

Annual Report 2023



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Chairman's Report

For year ended 30 June 2023



Dear Shareholder,

I am very happy to report on behalf of the board at Our Community Company Limited a strong financial result end of 2022/2023 financial year. In saying this our growth for the year is the worst in our history. As per the previous Chairman’s report from Michael Duff we still continue to experience difficulties attracting staff and also retaining staff which has put pressure on our board and team in the branches to maintain our high expectations of providing a full banking service from 9:30 – 5:00 5 days per week. We will continue to strive to achieve this goal in the coming year hopeful of being able to attract staff from our local communities.

Since the inception of Community Financial Services Victoria Ltd, now Our Community Company Ltd, the board has been mindful and 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 \$770 million in 2021/22 to \$891 million in 2022/23. The year past saw us expand our group with the purchase of Community Bank Bunyip & District’s revenue rights adding \$118 million to our total footings. We expect there to be significant growth in the Bunyip district in the coming years. We thank our business partner Bendigo and Adelaide Bank for their guidance. It is timely to mention that we are in the process of recruiting a Senior Manager for our group to assist our Branch Managers with mentoring, guidance and staff development to ensure we can provide the best experience for our customers we possibly can. Through our collaboration with Bendigo and Adelaide Bank, our community engagement and investment programs are well appointed, and benefits have been enormous. Nationally the Community Bank network, since inception have contributed over \$300 million to local community groups. Of this amount, our company has provided in excess of \$13 million to our district community groups.

We have had a number of staff movements internally and externally across the business. Darryl Sutcliffe retired after numerous years of service supporting the communities of Pearcedale and Tooradin. Carol Bancell left the company after 20 plus year’s service. To both I thank for their tremendous efforts in building our company.

The board this year has been settled with no new additions except to say we will be trying to attract another board member from the Bunyip district to ensure we get real information about what the groups in Bunyip are striving for.

I extend a huge thank you to our fellow shareholders for your continued support, your board members are committed to develop and grow the business to enable more support to our communities. To the hard-working branch teams, a heartfelt thank you for your efforts this year during some difficult times. Hopefully the year ahead is considerably smoother.

To my fellow Directors Michael Bushe, Michael Duff, 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, in what has been a difficult year and hope you can all keep on the journey with us have a bright future.

To our Executive Officers, Laura McBride-Healey for your efforts and congratulations on starting a family and to Sonia Draxler who has stepped into the breach replacing Laura. Our Board Support Officer, Amanda De Winter. Ladies you’re a great team, the work you do for the board and across the Company is appreciated by the Chairman and board members. We thank you all for your outstanding year’s work.

Gordon Smale
Chairman

Lang Lang Manager's Report

For year ended 30 June 2023



I am pleased to present to you the Branch Manager’s report on behalf of the team at Community Bank Lang Lang for the past year.

The branch continued it’s strong level of deposit growth from the prior financial year. There was 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 571.56% of our overall growth target.

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 Bendigo Bank with their banking, however they wish to engage with us.

Customers can choose the way they do their banking, whether that be via internet banking, via the Bendigo Bank app, or via mobile, phone or an ATM. 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.

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 my team at Lang Lang whose efforts are thoroughly appreciated by our customers, community, and myself.

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 team at Community Bank Lang Lang wish all our customers, community, shareholders and Directors the very best for the next 12 months.

Cheryl Clasby
Branch Manager
Community Bank Lang Lang

Lang Lang	
Branch Snapshot	
2021/2022	2022/2023
Lending	
\$44.1M	\$46.2M
Deposits	
\$127.8M	\$144.9M
Total	
\$171.9M	\$191.2M
Customer Numbers	
2,347	2,416
Net Profit Before Tax	
6,290	\$318,525

Pearcedale Manager's Report

For year ended 30 June 2023



I am pleased to present this report on behalf of Community Bank Pearcedale for this financial year. We experienced a slow down in lending growth over the financial year, due to increasing interest rates reflecting in our loan footings reducing by 9.6mill, however we saw more success in our deposit footings with growth of \$18.8mill. Our customer base remains steady at an increase of 1.6%.

Our branch team has had several changes over the past year. I would like to sincerely thank Diane Kennedy for her hard work and dedication to our branch. Di is now in her 23rd year of service with us, and always looks for ways to enrich the Pearcedale community through daily interactions with our customers. Di is vital part of the team and to the success of Community Bank Pearcedale. I would also like to welcome to the team Sarah Waymouth and Rebekah Foster who earlier this year transferred over from our Koo Wee Rup branch, and are fast becoming valued members of our team.

We acknowledge Carol Bancell and Victoria Holley, who both resigned to pursue careers in other industries and would like to thank them for their assistance. Also, congratulations to Amanda de Winter who has moved into a board support role within our company.

Our long-term Branch Manager Darryl Sutcliffe announced his retirement in January this year. Darryl has been an integral part of driving the success of Community Bank Pearcedale, and a valued member of staff and the local community. Darryl for your service to our company and the Pearcedale community, I would like to take this opportunity to congratulate you on the success you achieved and thank you. Enjoy your well-deserved retirement.

We held a successful Community Investment program over the 2022/23 Financial year providing support of \$48,300 to 18 our local clubs and groups. Additionally, as part of our Company’s 2023 Community Bank Scholarship program we granted a Scholarship to local student, Cherie Le Marrec to assist with her University Studies.

I would like to thank our board of directors and board support staff, for their commitment and dedication they continuously provide to our business to keep it going and growing.

And to our Shareholders, local community members and all who have been directly involved in the success of Community Bank Pearcedale, I thank you for making Community Bank Pearcedale your local bank of choice.

Jessica Ashenden
Branch Manager
Community Bank Pearcedale

Pearcedale	
Branch Snapshot	
2021/2022	2022/2023
Lending	
\$74.3M	\$64.7M
Deposits	
\$109.3M	\$128.8M
Total	
\$183.7M	\$192.9M
Customer Numbers	
3,410	3,446
Net Profit Before Tax	
\$315,994	\$728,526

Koo Wee Rup & Tooradin & Coastal Villages Manager's Report

For year ended 30 June 2023



Pictured, Branch Manager Liz Wade & Customer Relationship Officer Sarah Manks

Koo Wee Rup	
Branch Snapshot	
2021/2022	2022/2023
Lending	
\$53.5M	\$46.6M
Deposits	
\$83.7M	\$77.9M
Total	
\$137.2M	\$124.5M
Customer Numbers	
2,382	2,401
Net Profit Before Tax	
\$191,161	\$232,272

On behalf of Community Bank Koo Wee Rup and Tooradin & Coastal Villages branches I am pleased to provide a report for this financial year.

The past 12 months have proved challenging due to interest rate rises, which saw the footings at Koo Wee Rup reduce by \$12.6mill. Tooradin was slightly more successful experiencing growth of 6.6mill in footings.

Our branch teams have had several changes over the past year. We would like to welcome our new staff members Gisela, Navi, Sam and Bec and for their commitment to our team we thank Sarah Waymouth and Rebekah Foster who earlier this year transferred over to our Pearcedale branch. We would also like to thank Penny and Alex for their hard work over the year and recognise Sarah Manks who has stepped up into leadership roles at both Koo Wee Rup and Tooradin when required and has worked tirelessly to support our business.

We held a successful Community Investment program over the 2022/23 Financial year providing support over our 2 branches of \$101,155 to 30 of our local clubs and groups. Also, as part of our Company's 2023 Community Bank Scholarship program we granted Scholarships to local students from Tooradin, Madisson Brezeowski and Tom Rodgers to assist with their University studies and Paige Napier from Koo Wee Rup to assist with her Diploma of Nursing at RMIT.

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

As always, we 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 their bank of choice for their banking.

The staff at Community Bank Koo Wee Rup and Tooradin & Coastal Villages thank you all and look forward to another successful year in 2023/24

Many Thanks

Sonia Draxler – Executive Officer

On behalf of
Community Bank Koo Wee Rup and Tooradin & Coastal Villages

Tooradin & Coastal Villages	
Branch Snapshot	
2021/2022	2022/2023
Lending	
\$38.3M	\$43.2M
Deposits	
\$54.4M	\$56.2M
Total	
\$92.7M	\$99.4M
Customer Numbers	
1,504	1,498
Net Profit Before Tax	
\$7,303	\$112,227

Narre Warren South Manager's Report

For year ended 30 June 2023



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

As a branch, we are seeing consistent interest in Bendigo Bank products and many opportunities to create new customer connections. We continue to strive to fulfil all these needs while adhering to our internal policies and lending appetite.

Our branch team which had several changes are committed, passionate and they look for ways to add value to many people's lives every day. I would like to thank Michelle, Nilo & Anu for their contributions over the past year. They all look for ways to enrich the Narre Warren South community through daily interactions and community events. They are all an integral part of Community Bank Narre Warren South being successful.

We acknowledge and congratulate Sunny Chittajallu, who has resigned to pursue an opportunity in another industry. We thank Sunny for the contribution he made to Community Bank Narre Warren South over the last 5 years and wish him all the best for his future endeavours.

Community Bank Narre Warren has seen great success in the 2022/2023 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 Community Bank Narre Warren South being your bank of choice.

The model is simple, the more support we receive, the greater support we can return to community organisations. We encourage our community sponsorship and grant recipients along with their staff members to look at engaging with us at Community Bank Narre Warren South as your bank of choice. Our existing customers, shareholders and directors who not only bank with us but spread the word and are advocates for Community Bank Narre Warren South.

I would like to thank the Board of Directors for their continued support. They are all dedicated to the prosperity of the communities in which our branches are located in. They dedicate many hours of their own time to assist us to be successful, and the work they do is very much appreciated. I would also like to express my appreciation and gratitude to our Executive Officers Laura Healey and Sonia Draxler and Board Support Officer Amanda DeWinter for their enduring support.

Kylie Lee
Branch Manager
Community Bank Narre Warren South

Bunyip & District Report

For year ended 30 June 2023

Bunyip & District	
Branch Snapshot	
2022/2023	
Lending	
\$27.9M	
Deposits	
\$93.1M	
Total	
\$121.1M	
Customer Numbers	
2,524	
Net Profit Before Tax	
-\$243,059	

Message from Bendigo & Adelaide Bank



Community and customer will always be at the heart of what we do at Bendigo and Adelaide Bank.

Together, we're setting up Community Banking for the future - growing our impact as a leading social impact movement to transform communities across Australia.

As we continue to evolve to meet the needs of our customers, we should feel proud that more Australians are choosing to do their banking with us and trust us with their financial goals. Our position as Australia's most trusted bank (Roy Morgan) reflects the esteem we are held in by our customers, and communities.

This year has been particularly significant for us. After five years apart, we had the opportunity to come together in person and connect through our State Connect program and in Bendigo at our National Conference in September. It has also been a record-breaking year for Community Bank with more than \$32 million invested into local communities nationwide. This is our highest year on record and underscores our ongoing commitment to our customers and communities.

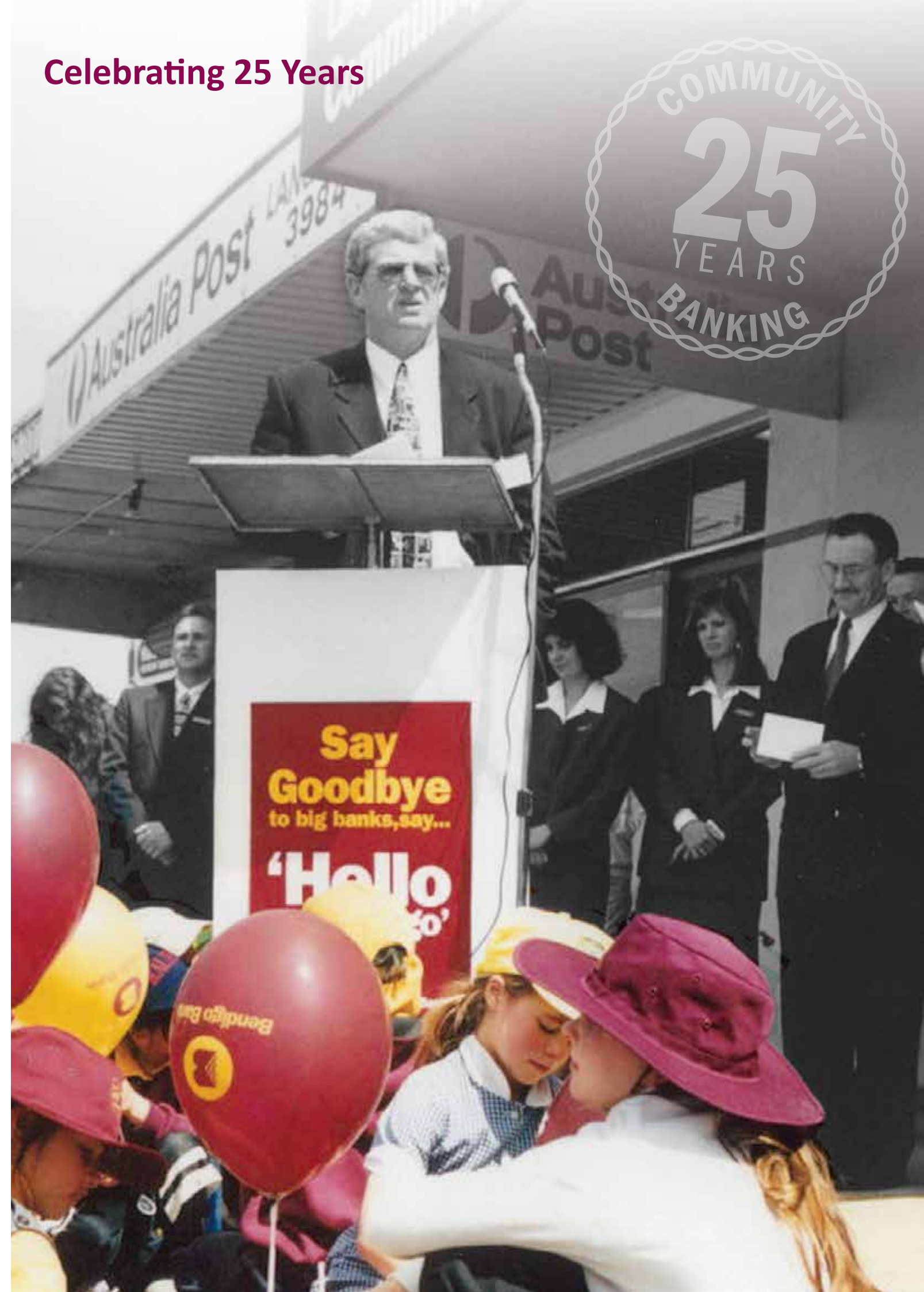
Reflecting on the 25 years since we opened our first Community Bank, I'm so grateful to the hard work of many passionate Directors (past and present). Everything we have done and continue to do is focused on our purpose to feed into the prosperity of our customers and communities, not off it.

On behalf of the Bank, thank you for continuing to play an essential role in supporting your community. I look forward to seeing us grow together and make a positive impact for generations to come.

Warmest regards,

Justine Minne
Bendigo and Adelaide Bank

Celebrating 25 Years





Our Community Company Ltd
Director's Report

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: Title: Experience and expertise:	Gordon Douglas Smale Chairman 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:	Ex Officio all Sub-Committees.
Name: Title: Experience and expertise:	Michael John Duff Non-executive director Michael is a current OCC Board member for 23 years 12 as chairman. Current Pakenham Racing Club Committee member for 22 years' service. Current member with 41 year' service in the Koo Wee Rup Fire Brigade, 10 as Captain 26 years in the Brigades Management Team - Life Membership award. Former Chair & Secretary of the Cochrane Park Committee in Koo Wee Rup. Former Chair & Secretary of the Koo Wee Rup Business & Traders Committee. Patron, former player & Committee member Koo Wee Rup Football Club. Managing director of the Duff Group of Companies: Director of John Duff & Co 1981-2023, Managing Director of John Duff & Co 1994-2023, John Duff & Co (Transport) Pty Ltd 2000-2023, FFUD Investments Pty Ltd current, M & L Duff Pty Ltd current and Gosbin 900 Pty Ltd current.
Special responsibilities:	Audit & Governance Committee, Business Growth Committee, Human Resources Committee, Finance & Budget Committee.
Name: Title: Experience and expertise:	Michael Alan Bushe Non-executive director 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, Audit & Governance Committee, Human Resources Committee.
Name: Title: Experience and expertise:	Glenn Warren Barwick Non-executive director 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: Title: Experience and expertise:	David John Williams Non-executive director 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: Title: Experience and expertise:	Angela Jane Bullen Non-executive director 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 Preschool, 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, Finance & Budget Committee.
Name: Title: Experience and expertise:	Andrew Lloyd Bullen Non-executive director 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: Title: Experience and expertise:	Nicholas James McKinnon Non-executive director 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: Title: Experience and expertise:	Angela Louise Banbury Non-executive director 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. 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.
Special responsibilities:	Asset Committee
Company secretary There have been two company secretaries holding the position during the financial year:	
<ul style="list-style-type: none">Sonia Draxler was appointed company secretary on 5 June 2023.Laura McBride was appointed company secretary on 5 July 2016 and ceased on 2 June 2023.	
Experience and expertise:	Sonia has worked for Bendigo Bank corporate for over 20 years holding various positions in both branch and head office. Sonia joined Our Community Company Ltd in 2018 in the role of Board Support Officer and was promoted to Company Secretary/ Executive Officer for the company in June 2023. Sonia is passionate about local community and is committed to supporting the growth and development of Our Community Company Ltd's six 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 \$871,770 (30 June 2022: \$310,040).

The company has seen a significant increase in its revenue during the financial year. This is a result of the Reserve Bank of Australia (RBA) increasing the cash rate by 3.25% during the financial year moving from 0.85% to 4.10% as at 30 June 2023. The increased cash rate has had a direct impact on the revenue received by the company, increasing the net interest margin income received under the revenue share arrangement the company has with Bendigo Bank.

Dividends

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

	2023 \$
Fully franked dividend of 13 cents per share (2022: 9 cents)	95,209

Significant changes in the state of affairs

During the financial year the board of Our Community Company Limited (OCC) made an offer, in the form of a Purchase Agreement, to Bunyip & District Community Enterprises Limited (BDCE) to acquire BDCE's rights in relation to the revenue from its loans, deposits and other revenue generating business. As part of the agreement, OCC has agreed to continue to operate the Bunyip Branch for a period of at least five years following the completion of the Agreement. The Agreement was settled 20 April 2023.

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

Matters subsequent to the end of the financial year

During the period the company received a Community Enterprise Foundation (CEF) invoice for \$2,400,000 (including GST). \$1,000,000 of this amount was paid in June 2023 and the remaining \$1,400,000 was recognised as a trade payable at 30 June 2023 and subsequently paid in July 2023. All associated expenditure was recognised in the financial year ended 30 June 2023.

No other matter or circumstance has arisen since 30 June 2023 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
Gordon Douglas Smale	11	11	-	-	-	-
Michael John Duff	11	9	2	2	2	1
Michael Alan Bushe	11	10	2	2	2	2
Glenn Warren Barwick	11	7	2	1	-	-
David John Williams	11	10	-	-	-	-
Angela Jane Bullen	11	10	2	1	-	-
Andrew Lloyd Bullen	11	10	-	-	2	2
Nicholas James McKinnon	11	10	2	2	2	1
Angela Louise Banbury	11	11	2	1	-	-

Our Community Company Ltd Director's Report

	Business Growth Committee		Finance & Budget Committee		Human Resources Committee	
	Eligible	Attended	Eligible	Attended	Eligible	Attended
Gordon Douglas Smale	3	3	-	-	5	3
Michael John Duff	3	3	3	3	5	2
Michael Alan Bushe	3	1	3	2	5	5
Glenn Warren Barwick	3	2	-	-	-	-
David John Williams	3	2	3	2	5	-
Angela Jane Bullen	3	1	3	3	5	5
Andrew Lloyd Bullen	3	3	3	2	5	5
Nicholas James McKinnon	3	3	3	1	5	3
Angela Louise Banbury	3	1	-	-	5	-

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

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 28 and note 29 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
Gordon Douglas Smale	525	-	525
Michael John Duff	30,000	-	30,000
Michael Alan Bushe	1,050	-	1,050
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	-	-	-
Angela Louise Banbury	-	-	-

*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*.

Our Community Company Ltd Director's Report

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 30 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:

- 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
- the non-audit services provided do not 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

DocuSigned by:

Gordon Smale
Gordon Smale
Chair

15 September 2023

Our Community Company Ltd Auditor's Independence Declaration



Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550
ABN: 65 684 604 390
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 2023, I declare that, to the best of my knowledge and belief, there have been:

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 15 September 2023

Joshua Griffin
Lead Auditor

Our Community Company Ltd

Statement of Profit or Loss and Others Comprehensive Income

For year ended 30 June 2023

	Note	2023 \$	2022 \$
Revenue from contracts with customers	7	6,595,242	3,504,155
Other revenue	8	41,979	97,574
Finance revenue		6,575	275
Total revenue		<u>6,643,796</u>	<u>3,602,004</u>
Employee benefits expense	9	(2,155,620)	(1,954,906)
Advertising and marketing costs		(46,919)	(21,680)
Occupancy and associated costs		(147,700)	(125,320)
System costs		(114,115)	(110,720)
Depreciation and amortisation expense	9	(270,334)	(309,857)
Loss on disposal of assets		(3,726)	-
Finance costs	9	(77,395)	(75,231)
General administration expenses		(309,705)	(293,456)
Fair value losses on financial assets		(3,493)	(9,766)
Total expenses before community contributions and income tax expense		<u>(3,129,007)</u>	<u>(2,900,936)</u>
Profit before community contributions and income tax expense		3,514,789	701,068
Charitable donations, sponsorships and grants expense	9	<u>(2,354,255)</u>	<u>(289,973)</u>
Profit before income tax expense		1,160,534	411,095
Income tax expense	10	<u>(288,764)</u>	<u>(101,055)</u>
Profit after income tax expense for the year	23	871,770	310,040
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		<u>871,770</u>	<u>310,040</u>
		Cents	Cents
Basic earnings per share	32	119.03	42.33
Diluted earnings per share	32	119.03	42.33

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 2023

	Note	2023 \$	2022 \$
Assets			
Current assets			
Cash and cash equivalents	11	1,713,738	838,057
Trade and other receivables	12	<u>653,971</u>	<u>365,153</u>
Total current assets		<u>2,367,709</u>	<u>1,203,210</u>
Non-current assets			
Financial assets	13	115,035	114,515
Property, plant and equipment	14	705,070	509,820
Right-of-use assets	15	1,257,721	1,203,482
Intangible assets	16	1,103,545	87,171
Deferred tax assets	10	<u>157,858</u>	<u>164,477</u>
Total non-current assets		<u>3,339,229</u>	<u>2,079,465</u>
Total assets		<u>5,706,938</u>	<u>3,282,675</u>
Liabilities			
Current liabilities			
Trade and other payables	17	1,574,217	485,343
Borrowings	18	13,093	39,618
Lease liabilities	19	161,579	158,865
Current tax liabilities	10	89,971	12,666
Employee benefits	20	<u>201,965</u>	<u>216,545</u>
Total current liabilities		<u>2,040,825</u>	<u>913,037</u>
Non-current liabilities			
Borrowings	18	496,093	16,967
Lease liabilities	19	1,419,850	1,383,550
Employee benefits	20	13,544	12,146
Lease make good provision	21	<u>75,341</u>	<u>72,251</u>
Total non-current liabilities		<u>2,004,828</u>	<u>1,484,914</u>
Total liabilities		<u>4,045,653</u>	<u>2,397,951</u>
Net assets		<u>1,661,285</u>	<u>884,724</u>
Equity			
Issued capital	22	607,871	607,871
Retained earnings	23	<u>1,053,414</u>	<u>276,853</u>
Total equity		<u>1,661,285</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 Changes in Equity

For year ended 30 June 2023

	Note	Issued capital \$	Retained earnings \$	Total equity \$
Balance at 1 July 2021		607,871	32,727	640,598
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	25	-	(65,914)	(65,914)
Balance at 30 June 2022		<u>607,871</u>	<u>276,853</u>	<u>884,724</u>
Balance at 1 July 2022		607,871	276,853	884,724
Profit after income tax expense		-	871,770	871,770
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	871,770	871,770
<i>Transactions with owners in their capacity as owners:</i>				
Dividends provided for	25	-	(95,209)	(95,209)
Balance at 30 June 2023		<u>607,871</u>	<u>1,053,414</u>	<u>1,661,285</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 2023

	Note	2023 \$	2022 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		7,011,175	3,811,914
Payments to suppliers and employees (inclusive of GST)		(4,690,744)	(3,131,250)
Dividends received		6,513	6,120
Interest received		5,466	215
Interest and other finance costs paid		(8,851)	(3,282)
Income taxes paid		(179,854)	(142,962)
Net cash provided by operating activities	31	<u>2,143,705</u>	<u>540,755</u>
Cash flows from investing activities			
Payment for domiciled customer accounts	16	(1,077,918)	-
Payments for property, plant and equipment	14	(291,568)	(169,278)
Payments for franchise fees		(65,671)	(70,026)
Proceeds from disposal of property, plant and equipment		39,135	35,000
Net cash used in investing activities		<u>(1,396,022)</u>	<u>(204,304)</u>
Cash flows from financing activities			
Proceeds from borrowings	18	750,000	33,269
Repayment of borrowings		(297,399)	(50,246)
Dividends paid	25	(95,209)	(65,914)
Repayment of lease liabilities	19	(229,394)	(218,982)
Net cash provided by/(used in) financing activities		<u>127,998</u>	<u>(301,873)</u>
Net increase in cash and cash equivalents		875,681	34,578
Cash and cash equivalents at the beginning of the financial year		<u>838,057</u>	<u>803,479</u>
Cash and cash equivalents at the end of the financial year	11	<u>1,713,738</u>	<u>838,057</u>

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 2023

Note 1. Reporting entity

The financial statements cover Our Community Company Ltd (the company) as an individual entity, which is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

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.

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 and are presented in Australian dollars, which is the company's functional and presentation currency.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 15 September 2023. The directors have the power to amend and reissue the financial statements.

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 2022, 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 2023

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 2023.

Non-financial assets

At each reporting date, the company reviews the carrying amounts of its tangible assets and intangible assets 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 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 that it believes to be reasonable under the circumstances. Differences between the accounting judgements and estimates and actual results and outcomes are accounted for in future reporting periods. 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.

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.

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.

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 assets that have been abandoned or sold will be written off or written down.

Our Community Company Ltd
Notes to the Financial Statements

For year ended 30 June 2023

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

Impairment of non-financial assets
The company assesses impairment of non-financial assets at each reporting date by evaluating conditions specific to the company and to the particular asset that may lead to impairment.

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.

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.

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.

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.

Note 5. Correction of error

The prior year financial report incorrectly classified chattel mortgages relating to motor vehicles under 'lease liabilities' and the corresponding asset under 'right-of-use assets'. Upon further analysis of AASB 16 Leases, the correct classification should have been under 'borrowings' and 'property, plant and equipment'.

Note 6. 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.

Our Community Company Ltd
Notes to the Financial Statements

For year ended 30 June 2023

Note 6. Economic dependency (continued)

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.

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 Bendigo Bank 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 7. Revenue from contracts with customers

Table with 3 columns: Revenue item, 2023 \$, 2022 \$. Rows include Margin income, Fee income, Commission income, and totals for 2023 and 2022.

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.

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

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

Our Community Company Ltd Notes to the Financial Statements

For year ended 30 June 2023

Note 7. Revenue from contracts with customers (continued)

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, interest rates and funds transfer pricing and other factors, such as economic and local conditions.

Margin income

Margin on core banking products 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 income

Commission income 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 including fees for loan applications and account transactions.

Core banking products

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

Ability to change financial return

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

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

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

Our Community Company Ltd Notes to the Financial Statements

For year ended 30 June 2023

Note 8. Other revenue

	2023 \$	2022 \$
Net gain on disposal of property, plant and equipment	-	15,328
Market development fund	35,417	46,250
Dividend and distribution income	6,513	6,120
Other income	49	29,876
	<u>41,979</u>	<u>97,574</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.
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.

Note 9. Expenses

Employee benefits expense

	2023 \$	2022 \$
Wages and salaries	1,760,071	1,580,223
Non-cash benefits	23,136	22,544
Superannuation contributions	190,752	163,791
Expenses related to long service leave	875	(4,432)
Other expenses	180,786	192,780
	<u>2,155,620</u>	<u>1,954,906</u>

Our Community Company Ltd Notes to the Financial Statements

For year ended 30 June 2023

Note 9. Expenses (continued)

Depreciation and amortisation expense

	2023 \$	2022 \$
<i>Depreciation of non-current assets</i>		
Leasehold improvements	31,450	73,806
Plant and equipment	1,314	2,082
Motor vehicles	20,693	25,856
	<u>53,457</u>	<u>101,744</u>
<i>Depreciation of right-of-use assets</i>		
Leased land and buildings	<u>148,715</u>	<u>142,194</u>
<i>Amortisation of intangible assets</i>		
Franchise fee	<u>68,162</u>	<u>65,919</u>
	<u><u>270,334</u></u>	<u><u>309,857</u></u>

Finance costs

	2023 \$	2022 \$
Recurring borrowing costs paid	174	71
Lease interest expense	65,454	69,479
Unwinding of make-good provision	3,090	2,963
Other	8,677	2,718
	<u><u>77,395</u></u>	<u><u>75,231</u></u>

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

Leases recognition exemption

	2023 \$	2022 \$
Expenses relating to low-value leases	<u><u>44,248</u></u>	<u><u>48,412</u></u>

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 Leases*. Expenses relating to low-value exempt leases are included in system costs expenses.

Charitable donations, sponsorships and grants

	2023 \$	2022 \$
Direct donation, sponsorship and grant payments	172,437	132,078
Contribution to the Community Enterprise Foundation™	2,181,818	157,895
	<u><u>2,354,255</u></u>	<u><u>289,973</u></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 to and held by the Community Enterprise Foundation™ (CEF) are available for distribution as grants to eligible applicants for a specific purpose in consultation with the directors.

Our Community Company Ltd Notes to the Financial Statements

For year ended 30 June 2023

Note 9. Expenses (continued)

Depreciation and amortisation expense

	2023 \$	2022 \$
<i>Depreciation of non-current assets</i>		
Leasehold improvements	31,450	73,806
Plant and equipment	1,314	2,082
Motor vehicles	20,693	25,856
	<u>53,457</u>	<u>101,744</u>
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<i>Amortisation of intangible assets</i>		
Franchise fee	<u>68,162</u>	<u>65,919</u>
	<u><u>270,334</u></u>	<u><u>309,857</u></u>

Finance costs

	2023 \$	2022 \$
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The funds contributed to and held by the Community Enterprise Foundation™ (CEF) are available for distribution as grants to eligible applicants for a specific purpose in consultation with the directors.

Our Community Company Ltd Notes to the Financial Statements

For year ended 30 June 2023

Note 9. Expenses (continued)

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 10. Income tax

	2023 \$	2022 \$
<i>Income tax expense</i>		
Current tax	284,698	101,873
Movement in deferred tax	6,619	1,567
Net benefit of franking credits on dividends received	(2,553)	(2,385)
	<u>288,764</u>	<u>101,055</u>
<i>Aggregate income tax expense</i>		
	<u>288,764</u>	<u>101,055</u>
<i>Prima facie income tax reconciliation</i>		
Profit before income tax expense	1,160,534	411,095
	<u>1,160,534</u>	<u>411,095</u>
Tax at the statutory tax rate of 25%	290,134	102,774
	<u>290,134</u>	<u>102,774</u>
Tax effect of:		
Tax offset for franked dividends	(2,553)	(2,385)
Non-deductible expenses	545	70
Other assessable income	638	596
	<u>638</u>	<u>596</u>
Income tax expense	<u>288,764</u>	<u>101,055</u>
	<u>288,764</u>	<u>101,055</u>
	2023 \$	2022 \$
<i>Deferred tax assets/(liabilities)</i>		
Property, plant and equipment	(89)	-
Employee benefits	54,103	57,417
Provision for lease make good	18,835	18,063
Accrued expenses	1,331	2,110
Income accruals	(292)	(15)
Lease liabilities	395,357	385,604
Right-of-use assets	(314,430)	(300,871)
Fair value of investments	3,043	2,169
	<u>157,858</u>	<u>164,477</u>
Deferred tax asset	<u>157,858</u>	<u>164,477</u>
	2023 \$	2022 \$
Provision for income tax	<u>89,971</u>	<u>12,666</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 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.

Our Community Company Ltd Notes to the Financial Statements

For year ended 30 June 2023

Note 10. Income tax (continued)

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.

Note 11. Cash and cash equivalents

	2023 \$	2022 \$
Cash at bank and on hand	292,933	422,621
Term deposits	<u>1,420,805</u>	<u>415,436</u>
	<u>1,713,738</u>	<u>838,057</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 12. Trade and other receivables

	2023 \$	2022 \$
Trade receivables	<u>638,887</u>	<u>352,647</u>
Other receivables and accruals	2,042	60
Prepayments	<u>13,042</u>	<u>12,446</u>
	<u>15,084</u>	<u>12,506</u>
	<u>653,971</u>	<u>365,153</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.

Our Community Company Ltd Notes to the Financial Statements

For year ended 30 June 2023

Note 13. Financial assets

	2023 \$	2022 \$
<i>Non-current assets</i>		
Equity securities - at FVTPL	<u>115,035</u>	<u>114,515</u>
<i>Reconciliation</i>		
Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:		
Opening fair value	114,515	120,660
Additions through reinvestment	4,011	3,621
Revaluation decrements	<u>(3,491)</u>	<u>(9,766)</u>
Closing fair value	<u>115,035</u>	<u>114,515</u>

Accounting policy for financial assets

Financial assets are recognised at their market value. Financial assets are derecognised when the rights to receive cash flows have been transferred and the company has transferred substantially all the risks and rewards of ownership.

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.

Note 14. Property, plant and equipment

	2023 \$	2022 \$
Leasehold improvements - at cost	1,304,961	1,127,968
Less: Accumulated depreciation	<u>(712,726)</u>	<u>(701,202)</u>
	592,235	426,766
Plant and equipment - at cost	13,013	15,914
Less: Accumulated depreciation	<u>(9,453)</u>	<u>(11,524)</u>
	3,560	4,390
Motor vehicles - at cost	122,700	123,780
Less: Accumulated depreciation	<u>(13,425)</u>	<u>(45,116)</u>
	109,275	78,664
	<u>705,070</u>	<u>509,820</u>

Our Community Company Ltd Notes to the Financial Statements

For year ended 30 June 2023

Note 14. Property, plant and equipment (continued)

Reconciliations of the carrying 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 2021	161,339	5,534	92,206	259,079
Additions	339,870	938	31,349	372,157
Disposals	(637)	-	(19,035)	(19,672)
Depreciation	<u>(73,806)</u>	<u>(2,082)</u>	<u>(25,856)</u>	<u>(101,744)</u>
Balance at 30 June 2022	426,766	4,390	78,664	509,820
Additions	196,962	3,255	91,351	291,568
Disposals	(43)	(2,771)	(40,047)	(42,861)
Depreciation	<u>(31,450)</u>	<u>(1,314)</u>	<u>(20,693)</u>	<u>(53,457)</u>
Balance at 30 June 2023	<u>592,235</u>	<u>3,560</u>	<u>109,275</u>	<u>705,070</u>

Additions

During the financial year the company acquired the leasehold improvements of the Bunyip Branch as part of the purchase agreement with Bunyip & District Community Enterprises Limited. The company also purchased two new motor vehicles.

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 to 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.

Note 15. Right-of-use assets

	2023 \$	2022 \$
Land and buildings - right-of-use	2,978,301	2,775,347
Less: Accumulated depreciation	<u>(1,720,580)</u>	<u>(1,571,865)</u>
	<u>1,257,721</u>	<u>1,203,482</u>

Our Community Company Ltd Notes to the Financial Statements

For year ended 30 June 2023

Note 15. Right-of-use assets (continued)

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

	Land and buildings \$
Balance at 1 July 2021	1,345,521
Remeasurement adjustments	155
Depreciation expense	(142,194)
Balance at 30 June 2022	1,203,482
Additions	197,219
Remeasurement adjustments	5,735
Depreciation expense	(148,715)
Balance at 30 June 2023	<u>1,257,721</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 19 for more information on lease arrangements.

Note 16. Intangible assets

	2023 \$	2022 \$
Domiciled customer accounts	1,077,918	-
Franchise fee	941,205	934,585
Less: Accumulated amortisation	(915,578)	(847,414)
	<u>25,627</u>	<u>87,171</u>
	<u>1,103,545</u>	<u>87,171</u>

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

	Domiciled customer accounts \$	Franchise fee \$	Total \$
Balance at 1 July 2021	-	153,090	153,090
Amortisation expense	-	(65,919)	(65,919)
Balance at 30 June 2022	-	87,171	87,171
Additions	1,077,918	6,618	1,084,536
Amortisation expense	-	(68,162)	(68,162)
Balance at 30 June 2023	<u>1,077,918</u>	<u>25,627</u>	<u>1,103,545</u>

Our Community Company Ltd Notes to the Financial Statements

For year ended 30 June 2023

Note 16. Intangible assets (continued)

Additions

During the financial year the company purchased the revenue rights of Bunyip & District Community Enterprises Limited. This was funded through cash reserves and a bank loan.

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 and domiciled customer accounts 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
Domiciled customer accounts	Straight-line	Finite	N/A

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

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 17. Trade and other payables

	2023 \$	2022 \$
<i>Current liabilities</i>		
Trade payables	1,409,006	223,231
Other payables and accruals	<u>165,211</u>	<u>262,112</u>
	<u>1,574,217</u>	<u>485,343</u>

At the end of the current financial year a \$1,400,000 contribution to the Community Enterprise Foundation has been recognised as a trade payable. This was paid in July 2023.

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 2023

Note 18. Borrowings

	2023 \$	2022 \$
<i>Current liabilities</i>		
Chattel mortgage	<u>13,093</u>	<u>39,618</u>
<i>Non-current liabilities</i>		
Bank loans	492,219	-
Chattel mortgage	<u>3,874</u>	<u>16,967</u>
	<u>496,093</u>	<u>16,967</u>

Bank loans

The company took out a loan for \$750,000 to assist with the purchase of the business assets of Bunyip & District Community Enterprises Limited. The bank loan is repayable monthly with the final instalment due on 27 April 2028. As at 30 June 2023 the company was over 12 months in advance of their minimum payments. Interest is recognised at rate of 8.48%. The loans are secured by a fixed and floating charge over the company's assets.

Accounting policy for borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Note 19. Lease liabilities

	2023 \$	2022 \$
<i>Current liabilities</i>		
Land and buildings lease liabilities	231,683	221,888
Unexpired interest	<u>(70,104)</u>	<u>(63,023)</u>
	<u>161,579</u>	<u>158,865</u>
<i>Non-current liabilities</i>		
Land and buildings lease liabilities	1,927,322	1,889,007
Unexpired interest	<u>(507,472)</u>	<u>(505,457)</u>
	<u>1,419,850</u>	<u>1,383,550</u>

Reconciliation of lease liabilities

	2023 \$	2022 \$
Opening balance	1,542,415	1,691,763
Additional lease liabilities recognised	197,219	-
Remeasurement adjustments	5,735	155
Lease interest expense	65,454	69,479
Lease payments - total cash outflow	<u>(229,394)</u>	<u>(218,982)</u>
	<u>1,581,429</u>	<u>1,542,415</u>

Our Community Company Ltd Notes to the Financial Statements

For year ended 30 June 2023

Note 19. Lease liabilities (continued)

Maturity analysis

	2023 \$	2022 \$
Not later than 12 months	231,683	221,888
Between 12 months and 5 years	630,434	619,512
Greater than 5 years	<u>1,296,888</u>	<u>1,269,495</u>
	<u>2,159,005</u>	<u>2,110,895</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 and variable lease payments 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.

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 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:

Lease	Discount rate	Non-cancellable term	Renewal options available	Reasonably certain to exercise options	Lease term end date used in calculations
Tooradin Branch	4.29%	5 years	N/A	N/A	July 2024
Lang Lang Branch	4.29%	5 years	3 x 5 years	Yes	November 2040
Narre Warren South Branch	4.29%	5 years	N/A	N/A	June 2026
Koo Wee Rup Branch	4.29%	5 years	3 x 5 years	Yes	June 2041
Pearcedale branch Shop 4	4.29%	5 years	N/A	N/A	November 2023
Pearcedale branch Shop 5	3.54%	1 year and 10 months	N/A	N/A	November 2023
Bunyip branch	7.25%	4 years and 2 months	1 x 5 years	Yes	July 2032

Our Community Company Ltd Notes to the Financial Statements

For year ended 30 June 2023

Note 20. Employee benefits

	2023 \$	2022 \$
<i>Current liabilities</i>		
Annual leave	124,432	133,171
Long service leave	77,533	83,374
	<u>201,965</u>	<u>216,545</u>
<i>Non-current liabilities</i>		
Long service leave	<u>13,544</u>	<u>12,146</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 21. Lease make good provision

	2023 \$	2022 \$
Lease make good	<u>75,341</u>	<u>72,251</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 the 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 2023

Note 21. Lease make good provision (continued)

<u>Lease</u>	<u>Lease term expiry date per AASB 16</u>	<u>Estimated provisions</u>
Tooradin branch	July 2024	\$20,000
Lang Lang branch	November 2040	\$20,000
Narre Warren branch	June 2026	\$20,000
Koo Wee Rup branch	June 2041	\$20,000
Pearcedale shop 4	November 2023	\$10,000
Pearcedale shop 5	November 2023	\$10,000
Bunyip branch	July 2032	\$0

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. The 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 22. Issued capital

	2023 Shares	2022 Shares	2023 \$	2022 \$
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 2023

Note 22. 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 227 shareholders (2022: 228 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 their associates) has a prohibited shareholding interest in 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 23. Retained earnings

	2023	2022
	\$	\$
Retained earnings at the beginning of the financial year	276,853	32,727
Profit after income tax expense for the year	871,770	310,040
Dividends paid (note 25)	(95,209)	(65,914)
Retained earnings at the end of the financial year	1,053,414	276,853

Note 24. 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 2023

Note 24. 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 25. 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.

	2023	2022
	\$	\$
Fully franked dividend of 13 cents per share (2022: 9 cents)	95,209	65,914

Franking credits

	2023	2022
	\$	\$
Franking account balance at the beginning of the financial year	342,702	219,326
Franking credits (debits) arising from income taxes paid (refunded)	150,680	142,962
Franking debits from the payment of franked distributions	(31,736)	(21,971)
Franking credits from franked distributions received	2,553	2,385
	464,199	342,702

Franking transactions that will arise subsequent to the financial year end:		
Balance at the end of the financial year	464,199	342,702
Franking credits (debits) that will arise from payment (refund) of income tax	144,131	41,839
Franking credits available for future reporting periods	608,330	384,541

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.

Our Community Company Ltd Notes to the Financial Statements

For year ended 30 June 2023

Note 26. Financial instruments

	2023 \$	2022 \$
Financial assets		
Trade and other receivables	640,929	352,707
Cash and cash equivalents	1,713,738	838,057
Financial assets	115,035	114,515
	<u>2,469,702</u>	<u>1,305,279</u>
Financial liabilities		
Trade and other payables	1,574,217	485,343
Lease liabilities	1,581,429	1,542,415
Bank loans	505,312	39,618
	<u>3,660,958</u>	<u>2,067,376</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.

Interest-bearing assets and liabilities are held with Bendigo Bank and earnings on those are subject to movements in market interest rates. The company held cash and cash equivalents of \$1,713,738 at 30 June 2023 (2022: \$838,057).

Price risk

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

Our Community Company Ltd Notes to the Financial Statements

For year ended 30 June 2023

Note 26. Financial instruments (continued)

As at the reporting date, the company had the following variable rate borrowings outstanding:

	2023 Nominal interest rate %	Balance \$	2022 Nominal interest rate %	Balance \$
Bank loans	8.48%	<u>492,219</u>	-	<u>-</u>
Net exposure to cash flow interest rate risk		<u>492,219</u>		<u>-</u>

An analysis by remaining contractual maturities is shown in 'liquidity risk' below.

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, Bendigo Bank is rated BBB+ on Standard & Poor's credit ratings.

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 \$
2023				
Chattel mortgage	13,093	3,874	-	16,967
Bank loans	-	492,219	-	492,219
Trade and other payables	1,574,217	-	-	1,574,217
Lease liabilities	231,683	630,434	1,296,888	2,159,005
Total non-derivatives	<u>1,818,993</u>	<u>1,126,527</u>	<u>1,296,888</u>	<u>4,242,408</u>
2022				
Chattel mortgage	39,618	16,967	-	56,585
Trade and other payables	485,343	-	-	485,343
Lease liabilities	221,888	619,512	1,269,495	2,110,895
Total non-derivatives	<u>746,849</u>	<u>636,479</u>	<u>1,269,495</u>	<u>2,652,823</u>

Our Community Company Ltd
Notes to the Financial Statements

For year ended 30 June 2023

Note 27. Fair value measurement

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
2023				
Assets				
Equity securities	115,035	-	-	115,035
Total assets	115,035	-	-	115,035
2022				
Assets				
Equity securities	114,515	-	-	114,515
Total assets	114,515	-	-	114,515

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 28. Key management personnel disclosures

The following persons were directors of Our Community Company Ltd during the financial year and/or up to the date of signing of these Financial Statements.

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

Compensation
Key management personnel compensation comprised the following.

	2023 \$	2022 \$
Short-term employee benefits	22,624	31,815
Post-employment benefits	2,376	3,181
	25,000	34,996

Compensation of the company's key management personnel includes salaries and contributions to a post-employment superannuation fund.

Our Community Company Ltd
Notes to the Financial Statements

For year ended 30 June 2023

Note 29. Related party transactions

The following transactions occurred with related parties:

	2023 \$	2022 \$
During the period the company sold one of its motor vehicles to a director at a reduced cost to recognise their long commitment to the company.	18,182	-
The company made contributions to various sporting clubs that directors were also committee members.	530	-
A director completed construction/fit out works during the period.	2,609	-
A director owns a company which received payment for fuel supplies provided during the period	21,589	14,912

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

Note 30. 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:

	2023 \$	2022 \$
Audit services		
Audit or review of the financial statements	6,800	6,600
Other services		
General advisory services	4,135	2,700
Share registry services	3,861	3,633
	7,996	6,333
	14,796	12,933

Our Community Company Ltd Notes to the Financial Statements

For year ended 30 June 2023

Note 31. Reconciliation of profit after income tax to net cash provided by operating activities

	2023 \$	2022 \$
Profit after income tax expense for the year	871,770	310,040
Adjustments for:		
Depreciation and amortisation	270,334	309,857
Net loss/(gain) on disposal of non-current assets	3,726	(15,328)
Decrease/(Increase) in fair value of equity instruments designated at FVTPL	3,491	9,766
Income reinvested in financial assets	(4,011)	(3,621)
Lease liabilities interest	65,454	68,986
Change in operating assets and liabilities:		
Increase in trade and other receivables	(288,818)	(117,807)
Decrease in deferred tax assets	6,619	1,564
Increase in trade and other payables	1,122,941	30,035
Increase/(decrease) in provision for income tax	102,291	(43,471)
Decrease in employee benefits	(13,182)	(12,229)
Increase in other provisions	3,090	2,963
Net cash provided by operating activities	<u>2,143,705</u>	<u>540,755</u>

Note 32. Earnings per share

	2023 \$	2022 \$
Profit after income tax	<u>871,770</u>	<u>310,040</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>732,375</u>	<u>732,375</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>732,375</u>	<u>732,375</u>
	Cents	Cents
Basic earnings per share	119.03	42.33
Diluted earnings per share	119.03	42.33

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, by the weighted average number of ordinary shares outstanding during the financial year.

Note 33. Commitments

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

Note 34. Contingencies

There were no contingent liabilities or contingent assets at the date of this report.

Our Community Company Ltd Notes to the Financial Statements

For year ended 30 June 2023

Note 35. Events after the reporting period

During the period the company received a Community Enterprise Foundation (CEF) invoice for \$2,400,000 (including GST). \$1,000,000 of this amount was paid in June 2023 and the remaining \$1,400,000 was recognised as a trade payable at 30 June 2023 and subsequently paid in July 2023. All associated expenditure was recognised in the financial year ended 30 June 2023.

No other matter or circumstance has arisen since 30 June 2023 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

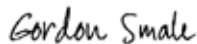
In the directors' opinion:

- 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 2023 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

DocuSigned by:



Gordon Smale
Chair

15 September 2023



Andrew Frewin Stewart
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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 (the company), which comprises:

- Statement of financial position as at 30 June 2023
- 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 2023 and of its financial performance for the year ended on that date; and
- ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

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

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

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



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Other Information

The other information comprises the information included in the company's annual report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon. The annual report may also include "other information" on the company'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. We have nothing to report in this regard.

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.

The directors are responsible for overseeing the company's financial reporting process.

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.



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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: 15 September 2023

Joshua Griffin
Lead Auditor

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(22/09/2021)