

Annual Report 2022



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Chairman's Report

For year ended 30 June 2022



Once again, I am happy to report on behalf of the board at Our Community Company Limited a pleasing company performance with a strong end of 2021/2022 financial year result. The board team have been there for one another throughout the unpredictable environment we currently live in. As a company, we still take on the challenges confronted and seeing our board members and in particular our branch teams stepping up, protecting, respecting, and collaborating to put a focus on the elements of the business that we can control is extremely pleasing.

At a time where staff numbers and skill shortages across our nation and many industries has caused concern our team have rallied when needed to keep the doors open in the face of difficulties that we have all become far too familiar with. We have maintained a focus to serve our communities needs, as in the past we give thanks to the families at home for supporting their loved ones in their commitment to Our Community Company's business & communities.

Historically we have experienced the lowest level margins since the inception of the Community Bank model, accordingly the board has been mindfully diligent in its company operations and within our broader respective community, reviewing and controlling our expenditure and associated business costs where possible. That said we have been able to grow our footings from \$690 million in 2020/21 to \$770 million in 2021/22 with our budget targets being achieved.

We thank our business partner Bendigo and Adelaide Bank for their support and guidance. Through this collaboration, our community engagement and investment programs are well appointed, and benefits have been enormous. Nationally the Community Bank network, since inception have contributed over \$272 million to local community groups. Of this amount, our company has provided in excess of \$10 million to our district community groups.

We have had a number of staff movements internally and externally across the business and we would like to take the opportunity to welcome our newest staff to the group and thank our departing staff for their contributions to the business and their communities during their time with us. We'd like to especially thank our retiring staff, Pauline Fell, Julie Palmer and Lorna Lloyd of whom all provide many years of exceptional service to our customers, communities and company. We wish the ladies all the best as they move onto their next adventures.

In the last year we welcomed Angela Banbury to the board, Ange brings a wide ranging skill set to the company structure along with a strong passion for community, we thank Ang for taking up the position and wish her well in our journey together. Sitting board member Nicholas McKinnon after completing his Bachelor of Law & Bachelor of Commerce degree, completed his practical legal training and received his Certificate of Admission at a ceremony in the Supreme Court of Victoria, we congratulate Nic on his wonderful achievement.

As always, I extend a huge thank you to our fellow shareholders for your continued support, your board members are committed to the roll with steadfast and infectious enthusiasm. To the hard-working branch teams, well lead by our dedicated Branch leadership team Sunny, Chris, Liz, and Kylie along with Cheryl & Omaid, well done and a huge thank you to all.

To my fellow Directors, Gordon Smale, Michael Bushe, Andrew Bullen, David Williams, Glenn Barwick, Ang Bullen, Nic McKinnon and Ange Banbury, thanks for the ongoing support, fantastic contribution from all around the board room, a tough year behind us with a bright future ahead.

To our Executive Officer, Laura McBride-Healey and Board Support Officer Sonia Draxler, Ladies you're a great team, the work you do for the board and across the Company is extremely appreciated by the Chairman and fellow board members. We thank you both for your outstanding year's work.

A handwritten signature in black ink, appearing to read 'M Duff'.

Michael Duff
Chairman

Lang Lang Manager's Report

For year ended 30 June 2022



Lang Lang

Branch Snapshot

| 2020/2021 | 2021/2022 |
|-------------------------|-----------|
| Lending | |
| \$42.3M | \$44.1M |
| Deposits | |
| \$118.2M | \$127.8M |
| Total | |
| \$161.5M | \$171.9M |
| Customer Numbers | |
| 2,291 | 2,347 |
| Net Profit | |
| \$1,884 | \$6,290 |

Lending

Deposits

Total

Customer Numbers

Net Profit

As the newly appointed 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 deposit growth from the prior financial year, with great support received from our community partners, board of directors and staff. Our close working relationship with all departments of Bendigo and Adelaide Bank have helped us achieve total growth of 108.90% of our overall target after a transformative year due to the number of staff changes and the continuation of Covid-19.

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 is 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 for Bendigo and Adelaide Bank. We are 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 are still here, and we are committed to helping you over the counter with all of your banking needs.

With our experienced team, we are all very well placed to assist our customers and the community to help 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 and 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 Evan and Keryn, whose efforts are thoroughly appreciated by our customers, community, and myself. We said goodbye & congratulations to Alex as she left on maternity leave to have her first child and Pauline who has decided to retire and enjoy spending time with her family. Kay our Home Lender, who although still works out of branch has gone into another role within our Lending Hub and Chris Wood who has taken another position with a neighbouring Community Bank, we thank him for all this hard work in the Lang Lang community.

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.

Cheryl Clasby

Branch Manager
Community Bank Lang Lang

Pearcedale Manager's Report

For year ended 30 June 2022



I am pleased to present this report on behalf of Community Bank Pearcedale for this financial year.

The Covid-19 pandemic has maintained its effect on everyone in one way or another across the globe for last 24 months. 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 have kept the doors open, albeit with conditions that none of us could ever imagine having to work with.

Our branch team which had some 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 Amanda, Di, Carol & Darryl for their contributions over the past year. They all look for ways to enrich the Pearcedale community through daily interactions and community events. I am grateful for their support; they are all an integral part of Community Bank Pearcedale being successful.

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

Community Bank Pearcedale has seen great success in the 2022/23 financial year.

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 your local Community Bank being your bank of choice.

The model is simple, the more support we receive, the greater support we can return to community organisations through partnering with our local Community Bank branches, a win-win situation.

We would like to thank the board of directors. It has been a challenging year and we appreciate all the hard work, long hours, and dedication you have provided to this business to keep it going and growing. Thank you again to all who have been directly involved in the success of Community Bank Pearcedale.

Sunny Chittajallu
Branch Manager
Community Bank Pearcedale

Pearcedale

Branch Snapshot

| 2020/2021 | 2021/2022 |
|-------------------------|-----------|
| Lending | |
| \$65.9M | \$74.3M |
| Deposits | |
| \$106.4M | \$109.30 |
| Total | |
| \$172.3M | \$183.7M |
| Customer Numbers | |
| 3,259 | 3,410 |
| Net Profit | |
| \$284,708 | \$315,994 |

Lending

Deposits

Total

Customer Numbers

Net Profit

Koo Wee Rup & Tooradin & Coastal Villages

Manager's Report

For year ended 30 June 2022



I am very pleased to be able to present an annual report on behalf of the teams at Community Bank Koo Wee Rup and Tooradin & Coastal Villages

The last year has brought more challenges for everyone. The first half of the financial year Covid lockdowns were feeling like the new normal. The second half brought a different set of challenges, we were all very glad to welcome people back to face-to-face business again, we had a seemingly endless amount of community and social functions as everyone caught up on two years of missed events and then, to boot an economic climate that seems to change every other week.

We believe that the actions OCC board and Bendigo Bank took during what were very challenging and trying times, not only helped us to be well placed to assist our customers, but also to support our staff and the wider community where we could.

If ever there was a time for community spirit it was the last 2 years, and we have seen that come to life in many and varied ways. Remaining as connected as we can be to our local communities and businesses has helped us to strengthen our brand and gain new business from many local referrals as well as some from further afield.

In the 2021/2022 financial year we were able to deliver one of the best results our branches have ever had. Both of our branches were well above our target in almost every metric, we are especially proud of our team's achievements in lending growth. Our combined overall portfolio grew by \$28.1 million. The combined lending growth for Koo Wee Rup and Tooradin was just over \$9.5 million, the combined deposit book grew by \$18.6 million. We are all very proud of our results.

We were also able to have our face-to-face Community Investment nights for both branches, where many of our community groups come together to receive their funds from our annual support and speak about what their groups are doing. These nights remind us all of why we do what we do. I have said many times that the day-to-day work that we do in branch feeds our families but seeing the difference that our community funds make feeds our souls. We love nothing more than hearing of where and how we have made a difference.

On behalf of the branch staff at both Community Bank Koo Wee Rup and Tooradin & Coastal Villages, I would like to thank Tracey Kelly, Laura Healey, Sonia Draxler and our board of directors for their continued support, trust and guidance to help us to be successful.

As always, I urge you all; staff, directors, customers, community groups and shareholders to be proud of what we are achieving. Spread the word to your friends, families, and colleagues. We need to let as many people as possible know about the great things that we are doing. We all stand to benefit, the more people we have within our communities that see Bendigo Bank as first choice for their banking.

It is an absolute pleasure to work for and with all of these wonderful people. Thank you all and we look forward to another successful year in 2023

Many Thanks

Liz Wade

Branch Manager

Community Bank Koo Wee Rup and Tooradin & Coastal Villages

Koo Wee Rup

Branch Snapshot

| 2020/2021 | 2021/2022 |
|-------------------------|-----------|
| Lending | |
| \$43.5M | \$53.5M |
| Deposits | |
| \$65.9M | \$83.7M |
| Total | |
| \$109.4M | \$137.2M |
| Customer Numbers | |
| 2,348 | 2,382 |
| Net Profit | |
| \$222,819 | \$196,161 |

Lending

Deposits

Total

Customer Numbers

Net Profit

Tooradin & Coastal Villages

Branch Snapshot

| 2020/2021 | 2021/2022 |
|-------------------------|-----------|
| Lending | |
| \$29.9M | \$38.3M |
| Deposits | |
| \$48.8M | \$54.4M |
| Total | |
| \$78.7M | \$92.7M |
| Customer Numbers | |
| 1,384 | 1,504 |
| Net Profit | |
| \$44,246 | \$7,303 |

Lending

Deposits

Total

Customer Numbers

Net Profit

Narre Warren South Manager's Report

For year ended 30 June 2022



Narre Warren South

Branch Snapshot

| 2020/2021 | 2021/2022 |
|-----------|-----------|
|-----------|-----------|

Lending

| | |
|---------|---------|
| \$41.1M | \$60.9M |
|---------|---------|

Deposits

| | |
|----------|----------|
| \$127.0M | \$123.4M |
|----------|----------|

Total

| | |
|----------|----------|
| \$168.1M | \$184.1M |
|----------|----------|

Customer Numbers

| | |
|-------|-------|
| 3,299 | 3,425 |
|-------|-------|

Net Profit

| | |
|---------|----------|
| \$8,099 | \$47,511 |
|---------|----------|

As Branch Manager for Community Bank Narre Warren South, I am very pleased to be able to present an annual report on behalf of the team.

The last year has brought more challenges for everyone. The first half of the financial year Covid-19 lockdowns were feeling like the new normal and the second half brought a different set of challenges. We were all very glad to welcome the community and customers back to face-to-face business again and since then we have seen an uplift in lending activity in our community. Favourable lower interest rates resulted in more interest from customers to purchase properties which ranged from first home, next home, investment or to cash out equity to do home improvements. The Victorian Home Buyer scheme was a popular government scheme among the first-home buyers which especially has assisted those customers to get their foot into property market.

In the FY22 we were able to deliver one of the best results our branch has ever had. Our combined overall portfolio grew by \$30 million in lending, an outstanding team result.

We believe that the actions our company and partner Bendigo & Adelaide Bank took during what were very challenging and trying times, not only helped us to be well placed in assisting our customers, but also to support our staff and the wider community where we could.

I would like to thank the team at Narre Warren South, Molly, Julie, Michelle, Anu, Penny and Nilofar for their efforts and their contribution over the past year. I would also like to express my appreciation and gratitude to all the shareholders, customers, Board of Directors, Executive Officer Laura Healey and our board support Sonia Draxler for their ongoing support.

To our Narre Warren South customers, I thank you for your continued support. Your advocacy of our brand ensures our success within our local communities we work in.

It is an absolute pleasure to work for and with all of these wonderful people. Thank you all and we look forward to another successful year in 2023

Many Thanks

Omaid Solangi

Branch Manager

Community Bank Narre Warren South

Message from Bendigo & Adelaide Bank



Community continues to be core to who we are at Bendigo and Adelaide Bank.

With your support, we are enabling community infrastructure to be built, strengthening the arts and culturally diverse communities, improving educational outcomes, and growing healthy places for Australians to live and work. On behalf of the Bank, thank you for continuing to play a vital role in supporting your community.

As we emerge from the pandemic and navigate a shifting economic landscape, the investments our Community Banks make in the future of the communities in which they operate has never been more important.

We are proud that more Australians are choosing to do their banking with Bendigo and Adelaide Bank– and importantly trust us with their financial needs. We are Australia’s most trusted bank (Roy Morgan, May 2022), an outcome that you have all contributed to and should feel proud of.

Our purpose has never been more important; we remain committed to continuing to feed into the prosperity of our customers and communities, and not off them.

Your ongoing support as a shareholder is essential to the success of your local community. Together, we will continue to grow sustainably and make a positive impact for generations to come.

Warmest regards,

A handwritten signature in black ink, reading 'Justine Minne'. The signature is fluid and cursive, with a large loop at the end.

Justine Minne

Community Banking Bendigo and Adelaide Bank





Our Community Company Ltd

Director's Report

The directors present their report, together with the financial statements, on the company for the year ended 30 June 2022.

Directors

The following persons were directors of the company during the whole of the financial year and up to the date of this report, unless otherwise stated:

| | |
|---------------------------|--|
| Name: | Michael John Duff |
| Title: | Chairman |
| 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. |
| Name: | Michael Alan Bushe |
| Title: | Non-executive director |
| Experience and expertise: | Michael is a past long-term resident of Pearcedale and is the past President of the Pearcedale Tennis Club and past 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 in Construction and Certificate IV in Occupational Health & Safety. |
| Special responsibilities: | Asset Management Committee, Finance & Budget Committee, Human Resources Committee. |
| Name: | Gordon Douglas Smale |
| Title: | Non-executive director |
| 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 past Secretary of the Mt Eliza Cricket Club. Outside of his commitments as a Director with the board, Gordon manages an engineering services & crane hire company. |
| Special responsibilities: | Deputy Chairman, Finance & Budget Committee Chairman, Member of Business Growth Committee |
| Name: | Glenn Warren Barwick |
| Title: | Non-executive director |
| 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. |
| Name: | David John Williams |
| Title: | Non-executive director |
| 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. |

Our Community Company Ltd

Director's Report

Name: Angela Jane Bullen
Title: Non-executive director
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 had involvement in the Bayles Preshool, Bayles Regional Primary School, Caldermeade Cannons Junior Football Club, West Gippsland Tennis Association, has been Junior Coordinator & Vice-president of the Catani Tennis Club, a member of the Catani Netball Committee and currently volunteers at Catani Football & Netball Clubs.
Special responsibilities: HR Committee, Asset Committee, Audit & Governance Committee.

Name: Andrew Lloyd Bullen
Title: Non-executive director
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.

Name: Nicholas James McKinnon
Title: Non-executive director
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.

Name: Angela Louise Banbury
Title: Non-executive director (appointed 7 June 2022)
Experience and expertise: Ange Banbury grew up on a dairy farm in Catani and continues to call the region her home. Ange's connection within local community namely through Catani Football and Netball Clubs as President of the Netball Club and Vice-President of the Football Club, while recently playing her 500th Senior Netball Game this year. Ange works for Netball Victoria as General Manager in the Netball Development Team, and is also MC at Melbourne Vixens matches. Ange has extensive experience at both grassroots and elite level of netball. Her work involves supporting and developing umpires, coaches, Junior and School programs, including NetSetGo and clinics on diversity & inclusion.

Company secretary

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

Experience and expertise: Laura is employed since 2016 as Executive Officer and Company Secretary for the company. Laura has completed a Certificate IV in Financial Services & Certificate IV in Frontline Management. Laura began her employment with Our Community Company Ltd as a School Based Trainee with Koo Wee Rup Branch in 2009. Laura has been employed 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 this activity during the financial year.

Our Community Company Ltd

Director's Report

Review of operations

The profit for the company after providing for income tax amounted to \$310,040 (30 June 2021: \$289,789).

Operations have continued to perform in line with expectations.

Dividends

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

| | 2022 \$ |
|--|---------------|
| Fully franked dividend of 9 cents per share (2021: 21 cents) | <u>65,914</u> |

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the company during the financial year.

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial 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 under Australian Commonwealth or State law.

Meetings of directors

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

| | Board | | Asset Management Committee | | Audit & Governance Committee | |
|-------------------------|----------|----------|----------------------------|----------|------------------------------|----------|
| | Eligible | Attended | Eligible | Attended | Eligible | Attended |
| Michael John Duff | 12 | 8 | 1 | 1 | 1 | - |
| Michael Alan Bushe | 12 | 11 | 1 | 1 | 1 | 1 |
| Gordon Douglas Smale | 12 | 10 | - | - | - | - |
| Glenn Warren Barwick | 12 | 9 | 1 | 1 | - | - |
| David John Williams | 12 | 9 | - | - | - | - |
| Angela Jane Bullen | 12 | 9 | 1 | - | 1 | 1 |
| Andrew Lloyd Bullen | 12 | 9 | - | - | - | - |
| Nicholas James McKinnon | 12 | 9 | - | - | 1 | 1 |

| | Business Growth Committee | | Finance & Budget Committee | | Human Resources Committee | |
|-------------------------|---------------------------|----------|----------------------------|----------|---------------------------|----------|
| | Eligible | Attended | Eligible | Attended | Eligible | Attended |
| Michael John Duff | - | - | 2 | - | 6 | 2 |
| Michael Alan Bushe | - | - | 2 | 2 | 6 | 6 |
| Gordon Douglas Smale | - | - | 2 | 2 | - | - |
| Glenn Warren Barwick | - | - | - | - | - | - |
| David John Williams | - | - | 2 | 1 | - | - |
| Angela Jane Bullen | - | - | - | - | 6 | 6 |
| Andrew Lloyd Bullen | - | - | 2 | 1 | 6 | 6 |
| Nicholas James McKinnon | - | - | 2 | 2 | 6 | 4 |

Eligible: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

Our Community Company Ltd

Director's Report

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 26 and note 27 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.

Directors' interests

The interest in company shareholdings for each director are:

| | Balance at the start of the year | Changes | Balance at the end of the year |
|-------------------------|--|---------|--------------------------------------|
| Michael John Duff | 30,000 | - | 30,000 |
| Michael Alan Bushe | 1,050 | - | 1,050 |
| Gordon Douglas Smale | 525 | - | 525 |
| Glenn Warren Barwick | 5,850 | - | 5,850 |
| David John Williams | - | - | - |
| Angela Jane Bullen* | - | 1,170 | 1,170 |
| Andrew Lloyd Bullen* | - | 1,170 | 1,170 |
| Nicholas James McKinnon | - | - | - |

*Joint shareholding between Angela and Andrew Bullen.

Indemnity 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.

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*.

Indemnity and insurance of auditor

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

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 28 to the accounts.

The Board has considered the non-audit services provided during the year by the auditor and 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:

Our Community Company Ltd

Director's Report

- all non-audit services have been reviewed by the Board to ensure they do not impact on the impartiality, integrity and objectivity of the auditor
- none of the services undermine the general principles relating to auditor independence as set out in *APES 110 Code of Ethics for Professional Accountants*, 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 immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

On behalf of the directors



Michael John Duff
Chairman

16 September 2022

Our Community Company Ltd Auditor's Independence Declaration



61 Bull Street
Bendigo VIC 3550

afs@afsbendigo.com.au
03 5443 0344

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

As lead auditor for the audit of Our Community Company Ltd for the year ended 30 June 2022, 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.

A handwritten signature in black ink, appearing to read 'Andrew Frewin Stewart'.

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 16 September 2022

A handwritten signature in black ink, appearing to read 'Adrian Downing'.

Adrian Downing
Lead Auditor

Our Community Company Ltd

Statement of Profit or Loss and Others

Comprehensive Income

For year ended 30 June 2022

| | Note | 2022 \$ | 2021 \$ |
|---|------|----------------|----------------|
| Revenue from contracts with customers | 6 | 3,504,155 | 3,238,220 |
| Other revenue | 7 | 97,574 | 143,220 |
| Finance revenue | | 275 | 237 |
| Fair value gains/(losses) on financial assets | | (9,766) | 22,925 |
| Employee benefits expense | 8 | (1,954,906) | (2,042,679) |
| Advertising and marketing costs | | (21,680) | (23,030) |
| Occupancy and associated costs | | (125,320) | (121,565) |
| System costs | | (110,720) | (117,775) |
| Depreciation and amortisation expense | 8 | (309,857) | (256,424) |
| Finance costs | 8 | (75,231) | (81,715) |
| General administration expenses | | (293,456) | (321,069) |
| Profit before community contributions and income tax expense | | 701,068 | 440,345 |
| Charitable donations and sponsorships expense | 8 | (289,973) | (53,725) |
| Profit before income tax expense | | 411,095 | 386,620 |
| Income tax expense | 9 | (101,055) | (96,831) |
| Profit after income tax expense for the year | 21 | 310,040 | 289,789 |
| Other comprehensive income for the year, net of tax | | - | - |
| Total comprehensive income for the year | | 310,040 | 289,789 |
| | | Cents | Cents |
| Basic earnings per share | 30 | 42.33 | 39.57 |
| Diluted earnings per share | 30 | 42.33 | 39.57 |

The above statement of financial position should be read in conjunction with the accompanying notes

Our Community Company Ltd

Statement of Financial Position

For year ended 30 June 2022

Assets

Current assets

| | | | |
|-----------------------------|----|------------------|------------------|
| Cash and cash equivalents | 10 | 838,057 | 803,479 |
| Trade and other receivables | 11 | 365,153 | 253,491 |
| Total current assets | | <u>1,203,210</u> | <u>1,056,970</u> |

Non-current assets

| | | | |
|-------------------------------|----|------------------|------------------|
| Financial assets | 12 | 114,515 | 120,661 |
| Property, plant and equipment | 13 | 431,156 | 166,873 |
| Right-of-use assets | 14 | 1,282,146 | 1,437,727 |
| Intangibles | 15 | 87,171 | 153,090 |
| Deferred tax assets | 9 | 164,477 | 166,041 |
| Total non-current assets | | <u>2,079,465</u> | <u>2,044,392</u> |

Total assets

3,282,675 3,101,362

Liabilities

Current liabilities

| | | | |
|---------------------------|----|----------------|----------------|
| Trade and other payables | 16 | 485,343 | 233,023 |
| Lease liabilities | 17 | 198,483 | 193,431 |
| Current tax liabilities | 9 | 12,666 | 74,687 |
| Employee benefits | 18 | 216,545 | 222,677 |
| Total current liabilities | | <u>913,037</u> | <u>723,818</u> |

Non-current liabilities

| | | | |
|-------------------------------|----|------------------|------------------|
| Trade and other payables | 16 | - | 77,028 |
| Lease liabilities | 17 | 1,400,517 | 1,572,387 |
| Employee benefits | 18 | 12,146 | 18,243 |
| Provisions | 19 | 72,251 | 69,288 |
| Total non-current liabilities | | <u>1,484,914</u> | <u>1,736,946</u> |

Total liabilities

2,397,951 2,460,764

Net assets

884,724 640,598

Equity

| | | | |
|-------------------|----|---------|---------|
| Issued capital | 20 | 607,871 | 607,871 |
| Retained earnings | 21 | 276,853 | 32,727 |

Total equity

884,724 640,598

The above statement of financial position should be read in conjunction with the accompanying notes

Our Community Company Ltd

Statement of Changes in Equity

For year ended 30 June 2022

| | Note | Issued capital \$ | Retained earnings \$ | Total equity \$ |
|--|------|-------------------------|----------------------------|-----------------------|
| Balance at 1 July 2020 | | 607,871 | (103,263) | 504,608 |
| Profit after income tax expense | | - | 289,789 | 289,789 |
| Other comprehensive income, net of tax | | - | - | - |
| Total comprehensive income | | - | 289,789 | 289,789 |
| <i>Transactions with owners in their capacity as owners:</i> | | | | |
| Dividends provided for | 23 | - | (153,799) | (153,799) |
| Balance at 30 June 2021 | | <u>607,871</u> | <u>32,727</u> | <u>640,598</u> |
| Balance at 1 July 2021 | | <u>607,871</u> | <u>32,727</u> | <u>640,598</u> |
| Profit after income tax expense | | - | 310,040 | 310,040 |
| Other comprehensive income, net of tax | | - | - | - |
| Total comprehensive income | | - | 310,040 | 310,040 |
| <i>Transactions with owners in their capacity as owners:</i> | | | | |
| Dividends provided for | 23 | - | (65,914) | (65,914) |
| Balance at 30 June 2022 | | <u>607,871</u> | <u>276,853</u> | <u>884,724</u> |

The above statement of financial position should be read in conjunction with the accompanying notes

Our Community Company Ltd

Statement of Cash Flow

For year ended 30 June 2022

Cash flows from operating activities

| | | | |
|--|----|-------------|-------------|
| Receipts from customers (inclusive of GST) | | 3,811,914 | 3,724,666 |
| Payments to suppliers and employees (inclusive of GST) | | (3,131,250) | (2,801,655) |
| | | 680,664 | 923,011 |
| Dividends received | | 6,120 | 2,500 |
| Interest received | | 215 | 242 |
| Income taxes paid | | (142,962) | (21,046) |
| Net cash provided by operating activities | 29 | 544,037 | 904,707 |

Cash flows from investing activities

| | | | |
|---|--|-----------|----------|
| Payments for property, plant and equipment | | (137,929) | (6,155) |
| Payments for intangibles | | (70,026) | (70,026) |
| Payments for right of use assets | | (31,349) | (26,964) |
| Proceeds from disposal of ROU assets | | 35,000 | - |
| Proceeds from disposal of property, plant and equipment | | - | 8,364 |
| Net cash used in investing activities | | (204,304) | (94,781) |

Cash flows from financing activities

| | | | |
|---------------------------------------|----|-----------|-----------|
| Proceeds from lease liabilities | | 33,269 | 20,269 |
| Dividends paid | 23 | (65,914) | (153,799) |
| Repayment of lease liabilities | 17 | (272,510) | (261,609) |
| Net cash used in financing activities | | (305,155) | (395,139) |

| | | | |
|--|----|---------|---------|
| Net increase in cash and cash equivalents | | 34,578 | 414,787 |
| Cash and cash equivalents at the beginning of the financial year | | 803,479 | 388,692 |
| Cash and cash equivalents at the end of the financial year | 10 | 838,057 | 803,479 |

The above statement of financial position should be read in conjunction with the accompanying notes

Our Community Company Ltd

Notes to the Financial Statements

For year ended 30 June 2022

Note 1. Reporting entity

The financial statements cover Our Community Company Ltd (the company) as an individual entity. The financial statements are presented in Australian dollars, which is the company's functional and presentation currency.

The company is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is 29 Westernport Road, Lang Lang VIC 3984.

A description of the nature of the company's operations and its principal activity is included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 16 September 2022. The directors have the power to amend and reissue the financial statements.

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.

Note 3. Significant accounting policies

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

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 2021, 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.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when, it is expected to be realised or intended to be sold or consumed in the company's normal operating cycle, it is held primarily for the purpose of trading, it is expected to be realised within 12 months after the reporting period or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when, it is either expected to be settled in the company's normal operating cycle, it is held primarily for the purpose of trading, it is due to be settled within 12 months after the reporting period or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

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.

Our Community Company Ltd

Notes to the Financial Statements

For year ended 30 June 2022

Note 3. Significant accounting policies (continued)

The company's trade receivables are limited to the monthly profit share distribution from Bendigo Bank, which is received 10 business days post month end. Due to the reliance on Bendigo Bank the company has reviewed credit ratings provided by Standard & Poors, Moody's and Fitch Ratings to determine the level of credit exposure to the company. The company also performed a historical assessment of receivables from Bendigo Bank and found no instances of default. As a result no ECL has been made in relation to trade receivables as at 30 June 2022.

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 any impairment loss.

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.

Goods and Services Tax (GST)

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.

Note 4. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the company based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the company operates. There does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the company unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Fair value measurement hierarchy

The company is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

- 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: unobservable inputs for the asset or liability.

Our Community Company Ltd

Notes to the Financial Statements

For year ended 30 June 2022

Note 4. Critical accounting judgements, estimates and assumptions (continued)

Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

Estimation of useful lives of assets

The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives or non-strategic assets that have been abandoned or sold will be written off or written down.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The company assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the company considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the company's operations, comparison of terms and conditions to prevailing market rates, incurrence of significant penalties, existence of significant leasehold improvements and the costs and disruption to replace the asset. The company reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the company estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Employee benefits provision

The liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and inflation have been taken into account.

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.

Lease make good provision

A provision has been made for the present value of anticipated costs for future restoration of leased premises. The provision includes future cost estimates associated with closure of the premises. The calculation of this provision requires assumptions such as application of closure dates and cost estimates. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting the asset and the provision. Reductions in the provision that exceed the carrying amount of the asset will be recognised in profit or loss.

Our Community Company Ltd

Notes to the Financial Statements

For year ended 30 June 2022

Note 5. Economic dependency

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.

Note 6. Revenue from contracts with customers

| | 2022 \$ | 2021 \$ |
|---------------------------------------|------------------|------------------|
| Margin income | 2,812,807 | 2,578,620 |
| Fee income | 304,667 | 306,062 |
| Commission income | 386,681 | 353,538 |
| Revenue from contracts with customers | <u>3,504,155</u> | <u>3,238,220</u> |

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.

Our Community Company Ltd

Notes to the Financial Statements

For year ended 30 June 2022

Note 6. Revenue from contracts with customers (continued)

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

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

All revenue is stated net of the amount of GST. There was no revenue from contracts with customers recognised over time during the financial year.

Revenue calculation

The franchise agreement provides that three forms of revenue may be earned by the company which are margin, commission and fee income. Bendigo Bank decides the form of revenue the company earns on different types of products and services. The revenue earned by the company is dependent on the business that it generates. It may also be affected by other factors, such as economic and local conditions, for example, interest rates.

Margin

Margin is arrived at through the following calculation:

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

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

Commission

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

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

Fee income

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

Core banking products

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

Ability to change financial return

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

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

Our Community Company Ltd

Notes to the Financial Statements

For year ended 30 June 2022

Note 6. Revenue from contracts with customers (continued)

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.

Note 7. Other revenue

| | 2022 \$ | 2021 \$ |
|---|---------------|----------------|
| Net gain on disposal of property, plant and equipment | 15,328 | 4,353 |
| Market development fund | 46,250 | 96,875 |
| Cash flow boost | - | 37,500 |
| Dividend and distribution income | 6,120 | 4,333 |
| Other income | 29,876 | 159 |
| Other revenue | <u>97,574</u> | <u>143,220</u> |

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

| Revenue stream | Revenue recognition policy |
|--|---|
| 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. |
| Gain on 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. |
| Dividend and distribution income | Dividend and distribution income is recognised when the right to receive the payment is established. |

All revenue is stated net of the amount of 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 sized 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.

Our Community Company Ltd

Notes to the Financial Statements

For year ended 30 June 2022

Note 7. Other revenue (continued)

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

Note 8. Expenses

Depreciation and amortisation expense

| | 2022 \$ | 2021 \$ |
|--|----------------|----------------|
| <i>Depreciation of non-current assets</i> | | |
| Leasehold improvements | 73,806 | 18,447 |
| Plant and equipment | 2,082 | 1,172 |
| Motor vehicles | - | 285 |
| | <u>75,888</u> | <u>19,904</u> |
| <i>Depreciation of right-of-use assets</i> | | |
| Leased land and buildings | 142,194 | 142,188 |
| Leased motor vehicles | 25,856 | 28,414 |
| | <u>168,050</u> | <u>170,602</u> |
| <i>Amortisation of intangible assets</i> | | |
| Franchise fee | 65,919 | 65,918 |
| | <u>309,857</u> | <u>256,424</u> |

Finance costs

| | 2022 \$ | 2021 \$ |
|----------------------------------|---------------|---------------|
| Recurring borrowing costs paid | 71 | - |
| Lease interest expense | 69,479 | 75,592 |
| Unwinding of make-good provision | 2,963 | 2,841 |
| Other | 2,718 | 3,282 |
| | <u>75,231</u> | <u>81,715</u> |

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

Employee benefits expense

| | 2022 \$ | 2021 \$ |
|--|------------------|------------------|
| Wages and salaries | 1,580,223 | 1,685,653 |
| Non-cash benefits | 22,544 | 30,380 |
| Superannuation contributions | 163,791 | 155,711 |
| Expenses related to long service leave | (4,432) | 24,365 |
| Other expenses | 192,780 | 146,570 |
| | <u>1,954,906</u> | <u>2,042,679</u> |

Leases recognition exemption

| | 2022 \$ | 2021 \$ |
|---------------------------------------|---------------|---------------|
| Expenses relating to low-value leases | <u>48,412</u> | <u>49,851</u> |

Our Community Company Ltd

Notes to the Financial Statements

For year ended 30 June 2022

Note 8. Expenses (continued)

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

Charitable donations, sponsorships and grants

| | 2022 \$ | 2021 \$ |
|--|----------------|---------------|
| Direct donation, sponsorship and grant payments | 132,078 | 53,725 |
| Contribution to the Community Enterprise Foundation™ | 157,895 | - |
| | <u>289,973</u> | <u>53,725</u> |

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, sponsorships and grants).

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

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

Note 9. Income tax

| | 2022 \$ | 2021 \$ |
|---|----------------|---------------|
| <i>Income tax expense</i> | | |
| Current tax | 101,873 | 97,427 |
| Movement in deferred tax | 1,567 | (6,452) |
| Reduction in company tax rate | - | 6,642 |
| Net benefit of franking credits on dividends received | (2,385) | (786) |
| Aggregate income tax expense | <u>101,055</u> | <u>96,831</u> |
| <i>Prima facie income tax reconciliation</i> | | |
| Profit before income tax expense | 411,095 | 386,620 |
| Tax at the statutory tax rate of 25% (2021: 26%) | 102,774 | 100,521 |
| Tax effect of: | | |
| Tax offset for franked dividends | (2,385) | (786) |
| Non-deductible expenses | 70 | - |
| Reduction in company tax rate | - | 6,642 |
| Other assessable income | 596 | (9,546) |
| Income tax expense | <u>101,055</u> | <u>96,831</u> |

Our Community Company Ltd

Notes to the Financial Statements

For year ended 30 June 2022

Note 9. Income tax (continued)

| | 2022 \$ | 2021 \$ |
|--|-------------------|-------------------|
| <i>Deferred tax assets/(liabilities)</i> | | |
| Employee benefits | 57,417 | 60,230 |
| Provision for lease make good | 18,063 | 17,322 |
| Accrued expenses | 2,110 | 2,207 |
| Income accruals | (15) | (5) |
| Lease liabilities | 385,604 | 422,941 |
| Right-of-use assets | (300,871) | (336,381) |
| Fair value of investments | 2,169 | (273) |
| | <u>164,477</u> | <u>166,041</u> |
| Deferred tax asset | | |
| | <u>2022</u> \$ | <u>2021</u> \$ |
| Provision for income tax | <u>12,666</u> | <u>74,687</u> |

Accounting policy for income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Accounting policy for current 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.

Accounting policy for 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.

Our Community Company Ltd

Notes to the Financial Statements

For year ended 30 June 2022

Note 10. Cash and cash equivalents

| | 2022 \$ | 2021 \$ |
|--------------------------|----------------|----------------|
| Cash at bank and on hand | 422,621 | 588,268 |
| Term deposits | 415,436 | 215,211 |
| | <u>838,057</u> | <u>803,479</u> |

Accounting policy for 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 11. Trade and other receivables

| | 2022 \$ | 2021 \$ |
|--------------------------------|----------------|----------------|
| Trade receivables | 352,647 | 232,518 |
| Other receivables and accruals | 60 | 19 |
| Prepayments | 12,446 | 20,954 |
| | <u>12,506</u> | <u>20,973</u> |
| | <u>365,153</u> | <u>253,491</u> |

Accounting policy for trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Note 12. Financial assets

| | 2022 \$ | 2021 \$ |
|------------------------------|----------------|----------------|
| <i>Non-current assets</i> | | |
| Equity securities - at FVTPL | <u>114,515</u> | <u>120,661</u> |

Reconciliation

Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:

| | | |
|--------------------------------|----------------|----------------|
| Opening fair value | 120,660 | 95,902 |
| Additions through reinvestment | 3,621 | 1,833 |
| Revaluation increments | - | 22,925 |
| Revaluation decrements | (9,766) | - |
| Closing fair value | <u>114,515</u> | <u>120,660</u> |

The company classifies financial assets 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.

Our Community Company Ltd

Notes to the Financial Statements

For year ended 30 June 2022

Note 13. Property, plant and equipment

| | 2022 \$ | 2021 \$ |
|----------------------------------|-----------------------|-----------------------|
| Leasehold improvements - at cost | 1,127,968 | 804,851 |
| Less: Accumulated depreciation | (701,202) | (643,512) |
| | <u>426,766</u> | <u>161,339</u> |
| Plant and equipment - at cost | 15,914 | 14,975 |
| Less: Accumulated depreciation | (11,524) | (9,441) |
| | <u>4,390</u> | <u>5,534</u> |
| | <u><u>431,156</u></u> | <u><u>166,873</u></u> |

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

| | Leasehold Improvements \$ | Plant and equipment \$ | Motor vehicles \$ | Total \$ |
|-------------------------|---------------------------------|------------------------------|-------------------------|-----------------------|
| Balance at 1 July 2020 | 179,426 | 551 | 4,698 | 184,675 |
| Additions | 360 | 6,155 | - | 6,515 |
| Disposals | - | - | (4,413) | (4,413) |
| Depreciation | (18,447) | (1,172) | (285) | (19,904) |
| Balance at 30 June 2021 | 161,339 | 5,534 | - | 166,873 |
| Additions | 339,870 | 938 | - | 340,808 |
| Disposals | (637) | - | - | (637) |
| Depreciation | (73,806) | (2,082) | - | (75,888) |
| Balance at 30 June 2022 | <u><u>426,766</u></u> | <u><u>4,390</u></u> | <u><u>-</u></u> | <u><u>431,156</u></u> |

Accounting policy for 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.

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a diminishing value and straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

| | |
|------------------------|---------------|
| Leasehold improvements | 1 to 40 years |
| Plant & equipment | 2.5 years |
| Motor vehicles | 4 years |

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

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.

Our Community Company Ltd

Notes to the Financial Statements

For year ended 30 June 2022

Note 14. Right-of-use assets

| | 2022 \$ | 2021 \$ |
|-----------------------------------|------------------|------------------|
| Land and buildings - right-of-use | 2,775,347 | 2,775,193 |
| Less: Accumulated depreciation | (1,571,865) | (1,429,672) |
| | <u>1,203,482</u> | <u>1,345,521</u> |
| Motor vehicles - right-of-use | 123,780 | 140,679 |
| Less: Accumulated depreciation | (45,116) | (48,473) |
| | <u>78,664</u> | <u>92,206</u> |
| | <u>1,282,146</u> | <u>1,437,727</u> |

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

| | Land and buildings \$ | Motor Vehicles \$ | Total \$ |
|---------------------------|-----------------------------|-------------------------|------------------|
| Balance at 1 July 2020 | 1,487,709 | 93,613 | 1,581,322 |
| Additions | - | 27,007 | 27,007 |
| Depreciation expense | (142,188) | (28,414) | (170,602) |
| Balance at 30 June 2021 | 1,345,521 | 92,206 | 1,437,727 |
| Additions | - | 31,349 | 31,349 |
| Remeasurement adjustments | 155 | - | 155 |
| Disposals | - | (19,035) | (19,035) |
| Depreciation expense | (142,194) | (25,856) | (168,050) |
| Balance at 30 June 2022 | <u>1,203,482</u> | <u>78,664</u> | <u>1,282,146</u> |

Accounting policy for right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. 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.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

Refer to note 17 for more information on lease arrangements.

Note 15. Intangibles

| | 2022 \$ | 2021 \$ |
|--------------------------------|---------------|----------------|
| Franchise fee | 934,585 | 934,585 |
| Less: Accumulated amortisation | (847,414) | (781,495) |
| | <u>87,171</u> | <u>153,090</u> |

Our Community Company Ltd

Notes to the Financial Statements

For year ended 30 June 2022

Note 15. Intangibles (continued)

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

| | Franchise fee \$ | Total \$ |
|-------------------------|---------------------|---------------|
| Balance at 1 July 2020 | 219,008 | 219,008 |
| Amortisation expense | (65,918) | (65,918) |
| Balance at 30 June 2021 | 153,090 | 153,090 |
| Amortisation expense | (65,919) | (65,919) |
| Balance at 30 June 2022 | <u>87,171</u> | <u>87,171</u> |

Accounting policy for intangible assets

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

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

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

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

| Asset class | Method | Useful life | Expiry/renewal date |
|---------------|---------------|-----------------------------------|---------------------|
| Franchise fee | Straight-line | Over the franchise term (5 years) | October 2023 |

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

Change 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 16. Trade and other payables

| | 2022 \$ | 2021 \$ |
|--------------------------------|----------------|----------------|
| <i>Current liabilities</i> | | |
| Trade payables | 223,231 | 1,795 |
| Other payables and accruals | <u>262,112</u> | <u>231,228</u> |
| | <u>485,343</u> | <u>233,023</u> |
| <i>Non-current liabilities</i> | | |
| Other payables and accruals | <u>-</u> | <u>77,028</u> |

Accounting policy for trade and other payables

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

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

Our Community Company Ltd

Notes to the Financial Statements

For year ended 30 June 2022

Note 17. Lease liabilities

| | 2022 \$ | 2021 \$ |
|--|------------------|------------------|
| <i>Current liabilities</i> | | |
| Land and buildings lease liabilities | 221,888 | 218,905 |
| Unexpired interest | (63,023) | (69,479) |
| Motor vehicle lease liabilities | 40,918 | 45,829 |
| Unexpired interest | (1,300) | (1,824) |
| | <u>198,483</u> | <u>193,431</u> |
| <i>Non-current liabilities</i> | | |
| Land and buildings lease liabilities | 1,889,007 | 2,110,814 |
| Unexpired interest | (505,457) | (568,475) |
| Motor vehicle lease liabilities | 17,389 | 30,557 |
| Unexpired interest | (422) | (509) |
| | <u>1,400,517</u> | <u>1,572,387</u> |
| <i>Reconciliation of lease liabilities</i> | | |
| | 2022 \$ | 2021 \$ |
| Opening balance | 1,765,818 | 1,928,286 |
| Additional lease liabilities recognised | 33,269 | 20,268 |
| Remeasurement adjustments | 155 | - |
| Lease interest expense | 72,268 | 78,873 |
| Lease payments - total cash outflow | (272,510) | (261,609) |
| | <u>1,599,000</u> | <u>1,765,818</u> |
| <i>Maturity analysis</i> | | |
| | 2022 \$ | 2021 \$ |
| Not later than 12 months | 262,806 | 264,734 |
| Between 12 months and 5 years | 636,901 | 778,635 |
| Greater than 5 years | 1,269,495 | 1,362,736 |
| | <u>2,169,202</u> | <u>2,406,105</u> |

Accounting policy for 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.

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 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 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.

Our Community Company Ltd

Notes to the Financial Statements

For year ended 30 June 2022

Note 17. Lease liabilities (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 nil.

The company's lease portfolio includes:

| | |
|-------------------------|---|
| Lang Lang branch | 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 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 November 2040. The discount rate used in calculations is 4.295%. |
| Pearcedale (Shop 4 & 5) | Shop 4 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. Shop 5 - The lease agreement commenced in March 2010. 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. The discount rate used in calculations for Shop 4 is 4.295% and Shop 5 is 3.54%. |
| 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. The discount rate used in calculations is 4.295% |
| Narre Warren South | The lease agreement commenced in June 2011. A 5 year renewal option was exercised in June 2021. 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 June 2026. The discount rate used in calculations is 4.295% |
| 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. The discount rate used in calculations is 4.295% |
| 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. |
| Nissan Xtrail | The lease agreement is a non-cancellable term of 3 years which commenced in November 2021. |

Our Community Company Ltd

Notes to the Financial Statements

For year ended 30 June 2022

Note 18. Employee benefits

| | 2022 \$ | 2021 \$ |
|--------------------------------|----------------|----------------|
| <i>Current liabilities</i> | | |
| Annual leave | 133,171 | 133,087 |
| Long service leave | 83,374 | 89,590 |
| | <u>216,545</u> | <u>222,677</u> |
| <i>Non-current liabilities</i> | | |
| Long service leave | <u>12,146</u> | <u>18,243</u> |

Accounting policy for 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 salaries and wages 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.

Superannuation contributions

Contributions to superannuation plans are expensed in the period in which they are incurred.

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

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

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

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

Note 19. Provisions

| | 2022 \$ | 2021 \$ |
|-----------------|---------------|---------------|
| Lease make good | <u>72,251</u> | <u>69,288</u> |

Lease make good

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.

Our Community Company Ltd

Notes to the Financial Statements

For year ended 30 June 2022

Note 19. Provisions (continued)

| <u>Lease</u> | <u>Lease term expiry date per AASB 16</u> | <u>Estimated provisions</u> |
|--------------|---|-----------------------------|
| 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 |

Accounting policy for provisions

Provisions are recognised when the company has a present (legal or constructive) obligation as a result of a past event, it is probable the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Note 20. Issued capital

| | 2022 Shares | 2021 Shares | 2022 \$ | 2021 \$ |
|------------------------------|------------------------|------------------------|--------------------|--------------------|
| Ordinary shares - fully paid | 732,375 | 732,375 | 732,375 | 732,375 |
| Return of Capital | - | - | (124,504) | (124,504) |
| | <u>732,375</u> | <u>732,375</u> | <u>607,871</u> | <u>607,871</u> |

Accounting policy for issued capital

Ordinary shares are recognised at the fair value of the consideration received by the company being \$1 per share. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

Rights attached to issued capital

Ordinary shares

Voting rights

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

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

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

Dividends

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

Our Community Company Ltd

Notes to the Financial Statements

For year ended 30 June 2022

Note 20. Issued capital (continued)

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 228 shareholders (2021: 230 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 21. Retained earnings

| | 2022 \$ | 2021 \$ |
|---|----------------|---------------|
| Retained earnings/(accumulated losses) at the beginning of the financial year | 32,727 | (103,263) |
| Profit after income tax expense for the year | 310,040 | 289,789 |
| Dividends paid (note 23) | (65,914) | (153,799) |
| Retained earnings at the end of the financial year | <u>276,853</u> | <u>32,727</u> |

Note 22. Capital management

The Board's policy is to maintain a strong capital base so as to sustain future development of the company. The Board 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.

Our Community Company Ltd

Notes to the Financial Statements

For year ended 30 June 2022

Note 22. Capital management (continued)

The distribution limit is the greater of:

- 20% of the profit or funds of the company otherwise available for distribution to shareholders in that 12 month period; and
- 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 financial year 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 23. Dividends

Dividends provided for and paid during the period

The following dividends were provided for and paid to shareholders during the financial year as presented in the Statement of changes in equity and Statement of cash flows.

| | 2022 \$ | 2021 \$ |
|--|------------|------------|
| Fully franked dividend of 9 cents per share (2021: 21 cents) | 65,914 | 153,799 |

Franking credits

| | 2022 \$ | 2021 \$ |
|---|------------|------------|
| Franking account balance at the beginning of the financial year | 219,326 | 261,701 |
| Franking credits (debits) arising from income taxes paid (refunded) | 142,962 | 10,876 |
| Franking debits from the payment of franked distributions | (21,971) | (54,037) |
| Franking credits from franked distributions received | 2,385 | 786 |
| | 342,702 | 219,326 |

Franking transactions that will arise subsequent to the financial year end:

| | | |
|---|---------|---------|
| Balance at the end of the financial year | 342,702 | 219,326 |
| Franking credits (debits) that will arise from payment (refund) of income tax | 41,839 | 85,313 |
| Franking credits available for future reporting periods | 384,541 | 304,639 |

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%.

Accounting policy for dividends

Dividends are recognised in the financial year they are declared.

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Notes to the Financial Statements

For year ended 30 June 2022

Note 24. Financial instruments

| | 2022 \$ | 2021 \$ |
|------------------------------|------------------|------------------|
| Financial assets | | |
| Trade and other receivables | 352,707 | 232,537 |
| Cash and cash equivalents | 838,057 | 803,479 |
| Financial assets | 114,515 | 120,661 |
| | <u>1,305,279</u> | <u>1,156,677</u> |
| Financial liabilities | | |
| Trade and other payables | 485,343 | 310,051 |
| Lease liabilities | 1,599,000 | 1,765,818 |
| | <u>2,084,343</u> | <u>2,075,869</u> |

Accounting policy for 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 debtors and creditors, cash and cash equivalents, borrowings and lease liabilities.

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

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

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

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.

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

Cash flow and fair value interest rate risk

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

The company held cash and cash equivalents of \$838,057 at 30 June 2022 (2021: \$803,479). The cash and cash equivalents are held with Bendigo Bank, which are rated BBB+ on Standard & Poor's credit ratings.

Our Community Company Ltd

Notes to the Financial Statements

For year ended 30 June 2022

Note 24. Financial instruments (continued)

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.

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.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities. The contractual cash flow amounts are gross and undiscounted and therefore may differ from their carrying amount in the statement of financial position.

| | 1 year or less \$ | Between 1 and 5 years \$ | Over 5 years \$ | Remaining contractual maturities \$ |
|--------------------------|----------------------|--------------------------------|--------------------|--|
| 2022 | | | | |
| Non-derivatives | | | | |
| Trade and other payables | 485,343 | - | - | 485,343 |
| Lease liabilities | 262,806 | 636,901 | 1,269,495 | 2,169,202 |
| Total non-derivatives | 748,149 | 636,901 | 1,269,495 | 2,654,545 |
| | | | | |
| | 1 year or less \$ | Between 1 and 5 years \$ | Over 5 years \$ | Remaining contractual maturities \$ |
| 2021 | | | | |
| Non-derivatives | | | | |
| Trade and other payables | 233,023 | 77,028 | - | 310,051 |
| Lease liabilities | 264,734 | 778,635 | 1,362,736 | 2,406,105 |
| Total non-derivatives | 497,757 | 855,663 | 1,362,736 | 2,716,156 |

Note 25. Fair value measurement

Fair value hierarchy

The following tables detail the company's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

| | Level 1 \$ | Level 2 \$ | Level 3 \$ | Total \$ |
|-------------------|---------------|---------------|---------------|-------------|
| 2022 | | | | |
| Assets | | | | |
| Equity securities | 114,515 | - | - | 114,515 |
| Total assets | 114,515 | - | - | 114,515 |

Our Community Company Ltd

Notes to the Financial Statements

For year ended 30 June 2022

Note 25. Fair value measurement (continued)

| 2021 | Level 1 \$ | Level 2 \$ | Level 3 \$ | Total \$ |
|-------------------|---------------|---------------|---------------|-------------|
| <i>Assets</i> | | | | |
| Equity securities | 120,661 | - | - | 120,661 |
| Total assets | 120,661 | - | - | 120,661 |

There were no transfers between levels during the financial year.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

Note 26. Key management personnel disclosures

The following persons were directors of Our Community Company Ltd during the financial year:

| | |
|-----------------------|-------------------------|
| Michael John Duff | Michael Alan Bsuhe |
| Gordon Douglas Smale | Glenn Warren Barwick |
| David John Williams | Angela Jane Bullen |
| Andrew Lloyd Bullen | Nicholas James McKinnon |
| Angela Louise Banbury | |

Compensation

Key management personnel compensation comprised the following.

| | 2022 \$ | 2021 \$ |
|------------------------------|------------|------------|
| Short-term employee benefits | 34,996 | 19,396 |

Note 27. Related party transactions

The following transactions occurred with related parties:

| | 2022 \$ | 2021 \$ |
|---|------------|------------|
| Michael John Duff received payment for fuel supplies provided | 14,912 | 15,778 |

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

Our Community Company Ltd

Notes to the Financial Statements

For year ended 30 June 2022

Note 28. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Andrew Frewin Stewart, the auditor of the company:

| | 2022 \$ | 2021 \$ |
|---|------------|------------|
| <i>Audit services</i> | | |
| Audit or review of the financial statements | 6,600 | 6,400 |
| <i>Other services</i> | | |
| General advisory services | 2,700 | 3,375 |
| Share registry services | 3,633 | 3,330 |
| | 6,333 | 6,705 |
| | 12,933 | 13,105 |

Note 29. Reconciliation of profit after income tax to net cash provided by operating activities

| | 2022 \$ | 2021 \$ |
|---|------------|------------|
| Profit after income tax expense for the year | 310,040 | 289,789 |
| Adjustments for: | | |
| Depreciation and amortisation | 309,857 | 256,424 |
| Net gain on disposal of non-current assets | (15,328) | (4,353) |
| Decrease/(Increase) in fair value of equity instruments designated at FVTPL | 9,766 | (22,925) |
| Income reinvested in financial assets | (3,621) | (1,833) |
| Lease liabilities interest | 72,268 | 78,873 |
| Change in operating assets and liabilities: | | |
| Decrease/(increase) in trade and other receivables | (117,807) | 140,424 |
| Decrease in deferred tax assets | 1,564 | 1,099 |
| Increase in trade and other payables | 30,035 | 51,702 |
| Decrease in provision for income tax | (43,471) | - |
| Increase in deferred tax liabilities | - | 74,687 |
| Increase/(decrease) in employee benefits | (12,229) | 37,979 |
| Increase in other provisions | 2,963 | 2,841 |
| Net cash provided by operating activities | 544,037 | 904,707 |

Note 30. Earnings per share

| | 2022 \$ | 2021 \$ |
|---|------------|------------|
| Profit after income tax | 310,040 | 289,789 |
| | Number | Number |
| Weighted average number of ordinary shares used in calculating basic earnings per share | 732,375 | 732,375 |
| Weighted average number of ordinary shares used in calculating diluted earnings per share | 732,375 | 732,375 |

Our Community Company Ltd

Notes to the Financial Statements

For year ended 30 June 2022

Note 30. Earnings per share (continued)

| | Cents | Cents |
|----------------------------|-------|-------|
| Basic earnings per share | 42.33 | 39.57 |
| Diluted earnings per share | 42.33 | 39.57 |

Accounting policy for earnings per share

Basic and diluted earnings per share is calculated by dividing the profit attributable to the owners of Our Community Company Ltd, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year.

Note 31. Commitments

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

Note 32. Contingencies

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

Note 33. Events after the reporting period

No matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Our Community Company Ltd

Director's Declaration

In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in the notes to the financial statements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the *Corporations Act 2001*.

On behalf of the directors



Michael John Duff
Chairman

16 September 2022

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 2022
- 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 2022 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.

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.

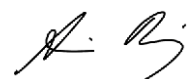
As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- 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: 16 September 2022



Adrian Downing
Lead Auditor

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Bendigo and Adelaide Bank Limited, ABN 11 068 049 178 AFSL/Australian Credit Licence 237879. (10395) (22/09/2021)