

Carrum Downs Financial Services Limited

ABN 89 088 990 470

Half-year Financial Report - 31 December 2022

Carrum Downs Financial Services Limited
Directors' report
31 December 2022

The directors present their report, together with the financial statements, on the company for the half-year ended 31 December 2022.

Directors

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

Mr Lindsay (Malcolm) Wells
Mr Gary Landy
Mrs Christine Swanson

Hon Ken Smith AM
Mr Jason Pater (*appointed 24 January 2023*)

Principal activity

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

Review of operations

The profit for the company after providing for income tax amounted to \$156,686 (31 December 2021: \$9,822).

The company has seen a significant increase in its revenue during the period. This as a result of the Reserve Bank of Australia (RBA) increasing the cash rate by 2.25% during the period moving from 0.85% to 3.10% as at 31 December 2022. 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.

Significant changes in the state of affairs

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

Matters subsequent to the end of the financial half-year

Since the end of the half-year, the RBA has increased the cash rate by 0.25% moving from 3.10% at 31 December 2022 to 3.35% as at the date of signing these accounts.

No other matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

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 306(3)(a) of the *Corporations Act 2001*.

On behalf of the directors



Lindsay (Malcolm) Wells
Chair

27 February 2023



Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550
ABN: 65 684 604 390
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(03) 5443 0344

Lead auditor's independence declaration under section 307C of the *Corporations Act 2001* to the Directors of Carrum Downs Financial Services Limited

We declare that, to the best of our knowledge and belief, for the half-year ended 31 December 2022 there have been no contraventions of:

- i. the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review
- ii. any applicable code of professional conduct in relation to the review.

A handwritten signature in black ink, appearing to read 'Andrew Frewin Stewart', is positioned above the printed name.

Andrew Frewin Stewart
61 Bull Street, Bendigo Vic 3550
Dated: 27 February 2023

A handwritten signature in black ink, appearing to read 'Joshua Griffin', is positioned above the printed name.

Joshua Griffin
Lead Auditor

Carrum Downs Financial Services Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2022

	Note	31-Dec-22 \$	31-Dec-21 \$
Revenue from contracts with customers	4	1,405,240	899,564
Other revenue		5,000	7,500
Finance revenue		13,086	1,938
Total revenue		<u>1,423,326</u>	<u>909,002</u>
Employee benefits expense		(559,839)	(565,667)
Advertising and marketing costs		(2,570)	(1,035)
Occupancy and associated costs		(21,889)	(19,642)
Systems costs		(41,976)	(51,137)
Depreciation and amortisation expense		(109,463)	(114,118)
Finance costs		(8,544)	(14,080)
General administration expenses		(92,804)	(99,661)
Total expenses		<u>(837,085)</u>	<u>(865,340)</u>
Profit before community contributions and income tax expense		586,241	43,662
Charitable donations and sponsorships expense		<u>(377,320)</u>	<u>(27,000)</u>
Profit before income tax expense		208,921	16,662
Income tax expense		<u>(52,235)</u>	<u>(6,840)</u>
Profit after income tax expense for the half-year		156,686	9,822
Other comprehensive income for the half-year, net of tax		<u>-</u>	<u>-</u>
Total comprehensive income for the half-year		<u>156,686</u>	<u>9,822</u>
		Cents	Cents
Basic earnings per share		45.35	2.84
Diluted earnings per share		45.35	2.84

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Carrum Downs Financial Services Limited
Statement of financial position
As at 31 December 2022

	31-Dec-22 \$	30-Jun-22 \$
Assets		
Current assets		
Cash and cash equivalents	1,110,854	982,441
Trade and other receivables	312,192	194,214
Total current assets	<u>1,423,046</u>	<u>1,176,655</u>
Non-current assets		
Property, plant and equipment	271,544	280,912
Right-of-use assets	217,767	296,194
Intangibles	46,364	59,432
Deferred tax assets	75,152	66,194
Total non-current assets	<u>610,827</u>	<u>702,732</u>
Total assets	<u>2,033,873</u>	<u>1,879,387</u>
Liabilities		
Current liabilities		
Trade and other payables	228,176	178,565
Lease liabilities	116,660	153,260
Current tax liabilities	83,555	28,068
Employee benefits	247,279	206,509
Total current liabilities	<u>675,670</u>	<u>566,402</u>
Non-current liabilities		
Trade and other payables	-	30,686
Lease liabilities	105,468	154,657
Employee benefits	3,802	2,103
Provisions	47,440	46,181
Total non-current liabilities	<u>156,710</u>	<u>233,627</u>
Total liabilities	<u>832,380</u>	<u>800,029</u>
Net assets	<u>1,201,493</u>	<u>1,079,358</u>
Equity		
Issued capital	3,215	3,215
Retained earnings	1,198,278	1,076,143
Total equity	<u>1,201,493</u>	<u>1,079,358</u>

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

Carrum Downs Financial Services Limited
Statement of changes in equity
For the half-year ended 31 December 2022

	Note	Issued capital \$	Retained earnings \$	Total equity \$
Balance at 1 July 2021		86,377	992,189	1,078,566
Profit after income tax expense after income tax benefit		-	9,822	9,822
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	9,822	9,822
<i>Transactions with owners in their capacity as owners:</i>				
Dividends provided for	5	-	(24,186)	(24,186)
Balance at 31 December 2021		<u>86,377</u>	<u>977,825</u>	<u>1,064,202</u>
Balance at 1 July 2022		3,215	1,076,143	1,079,358
Profit after income tax expense after income tax benefit		-	156,686	156,686
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	156,686	156,686
<i>Transactions with owners in their capacity as owners:</i>				
Dividends provided for	5	-	(34,551)	(34,551)
Balance at 31 December 2022		<u>3,215</u>	<u>1,198,278</u>	<u>1,201,493</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

Carrum Downs Financial Services Limited
Statement of cash flows
For the half-year ended 31 December 2022

	Note	31-Dec-22 \$	31-Dec-21 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		1,447,863	993,423
Payments to suppliers and employees (inclusive of GST)		(1,155,150)	(950,830)
Interest received		5,528	1,939
Income taxes paid		(5,706)	-
		<u>292,535</u>	<u>44,532</u>
Cash flows from investing activities			
Payments for intangibles		(27,896)	(27,896)
		<u>(27,896)</u>	<u>(27,896)</u>
Cash flows from financing activities			
Dividends paid	5	(34,551)	(24,186)
Repayment of lease liabilities		(101,675)	(102,250)
		<u>(136,226)</u>	<u>(126,436)</u>
Net increase/(decrease) in cash and cash equivalents		128,413	(109,800)
Cash and cash equivalents at the beginning of the financial half-year		982,441	985,985
		<u>1,110,854</u>	<u>876,185</u>

The above statement of cash flows should be read in conjunction with the accompanying notes

Carrum Downs Financial Services Limited
Notes to the financial statements
31 December 2022

Note 1. Significant accounting policies

Statement of compliance

These general purpose financial statements for the interim half-year reporting period ended 31 December 2022 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the *Corporations Act 2001*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

Accounting policies

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

Note 2. Basis of preparation

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.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by the company during the period.

Note 3. Restatement of comparatives

Correction of error

The company previously had not recognised franchise and renewal fees as intangible assets and the corresponding amount payable to Bendigo Bank was not recognised as a liability. The amortisation of these intangible assets has also been reclassified to amortisation expense.

The following table summaries the impacts on the 31 December 2021 financial statements:

	As previously stated	Adjustment	As restated
	\$	\$	\$
Statement of Profit or Loss or Other Comprehensive Income (extract)			
Depreciation and amortisation	99,482	14,636	114,118
General administration expenses	114,247	(14,636)	99,661
Total comprehensive income for the half-year	9,822	-	9,822

Note 4. Revenue from contracts with customers

	31-Dec-22	31-Dec-21
	\$	\$
Margin income	1,218,508	708,184
Fee income	93,772	92,034
Commission income	92,960	99,346
Revenue from contracts with customers	1,405,240	899,564

Disaggregation of revenue

All revenue from contracts with customers has been recognised at a point in time during the half-year.

Carrum Downs Financial Services Limited
Notes to the financial statements
31 December 2022

Note 5. Dividends

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

	31-Dec-22	31-Dec-21
	\$	\$
Fully franked dividend of 10 cents per share (31-Dec-21: 7 cents)	<u>34,551</u>	<u>24,186</u>

The tax rate at which dividends have been franked is 25% (31-Dec-21: 25%).

Note 6. Contingent assets and liabilities

There were no contingent assets or liabilities at the date of this report that would materially affect the financial statements at the reporting date.

Note 7. Commitments

	31-Dec-22	30-Jun-22
	\$	\$
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	47,676	-
One to five years	190,704	-
More than five years	<u>213,424</u>	<u>-</u>
	<u>451,804</u>	<u>-</u>

The company has entered into a memorandum of understanding with the Payton Foundation regarding the stewardship of the supported housing initiative. The company has donated \$346,000 to the Payton Foundation. With these funds together with a 15 year loan from Bendigo Bank, the Payton Foundation has purchased a 3 bedroom home in Carrum Downs for \$645,000 which they will make available to rent to young women under 25 with family/domestic violence experience, who may have children. The tenants will pay below market rent and will stay between 3 and 18 months. They will be supported by Fusion Australia social workers who will help them become more independent and eventually transition out to more permanent accommodation. The company has committed to donate a monthly sum to Payton Foundation sufficient to cover the loan repayments and operating costs (net of rental income) until the loan is repaid. The Payton Foundation will ensure that the house is managed in accordance with the wishes of the company to serve the Carrum Downs and Marriott Waters community in perpetuity. The amounts listed above exclude interest repayments.

Note 8. Related party transactions

Arrangements with related parties continue to be in place. For details on these arrangements, refer to the 30 June 2022 annual financial report.

Note 9. Events after the reporting date

Since the end of the half-year, the RBA has increased the cash rate by 0.25% moving from 3.10% at 31 December 2022 to 3.35% as at the date of signing these accounts.

No other matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Carrum Downs Financial Services Limited
Directors' declaration
31 December 2022

In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, Australian Accounting Standard *AASB 134 'Interim Financial Reporting'*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 31 December 2022 and of its performance for the financial half-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 303(5)(a) of the *Corporations Act 2001*.

On behalf of the directors



Lindsay (Malcolm) Wells
Chair

27 February 2023



Andrew Frewin Stewart
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Independent auditor's review report to the Directors of Carrum Downs Financial Services Limited

Report on the half-year financial report

Conclusion

We have reviewed the half-year financial report of Carrum Downs Financial Services Limited (the company), which comprises the statement of financial position as at 31 December 2022, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Carrum Downs Financial Services Limited does not comply with the *Corporations Act 2001* including:

- a. giving a true and fair view of the company's financial position at 31 December 2022 and of its performance for the half-year ended on that date
- b. complying with Accounting Standard *AASB 134: Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410: *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the directors for the financial report

The directors of the company are responsible for the preparation of the half-year financial report that 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud error.

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the company's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Andrew Frewin Stewart
61 Bull Street, Bendigo VIC 3550
Dated: 27 February 2023



Joshua Griffin
Lead Auditor