Annual Report 2020

Our Community Company Ltd

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

Bendigo Bank

Contents

Chairman's Report

For year ended 30 June 2020

I am very pleased to report to shareholders and customers on behalf of the board another strong year for Our Community Company Ltd. Despite the last quarter of the year being heavily influenced by the world pandemic, it is very pleasing to be able to say that a strong profit was achieved and note that we have a debt of thanks to all front line team members in our branch locations, our board of directors and board supports for their diligent efforts at this time.

Since the last Chairman's report, we have welcomed Nicholas McKinnon to the Board. Nic was introduced to the community banking model as a scholarship recipient in 2017 for his tertiary course, a Bachelor of Law & Bachelor of Commerce. We wish Nicholas well and thank him for accepting the challenges that lay ahead.

During the year, Shelly Beilhartz after two years tendered her resignation and we are grateful for Shelly's time and quality contribution as a director.

At our last AGM three directors stepped away from Board duties and it is prudent we acknowledge their service. Di Loft after eleven years of great community service through her directorship called it a day again a tremendous contribution of time and effort. Thank you Di.

Tania Hansen after holding on to the "strings that bind" as company secretary for eleven years and nineteen years as an energetic contributor across all board operations tendered her resignation. Our company history will show what an excellent job Tania did for Our Community Company Ltd and the greater communities we engage. Well done Tania.

Max Papley the inaugural company Chairman, one of the main driving forces in developing this company and the last of the originals. Max did not seek re-election at the last AGM. Max served as a lead officer on the steering and development committee, in 1998 was elected to the position of Chairman a seat that he occupied until 2009 after stepping down as Chairman, Max remained effervescent as ever, continuing to support his Board colleagues in their great work. In Max's time with this company he will be remembered for his strong stewardship, forward thinking and community compassion. Thank you and well done Max.

Once again, we thank our business partner Bendigo and Adelaide Bank Limited for their continued support and guidance. Through this collaboration, our community engagement and investment programs are well appointed and benefits have been enormous. Nationally the 324 Community Bank® branches, since inception have contributed over $229 million to local community groups. Of this amount, our company has provided in excess of $9 million to our district community groups.

The initial stage of our signature project the Lang Lang Community Recreation Facility is now complete. The facility master plans further development now lay with council and the community groups to foster. Post COVID-19 restrictions we look forward to seeing this state-of-the-art sporting and recreational facility shine as a magnificent centre for the district. We cannot ever forget our major partners in this project, the Cardinia Shire, the Rotary Club of Koo Wee Rup/Lang Lang and our community groups.

This year we welcomed Kylie Lee to the senior role at Tooradin as Customer Relationship Manager, replacing a departing Courtney Northrop. We'd like to congratulate Kylie on her appointment and wish her well in the role.

To Sonia Draxler our Board Support Officer who has been wonderful support to an extremely busy Executive Officer, great work and thank you Sonia,

Thank you to our fellow shareholders, your continued enthusiastic support is always respected by your committed board members. To the hard-working branch teams, well lead by our dedicated Branch leadership team , Darryl, Sunny, Chris, Liz and Kylie, thank you. To all your family who support you, particularly in these recent pandemic times, thank you.

To my fellow Directors, Gordon Smalle, Michael Bushe, Andrew Bullen, David Williams, Glenn Barwick, Ange Bullen and Nic McKinnon, a great cohesive team, thanks for the support, another fine year from everyone. To 'the pivot pin', our ever diligent Executive Officer, Laura McBride you're a credit yourself and so much appreciated by us. We thank Laura for another outstanding year's work.

Michael Duff
Chairman

Lang Lang Manager's Report

For year ended 30 June 2020

Lang Lang

Footings	
2019/20	2018/2019
Lending	
$39.0M	$36.0M
Deposits	
$73.2M	$72.1M
Other Business	
$29.0M	$34.8M
Total	
$141.2M	$142.9M
Customer Numbers	
2295	2394
Net Profit	
$69,158	$99,064

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

The branch achieved its highest level of growth of our lending and deposit portfolios in over 5 years, thanks to great support from our Community partners, board of directors and staff. Our close working relationship with Bendigo Bank head office, state office and regional teams have helped us achieve lending book growth of 12%, exceeding our target by 16%, a particularly notable result.

Though the Lang Lang Community Recreation Reserve was completed in March this year, government restrictions meant that the celebrations of this momentous milestone for Our Community Company Ltd were postponed. Though some user groups have had the opportunity to use the facility in a limited form, we greatly anticipate the full benefits of this facility as we move into the 2020/21 Financial Year.

If you, our shareholders, would like to see more in community contributions and dividends, a simple introduction can go a long way towards building positive networks in our community. Whether that's your family or friends, businesses or community groups, switching their simple daily banking will make a difference for our community.

The saying is true, once a Lang Lang Community Bank customer, always a Lang Lang Community Bank customer. We value each one of our customers who entrust us with their banking, however they wish to engage with us.

The move to digital banking is exciting and Bendigo and Adelaide Bank has committed to making this a priority. We're already ahead when it comes to our online offerings. For those customers who don't want to step into a traditional bank, that's great news and we're looking forward to advances in this area by Bendigo and Adelaide Bank.

For those customers who want to continue the tradition of coming into the branch – we're not going anywhere. We're still here and we are committed to helping you over the counter with all of your banking needs.

With 14 years of my career spent at Bendigo Bank, I am very 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 our customers, community and business alike. They do a fantastic job and I would therefore like to extend a thank you to Kay, Molly, Keryn and Pauline, 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.

Christopher Wood
Branch Manager
Lang Lang Community Bank Branch

Pearcedale Manager's Report

For year ended 30 June 2020

Pearcedale

Footings	
2019/20	2018/2019
Lending	
$64.4M	$60.0M
Deposits	
$71.1M	$68.8M
Other Business	
$6.9M	$9.0M
Total	
$142.5M	$137.9M
Customer Numbers	
3289	3433
Net Profit	
$360,767	$300,356

As Branch Manager of the Pearcedale Community Bank Branch, I am pleased to again present our branch report for the recent financial year of 2019/20. We have had another successful year in 2019/20 with lending and deposit growth above plan. This achievement was despite a very challenging competitive environment, in addition to an unprecedented operating environment with the emergence of the COVID-19 Pandemic in the second half, which is now seeing changes in the way we do business.

This year we welcomed Stephanie Langenhoff and Andrea Vincent to our team and saw both Penny McMahon and Ash Malik move to our Tooradin & Coastal Villages Branch. Carol Bancell (Customer Relationship Officer), one of our inaugural Staff Members, also returned to Pearcedale Branch and has settled in again well.

Stephanie (Customer Relationship Officer) brings a banking and finance history of over 15 years. Stephanie was previously employed at Pakenham Lakeside and Pakenham Branches.

Andrea (Customer Relationship Manager) brings great support in both the Lending and Operations side of the business. Andrea has had 4 years retail and lending experience in Our Community Company Ltd, 6 years with Bendigo Bank, in addition to prior industry experience totalling 21 years. This experience places us well in the current year to drive business growth in line with what we have planned.

Thank you to the broader Pearcedale team in Kay, Ash, Diane, Penny, Alex, Stephanie, Carol and Andrea for your focus and commitment during your time here in the past year. I have been pleased to lead such a dedicated, experienced and dynamic branch team and look forward to what is ahead of us in the 2020/21 financial year.

As a team, we are also extremely proud of the great outcomes we have contributed to within our community over the years. Our 2019/20 Community Investment Program has been postponed due to COVID-19. However we are now in the advanced stages of delivering much-needed support to our community partners that have been adversely impacted by COVID-19. We look forward to reverting-back to our traditional program when the time is right.

In 2020 we provided a two-year $10,000 university scholarship to Mount Erin College Student Joshua Millar, to pursue his passion of attaining a Bachelor of Science (Osteopathy). We consider Joshua will most certainly continue to give back to community in his future life journey. Essentially, our participation in this program is motivated by our desire to invest in the development of our leaders of the future. The awarding of this scholarship to Joshua sees a milestone of three deserving siblings from the one family in Pearcedale being awarded scholarships over recent years. Our support for youth in our community is also demonstrated by ongoing sponsorship support of various junior sports clubs, schools and community groups across Pearcedale and surrounding communities.

Thank you to 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.

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

Darryl Sutcliffe
Branch Manager
Pearcedale Community Bank Branch

KooWeeRup Manager's Report

For year ended 30 June 2020

Koo Wee Rup

	2019/20	2018/2019
Footings		
Lending	$39.2M	$39.3M
Deposits	$65.3M	$49.9M
Other Business	$3.9M	$5.5M
Total	$108.4M	$94.7M
Customer Numbers	2367	2433
Net Profit	$184,377	$88,897

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

The past year has had challenges and hurdles for us to overcome in the first half, but after some re-structuring and strategic changes we were able to cover a pleasing amount of ground in the second half, which has laid the foundations for the new year. We have many "irons in the fire" which are already delivering results in the short term, and through strengthening these community relationships all indications show that they will provide long term and sustainable business growth.

Fortunately, we were able to make many connections within our local community before Covid-19 started to reshape the landscape. This has led to increased activity into June where other industries and some of our peers were slowing down.

Our focus has been around helping our customers and community through this period of stress and uncertainty, but also looking for opportunities within industries that are fortunate enough to be able to continue to trade.

Our wonderful branch team are committed, passionate and they look for ways to add value to many people's lives every day. I would like to sincerely thank Kylie, Julie, Sarah, and Lorna for their contributions over the past year. They all look for ways to enrich the Koo Wee Rup community through daily interactions and community events. I am grateful for their support; they are all an integral part of KooWeeRup Branch being successful.

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. I have been fortunate enough to get to know our directors more over the past year 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. Their assistance in so many areas of our business cannot be overstated, we all appreciate everything that they do, and they always do it with a smile and a cheery voice.

Our community contributions were a little strange this year as things changed almost on a weekly basis from early March. We have still been able to support groups in modified ways as we look at how we can best support them to navigate in the immediate future and beyond

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

EWade

Liz Wade
Branch Manager
KooWeeRup Branch

Narre Warren South Manager's

For year ended 30 June 2020

Narre Warren South

	2019/20	2018/2019
Footings		
Lending	$27.6M	$28.6M
Deposits	$53.0M	$45.1M
Other Business	$40.1M	$41.6M
Total	$120.6M	$115.3M
Customer Numbers	3258	3426
Net Profit	$79,644	$102,249

As Branch Manager, I am pleased to be presenting the 2020 report for the Narre Warren South branch of Bendigo and Adelaide Bank. I fervently believe in our vision and the values of our bank and 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 new and existing opportunities.

Our branch team have had several changes and quite practically a new team has been put in place. I can reflect on the following changes with Omaid Solangi recruited as Customer Relationship Officer, Chloe Follett as Customer Service Officer and Victoria Holley Customer Service Officer. We welcome these three staff to the team and look forward to seeing them grow in their respective roles.

We acknowledge and congratulate Angela Giffin and Jessica Clark, who have resigned to pursue a career in another industry and would like to thank for their assistance over the last twelve months.

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.

The continued success of our enterprise is dependent on the support of our community and to ensure this support we encourage our shareholders to look at Community Bank branches being your bank of choice. We encourage our community sponsorship and grant recipients along with their members to look at engaging us as your bank of choice. Our existing customers, shareholders, and directors to not only bank with us but to spread the word and advocate for your Our Community Company Ltd branches. The model is simple - the more support we receive, the greater support we are able to return through partnering with our local community Bendigo Bank branches, a win-win situation.

I would like to express my appreciation and gratitude to all the shareholders, the Board of Directors and Executive Officer Laura McBride for your enduring support.

Sunny Chittajallu
Branch Manager
Narre Warren South **Community Bank**® Branch

Tooradin & Coastal Villages Manager's Report For year ended 30 June 2020

Tooradin

Footings	
2019/20	2018/2019
Lending	
$25.6M	$28.1M
Deposits	
$30.0M	$24.2M
Other Business	
$8.4M	$10.6M
Total	
$64.0M	$62.8M
Customer Numbers	
1295	1395
Net Profit	
$64,143	$70,126

I am pleased to be able to present the annual branch report on the Tooradin & Coastal Villages branch of Bendigo & Adelaide Bank. Since being given the opportunity to become the Customer Relationship Manager in January 2020, I have been impressed by the high level of support of the staff, directors, fellow branch managers in our region, community groups and Community Bank shareholders.

2020 has proved to be a challenging year, and the sense of community has been fundamental during this time. It has been great to witness how strong and supportive the community of Tooradin is and to be a part of it has been inspiring.

Tooradin & Coastal Villages branch has a strong, positive team that are continually striving to achieve the needs and goals of our customers, businesses and community. Our results for the 2019/20 financial year have maintained steady and with room to improve across all key areas. Within our team we have put plans in place to ensure that we have a very successful 2020/2021. The team is very focused and confident that we can be successful in our plan.

Our focus is to continue providing excellent customer service and grow our business so we can continue to support our community groups in their endeavours. We are working together on building our skills to ensure we are a successful team for many years to come.

We took a lot of pride in the fact that we were able to invest $33,000 back to the Tooradin community, through our Community Investment Program. Fifteen Local groups we able to benefit from the continued relationship with the Tooradin & Coastal Villages branch. It is wonderful to walk around the community and see how our support advantages so many projects.

I would like to take this opportunity to thank our dedicated team Stacey, Penny and Victoria. Each and every one of the staff play a part in the success of our branch and I cannot thank them enough for the contribution to our customers, community and myself.

Finally, a big thank you for the ongoing support and assistance from Laura and Sonia and the Directors from Our Community Company. Your assistance and advocacy of our brand ensures we will have shared success for many years to come.

The Tooradin & Coastal Villages branch team wish all our customers, community, shareholders and directors the very best for the coming year.

Kylie Lee
Customer Relationship Manager
Tooradin & Coastal Villages branch of Bendigo Bank.

Message from Bendigo & Adelaide Bank

In the 20-plus years since the opening of the very first Community Bank branch, it's fair to say we haven't seen a year quite like 2020.

After many years of drought, the 2019 calendar year ended with bushfires burning across a several states. A number of our Community Bank companies were faced with an unprecedented natural disaster that impacted lives, homes, businesses and schools in local communities.

As fires took hold, Bendigo and Adelaide Bank's head office phones started to ring, emails came in from all over the world and our customers, and non-customers, headed into our branches to donate to an appeal that we were still in the process of setting up.

Our reputation as Australia's most trusted bank and the goodwill established by 321 Community Bank branches across the country meant that people instinctively knew that Bendigo, and our Community Bank partners, would be there to help. An appeal was established and donations were received in branch and online from 135,000 donors from all around the world. More than $45 million was donated.

Just as the fires had been extinguished and the Bank's foundation was working with government, not-for-profit organisations and impacted communities to distribute donations, the global COVID-19 pandemic arrived.

The impact of this pandemic was, and continues to be, more than about health. The impacts are far-reaching and banking is not immune. Your support as a shareholder, and a customer, of your local Community Bank company has never been so important.

You should be proud of your investment in your local Community Bank company. As the Australian workforce had to adjust its way of working, your Community Bank branch staff were classified as essential workers and turned up for work every day throughout the pandemic to serve your local customers.

Your Community Bank company, led by your local directors, were committed to supporting local economies. Often it was the little things like purchasing coffees and meals from local cafes, not only for their branch staff but for other essential workers (teachers, nurses, hospital support staff, ambulance and police officers and aged care workers). This not only supported essential workers also supported many local businesses when they needed it the most.

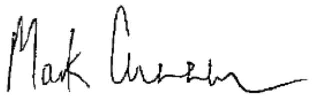
What we've discovered in 2020 is that in times of crisis, Australia's Community Bank network has unofficially become Australia's 'second responder'. Local organisations and clubs look to their local Community Bank companies not only for financial assistance, but to take the lead in connecting groups and leading the community through a crisis.

So, what does this all mean? For Bendigo and Adelaide Bank, it reinforces the fact that you are a shareholder of a unique and caring company – run by locals to benefit not only your community but those in need.

As Australia's 5th largest bank with more than 1.9 million customers we are proud to partner with your community.

If 2020 has shown us anything, it's that we're stronger for the partnerships we have with the communities we operate in.

On behalf of Bendigo and Adelaide Bank, we thank all of our Community Bank company directors and shareholders and your branch staff and customers for your continued support throughout the year.



Mark Cunneen
Head of Community Support Bendigo and Adelaide Bank

Our Community Company Ltd
Director's Report

The directors present the financial statements of the company for the financial year ended 30 June 2020.

Directors

The directors of the company who held office during or since the end of the financial year are:

Michael John Duff
Non-executive director
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
Non-executive director
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 and Finance & Budget Committee
Interest in shares: 525 ordinary shares

David John Williams
Non-executive director
Occupation: Farmer
Qualifications, experience and expertise: David is local to the community and holds strong connections to many local clubs, groups and organisations 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 share interest held

Andrew Lloyd Bullen
Non-executive 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 share interest held

Our Community Company Ltd
Director's Report

Directors *(continued)*

Michael Alan Bushe
Non-executive 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

Glenn Warren Barwick
Non-executive director
Occupation: Stock Agent
Qualifications, experience ad 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

Angela Jane Bullen
Non-executive director (appointed 31 October 2019)
Occupation: Business Owner
Qualifications, experience and expertise: Angela owns/manages the administration for two businesses within the agricultural sector. She also works for the Department of Health and Human Services in the Corporate Services and Operations Support division. She has involvement in the West Gippsland Tennis Association and is the Junior Coordinator at the Catani Tennis Club.
Special responsibilities: HR Committee, Asset Committee, Audit & Governance Committee
Interest in shares: nil share interest held

Nicholas James McKinnon
Non-executive director (appointed 7 July 2020)
Occupation: University Student
Qualifications, experience and expertise: Studying Bachlor of Laws and Bachelor of Commerce at Deakin University. Former recipient of Bendigo Bank Community Scholarship in 2017 and 2018. Volunteer for Victorian Legal Aid, working at Dandenong Magistrates Court in the Family Violence Unit. Formerly volunteered for Casey Cardinia Legal Service
Special responsibilities: HR Committee, Finance & Budget Committee, Audit & Governance Committee
Interest in shares: nil share interest held

Shelley Elizabeth Beilharz
Non-executive director (resigned 10 March 2020)
Occupation: Accountant & Tax Agent
Qualifications, experience and expertise: Bachelor of Commerce, Graduate Diploma Chartered Accounting, Registered Tax Agent, Founder & Managing Director of Flourishing Figures. Former Treasurer of Lang Lang Community Centre, former President of Lang Lang Business Group Inc.
Special responsibilities: Audit & Governance Committee
Interest in shares: 1,775 ordinary shares

Directors *(continued)*

Maxwell William Papley
Non-executive director (resigned 31 October 2019)
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

Dianne Lesley Loft
Non-executive director (resigned 31 October 2019)
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 share interest held

Tania Lyn Hansen
Non-executive director (resigned 31 October 2019)
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

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

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

Company Secretary

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

Qualifications, experience and expertise: 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 activity

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

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

Our Community Company Ltd
Director's Report

Operating results

The profit/(loss) of the company for the financial year after provision for income tax was:

	Year ended 30 June 2020 $	Year ended 30 June 2019 $
	185,647	(10,318)

Directors' interests

	Fully paid ordinary shares		
	Balance at start of the year	Changes during the year	Balance at end of the year
Michael John Duff	30,000	-	30,000
Gordon Douglas Smale	525	-	525
David John Williams	-	-	-
Andrew Lloyd Bullen	-	-	-
Michael Alan Bushe	1,050	-	1,050
Glenn Warren Barwick	5,850	-	5,850
Angela Jane Bullen	-	-	-
Nicholas James McKinnon	-	-	-
Shelley Elizabeth Beilharz	1,775	-	1,775
Maxwell William Papley	17,750	-	17,750
Dianne Lesley Loft	-	-	-
Tania Lyn Hansen	500	-	500

No debentures or rights have been granted or options over such instruments in previous financial years or during the current financial year.

Dividends

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

	Cents per share	Total amount $
Final fully franked dividend	21.00	153,799
Total amount	21.00	153,799

Subsequent to financial year-end, the following dividends were proposed by the directors. The dividends have not been provided for in the financial statements.

	Cents per share	Total amount
Final fully franked dividend	21.00	153,799
Total amount	21.00	153,799

Dividends have been disclosed in the financial report as follows:	Note	Amount
Dividends	32a)	153,799
Subsequent event	32b)	153,799

New Accounting Standards implemented

The company has implemented a new accounting standard which has come into effect and is included in the results. AASB 16: *Leases* (AASB 16) has been applied retrospectively without restatement of comparatives by recognising the cumulative effect of initially applying AASB 16 as an adjustment to the opening balance of equity at 1 July 2019. Therefore, the comparative information has not been restated and continues to be reported under AASB 117: *Leases.* See note 4 for further details.

Significant changes in the state of affairs

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

In the opinion of the directors there were no other 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

Since the end of the financial year, the board of directors has proposed to pay a fully franked dividend of 21 cents per share, to be paid on 2 December 2020. The financial impact of the dividend, amounting to $153,799, has not been recognised in the financial statements for the financial year ended 30 June 2020, and will be recognised in the subsequent financial statements.

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

Likely developments

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

Environmental regulation

The company is not subject to any significant environmental regulation.

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 31 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.

Our Community Company Ltd
Director's Report

Directors' meetings

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

	Board Meetings Attended		Committee Meetings Attended													
			Audit & Governance		Business Growth		Human Resources		Asset Management		Finance & Budget		Caldermeade Rd Project	
	E	A	E	A	E	A	E	A	E	A	E	A	E	A
Michael John Duff	11	8	2	2	2	1	4	3	1	-	2	2	-	-
Gordon Douglas Smale	11	10	-	-	2	2	-	-	-	-	2	2	-	-
David John Williams	11	8	-	-	2	2	-	-	-	-	2	1	1	1
Andrew Lloyd Bullen	11	11	-	-	2	2	4	4	-	-	2	2	1	1
Michael Alan Bushe	11	11	-	-	2	1	4	4	1	1	2	2	-	-
Glenn Warren Barwick	11	10	-	-	2	2	-	-	-	-	-	-	1	1
Angela Jane Bullen	7	7	1	1	2	1	4	4	1	1	-	-	-	-
Nicholas James McKinnon	1	1	-	-	-	-	-	-	-	-	-	-	-	-
Shelley Elizabeth Beilharz	7	6	1	1	-	-	-	-	1	1	-	-	-	-
Maxwell William Papley	4	4	-	-	-	-	-	-	-	-	-	-	-	-
Dianne Lesley Loft	4	3	-	-	-	-	-	-	-	-	-	-	-	-
Tania Lyn Hansen	4	3	-	-	-	-	-	-	-	-	-	-	-	-

E - eligible to attend
A - number attended

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

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

Non audit services

The company may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the company are important. Details of the amounts paid or payable to the auditor (Andrew Frewin Stewart) for audit and non audit services provided during the year are set out in note 30 to the accounts.

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

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

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 17.

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

Michael John Duff, Chairman

Dated this 13th day of September 2020

AFS
Partners in success
Chartered Accountants
61 Bull Street, Bendigo 3550
PO Box 454, Bendigo 3552
03 5443 0344
afsbendigo.com.au

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 2020, 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: 13 September 2020

Joshua Griffin
Lead Auditor

Our Community Company ltd
Statement of Profit or Loss and Others Comprehensive Income

For year ended 30 June 2020

	Notes	2020 $	2019 $
Revenue from contracts with customers	9	3,508,823	3,698,947
Other revenue	10	228,354	176,034
Finance income	11	2,374	5,318
Employee benefit expenses	12d)	(1,922,493)	(2,074,536)
Charitable donations, sponsorship, advertising and promotion	12c)	(553,439)	(854,511)
Occupancy and associated costs		(133,021)	(332,036)
Systems costs		(111,418)	(130,179)
Depreciation and amortisation expense	12a)	(255,578)	(111,471)
Finance costs	12b)	(84,879)	(2,845)
General administration expenses		(434,876)	(390,595)
Profit/(loss) before income tax		243,847	(15,874)
Income tax (expense)/credit	13a)	(58,200)	5,556
Profit/(loss) after income tax		185,647	(10,318)
Total comprehensive income for the year attributable to the ordinary shareholders of the company:		185,647	(10,318)
Earnings per share		¢	¢
- Basic and diluted earnings/(loss) per share:	33a)	25.35	(1.41)

The accompanying notes form part of these financial statements

Our Community Company ltd
Statement of Financial Position

For year ended 30 June 2020

	Notes	2020 $	2019 $
ASSETS			
Current assets			
Cash and cash equivalents	14a)	388,692	576,147
Trade and other receivables	16a)	393,915	334,841
Current tax assets	20a)	909	44,774
Total current assets		783,516	955,762
Non-current assets			
Other investments	15a)	95,902	120,662
Property, plant and equipment	17a)	184,675	255,574
Right-of-use assets	18a)	1,581,322	-
Intangible assets	19a)	219,008	284,926
Deferred tax asset	20b)	166,233	61,943
Total non-current assets		2,247,140	723,105
Total assets		3,030,656	1,678,867
LIABILITIES			
Current liabilities			
Trade and other payables	21a)	174,318	431,775
Loans and borrowings	22a)	-	15,400
Lease liabilities	23b)	179,065	-
Employee benefits	25a)	188,478	205,147
Total current liabilities		541,861	652,322
Non-current liabilities			
Trade and other payables	21b)	154,056	231,085
Loans and borrowings	22b)	-	9,332
Lease liabilities	23c)	1,749,221	-
Employee benefits	25b)	14,464	19,328
Provisions	24a)	66,446	-
Total non-current liabilities		1,984,187	259,745
Total liabilities		2,526,048	912,067
Net assets		504,608	766,800
EQUITY			
Issued capital	26a)	607,871	607,871
Retained earnings/(accumulated losses)	27	(103,263)	158,929
Total equity		504,608	766,800

The accompanying notes form part of these financial statements

Our Community Company ltd
Statement of Changes in Equity

For year ended 30 June 2020

	Notes	Issued capital $	Retained earnings/ (accumulated losses) $	Total equity $
Balance at 1 July 2018		607,871	592,820	1,200,691
Impact of restatement	8	-	(218,508)	(218,508)
Restated balance at 1 July 2018		607,871	374,312	982,183
Total comprehensive income for the year		-	(10,318)	(10,318)
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	32a)	-	(205,065)	(205,065)
Balance at 30 June 2019		607,871	158,929	766,800
Balance at 1 July 2019		607,871	158,929	766,800
Effect of AASB 16: Leases	3d)	-	(294,040)	(294,040)
Restated balance at 1 July 2019		607,871	(135,111)	472,760
Total comprehensive income for the year		-	185,647	185,647
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	32a)	-	(153,799)	(153,799)
Balance at 30 June 2020		607,871	(103,263)	504,608

The accompanying notes form part of these financial statements

Our Community Company ltd
Statement of Cash Flow

For year ended 30 June 2020

	Notes	2020 $	2019 $
Cash flows from operating activities			
Receipts from customers		4,109,797	4,293,603
Payments to suppliers and employees		(3,792,090)	(4,077,189)
Interest received		2,590	5,178
Interest paid		(338)	(2,743)
Lease payments (interest component)	12b)	(81,739)	-
Lease payments not included in the measurement of lease liabilities	12e)	(42,486)	-
Dividends received		2,500	-
Income taxes paid		(24,038)	(63,953)
Net cash provided by operating activities	28	174,196	154,896
Cash flows from investing activities			
Payments for property, plant and equipment		(12,969)	(9,253)
Proceeds from sale of property, plant and equipment		16,818	-
Payments for right of use assets		(89,464)	-
Proceeds from sale of right of use assets		13,636	-
Payments for intangible assets		(70,026)	(49,493)
Payments for investments		-	(4,027)
Net cash used in investing activities		(142,005)	(62,773)
Cash flows from financing activities			
Repayment of loans and borrowings		-	(43,425)
Proceeds from lease arrangements		99,822	-
Lease payments (principal component)	23a)	(165,669)	-
Dividends paid	32a)	(153,799)	(205,065)
Net cash used in financing activities		(219,646)	(248,490)
Net cash decrease in cash held		(187,455)	(156,367)
Cash and cash equivalents at the beginning of the financial year		576,147	732,514
Cash and cash equivalents at the end of the financial year	14a)	388,692	576,147

The accompanying notes form part of these financial statements

Note 1 Reporting entity

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

Registered Office	Principal Place of Business
29 Westernport Road Lang Lang VIC 3984	29 Westernport Road Lang Lang VIC 3984

Further information on the nature of the operations and principal activity of the company is provided in the directors' report. Information on the company's related party relationships is provided in Note 31.

Note 2 Basis of preparation and statement of compliance

Basis of preparation and statement of compliance

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

The financial statements have been prepared on an accrual and historical cost basis, except for certain properties, financial instruments, and equity financial assets that are measured at revalued amounts or fair values at the end of each reporting period.

The financial report is presented in Australian dollars and all values are rounded to the nearest dollar, unless otherwise stated.

These financial statements for the year ended 30 June 2020 were authorised for issue in accordance with a resolution of the directors on 13 September 2020.

Note 3 Changes in accounting policies, standards and interpretations

The company initially applied AASB 16 *Leases* from 1 July 2019. AASB Interpretation 23 *Uncertainty over Income Tax Treatments* is also effective from 1 July 2019 but is not expected to have a material impact on the company's financial statements. The company's existing policy for uncertain income tax treatments is consistent with the requirements in Interpretation 23.

The company has implemented a new Accounting Standard which has come into effect and is included in the results. AASB 16: Leases (AASB 16) has been applied retrospectively without restatement of comparatives by recognising the cumulative effect of initially applying AASB 16 as an adjustment to the opening balance of equity at 1 July 2019. Therefore, the comparative information has not been restated and continues to be reported under AASB 117: Leases.

a) Definition of a lease

Previously, the company determined at contract inception whether an arrangement was or contained a lease under Interpretation 4 *Determining whether an Arrangement contains a Lease.* The company now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in Note 4.

On transition to AASB 16, the company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The company applied AASB 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under AASB 117 and Interpretation 4 were not reassessed for whether there is a lease under AASB 16. Therefore, the definition of a lease under AASB 16 was applied only to contracts entered into or changed on or after 1 July 2019.

Note 3 Changes in accounting policies, standards and interpretations *(continued)*

b) As a lessee

As a lessee, the company leases many assets including property, motor vehicles and IT equipment. The company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to the ownership of the underlying asset to the company. Under AASB 16, the company recognises right-of-use assets and lease liabilities for most of these leases (i.e. these leases are on balance sheet).

Leases classified as operating leases under AASB 117

Previously, the company classified property and IT equipment leases as operating leases under AASB 117. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the company's incremental borrowing rate as at 1 July 2019.

Right-of-use assets are measured at either:

- their carrying amount as if AASB 16 had been applied since the lease commencement date, discounted using the company's incremental borrowing rate at the date of initial application: the company applied this approach to its property lease; or
- an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments; the company applied this approach to all other leases.

The company has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

The company has used a number of practical expedients when applying AASB 16 to leases previously classified as operating leases under AASB 117. The practical expedients include that the company:

- did not recognise right-of-use assets and liabilities for leases which the lease term ends within 12 months of the date of initial application;
- did not recognise right-of-use assets and liabilities for leases of low value assets (e.g. office equipment and IT equipment);
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term on contracts that have options to extend or terminate.

Leases classified as finance leases under AASB 117

The company leases a number of motor vehicles. These leases were classified as finance leases under AASB 117. For these finance leases, the carrying amount of the right-of-use asset and the lease liability as at 1 July 2019 were determined at the carrying amount of the lease asset and lease liability under AASB 117 immediately before that date.

c) As a lessor

The company is not a party in an arrangement where it is a lessor. The company is not required to make any adjustments on transition to AASB 16 for leases in which it acts as a lessor.

Note 3 Changes in accounting policies, standards and interpretations *(continued)*

d) Impact on financial statements

On transition to AASB 16, the company recognised additional right-of-use assets, and additional lease liabilities, recognising the difference in retained earnings. The impact on transition is summarised below.

Impact on equity presented as increase (decrease)	Note	1 July 2019 $
Asset		
Right-of-use assets - land and buildings	18b)	1,561,845
Deferred tax asset	20b)	111,532
Liability		
Lease liabilities	23a)	(1,902,556)
Provision for make-good	24b)	(64,861)
Equity		
Retained earnings/(accumulated losses)		(294,040)

When measuring lease liabilities for leases that were classified as operating leases, the company discounted lease payments using its incremental borrowing rate at 1 July 2019. The weighted average rate applied is 4.295%.

Lease liabilities reconciliation on transition

Operating lease disclosure as at June 2019	396,854
Add: additional options now expected to be exercised	2,212,864
Add: remeasurement adjustment	18,310
Add: AASB 117 lease commitments reconciliation	69,380
Less: lease exempt as low-value	(5,980)
Less: present value discounting	(788,872)
Lease liability as at 1 July 2019	1,902,556

Note 4 Summary of significant accounting policies

The company has consistently applied the following accounting policies to all periods presented in these financial statements, except if mentioned otherwise (see also Note 3).

a) Revenue from contracts with customers

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

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

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

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

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 Bank decides the form of revenue the company earns on different types of products and services.

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

Margin

Margin is arrived at through the following calculation:

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

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

Commission

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

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

Note 4 Summary of significant accounting policies *(continued)*

a) Revenue from contracts with customers *(continued)*

Fee income

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

Core banking products

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

Ability to change financial return

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

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

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

b) Other revenue

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

Revenue	Revenue recognition policy
Dividend and distribution income	Dividend and distribution income is recognised when the right to receive the payment is established.
Sale of property, plant and equipment	Revenue from the sale of property, plant and equipment is recognised when the buyer obtains control of the asset. Control is transferred when the buyer has the ability to direct the use of and substantially obtain the economic benefits from the asset.
Discretionary financial contributions (also "Market Development Fund" or "MDF" income)	MDF income is recognised when the right to receive the payment is established. MDF income is discretionary and provided and receivable at month-end and paid within 14 days after month-end.
Cash flow boost	Cash flow boost income is recognised when the right to the payment is established (e.g. monthly or quarterly in the activity statement).
Other income	All other revenues that did not contain contracts with customers are recognised as goods and services are provided.

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

Note 4 Summary of significant accounting policies *(continued)*

b) Other revenue *(continued)*

Discretionary financial contributions

In addition to margin, commission and fee income, and separate from the franchise agreement, Bendigo Bank has also made MDF payments to the company.

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 grants. It is for the board to decide how to use the MDF.

The payments from Bendigo Bank are discretionary and may change the amount or stop making them at any time. The company retains control over the funds, the funds are not refundable to Bendigo Bank.

Cash flow boost

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

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

The amounts are not assessable for tax purposes and there is no obligation to repay the amounts when the cash flow of the company improves.

c) Economic dependency - Bendigo Bank

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

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

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

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

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

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

Note 4 Summary of significant accounting policies *(continued)*

c) Economic dependency - Bendigo Bank *(continued)*

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

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

d) Employee benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for salary and wages (including non-monetary benefits), annual leave, and sick leave which are expected to be wholly settled within 12 months of the reporting date. They are measured at amounts expected to be paid when the liabilities are settled, plus related on-costs. Expenses for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

An annual leave liability is recognised for the amount expected to be paid if the company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be reliably estimated.

Defined superannuation contribution plans

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

Contributions to a defined contribution plan are expected to be settled wholly before 12 months after the end of the financial year in which the employees render the related service.

Other long-term employee benefits

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

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

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

Note 4 Summary of significant accounting policies *(continued)*

e) Taxes

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

The company has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore recognises them under AASB 137 *Provisions, Contingent Liabilities and Contingent Assets.*

Current income tax

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

Deferred tax

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

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

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

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

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

Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except:

- when the amount of GST incurred on a sale or purchase of assets or services is not payable to or recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the revenue or expense item.
- when 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 statement of financial position. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

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

f) Cash and cash equivalents

For the purposes of the statement of financial position and statement of cash flows, cash and cash equivalents comprise: cash on hand, deposits held with banks, and short-term, highly liquid investments (mainly money market funds) that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

Note 4 Summary of significant accounting policies *(continued)*

g) Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost or fair value as applicable, which includes capitalised borrowings costs, less accumulated depreciation and any accumulated impairment losses.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Subsequent expenditure

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

Depreciation

Depreciation is calculated to write-off the cost of items of property, plant and equipment less their estimated residual values using straight-line or diminishing value method over their estimated useful lives, and is recognised in profit or loss. Land is not depreciated.

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

Asset class	Method	Useful life
Leasehold improvements	Straight-line	5 to 15 years
Motor vehicles	Diminishing value	3 to 5 years

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

h) Intangible assets

Intangible assets of the company include the franchise fees paid to Bendigo Bank conveying the right to operate the Community Bank franchise. The company has also acquired an agency/customer list from Bendigo Bank.

Recognition and measurement

Intangible assets acquired separately are measured on initial recognition at cost. The useful lives of intangible assets are assessed as either finite or indefinite.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill, is recognised in profit or loss as incurred.

Amortisation

Intangible assets with finite lives are amortised over their useful life and assessed for impairment whenever impairment indicators are present. Intangible assets assessed as having indefinite useful lives are tested for impairment at each reporting period and whenever impairment indicators are present. The indefinite useful life is also reassessed annually.

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

Asset class	Method	Useful life
Franchise fee	Straight-line	Over the franchise term (5 years)
Franchise renewal process fee	Straight-line	Over the franchise term (5 years)
Domiciled customer accounts	Assessed for impairment	Over the customer life cycle

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

Note 4 Summary of significant accounting policies *(continued)*

i) Financial instruments

A financial instrument is any contract that gives rise to a financial asset or one entity and a financial liability or equity instrument of another entity. The company's financial instruments include trade debtors and creditors, cash and cash equivalents, borrowings, leases, equity securities (shares, managed funds, ETFs).

Sub-note i) and j) refer to the following acronyms:

Acronym	Meaning
FVTPL	Fair value through profit or loss
FVTOCI	Fair value through other comprehensive income
SPPI	Solely payments of principal and interest
ECL	Expected credit loss
CGU	Cash-generating unit

Recognition and initial measurement

Trade receivables are initially recognised when they originated. All other financial assets and financial liabilities are initially recognised when the company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to the acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost, FVTOCI - debt investment; FVTOCI - equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. The election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVTOCI as described above are measured at FVTPL. On initial recognition, the company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or FVTOCI as FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets - business model assessment

The company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Note 4 Summary of significant accounting policies *(continued)*

i) Financial instruments *(continued)*

Classification and subsequent measurement (continued)

Financial assets - subsequent measurement and gains and losses

-	Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
-	Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities - classification, subsequent measurement and gains and losses

Borrowings and other financial liabilities (including trade payables) are classified as measured at amortised cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Any gain or loss on derecognition is also recognised in profit or loss.

Derecognition

Financial assets

The company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Where the company enters into transactions where it transfers assets recognised in the statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred asset, the transferred assets are not derecognised.

Financial liabilities

The company derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire. The company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Offsetting

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

Our Community Company ltd
Notes to the Financial Statement
For year ended 30 June 2020

Note 4 Summary of significant accounting policies *(continued)*

j) Impairment

Non-derivative financial assets

The company recognises a loss allowance for ECL on:

- financial assets that are measured at FVTOCI;
- lease receivables;
- loan commitments that are not measured at FVTPL; and
- financial guarantee contracts that are not measured at FVTPL.

Loss allowance is not recognised for:

- financial assets measured at FVTPL; or
- equity instruments measured at FVTOCI.

ECL's 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. The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime ECL 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 ECL, a provision matrix for trade receivables is used, taking into consideration various data to get to an ECL, (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.

The company's trade receivables are limited to the monthly profit share distribution from Bendigo Bank, which is received 14 days post month end. Due to the reliance on Bendigo Bank the company has reviewed credit ratings provided by Standard & Poors, Moody's and Fitch Ratings to determine the level of credit exposure to the company. The company also performed a historical assessment of receivables from Bendigo Bank and found no instances of default. As a result no impairment loss allowance has been made in relation to trade receivables as at 30 June 2020.

Non-financial assets

At each reporting date, the company reviews the carrying amount of its non-financial assets (other than investment property, contracts assets, and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The company has assessed for impairment indicators during the period. See Note 8 for more detail.

k) Issued capital

Ordinary shares

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.

Note 4 Summary of significant accounting policies *(continued)*

l) Provisions

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

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

The estimated provisions for the current and comparative periods are to restore the premises under a 'make-good' clause.

The company is required to restore the leased premises to its/their original condition before the end of the lease term. A provision has been recognised for the present value of the estimated expenditure required to remove any leasehold improvements, ATM installed at the branch, and incidental damage caused from the removal of assets.

m) Leases

The company has applied AASB 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under AASB 117 and Interpretation 4. The details of accounting policies under AASB 117 and Interpretation 4 are disclosed separately.

Policy applicable from 1 July 2019

At inception of a contract, the company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the company uses the definition of a lease in AASB 16.

This policy is applied to contracts entered into, on or after 1 July 2019.

As a lessee

At commencement or on modification of a contract that contains a lease component, the company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for leases of property the company has elected not to separate lease and non-lease components and account for the lease and non-lease components as a single lease component.

The company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the company by the end of the lease term or the costs of the right-of-use asset reflects that the company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate.

Note 4 Summary of significant accounting policies *(continued)*

m) Leases *(continued)*

Policy applicable from 1 July 2019 (continued)

As a lessee *(continued)*

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

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual guarantee; and
- the exercise price under a purchase option the company is reasonable certain to exercise, lease payments in an option renewal period if the group is reasonably certain to exercise that option, and penalties for early termination of a lease unless the group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the company's estimate of the amount expected to be payable under a residual value guarantee, if the company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

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

Short-term leases and leases of low-value assets

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

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

As a lessor

The company is not a party in an arrangement where it is a lessor.

Policy applicable before 1 July 2019

For contracts entered into before 1 July 2019, the company determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed the right to use an asset. An arrangement conveyed the right to use the asset if one of the following was met:
  - the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
  - the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
  - facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

Note 4 Summary of significant accounting policies *(continued)*

m) Leases *(continued)*

Policy applicable before 1 July 2019 (continued)

<u>As a lessee</u>

In the comparative period, as a lessee the company classified leases that transferred substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent. Subsequent to initial recognition, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognised in the company's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

<u>As a lessor</u>

The company has not been a party in an arrangement where it is a lessor.

n) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the company has access at that date. The fair value of a liability reflects its non-performance risk.

The company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

The best evidence of the fair value of a financial instrument on initial recognition is the transaction price - i.e. the fair value of the consideration given or received.

o) Standards issued but not yet effective

A number of new standards are effective for annual reporting periods beginning after 1 January 2019, however the changes are not expected to have a significant impact on the company's financial statements.

Note 5 Significant accounting judgements, estimates, and assumptions

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

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

Our Community Company ltd
Notes to the Financial Statement

For year ended 30 June 2020

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

a) Judgements

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

Note	Judgement
- Note 9 - revenue recognition	whether revenue is recognised over time or at a point in time;
- Note 23 - leases:	
a) control	a) whether a contract is or contains a lease at inception by assessing whether the company has the right to direct the use of the identified asset and obtain substantially all the economic benefits from the use of that asset;
b) lease term	b) whether the company is reasonably certain to exercise extension options, termination periods, and purchase options;
c) discount rates	c) judgement is required to determine the discount rate, where the discount rate is the company's incremental borrowing rate if the rate implicit in the lease cannot be readily determined. The incremental borrowing rate is determined with reference to factors specific to the company and underlying asset including: - the amount; - the lease term; - economic environment; and - other relevant factors.

b) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at 30 June 2020 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

Note	Assumptions
- Note 9 - revenue recognition	estimate of expected returns;
- Note 20 - recognition of deferred tax assets	availability of future taxable profit against which deductible temporary differences and carried-forward tax losses can be utilised;
- Note 29 - fair value	determining the fair value less costs to sell of the disposal group on the basis of significant unobservable inputs;
- Note 12a) - impairment test of intangible assets	key assumptions underlying recoverable amounts;
- Note 17 - estimation of useful lives of assets	key assumptions on historical experience and the condition of the asset;
- Note 25 - long service leave provision	key assumptions on attrition rate and pay increases though promotion and inflation;
- Note 24 - make-good provision	key assumptions on future cost estimates in restoring the leased premises in accordance with the lease agreement;

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

c) Measurement of fair values

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- *Level 1:* quoted prices (unadjusted) in active markets for identical assets or liabilities.
- *Level 2:* inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- *Level 3:* inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The company recognises transfers between levels of the fair value hierarchy at the end of each reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 29 - financial instruments.

Note 6 Financial risk management

The company has exposure to the following risks arising from financial instruments:

- credit risk;
- liquidity risk; and
- market risk (including currency, price, cash flow and fair value interest rate).

The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the company. The company does not use derivative instruments.

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

a) Credit risk

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

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

Our Community Company ltd
Notes to the Financial Statement
For year ended 30 June 2020

Note 6 Financial risk management *(continued)*

b) Liquidity risk

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

The company believes that its sound relationship with Bendigo Bank mitigates this risk significantly.

The following are the remaining contractual maturities of financial liabilities. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements.

30 June 2020

		Contractual cash flows		
Non-derivative financial liability	Carrying amount	Not later than 12 months	Between 12 months and five years	Greater than five years
Lease liabilities	1,928,286	257,551	865,312	1,523,608
Trade payables	26,895	26,895	-	-
	1,955,181	284,446	865,312	1,523,608

30 June 2019

		Contractual cash flows		
Non-derivative financial liability	Carrying amount	Not later than 12 months	Between 12 months and five years	Greater than five years
Chattel Mortgage	24,732	15,400	9,332	-
Trade payables	257,698	257,698	-	-
	282,430	288,498	9,332	-

c) Market risk

Market risk

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

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

Note 6 Financial risk management *(continued)*

c) Market risk *(continued)*

Price risk

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

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

Sensitivity analysis - equity price risk

All of the company's listed equity investments are listed on the Australian Stock Exchange (ASX). All unlisted equity investments trade shares through a Low Volume Financial Market.

	Profit or loss	
	10% increase	10% decrease
30 June 2020:		
Equity securities	9,590	(9,590)
	9,590	(9,590)

	Profit or loss	
	10% increase	10% decrease
30 June 2019:		
Equity securities	12,066	(12,066)
	12,066	(12,066)

Cash flow and fair value interest rate risk

Interest-bearing assets are held with Bendigo Bank 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 Bank mitigates this risk significantly.

The company held cash and cash equivalents of $388,692 at 30 June 2020 (2019: $576,147). The cash and cash equivalents are held with Bendigo Bank, which are rated BBB on Standard & Poor's credit ratings.

Our Community Company ltd
Notes to the Financial Statement
For year ended 30 June 2020

Note 7 Capital management

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

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

The distribution limit is the greater of:

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

(b) subject to the availability of distributable profits, the relevant rate of return multiplied by the average level of share capital of the company over that 12 month period where the relevant rate of return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

The board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the year ended 30 June 2020 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 8 Correction of error

During 2020 the company re-assessed the useful life of its cash-generating unit for business domiciled from Bendigo Bank to the company using new product lifecycle information. The company determined the intangible asset now has a finite useful life (previously assessed as an indefinite useful life). The company's reassessment of the useful life provided for a useful life of 5 years. At reporting date, the carrying amount exceeds the recoverable amount indicating the asset is now impaired. As a consequence, amortisation expenses have been understated and the intangible asset overstated in previous periods.

The following table summaries the impacts on the financial statements:

	As previously reported	Adjustment	As restated
	$	$	$
30 June 2019			
Statement of Financial Position (extract)			
ASSETS			
Non-current assets			
Intangible assets	503,434	(218,508)	284,926
TOTAL ASSETS	1,897,375	(218,508)	1,678,867
NET ASSETS	985,308	(218,508)	766,800
TOTAL EQUITY	985,308	(218,508)	766,800

Retained earnings had been adjusted by the impairment amount as at 1 July 2018 as shown in the statement of Changes in Equity.

Note 9 Revenue from contracts with customers

The company generates revenue primarily from facilitating community banking services under a franchise agreement with Bendigo Bank. The company is entitled to a share of the margin earned by Bendigo Bank.

Revenue from contracts with customers	2020 $	2019 $
Revenue:		
- Revenue from contracts with customers	3,508,823	3,698,947
	3,508,823	3,698,947

Disaggregation of revenue from contracts with customers		
At a point in time:		
- Margin income	2,842,959	3,013,324
- Fee income	325,304	341,868
- Commission income	340,560	343,755
	3,508,823	3,698,947

There was no revenue from contracts with customers recognised over time during the financial year.

Note 10 Other revenue

The company generates other sources of revenue from dividends and distributions of financial instruments, discretionary contributions received from the franchisor and cash flow boost from the Australian Government.

Other revenue	2020 $	2019 $
Revenue:		
- Dividend and distribution income	6,555	6,527
- Market development fund income	143,750	147,500
- Cash flow boost	62,500	-
- Sale of property, plant and equipment	633	-
- At FVTPL - equity instruments	-	5,281
- Other income	14,916	16,726
	228,354	176,034

Note 11 Finance income

The company holds financial instruments measured at amortised cost. Interest income is recognised at the effective interest rate.

Term deposits which can be readily converted to a known amount of cash and subject to an insignificant risk of change may qualify as a cash equivalent.

Finance income	2020 $	2019 $
At amortised cost:		
- Term deposits	2,374	5,318
	2,374	5,318

Our Community Company ltd
Notes to the Financial Statement

For year ended 30 June 2020

Note 12 Expenses

a) Depreciation and amortisation expense	2020 $	2019 $
Depreciation of non-current assets:		
- Leasehold improvements	21,639	26,061
- Plant and equipment	8,269	-
- Motor vehicles	3,609	19,552
	33,517	45,613
Depreciation of right-of-use assets		
- Leased land and buildings	139,763	-
- Leased motor vehicles	16,380	-
	156,143	-
Amortisation of intangible assets:		
- Franchise fee	65,918	65,858
	65,918	65,858
Total depreciation and amortisation expense	255,578	111,471

The non-current tangible and intangible assets listed above are depreciated and amortised in accordance with the company's accounting policy (see Note 4g and 4h).

b) Finance costs	Note	2020 $	2019 $
Finance costs:			
- Lease interest expense	23a)	81,739	-
- Unwinding of make-good provision		2,801	-
- Other		339	2,845
		84,879	2,845

Finance costs are recognised as expenses when incurred using the effective interest rate.

c) Charitable donations, sponsorship, advertising and promotion

The overarching philosophy of the Community Bank model, is to support the local community in which the company operates. This is achieved by circulating the flow of financial capital into the local economy through community contributions (such as donations and grants).

	2020 $	2019 $
- Direct sponsorship, advertising, and promotion payments	153,439	354,511
- Contribution to the Community Enterprise Foundation™	400,000	500,000
	553,439	854,511

The funds contributed are held by the Community Enterprise Foundation™ (CEF) and are available for distribution as grants to eligible applicants for a specific purpose in consultation with the directors.

When the company pays a contribution in to the CEF, the company loses control over the funds at that point. While the directors are involved in the payment of grants, the funds are not refundable to the company.

Note 12 Expenses *(continued)*

d) Employee benefit expenses

	2020 $	2019 $
Wages and salaries	1,667,613	1,742,862
Non-cash benefits	27,519	21,245
Contributions to defined contribution plans	150,396	162,821
Expenses related to long service leave	(26,806)	(208)
Other expenses	103,771	147,816
	1,922,493	2,074,536

e) Recognition exemption

The company has elected to exempt leases from recognition where the underlying asset is assessed as low-value or the lease term is 12 months or less.

	2020 $	2019 $
Expenses relating to low-value leases	42,486	-
	42,486	-

Expenses relating to leases exempt from recognition are included in systems costs.

The company pays for the right to use information technology equipment. The underlying assets have been assessed as low value and exempted from recognition.

f) Other expenses

	2020 $	2019 $
- At FVTPL - equity instruments	28,815	-

This expense relates to the decrease in the market value of investments held by the company.

Note 13 Income tax expense

Income tax expense comprises current and deferred tax. Attributable current and deferred tax expense is recognised in the other comprehensive income or directly in equity as appropriate.

a) Amounts recognised in profit or loss

	2020 $	2019 $
Current tax expense/(credit)		
- Current tax	52,696	3,607
- Net benefit of franking credits on dividends received	(1,738)	(1,726)
- Movement in deferred tax	(113,880)	(7,437)
- Adjustment to deferred tax on AASB 16 retrospective application	111,532	-
- Reduction in company tax rate	9,590	-
	58,200	(5,556)

Progressive changes to the company tax rate have been enacted. Consequently, as of 1 July 2020, the company tax rate will be reduced from 27.5% to 26%. This change resulted in a loss of $9,590 related to the remeasurement of deferred tax assets and liabilities of the company.

Our Community Company ltd
Notes to the Financial Statement
For year ended 30 June 2020

Note 13 Income tax expense *(continued)*

b) *Prima facie* income tax reconciliation

	2020 $	2019 $
Operating profit/(loss) before taxation	243,847	(15,874)
Prima facie tax on profit/(loss) from ordinary activities at 27.5% (2019: 27.5%)	67,058	(4,365)
Tax effect of:		
- Non-deductible expenses	-	60
- Non-assessable income	(17,188)	-
- Temporary differences	2,348	7,437
- Other assessable income	478	475
- Movement in deferred tax	(113,880)	(7,437)
- Net benefit of franking credits on dividends received	(1,738)	(1,726)
- Leases initial recognition	111,532	-
- Reduction in company tax rate	9,590	-
	58,200	(5,556)

Note 14 Cash and cash equivalents

a) Cash and cash equivalents

Cash and cash equivalents includes cash on hand and in banks. Term deposits which can be readily converted to a known amount of cash and subject to an insignificant risk of change may qualify as a cash equivalent.

	2020 $	2019 $
- Cash at bank and on hand	373,722	357,591
- Term deposits	14,970	218,556
	388,692	576,147

Note 15 Other investments

The primary goal of the company's other investments is to hold the investments for the long term for strategic purposes.

The company classifies investments as a current asset when it expects to realise the asset, or intends to sell or consume it, no more than 12 months after the reporting period. All other investments are classified as non-current.

a) Non-current investments

	2020 $	2019 $
Equity securities - at FVTPL	95,902	120,662
	95,902	120,662

Note 16 Trade and other receivables

a) Current assets	2020 $	2019 $
Trade receivables	254,883	269,987
Prepayments	25,207	42,592
Other receivables and accruals	113,825	22,262
	393,915	334,841

Note 17 Property, plant and equipment

a) Carrying amounts	2020 $	2019 $
Leasehold improvements		
At cost	816,639	812,490
Less: accumulated depreciation	(637,213)	(615,574)
	179,426	196,916
Plant and equipment		
At cost	8,820	-
Less: accumulated depreciation	(8,269)	-
	551	-
Motor vehicles		
At cost	25,193	137,195
Less: accumulated depreciation	(20,495)	(78,537)
	4,698	58,658
Total written down amount	184,675	255,574

The directors do not believe the carrying amount exceeds the recoverable amount of the above assets. The directors therefore believe the carrying amount is not impaired.

Note 17 Property, plant and equipment *(continued)*

b) Reconciliation of carrying amounts	Note	2020 $	2019 $
Leasehold improvements			
Carrying amount at beginning		196,916	213,724
Additions		4,149	9,253
Depreciation		(21,639)	(26,061)
Carrying amount at end		179,426	196,916
Plant and equipment			
Carrying amount at beginning		-	-
Additions		8,820	-
Depreciation		(8,269)	-
Carrying amount at end		551	-
Motor vehicles			
Carrying amount at beginning		58,658	78,210
Lease asset transferred out - at cost	18b)	(65,536)	-
Lease asset transferred out - accumulated depreciation	18b)	27,060	-
Disposals		(11,875)	-
Depreciation		(3,609)	(19,552)
Carrying amount at end		4,698	58,658
Total written down amount		184,675	255,574

Following the adoption of AASB 16, the company has grouped its leased assets previously recognised in 'property, plant and equipment' in 'right-of-use assets'.

c) Changes in estimates

During the financial year, the company assessed estimates used for property, plant and equipment including useful lives, residual values, and depreciation methods.

There were no changes in estimates for the current reporting period.

Note 18 Right-of-use assets

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

The company has elected to present right-of-use assets measured in right-of-use assets rather than the underlying asset class. Accordingly, leased assets recognised in the statement of financial position have been reallocated to right-of-use assets from property, plant and equipment.

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

a) Carrying amounts

	Note	2020 $	2019 $
Leased land and buildings			
At cost		2,775,193	-
Less: accumulated depreciation		(1,287,484)	-
		1,487,709	-
Leased motor vehicles			
At cost		113,715	-
Less: accumulated depreciation		(20,102)	-
		93,613	-
Total written down amount		1,581,322	-

b) Reconciliation of carrying amounts

	Note	2020 $	2019 $
Leased land and buildings			
Carrying amount at beginning		-	-
Initial recognition on transition	3d)	2,709,565	-
Accumulated depreciation on adoption	3d)	(1,147,720)	-
Remeasurement adjustments		65,627	-
Depreciation		(139,763)	-
Carrying amount at end		1,487,709	-
Leased motor vehicles			
Carrying amount at beginning		-	-
Lease asset transferred in - at cost	17b)	65,536	-
Lease asset transferred in - accumulated depreciation	17b)	(27,060)	-
Additional right-of-use assets recognised		89,464	-
Disposals		(17,947)	-
Depreciation		(16,380)	-
Carrying amount at end		93,613	-
Total written down amount		1,581,322	-

Our Community Company ltd
Notes to the Financial Statement
For year ended 30 June 2020

Note 19 Intangible assets

a) Carrying amounts

	2020 $	2019 $
Franchise fee		
At cost	934,586	934,585
Less: accumulated amortisation	(715,578)	(649,659)
	219,008	284,926
Cash-generating unit - domiciled accounts		
At cost	218,508	218,508
Less: accumulated impairment	(218,508)	(218,508)
	-	-
Total written down amount	219,008	284,926

b) Reconciliation of carrying amounts

	2020 $	2019 $
Franchise fee		
Carrying amount at beginning	284,926	21,190
Additions	-	329,594
Amortisation	(65,918)	(65,858)
Carrying amount at end	219,008	284,926
Total written down amount	219,008	284,926

c) Changes in estimates

During the financial year, the company assessed estimates used for intangible assets including useful lives, residual values, and amortisation methods.

There were no changes in estimates for the current reporting period.

The company has re-assessed the useful life of its cash-generating unit for business domiciled from Bendigo Bank to the company. The company has determined that the intangible asset now has a finite useful life (previously assessed as an indefinite useful life). The assessment was based on new information from Bendigo Bank relating to the customer product life cycle.

In accordance with AASB 136, reassessing the useful life of an intangible asset as finite rather than indefinite is an indicator that the asset may be impaired.

The asset was originally acquired for $218,508 in October 2003, October 2004 and April 2006. The company's reassessment of the useful life provided for a useful life of 5 years. At reporting date, the carrying amount exceeds the recoverable amount indicating the asset is now impaired. As a result, prior period figures have been restated. See note 8.

Note 20 Tax assets and liabilities

a) Current tax

	2020 $	2019 $
Income tax refundable	(909)	(44,774)

Note 20 Tax assets and liabilities *(continued)*

b) Deferred tax

Movement in the company's deferred tax balances for the year ended 30 June 2020:

	30 June 2019	Recognised in profit or loss	Recognised in equity	30 June 2020
Deferred tax assets	$	$	$	$
- expense accruals	2,198	(715)	-	1,483
- employee provisions	61,730	(8,965)	-	52,765
- make-good provision	-	(561)	17,837	17,276
- lease liability	-	(47,360)	523,202	475,842
- fair value of investments	-	5,677	-	5,677
Total deferred tax assets	63,928	(51,924)	541,039	553,043
Deferred tax liabilities				
- income accruals	66	(60)	-	6
- fair value of investments	1,919	(1,919)	-	-
- right-of-use assets	-	(42,703)	429,507	386,804
Total deferred tax liabilities	1,985	(44,682)	429,507	386,810
Net deferred tax assets (liabilities)	61,943	(7,242)	111,532	166,233

Movement in the company's deferred tax balances for the year ended 30 June 2019:

	30 June 2018	Recognised in profit or loss	Recognised in equity	30 June 2019
Deferred tax assets	$	$	$	$
- expense accruals	1,783	415	-	2,198
- employee provisions	53,217	8,513	-	61,730
Total deferred tax assets	55,000	8,928	-	63,928
Deferred tax liabilities				
- income accruals	28	38	-	66
- fair value of investments	466	1,453	-	1,919
Total deferred tax liabilities	494	1,491	-	1,985
Net deferred tax assets (liabilities)	54,506	7,437	-	61,943

c) Uncertainty over income tax treatments

As at balance date, there are no tax rulings, or interpretations of tax law, which may result in tax treatments being over-ruled by the taxation authorities.

The company believes that its accrual for income taxes is adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience.

Our Community Company ltd
Notes to the Financial Statement
For year ended 30 June 2020

Note 21 Trade creditors and other payables

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

a) Current liabilities	2020 $	2019 $
Trade creditors	26,895	257,698
Other creditors and accruals	147,423	174,077
	174,318	431,775

b) Non-current liabilities		
Other creditors and accruals	154,056	231,085
	154,056	231,085

Note 22 Loans and borrowings

a) Current liabilities	2020 $	2019 $
Chattel mortgage	-	15,400
	-	15,400

b) Non-current liabilities		
Chattel mortgage	-	9,332
	-	9,332

Following the adoption of AASB 16, the company has grouped its 'Chattel mortgage' previously recognised in 'loans and borrowings' in 'lease liabilities'.

c) Terms and repayment schedule

	Nominal interest rate	Year of maturity	30 June 2020 Face value	30 June 2020 Carrying value	30 June 2019 Face value	30 June 2019 Carrying value
Chattel mortgage	4.5%	2021-2022	-	-	24,732	24,732

Note 23 Lease liabilities

Lease liabilities were measured at amounts equal to the present value of enforceable future payments of the term reasonably expected to be exercised, discounted at the appropriate incremental borrowing rate on the adoption date. The discount rate used on recognition of property leases was 4.295%.

The discount rate used in calculating the present value of enforceable future payments takes into account the particular circumstances applicable to the underlying leased assets (including the amount, lease term, economic environment, and other relevant factors).

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

Note 23 Lease liabilities *(continued)*

Lease portfolio

Prior to 30 June 2019, leases of property, plant and equipment were classified as either finance leases or operating leases. From 1 July 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the company. As a result, finance leases which were previously disclosed as property, plant and equipment have been reclassified to right-of-use assets upon adoption.

The company's lease portfolio includes:

- Lang Lang	The lease agreement is a non-cancellable lease with an initial term of 5 years which commenced in November 2010. An extension option term of 5 years was exercised in November 2015. The lease has 4 further 5 year extension options available. The company is reasonably certain to exercise the remaining lease terms.
- Pearcedale (Shop 4)	The lease agreement is a non-cancellable lease with an initial term of 5 years which commenced in November 2013. An extension option term of 5 years was exercised in November 2018. The lease has no further extension options available.
- Pearcedale (Shop 5)	The lease agreement is a non-cancellable lease with an initial term of 5 years which commenced in March 2010. An extension option term of 5 years was exercised in March 2015. The lease has no further extension options available. The company is currently negotiating a new lease to align with the lease for Shop 4 above. Therefore the lease term has been calculated to include the remaining lease term for Shop 4.
- Koo Wee Rup	The lease agreement is a non-cancellable lease with an initial term of 5 years which commenced in June 2011. An extension option term of 5 years was exercised in June 2016. The lease has 4 further 5 year extension options available. The company is reasonably certain to exercise the remaining lease terms.
- Narre Warren South	The lease agreement is a non-cancellable lease with an initial term of 5 years which commenced in June 2011. An extension option term of 5 years was exercised in June 2016. The lease has a further 5 year extension option available. The company is reasonably certain to exercise the final five-year lease term.
- Tooradin	The lease agreement is a non-cancellable lease with an initial term of 5 years which commenced in July 2009. An extension option term of 5 years was exercised in July 2019. The lease has no further extension options available.
- Toyota Camry Altise	The lease agreement is a non-cancellable term of four years which commenced in November 2017. The registered security over the motor vehicle is removed at the cessation of the lease.
- Toyota Camry Ascent	The lease agreement is a non-cancellable term of three years which commenced in August 2019. The registered security over the motor vehicle is removed at the cessation of the lease.
- Toyota Kluger	The lease agreement is a non-cancellable term of three years which commenced in May 2020. The registered security over the motor vehicle is removed at the cessation of the lease.
- Toyota Camry Altise	The lease agreement is a non-cancellable term of three years which commenced in May 2020. The registered security over the motor vehicle is removed at the cessation of the lease.

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

Note 23 Lease liabilities *(continued)*

a) Lease liability measurement

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

Lease liabilities on transition	Note	2020 $	2019 $
Balance at the beginning (finance lease liabilities)		24,732	-
Initial recognition on AASB 16 transition	3d)	1,902,556	-
Additional lease liabilities recognised		99,822	-
Remeasurement adjustments		66,845	-
Lease payments - interest		81,739	-
Lease payments		(247,408)	-
		1,928,286	-

b) Current lease liabilities

Property lease liabilities	213,987	-
Unexpired interest	(75,591)	-
	138,396	-
Motor Vehicle lease liabilities	43,564	-
Unexpired interest	(2,895)	-
	40,669	-
	179,065	-

c) Non-current lease liabilities

Property lease liabilities	2,329,720	-
Unexpired interest	(637,955)	-
	1,691,765	-
Motor Vehicle lease liabilities	59,200	-
Unexpired interest	(1,744)	-
	57,456	-
	1,749,221	-

d) Maturity analysis

- Not later than 12 months	257,551	-
- Between 12 months and 5 years	865,312	-
- Greater than 5 years	1,523,608	-
Total undiscounted lease payments	2,646,471	-
Unexpired interest	(718,185)	-
Present value of lease liabilities	1,928,286	-

Note 23 Lease liabilities *(continued)*

e) Impact on the current reporting period

During the financial year, the company has mandatorily adopted AASB 16 for the measurement and recognition of its leases. The primary impact on the profit or loss is that lease payments are split between interest and principal payments and the right-of-use asset depreciates. This is in contrast to the comparative reporting period where lease payments under AASB 117 were expensed as incurred. The following note presents the impact on the profit or loss for the current reporting period.

Comparison under current AASB 16 and former AASB 117

The net impact for the current reporting period is an increase in profit after tax of $4,876.

Profit or loss - increase (decrease) in expenses	AASB 117 expense not recognised	Impact on current reporting period	AASB 16 expense now recognised
- Occupancy and associated costs	247,408	(247,408)	-
- Depreciation and amortisation expense	-	156,143	156,143
- Finance costs	-	84,540	84,540
Decrease in expenses - before tax	247,408	(6,725)	240,683
- Income tax expense / (credit) - current	(68,037)	68,037	-
- Income tax expense / (credit) - deferred	-	(66,188)	(66,188)
Decrease in expenses - after tax	179,371	(4,876)	174,495

Note 24 Provisions

As at the reporting date, the make-good of the leased premises is not expected to be wholly settled within 12 months. The balance is classified as non-current.

a) Non-current liabilities	2020 $	2019 $
Make-good on leased premises	66,446	-
	66,446	-

b) Make-good provision

In accordance with the branch lease agreements, the company must restore the leased premises to their original condition before the expiry of the lease term.

The company has estimated the provision based on experience and consideration of the expected future costs to remove all fittings and the ATM as well as cost to remedy any damages caused during the removal process.

Provision	Note	2020 $	2019 $
Balance at the beginning		-	-
Face-value of make-good costs recognised	3d)	100,000	-
Present value discounting	3d)	(35,139)	-
Present value unwinding		2,801	-
Provision remeasurements		(1,216)	-
		66,446	-

Our Community Company ltd
Notes to the Financial Statement
For year ended 30 June 2020

Note 24 Provisions *(continued)*

c) Changes in estimates

During the financial year, the company re-assessed the lease agreement with respect to the make-good and restoration clauses. The estimated costs were revised with respect to an analysis of restoration costs of bank branches completed by Bendigo Bank's property team. The provision was previously assessed as nil or immaterial with no provision recognised in the accounts.

The Tooradin lease is due to expire in June 2024, the Lang Lang lease is due to expire in October 2040, the Narre Warren lease is due to expire in May 2026, the Koo Wee Rup lease is due to expire in May 2041 and the Pearcedale leases are due to expire in October 2023, at which time it is expected the face-value costs to restore the premises will fall due.

The financial effect of the reassessment, assuming no changes in the above judgements and estimates, on actual and expected finance costs and provisions was as follows:

Profit or loss	2020	2021	2022	2023	2024+
Expense:					
- Finance costs	2,801	2,841	2,963	3,090	24,660
Statement of financial position					
Liability:					
- Make-good provision	66,446	69,287	72,250	75,340	100,000

Note 25 Employee benefits

a) Current liabilities	2020 $	2019 $
Provision for annual leave	113,373	122,749
Provision for long service leave	75,105	82,398
	188,478	205,147

b) Non-current liabilities		
Provision for long service leave	14,464	19,328
	14,464	19,328

c) Key judgement and assumptions

Employee attrition rates

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

Note 26 Issued capital

a) Issued capital

	2020		2019	
	Number	$	Number	$
Ordinary shares - fully paid	732,375	732,375	732,375	732,375
Less: return of capital	-	(124,504)	-	(124,504)
	732,375	607,871	732,375	607,871

b) Rights attached to issued capital

Ordinary shares

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.

Dividends

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

Transfer

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

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

Note 26 Issued capital *(continued)*

b) Rights attached to 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 226 shareholders (2019: 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 27 Retained earnings (accumulated losses)

	Note	2020 $	2019 $
Balance at beginning of reporting period		158,929	374,312
Adjustment for transition to AASB 16	3d)	(294,040)	-
Net profit (loss) after tax from ordinary activities		185,647	(10,318)
Dividends provided for or paid	32a)	(153,799)	(205,065)
Balance at end of reporting period		(103,263)	158,929

Note 28 Reconciliation of cash flows from operating activities

	2020 $	2019 $
Net profit (loss) after tax from ordinary activities	185,647	(10,318)
Adjustments for:		
- Depreciation	189,660	45,613
- Amortisation	65,918	65,858
- (Increase)/decrease in fair value of equity instruments designated at FVTPL	28,815	(5,281)
- Profit on disposal of non-current assets	(633)	-
- Income reinvested in financial assets	(4,055)	-
Changes in assets and liabilities:		
- (Increase)/decrease in trade and other receivables	(59,075)	25,006
- (Increase)/decrease in other assets	51,107	(52,211)
- Increase/(decrease) in trade and other payables	(264,456)	72,568
- Increase/(decrease) in employee benefits	(21,533)	30,959
- Increase/(decrease) in provisions	2,801	-
- Increase/(decrease) in tax liabilities	-	(17,298)
Net cash flows provided by operating activities	174,196	154,896

Note 29 Financial instruments - fair value

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Accounting classifications and fair values for the year ended 30 June 2020:

		Carrying amount			Fair value		
	Note	FVTPL	At amortised cost	Total	Level 1	Level 2	Total
Financial assets measured at fair value:							
Equity securities	15	95,902	-	95,902	95,902	-	95,902
		95,902	-	95,902	95,902	-	95,902
Financial assets not measured at fair value:							
Trade and other receivables	16	-	254,883	254,883	-	-	-
Cash and cash	14	-	373,722	373,722	-	-	-
Term deposits	14	-	14,970	14,970	-	-	-
		-	643,575	643,575	-	-	-
Financial liabilities not measured at fair value:							
Trade and other payables	21	-	26,895	26,895	-	-	-
		-	26,895	26,895	-	-	-

Note 29 Financial instruments - fair value *(continued)*

Accounting classifications and fair values for the year ended 30 June 2019:

		Carrying amount			Fair value		
	Note	FVTPL	At amortised cost	Total	Level 1	Level 2	Total
Financial assets measured at fair value:							
Equity securities	15	120,662	-	120,662	120,662	-	120,662
		120,662	-	120,662	120,662	-	120,662
Financial assets not measured at fair value:							
Trade and other receivables	16	-	269,987	269,987	-	-	-
Cash and cash	14	-	357,591	357,591	-	-	-
Term deposits	14	-	218,556	218,556	-	-	-
		-	846,134	846,134	-	-	-
Financial liabilities not measured at fair value:							
Trade and other payables	21	-	257,698	257,698	-	-	-
		-	257,698	257,698	-	-	-

Valuation techniques and significant unobservable inputs

There were no Level 2 or Level 3 classifications held during the relevant financial years.

Transfers between Levels 1 and 2

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

Note 30 Auditor's remuneration

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

	2020 $	2019 $
Audit and review services		
- Audit and review of financial statements	5,700	5,500
	5,700	5,500
Non audit services		
- General advisory services	5,180	1,830
- Share registry services	3,615	3,043
	8,795	4,873
Total auditor's remuneration	14,495	10,373

Note 31 Related parties

a) Details of key management personnel

The directors of the company during the financial year were:

Michael John Duff
Gordon Douglas Smale
David John Williams
Andrew Lloyd Bullen
Michael Alan Bushe
Glenn Warren Barwick
Angela Jane Bullen
Nicholas James McKinnon
Shelley Elizabeth Beilharz
Maxwell William Papley
Dianne Lesley Loft
Tania Lyn Hansen

b) Key management personnel compensation

	2020	2019
Key management personnel compensation comprised the following.	$	$
Short-term employee benefits	25,791	25,100
	25,791	25,100

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

c) Related party transactions

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

	2020	2019
Transactions with related parties	$	$
- Michael John Duff received remuneration for fuel supplies provided. The total benefit received was:	20,730	20,009
- Dianne Lesley Loft received remuneration for supply of newspapers to the branches. The total benefit received was:	360	460
Total transactions with related parties	21,090	20,469

Community bank Directors' Privileges Package

The board has adopted 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 Community bank. There is no requirement to own Bendigo Bank shares and there is no qualification period to qualify to utilise the benefits. The package mirrors the benefits currently available to Bendigo Bank shareholders. The total benefits received by the directors from the Directors' Privilege Package are $nil for the year ended 30 June 2020 (2019: $nil).

Our Community Company ltd
Notes to the Financial Statement
For year ended 30 June 2020

Note 32 Dividends provided for or paid

a) Dividends provided for and paid during the period

The following dividends were provided for and paid to shareholders during the reporting period as presented in the statement of changes in equity and statement of cash flows.

	30 June 2020		30 June 2019	
	Cents	$	Cents	$
Fully franked dividend	21.00	153,799	28.00	205,065
Total dividends provided for and paid during the financial year	21.00	153,799	28.00	205,065

The tax rate at which dividends have been franked is 27.5% (2019: 27.5%).

b) Dividends proposed not recognised at balance date

Since the end of the financial year, the board of directors has proposed to pay a fully franked/unfranked dividend of 21 cents per share, to be paid on 2 December 2020. The financial impact of the dividend, amounting to $153,799, has not been recognised in the financial statements for the financial year ended 30 June 2020, and will be recognised in the subsequent financial statements.

	30 June 2020		30 June 2019	
	Cents	$	Cents	$
Fully franked dividend	21.00	153,799	21.00	153,799
Total dividends declared subsequent to financial year end	21.00	153,799	21.00	153,799

The tax rate at which future dividends will be franked is 26% (2021: 25%).

c) Franking account balance

	2020	2019
	$	$
Franking credits available for subsequent reporting periods		
Franking account balance at the beginning of the financial year	350,497	364,342
Franking transactions during the financial year:		
- Franking credits (debits) arising from income taxes paid (refunded)	6,737	62,212
- Franking credits from franked distributions received	1,738	1,726
- Franking debits from the payment of franked distributions	(58,337)	(77,783)
Franking account balance at the end of the financial year	300,635	350,497
Franking transactions that will arise subsequent to the financial year end:		
- Franking credits (debits) that will arise from payment (refund) of income tax	(453)	(27,374)
- Franking debits that will arise from payment of dividends subsequent to financial year end	(58,337)	(58,337)
Franking credits available for future reporting periods	241,845	264,786

The ability to utilise franking credits is dependent upon the company's ability to declare dividends.

Our Community Company ltd
Notes to the Financial Statement

For year ended 30 June 2020

Note 33 Earnings per share

a) Basic and diluted earnings per share

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

	2020 $	2019 $
Profit/(loss) attributable to ordinary shareholders	185,647	(10,318)
	Number	Number
Weighted-average number of ordinary shares	732,375	732,375
	Cents	Cents
Basic and diluted earnings/(loss) per share	25.35	(1.41)

Note 34 Commitments

a) Lease commitments

Following the adoption of AASB 16 as of 1 July 2019, all lease commitment information and amounts for the financial year ending 30 June 2020 can be found in 'Lease liabilities' (Note 23).

	2020	2019
Operating lease commitments - lessee		
Non-cancellable operating leases contracted for but not capitalised in the financial statements	$	$
Payable - minimum lease payments:		
- not later than 12 months	-	191,932
- between 12 months and 5 years	-	204,922
Minimum lease payments payable	-	396,854
Finance lease commitments		
Payable - minimum lease payments:		
- not later than 12 months	-	16,186
- between 12 months and 5 years	-	9,632
Minimum lease payments	-	25,818
Less future finance charges	-	(1,086)
Present value of minimum lease payments	-	24,732

b) Other commitments

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

Note 35 Contingencies

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

Note 36 Subsequent events

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

Our Community Company ltd
Director's 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 2020 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.

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

Michael John Duff, Chairman

Dated this 13th day of September 2020

Partners in success

Chartered Accountants

61 Bull Street, Bendigo 3550
PO Box 454, Bendigo 3552
03 5443 0344
afsbendigo.com.au

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 2020 and of its financial performance for the year ended; and
ii. complying with Australian Accounting Standards and the Corporations Regulations 2001.

What we have audited
Our Community Company Ltd's (the company) financial report comprises the:

- ✓ Statement of profit or loss and other comprehensive income
- ✓ Statement of financial position
- ✓ 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 *APE*S 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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.

Partners in success

Chartered Accountants

61 Bull Street, Bendigo 3550
PO Box 454, Bendigo 3552
03 5443 0344
afsbendigo.com.au

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: 13 September 2020

Joshua Griffin
Lead Auditor

Koo Wee Rup
28 Station Street
Koo Wee Rup VIC 3981
kooweerupmailbox@bendigoadelaide.com.au
Phone: 5997 2266

Lang Lang
Community Bank
29 Westernport Rd
Lang Lang VIC 3984
langlangmailbox@bendigoadelaide.com.au
Phone: 5997 5019

Narre Warren South
Shop 8 Amberly Park S/C
101 Seebeck Drive
Narre Warren South VIC 3805
narrewarrenmailbox@bendigoadelaide.com.au
Phone: 8790 3411

Pearcedale
Community Bank
Shop 4 Pearcedale S/C
Baxter-Tooradin Road
Pearcedale VIC 3912
pearcedalemailbox@bendigoadelaide.com.au
Phone: 5978 7566

Tooradin & Coastal Villages
South Gippsland Highway
Tooradin VIC 3980
tooradinmailbox@bendigoadelaide.com.au
Phone: 5998 3865

Bendigo and Adelaide Bank Limited, ABN 11 068 049 178 AFSL/Australian Credit Licence 237879. (8974) (19/09/2019)

Bendigo Bank