Our Community Company Ltd

HELPING BUILD A BETTER COMMUNITY

Annual Report 2021

Bendigo Bank

ABN 51 092 756 351
Community Bank Lang Lang, Community Bank Pearcedale,
Community Bank Koo Wee Rup, Community Bank Narre Warren South
and Community Bank Tooradin & Coastal Villages

Contents

Chairman's Report	3
Lang Lang Manager's Report	4
Pearcedale Manager's Report	5
Koo Wee Rup Manager's Report	6
Narre Warren South Manager's Report	7
Tooradin & Coastal Villages Manager's Report	8
Message from Bendigo and Adelaide Bank	9
Our Community Company Highlights	10-11
Directors' Report	12-16
Auditor's Independence Declaration	17
Financial Statements	18-21
Notes to the Financial Statements	22-46
Directors' Declaration	47
Independent Auditor's Report	48-50

Chairman's Report

For year ended 30 June 2021

I am very pleased to report to shareholders and customers on behalf of the board that Our Community Company Ltd has seen a solid years performance. In retrospect, the company's performance is not fortuitous, all front-line team members in our branch locations, our board of directors and board supports have worked diligently to achieve this result with a shareholder dividend payable. In considering the groups operating environment, of suppressed financial markets and a world pandemic, this is a pleasing achievement.

Since the last Chairman's report, the board have appointed a Mobile Relationship Manager (MRM), Cheryl Clasby joins our ranks with strong managerial and lending credentials, the MRM role is as the name implies, mobile, so if you can't get to us we can come to you. We thank Cheryl for getting on board with Our Community Company Ltd and wish her well into the future.

We continue to work closely with our partner, Bendigo and Adelaide Bank, on ways to improve the customer experience. As a shareholder, I'm sure you want to know that your Chairman and Board of Directors are having robust discussions with their partner to ensure the best outcome for all. Our model has been held up as an example of a great way of doing business, once again, we thank our business partner Bendigo and Adelaide Bank Limited for their continued support and guidance.

As a shareholder, thank you for your ongoing support. We have 230 shareholders in our Community Bank company. I put the challenge to you to take the time to help us grow your business. If every single one of our shareholders referred one customer to a Community Bank branch – imagine the growth to our business and to your investment. And ultimately, the benefit to your community with a greater pool of funds to distribute to community groups and projects.

The growth of our existing customer base will mean a growth in your investment and Our Community Company Ltd. Our Branch Managers are ready to act on your referrals. Please make yourself known to your local branch Manager and help us help your Community Bank company and our local community.

To the hard-working branch teams, well lead by our dedicated Branch Managers, Darryl, Sunny, Chris, Liz and Kylie thank you. Please relay back to your loved ones our gratitude for the support they have given you over the year. To Sonia Draxler our Board Support Officer who is a wonderful support to an extremely busy Executive Officer well done and thank you Sonia, Thank you to our fellow shareholders your dedicated board members always have your best interests front of mind in their decisions and respect your committed support. To our Executive Officer, who has had another very busy year 'both on and off the field' Laura McBride became Mrs Laura Healey congratulations and thank you for another stella performance in supporting the Chairman and Board Team.

To Gordon Smalle, Michael Bushe, Andrew Bullen, David Williams, Glenn Barwick, Ange Bullen, Nic McKinnon, my fellow Directors, another fine year from everyone, you're a great team, performing under difficult conditions ,well done and thank you for your support.

Michael Duff
Chairman

Lang Lang Manager's Report

For year ended 30 June 2021

Lang Lang	
Branch Snapshot	
2019/2020	2020/2021
Lending	
$38.5M	$43.3M
Deposits	
$102.1M	$118.2M
Total	
$140.6M	$161.5M
Customer Numbers	
2,295	2,291
Net Profit	
$139,753	$1,884

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

The branch continued its strong level of lending and deposit portfolio growth from the prior financial year to this year, with great support received 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 total growth of 14%, exceeding our target by 205%, a particularly notable result.

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 Community Bank Lang Lang customer, always a Community Bank Lang Lang 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 15 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 Community Bank Lang Lang is achieved and then contributed back to the community. We therefore urge you to support our branch to enable us to continue supporting you.

Community Bank Lang Lang 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, Alex, Keryn and Pauline, whose efforts are thoroughly appreciated by our customers, community and myself. We said goodbye & congratulations to Molly towards the end of the financial year as she left on maternity leave to have her first child. We welcomed Alex around the same time who has been working within Our Community Company for 2 years in other branches.

I would like to take this opportunity to thank the Board of Directors and Executive Officer Laura Healey 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 Community Bank Lang Lang team wish all our customers, community, shareholders and Directors the very best for the next 12 months.

Christopher Wood
Branch Manager
Community Bank Lang Lang

Pearcedale Manager's Report

For year ended 30 June 2021

Pearcedale	
Branch Snapshot	
2019/2020	2020/2021
Lending	
$64.5M	$65.9M
Deposits	
$77.9M	$106.4M
Total	
$142.4M	$172.3M
Customer Numbers	
3,289	3,259
Net Profit	
$389,421	$284,708

As Branch Manager of the Community Bank Pearcedale, I am pleased to again present our branch report for the 2020/21 financial year.

We experienced a slow-down in branch lending activity during the year due to COVID-19 impact locally, resulting in us seeing a $3 million reduction in home loan footings over the course of the year, although total lending growth of $1.48 million was achieved. Home loan lending run-off was largely the result of a higher occurrence of customers selling down properties during the year to put themselves into a good financial position, so they could ride out the COVID-19 impact that was unfolding. Conversely, we had a very successful deposit growth position of $27 million, being substantially above plan. This achievement was despite a very challenging competitive environment, in addition to an unprecedented operating environment through the COVID-19 Pandemic. Accordingly, many customers diversifying their assets to increase cash holdings was seen.

We have seen some changes in our branch team in recent months and this includes, Andrea (Customer Relationship Manager) who was successful in securing a position within the Bank supporting training and lending capabilities of the network and commenced this role in early July. Her vibrant personality and eagerness to build sound customer relationships will be sadly missed.

Alex Pritchard commenced a training role at our Lang Lang branch to develop her skill sets further to assist our customers in a variety of banking needs.

We also celebrated Carol and Di's twenty years of service with Our Community Company Ltd. An incredible achievement and one that was celebrated in conjunction with the twentieth anniversary of the Pearcedale branch. These ladies have provided exceptional service and support to the community and we are so grateful for their contributions over this time.

I personally had a challenging year with health issues seeing me take a three month break from work between March and July. I have since returned to work duties and have been successful in being appointed to the role of Customer Relationship Manager, being in line with my key banking career principal skill-set, being lending. Narre Warren South Manager Sunny Chittajallu has now stepped into the new role of Manager for both Pearcedale and Narre Warren. We welcome Sunny's appointment to the Multi-Site Manager role.

Thank you to the broader Pearcedale team in Diane, Alex, Stephanie, Carol and Andrea for your focus and commitment during 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 2021/22 financial year.

As a team, we proud of the great outcomes we have contributed to within our community over the years. Our 2020/21 Community Investment Program was trimmed down due to COVID-19 impact on our business. Nevertheless, we still made significant contributions to a large NFP customer base. We look forward to reverting-back to our traditional program when the time is right.

In 2020/21 we provided a two-year $10,000 university scholarship to Mount Erin College Student Carys Waetford, a Pearcedale resident who completed her VCE at McClelland College, to pursue her passion of attaining a Double Degree in Bachelor of Health Science & Applied Science Chiropractic, at RMIT University in Bundoora. We consider Carys will most certainly continue to give back to community in her professional life journey. Essentially, our participation in this program is motivated by our desire to invest in the development of our leaders of the future. Our support for youth in our community is also demonstrated by ongoing sponsorship support of various junior sports clubs, schools and community groups across Pearcedale and surrounding communities.

Our Partnership with Mount Erin College Frankston South has remained strong over the past year. A student of the College; namely Tijana Kovac was successful in being awarded the Tooradin and Coastal Villages Branch University Scholarship. She is now studying Degree of Society & Culture at Monash University.

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 Healey (Nee McBride) for the support you have all provided to the Pearcedale team during the year.

Darryl Sutcliffe
Branch Manager
Community Bank Pearcedale

Koo Wee Rup Manager's Report

For year ended 30 June 2021

Koo Wee Rup	
Branch Snapshot	
2019/2020	2020/2021
Lending	
$66.2M	$43.5M
Deposits	
$38.9M	$65.9M
Total	
$105.1M	$109.4M
Customer Numbers	
2,367	2,348
Net Profit	
$198,085	$222,819

I am one again very pleased to be able to present an annual report on behalf of the team at Community Bank Koo Wee Rup.

This time last year we had hoped that we might be back to something close to normal, however this was not to be. We are all facing some of the same challenges that 2020 threw at us and then some different ones to boot. However, through the everchanging rules and regulations we were able to deliver a very pleasing result for the financial year that all the Koo Wee Rup team are very proud of.

We saw an uplift in almost all areas of our business, our lending book growth was something we worked very hard on. A structured approach to weekly activities meant we were also able to retain more of our current lending than in recent years. What was a surprise to all of us was our deposit growth, while we are in an extraordinarily low interest rate climate that is great for borrowers, investors are not seeing as much return on their deposits as they are used to. However, despite this the deposit book kept on climbing. From some conversations with our customers, we believe this may be due to a move away from foreign owned banks where different parts of the world are handling their affairs during a global health crisis in very different ways, many are seeking out secure Australian owned investments.

The thing that Bendigo Bank is well known for, and the part of my role that I love, is getting out and being a part of the community and their events. We have had a couple of community engagement activities in the last twelve months that have been possible, but for the most part our community groups have been hesitant to plan too far into the future. This has proved, in many instances to be the right course of action when lockdowns are sprung upon us with less and less notice. Despite the lack of formal activities, a lot of groups have become inventive in the way they interact with their members and with us. This has seen a rise in Zoom meetings, social media interactions and activities that people can do in their own homes. We have supported many of these new activities, both financially and through participation which has kept our community engagement piece active.

We were able to conduct our Community Investment program in its (almost) normal format again this year. We were very proud to be able to financially assist several of our local Community Groups, many of which are doing it tough without their regular income streams.

The Koo Wee Rup team have all been focussed on continued support to our customers and the community through these periods of uncertainty. I would like to sincerely thank all our amazing branch staff; Kay, Kylie, Sarah, Julie & Lorna that have shown such a strong commitment to helping our customers, and for putting them at the centre of everything we do. All these wonderful people have played a part in Community Bank Koo Wee Rup's success last year. I am very grateful to work alongside these fantastic people.

I would also like to thank the board of Directors for their continued support. They are all dedicated to the prosperity of the communities in which our branches are located. They dedicate many hours of their own time to assist us in being successful. Although we haven't seen as much of them over the last 12 months, the work they do is very much appreciated.

I would like to also give a special thank you to Laura Healey and Sonia Draxler for their unending help and support. They are always just a phone call or email away. We have missed seeing them face to face as much as we normally do over the last year, but we have always felt their presence as they go out of their way to make sure that we are appreciated and supported.

Thank you also goes to our Regional Manager Tracey Kelly and my Leadership colleagues from our group, Chris, Darryl, Sunny & Kylie. Our yearly results were only possible with the support of these people as well.

To the Koo Wee Rup community, customers, Directors, and shareholders, we thank you for your continued support. Your advocacy of our brand has never been more important than it is now. Banking always evolves and changes, your support will help to ensure that we enjoy success in the short and long term.

Liz Wade
Branch Manager
Community Bank Koo Wee Rup

Narre Warren South Manager's Report

For year ended 30 June 2021

Narre Warren South	
Branch Snapshot	
2019/2020	2020/2021
Lending	
$27.8M	$41.1M
Deposits	
$92.0M	$127.0M
Total	
$119.8M	$168.1M
Customer Numbers	
3,258	3,299
Net Profit	
$90,362	$8,099

As Branch Manager, I am pleased to be presenting the 2021 report for the Community Bank Narre Warren South.

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 which had several changes are committed, passionate and they look for ways to add value to many people's lives every day. I would like to sincerely thank Omaid, Michelle, Victoria and Amanda for their contributions over the past year. They all look for ways to enrich the Narre Warren South community through daily interactions and community events. I am grateful for their support; they are all an integral part of Community Bank Narre Warren South being successful. I also welcome Julie Palmer from Community Bank Koo Wee Rup.

We acknowledge and congratulate Chloe Follett, who had resigned to pursue a career in another industry and would like to thank for her assistance.

Community Bank Narre Warren South has seen great success in the 2020/21 financial year. 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.

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 Community Bank Narre Warren South. The model is simple - the more support we receive, the greater support we can return through partnering with our local Community 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
Community Bank Narre Warren South

Tooradin & Coastal Villages Manager's Report For year ended 30 June 2021

Tooradin & Coastal Villages	
Branch Snapshot	
2019/2020	2020/2021
Lending	
$38.3M	$29.9M
Deposits	
$25.2M	$48.8M
Total	
$63.5M	$78.7M
Customer Numbers	
1,295	1,384
Net Profit	
$73,711	$44,246

As Customer Relationship Manager for Community Bank Tooradin & Coastal Villages I am pleased to present to you a report of the past year.

The past year has continued to have its challenges, and the sense of community has continued to be fundamental during this time. Our focus has been around helping our customers and community through this period of uncertainty and stress in any way we can, we often underestimate the value of this connection for many of our customers who are living on their own and separated from family members.

I would like to sincerely thank team Tooradin - Penny, Alex, Sarah and Stacey for their contributions over the last year to the business and myself. Without their ongoing passion and commitment for the Tooradin community and customers we would not have been able to achieve the results we have this year. I am pleased to say that we have been able to grow in both lending and deposits over the last year. A fantastic result.

It was with great excitement that this year we were able to invest $32,350 back to the Tooradin community through our Community Investment Program. The community group recipients were so appreciative of our ongoing support. You, our shareholders can contribute to this community spirit, it can be as simple as talking to your family, friends, networks about changing their current banking to the Bendigo Bank, switching can make a big difference to our community.

This year has seen many changes in way our customers interact and complete their banking, it has challenged the status quo in traditional banking. We still offer traditional banking, which is great news for those who love to engage with us over the counter and we have also made great strides in the move to digital banking. This is great news for our customers who don't want to do traditional banking. It's exciting for us that we can look after all our customers banking needs.

Finally I would like to take the opportunity to thank the Directors from Our Community Company, our Executive Officer Laura Healey and Board Support Officer, Sonia Draxler for the continuing assistance that you give myself and the team at Tooradin, we would not be the branch we are today without your all your support and guidance.

To the Tooradin community and customers, I thank you for your continued support. Your advocacy of our brand ensures that we will have shared success for many years to come.

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

Kylie Lee
Customer Relationship Manager.
Community Bank Tooradin & Coastal Villages

Message from Bendigo & Adelaide Bank

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

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

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

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

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

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

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

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

Collin Brady
Head of Community Development

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209

Our Community Company Ltd
Director's Report

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

Directors

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

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 Managing Director 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: Agriculture Manager
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, Finance & Budget Committee
Interest in shares: nil share interest held

Andrew Lloyd Bullen
Non-executive director
Occupation: Agriculture Manager
Qualifications, experience and expertise: Andrew is the owner and manager of the family Poultry Farm in addition to beef and hay contracting. Andrew is a Catani Football Club Committee Member and member of the Lang Lang Community Recreation Reserve Committee.
Special responsibilities: Business Growth Committee, Finance & Budget Committee, HR Committee
Interest in shares: 1,170 ordinary shares

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, Human Resources Committee
Interest in shares: 1,050 ordinary shares

Glenn Warren Barwick
Non-executive director
Occupation: Livestock Agent
Qualifications, experience and expertise: Local stock agent/auctioneer whom has lived in Lang Lang for 57 years. Life member of the Lang Lang Football Club.
Special responsibilities: Business Growth Committee, Asset Committee
Interest in shares: 5,850 ordinary shares

Angela Jane Bullen
Non-executive director
Occupation: Business Owner/Administrator
Qualifications, experience and expertise: Angela owns and manages the administration for two businesses within the Agricultural Sector. She also works for the Department of Families Fairness & Housing in Business Services. She has involvement in the West Gippsland Tennis Association and is the Vice President/Junior Coordinator at the Catani Tennis Club.
Special responsibilities: HR Committee, Asset Committee, Audit & Governance Committee
Interest in shares: 1,170 ordinary shares

Nicholas James McKinnon
Non-executive director (appointed 7 July 2020)
Occupation: Graduate Lawyer
Qualifications, experience and expertise: Nicholas has completed a Bachelor of Law and Bachelor of Commerce so possesses a wide range of skills in that area, particularly written and verbal communication skills. He was previously employed at Bunnings for a number of years. He is currently employed at Duffy & Simon Lawyers, where he has various connections that provide valuable resources.
Special responsibilities: HR Committee, Finance & Budget Committee, Audit & Governance Committee, Business Growth Committee
Interest in shares: nil share interest held

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

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

Company Secretary

The company secretary is 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.

Operating results

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

Year ended 30 June 2021 $	Year ended 30 June 2020 $
289,789	185,647

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	-	1,170	1,170
Michael Alan Bushe	1,050	-	1,050
Glenn Warren Barwick	5,850	-	5,850
Angela Jane Bullen	-	1,170	1,170
Nicholas James McKinnon	-	-	-

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

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	9.00	65,914

Significant changes in the state of affairs

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

In the opinion of the directors there were no 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 9 cents per share, to be paid on 1 December 2021. The financial impact of the dividend, amounting to $65,914, has not been recognised in the financial statements for the financial year ended 30 June 2021, 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 30 to the financial statements. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the company's accounts, or the fixed salary of a full-time employee of the company, controlled entity or related body corporate.

Indemnification and insurance of directors and officers

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

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

Directors' meetings

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

E - eligible to attend
A - number attended

	Board Meetings Attended		Committee Meetings Attended									
			Asset Management		Audit & Governance		Business Growth		Finance & Budget		Human Resources	
	E	*A*	*E*	*A*	*E*	*A*	*E*	*A*	*E*	*A*	*E*	*A*
Michael John Duff	12	11	1	1	-	-	3	3	2	1	7	3
Gordon Douglas Smale	12	10	-	-	-	-	3	2	2	1	-	-
David John Williams	12	11	-	-	-	-	3	2	2	2	-	-
Andrew Lloyd Bullen	12	10	-	-	-	-	3	3	2	1	7	7
Michael Alan Bushe	12	10	1	1	-	-	-	-	2	1	7	7
Glenn Warren Barwick	12	10	1	1	-	-	3	1	-	-	-	-
Angela Jane Bullen	12	12	1	1	1	1	-	-	-	-	7	7
Nicholas James McKinnon	12	11	-	-	1	1	3	3	-	-	7	6

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 29 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 2021

AFS Partners in success
Chartered Accountants

61 Bull Street
Bendigo VIC 3550

afs@afsbendigo.com.au
03 5443 0344

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

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

i) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 13 September 2021

Adrian Downing
Lead Auditor

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

For year ended 30 June 2021

	Notes	2021 $	2020 $
Revenue from contracts with customers	8	3,238,220	3,508,823
Other revenue	9	143,220	232,665
Finance income	10	237	2,374
Employee benefit expenses	11d)	(2,023,550)	(1,922,493)
Charitable donations, sponsorship, advertising and promotion	11c)	(76,755)	(553,439)
Occupancy and associated costs		(121,565)	(133,021)
Systems costs		(117,775)	(111,418)
Depreciation and amortisation expense	11a)	(256,424)	(255,578)
Finance costs	11b)	(81,715)	(84,879)
General administration expenses		(340,198)	(410,372)
Fair value gains/(losses) on investments	12	22,925	(28,815)
Profit before income tax expense		**386,620**	**243,847**
Income tax expense	13a)	(96,831)	(58,200)
Profit after income tax expense		**289,789**	**185,647**
Total comprehensive income for the year attributable to the ordinary shareholders of the company:		**289,789**	**185,647**
Earnings per share		¢	¢
- Basic and diluted earnings per share:	32a)	39.57	25.35

The accompanying notes form part of these financial statements

Our Community Company Ltd
Statement of Financial Position

For year ended 30 June 2021

	Notes	2021 $	2020 $
ASSETS			
Current assets			
Cash and cash equivalents	14	803,479	388,692
Trade and other receivables	16a)	253,491	393,915
Current tax assets	20a)	-	909
Total current assets		**1,056,970**	**783,516**
Non-current assets			
Other investments	15a)	120,661	95,902
Property, plant and equipment	17a)	166,873	184,675
Right-of-use assets	18a)	1,437,727	1,581,322
Intangible assets	19a)	153,090	219,008
Deferred tax asset	20b)	166,041	166,233
Total non-current assets		**2,044,392**	**2,247,140**
Total assets		**3,101,362**	**3,030,656**
LIABILITIES			
Current liabilities			
Trade and other payables	21a)	233,023	174,318
Current tax liabilities	20a)	74,687	-
Lease liabilities	22a)	193,431	179,065
Employee benefits	24a)	222,677	188,478
Total current liabilities		**723,818**	**541,861**
Non-current liabilities			
Trade and other payables	21b)	77,028	154,056
Lease liabilities	22b)	1,572,387	1,749,221
Employee benefits	24b)	18,243	14,464
Provisions	23a)	69,288	66,446
Total non-current liabilities		**1,736,946**	**1,984,187**
Total liabilities		**2,460,764**	**2,526,048**
Net assets		**640,598**	**504,608**
EQUITY			
Issued capital	25a)	607,871	607,871
Retained earnings/(accumulated losses)	26	32,727	(103,263)
Total equity		**640,598**	**504,608**

The accompanying notes form part of these financial statements

Our Community Company Ltd
Statement of Changes in Equity
For year ended 30 June 2021

	Notes	Issued capital $	Retained earnings/ (accumulated losses) $	Total equity $
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	31a)	-	(153,799)	(153,799)
Balance at 30 June 2020		**607,871**	**(103,263)**	**504,608**
Balance at 1 July 2020		607,871	(103,263)	504,608
Total comprehensive income for the year		-	289,789	289,789
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	31a)	-	(153,799)	(153,799)
Balance at 30 June 2021		**607,871**	**32,727**	**640,598**

The accompanying notes form part of these financial statements

Our Community Company Ltd
Statement of Cash Flow
For year ended 30 June 2021

	Notes	2021 $	2020 $
Cash flows from operating activities			
Receipts from customers		3,724,666	4,109,797
Payments to suppliers and employees		(2,751,804)	(3,792,090)
Interest received		242	2,590
Interest paid		-	(338)
Lease payments (interest component)	11b)	(78,873)	(81,739)
Lease payments not included in the measurement of lease liabilities	11e)	(49,851)	(42,486)
Dividends received		2,500	2,500
Income taxes paid		(21,046)	(24,038)
Net cash provided by operating activities	27	**825,834**	**174,196**
Cash flows from investing activities			
Payments for property, plant and equipment		(6,155)	(12,969)
Proceeds from sale of property, plant and equipment		8,364	16,818
Payments for right of use assets		(26,964)	(89,464)
Proceeds from sale of right of use assets		-	13,636
Payments for intangible assets		(70,026)	(70,026)
Net cash used in investing activities		**(94,781)**	**(142,005)**
Cash flows from financing activities			
Proceeds from lease liabilities		20,269	99,822
Lease payments (principal component)		(182,736)	(165,669)
Dividends paid	31a)	(153,799)	(153,799)
Net cash used in financing activities		**(316,266)**	**(219,646)**
Net cash increase/(decrease) in cash held		**414,787**	**(187,455)**
Cash and cash equivalents at the beginning of the financial year		388,692	576,147
Cash and cash equivalents at the end of the financial year	14	**803,479**	**388,692**

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 30.

Note 2 Basis of preparation and statement of compliance

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

The financial statements have been prepared on an accrual and historical cost basis, 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 2021 were authorised for issue in accordance with a resolution of the directors on 13 September 2021.

Note 3 Changes in accounting policies, standards and interpretations

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

Note 4 Summary of significant accounting policies

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

a) Revenue from contracts with customers

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

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

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

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

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

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.

Fee income

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

Core banking products

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

Ability to change financial return

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

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

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

Ability to change financial return (continued)

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

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

b) Other revenue

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

Revenue	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).

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

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 are in relation to amounts withheld as withholding tax reported in the activity statement. This essentially subsidises the company's obligation to remit withholding tax to the Australian Taxation Office. For reporting purposes, the amounts subsidised are recognised as revenue. The amounts are not assessable for tax purposes and there is no obligation to repay the amounts.

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

c) Economic dependency - Bendigo Bank

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

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

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

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

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

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

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

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

d) Employee benefits

Short-term employee benefits

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

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

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

d) Employee benefits *(continued)*

Defined superannuation contribution plans

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

Other long-term employee benefits

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

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

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

e) Taxes

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

Current income tax

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

Deferred tax

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

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

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

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

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

Goods and Services Tax

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

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

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

f) Cash and cash equivalents

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

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

g) Property, plant and equipment

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

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

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

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

Asset class	Method	Useful life
Leasehold improvements	Straight-line	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 relate to the franchise fees paid to Bendigo Bank which conveys the right to operate the Community Bank franchise. The company has also acquired an agency/customer list from Bendigo Bank.

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

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

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	Straight-line	Over the customer life cycle

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

i) Financial instruments

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

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

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

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

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

j) Impairment

Non-derivative financial assets

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

The company's trade receivables are limited to the monthly profit share distribution from Bendigo Bank, which is received 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 ECL has been made in relation to trade receivables as at 30 June 2021.

Non-financial assets

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

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

k) Issued capital

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

l) Provisions

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

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

m) Leases

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

As a lessee

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

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

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

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

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

m) leases *(continued)*

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

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

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

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

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

Short-term leases and leases of low-value assets

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

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

n) Fair value measurement

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

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

- Level 1 inputs are based on the quoted market price at the close of business at the end of the reporting period.
- Level 2 inputs are based on a valuation performed by a third party qualified valuer using quoted prices for similar assets in an active market.
- Level 3 inputs are unobservable inputs for the asset or liability.

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

Note 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.

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 22 - 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 2021 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

Note	Assumptions
- Note 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 28 - fair value	determining the fair value less costs to sell of the disposal group on the basis of quoted market price at the close of business at the end of the reporting period;
- Note 17 - estimation of useful lives of assets	key assumptions on historical experience and the condition of the asset;
- Note 24 - long service leave provision	key assumptions on attrition rate and pay increases though promotion and inflation;
- Note 23 - make-good provision	key assumptions on future cost estimates in restoring the leased premises in accordance with the lease agreement.

Note 6 Financial risk management

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

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

a) Credit risk

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

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

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 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 2021

		Contractual cash flows		
Non-derivative financial liability	Carrying amount	Not later than 12 months	Between 12 months and five years	Greater than five years
Lease liabilities	2,406,105	264,734	778,635	1,362,736
Trade and other payables	310,051	233,023	77,028	-
	2,716,156	497,757	855,663	1,362,736

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	2,646,471	257,551	865,312	1,523,608
Trade and other payables	328,374	174,318	154,056	-
	2,974,845	431,869	1,019,368	1,523,608

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.

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. Changes in equity securities value is recognise through profit or loss

	2021 $		2020 $	
	10% increase	10% decrease	10% increase	10% decrease
Equity securities	12,066	(12,066)	9,590	(9,590)

Note 6 Financial risk management *(continued)*

c) Market risk *(continued)*

Cash flow and fair value interest rate risk

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

The company held cash and cash equivalents of $803,479 at 30 June 2021 (2020: $388,692). The cash and cash equivalents are held with Bendigo Bank, which are rated BBB on Standard & Poor's credit ratings.

Note 7 Capital management

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

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

The distribution limit is the greater of:

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

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

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

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

Note 8 Revenue from contracts with customers

	2021 $	2020 $
- Margin income	2,578,620	2,842,959
- Fee income	306,062	325,304
- Commission income	353,538	340,560
	3,238,220	3,508,823

Note 9 Other revenue

	2021 $	2020 $
- Dividend and distribution income	4,333	6,555
- Market development fund income	96,875	143,750
- Cash flow boost	37,500	62,500
- Sale of property, plant and equipment	4,353	4,944
- Other income	159	14,916
	143,220	232,665

Note 10 Finance income

	2021 $	2020 $
- Term deposits	237	2,374

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

Note 11 Expenses

a) Depreciation and amortisation expense

	2021 $	2020 $
Depreciation of non-current assets:		
- Leasehold improvements	18,447	21,639
- Plant and equipment	1,172	8,269
- Motor vehicles	285	3,609
	19,904	33,517
Depreciation of right-of-use assets		
- Leased land and buildings	142,188	139,763
- Leased motor vehicles	28,414	16,380
	170,602	156,143
Amortisation of intangible assets:		
- Franchise fee	65,918	65,918
Total depreciation and amortisation expense	256,424	255,578

b) Finance costs

- Lease interest expense	75,592	81,739
- Unwinding of make-good provision	2,841	2,801
- Other	3,282	339
	81,715	84,879

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).

	2021 $	2020 $
- Direct sponsorship, advertising, and promotion payments	76,755	153,439
- Contribution to the Community Enterprise Foundation™ (CEF)	-	400,000
	76,755	553,439

The funds contributed are held by the 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 11 Expenses *(continued)*

d) Employee benefit expenses

	2021 $	2020 $
Wages and salaries	1,685,653	1,667,613
Non-cash benefits	30,380	27,519
Contributions to defined contribution plans	155,711	150,396
Expenses related to long service leave	24,365	(26,806)
Other expenses	127,441	103,771
	2,023,550	1,922,493

e) Recognition exemption

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

	2021 $	2020 $
Expenses relating to low-value leases	49,851	42,486

Note 12 Fair value gains/(losses) on investments

	2021 $	2020 $
- At FVTPL - equity securities	22,925	(28,815)

This expense relates to the increase/(decrease) in the market value of investments held by the company.

Note 13 Income tax expense

a) Amounts recognised in profit or loss

	2021 $	2020 $
Current tax expense		
- Current tax	97,427	52,696
- Net benefit of franking credits on dividends received	(786)	(1,738)
- Movement in deferred tax	(6,452)	(113,880)
- Adjustment to deferred tax on AASB 16 retrospective application	-	111,532
- Reduction in company tax rate	6,642	9,590
	96,831	58,200

b) *Prima facie* income tax reconciliation

Operating profit before taxation	386,620	243,847
Prima facie tax on loss from ordinary activities at 26% (2020: 27.5%)	100,521	67,058
Tax effect of:		
- Non-assessable income	-	(17,188)
- Temporary differences	6,452	2,348
- Other assessable income	(9,546)	478
- Movement in deferred tax	(6,452)	(113,880)
- Net benefit of franking credits on dividends received	(786)	(1,738)
- Leases initial recognition	-	111,532
- Reduction in company tax rate	6,642	9,590
	96,831	58,200

Note 14 Cash and cash equivalents

	2021 $	2020 $
- Cash at bank and on hand	588,268	373,722
- Term deposits	215,211	14,970
	803,479	388,692

Note 15 Other investments

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

	2021 $	2020 $
Equity securities - at FVTPL	120,661	95,902

Note 16 Trade and other receivables

a) Current assets

	2021 $	2020 $
Trade receivables	232,518	254,883
Prepayments	20,954	25,207
Other receivables and accruals	19	113,825
	253,491	393,915

Note 17 Property, plant and equipment

a) Carrying amounts

	2021 $	2020 $
Leasehold improvements		
At cost	804,851	816,639
Less: accumulated depreciation	(643,512)	(637,213)
	161,339	179,426
Plant and equipment		
At cost	14,975	8,820
Less: accumulated depreciation	(9,441)	(8,269)
	5,534	551
Motor vehicles		
At cost	-	25,193
Less: accumulated depreciation	-	(20,495)
	-	4,698
Total written down amount	166,873	184,675

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

b) Reconciliation of carrying amounts

	Note	2021 $	2020 $
Leasehold improvements			
Carrying amount at beginning		179,426	196,916
Additions		360	4,149
Depreciation		(18,447)	(21,639)
		161,339	179,426
Plant and equipment			
Carrying amount at beginning		551	-
Additions		6,155	8,820
Depreciation		(1,172)	(8,269)
		5,534	551
Motor vehicles			
Carrying amount at beginning		4,698	58,658
Lease asset transferred out - at cost	18b)	-	(65,536)
Lease asset transferred out - accumulated depreciation	18b)	-	27,060
Disposals		(4,413)	(11,875)
Depreciation		(285)	(3,609)
		-	4,698
Total written down amount		166,873	184,675

Following the adoption of AASB 16 in the previous financial year, the company now groups 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

a) Carrying amounts

	2021 $	2020 $
Leased land and buildings		
At cost	2,775,193	2,775,193
Less: accumulated depreciation	(1,429,672)	(1,287,484)
	1,345,521	1,487,709
Leased motor vehicles		
At cost	140,679	113,715
Less: accumulated depreciation	(48,473)	(20,102)
	92,206	93,613
Total written down amount	1,437,727	1,581,322

Note 18 Right-of-use assets *(continued)*

b) Reconciliation of carrying amounts

	Note	2021 $	2020 $
Leased land and buildings			
Carrying amount at beginning		1,487,709	-
Initial recognition on transition		-	2,709,565
Accumulated depreciation on adoption		-	(1,147,720)
Remeasurement adjustments		-	65,627
Depreciation		(142,188)	(139,763)
		1,345,521	1,487,709
Leased motor vehicles			
Carrying amount at beginning		93,613	-
Lease asset transferred in - at cost	17b)	-	65,536
Lease asset transferred in - accumulated depreciation	17b)	-	(27,060)
Additional right-of-use assets recognised		27,007	89,464
Disposals		-	(17,947)
Depreciation		(28,414)	(16,380)
		92,206	93,613
Total written down amount		1,437,727	1,581,322

Note 19 Intangible assets

a) Carrying amounts

	2021 $	2020 $
Franchise fee		
At cost	934,585	934,586
Less: accumulated amortisation	(781,495)	(715,578)
	153,090	219,008
Cash-generating unit - domiciled accounts		
At cost	218,508	218,508
Less: accumulated impairment	(218,508)	(218,508)
	-	-
Total written down amount	153,090	219,008

b) Reconciliation of carrying amounts

Franchise fee		
Carrying amount at beginning	219,008	284,926
Amortisation	(65,918)	(65,918)
Total written down amount	153,090	219,008

c) Changes in estimates

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

Note 20 Tax assets and liabilities

a) Current tax	2021 $	2020 $
Income tax payable/(refundable)	74,687	(909)
b) Deferred tax		
Deferred tax assets		
- expense accruals	2,207	1,483
- employee provisions	60,230	52,765
- make-good provision	17,322	17,276
- lease liability	422,941	475,842
- fair value of investments	-	5,677
Total deferred tax assets	502,700	553,043
Deferred tax liabilities		
- income accruals	5	6
- fair value of investments	273	-
- right-of-use assets	336,381	386,804
Total deferred tax liabilities	336,659	386,810
Net deferred tax assets (liabilities)	166,041	166,233
Movement in deferred tax charged to Statement of Profit or Loss and Other Comprehensive Income	192	(7,242)
Movement in deferred tax charged to Statement of Changes in Equity	-	111,532

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	2021 $	2020 $
Trade creditors	1,795	26,895
Other creditors and accruals	231,228	147,423
	233,023	174,318
b) Non-current liabilities		
Other creditors and accruals	77,028	154,056

Note 22 Lease liabilities

Lease liabilities were measured at amounts equal to the present value of enforceable future payments of the term reasonably expected to be exercised, discounted at the appropriate incremental borrowing rate on the adoption date. The discount rate used on recognition was 4.29%. Subsequent lease modifications were discounted at 3.54%.

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

The company's lease portfolio includes:

- Lang Lang — The lease agreement commenced in November 2010. A 5 year renewal option was exercised in November 2020. The company has 3 x 5 year renewal options available which for AASB 16: Leases purposes they are reasonably certain to exercise. As such, the lease term end date used in the calculation of the lease liability is November 2040.
- Pearcedale (Shop 4) — The lease agreement commenced in November 2013. A 5 year renewal option was exercised in November 2018. The company has no renewal options available in the current lease agreement. As such, the lease term end date used in the calculation of the lease liability is November 2023.
- Pearcedale (Shop 5) — The lease agreement commenced in March 2010. A 5 year renewal option was exercised in March 2015. The company renegotiated the lease to align with shop 4. As such, the lease term end date used in the calculation of the lease liability is November 2023.
- Koo Wee Rup — The lease agreement commenced in June 2011. A 5 year renewal option was exercised in June 2021. The company has 3 x 5 year renewal options available which for AASB 16: Leases purposes they are reasonably certain to exercise. As such, the lease term end date used in the calculation of the lease liability is June 2041.
- Narre Warren South — The lease agreement commenced in June 2011. A 5 year renewal option was exercised in June 2016. The company has 1 x 5 year renewal option available which for AASB 16: Leases purposes they are reasonably certain to exercise. As such, the lease term end date used in the calculation of the lease liability is June 2026.
- Tooradin — The lease agreement commenced in July 2009. A 5 year renewal option was exercised in July 2019. The company has no renewal options available in the current lease agreement. As such, the lease term end date used in the calculation of the lease liability is July 2024.
- Toyota Camry Altise — The lease agreement is a non-cancellable term of 4 years which commenced in November 2017.
- Toyota Camry Ascent — The lease agreement is a non-cancellable term of 3 years which commenced in August 2019.
- Toyota Kluger — The lease agreement is a non-cancellable term of 3 years which commenced in May 2020.
- Toyota Camry Altise — The lease agreement is a non-cancellable term of 3 years which commenced in May 2020.
- Toyota Camry Ascent — The lease agreement is a non-cancellable term of 3 years which commenced in October 2020.

The registered security over the motor vehicles are removed at the end of the applicable lease.

Note 22 Lease liabilities *(continued)*

a) Current lease liabilities

	2021 $	2020 $
Property lease liabilities	218,905	213,987
Unexpired interest	(69,479)	(75,591)
	149,426	138,396
Motor vehicle lease liabilities	45,829	43,564
Unexpired interest	(1,824)	(2,895)
	44,005	40,669
	193,431	179,065

b) Non-current lease liabilities

Property lease liabilities	2,110,814	2,329,720
Unexpired interest	(568,475)	(637,955)
	1,542,339	1,691,765
Motor vehicle lease liabilities	30,557	59,200
Unexpired interest	(509)	(1,744)
	30,048	57,456
	1,572,387	1,749,221

c) Reconciliation of lease liabilities

Balance at the beginning	1,928,286	24,732
Initial recognition on AASB 16 transition	-	1,902,556
Additional lease liabilities recognised	20,268	99,822
Remeasurement adjustments	-	66,845
Lease interest expense	78,873	81,739
Lease payments - total cash outflow	(261,609)	(247,408)
	1,765,818	1,928,286

d) Maturity analysis

- Not later than 12 months	264,734	257,551
- Between 12 months and 5 years	778,635	865,312
- Greater than 5 years	1,362,736	1,523,608
Total undiscounted lease payments	2,406,105	2,646,471
Unexpired interest	(640,287)	(718,185)
Present value of lease liabilities	1,765,818	1,928,286

Note 23 Provisions

a) Non-current liabilities

	2021 $	2020 $
Make-good on leased premises	69,288	66,446

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

Note 23 Provisions *(continued)*

a) Non-current liabilities *(continued)*

Branch lease	Lease term expiry date per AASB 16	Estimated provision
Tooradin	July 2024	$20,000
Lang Lang	November 2040	$20,000
Narre Warren	June 2026	$20,000
Koo Wee Rup	June 2041	$20,000
Pearcedale	November 2023	$20,000

Note 24 Employee benefits

a) Current liabilities

	2021 $	2020 $
Provision for annual leave	133,087	113,373
Provision for long service leave	89,590	75,105
	222,677	188,478

b) Non-current liabilities

Provision for long service leave	18,243	14,464

c) Key judgement and assumptions

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

Note 25 Issued capital

a) Issued capital

	2021		2020	
	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.

Note 25 Issued capital *(continued)*

b) Rights attached to issued capital *(continued)*

Ordinary shares (continued)

Dividends

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

Transfer

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

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

Prohibited shareholding interest

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

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

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").
- Where the person is a shareholder, after the transfer of shares in the company to that person the number of shareholders in the company is (or would be) lower than the base number (the "base number test"). The base number is 209. As at the date of this report, the company had 230 shareholders (2020: 226 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 26 Retained earnings (accumulated losses)

	Note	2021 $	2020 $
Balance at beginning of reporting period		(103,263)	158,929
Adjustment for transition to AASB 16		-	(294,040)
Net profit after tax from ordinary activities		289,789	185,647
Dividends provided for or paid	31a)	(153,799)	(153,799)
Balance at end of reporting period		32,727	(103,263)

Our Community Company Ltd
Notes to the Financial Statements
For year ended 30 June 2021

Note 27 Reconciliation of cash flows from operating activities

	2021 $	2020 $
Net profit after tax from ordinary activities	289,789	185,647
Adjustments for:		
- Depreciation	190,506	189,660
- Amortisation	65,918	65,918
- (Increase)/decrease in fair value of equity instruments designated at FVTPL	(22,925)	28,815
- Profit on disposal of non-current assets	(4,353)	(633)
- Income reinvested in financial assets	(1,833)	(4,055)
Changes in assets and liabilities:		
- (Increase)/decrease in trade and other receivables	140,424	(59,075)
- (Increase)/decrease in other assets	1,099	51,107
- Increase/(decrease) in trade and other payables	51,702	(264,456)
- Increase/(decrease) in employee benefits	37,979	(21,533)
- Increase/(decrease) in provisions	2,841	2,801
- Increase/(decrease) in tax liabilities	74,687	-
Net cash flows provided by operating activities	825,834	174,196

Note 28 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.

		Carrying amount				Fair value level	
		2021 $	2021 $	2020 $	2020 $	2021 $	2020 $
	Note	FVTPL	At amortised cost	FVTPL	At amortised cost	Level 1	Level 1
Financial assets measured at fair value:							
Equity securities	15	120,661	-	95,902	-	120,661	95,902
Financial assets not measured at fair value:							
Trade and other receivables	16	-	253,491	-	393,915	-	-
Cash and cash equivalents	14	-	588,268	-	373,722	-	-
Term deposits	14	-	215,211	-	14,970	-	-
		-	1,056,970	-	782,607	-	-
Financial liabilities not measured at fair value:							
Trade and other payables	21	-	310,051	-	328,374	-	-
Lease liabilities	22	-	1,765,818	-	1,928,286	-	-
		-	2,075,869	-	2,256,660	-	-

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 29 Auditor's remuneration

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

	2021 $	2020 $
Audit and review services		
- Audit and review of financial statements	6,400	5,700
Non audit services		
- General advisory services	3,375	5,180
- Share registry services	3,330	3,615
Total auditor's remuneration	13,105	14,495

Note 30 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

b) Key management personnel compensation

Key management personnel compensation comprised the following.	2021 $	2020 $
Short-term employee benefits	19,396	25,791

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

c) Related party transactions

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

Transactions with related parties	2021 $	2020 $
- Michael John Duff received remuneration for fuel supplies provided. The total benefit received was:	15,778	20,730

Note 31 Dividends provided for or paid

a) Dividends provided for and paid during the period

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

	30 June 2021		30 June 2020	
	Cents	$	Cents	$
Fully franked dividend	21.00	153,799	21.00	153,799

The tax rate at which dividends have been franked is 26% (2020: 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 dividend of 9 cents per share, to be paid on 1 December 2021. The financial impact of the dividend, amounting to $65,914, has not been recognised in the financial statements for the financial year ended 30 June 2021, and will be recognised in the subsequent financial statements.

	30 June 2021		30 June 2020	
	Cents	$	Cents	$
Fully franked dividend	9.00	65,914	21.00	153,799

The tax rate at which future dividends will be franked is 25% (2022: 26%).

c) Franking account balance

	2021 $	2020 $
Franking credits available for subsequent reporting periods		
Franking account balance at the beginning of the financial year	261,701	350,497
Franking transactions during the financial year:		
- Franking credits (debits) arising from income taxes paid (refunded)	10,876	6,737
- Franking credits from franked distributions received	786	1,738
- Franking debits from the payment of franked distributions	(54,037)	(58,337)
Franking account balance at the end of the financial year	219,326	300,635
Franking transactions that will arise subsequent to the financial year end:		
- Franking credits (debits) that will arise from payment (refund) of income tax	85,313	(453)
- Franking debits that will arise from payment of dividends subsequent to financial year end	-	(58,337)
Franking credits available for future reporting periods	304,639	241,845

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

Note 32 Earnings per share

a) Basic and diluted earnings per share

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

	2021 $	2020 $
Profit attributable to ordinary shareholders	289,789	185,647
	Number	**Number**
Weighted-average number of ordinary shares	732,375	732,375
	Cents	**Cents**
Basic and diluted earnings per share	39.57	25.35

Note 33 Commitments

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

Note 34 Contingencies

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

Note 35 Subsequent events

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

Directors' Declaration

In accordance with a resolution of the directors of 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 2021 and of its performance for the financial year ended on that date; and

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

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

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

Michael John Duff, Chairman

Dated this 13th day of September 2021

61 Bull Street
Bendigo VIC 3550

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03 5443 0344

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Our Community Company Ltd's (the company), which comprises:

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

In our opinion, the accompanying financial report of 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 2021 and of its financial performance for the year ended on that date; and
ii. complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

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

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

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

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Other Information

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

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

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's responsibilities for the Audit of the Financial Report

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

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

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

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

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

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

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

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 13 September 2021

Adrian Downing
Lead Auditor

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Our Community Company Ltd
HELPING BUILD A BETTER COMMUNITY

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