 and 24 to the financial statements. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the company's accounts, or the fixed salary of a full-time employee of the company, controlled entity or related body corporate.

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 attended by each of the directors of the company during the year were:

	Board Meetings Attended		Committee Meetings Attended											
			Audit & Governance		Business Growth		Human Resources		Asset Management		Finance & Budget		Caldermeade Rd Project	
	A	B	A	B	A	B	A	B	A	B	A	B	A	B
Michael John Duff	10	8	2	2	5	3	7	4	2	2	3	2	1	1
Gordon Douglas Smale	10	9	-	-	5	3	-	-	-	-	3	3	-	-
Tania Lyn Hansen	10	8	2	2	3	3	7	6	-	-	-	-	1	1
Maxwell William Papley	10	7	-	-	5	3	-	-	-	-	-	-	1	1
Michael Alan Bushe	10	9	-	-	5	4	2	2	2	2	3	2	-	-
Dianne Lesley Loft	10	8	2	2	-	-	7	5	2	2	-	-	-	-
Andrew Lloyd Bullen	10	9	-	-	5	4	2	2	-	-	3	3	-	-
David John Williams	10	9	-	-	5	4	-	-	-	-	-	-	1	1
Shelley Elizabeth Beilharz	10	9	2	2	5	5	7	5	-	-	1	1	-	-
Glenn Warren Barwick 1	8	8	-	-	2	2	-	-	-	-	-	-	1	1

A - eligible to attend

1 - (Appointed 28 October 2018)

B - number attended

Our Community Company Ltd

Directors' Report

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 the notes to the accounts.

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

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

- all non-audit services have been reviewed by the audit & governance committee to ensure they do not impact on the impartiality and objectivity of the auditor
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risk and rewards.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 15.

Signed in accordance with a resolution of the board of directors at Lang Lang, Victoria on 26 September 2019.



Michael John Duff, Chairman

Lead auditor's independence declaration under section 307C of the *Corporations Act 2001* to the directors of Our Community Company Ltd

As lead auditor for the audit of Our Community Company Ltd for the year ended 30 June 2019, 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: 26 September 2019



Joshua Griffin
Lead Auditor

Our Community Company Ltd
Statement of Profit or Loss and Other
Comprehensive Income
for the year ended 30 June 2019

	Notes	2019 \$	2018 \$
Revenue from ordinary activities	4	3,880,299	4,016,394
Employee benefits expense		(2,074,536)	(1,882,460)
Charitable donations, sponsorship, advertising and promotion		(854,511)	(927,947)
Occupancy and associated costs		(332,036)	(328,097)
Systems costs		(130,179)	(124,431)
Depreciation and amortisation expense	5	(111,471)	(113,759)
Finance costs	5	(2,845)	(3,339)
General administration expenses		(390,595)	(373,674)
Profit/(loss) before income tax		(15,874)	262,687
Income tax (expense)/credit	6	5,556	(71,081)
Profit/(loss) after income tax		(10,318)	191,606
Total comprehensive income for the year attributable to the ordinary shareholders of the company:			
		(10,318)	191,606
Earnings per share		¢	¢
Basic earnings per share	25	(1.41)	26.16

The accompanying notes form part of these financial statements

Our Community Company Ltd

Balance Sheet

as at 30 June 2019

	Notes	2019 \$	2018 \$
ASSETS			
Current assets			
Cash and cash equivalents	7	576,147	732,514
Trade and other receivables	8	334,841	359,847
Current tax asset	12	44,774	-
Total current assets		955,762	1,092,361
Non-current assets			
Property, plant and equipment	9	255,574	291,934
Intangible assets	10	503,434	239,697
Financial assets	11	120,662	111,354
Deferred tax asset	12	61,943	54,506
Total non-current assets		941,613	697,491
Total assets		1,897,375	1,789,852
LIABILITIES			
Current liabilities			
Current tax liabilities	12	-	17,298
Trade and other payables	13	431,775	310,189
Borrowings	14	15,400	43,425
Provisions	15	205,147	179,662
Total current liabilities		652,322	550,574
Non-current liabilities			
Trade and other payables	13	231,085	-
Borrowings	14	9,332	24,733
Provisions	15	19,328	13,854
Total non-current liabilities		259,745	38,587
Total liabilities		912,067	589,161
Net assets		985,308	1,200,691
EQUITY			
Issued capital	16	607,871	607,871
Retained earnings	17	377,437	592,820
Total equity		985,308	1,200,691

The accompanying notes form part of these financial statements

Our Community Company Ltd
Statement of Changes in Equity
for the year ended 30 June 2019

	Notes	Issued capital \$	Retained earnings \$	Total equity \$
Balance at 1 July 2017		607,871	591,632	1,199,503
Total comprehensive income for the year		-	191,606	191,606
Transactions with owners in their capacity as owners:				
Shares issued during period		-	-	-
Costs of issuing shares		-	-	-
Dividends provided for or paid	23	-	(190,418)	(190,418)
Balance at 30 June 2018		607,871	592,820	1,200,691
Balance at 1 July 2018		607,871	592,820	1,200,691
Total comprehensive income for the year		-	(10,318)	(10,318)
Transactions with owners in their capacity as owners:				
Shares issued during period		-	-	-
Costs of issuing shares		-	-	-
Dividends provided for or paid	23	-	(205,065)	(205,065)
Balance at 30 June 2019		607,871	377,437	985,308

The accompanying notes form part of these financial statements

Our Community Company Ltd
Statement of Cash Flows
for the year ended 30 June 2019

	Notes	2019 \$	2018 \$
Cash flows from operating activities			
Receipts from customers		4,293,603	4,406,289
Payments to suppliers and employees		(4,077,189)	(3,937,679)
Interest received		5,178	10,167
Interest paid		(2,743)	(3,339)
Income taxes paid		(63,953)	(49,344)
Net cash provided by operating activities	18	154,896	426,094
Cash flows from investing activities			
Payments for property, plant and equipment		(9,253)	(33,279)
Payments for intangible assets		(49,493)	(59,264)
Payment for investments or financial assets		(4,027)	-
Net cash used in investing activities		(62,773)	(92,543)
Cash flows from financing activities			
Proceeds from borrowings		-	26,500
Repayment of borrowings		(43,425)	(22,404)
Dividends paid	23	(205,065)	(190,418)
Net cash used in financing activities		(248,490)	(186,322)
Net increase/(decrease) in cash held		(156,367)	147,229
Cash and cash equivalents at the beginning of the financial year		732,514	585,285
Cash and cash equivalents at the end of the financial year	7(a)	576,147	732,514

The accompanying notes form part of these financial statements

Our Community Company Ltd

Notes to the Financial Statements

for the year ended 30 June 2019

Note 1. Summary of significant accounting policies

a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The company is a for-profit entity for the purpose of preparing the financial statements.

Compliance with IFRS

These financial statements and notes comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Critical accounting estimates

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

Historical cost convention

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

Comparative figures

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

Application of new and amended accounting standards

There are two new accounting standards which have been issued by the AASB that became mandatorily effective for accounting periods beginning on or after 1 January 2018, and are therefore relevant for the current financial year.

AASB 15 Revenue from Contracts with Customers

AASB 15 replaces *AASB 111 Construction Contracts*, *AASB 118 Revenue* and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. AASB 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

AASB 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The existing revenue recognition through the monthly Bendigo and Adelaide Bank Limited profit share provides an accurate reflection of consideration received in exchange for the transfer of services to the customer. Therefore based on our assessment this accounting standard has not materially affected any of the amounts recognised in the current period and is not likely to affect future periods.

Our Community Company Ltd

Notes to the Financial Statements

for the year ended 30 June 2019

Note 1. Summary of significant accounting policies *(continued)*

a) Basis of preparation *(continued)*

AASB 9 Financial Instruments

AASB 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces *AASB 139 Financial Instruments: Recognition and Measurement*.

Based on our assessment this accounting standard has not had any impact on the carrying amounts of financial assets or liabilities at 1 July 2018. For additional information about accounting policies relating to financial instruments, see Note 1 k).

There are also a number of accounting standards and interpretations issued by the AASB that become effective in future accounting periods.

The company has elected not to apply any accounting standards or interpretations before their mandatory operative date for the annual reporting period beginning 1 July 2018. These future accounting standards and interpretations therefore have no impact on amounts recognised in the current period or any prior period.

AASB 16 Leases

Only AASB 16, effective for the annual reporting period beginning on or after 1 January 2019 is likely to impact the company. AASB 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

AASB 16 replaces existing leases guidance, including *AASB 117 Leases* and related Interpretations. This standard is mandatory for annual reporting periods beginning on or after 1 January 2019.

The company plans to apply AASB 16 initially on 1 July 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting AASB 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 July 2019, with no restatement of comparative information.

The company has assessed the estimated impact that initial application of AASB 16 will have on its financial statements. The actual impacts of adopting the standard on 1 July 2019 may change.

The company will recognise new assets and liabilities for operating leases of its branches and office equipment. The nature of expenses related to these leases will now change as the company will recognise a depreciation charge for right-of-use assets and interest expense on lease liabilities. Previously, the company recognised operating lease expense on a straight-line basis over the term of the lease.

No significant impact is expected for the company's finance leases.

Based on the information currently available, the company estimates that it will recognise additional lease liabilities and new right-of-use assets of \$2,676,053.

Economic dependency - Bendigo and Adelaide Bank Limited

The company has entered into a franchise agreement with Bendigo and Adelaide Bank Limited that governs the management of the **Community Bank®** branches at Lang Lang, Narre Warren South, Pearcedale, Koo Wee Rup and Tooradin in the state of Victoria.

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

Our Community Company Ltd

Notes to the Financial Statements

for the year ended 30 June 2019

Note 1. Summary of significant accounting policies (continued)

a) Basis of preparation (continued)*Economic dependency - Bendigo and Adelaide Bank Limited (continued)*

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

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 and Adelaide Bank Limited 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 and Adelaide Bank Limited provides significant assistance in establishing and maintaining the **Community Bank®** branches franchise operations. It also continues to provide ongoing management and operational support and other assistance and guidance in relation to all aspects of the franchise operation, including advice in relation to:

- advice and assistance in relation to the design, layout and fit out of the **Community Bank®** branches
- training for the branch 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.

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

b) Revenue

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

Interest and fee revenue is recognised when earned. The gain or loss on disposal of property, plant and equipment is recognised on a net basis and is classified as income rather than revenue. All revenue is stated net of the amount of Goods and Services Tax (GST).

Revenue calculation

The franchise agreement provides that three forms of revenue may be earned by the company – margin, commission and fee income. Bendigo and Adelaide Bank Limited 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.

Our Community Company Ltd

Notes to the Financial Statements

for the year ended 30 June 2019

Note 1. Summary of significant accounting policies (continued)

b) Revenue (continued)*Core banking products*

Bendigo and Adelaide Bank Limited has identified some Bendigo Bank Group 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.

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 and Adelaide Bank Limited for a deposit,
- *minus* any costs of funds i.e. interest applied by Bendigo and Adelaide Bank Limited to fund a loan.

Margin is paid on all core banking products. A funds transfer pricing model is used for the method of calculation of the cost of funds, deposit return and margin.

The company is entitled to a share of the margin earned by Bendigo and Adelaide Bank Limited (i.e. income adjusted for Bendigo and Adelaide Bank Limited's interest expense and interest income return). However, if this reflects a loss, the company incurs a share of that loss.

Commission

Commission is a fee paid for products and services sold. It may be paid on the initial sale or on an ongoing basis. Commission is payable on the sale of an insurance product such as home contents. Examples of products and services on which ongoing commissions are paid include leasing and Sandhurst Trustees Limited products.

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.

Discretionary financial contributions

In addition to margin, commission and fee income, and separate from the franchise agreement, Bendigo and Adelaide Bank Limited has also made discretionary financial payments to the company. These are referred to by Bendigo and Adelaide Bank Limited as a "Market Development Fund" (MDF).

The amount has been based on the volume of business attributed to a branch. The purpose of the discretionary payments is to assist with local market development activities, including community sponsorships and donations. It is for the board to decide how to use the MDF.

The payments from Bendigo and Adelaide Bank Limited are discretionary and Bendigo and Adelaide Bank Limited may change the amount or stop making them at any time.

Our Community Company Ltd

Notes to the Financial Statements

for the year ended 30 June 2019

Note 1. Summary of significant accounting policies (continued)

b) Revenue (continued)*Ability to change financial return*

Under the franchise agreement, Bendigo and Adelaide Bank Limited may change the form and amount of financial return that the company receives. The reasons it may make a change include changes in industry or economic conditions or changes in the way Bendigo and Adelaide Bank Limited 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. The effect of the change on the revenue earned by the company is entirely dependent on the change.

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

Bendigo and Adelaide Bank Limited must give the company 30 days notice before it changes the products and services on which margin, commission or fee income is paid, the method of calculation of margin and the amount of margin, commission or fee income.

Monitoring and changing financial return

Bendigo and Adelaide Bank Limited monitors the distribution of financial return between **Community Bank®** companies and Bendigo and Adelaide Bank Limited on an ongoing basis.

Overall, Bendigo and Adelaide Bank Limited has made it clear that the **Community Bank®** model is based on the principle of shared reward for shared effort. In particular, in relation to core banking products and services, the aim is to achieve an equal share of Bendigo and Adelaide Bank Limited's margin.

c) Income tax*Current tax*

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

Deferred tax

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

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

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

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

Our Community Company Ltd

Notes to the Financial Statements

for the year ended 30 June 2019

Note 1. Summary of significant accounting policies (continued)

c) Income tax (continued)*Current and deferred tax for the period*

Current and deferred tax is recognised as an expense or income in the Statement of Profit or Loss and Other Comprehensive Income, except when it relates to items credited or debited to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or gain from bargain purchase.

d) Employee entitlements

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

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

e) Cash and cash equivalents

For the purposes of the Statement of Cash Flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the Balance Sheet.

f) Trade receivables and payables

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

g) Property, plant and equipment

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

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

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

- leasehold improvements	5 - 15	years
- motor vehicle	3 - 5	years

Our Community Company Ltd

Notes to the Financial Statements

for the year ended 30 June 2019

Note 1. Summary of significant accounting policies (continued)

h) Intangibles

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

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

i) Payment terms

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

j) Borrowings

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

k) Financial instruments*Recognition and initial measurement*

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

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified at fair value through profit or loss, in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in AASB 15.63.

*Classification and subsequent measurement**(i) Financial liabilities*

Financial liabilities include borrowings, trade and other payables and non-derivative financial liabilities (excluding financial guarantees). They are subsequently measured at amortised cost using the effective interest rate method.

The effective interest rate is the internal rate of return of the financial asset or liability, that is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

Our Community Company Ltd

Notes to the Financial Statements

for the year ended 30 June 2019

Note 1. Summary of significant accounting policies (continued)

k) Financial instruments (continued)*Classification and subsequent measurement (continued)**(ii) Financial assets*

Financial assets are subsequently measured at:

- amortised cost;
- fair value through other comprehensive income (FVOCI); or
- fair value through profit and loss (FVTPL).

A financial asset is subsequently measured at amortised cost if it meets the following conditions:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principle amount outstanding on specified dates.

The company's trade and most other receivables are measured at amortised cost as well as deposits that were previously classified as held-to-maturity under AASB 139.

A financial asset is subsequently measured at FVOCI if it meets the following conditions:

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principle amount outstanding on specified dates; and
- the business model for managing the financial assets comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the conditions of amortised cost and FVOCI's measurement condition are subsequently measured at FVTPL.

The company's investments in equity instruments are measured at FVTPL unless the company irrevocably elects at inception to measure at FVOCI.

*Derecognition**(i) Derecognition of financial liabilities*

A liability is derecognised when it is extinguished (ie when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability, is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(ii) Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Our Community Company Ltd

Notes to the Financial Statements

for the year ended 30 June 2019

Note 1. Summary of significant accounting policies (continued)

k) Financial instruments (continued)*Impairment*

The company recognises a loss allowance for expected credit losses on:

- financial assets that are measured at fair value through other comprehensive income;
- lease receivables;
- loan commitments that are not measured at fair value through profit or loss; and
- financial guarantee contracts that are not measured at fair value through profit or loss.

Loss allowance is not recognised for:

- financial assets measured at fair value through profit or loss; or
- equity instruments measured at fair value through other comprehensive income.

Expected credit losses 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, all discounted at the original effective interest rate of the financial instrument.

The company uses the simplified approach to impairment, as applicable under AASB 9. The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times.

This approach is applicable to:

- trade receivables that result from transactions that are within the scope of AASB 15, that contain a significant financing component; and
- lease receivables.

In measuring the expected credit loss, a provision matrix for trade receivables is used, taking into consideration various data to get to an expected credit loss, (ie diversity of its customer base, appropriate groupings of its historical loss experience etc.).

Recognition of expected credit losses in financial statements

At each reporting date, the entity recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

Assets measured at fair value through other comprehensive income are recognised at fair value with changes in fair value recognised in other comprehensive income. The amount in relation to change in credit risk is transferred from other comprehensive income to profit or loss at every reporting period.

l) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership are transferred to the company are classified as finance leases. Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term. Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred. Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

Our Community Company Ltd

Notes to the Financial Statements

for the year ended 30 June 2019

Note 1. Summary of significant accounting policies (continued)

m) Provisions

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

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

n) 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.

o) Earnings per share

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

p) Goods and Services Tax

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

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

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

Note 2. Financial risk management

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

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

(i) Market risk

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

(ii) Price risk

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

Our Community Company Ltd

Notes to the Financial Statements

for the year ended 30 June 2019

Note 2. Financial risk management (continued)

(iii) Credit risk

The company has no significant concentrations of credit risk. It has policies in place to ensure that customers have an appropriate credit history.

Expected credit loss assessment for Bendigo and Adelaide Bank Limited

The company's franchise agreement limits the company's credit exposure to one financial institution, being Bendigo and Adelaide Bank Limited. Due to the reliance on Bendigo and Adelaide Bank Limited the company has reviewed the credit ratings provided by Standard & Poors, Moody's and Fitch Ratings to determine the level of credit risk exposure of the company. The most recent credit rating provided by the ratings agencies is as follows:

Ratings Agency	Long-Term	Short-Term	Outlook
Standard & Poor's	BBB+	A-2	Stable
Fitch Ratings	A-	F2	Stable
Moody's	A3	P-2	Stable

Based on the above risk ratings the company has classified Bendigo and Adelaide Bank Limited as low risk.

The company has performed a historical assessment of receivables from Bendigo and Adelaide Bank Limited and found no instances of default. As a result no impairment loss allowance has been made in relation to the Bendigo & Adelaide Bank Limited receivable as at 30 June 2019.

Expected credit loss assessment for other customers

The company has performed a historical assessment of the revenue collected from other customers and found no instances of default. As a result no impairment loss allowance has been made in relation to other customers as at 30 June 2019.

(iv) Liquidity risk

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

(v) Cash flow and fair value interest rate risk

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

Our Community Company Ltd

Notes to the Financial Statements

for the year ended 30 June 2019

Note 2. Financial risk management (continued)

(vi) Capital management

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

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

The distribution limit is the greater of:

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

The board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the year ended 30 June 2019 can be seen in the Statement of Profit or Loss and Other Comprehensive Income.

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

Note 3. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

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

Taxation

Judgement is required in assessing whether deferred tax assets and certain tax liabilities are recognised on the balance sheet. Deferred tax assets, including those arising from carried-forward tax losses, capital losses and temporary differences, are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits.

Our Community Company Ltd

Notes to the Financial Statements

for the year ended 30 June 2019

Note 3. Critical accounting estimates and judgements (continued)

Taxation (continued)

Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future sales volumes, operating costs, capital expenditure, dividends and other capital management transactions. Judgements are also required about the application of income tax legislation.

These judgements and assumptions are subject to risk and uncertainty. There is therefore a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognised on the balance sheet and the amount of other tax losses and temporary differences not yet recognised. In such circumstances, some or all of the carrying amount of recognised deferred tax assets and liabilities may require adjustment, resulting in corresponding credit or charge to the Statement of Profit or Loss and Other Comprehensive Income.

Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience and the condition of the asset is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the company's share of the net identifiable assets of the acquired branch/agency at the date of acquisition. Goodwill on acquisition is included in intangible assets. Goodwill is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses.

The calculations require the use of assumptions.

Impairment of assets

At each reporting date, the company reviews the carrying amounts of its tangible and intangible assets that have an indefinite useful life to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

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

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

Our Community Company Ltd

Notes to the Financial Statements

for the year ended 30 June 2019

Note 3. Critical accounting estimates and judgements *(continued)*

Fair value measurement

Some of the company's assets and liabilities are measured at fair value for financial reporting purposes. The board of directors determine the appropriate valuation techniques and inputs for fair value measurements.

Fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly
- Level 3 inputs are unobservable inputs for the asset or liability.

In estimating the fair value of an asset or a liability, the company uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the company engages third party qualified valuers to perform the valuation.

Note 4. Revenue from ordinary activities	2019	2018
	\$	\$
Operating activities:		
- gross margin	3,013,323	3,131,406
- services commissions	343,756	316,204
- fee income	341,868	379,092
- market development fund	147,500	147,500
Total revenue from operating activities	<u>3,846,447</u>	<u>3,974,202</u>
Non-operating activities:		
- interest received	5,318	9,207
- dividends received	6,527	3,728
- increase in net market value of financial assets (FVTPL)	5,281	-
- other revenue	16,726	29,257
Total revenue from non-operating activities	<u>33,852</u>	<u>42,192</u>
Total revenues from ordinary activities	<u><u>3,880,299</u></u>	<u><u>4,016,394</u></u>

Our Community Company Ltd

Notes to the Financial Statements

for the year ended 30 June 2019

Note 5.	Expenses	2019	2018
		\$	\$
	Depreciation of non-current assets:		
	- leasehold improvements	26,061	27,045
	- motor vehicles	19,552	23,147
	Amortisation of non-current assets:		
	- franchise fee and franchise renewal fee	65,858	63,567
		<u>111,471</u>	<u>113,759</u>
	Finance costs:		
	- interest paid	<u>2,845</u>	<u>3,339</u>
	Bad debts	<u>3,679</u>	<u>4,629</u>
	Decrease in net market value of financial assets (FVTPL)	<u>-</u>	<u>1,341</u>
Note 6.	Income tax expense/(credit)		
	The components of tax expense/(credit) comprise:		
	- Current tax	3,607	75,866
	- Movement in deferred tax	(7,437)	(3,187)
	- Franking credits on dividends received	(1,726)	(1,598)
		<u>(5,556)</u>	<u>71,081</u>
	The prima facie tax on profit/(loss) from ordinary activities before income tax is reconciled to the income tax expense/(credit) as follows		
	Operating profit/(loss)	(15,874)	262,687
	Prima facie tax on profit/(loss) from ordinary activities at 27.5% (2018: 27.5%)	(4,365)	72,240
	Add tax effect of:		
	- non-deductible expenses	60	-
	- timing difference expenses	7,437	3,187
	- black hole expenses	475	439
		<u>3,607</u>	<u>75,866</u>
	Movement in deferred tax	(7,437)	(3,187)
	Franking credits on dividends received	(1,726)	(1,598)
		<u>(5,556)</u>	<u>71,081</u>

Our Community Company Ltd

Notes to the Financial Statements

for the year ended 30 June 2019

Note 7.	Cash and cash equivalents	2019	2018
		\$	\$
Cash at bank and on hand		357,591	668,997
Term deposits		218,556	63,517
		<u>576,147</u>	<u>732,514</u>

Note 7.(a) Reconciliation to cash flow statement

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

Cash at bank and on hand	357,591	668,997
Term deposits	218,556	63,517
	<u>576,147</u>	<u>732,514</u>

Note 8. Trade and other receivables

Trade receivables	269,987	306,352
Prepayments	42,592	53,395
Other receivables and accruals	22,262	100
	<u>334,841</u>	<u>359,847</u>

Note 9. Property, plant and equipment

Leasehold improvements		
At cost	812,490	803,237
Less accumulated depreciation	(615,574)	(589,513)
	<u>196,916</u>	<u>213,724</u>
Motor vehicles		
At cost	137,195	137,195
Less accumulated depreciation	(78,537)	(58,985)
	<u>58,658</u>	<u>78,210</u>
Total written down amount	<u>255,574</u>	<u>291,934</u>

Our Community Company Ltd
Notes to the Financial Statements
for the year ended 30 June 2019

Note 9. Property, plant and equipment (continued)	Note	2019	2018
		\$	\$
Movements in carrying amounts:			
Leasehold improvements			
Carrying amount at beginning		213,724	231,743
Additions		9,253	9,026
Disposals		-	-
Less: depreciation expense		(26,061)	(27,045)
Carrying amount at end		<u>196,916</u>	<u>213,724</u>
Motor vehicles			
Carrying amount at beginning		78,210	77,105
Additions		-	24,252
Disposals		-	-
Less: depreciation expense		(19,552)	(23,147)
Carrying amount at end		<u>58,658</u>	<u>78,210</u>
Total written down amount		<u>255,574</u>	<u>291,934</u>

Note 10. Intangible assets

Franchise fee and renewal processing fee			
At cost		934,585	604,990
Less: accumulated amortisation		(649,659)	(583,801)
		<u>284,926</u>	<u>21,189</u>
Goodwill on purchase of agency			
At cost		<u>218,508</u>	<u>218,508</u>
Total written down amount		<u>503,434</u>	<u>239,697</u>

Note 11. Financial assets

FVTPL financial assets			
Unlisted investments at fair value			
- Mt Eliza Community Enterprises Limited	19	<u>50,000</u>	<u>50,000</u>
Listed investments at fair value			
- Bendigo & Adelaide Bank Limited	19	<u>70,662</u>	<u>61,354</u>
Total FVTPL financial assets		<u>120,662</u>	<u>111,354</u>

Our Community Company Ltd
Notes to the Financial Statements
for the year ended 30 June 2019

Note 12. Tax	Note	2019 \$	2018 \$
Current:			
Income tax payable/(refundable)		<u>(44,774)</u>	<u>17,298</u>
Non-current:			
Deferred tax assets			
- accruals		2,198	1,783
- employee provisions		61,730	53,217
		<u>63,928</u>	<u>55,000</u>
Deferred tax liability			
- accruals		66	28
- fair value of investments		1,919	466
		<u>1,985</u>	<u>494</u>
Net deferred tax asset		<u>61,943</u>	<u>54,506</u>
Movement in deferred tax charged to Statement of Profit or Loss and Other Comprehensive Income		<u>(7,437)</u>	<u>(3,187)</u>

Note 13. Trade and other payables

Current:			
Trade creditors		257,698	210,233
Other creditors and accruals		174,077	99,956
		<u>431,775</u>	<u>310,189</u>
Non-current:			
Other creditors and accruals		<u>231,085</u>	<u>-</u>

Note 14. Borrowings

Current:			
Chattel mortgage	20	15,400	16,507
Bank loans		-	26,918
		<u>15,400</u>	<u>43,425</u>
Non-current:			
Chattel mortgage	20	<u>9,332</u>	<u>24,733</u>

Borrowings comprise of two chattel mortgages taken out for a Holden SV6 Sportswagon in June 2017 and a 2017 Camry Altise in November 2017. The contract for the Holden SV6 Sportswagon is for a three year term ending in June 2020 with an implicit interest rate of 4.2509%. The contract for the 2017 Camry Altise is for a four year term ending in October 2021 with an implicit interest rate of 4.4996%.

Our Community Company Ltd

Notes to the Financial Statements

for the year ended 30 June 2019

Note 15. Provisions	2019	2018
	\$	\$
Current:		
Provision for annual leave	122,749	88,769
Provision for long service leave	82,398	90,893
	<u>205,147</u>	<u>179,662</u>
Non-current:		
Provision for long service leave	<u>19,328</u>	<u>13,854</u>

Note 16. Issued capital		
732,375 ordinary shares fully paid (2018: 732,375)	732,375	732,375
Less: equity raising expenses	(124,504)	(124,504)
	<u>607,871</u>	<u>607,871</u>

Rights attached to shares

(a) *Voting rights*

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

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

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

(b) *Dividends*

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

(c) *Transfer*

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

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

Our Community Company Ltd

Notes to the Financial Statements

for the year ended 30 June 2019

Note 16. Issued capital (*continued*)

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 209. As at the date of this report, the company had 231 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 17. Retained earnings	2019	2018
	\$	\$
Balance at the beginning of the financial year	592,820	591,632
Net profit/(loss) from ordinary activities after income tax	(10,318)	191,606
Dividends provided for or paid	(205,065)	(190,418)
Balance at the end of the financial year	<u>377,437</u>	<u>592,820</u>

Our Community Company Ltd

Notes to the Financial Statements

for the year ended 30 June 2019

Note 18. Statement of cash flows	2019	2018
	\$	\$
Reconciliation of profit/(loss) from ordinary activities after tax to net cash provided by operating activities		
Profit/(loss) from ordinary activities after income tax	(10,318)	191,606
Non cash items:		
- depreciation	45,613	50,192
- amortisation	65,858	63,567
- (increase)/decrease in market value of investments	(5,281)	1,341
Changes in assets and liabilities:		
- (increase)/decrease in receivables	25,006	18,558
- (increase)/decrease in other assets	(52,211)	(3,187)
- increase/(decrease) in payables	72,568	86,150
- increase/(decrease) in provisions	30,959	8,604
- increase/(decrease) in current tax liabilities	(17,298)	9,263
Net cash flows provided by operating activities	<u>154,896</u>	<u>426,094</u>

Note 19. Fair value measurement

This section explains the judgements and estimates made in determining the fair values of the company's assets that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the applicable assets have been classified into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

At 30 June 2019	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Recurring fair value measurements:				
FVTPL financial assets				
Listed investments:				
- shares in listed corporations	70,662	-	-	70,662
Unlisted investments:				
- shares in other corporations	50,000	-	-	50,000
	<u>120,662</u>	<u>-</u>	<u>-</u>	<u>120,662</u>
Total assets at fair value	<u>120,662</u>	<u>-</u>	<u>-</u>	<u>120,662</u>

Our Community Company Ltd

Notes to the Financial Statements

for the year ended 30 June 2019

Note 19. Fair value measurement *(continued)*

At 30 June 2018	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Recurring fair value measurements:				
FVTPL financial assets				
Listed investments:				
- shares in listed corporations	61,354	-	-	61,354
Unlisted investments:				
- shares in other corporations	50,000	-	-	50,000
	<u>111,354</u>	<u>-</u>	<u>-</u>	<u>111,354</u>
Total assets at fair value	<u>111,354</u>	<u>-</u>	<u>-</u>	<u>111,354</u>

There were no transfers between Level 1 and Level 2 during the reporting period. The company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

- Level 1: The fair value of FVTPL financial assets traded in active markets is based on the quoted market price at the close of business at the end of the reporting period.
- Level 2: The fair value of property, plant and equipment is based on a valuation performed by a third party qualified valuer using quoted prices for similar assets in an active market.
- Level 3: There were no fair value measurements by the Level 3 fair value hierarchy.

Note 20. Leases	2019 \$	2018 \$
Finance lease commitments		
Payable - minimum lease payments:		
- not later than 12 months	16,186	17,962
- between 12 months and 5 years	9,632	25,819
- greater than 5 years	-	-
Minimum lease payments	<u>25,818</u>	<u>43,781</u>
Less future finance charges	<u>(1,086)</u>	<u>(2,541)</u>
Present value of minimum lease payments	<u>24,732</u>	<u>41,240</u>

Borrowings comprise of two chattel mortgages taken out for a Holden SV6 Sportswagon in June 2017 and a 2017 Camry Altise in November 2017. The contract for the Holden SV6 Sportswagon is for a three year term ending in June 2020 with an implicit interest rate of 4.2509%. The contract for the 2017 Camry Altise is for a four year term ending in October 2021 with an implicit interest rate of 4.4996%.

Our Community Company Ltd

Notes to the Financial Statements

for the year ended 30 June 2019

Note 20.	Leases (continued)	2019	2018
		\$	\$
	Operating lease commitments		
	Non-cancellable operating leases contracted for but not capitalised in the financial statements:		
	Koo Wee Rup		
	Payable - minimum lease payments:		
	- not later than 12 months	45,017	45,017
	- between 12 months and 5 years	45,017	90,034
	- greater than 5 years	-	-
		<u>90,034</u>	<u>135,051</u>
	Lang Lang		
	Payable - minimum lease payments:		
	- not later than 12 months	48,225	48,225
	- between 12 months and 5 years	16,075	64,301
	- greater than 5 years	-	-
		<u>64,300</u>	<u>112,526</u>
	Narre Warren South		
	Payable - minimum lease payments:		
	- not later than 12 months	61,787	59,987
	- between 12 months and 5 years	56,638	119,975
	- greater than 5 years	-	-
		<u>118,425</u>	<u>179,962</u>
	Tooradin		
	Payable - minimum lease payments:		
	- not later than 12 months	21,083	20,272
	- between 12 months and 5 years	84,332	-
	- greater than 5 years	-	-
		<u>105,415</u>	<u>20,272</u>
	Pearcedale		
	Payable - minimum lease payments:		
	- not later than 12 months	12,700	19,050
	- between 12 months and 5 years	-	12,700
	- greater than 5 years	-	-
		<u>12,700</u>	<u>31,750</u>
	HP Printer		
	Payable - minimum lease payments:		
	- not later than 12 months	3,120	3,432
	- between 12 months and 5 years	2,860	6,578
	- greater than 5 years	-	-
		<u>5,980</u>	<u>10,010</u>

The company holds various premises leases for each of the branch locations. The leases generally have a five-year term, with options for additional five-year terms. Rent is payable on a monthly basis. The company also holds an operating lease for a printer, which has a five-year term and is repayable monthly.

Our Community Company Ltd

Notes to the Financial Statements

for the year ended 30 June 2019

Note 21. Auditor's remuneration	2019	2018
	\$	\$
Amounts received or due and receivable by the auditor of the company for:		
- audit and review services	5,500	5,400
- share registry services	3,043	3,643
- non audit services	1,830	2,310
	<u>10,373</u>	<u>11,353</u>

Note 22. Director and related party disclosures

The names of directors who have held office during the financial year are:

Michael John Duff
Gordon Douglas Smale
Tania Lyn Hansen
Maxwell William Papley
Michael Alan Bushe
Dianne Lesley Loft
Andrew Lloyd Bullen
David John Williams
Shelley Elizabeth Beilharz
Glenn Warren Barwick (*Appointed 28 October 2019*)

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:	2019	2018
	\$	\$
Michael John Duff received remuneration for fuel supplies provided during the period under review.	20,009	14,858
Dianne Lesley Loft received remuneration for supply of newspapers to the community bank branches.	460	440

Directors Shareholdings	<u>2019</u>	<u>2018</u>
Michael John Duff	30,000	30,000
Gordon Douglas Smale	525	525
Tania Lyn Hansen	500	500
Maxwell William Papley	17,750	30,250
Michael Alan Bushe	1,050	1,050
Dianne Lesley Loft	-	-
Andrew Lloyd Bullen	-	-
David John Williams	-	-
Shelley Elizabeth Beilharz	1,775	1,775
Glenn Warren Barwick (<i>Appointed 28 October 2019</i>)	5,850	5,850

Our Community Company Ltd
Notes to the Financial Statements
for the year ended 30 June 2019

Note 23. Dividends provided for or paid	2019	2018
	\$	\$
a. Dividends paid during the year		
Current year dividend		
100% (2018: 100%) franked dividend - 28 cents (2018: 26 cents) per share	<u>205,065</u>	<u>190,418</u>
The tax rate at which dividends have been franked is 27.5% (2018: 27.5%).		
b. Dividends proposed and not recognised as a liability		
Current year final dividend		
100% (2018: 100%) franked dividend - 21 cents (2018: 28 cents) per share	<u>153,799</u>	<u>205,065</u>
Dividends proposed will be franked at a rate of 27.5% (2018: 27.5%).		
c. Franking account balance		
Franking credits available for subsequent reporting periods are:		
- franking account balance as at the end of the financial year	348,771	362,744
- franking credits/(debits) that will arise from payment/(refund) of income tax as at the end of the financial year	(27,374)	17,298
- franking debits that will arise from the payment of dividends recognised as a liability at the end of the financial year	-	-
Franking credits available for future financial reporting periods:	321,397	380,042
- franking debits that will arise from payment of dividends proposed or declared before the financial report was authorised for use but not recognised as a distribution to equity holders during the period	(58,337)	(77,783)
Net franking credits available	<u>263,060</u>	<u>302,259</u>

Our Community Company Ltd

Notes to the Financial Statements

for the year ended 30 June 2019

Note 24. Key management personnel disclosures	2019	2018
	\$	\$
The directors received remuneration including superannuation, as follows:		
Michael John Duff	2,700	2,000
Gordon Douglas Smale	2,400	2,000
Tania Lyn Hansen	3,200	2,000
Maxwell William Papley	2,400	2,000
Michael Alan Bushe	2,600	2,000
Dianne Lesley Loft	2,400	2,000
Andrew Lloyd Bullen	3,300	2,000
David John Williams	2,400	-
Shelley Elizabeth Beilharz	3,700	-
Glenn Warren Barwick (<i>Appointed 28 October 2019</i>)	-	-
	<u>25,100</u>	<u>14,000</u>

Community Bank® Directors' Privileges Package

Our Community Company Ltd has accepted the **Community Bank®** Directors Privileges Package. The package is available to all directors who can elect to avail themselves of the benefits based on their personal banking with the any of the following branches; Lang Lang, Pearcedale, Koo Wee Rup, Narre Warren South or Tooradin & Coastal Villages. There is no requirement to own BEN shares and there is no qualification period to qualify to utilize the benefits. The package mirrors the benefits currently available to Bendigo and Adelaide Bank shareholders. The total benefits received by the Directors from the Directors' Privilege Package are \$nil for the year ended 30 June 2019 (2018: \$nil).

Note 25. Earnings per share	2019	2018
	\$	\$
(a) Profit/(loss) attributable to the ordinary equity holders of the company used in calculating earnings per share	(10,318)	191,606
	Number	Number
(b) Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	732,375	732,375

Note 26. Events occurring after the reporting date

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

Note 27. Contingent liabilities and contingent assets

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

Our Community Company Ltd

Notes to the Financial Statements

for the year ended 30 June 2019

Note 28. Registered office/Principal place of business

The entity is a company limited by shares, incorporated and domiciled in Australia. The registered office and principal place of business is:

Registered Office	Principal Place of Business
29 Westernport Road Lang Lang VIC 3984	29 Westernport Road Lang Lang VIC 3984
	Pearcedale Shopping Centre 4 Baxter-Tooradin Road Pearcedale VIC 3912
	28 Station Street Koo Wee Rup VIC 3981
	Amberly Park Shopping Centre 8/101 Seebeck Drive Narree Warren South VIC 3805
	2/106 South Gippsland Highway Tooradin VIC 3980

Note 29. Segment reporting

The economic entity operates in the service sector where it facilitates community banking services pursuant to a franchise agreement with Bendigo and Adelaide Bank Limited. The economic entity operates in one geographic area being Lang Lang, Pearcedale, Koo Wee Rup, Narre Warren South and Tooradin.

	Total revenue		Profit from ordinary activities after income tax		Net assets	
	2019 \$	2018 \$	2019 \$	2018 \$	2019 \$	2018 \$
Geographic Segments						
Lang Lang	814,728	809,637	(27,639)	22,371	527,130	875,739
Pearcedale	1,001,730	974,214	106,024	148,957	105,160	122,814
Koo Wee Rup	808,296	796,706	(35,031)	67,741	28,430	40,067
Narre Warren South	757,713	925,393	(19,746)	(6,638)	57,737	82,409
Tooradin	497,832	510,444	(33,926)	(40,825)	57,144	51,143
Unallocated	-	-	-	-	209,707	28,519
Total	3,880,299	4,016,394	(10,318)	191,606	985,308	1,200,691

Our Community Company Ltd

Notes to the Financial Statements

for the year ended 30 June 2019

Note 30. Financial instruments

Financial Instrument Composition and Maturity Analysis

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

Financial instrument	Floating interest		Fixed interest rate maturing in						Non interest bearing		Weighted average	
			1 year or less		Over 1 to 5 years		Over 5 years					
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%
Financial assets												
Cash and cash equivalents	357,591	668,997	218,556	63,517	-	-	-	-	-	-	0.63	1.02
Receivables	-	-	-	-	-	-	-	-	269,987	306,352	N/A	N/A
Financial liabilities												
Interest bearing liabilities	-	-	15,400	43,425	9,332	24,733	-	-	-	-	5.31	4.83
Payables	-	-	-	-	-	-	-	-	257,698	210,233	N/A	N/A

Net Fair Values

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

Credit Risk

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

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

Interest Rate Risk

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

Sensitivity Analysis

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

As at 30 June 2019, the effect on profit and equity as a result of changes in interest rate, with all other variables remaining constant would be as follows:

	2019	2018
	\$	\$
Change in profit/(loss)		
Increase in interest rate by 1%	5,514	6,644
Decrease in interest rate by 1%	(5,514)	(6,644)
Change in equity		
Increase in interest rate by 1%	5,514	6,644
Decrease in interest rate by 1%	(5,514)	(6,644)

Our Community Company Ltd

Directors' Declaration

In accordance with a resolution of the directors of Our Community Company Ltd , 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 2019 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 AASB124 Related Party Disclosures and the Corporations Regulations 2001.

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



Michael John Duff, Chairman

Signed on the 26th of September 2019.

Independent auditor's report to the members of Our Community Company Ltd

Report on the audit of the financial report

Our opinion

In our opinion, the accompanying financial report of Our Community Company Ltd, 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 2019 and of its financial performance for the year ended; and
- ii. complying with Australian Accounting Standards.

What we have audited

Our Community Company Ltd's (the company) financial report comprises the:

- ✓ Statement of profit or loss and other comprehensive income
- ✓ Balance sheet
- ✓ Statement of changes in equity
- ✓ Statement of cash flows
- ✓ Notes comprising a summary of significant accounting policies and other explanatory notes
- ✓ The directors' declaration of the company.

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.

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

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

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.

Directors' responsibility 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 responsibility 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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/home.aspx>. This description forms part of our auditor's report.



Andrew Frewin Stewart

61 Bull Street, Bendigo, 3550

Dated: 26 September 2019



Joshua Griffin

Lead Auditor

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