

Annual Report 2022

Albany (WA) Community
Financial Services Limited

Community Bank
Albany

ABN 77 119 012 510

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Chair's report

For year ending 30 June 2022

Welcome to the 2022 financial report. It has been yet another unsettled and demanding year with ongoing low interest rates, the ongoing impacts of the COVID-19 pandemic, significant staff changes and a staff operation restructure. Despite these challenges, the board and branch team have continued to work together, to improve performance of both the Company and branch operations. In collaboration, the team continue in our strategic direction to ensure we achieve our desired goals and deliver on our commitments. We know, in doing this, we will ensure a return to our shareholders, increase our capacity to provide support to our community and build customer connection to bank with our branch.

Our key focus areas remain:

- Provide high value financial services;
- Promote a positive and supportive culture that fosters productivity and professionalism to deliver exceptional customer service; and
- Provide considered investments to support the advancement of our community within Albany and the surrounding region.

We continue to make progress with responsible and diligent management of the company. The Board are committed to meet outcomes, deliver on commitments, and increase our capacity to provide support to our community. The positive upturn of interest rates towards the end of this financial year is hoped to further improve profits for the company. However, the increase of interest rates is also anticipated to have a negative impact on the lending market. The Board are pleased with the progress to date but will remain vigilant as we continue to endure this global volatile economic climate and the further challenges ahead. Changes will be ongoing to manage this uncertain climate and to adapt operations to manage the impact on the Company performance.

On behalf of the Board, I would like to sincerely express our thanks to the branch team for their commitment and professionalism during an ongoing challenging period. The branch has had significant staff movements with our Branch Manager, Natasha Thompson heading off on Maternity leave, Margaret Broad moving to Perth to be closer with family and Emily Sanderson also heading off on Maternity leave. To manage these movements, Gavin Boardley was welcomed into the branch leadership role as Business Development Manager. Jan King joined the team as Assistant Branch Manager and Kylie Amson as the Customer Service Officer.

Our dedicated branch team:

Gavin Boardley - Business Development Manager

Jan King – Assistant Branch Manager

Danielle Krispyn – Customer Relations Officer

Paul Harness – Customer Service Officer

Kylie Amson – Customer Service Officer

Chair's report (continued)

I sincerely thank my fellow Directors for their ongoing contribution and expertise in volunteering their time to improve performance of the Company and work tirelessly towards the desired goals. Thank you to Johanna Tomlinson, Danielle Branson, Simon Lyas and Graham Foster for your passion and commitment. Thank you also to outgoing Board members Ricky Burgess and Claudia Maw for your valued contribution. I am privileged to be supported by the breadth of knowledge, skill and experience of those around me. Thank you also to Lyn Lutley, our Board Administrator, an essential member of the team, for your commitment and diligence in your role.

Thank you to our shareholders and customers for their ongoing support. The Community Bank model is unique and has the capacity to make an enormous difference to our community. The future is looking positive.

Whilst we continue to navigate another challenging period, I would like to remind you all that we all have a role to play in building business and working towards the success of this Company. Our capacity to deliver remains directly related to the amount of business we can build. As I say each and every year, as a shareholder of the Community Bank, I ask that you be a champion for the Community Bank model. Talk to your family and friends and bank with Community Bank Albany. If you are not banking with Community Bank Albany, I would strongly encourage you to contact the team in the branch to talk about how we may support you and your banking needs.



Sarah Bowles
Chair

Manager's report

For year ending 30 June 2022

The new financial year started with a celebration as we marked our 15th birthday in July. It's a testament to all of the staff, Board members, shareholders and customers over that time that we continue to grow and support the community while others are reducing their services.

This past year has been one of great change for Community Bank Albany. COVID-19 has impacted both our staff and customers as well as the wider community. Thanks to our staff and Board, we have been able to maintain a largely uninterrupted service for the year.

In a hectic year, our customer base grew by 5.9% with Lending growth of 5.94% and Deposit growth of 5.63%. While interest rates and margins continued to remain low up to the end of the financial year, our continued growth over the past two to three years should see us in a strong position with the recent rate increases in the new financial year.

The year saw several staff changes. Customer Relationship Manager, Marg Broad moved on to work at our Joondalup Branch and Customer Service Officer, Alberto (Lupo) Prenzato has left us. Branch Manager, Natasha Thompson and Customer Service Officer, Emily Sanderson both took maternity leave part way through the year to welcome their new family additions.

Filling these roles, we have been joined by Jan King as Assistant Branch Manager and Kylie Amson as Customer Service Officer. I'd like to thank all our staff, in particular our long term staff members, Danielle Krispyn and Paul Harness, for their dedication to keep the branch growing in these difficult times.

I'd also like to thank the Albany (WA) Community Financial Services Limited Board. The collaboration between the Board and branch continues to be one of our great strengths as we navigate the way forward. A challenging year has been made easier with their guidance and support. As always, Lyn Lutley has continued to go above and beyond as the primary contact for shareholders and community stakeholders.

Finally, my thanks go to our customers, both old and new. Much of our continued growth can be attributed to advocacy from our customers. I started with Bendigo Bank in January 2020, and it has been refreshing to go back to an environment that is customer and community focused and not just numbers.

Gavin Boardley
Business Development Manager

Bendigo and Adelaide Bank report

For year ending 30 June 2022

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

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

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

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

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

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

Warmest regards,



Justine Minne
Bendigo and Adelaide Bank

Community Bank National Council report

For year ending 30 June 2022

As a shareholder in your local Community Bank, you are part of this incredible social network that is playing an increasingly important role in the Australian economy.

The Community Bank network was a first mover in Australia with its unique social enterprise model. The first Community Bank opened its doors in 1998, and since then, the network has grown to 307 Community Bank branches.

The network represents a diverse cross-section of Australia with 240 social enterprises, 70,000+ shareholders, 1600+ volunteer Directors, 1600+ staff and 905,000 customers located in metro, regional, rural and remote locations across the country. It's not uncommon to visit a country town and see the Community Bank logo affixed to public amenities; at the front of schools, and on the perimeter of sporting clubs – such is the breadth and depth of our investments over the years.

The Community Bank network invests via grants, donations and sponsorships that connect with and care for generations of Australians. Funding programs range from sport, scholarships and school programs, through to community groups, cultural organisations and local councils. The Community Bank influence further extends to facilitating and attracting other partners to help subsidise much needed community projects.

The relationship with the Bank, which has been fashioned out of shared effort, risk and reward, is clearly a philosophy that works. Also supporting the network, is the Community Bank National Council (CBNC), which advocates and influences on behalf of the 240 community enterprises with its partners.

The three strategic pillars of the 2022-23 CBNC strategy are to:

- Develop a community network strategy to ensure the ongoing sustainability of our community enterprises
- Advocate for and champion the uniqueness and value of our social enterprises
- Unite the network to leverage our community presence and amplify our community impact

All Directors and shareholders should feel proud of the network which has collectively delivered enormous impact in our local communities.

We are community builders and investors with a national presence, whilst still retaining grass roots community connections. It's through this unique point of difference, and the commitment of our directors and shareholders, that we are well positioned to embrace the change that is upon us.

Next year our Community Bank network celebrates 25 years, but in many respects, it's only the beginning for our collective of social enterprises.



Sarah Franklyn
CBNC Chair

Dividend Payment History

For year ending 30 June 2022

The Community Bank Albany (Albany (WA) Community Financial Services Limited (ACFSL)) is a public company and like any investment in companies listed on the stock exchange (Community Banks use the Low Volume Market as approved by ASIC) the investment carries risks which would have been outlined in the prospectus provided when shares were purchased.

Our Community Bank raised \$854,557 in initial capital from over 300 local shareholders who were all issued with a legal prospectus and subsequent share certificate.

We have invested into the Albany community since Community Bank Albany's inception and will continue to do so. Under our constitution, when we make a profit, up to 80% of those profits must be spent on community and up to 20% to shareholders in dividends.

The business has paid one dividend since inception which was in 2012. Whilst the company has generated successive profits since 2017, the current ratio has only been over 1.0 (ability to pay current debts from current assets) since 2021.

The Company continue to make progress to strengthen our financial position. Future dividend payments will be in line with the current Dividend Payment Policy. Dividends remain payable at the discretion of Directors, having regard to cashflow requirements of the business both short and long term.

Community Bank Albany reflects at a local level the successes which have been achieved and continue to be achieved across the network and at a national level since the community bank model's inception in 1998.

Community Bank Albany reflects the same partnership principles that have been the foundation stone of the Community Bank model across Australia.

These principles are:

- Partnership based on trust, respect and goodwill
- Shared effort, risk and reward (50/50)
- Local ownership
- Local decision making
- Local investment
- Focused on broad based community benefit
- Commercially focused and community spirited.

Did you know?

Managed by a volunteer Board of Directors with the commitment of our frontline branch team Community Bank Albany branch continue to further develop the company to strengthen its relationships, to build customer connection to bank with our branch, deliver on our commitments and a return to our shareholders and increase our capacity to provide support to our community.

Your information to update

Do we have your most up to date address? Do we have your current email address? We have transitioned to an online registry which will enable you to access and obtain your shareholdings direct and make changes. Contact the Board Administrator on 0490 925 241 or email ace@albanycfs.com to obtain a form to update your current information.

Community impact report

Company's Vision

Community Bank Albany will be a significant contributor to the wellbeing and vibrancy of the Albany community.

Our Purpose

Providing high value financial services to support our community.

"Build business to support our community."

Our Objectives

1. Grow community and public profiles.
2. Increase community investment.
3. Continue to adapt branch operations to meet industry changes with a local focus.

Our Values

- Inclusion
- Adaptive
- Commercially focused
- Commercially sustainable
- Collaborative
- Community Spirited

Our Focus

Our impact

Provide considered investment to support the advancement of our community within Albany and surrounding areas.

Our team

Promote a positive supportive culture that fosters productivity and professionalism to deliver exceptional customer service.

Organisational sustainability

Provide high value financial services.

Wrap of our Community Investment in FY2021-22

Sport & Rec Raffle

- 12 local clubs
- 5,978 tickets sold
- \$29,895 directly back to clubs

Peter Watson commented "It was great to see the local Community Bank giving back to community sporting clubs who are finding it hard to survive in the region"

Community investment

Shalom House had a redevelopment with nine single bedrooms built and fitted out to accommodate homeless men in Albany. ACFSL provided \$15,000 towards the fit out of these rooms.

Shalom Inc. is a unique organisation working within the government framework and a network of professional agencies in the Albany community that strive to make a positive difference in people's lives.

Shalom Inc. receives no government funding and relies solely on community support and donations.

shalominc.com.au

Youth and Mental health have been a priority for community investment in partnership with zero2hero Camp Hero again in 2022.

zero2hero.com.au/camp-hero/

ACCI Women's Leadership Forum provides an opportunity for women in our community to attend with the theme this year "break the bias". We supported three students from North Albany Senior High School to attend.

The day was jam packed with keynote speakers and panellists who provided opportunity for interaction and meaningful insights towards a world free of gender inequality.

Regional Sponsorship with our partners at Mount Barker and Tambellup Cranbrook Community Banks is in its second year of a three-year sponsorship agreement to the Harvey Beef Gate2Plate Challenge. This support is providing an opportunity for our staff and Directors to deliver the Community Bank message to the agricultural sector and linking with Rural Bank in the region.

gate2platechallenge.com.au

Report of sponsorships & contributions

Since opening in July 2006, the Community Bank Albany has distributed over \$460,000 back to the community and provided in-kind support to organisations. We love the idea that local people own the Community Bank Albany and that by banking with us, profits earned are re-invested directly back into our community. Decisions about where these profits are spent are made at this grass roots level.



Snapshot 2021-22 Community Funding

Community organisation	Community contribution
Shalom House	\$15,000
Get in the Game Sport & Rec Raffle	\$15,000
Centennial Stadium	\$1,500
Zero2hero	\$1,650
ACCI Women's Leadership Forum	\$570
Regional Sponsorship – Gate2Plate	\$4,000

Financial year	Community contribution
2021/2022	\$38,286
2020/2021	\$26,418
2019/2020	\$ 58,195
2018/2019	\$ 48,149
2017/2018	\$ 45,830
2016/2017	\$ 25,845



Assistant Branch Manager, Jan King, Chair, Sarah Bowles and Business Development Manager, Gavin Boardley overseeing the sport and rec "Get in the Game" raffle draw.

Community Investment

Balance Sheet 2021/22



Albany (WA) Community Financial Services Limited



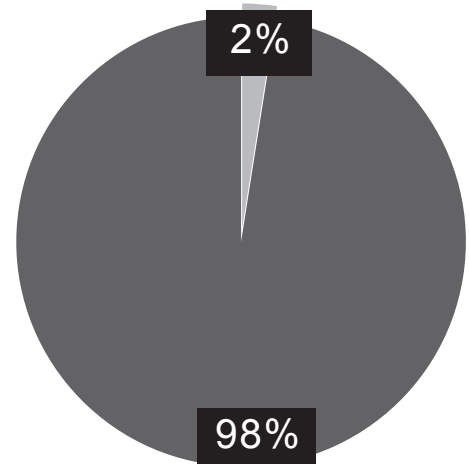
Projects
Funded

17



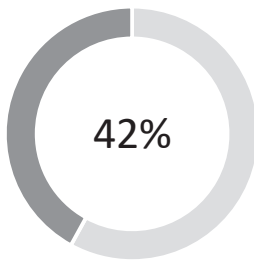
Community
Project
Investment

\$45,003.00



Biggest Impact Area

Community Facilities & Infrastructure

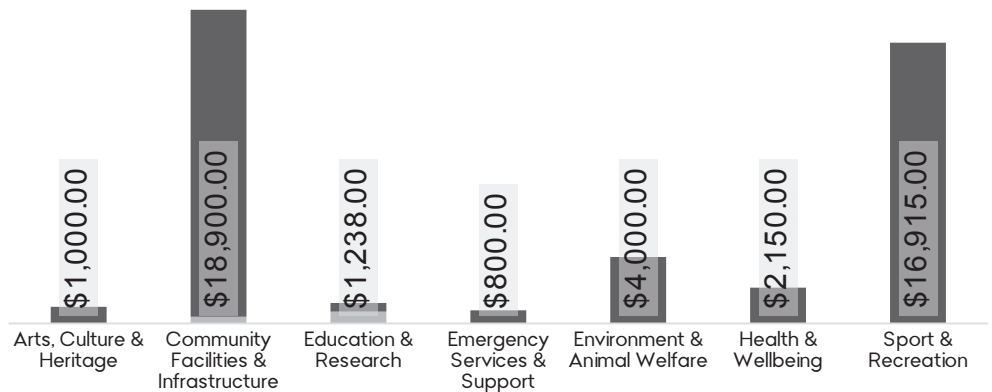


Total Investment by Theme:

Donations	\$1,120.00
Sponsorships	\$43,883.00

Total Investment by Sector:

- Donations
- Grant
- Sponsorships



Branches
Community Bank Albany

Bendigo and Adelaide Bank Limited, ABN 11 068 049 178 Australian Credit Licence 237879. (1510535-1510853) (09/20)

Directors' report

For the financial year ended 30 June 2022

The Directors present their report of the company for the financial year ended 30 June 2022.

Directors



Sarah Bowles

Chairperson

Occupation: Owner and Business Development Manager, Great Southern Specialist Centre

Qualifications, experience and expertise: Business Administration, MAICD - Company Directors Course, Project Management, Bachelor of Nursing, Midwifery, Director - Foundation Four Pty Ltd (2017-Current), City of Albany Local Government Representative (2011- 2015), Little Grove Primary School P & C Executive (4 years), Founder and Secretary of Great Southern Factor Inc (2008- 2016), Chair of the Great Southern Food Network (2015-2016), Great Southern Specialist Unit Trust Company Secretary (2017 - Current), Vice President - Albany Surf Club (2016-2018) President - Albany Surf Life Saving Club (2019-2022), Director - Albany Surf Life Saving Club (2022-Current).

Special responsibilities: Chairperson, Regional representative for Joint Regional Community Bank branches, Governance, Sponsorship, Community Engagement, Key Stakeholder Engagement and Risk Management, Community Bank National Council (Blue Sky Thinking working group). Sarah has now served on the Albany (W.A.) Community Financial Services Ltd Board since February 2016 and took up the role as Chair in November 2016.

Interest in shares: 2,500



Johanna Tomlinson

Company Secretary/Director

Occupation: Executive, Business Owner and Farmer

Qualifications, experience and expertise: With the Pilbara's red dirt between her toes as a young child, a love of nature and wide-open spaces was fostered in Johanna at a very young age. Combining over 20 years of experience in agriculture, natural resource management and business management, Johanna is passionate about regional communities and the businesses and community groups that support them, and in collaborating with like-minded professionals, particularly those working and living in rural Australia. Johanna has a Bachelor of Environmental Science from Murdoch University and is a 2019 Australian Nuffield Scholar. Johanna is the Chief Operations Officer at South Coast NRM where she oversees a range of regional scale natural resource management projects covering agriculture, biodiversity, Cultural heritage and regional capacity. Johanna and her husband own and operate farming enterprises in the Great Southern.

Special responsibilities: Company Secretary appointed November 2018, Strategic Planning

Interest in shares: 2,000

Directors' report (continued)

Directors (continued)



Danielle Branson

Company Treasurer/Director

Occupation: Self-employed

Qualifications, experience and expertise: Danielle has an Advance Diploma of Accounting from South Regional TAFE. Currently she volunteers as an ambulance officer for St John Ambulance. Her previous experience includes: Treasurer for Rainbow Coast Neighbourhood Centre and Treasurer for Proudies Foundation Inc.

Special responsibilities: Company Treasurer

Interest in shares: Nil



Graham Foster

Director

Occupation: Retired

Qualifications, experience and expertise: Graham has worked in Local Government for 35 years with six years as the CEO of Nedlands and Acting CEO for the City of Albany.

Special responsibilities: Identifying and increasing customers

Interest in shares: 500



Simon Lyas

Director

Occupation: CEO at Regional Development Australia Great Southern WA Inc

Qualifications, experience and expertise: Simon moved to Denmark in 2009. He is responsible for day to day operations, contributes to Strategic Planning and is actively driving economic development initiatives with a range of stakeholders in the region. Simon's previous experience includes project management with various government agencies and business management experience in several tourism-based operations in Australia and overseas. Simon is a strong community advocate and volunteer on a number of community organisations in Albany.

Special responsibilities: Development of Board and Staff Support

Interest in shares: Nil



Ricky Burges resigned April 2022

Director

Occupation: Management Consultant, Executive Coach and Facilitator

Qualifications, experience and expertise: Ricky has more than 25 years experience in senior management roles in the public and private sector. Ricky has a Masters in Leadership and Management, Post Graduate Degree in Human Resource Development, Certificates in Gestalt Psychotherapy, Neurolinguistic Programming and the Australian Institute of Company Directors. Ricky received a Public Sector Management Medal in the Queen's Birthday Honours and has a passion for working with emerging leaders and executives as a coach and mentor. Ricky has a wealth of experience on Boards and Committees and has a keen interest in governance and Board process.

Special responsibilities: Supporting Marketing Activities and Brand Awareness

Interest in shares: Nil

Directors' report (continued)

Directors (continued)



Claudia Maw – resigned December 2021

Director

Occupation: A part-time lawyer and full-time parent

Qualifications, experience and expertise: Claudia Maw is the owner of South Coast Legal & Conveyancing, a specialist virtual law firm serving the families, farmer and small businesses of the Great Southern and South West regions. Claudia, who is originally from the UK, moved to Albany in 2013 with her husband and cat. Despite originally knowing no-one in town, over the years Claudia has built a wonderful network of friends, clients and colleagues, and is invested in making Albany the best community it can be. When not advising clients or undertaking pro bono work, Claudia can be found out and about enjoying the many beaches of the region with her young daughter, or at home baking, crafting and painting.

Special responsibilities:

Interest in shares: Nil



Lyn Lutley

Administrator and Community Engagement Officer – Non-Director

Qualifications, experience and expertise: Lyn has been a local resident of Albany since January 2004 and previously part of the communities of Hopetoun/Ravensthorpe, growing up in Kukerin and Wagin. Her knowledge of the Great Southern and the South Coast is extensive. Lyn's administration experience is broad having held positions in small business, not for profit organisations and government.

Special responsibilities: Administrator to Community Bank Albany Board of Directors since January 2018 and engaging with the local community on behalf of the Directors in community sponsorship, shareholder and partnerships to build business.

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

No Directors have material interests in contracts or proposed contracts with the company.

Directors' meetings

Attendances by each Director during the year were as follows:

Director	Board meetings		
	A	B	C
Sarah Bowles	11	10	
Johanna Tomlinson	11	8	
Danielle Branson	11	11	
Graham Foster	11	7	
Simon Lyas	11	9	
Ricky Burges – resigned April 2022	8	2	6
Claudia Maw – resigned December 2021	6	6	

A - The number of meetings eligible to attend.

B - The number of meetings attended.

C - Leave of absence granted

N/A - not a member of that committee.

Directors' report (continued)

Company Secretary

Johanna Tomlinson has been the Company Secretary Albany (WA) Community Financial Services Limited since 28 November 2018.

Principal activities

The principal activities of the company during the course of the financial year were in providing Community Bank branch services under management rights to operate a franchised branch of Bendigo and Adelaide Bank Limited.

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

Review of operations

The profit of the company for the financial year after provision for income tax was \$ 43,256 (2021: \$ 28,058), which is a 54% increase as compared with the previous year. The net assets of the company have increased to \$ 380,721.

Dividends

A fully franked dividend of 0 cents per share (0 Cents 2021) was declared and paid in respect of the year ended 30 June 2022.

Options

No options over issued shares were granted during or since the end of the financial year and there were no options outstanding as at the date of this report

Significant changes in the state of affairs

No significant changes in the company's state of affairs occurred during the financial year

Events subsequent to the end of the reporting period

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

Likely developments

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

Environmental regulations

The company is not subject to any significant environmental regulation.

Indemnifying Officers or Auditor

The company has agreed to indemnify each Officer (Director, Secretary or employee) out of assets of the company to the relevant extent against any liability incurred by that person arising out of the discharge of their duties, except where the liability arises out of conduct involving dishonesty, negligence, breach of duty or the lack of good faith. The company also has Officers Insurance for the benefit of Officers of the company against any liability incurred by the Officer, which includes the Officer's liability for legal costs, in or arising out of the conduct of the business of the company or in or arising out of the discharge of the Officer's duties.

Disclosure of the nature of the liability and the amount of the premium is prohibited by the confidentiality clause of the contract of insurance. The company has not provided any insurance for an Auditor of the company.

No person has applied for leave of court to bring proceedings on behalf of the company or 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 any part of those proceedings. The company was not a party to any such proceedings during the year.

Directors' report (continued)

Auditor independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set at page 16 of this financial report. No Officer of the company is or has been a partner of the Auditor of the company.

Signed in accordance with a resolution of the Board of Directors at Albany on 10 October 2022.



Sarah Bowles
Chair

Auditor's independence declaration

14th September 2022

The Board of Directors
Albany (WA) Community Financial Services Ltd
PO Box 979
ALBANY WA 6331

By Email Only: ace@albanycfs.com

Dear Directors

AUDITOR'S INDEPENDENCE DECLARATION AS REQUIRED BY SECTION 307C OF THE CORPORATIONS ACT 2001

As lead Auditor for the audit of Albany (WA) Community Financial Services Ltd for the year ended 30 June 2022, I declare to the best of my knowledge and belief, that there have been:

- a) no contraventions of the Auditor independence requirements of the Corporations Act 2001, in the relation to the audit, and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This Declaration is made in respect of Albany (WA) Community Financial Services Ltd during the period of the audit.



Paul Gilbert, FCPA MBA Director
Macleod Corporation Pty Ltd



MACLEOD
CORPORATION PTY LTD.

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LIABILITY LIMITED BY A SCHEME APPROVED UNDER PROFESSIONAL STANDARDS LEGISLATION

Macleod Corporation Pty Ltd is a CPA practice

CERTIFIED PRACTISING ACCOUNTANTS

Financial statements

Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2022

	Note	Year Ended 30 June 2022 \$	Year Ended 30 June 2021 \$
Revenue			
Revenue from operation		891,195	812,208
Covid – 19 stimulus income		-	56,000
	2	<u>891,195</u>	<u>868,208</u>
Expenses			
Employee benefits expense	3	(578,897)	(577,982)
Administration and general costs		(87,408)	(116,752)
Bad and doubtful debts expense	3	(1,666)	91
Occupancy expenses		(16,423)	(16,332)
System Costs		(19,825)	(21,964)
Depreciation and amortisation expense	3	(56,231)	(66,474)
Finance costs	3	(10,622)	(15,227)
Other expenses		(11,636)	(12,308)
		<u>(782,708)</u>	<u>(826,948)</u>
Profit / (loss) before charitable donations & sponsorships		108,487	41,260
Charitable donations and sponsorship		(38,286)	(8,446)
Profit / (loss) before income tax		70,201	32,814
Income tax expense / (benefit)	4	26,945	4,756
Profit / (loss) for the period		43,256	28,058
Other comprehensive income		-	-
Total comprehensive income for the period		43,256	28,058
Profit / (loss) attributable to members of the company		43,256	28,058
Total comprehensive income attributable to members of the company		43,256	28,058
Earnings per share (cents per share)			
- basic earnings per share	17	4.89	3.17

Statement of Financial Position for the year ended 30 June 2022

	<u>Note</u>	Year Ended 30 June 2022 \$	Year Ended 30 June 2021 \$
ASSETS			
Current assets			
Cash and cash equivalents	5	209,737	113,511
Trade and other receivables	6	85,883	67,398
Other assets	7	5,928	5,928
Total current assets		301,548	186,837
Non-current assets			
Property, plant and equipment	8	19,813	25,559
Intangible assets	9	52,111	-
Right of use asset	10	143,585	208,569
Deferred tax assets	4	219,820	246,765
Total non-current assets		435,329	480,893
Total assets		736,877	667,730
LIABILITIES			
Current liabilities			
Trade and other payables	11	92,768	35,008
Borrowings	12	8,151	15,922
Provisions	13	30,334	31,016
Lease Liability		39,927	63,900
Total current liabilities		171,180	145,846
Non-current liabilities			
Trade and other payables	11	47,650	-
Provisions	13	11,809	6,808
Lease Liability		125,517	177,611
Total non-current liabilities		184,976	184,419
Total liabilities		356,156	330,265
Net assets		380,721	337,465
Equity			
Issued capital	14	854,557	854,557
Retained earnings / Accumulated losses	15	(473,836)	(517,092)
Total equity		380,721	337,465

Financial statements (continued)

Statement of Changes in Equity for the year ended 30 June 2022

	Note	Issued Capital \$	Retained earnings / Accumulated losses \$	Reserves \$	Total Equity \$
Balance at 1 July 2020		854,557	(545,150)	-	309,407
Total comprehensive income for the period		-	28,058	-	28,058
<i>Transactions with owners in their capacity as owners:</i>					
Dividends recognised for the period	16	-	-	-	-
Balance at 30 June 2021		854,557	(517,092)	-	337,465
Balance at 1 July 2021		854,557	(517,092)	-	337,465
Total comprehensive income for the period		-	43,256	-	43,256
<i>Transactions with owners in their capacity as owners:</i>					
Dividends recognised for the period	16	-	-	-	-
Balance at 30 June 2022		854,557	(473,836)	-	380,721

Statement of Cash flow for the year ended 30 June 2022

		Year Ended 30 June 2022 \$	Year Ended 30 June 2021 \$
Cash flows from operating activities			
Receipts from customers		862,006	812,477
Receipts from government stimulus		-	56,000
Payments to suppliers and employees		(744,389)	(775,941)
Interest paid		(593)	(956)
Income tax paid		-	-
Net cash flows from / (used in) operating activities	18b	117,024	91,580
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		-	-
Purchase of property, plant and equipment		-	(2,949)
Purchase of intangible assets		(13,027)	(13,556)
Net cash flows from / (used in) investing activities		(13,027)	(16,505)
Cash flows from financing activities			
Proceeds from borrowings		-	-
Repayment of borrowings		(7,771)	(7,408)
Net cash flows from / (used in) financing activities		(7,771)	(7,408)
Net increase / (decrease) in cash held		96,226	67,667
Cash and cash equivalents at beginning of period		113,511	45,844
Cash and cash equivalents at end of period	18a	209,737	113,511
*Cash and Cash equivalents is made up of:			
Cash at Bank		1,930	1,133
Cheque Account/(Bank Overdraft)		207,807	112,378
		209,737	113,511

Notes to the financial statements

For the year ended 30 June 2022

These financial statements and notes represent those of Albany (WA) Community Financial Services Limited.

Albany (WA) Community Financial Services Limited ('the company') is a company limited by shares, incorporated and domiciled in Australia.

The financial statements were authorised for issue by the Directors on September 2022.

1. Summary of significant accounting policies

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. The company is a for profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Economic dependency

The company has entered into a franchise agreement with Bendigo and Adelaide Bank Limited that governs the management of the Community Bank branch at 3/78-82 Lockyer Avenue, Albany.

The branches operate as a franchise of Bendigo and Adelaide Bank Limited, using the name "Bendigo Bank", the logo, and systems of operation of Bendigo and Adelaide Bank Limited. The company manages the Community Bank branch on behalf of Bendigo and Adelaide Bank Limited, however all transactions with customers conducted through the Community Bank branch are effectively conducted between the customers and Bendigo and Adelaide Bank Limited.

All deposits are made with Bendigo and Adelaide Bank Limited, and all personal and investment products are products of Bendigo and Adelaide Bank Limited, 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 and Adelaide Bank Limited, must be approved by Bendigo and Adelaide Bank Limited. All credit transactions are made with Bendigo and Adelaide Bank Limited, and all credit products are products of Bendigo and Adelaide Bank Limited.

Notes to the financial statements (continued)

1. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Economic dependency (continued)

Bendigo and Adelaide Bank Limited provides significant assistance in establishing and maintaining the Community Bank branch 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 in relation to:

- Advice and assistance in relation to the design, layout and fit out of the Community Bank® branch;
- Training for the Branch Managers 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; and
- Sale techniques and proper customer relations.

(b) Impairment of assets

At the end of each reporting period, the company assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less cost to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard. Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

(c) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

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 ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

Notes to the financial statements (continued)

1. Summary of significant accounting policies (continued)

(d) Leases (the company as lessee)

At inception of a contract, the Company assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by the Company where the Company is a lessee. However, all contracts that are classified as short-term leases (a lease with a remaining lease term of 12 months or less).

Initially, the lease liability is measured at the present value of the lease payments still to be paid at commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Company uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date, as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest. Where a lease transfers ownership of the underlying asset, or the cost of the right-of-use asset reflects that the Company anticipates exercising a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

The Company does not act as a lessor in relation to lease contracts.

(e) Comparative figures

When required by Accounting Standards comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Notes to the financial statements (continued)

1. Summary of significant accounting policies (continued)

(f) Critical accounting estimates and judgements

The Directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company. Estimates and judgements are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The estimates and judgements that have a significant risk of causing material adjustments to the carrying values of assets and liabilities are as follows:

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 intangible assets. The depreciation and amortisation charge will increase where useful lives are less than previously estimated lives.

Fair value assessment of non-current physical assets

The AASB 13 Fair Value standard requires fair value assessments that may involve both complex and significant judgement and experts. The value of land and buildings may be materially misstated and potential classification and disclosure risks may occur.

Employee benefits provision

Assumptions are required for wage growth and CPI movements. The likelihood of employees reaching unconditional service is estimated. The timing of when employee benefit obligations are to be settled is also estimated.

Income tax

The company is subject to income tax. Significant judgement is required in determining the deferred tax asset. Deferred tax assets are recognised only when it is considered sufficient future profits will be generated. The assumptions made regarding future profits is based on the company's assessment of future cash flows.

Impairment

The company assesses impairment at the end of each reporting period by evaluating conditions and events specific to the company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value in use calculations which incorporate various key assumptions.

Notes to the financial statements (continued)

2. Revenue

Revenue arises from the rendering of services through its franchise agreement with the Bendigo and Adelaide Bank Limited. The revenue recognised is measured by reference to the fair value of consideration received or receivable, excluding sales taxes, rebates, and trade discounts.

The entity applies the revenue recognition criteria set out below to each separately identifiable sales transaction in order to reflect the substance of the transaction.

Rendering of services

The entity generates service commissions on a range of products issued by the Bendigo and Adelaide Bank Limited. The revenue includes upfront and trailing commissions, sales fees and margin fees.

All revenue is stated net of the amount of goods and services tax (GST).

	2022	2021
	\$	\$
Revenue		
- service commissions	891,195	812,208
	<u>891,195</u>	<u>812,208</u>
Other revenue		
- interest received	-	-
- other revenue	-	56,000
	<u>-</u>	<u>56,000</u>
Total revenue	891,195	868,208

3. Expenses

Operating expenses

Operating expenses are recognised in profit or loss on an accruals basis, which is typically upon utilisation of the service or at the date upon which the entity becomes liable.

Depreciation

The depreciable amount of all fixed assets is depreciated over the asset's useful life to the company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable asset are:

<u><i>Class of asset</i></u>	<u><i>Rate</i></u>	<u><i>Method</i></u>
Leasehold improvements	20%	SL
Plant and equipment	20 - 100%	SL

Notes to the financial statements (continued)

3. Expenses (continued)

Gains/losses upon disposal of non-current assets

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

	2022 \$	2021 \$
Profit before income tax includes the following specific expenses:		
Employee benefits expense		
- wages and salaries	502,099	503,044
- superannuation costs	49,186	47,935
- other costs	27,612	27,003
	<u>578,897</u>	<u>577,982</u>
Depreciation and amortisation		
<i>Depreciation</i>		
- plant and equipment	5,746	9,766
- leasehold improvements	-	-
- right to use assets	37,457	43,152
	<u>43,203</u>	<u>52,918</u>
Amortisation		
- franchise fees	13,028	13,556
	<u>56,231</u>	<u>66,474</u>
Total depreciation and amortisation		
Finance costs		
- Interest paid	593	956
- Lease Liability Interest Expense	10,029	14,271
	<u>10,622</u>	<u>15,227</u>
Bad and doubtful debts expenses	1,666	(91)
Auditors' remuneration		
<i>Remuneration of the Auditor for:</i>		
- Audit or review of the financial report	5,000	4,950
- Taxation services	-	-
- Share registry services	-	-
	<u>5,000</u>	<u>4,950</u>

Notes to the financial statements (continued)

4. Income tax

The income tax expense for the year comprises current income tax expense and deferred tax expense.

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities/(assets) are measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Deferred income tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

	2022 \$	2021 \$
a. The components of tax expense / (income) comprise:		
Current tax expense / (income)	-	-
Deferred tax expense / (income)	17,454	4,756
Recoupment of prior year tax losses	-	-
Change to company tax rate	9,491	
Under / (over) provision of prior years	-	-
	<u>26,945</u>	<u>4,756</u>
b. Prima facie tax payable		
The prima facie tax on profit / (loss) from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Prima facie tax on profit / (loss) before income tax at 25% (2021: 26%)	17,454	(4,756)
Add tax effect of:		
- Utilisation of previously unrecognised carried forward tax losses	(26,945)	-
- Under / (over) provision of prior years	9,491	(5,236)
- Non-deductible expenses & Non-assessable Income	-	14,560
Income tax attributable to the entity	<u>-</u>	<u>-</u>
The applicable weighted average effective tax rate is	25%	26%

Notes to the financial statements (continued)

4. Income tax (continued)

	2022	2021
	\$	\$
d. Deferred tax asset / (liability)		
Deferred tax relates to the following:		
Deferred tax assets balance comprises:		
Accruals	13,819	2,823
Employee provisions	10,536	9,834
Prepayments	1,482	1,541
Unused tax losses	194,798	233,914
	<u>220,635</u>	<u>248,112</u>
Deferred tax liabilities balance comprises:		
Plant & equipment	(815)	(1,347)
	<u>(815)</u>	<u>(1,347)</u>
Net deferred tax asset / (liability)	<u>219,820</u>	<u>246,765</u>
Total carried forward tax losses not recognised as deferred tax assets	-	-
e. Deferred income tax (revenue)/expense included in income tax expense comprises:		
Decrease / (increase) in deferred tax assets	17,935	4,756
(Decrease) / increase in deferred tax liabilities	(481)	-
Under / (over) provision prior years	9,491	-
	<u>26,945</u>	<u>4,756</u>

5. Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are reported within short-term borrowings in current liabilities in the statement of financial position.

Cash at bank and on hand	209,737	113,511
Short-term bank deposits	-	-
	<u>209,737</u>	<u>113,511</u>

6. Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost, less any provision for doubtful debts. Trade and other receivables are due for settlement usually no more than 30 days from the date of recognition.

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts, which are known to be uncollectable, are written off. A provision for doubtful debts is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the assets carrying amount and the present value of estimated cash flows, discounted at the effective interest rate. The amount of the provision is recognised on profit or loss.

Notes to the financial statements (continued)

6. Trade and other receivables (continued)

	2022	2021
	\$	\$
Current		
Trade receivables	85,883	67,398
Other receivables	-	-
	<u>85,883</u>	<u>67,398</u>

Credit risk

The main source of credit risk relates to a concentration of trade receivables owing by Bendigo and Adelaide Bank Limited, which is the source of the majority of the company's income.

The following table details the company's trade and other receivables exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as "past due" when the debt has not been settled, within the terms and conditions agreed between the company and the customer or counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the company.

The balances of receivables that remain within initial trade terms (as detailed in the table below) are considered to be high credit quality.

	Gross amount	Not past due	Past due but not impaired			Past due and impaired
			< 30 days	31-60 days	> 60 days	
	\$	\$	\$	\$	\$	\$
2022						
Trade receivables	85,883	85,883	-	-	-	-
Other receivables	-	-	-	-	-	-
Total	<u>85,883</u>	<u>85,883</u>	-	-	-	-
2021						
Trade receivables	67,398	67,398	-	-	-	-
Other receivables	-	-	-	-	-	-
Total	<u>67,398</u>	<u>67,398</u>	-	-	-	-

7. Other assets

Other assets represent items that will provide the entity with future economic benefits controlled by the entity as a result of past transactions or other past events.

	2022	2021
	\$	\$
Prepayments	5,928	5,928
	<u>5,928</u>	<u>5,928</u>

Notes to the financial statements (continued)

8. Plant and equipment

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised in profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount of these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

	2022	2021
	\$	\$
<i>Leasehold improvements</i>		
At cost	249,678	249,678
Less accumulated depreciation	<u>(249,678)</u>	<u>(249,678)</u>
	-	-
<i>Plant and equipment</i>		
At cost	64,636	64,636
Less accumulated depreciation	<u>(44,823)</u>	<u>(39,077)</u>
	19,813	25,559
Total plant and equipment	<u>19,813</u>	<u>25,559</u>

Movements in carrying amounts

<i>Plant and equipment</i>		
Balance at the beginning of the reporting period	25,559	32,376
Additions	-	2,949
Disposals	-	-
Depreciation expense	<u>(5,746)</u>	<u>(9,766)</u>
Balance at the end of the reporting period	19,813	25,559

Notes to the financial statements (continued)

8. Plant and equipment (continued)

	2022 \$	2021 \$
Total plant and equipment		
Balance at the beginning of the reporting period	25,559	32,376
Additions	-	2,949
Disposals	-	-
Depreciation expense	(5,746)	(9,766)
Balance at the end of the reporting period	19,813	25,559

9. Intangible assets

Franchise fees have been initially recorded at cost and amortised on a straight line basis at a rate of 20% per annum. The current amortisation charges for intangible assets are included under depreciation and amortisation in the Statement of Profit or Loss and Other Comprehensive Income.

Franchise fee

At cost	65,138	67,781
Less accumulated amortisation	(13,027)	(67,781)
Total intangible assets	52,111	-

Movements in carrying amounts

Franchise fee

Balance at the beginning of the reporting period	-	13,556
Additions	65,138	-
Disposals	-	-
Amortisation expense	(13,027)	(13,556)
Balance at the end of the reporting period	52,111	-

Total intangible assets

Balance at the beginning of the reporting period	-	13,566
Additions	65,138	-
Disposals	-	-
Amortisation expense	(13,027)	(13,556)
Balance at the end of the reporting period	52,111	-

10. Right-of-use assets

The Company's lease portfolio includes buildings, plant and equipment. These leases have an average of 5 years as their lease term.

i) AASB 16 related amounts recognised in the balance sheet

Right-of-use assets

Leased Building	374,570	431,521
Accumulated depreciation	(230,985)	(222,952)
	<u>143,585</u>	<u>208,569</u>

Notes to the financial statements (continued)

10. Right-of-use assets (continued)

	2022	2021
	\$	\$
Movements in carrying amounts		
Right-of-use assets	-	-
Accumulated Depreciation	-	-
Recognised on Initial application of AASB 16 (previously classified as operating leases under AASB 117)	208,569	251,721
AASB 16 Revaluation Adjustment	(27,527)	-
Depreciation Expense	<u>(37,457)</u>	<u>(43,152)</u>
Net carrying amount	143,585	208,569

ii) AASB 16 related amounts recognised in the statement of profit or loss

AASB 16 Revaluation Adjustment	(10,703)	-
Depreciation charge related to right-of-use assets	37,457	43,152
Interest expense on lease liabilities	10,029	14,271

iii) Total cash outflows for leases

Rent paid	47,871	56,870
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11. Trade and other payables

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance recognised as a current liability will normally be paid within 30 days of recognition of the liability. The balance recognised as a non-current liability represents the portion of the franchise agreement that will be paid in annual instalments, between 2023 and 2026.

Current

Unsecured liabilities:

Trade creditors	15,914	3,829
Other creditors and accruals	76,854	31,179
	<u>92,768</u>	<u>35,008</u>

Non-current

Unsecured liabilities:

Trade creditors	47,650	-
Total trade and other payables	<u><u>140,418</u></u>	<u><u>35,008</u></u>

12. Borrowings

Current

Unsecured liabilities

Chattel Mortgage	8,151	15,922
Total borrowings	<u><u>8,151</u></u>	<u><u>15,922</u></u>

Notes to the financial statements (continued)

13. Provisions

Short-term employee benefits

Provision is made for the company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The liability for annual leave is recognised in the provision for employee benefits. All other short term employee benefit obligations are presented as payables.

Other long-term employee benefits

Provision is made for employees' long service leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service.

The company's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the company does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

	2022 \$	2021 \$
Current		
Employee benefits	30,334	31,016
Non-current		
Employee benefits	11,809	6,808
Total provisions	<u>42,143</u>	<u>37,824</u>

14. Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

884,016 Ordinary shares fully paid	884,016	884,016
Less: Equity raising costs	<u>(29,459)</u>	<u>(29,459)</u>
	<u>854,557</u>	<u>854,557</u>

Movements in share capital

Fully paid ordinary shares:

At the beginning of the reporting period

854,557

854,557

Shares issued during the year

-

-

At the end of the reporting period

854,557

854,557

Notes to the financial statements (continued)

14. Share capital (continued)

Ordinary shares participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held. At the shareholders' meetings each shareholder is entitled to one vote when a poll is called, or on a show of hands. The company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid. All shares rank equally with regard to the company's residual assets.

Capital management

The Board's policy is to maintain a strong capital base so as to sustain future development of the company. The Board of Directors monitor the return on capital and the level of dividends 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.

- (i) the Distribution Limit is the greater of:
 - (a) 20% of the profit or funds of the company otherwise available for distribution to shareholders in that 12 month period; and
 - (b) subject to the availability of distributable profits, the Relevant Rate of Return multiplied by the average level of share capital of the Franchisee over that 12 month period; and
- (ii) 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 can be seen in the Statement of Profit or Loss and Comprehensive Income.

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

15. Accumulated losses

	2022	2021
	\$	\$
Balance at the beginning of the reporting period	(517,092)	(545,150)
Profit/(loss) after income tax	43,256	28,058
Dividends paid	-	-
Balance at the end of the reporting period	<u>(473,836)</u>	<u>(517,092)</u>

16. Dividends paid or provided for on ordinary shares

	2022	2021
	\$	\$
Dividends paid or provided for during the year		
No dividends were paid or proposed by the company during the period.	-	-

Notes to the financial statements (continued)

17. Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the year, adjusted for bonus elements in ordinary shares issues during the year.

	2022	2021
	\$	\$
Basic earnings per share (cents)	4.89	3.17
Earnings used in calculating basic earnings per share	43,256	28,058
Weighted average number of ordinary shares used in calculating basic earnings per share.	884,016	884,016

18. Statement of cash flows

(a) Cash and cash equivalents balances as shown in the Statement of Financial Position can be reconciled to that shown in the Statement of Cash Flows as follows:

Cash and cash equivalents (Note 5)	<u>209,737</u>	<u>113,511</u>
As per the Statement of Cash Flow	<u>209,737</u>	<u>113,511</u>

(b) Reconciliation of cash flow from operations with profit after income tax

Profit / (loss) after income tax	43,256	28,508
Non-cash flows in profit		
- Depreciation	43,203	52,918
- Amortisation	13,028	13,556
- Bad debts	1,666	(91)
- Lease Liability Interest	10,029	14,271
- Rent Payments excluded from profit	(47,871)	(56,870)
- AASB 16 Revaluation Adjustment	(10,703)	-
Changes in assets and liabilities		
- (Increase) / decrease in trade and other receivables	(18,485)	269
- (Increase) / decrease in prepayments and other assets	-	2,714
- (Increase) / decrease in deferred tax asset	26,945	4,757
- Increase / (decrease) in trade and other payables	51,637	24,232
- Increase / (decrease) in provisions	4,319	7,316
Net cash flows from / (used in) operating activities	<u>117,024</u>	<u>91,580</u>

Notes to the financial statements (continued)

19. Key management personnel and related party disclosures

(a) Key management personnel

Any person(s) having authority or responsibility for planning, directing or controlling the activities of the entity, directly or indirectly including any Director (whether executive or otherwise) of that company is considered key management personnel.

(b) Other related parties

Other related parties include close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel, individually or collectively with their close family members.

The Albany (WA) Community Financial Services Limited has accepted the Bendigo and Adelaide Bank Limited's Community Bank Directors Privileges package. The package is available to all Directors who can elect to avail themselves of the benefits based on their personal banking with the branch. There is no requirement to own Bendigo and Adelaide Bank Limited shares and there is no qualification period to qualify to utilise the benefits.

The package mirrors the benefits currently available to Bendigo and Adelaide Bank Limited shareholders. The Directors have estimated the total benefits received from the Directors Privilege Package to be nil for the year ended 30 June 2022.

(d) Key management personnel shareholdings

The number of ordinary shares in Albany (WA) Community Financial Services Limited held by each key management personnel of the company during the financial year is as follows:

	2022	2021
Sarah Bowles	2,500	2,500
Danielle Branson	-	-
Simon Lyas	-	-
Graham Foster	500	500
Johanna Tomlinson	2,000	2,000
Ricky Burges – Resigned 3 May 2022	-	-
Claudia Maw – Resigned 22 December 2021	-	-
	<u>5,000</u>	<u>5,000</u>

There was no movement in key management personnel shareholdings during the year. Each share held has a paid up value of \$1 and is fully paid.

(e) Other key management transactions

There has been no other transactions involving equity instruments other than those described above.

Notes to the financial statements (continued)

20. Events after the reporting period

There have been no events after the end of the financial year that would materially affect the financial statements.

21. Contingent liabilities and contingent assets

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

22. Operating segments

The company operates in the financial services sector where it provides banking services to its clients. The company operates in one area being Albany, WA. The company has a franchise agreement in place with Bendigo and Adelaide Bank Limited who account for 100% of the revenue (2021:100%).

23. Commitments

Operating lease commitments

Non-cancellable operating leases contracted for but not capitalised in the Statement of Financial Position.

	2022	2021
	\$	\$
Payable:		
- no later than 12 months	47,868	56,871
- between 12 months and five years	135,626	218,003
- greater than five years	-	-
Minimum lease payments	183,494	274,874

The property lease is a non-cancellable lease with a five year term, with rent payable monthly in advance and with the option to extend for a further 5 years.

24. Company details

The registered office and principle place of business is Shop 3, 78-82 Lockyer Avenue, Albany WA 6330.

25. Financial risk management

Financial risk management policies

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Due to the size of operations the full board acts as the Audit Committee.

Specific financial risk exposure and management

The main risks the company is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk and other price risk. There have been no substantial changes in the types of risks the company is exposed to, how the risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

The company's financial instruments consist mainly of deposits with banks, short term investments, account receivables and payables, bank overdraft and loans. The totals for each category of financial instruments measured in accordance with AASB 139 *Financial Instruments: Recognition and Measurement* as detailed in the accounting policies are as follows:

Notes to the financial statements (continued)

25. Financial risk management (continued)

	Note	2022 \$	2021 \$
Financial assets			
Cash and cash equivalents	5	209,737	113,511
Trade and other receivables	6	85,883	67,398
Total financial assets		295,620	180,909
Financial liabilities			
Trade and other payables	11	140,418	35,008
Total financial liabilities		140,418	35,008

(a) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the company.

Credit risk is managed through maintaining procedures ensuring, to the extent possible, that clients and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment. Credit terms for normal fee income are generally 30 days from the date of invoice. For fees with longer settlements, terms are specified in the individual client contracts. In the case of loans advanced, the terms are specific to each loan.

Credit risk exposures

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period is equivalent to the carrying amount and classification of those financial assets as presented in the table above.

The company has significant concentrations of credit risk with Bendigo and Adelaide Bank Limited. The company's exposure to credit risk is limited to Australia by geographic area.

None of the assets of the company are past due (2021: nil past due) and based on historic default rates, the company believes that no impairment allowance is necessary in respect of assets not past due.

The company limits its exposure to credit risk by only investing in liquid securities with Bendigo and Adelaide Bank Limited and therefore credit risk is considered minimal.

(b) Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company ensures it will have enough liquidity to meet its liabilities when due under both normal and stressed conditions. Liquidity management is carried out within the guidelines set by the Board.

Notes to the financial statements (continued)

25. Financial risk management (continued)

The table below reflects an undiscounted contractual maturity analysis for financial liabilities. Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward.

Financial liability and financial asset maturity analysis:

	Weighted average interest rate %	Total \$	Within 1 year \$	1 to 5 years \$	Over 5 years \$
30 June 2022					
Financial assets					
Cash and cash equivalents	0%	209,737	209,737	-	-
Trade and other receivables	0%	85,883	85,883	-	-
Total anticipated inflows		<u>295,620</u>	<u>295,620</u>	<u>-</u>	<u>-</u>
Financial liabilities					
Trade and other payables	0%	140,418	92,768	47,650	-
Bank overdraft *	3.795%	-	-	-	-
Total expected outflows		<u>140,418</u>	<u>92,768</u>	<u>47,650</u>	<u>-</u>
Net inflow / (outflow) on financial instruments		<u><u>155,202</u></u>	<u><u>202,852</u></u>	<u><u>(47,650)</u></u>	<u><u>-</u></u>
30 June 2021					
Financial assets					
Cash and cash equivalents	0%	113,511	113,511	-	-
Trade and other receivables	0%	67,398	67,398	-	-
Total anticipated inflows		<u>180,909</u>	<u>180,909</u>	<u>-</u>	<u>-</u>
Financial liabilities					
Trade and other payables	0%	35,008	35,008	-	-
Bank overdraft *	3.795%	-	-	-	-
Total expected outflows		<u>35,008</u>	<u>35,008</u>	<u>-</u>	<u>-</u>
Net inflow / (outflow) on financial instruments		<u><u>145,901</u></u>	<u><u>145,901</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

* The Bank overdraft has no set repayment period and as such all has been included as current.

Notes to the financial statements (continued)

25. Financial risk management (continued)

(c) Market risk

Market risk is the risk that changes in market prices, such as interest rates, will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments.

The financial instruments that primarily expose the company to interest rate risk are borrowings and cash and cash equivalents.

Sensitivity analysis

The following table illustrates sensitivities to the company's exposures to changes in interest rates and equity prices. The table indicates the impact on how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible.

	Profit \$	Equity \$
Year ended 30 June 2022		
+/- 1% in interest rates (interest income)	2,097	2,097
+/- 1% in interest rates (interest expense)	-	-
	<u>2,097</u>	<u>2,097</u>
	Profit \$	Equity \$
Year ended 30 June 2021		
+/- 1% in interest rates (interest income)	1,135	1,135
+/- 1% in interest rates (interest expense)	-	-
	<u>1,135</u>	<u>1,135</u>

There have been no changes in any of the methods or assumptions used to prepare the above sensitivity analysis from the prior year.

The company has no exposure to fluctuations in foreign currency.

(d) Price risk

The company is not exposed to any material price risk.

Notes to the financial statements (continued)

25. Financial risk management (continued)

Fair values

Fair value estimation

The fair values of financial assets and liabilities are presented in the following table and can be compared to their carrying amounts as presented in the statement of financial position.

Differences between fair values and the carrying amounts of financial instruments with fixed interest rates are due to the change in discount rates being applied to the market since their initial recognition by the company.

	2022		2021	
	Carrying amount \$	Fair value \$	Carrying amount \$	Fair Value \$
Financial assets				
Cash and cash equivalents (i)	209,737	209,737	113,511	113,511
Trade and other receivables (i)	85,883	85,883	67,398	67,398
Total financial assets	295,620	295,620	180,909	180,909
Financial liabilities				
Trade and other payables (i)	140,418	140,418	35,008	35,008
Total financial liabilities	140,418	140,418	35,008	35,008

(i) Cash and cash equivalents, trade and other receivables, and trade and other payables are short-term instruments in nature whose carrying amounts are equivalent to their fair values.

Directors' declaration

For the financial year ended 30 June 2022

In accordance with a resolution of the Directors of Albany (WA) Community Financial Services Limited, we state that:

In the opinion of the directors:

- (a) the financial statements and notes of the company are in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the company's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and
 - ii. complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (b) there is reasonable ground to believe that the company will be able to pay its debts as and when they become due and payable.

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



Sarah Bowles, Chairperson
Signed on the 10 October 2022

Independent audit report

INDEPENDENT AUDITOR'S REPORT

To: The Members of Albany (WA) Community Financial Services Ltd

Report on the Audit of the Financial Report

We have audited the accompanying financial report of Albany (WA) Community Financial Services Ltd, which comprises the statement of financial position as at 30 June 2022, the statement of comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies, and the directors' declaration.

In our opinion the financial report of Albany (WA) Community Financial Services Ltd is in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of the company's financial position as at 30 June 2022 and of its 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 (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 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 report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Intangible Deferred Tax Asset Valuation

The company has booked a deferred tax asset, being a future income tax benefit of \$ 219,820 as at 30 June 2022. This represents the tax benefit available in the event that tax losses are recouped in the future. The ability of the company to recoup those losses and realise the assets full value, is in turn dependent upon the company achieving a requisite level of taxable income in the future. Our opinion is not modified in respect of this matter.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and 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 to cease operations, or have no realistic alternative but to do so. The going concern basis of accounting is appropriate when it is reasonably foreseeable that the company will be able to meet its liabilities as they fall due.

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

Auditor's responsibilities for the audit of the financial report

Our responsibility is to express an opinion on the financial report based on our audit. We have conducted an independent audit of the financial report in order to express an opinion on it to the members.



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LIABILITY LIMITED BY A SCHEME APPROVED UNDER PROFESSIONAL STANDARDS LEGISLATION

Macleod Corporation Pty Ltd is a CPA practice

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CERTIFIED PRACTISING ACCOUNTANTS



Independent audit report (continued)

Our objective is 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. Misstatements 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 members taken on the basis of this financial report.

We have complied with the competency standards set by Australian Securities & Investments Commission (ASIC). Our audit has been conducted in accordance with Australian Auditing Standards. These standards require that we comply with relevant ethical requirements relating to audit engagements, and plan and perform the audit to obtain reasonable assurance as to whether the financial report is free from material misstatement.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgment 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 controls 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 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 the 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 the 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 the audit.



Paul Gilbert FCPA MBA
Macleod Corporation Pty Ltd

Dated this 21st day of September 2022



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CERTIFIED PRACTISING ACCOUNTANTS

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