

Annual Report 2023

Albany (WA) Community
Financial Services Limited

Community Bank
Albany

ABN 77 119 012 510



Bank

of

the team

Contents

Chair's report	2
Manager's report	4
Bendigo and Adelaide Bank report	5
Community Bank National Council report	6
Dividend payment history	7
Community impact report	8
Community funding 2022/23	9
Directors' report	10
Auditor's independence declaration	14
Financial statements	15
Notes to the financial statements	19
Directors' declaration	41
Independent audit report	42

Chair's report

For year ending 30 June 2023

Welcome to the 2023 financial report. What a turnaround we have had. The 10 consecutive rate rises throughout the 2022/23 financial year resulted in significantly higher profitability. This unprecedented position for the company has largely been driven by deposit pricing and increases in lending margins and volumes. Whilst the profit growth has been welcomed, it is imperative we remain focused on growing the business. Lending margins will reduce. Interest rates are predicted to fall.

The Board remains vigilant in the balanced and responsible management of the company. We have seized the opportunity of higher-than-expected profits and cash flow to inject tax-effective funds for future community impact into the Community Enterprise Foundation™, undertake some much-needed refurbishments to the branch using local contractors, paid an additional dividend to our shareholders and increased our impact into the community with an additional open grant round. A welcomed response to this position has been received from our key stakeholders.

The restructure of the operational team has had a positive impact and will enable the team to focus on the needed business growth moving forward. Enormous thanks to our dedicated branch team for their professionalism and commitment to their roles under the leadership of Gavin Boardley. The strong focus on growth and development within the team is encouraging.

The Albany Community Bank branch team:

- Gavin Boardley - Branch Manager
- Danielle Holst - Assistant Branch Manager
- Vanessa Mongeon - Customer Service Officer
- Kylie Amson - Customer Service Officer.

This coming financial year we begin a new Strategic planning process. It is hoped that the new Strategic Plan 2024-2027 will be released prior to the AGM. Until then, we continue to work towards our vision that Community Bank Albany will be a significant contributor to the wellbeing and vibrancy of the Albany community and a purpose in providing high value financial services to support our community, "Build business to support our community".

I would sincerely like to thank my fellow Directors. I am grateful for your continued passion and commitment to the Community Bank Model and what it can achieve in local communities. My heartfelt thanks to outgoing Director Johanna Tomlinson for her expertise and knowledge. Johanna was a valued and well-respected member of the Board since 2018. The Board also welcomes back Claudia Maw who has taken on the Secretary role. Claudia's expertise is a welcome addition back into the skills and knowledge of the Board of Directors.

Board of Directors:

- Sarah Bowles - Chair
- Danielle Branson - Treasurer
- Claudia Maw - Secretary
- Simon Lyas - Director

Special mention always goes out to Lyn Lutley, the Board Administrator and Community Engagement Officer who remains a critical member of the team for her unwavering support, commitment and dedication to her role.

Chair's report (continued)

Thank you to our shareholders and customers for their ongoing support. Community banking is based on a 'profit-with-purpose' model, which means our profits are returned directly back into our community. The Community Bank model is unique. This is our point of difference and has the capacity to make an enormous difference to our community. It is, after all, why we exist.

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 Albany, I ask that you be a champion for the Community Bank model.

Why wouldn't you bank with your local bank? If you are not banking with Community Bank Albany, I would strongly encourage you and your family to contact the team in the branch to talk about how we may assist you and your banking needs.



Sarah Bowles
Chair

Manager's report

For year ending 30 June 2023

Another year has passed and brought with it a fresh set of opportunities and challenges. As COVID-19 has retreated into the background, we have entered a period of rising interest rates and uncertainty.

The increase in interest rates in the past financial year have seen an increase in revenue, tempered with the rising cost to borrowers.

The increase in revenue has enabled us to complete the first major refurbishment of our branch in June 2023. Those of you who have visited the branch since then will have noticed our new signage, painting, carpets and cabinetry. I'm proud to say that we have used local suppliers for all of this work, in line with our ethos to support our local community.

Our customer base has continued to grow and I'd like to thank our staff for their continued dedication and support to our customers. Jan King and long-time staff member Paul Harness both left us in the past year. We wish them all the best for the future. Vanessa Mongeon has joined Kylie Amson at the teller counter, while Danielle Holst has taken on the role as Assistant Branch Manager.

As always, the Albany (WA) Community Financial Services Limited Board and Lyn Lutley, our community liaison continue to be a great support to the branch and staff.

Gavin Boardley
Branch Manager

Bendigo and Adelaide Bank report

For year ending 30 June 2023

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

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

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

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

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

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



Justine Minne
Bendigo and Adelaide Bank

Community Bank National Council report

For year ending 30 June 2023



As a shareholder in your local Community Bank, you belong to an incredible social enterprise network that to date has reinvested more than \$300 million in our local communities.

And now, as we celebrate our 25th anniversary milestone, we are evolving even further by sharpening our focus on our community enterprises – separate to the banking side of the business. We are uniting our Community Bank companies through a shared vision of being the most influential network of social enterprises in Australia. This means we'll have a bigger and better story to tell about how we collectively deliver impact.

Our future is together because of our extraordinary strength and aligned partnership with each other, and with our partner, Bendigo and Adelaide Bank. Our partnership with the Bank has been fashioned out of shared effort, risk and reward and it continues to serve us well.

And now even with the digital evolution upon us, the foundation of our future still relies on the guiding principles of the Community Bank model. We are community enterprises and the custodians of this incredible model that collaborates with local communities for social good. The objective of our Community Bank network remains the same. Our evolution will be evidenced by the channels that we use to connect with our customers and communities, digital by design and human where it matters.

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.

The Community Bank network creates impact through grants, donations and sponsorships that connect with and care for generations of Australians. Network investment ranges from sport, scholarships and school programs, through to community groups, cultural organisations and local councils. We also facilitate and attract partnerships to help support much needed community projects.

The Community Bank National Council (CBNC) is the voice of the Community Bank network. The role of the CBNC is to advocate and influence on behalf of the 240 community enterprises with its partner. It has also been the role of the CBNC to oversee the development of the Community Network Strategy which exists to ensure the ongoing sustainability of this unique collective of social enterprises.

In September this year our Community Bank network celebrates 25 years. It's a tremendous milestone and one which we're hugely proud of achieving. We have never been stronger and we look forward to continuing to serve our shareholders, customers and communities as we embrace our exciting future.

Warm regards

A stylized, handwritten signature in black ink, appearing to read "Sarah Franklyn".

Sarah Franklyn
CBNC Chair

Dividend payment history

For year ending 30 June 2023

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 the Bank'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.

A fully unfranked ordinary dividend of 2.5 cents per share and further fully unfranked ordinary dividend of 5.5 cents per share was declared and paid in respect of the year ended 30 June 2023.

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.

The Community Bank Albany Branch 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 continues 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? Do we have your bank account details to pay the dividends? 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

The Community Bank Albany Branch strives to build its business, enhance its partnerships, and grow its community investment through excellence in banking, customer service and sound business management. Whilst the model is community spirited, it must also be commercially viable for both the Community Bank company and Bendigo and Adelaide Bank (as the parent).

As part of Albany (WA) Community Financial Services Limited strategic objective in building relationships with stakeholders and to assist in determining community investment (funding opportunities), Community Bank Albany Board and staff with community representatives came together in May to workshop and initiate the development of a stakeholder management plan to identify stakeholders and levels of influence, determine communication requirements and to gain valuable feedback.

Community Bank Albany announced an Open Grant round for community groups and organisations at the Stakeholder evening with eight organisations benefiting from the \$30,000 funding opportunity.

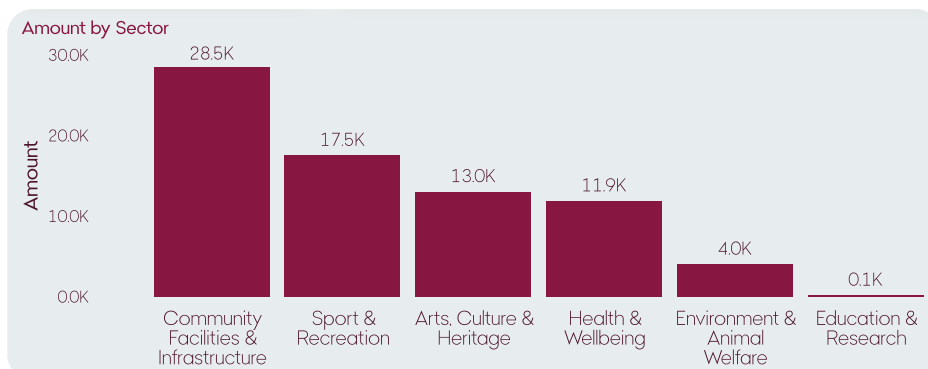
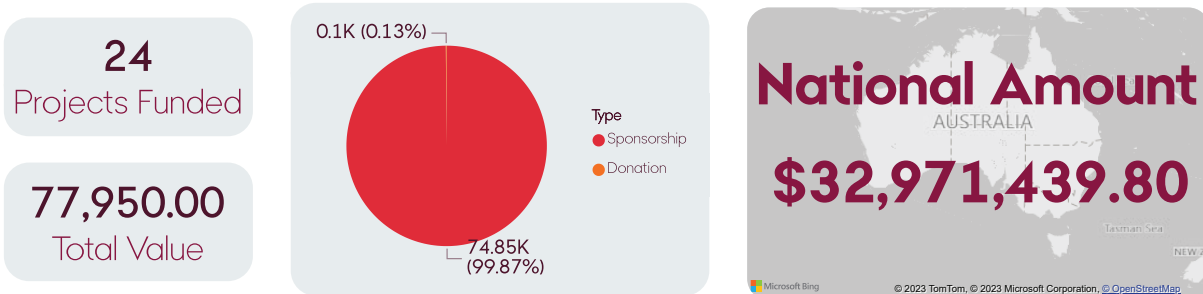
Organisations have been able to use this funding for events, disability access to their club for members and spectators, improving facilities at a local kindergarten, commence and implement a mentoring and administration project, training members in first aid and planning for children's art workshops.

Further announcements and funding were distributed to Albany MenShed to assist with the updating of its forklift, Albany Motor Classic event, seven Sport and Recreation organisations and Food Bank Albany for the upgrading of its freezer space.

The Community Bank network is a trusted, valued, sustainable business, empowering communities to build prosperity. Each community will be better off because of their Community Bank Branch. Bendigo Bank's Community Bank model is based on a 'profit with purpose' philosophy, which means profits are returned directly to the local community that has generated them, which is why it is vital that people bank 'with us' and not 'through us'.

A Community Bank branch is operated by a locally owned company, which functions as a franchise of Bendigo and Adelaide Bank. Bendigo and Adelaide Bank and the Community Bank company are each entitled to agreed portions of the revenue of the local Community Bank branch and the local company is responsible for paying branch running costs. Today, there are more than 300 Community Bank branches right across Australia.

\$32,971,439 million has been returned to Australian communities and initiatives this financial year just from people choosing to do their everyday banking with their local Community Bank.



Community funding 2022/23

Community Organisation	\$	Project
GSEDC Wheels for Work	\$10,000	Wheels for Work: Capacity Building for disadvantaged youth in Regional areas. Assistance to purchase vehicle.
Foodbank Albany	\$10,000	Foodbank Albany will be purchasing fridges to assist with the increase in demand on their service to the local community
Retravision Stadium	\$1,500	Stadium Sponsorship
Zero2Hero – Camp Hero	\$850	ACFSL Sponsors 1 place for a student to attend Camp Hero
Harvey Beef Gate2Plate Challenge	\$4,000	This is a regional sponsorship with Mt Barker and Tambellup Cranbrook. 3 Branches pay \$4,000 each with a total sponsorship of \$12,000. This has been a 3 year agreement regionally.
Albany Cycling Club	\$1,000	Funds to provide 2 Members training and purchase of first aid kit
Impact Services	\$5,000	Maintenance to Community Kindergarten - various repairs
Albany Mountain Bike Club	\$3,000	Pump Track Jam program
Emu Point	\$2,000	Disability access to club house and tennis courts
Albany Shanty Festival	\$5,000	International Shanty Festival Event
Harvest Creative	\$3,000	Children's workshops 2024
Albany Motor Classic	\$2,500	2023 Around the Houses Annual Event
Lower Kalgan Community Assoc	\$5,000	Permanent AV system electronic screen and projector system linked into the existing sound system
Albany MenShed	\$5,000	Assistance with purchase of replacement Forklift
Albany Camera Enthusiasts	\$5,000	Mentoring Project A-Team Open Grant Round
GS Girl Guides	\$100	Donation for quiz night games round
Cycling Without Age	\$1,000	Pledged Raffle proceeds from 2020FY
Emu Point Bowling Club	\$2,000	Raffle*
Vikings Hockey club	\$2,000	Raffle*
Emu point Tennis Club	\$2,000	Raffle*
North Albany Hockey Club	\$2,000	Raffle*
Albany Mountain Bike Club	\$2,000	Raffle*
Albany Basketball Club	\$2,000	Raffle*
Collingwood Cricket Club	\$2,000	Raffle*
Total	\$76,450	

* Raffle proceeds: Sporting and recreation clubs receive 100% of their club's individual ticket sales for the raffle. No raffle was held due to a lack of interest. Proceeds were paid to ALL clubs who provided an expression of interest. There were no set requirements on how funds were spent.

Directors' report

For the financial year ended 30 June 2023

The Directors present their report of the company for the financial year ended 30 June 2023.

Directors



Sarah Bowles

Chairperson

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

Qualifications, experience and expertise: MAICD, Project Management, Bachelor of Nursing, Midwifery, Foundation Four Pty Ltd Director (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) Board member – Albany Surf Life Saving Club) 2022-Current.

Special responsibilities: Member representative for Joint Regional Community Bank branches, Governance, Sponsorship, Community Engagement, Key Stakeholder Engagement and Risk Management. 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

Resigned 21 March 2023

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)



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 and is a member for the Volunteer Leadership Group. 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

Resigned 5 September 2022

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

Special responsibilities: Development and Marketing



Claudia Maw

Appointed 6 December 2022

Director & Company Secretary

Occupation: Lawyer & Owner, Demeter Legal

Qualifications, experience and expertise: Claudia Maw is the owner of Demeter Legal, 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.

Special responsibilities: Company Secretary, Marketing

Directors' report (continued)



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 - resigned 21 March 2023	11	8	
Danielle Branson	11	11	
Graham Foster – resigned 5 September 2022	11	7	
Simon Lyas	11	9	
Claudia Maw – Appointed 6 December 2022	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.

Company Secretary

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

Claudia Maw has been the Company Secretary Albany (WA) Community Financial Services Limited since 21 March 2023.

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 \$204,285 (2021: \$43,256), which is a 372% increase as compared with the previous year. The net assets of the company have increased to \$513,779.

Dividends

Two dividends were declared and paid in respect of the year ended 30 June 2023. Unfranked ordinary dividend of 2.5 cents per share 22,100 Unfranked ordinary dividend of 5.5 cents per share 48,621

Directors' report (continued)

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 occurred 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.

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 14 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 29 September 2023.



Sarah Bowles
Chair

Auditor's independence declaration

14th September 2023

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 2023, 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



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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 2023

	Note	Year Ended 30 June 2023 \$	Year Ended 30 June 2022 \$
Revenue			
Revenue from operation		1,571,916	891,195
	2	<u>1,571,916</u>	<u>891,195</u>
Expenses			
Employee benefits expense	3	(467,800)	(578,897)
Administration and general costs		(139,119)	(87,408)
Bad and doubtful debts expense	3	(726)	(1,666)
Occupancy expenses		(26,463)	(16,423)
System Costs		(24,573)	(19,825)
Depreciation and amortisation expense	3	(55,558)	(56,231)
Finance costs	3	(8,153)	(10,622)
Other expenses		(17,603)	(11,636)
		<u>(739,995)</u>	<u>(782,708)</u>
Profit / (loss) before charitable donations & sponsorships		831,921	108,487
Charitable donations and sponsorship		(552,025)	(38,286)
Profit / (loss) before income tax		279,896	70,201
Income tax expense / (benefit)	4	75,611	26,945
Profit / (loss) for the period		204,285	43,256
Other comprehensive income		-	-
Total comprehensive income for the period		204,285	43,256
Profit / (loss) attributable to members of the company		204,285	43,256
Total comprehensive income attributable to members of the company		204,285	43,256
Earnings per share (cents per share)			
- basic earnings per share	17	23.11	4.89

Statement of Financial Position for the year ended 30 June 2023

	<u>Note</u>	Year Ended 30 June 2023 \$	Year Ended 30 June 2022 \$
ASSETS			
Current assets			
Cash and cash equivalents	5	248,059	209,737
Trade and other receivables	6	143,717	85,883
Other assets	7	4,917	5,928
Total current assets		396,693	301,548
Non-current assets			
Property, plant and equipment	8	66,687	19,813
Intangible assets	9	39,083	52,111
Right of use asset	10	106,127	143,585
Deferred tax assets	4d	143,704	219,820
Total non-current assets		355,601	435,329
Total assets		752,294	736,877
LIABILITIES			
Current liabilities			
Trade and other payables	11	43,886	92,768
Borrowings	12	-	8,151
Provisions	13	24,331	30,334
Lease Liability		39,926	39,927
Total current liabilities		108,143	171,180
Non-current liabilities			
Trade and other payables	11	31,766	47,650
Provisions	13	12,082	11,809
Lease Liability		86,524	125,517
Total non-current liabilities		130,372	184,976
Total liabilities		238,515	356,156
Net assets		513,779	380,721
Equity			
Issued capital	14	854,557	854,557
Retained earnings / Accumulated losses	15	(340,778)	(473,836)
Total equity		513,779	380,721

Statement of Changes in Equity for the year ended 30 June 2023

		Issued	Retained earnings / Accumulated		Total
	Note	Capital \$	losses \$	Reserves \$	Equity \$
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
Balance at 1 July 2022		854,557	(473,836)	-	380,721
Total comprehensive income for the period		-	204,285	-	204,285
<i>Transactions with owners in their capacity as owners:</i>					
Dividends recognised for the period	16	-	(71,227)	-	(71,227)
Balance at 30 June 2023		854,557	(340,778)	-	513,779

Financial statements (continued)

Statement of Cash flow for the year ended 30 June 2023

		Year Ended 30 June 2023 \$	Year Ended 30 June 2022 \$
Cash flows from operating activities			
Receipts from customers		1,514,082	862,006
Payments to suppliers and employees		(1,320,334)	(744,389)
Interest paid		(212)	(593)
Net cash flows from / (used in) operating activities	18b	193,536	117,024
Cash flows from investing activities			
Purchase of property, plant and equipment		(63,314)	-
Purchase of intangible assets		(13,028)	(13,027)
Net cash flows from / (used in) investing activities		(76,342)	(13,027)
Cash flows from financing activities			
Dividends Paid		(70,721)	-
Repayment of borrowings		(8,151)	(7,771)
Net cash flows from / (used in) financing activities		(78,872)	(7,771)
Net increase / (decrease) in cash held		38,322	96,226
Cash and cash equivalents at beginning of period		209,737	113,511
Cash and cash equivalents at end of period	18a	248,059	209,737
*Cash and Cash equivalents is made up of:			
Cash at Bank		3,684	1,930
Cheque Account/(Bank Overdraft)		244,375	207,807
		248,059	209,737

Notes to the financial statements

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 29 September 2023.

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

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).

	2023	2022
	\$	\$
Revenue		
- service commissions	1,571,916	891,195
	<u>1,571,916</u>	<u>891,195</u>
Other revenue		
- interest received	-	-
- other revenue	-	-
	<u>-</u>	<u>-</u>
Total revenue	1,571,916	891,915

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:

<i>Class of asset</i>	<i>Rate</i>	<i>Method</i>
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.

	2023	2022
	\$	\$
Profit before income tax includes the following specific expenses:		
Employee benefits expense		
- wages and salaries	415,513	502,099
- superannuation costs	43,039	49,186
- other costs	9,248	27,612
	<u>467,800</u>	<u>578,897</u>
Depreciation and amortisation		
<i>Depreciation</i>		
- plant and equipment	5,073	5,746
- right to use assets	37,457	37,457
	<u>42,530</u>	<u>43,203</u>
Amortisation		
- franchise fees	13,028	13,028
	<u>13,028</u>	<u>13,028</u>
Total depreciation and amortisation	<u>55,558</u>	<u>56,231</u>
Finance costs		
- Interest paid	213	593
- Lease Liability Interest Expense	7,940	10,029
	<u>8,153</u>	<u>10,622</u>
Bad and doubtful debts expenses	726	1,666
Auditors' remuneration		
<i>Remuneration of the Auditor for:</i>		
- Audit or review of the financial report	5,432	5,000
- Taxation services	-	-
- Share registry services	-	-
	<u>5,432</u>	<u>5,000</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.

	2023 \$	2022 \$
a. The components of tax expense / (income) comprise:		
Current tax expense / (income)	-	-
Deferred tax expense / (income)	75,611	17,454
Recoupment of prior year tax losses	-	-
Change to company tax rate	-	9,491
Under / (over) provision of prior years	-	-
	<u>75,611</u>	<u>26,945</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% (2022: 26%)	75,611	17,454
Add tax effect of:		
- Utilisation of previously unrecognised carried forward tax losses	(75,611)	(26,945)
- Under / (over) provision of prior years	-	9,491
- Non-deductible expenses & Non-assessable Income	-	-
Income tax attributable to the entity	<u>-</u>	<u>-</u>
The applicable weighted average effective tax rate is	25%	25%

Notes to the financial statements (continued)

4. Income tax (continued)

	2023	2022
	\$	\$
d. Deferred tax asset / (liability)		
Deferred tax relates to the following:		
Deferred tax assets balance comprises:		
Accruals	6,682	13,819
Employee provisions	9,103	10,536
Prepayments	1,229	1,482
Unused tax losses	128,800	194,798
	<u>145,814</u>	<u>220,635</u>
Deferred tax liabilities balance comprises:		
Plant & equipment	(2,110)	(815)
	<u>(2,110)</u>	<u>(815)</u>
Net deferred tax asset / (liability)	<u>143,704</u>	<u>219,820</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	74,316	17,935
(Decrease) / increase in deferred tax liabilities	1,295	(481)
Under / (over) provision prior years	-	9,491
	<u>75,611</u>	<u>26,945</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	248,059	209,737
Short-term bank deposits	-	-
	<u>248,059</u>	<u>209,737</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)

	2023	2022
	\$	\$
Current		
Trade receivables	143,717	85,883
	<u>143,717</u>	<u>85,883</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	
2023	\$	\$	\$	\$	\$	\$
Trade receivables	143,717	143,717	-	-	-	-
Other receivables	-	-	-	-	-	-
Total	<u>143,717</u>	<u>143,717</u>	-	-	-	-
2022						
Trade receivables	85,883	85,883	-	-	-	-
Other receivables	-	-	-	-	-	-
Total	<u>85,883</u>	<u>85,883</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.

Prepayments	4,917	5,928
	<u>4,917</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.

	2023	2022
	\$	\$
<i>Leasehold improvements</i>		
At cost	294,530	249,678
Less accumulated depreciation	<u>(249,732)</u>	<u>(249,678)</u>
	44,798	-
<i>Plant and equipment</i>		
At cost	71,731	64,636
Less accumulated depreciation	<u>(49,842)</u>	<u>(44,823)</u>
	21,889	19,813
Total plant and equipment	<u>66,687</u>	<u>19,813</u>

Movements in carrying amounts

<i>Leasehold Improvements</i>		
Balance at the beginning of the reporting period	-	-
Additions	44,852	-
Disposals	-	-
Depreciation expense	<u>(54)</u>	<u>-</u>
Balance at the end of the reporting period	<u>44,798</u>	<u>-</u>

Notes to the financial statements (continued)

8. Plant and equipment (continued)

	2023	2022
	\$	\$
<i>Plant and Equipment</i>		
Balance at the beginning of the reporting period	19,813	25,559
Additions	7,094	-
Disposals	-	-
Depreciation expense	(5,018)	(5,746)
Balance at the end of the reporting period	<u>21,889</u>	<u>19,813</u>
<i>Total plant and equipment</i>		
Balance at the beginning of the reporting period	19,813	25,559
Additions	51,946	-
Disposals	-	-
Depreciation expense	(5,072)	(5,746)
Balance at the end of the reporting period	<u>66,687</u>	<u>19,813</u>

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.

<i>Franchise fee</i>		
At cost	65,138	65,138
Less accumulated amortisation	(26,055)	(13,027)
Total intangible assets	<u>39,083</u>	<u>52,111</u>
Movements in carrying amounts		
<i>Franchise fee</i>		
Balance at the beginning of the reporting period	52,111	-
Additions		65,138
Disposals		-
Amortisation expense	(13,028)	(13,027)
Balance at the end of the reporting period	<u>39,083</u>	<u>52,111</u>
<i>Total intangible assets</i>		
Balance at the beginning of the reporting period	-	13,566
Additions	-	-
Disposals	-	-
Amortisation expense	-	(13,556)
Balance at the end of the reporting period	<u>-</u>	<u>-</u>

Notes to the financial statements (continued)

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	2023	2022
Leased Building	\$	\$
Accumulated depreciation	(268,443)	(230,985)
	<u>106,127</u>	<u>143,585</u>

Movements in carrying amounts

Right-of-use assets	181,041	-
Accumulated Depreciation	(37,457)	-
Recognised on Initial application of AASB 16 (previously classified as operating leases under AASB 117)	-	208,569
AASB 16 Revaluation Adjustment	-	(27,527)
Depreciation Expense	(37,457)	(37,457)
Net carrying amount	<u>106,127</u>	<u>143,585</u>

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	37,457
Interest expense on lease liabilities	7,940	10,029

iii) Total cash outflows for leases

Rent paid	23,772	47,871
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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	33,994	15,914
Other creditors and accruals	9,892	76,854
	<u>43,886</u>	<u>92,768</u>

Non-current

Unsecured liabilities:

Trade creditors	31,766	47,650
Total trade and other payables	<u>75,652</u>	<u>140,418</u>

Notes to the financial statements (continued)

12. Borrowings

	2023	2022
	\$	\$
Current		
<i>Unsecured liabilities</i>		
Chattel Mortgage	-	8,151
Total borrowings	<u>-</u>	<u>8,151</u>

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.

Current		
Employee benefits	24,331	30,334
Non-current		
Employee benefits	12,082	11,809
Total provisions	<u>36,413</u>	<u>42,143</u>

Notes to the financial statements (continued)

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.

	2023	2022
	\$	\$
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	<u>-</u>	<u>-</u>
At the end of the reporting period	<u>854,557</u>	<u>854,557</u>

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.

Notes to the financial statements (continued)

15. Accumulated losses	2023	2022
	\$	\$
Balance at the beginning of the reporting period	(473,836)	(517,092)
Profit/(loss) after income tax	204,285	43,256
Dividends paid	(71,227)	-
Balance at the end of the reporting period	<u><u>(340,778)</u></u>	<u><u>(473,836)</u></u>

16. Dividends paid or provided for on ordinary shares

Dividends paid for during the year

Unfranked ordinary dividend of 2.5 cents per share	22,100	-
Unfranked ordinary dividend of 5.5 cents per share	48,621	-
Franking credit balance at end of reporting period	-	-

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.

Basic earnings per share (cents)	23.11	4.89
Earnings used in calculating basic earnings per share	204,285	43,256
Weighted average number of ordinary shares used in calculating basic earnings per share.	884,016	884,016

Notes to the financial statements (continued)

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:

	2023	2022
	\$	\$
Cash and cash equivalents (Note 5)	248,059	209,737
As per the Statement of Cash Flow	<u>248,059</u>	<u>209,737</u>

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

Profit / (loss) after income tax	204,285	43,256
Non-cash flows in profit		
- Depreciation	42,530	43,203
- Amortisation	13,028	13,028
- Bad debts	726	1,666
- Lease Liability Interest	7,940	10,029
- Rent Payments excluded from profit	(23,772)	(47,871)
- AASB 16 Revaluation Adjustment	-	(10,703)
Changes in assets and liabilities		
- (Increase) / decrease in trade and other receivables	(57,834)	(18,485)
- (Increase) / decrease in prepayments and other assets	1,011	-
- (Increase) / decrease in deferred tax asset	76,116	26,945
- Increase / (decrease) in trade and other payables	(64,765)	51,637
- Increase / (decrease) in provisions	(5,729)	4,319
Net cash flows from / (used in) operating activities	<u>193,536</u>	<u>117,024</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 2023.

(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:

	2023	2022
Sarah Bowles	2,500	2,500
Danielle Branson	-	-
Simon Lyas	-	-
Graham Foster	500	500
Johanna Tomlinson	2,000	2,000
Claudia Maw	-	-
	<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 (2022:100%).

23. Commitments

Operating lease commitments

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

	2023	2022
	\$	\$
Payable:		
- no later than 12 months	37,452	47,868
- between 12 months and five years	68,662	135,626
- greater than five years	-	-
Minimum lease payments	106,114	183,494

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	2023 \$	2022 \$
Financial assets			
Cash and cash equivalents	5	248,059	209,737
Trade and other receivables	6	143,717	85,883
Total financial assets		391,776	295,620
Financial liabilities			
Trade and other payables	11	75,652	140,418
Total financial liabilities		75,652	140,418

(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 (2022: 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:

30 June 2023	Weighted average interest rate %	Total \$	Within 1 year \$	1 to 5 years \$	Over 5 years \$
Financial assets					
Cash and cash equivalents	0%	248,059	248,059	-	-
Trade and other receivables	0%	143,717	143,717	-	-
Total anticipated inflows		<u>391,776</u>	<u>391,776</u>	<u>-</u>	<u>-</u>
Financial liabilities					
Trade and other payables	0%	75,652	28,002	31,766	-
Total expected outflows		<u>75,652</u>	<u>28,002</u>	<u>31,766</u>	<u>-</u>
Net inflow / (outflow) on financial instruments		<u><u>316,124</u></u>	<u><u>363,774</u></u>	<u><u>(31,766)</u></u>	<u><u>-</u></u>
30 June 2022	Weighted average interest rate %	Total \$	Within 1 year \$	1 to 5 years \$	Over 5 years \$
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>

* 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 2023		
+/- 1% in interest rates (interest income)	2,481	2,481
+/- 1% in interest rates (interest expense)	-	-
	<u>2,481</u>	<u>2,481</u>
	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>

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.

	2023		2022	
	Carrying amount \$	Fair value \$	Carrying amount \$	Fair Value \$
Financial assets				
Cash and cash equivalents (i)	248,059	248,059	209,737	209,737
Trade and other receivables (i)	143,717	143,717	85,883	85,883
Total financial assets	391,776	391,776	295,620	295,620
Financial liabilities				
Trade and other payables (i)	75,652	75,652	140,418	140,418
Total financial liabilities	75,652	75,652	140,418	140,418

(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

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 2023 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 18 October 2023

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 2023, 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 2023 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 2023. 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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Page 1 of 2

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 28th day of September 2023



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Page 2 of 2

CERTIFIED PRACTISING ACCOUNTANTS

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/communitybank albany

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 **Bendigo Bank**