Annual Report 2022

Bayswater Community Financial Services Limited

Community Bank
Bayswater

ABN 60 092 770 593

Contents

Chair's report

For year ending 30 June 2022

Thank you once again to our shareholders. We are delighted to be able to announce yet another strong dividend based on the trading performance of 2022.

It is with great pleasure that I can report on another fantastic performance for our company. Thank you to our customers and staff who have been able to help us deliver growth in our portfolio of business of $42 million. This in turn has led to a pre-tax profit of $366,179.

Whilst this result is lower than our net profit result for 2021, the result during that year was due to the immediate impact and cost savings of the closure of Noranda branch as well as a significant increase in the value of shares which Bayswater Community Financial Services Limited holds. Unfortunately these shares, which we have to re-value at each audit period were significantly lower in value at the end of the 2022 financial year.

Our success this year has once again meant that we have been able to place significant funds into our Community Enterprise Foundation™ account of $250,000 to meet the ongoing commitments we made to four major community projects last year.

I was privileged to announce these at our last AGM and can report that all four projects are up and running and delivering significant benefits to those in our community who need it the most.

I would like to congratulate and thank Orana House, Starick, Youth Futures and 55 Central for delivering these amazing outcomes and we look forward to continuing to work with them over the coming years to deliver services to some of the most vulnerable and at risk within our community.

Thank you once again to our shareholders. We are delighted to be able to announce yet another strong dividend based on the trading performance of 2022.

The Board has announced a dividend on 24 August 2022 of 17.5 cents per share fully franked which you will have been paid in September.

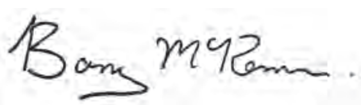
The Board is conscious of recognising both our shareholders and our community during years of strong trading performance. We cannot guarantee that we will always be able to deliver at these levels but the decisions we have made over the last few years have certainly contributed to us having a better ability to deliver sustainable results into the future.

Thank you to all staff for another excellent year. We are delighted that so many of our team have been with us for 10 years or more and we hope to retain them into the future despite the employment market being a very difficult and competitive one during the last 12 to 24 months particularly.

Importantly we celebrated Sean Kay's 20th year as our Senior Branch Manager. I am sure that all those who are involved with Bayswater Community Financial Services Limited know of his important and significant contribution to the success of our company. We wish him many more years of continued success as our Senior Branch Manager and thank him for his outstanding leadership.

My fellow Board members continue to provide the insights and experience that help us to constantly aspire and improve all areas of our business and I continue to value their support, feedback and commitment.

It cannot be forgotten that our success could not occur without our local customers. I would like to thank them for their continued support, and we look forward to providing our unique brand of service and excellence for many years to come.



Barry McKenna
Chair

Senior Manager's report

For year ending 30 June 2022

The Bank is rapidly adapting to this shift through its innovations in technology and online banking. Whilst this sees us losing some of the personal face-to-face interactions that we have enjoyed in the past, our clients know that they can engage with our staff in their preferred way, whether that is in branch or online.

Dear Shareholders,

After so much uncertainty over the last few years, I am delighted to report on what has been a very successful year on so many different levels for our Community Bank branch.

Our Community Bank Bayswater team continues to provide exceptional service levels which has resulted in new client attraction and business growth.

The role that our staff play in assisting our clients is continually changing as we see a significant increase in digital interactions. The Bank is rapidly adapting to this shift through its innovations in technology and online banking. Whilst this sees us losing some of the personal face-to-face interactions that we have enjoyed in the past, our clients know that they can engage with our staff in their preferred way, whether that is in branch or online. This is very much becoming the industry standard.

During the financial year, our overall portfolio of business rose from $372 million to $414 million (+$42 million).

Lending growth	$2.4 million
Deposit growth	$20 million
Other business growth	$19.6 million

These results mirror a strong industry trend seeing deposit growth increase. Lending growth has slowed compared to previous years and this is likely to endure over the coming 12 to 24 months. This will largely be due to interest rate movements, a softening in house prices and potentially a lower growth economy in general terms. As a long-standing branch with a significant portfolio of business, I would not expect this to cause significant issues to our ongoing profitability or ability to maintain and grow our business.

In the latter part of 2021 and from the start of 2022, the Board has been able to deliver on four major programs for our community. These programs came about as a strategic review of how the Board wanted to assist the community. Our Chair has provided information on these important initiatives in his report.

I am extremely proud of the outcomes we have been able to deliver this year for our customers, community, shareholders and staff.

As always, I look forward to delivering another successful set of results during the coming financial year.

Many thanks

Sean Kay
Senior Branch Manager

Financial year highlights

$413.8 million
Total footings

$41.8 million
Footings growth ↑ 11.2%

8,092 Total customers

12,719 Total accounts

Net Profit before tax
$366,179 from $445,238
↓ 24.49%

$250,000
into our Community Enterprise Foundation™ account

+

$16,653
in donations, grants and sponsorships

$200,366
Shareholder distributions
September 2022: Fully franked dividend of 17.5 cents per share

Community investment 2000-2022

Since opening in 2000 to 2022

Shareholder distributions
$1.827 million

+

Community contributions
$1.992 million

+

Community Enterprise Foundation™ account balance
$0.557 million

=

Total community investment
$4.376 million
2000-2022

Key community focus areas

At our annual general meeting last year, we announced our commitment of $700,000 to four brand new programs to tackle family and domestic violence and homelessness and help at-risk young people.

This significant investment reflects the Board's desire to make a real and lasting difference in the local community.

The programs funded by the $700,000 investment are:

- **Orana House (family and domestic violence) –** Support for three years to employ a child advocate worker ($150,000)
- **Starick (family and domestic violence) –** Support for two years to employ a "Safe at Home" outreach worker ($163,000)
- **55 Central –** Purchase and support for three years of "Grind and Grow" coffee van and barista training program ($200,000)
- **Youth Futures (at-risk young people) –** Support for two years to employ a transition manager ($180,000).

Orana House

55 Central

We are investing in human capital with each program as we believe it will provide the largest impact for those individuals and families supported by these organisations and our community in the long term.

It is hoped that the success of these programs will enable these organisations to turn them into financially sustainable, long-term programs.

Your support as shareholders has allowed us to provide these community outcomes. We are grateful for the trust that you place in our board of directors which has allowed us to make these valuable and significant community contributions.

We look forward to sharing some of the amazing outcomes and impacts that we are already hearing about as a result of these programs over the coming years.

Youth Futures

Enviro House

Bayswater Community Financial Services has renewed its sponsorship of Environment House; our 19th year of supporting this wonderful organisation.

This new financial support will allow Enviro House to establish their Bendigo Bank "Growing Well" program. This program will encompass a number of different activities and events for all ages which connect our community to each other and the environment with the aim of improving health and well-being, reducing isolation, building new skills and resilience.

To find out more go to envirohouse.org.au

Scholarships

Since 2012, we have provided 22 local students with a total of $144,000 in scholarships towards their tertiary studies.

The scholarship program was launched because the Board believed local students deserved every opportunity to achieve their dreams. An investment in education yields great long term dividends and by helping young people gain access to tertiary education, the returns to the student, their families and the local community are significant.

This year, our scholarships allowed the following students to forge their careers and achieve their dreams:

Tobias Findlay-Abel	Bachelor of Youth Work
Hua Xi Li	Bachelor of Medicine, Bachelor of Surgery
Alison Haney	Bachelor of Biomedical Science
Behdokht Eshraghiboroujeni	Bachelor of Medicine/ Bachelor of Surgery
Isabella Halicki	Bachelor of Environmental Design (Architecture)


Behdokht and Isabella


Future Bayswater

Community contributions 2021-22

In addition to the larger community contributions we have made, we have also been able to provide additional financial support to some incredible local groups as well as host a number of community events:

Organisation	Outcome
ANA Rowing Club	Novice Fleet Renewal
Back to the Bush Veterans Reunion 2021	Back to the Bush Veterans Reunion - 20th Anniversary
Baysie Rollers	Art Auction
Bayswater Traders Association	Memberships for Bayswater retailers
Bayswater Women's Hub Inc	Bayswater Community Tool Library
City of Bayswater Community Art Awards	People's Choice Award Sponsorship (City of Bayswater Community Art Awards and Exhibition)
Future Bayswater	Bayswater 21st Birthday Twilight Markets

Organisation	Outcome
Future Bayswater	Volunteers acknowledgement function
Maylands Peninsula PS P&C Fundraising Committee	Father's Day Raffle donation
Noranda Hawks Junior Football Club	Quiz Night donation
Noranda Vibes	Noranda Community Christmas Concert
Sai Baba Temple Perth Inc	New Carpets
St Columba's Over 50's Group	St Columba's Over 50's Group Spring Show Morning Tea
The Baysie Rollers	Trio of community movie nights
West Australian Symphonic Wind Ensemble	Percussion Upgrade


Community Art Awards


St Columba's Over 50's Group

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.

Warm regards

Sarah Franklyn
CBNC Chair

Directors' report

For the financial year ended 30 June 2022

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

Directors

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

Barry Anthony McKenna

Title: Chair

Experience and expertise: Councillor for the City of Bayswater from May 1991 till October 2021, Barry was the Mayor of the City from October 2015 - October 2017.

Special responsibilities: Executive Committee (Chair).

Denise Gail Beer

Title: Deputy Chairperson

Experience and expertise: Resident of Morley since 1977. Bachelor of Business in Management and Accounting. Employed in the not for profit sector in a variety of roles from 1985 until 2013. Denise has experience in operational aspects of community sector business including human resources, marketing and promotion, budgeting and compliance and tender writing.

Special responsibilities: Executive Committee (Deputy Chair)

Tadeusz Joseph Budzinski

Title: Treasurer

Experience and expertise: Retired Director of Finance at the City of Bayswater, a role he held from 1989 to 2012. Ted extended this role to include Aged Care and Child Care facilities. Previous to his career at the City of Bayswater, Ted held various roles specialising in accountancy and financial management in the mining industry, wine industry and at Australia Post as well as being involved in numerous community groups including various chairing roles.

Special responsibilities: Executive Committee (Company Treasurer)

Alan James Radford

Title: Secretary

Experience and expertise: Retired from Telstra as a Principal Technical Officer after 33 years. Was running a small computer software and consulting business from 1995 till 2016 and served 5 terms as a Councillor for the City of Bayswater, completed last term in October 2017. Alan is a Community board member on Noranda Primary School and also Hampton Park Primary School, both are independent public schools. At present Alan is on the committee of the Noranda Probus Club and a member of the Noranda Sports Club and Noranda Vibes.

Special responsibilities: Executive Committee (Company Secretary)
Represent the board on Bayswater Traders Association

Directors (continued)

Michael Stephen Anderton J.P

Title: Non-executive director

Experience and expertise: Michael is the Company Director of Bayswater Community Financial Services Limited and an insurance services company. He is also the past director of community groups and sporting organisations.

Special responsibilities: Nil

Steven James Brown

Title: Non-executive director

Experience and expertise: Steven is a lawyer and founder of the law firm Lynn and Brown Lawyers. He has worked as a lawyer at Lynn and Brown Lawyers since 1996. He has been a Director of Bayswater Community Financial Services Limited since 2005. He is the current Chairperson of the Sacred Heart Primary School board and former president and life member of the Morley Business Association.

Special responsibilities: Stakeholder Engagement Group

Gregory Da Rui

Title: Non-executive director

Experience and expertise: Chairperson of Bayswater Trader's Association, Executive Committee Member of the Future Bayswater community group and Branch Committee member of the Pharmacy Guild of Australia WA branch.

Special responsibilities: Stakeholder Engagement Group

Louise Anne Rowe

Title: Non-executive director

Experience and expertise: I am a media and communications expert with over 25 years' experience as a broadcast journalist and WA State Government media directorships with the Department of Corrective Services and Tourism WA. Currently I am the Executive Manager of Media, Marketing and PR at RSPCA WA. In my career I have worked with a diverse range of clients in a number of sectors including NFP, finance, aged care, state government and tourism.

Special responsibilities: Stakeholder Engagement Group (Lead)

No directors have material interest in contracts or proposed contracts with the company.

Company secretary

There have been two company secretaries holding the position during the financial year:

- Alan Radford was appointed company secretary on 6 December 2021.
- Michael Anderton was appointed company secretary on 1 July 2007 and ceased on 6 December 2021.

Principal activity

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

There have been no significant changes in the nature of this activity during the financial year.

Review of operations

The profit for the company after providing for income tax amounted to $279,048 (30 June 2021: $338,245).

Operations have continued to perform in line with expectations.

Dividends

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

	2022 $
Fully franked dividend of 15 cents per share (2021 : 5.7 cents)	171,743

Significant changes in the state of affairs

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

Matters subsequent to the end of the financial year

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

Likely developments

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

Environmental regulation

The company is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2022, and the number of meetings attended by each director were:

	Board		Executive Committee		Stakeholder Engagement Group	
	Eligible	Attended	Eligible	Attended	Eligible	Attended
Barry Anthony McKenna	11	10	8	8	-	-
Denise Gail Beer	11	11	8	7	-	-
Tadeusz Joseph Budzinski*	11	9	8	8	-	-
Alan James Radford	11	11	5	5	-	-
Michael Stephen Anderton	11	11	3	3	-	-
Steven James Brown	11	8	-	-	3	3
Gregory Da Rui	11	9	-	-	3	3
Louise Anne Rowe	11	10	-	-	3	3

* Leave of absence granted for September 2021.

Directors' benefits

No director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a director, a firm which a director is a member or an entity in which a director has a substantial financial interest except as disclosed in note 28 to the financial statements. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the company's accounts, or the fixed salary of a full-time employee of the company, controlled entity or related body corporate.

Directors' interests

The interest in company shareholdings for each director are:

	Balance at the start of the year	Changes during the year	Balance at the end of the year
Barry Anthony McKenna	12,499	-	12,499
Denise Gail Beer	1,000	-	1,000
Tadeusz Joseph Budzinski	5,001	-	5,001
Alan James Radford	3,000	-	3,000
Michael Stephen Anderton J.P	8,000	-	8,000
Steven James Brown	3,001	-	3,001
Gregory Da Rui	4,508	2,008	6,516
Louise Anne Rowe	3,000	-	3,000

Indemnity and insurance of directors and officers

The company has indemnified all directors and the manager in respect of liabilities to other persons (other than the company or related body corporate) that may arise from their position as directors or manager of the company except where the liability arises out of conduct involving the lack of good faith.

Disclosure of the nature of the liability and the amount of the premium is prohibited by the confidentiality clause of the contract of insurance. The company has not provided any insurance for an auditor of the company or a related body corporate.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the *Corporations Act 2001*.

Indemnity and insurance of auditor

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

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

Non-audit services

The company may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the company are important. Details of the amounts paid or payable to the auditor (Andrew Frewin Stewart) for audit and non-audit services provided during the year are set out in note 29 to the accounts.

The Board has considered the non-audit services provided during the year by the auditor and is satisfied that the provision of the nonaudit services is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

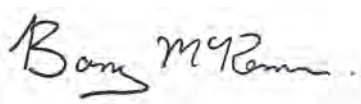
- all non-audit services have been reviewed by the Board to ensure they do not impact on the impartiality, integrity and objectivity of the auditor.
- none of the services undermine the general principles relating to auditor independence as set out in *APES 110 Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the company, acting as an advocate for the company or jointly sharing risks and rewards.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this directors' report.

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

On behalf of the directors



Barry Anthony McKenna
Chair

23 August 2022

Auditor's independence declaration

61 Bull Street
Bendigo VIC 3550
afs@afsbendigo.com.au
03 5443 0344

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

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

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 23 August 2022

Joshua Griffin
Lead Auditor

afsbendigo.com.au

Liability limited by a scheme approved under Professional Standards Legislation ABN: 51 061 795 337

Financial statements

Bayswater Community Financial Services Ltd
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2022

	Note	2022 $	2021 $
Revenue from contracts with customers	6	2,164,512	2,166,684
Other revenue	7	85,307	93,363
Finance revenue		1,459	1,620
Fair value gains/(losses) on financial assets	8	(42,600)	104,400
Employee benefits expense	9	(1,240,922)	(1,132,441)
Advertising and marketing costs		(16,653)	(17,658)
Occupancy and associated costs		(42,871)	(41,618)
System costs		(25,257)	(29,384)
Depreciation and amortisation expense	9	(108,851)	(136,145)
Finance costs	9	(8,385)	(13,863)
General administration expenses		(149,560)	(185,020)
Profit before community contributions and income tax expense		616,179	809,938
Charitable donations and sponsorships expense		(250,000)	(364,700)
Profit before income tax expense		366,179	445,238
Income tax expense	10	(87,131)	(106,993)
Profit after income tax expense for the year	24	279,048	338,245
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		279,048	338,245
		Cents	**Cents**
Basic earnings per share	31	24.37	29.54
Diluted earnings per share	31	24.37	29.54

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

Bayswater Community Financial Services Ltd
Statement of financial position
As at 30 June 2022

	Note	2022 $	2021 $
Assets			
Current assets			
Cash and cash equivalents	11	650,711	460,478
Trade and other receivables	12	242,129	217,115
Financial assets	13	272,100	314,700
Total current assets		1,164,940	992,293
Non-current assets			
Property, plant and equipment	14	1,268,271	1,296,163
Right-of-use assets	15	117,519	115,073
Intangibles	16	41,824	54,905
Deferred tax assets	10	68,955	62,337
Total non-current assets		1,496,569	1,528,478
Total assets		2,661,509	2,520,771
Liabilities			
Current liabilities			
Trade and other payables	17	117,236	77,081
Borrowings	18	106	103
Lease liabilities	19	41,222	39,118
Current tax liabilities	10	48,047	27,768
Employee benefits	20	169,223	196,602
Total current liabilities		375,834	340,672
Non-current liabilities			
Lease liabilities	19	97,080	138,302
Employee benefits	20	31,109	21,138
Provisions	21	29,522	-
Total non-current liabilities		157,711	159,440
Total liabilities		533,545	500,112
Net assets		2,127,964	2,020,659
Equity			
Issued capital	22	1,103,852	1,103,852
Retained earnings	24	1,024,112	916,807
Total equity		2,127,964	2,020,659

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

Bayswater Community Financial Services Ltd
Statement of changes in equity
For the year ended 30 June 2022

	Note	Issued capital $	Retained earnings $	Total equity $
Balance at 1 July 2020		1,103,852	643,824	1,747,676
Profit after income tax expense		-	338,245	338,245
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	338,245	338,245
Transactions with owners in their capacity as owners:				
Dividends provided for	25	-	(65,262)	(65,262)
Balance at 30 June 2021		1,103,852	916,807	2,020,659

	Note	Issued capital $	Retained earnings $	Total equity $
Balance at 1 July 2021		1,103,852	916,807	2,020,659
Profit after income tax expense		-	279,048	279,048
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	279,048	279,048
Transactions with owners in their capacity as owners:				
Dividends provided for	25	-	(171,743)	(171,743)
Balance at 30 June 2022		1,103,852	1,024,112	2,127,964

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

Bayswater Community Financial Services Ltd
Statement of cash flows
For the year ended 30 June 2022

	Note	2022 $	2021 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		2,413,595	2,542,312
Payments to suppliers and employees (inclusive of GST)		(1,914,979)	(2,038,303)
		498,616	504,009
Dividends received		15,900	8,400
Interest received		1,828	1,240
Income taxes paid		(73,470)	(49,860)
Net cash provided by operating activities	30	442,874	463,789
Cash flows from investing activities			
Payments for property, plant and equipment		(53,398)	(79,468)
Payments for intangibles		-	(65,406)
Proceeds from disposal of property, plant and equipment		20,000	19,545
Net cash used in investing activities		(33,398)	(125,329)
Cash flows from financing activities			
Dividends paid	25	(171,743)	(65,262)
Repayment of lease liabilities	19	(47,500)	(151,348)
Net cash used in financing activities		(219,243)	(216,610)
Net increase in cash and cash equivalents		190,233	121,850
Cash and cash equivalents at the beginning of the financial year		460,478	338,628
Cash and cash equivalents at the end of the financial year	11	650,711	460,478

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

Notes to the financial statements

Bayswater Community Financial Services Ltd

30 June 2022

Note 1. Reporting entity

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

The company is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is 14 King William Street, Bayswater WA 6053.

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 23 August 2022. The directors have the power to amend and reissue the financial statements.

Note 2. Basis of preparation and statement of compliance

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards and Interpretations adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The financial statements comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB). The financial statements have been prepared on an accrual and historical cost basis.

Note 3. Significant accounting policies

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

Changes in accounting policies, standards and interpretations

There are a number of amendments to accounting standards issued by the AASB that became mandatorily effective for accounting periods beginning on or after 1 July 2021, and are therefore relevant for the current financial year. The amendments did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

Current and non-current classification

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

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

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

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

Impairment

Non-derivative financial assets

Expected credit losses (ECL) are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received. At each reporting date, the entity recognises the movement in the ECL (if any) as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

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

Note 3. Significant accounting policies (continued)

Non-financial assets
At each reporting date, the company reviews the carrying amounts of its tangible and intangible assets that have an indefinite useful life to determine whether there is any indication those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately.

Goods and Services Tax (GST)
Revenues, expenses and assets are recognised net of the amount of GST, except when the amount of GST incurred on a sale or purchase of assets or services is not payable to or recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the revenue or expense item.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

Note 4. Critical accounting judgements, estimates and assumptions

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

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

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

Level 1:	inputs are based on the quoted market price at the close of business at the end of the reporting period
Level 2:	inputs are based on a valuation performed by a third party qualified valuer using quoted prices for similar assets in an active market
Level 3:	unobservable inputs for the asset or liability.

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

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

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

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

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

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

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

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

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

The company uses historical employee attrition rates in determining the probability of an employee, at a given date, achieving continuous employment eligible for entitlement in accordance with long service leave legislation.

In the absence of sufficient historical employee attrition rates, the company applies a benchmark probability rate from across the Community Bank network to factor in estimating the probability of an employee, at a given date, achieving continuous employment eligible for entitlement in accordance with legislation.

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

Note 5. Economic dependency

The company is economically dependent on the ongoing receipt of income under the franchise agreement with Bendigo Bank. The directors have no reason to believe a new franchise arrangement under mutually acceptable terms will not be forthcoming following expiry.

The company has entered into a franchise agreement with Bendigo Bank that governs the management of the Community Bank.

The company operates as a franchise of Bendigo Bank, using the name “Bendigo Bank” and the logo and system of operations of Bendigo Bank. The company manages the Community Bank on behalf of Bendigo Bank, however all transactions with customers conducted through the Community Bank are effectively conducted between the customers and Bendigo Bank.

All deposits are made with Bendigo Bank, and all personal and investment products are products of Bendigo Bank, with the company facilitating the provision of those products. All loans, leases or hire purchase transactions, issues of new credit or debit cards, temporary or bridging finance and any other transaction that involves creating a new debt, or increasing or changing the terms of an existing debt owed to Bendigo Bank, must be approved by Bendigo Bank. All credit transactions are made with Bendigo Bank, and all credit products are products of Bendigo Bank.

The company promotes and sells the products and services, but is not a party to the transaction.

The credit risk (i.e. the risk that a customer will not make repayments) is for the relevant Bendigo Bank entity to bear as long as the company has complied with the appropriate procedures and relevant obligations and has not exercised a discretion in granting or extending credit.

Bendigo Bank provides significant assistance in establishing and maintaining the Community Bank franchise operations. It also continues to provide ongoing management and operational support and other assistance and guidance in relation to all aspects of the franchise operation, including advice and assistance in relation to:
- the design, layout and fit out of the Community Bank premises
- training for the branch manager and other employees in banking, management systems and interface protocol
- methods and procedures for the sale of products and provision of services
- security and cash logistic controls
- calculation of company revenue and payment of many operating and administrative expenses
- the formulation and implementation of advertising and promotional programs
- sales techniques and proper customer relations
- providing payroll services.

Note 6. Revenue from contracts with customers

	2022 $	2021 $
Margin income	1,943,554	1,975,423
Fee income	121,544	107,275
Commission income	99,414	83,986
Revenue from contracts with customers	2,164,512	2,166,684

The company has entered into a franchise agreement with Bendigo Bank. The company delivers banking and financial services of Bendigo Bank to its community. The franchise agreement provides for a share of interest, fee, and commission revenue earned by the company. Interest margin share is based on a funds transfer pricing methodology which recognises that income is derived from deposits held, and that loans granted incur a funding cost. Fees are based on the company's current fee schedule and commissions are based on the agreements in place. All margin revenue is recorded as non-interest income when the company's right to receive the payment is established.

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

Note 6. Revenue from contracts with customers (continued)

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

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

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

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

Margin
Margin is arrived at through the following calculation:

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

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

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

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

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

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

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

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

Note 6. Revenue from contracts with customers (continued)

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

Note 7. Other revenue

	2022 $	2021 $
Net gain on disposal of property, plant and equipment	7,404	2,211
Rent concessions	-	10,283
Cash flow boost	-	37,500
Dividend and distribution income	15,900	8,400
Rental income	54,420	34,878
Other income	7,583	91
Other revenue	85,307	93,363

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

Revenue stream	Revenue recognition policy
Cash flow boost	Cash flow boost income is recognised when the right to the payment is established (e.g. monthly or quarterly in the activity statement).
Other income	All other revenues that did not contain contracts with customers are recognised as goods and services are provided.
Rental income	Rental income from owned properties is accounted for on a straight-line basis over the lease term. If not received at balance date, revenue is reflected on the balance sheet as a receivable and carried at its recoverable amount.
Dividend and distribution income	Dividend and distribution income is recognised when the right to receive the payment is established.
Cash flow boost	Cash flow boost income is recognised when the right to the payment is established (e.g. monthly or quarterly in the activity statement).
Gain on sale of property, plant and equipment	Revenue from the sale of property, plant and equipment is recognised when the buyer obtains control of the asset. Control is transferred when the buyer has the ability to direct the use of and substantially obtain the economic benefits from the asset.

All revenue is stated net of the amount of GST.

Cash flow boost
In response to the COVID-19 outbreak, *Boosting Cash Flow for Employers (Coronavirus Economic Response Package) Act 2020* (CFB Act) was enacted. The purpose was to provide temporary cash flow to small and medium sized businesses that employ staff and have been affected by the economic downturn associated with COVID-19.

The amounts received are in relation to amounts withheld as withholding tax reported in the activity statement. This essentially subsidises the company's obligation to remit withholding tax to the Australian Taxation Office. For reporting purposes, the amounts subsidised are recognised as revenue.

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

Note 8. Fair value gains/(losses) on financial assets

	2022 $	2021 $
Fair value gains/(losses) on financial assets	(42,600)	104,400

These amounts relate to the increase/(decrease) in the market value of financial assets held by the company.

Note 9. Expenses

Depreciation and amortisation expense

	2022 $	2021 $
Depreciation of non-current assets		
Leasehold improvements	41,615	21,414
Plant and equipment	14,353	13,747
Motor vehicles	12,726	13,262
	68,694	48,423
Depreciation of right-of-use assets		
Leased land and buildings	27,076	68,897
Amortisation of intangible assets		
Franchise fee	2,180	8,751
Franchise renewal process fee	10,901	10,074
	13,081	18,825
	108,851	136,145

Finance costs

	2022 $	2021 $
Bank loan interest paid or accrued	3	3
Lease interest expense	8,382	13,860
	8,385	13,863

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

Employee benefits expense

	2022 $	2021 $
Wages and salaries	1,057,809	925,327
Non-cash benefits	17,756	17,758
Contributions to defined contribution plans	113,910	92,035
Expenses related to long service leave	(469)	(844)
Other expenses	51,916	98,165
	1,240,922	1,132,441

Note 9. Expenses (continued)

Leases recognition exemption

	2022 $	2021 $
Expenses relating to low-value leases	10,713	12,646

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

Charitable donations and sponsorships

	2022 $	2021 $
Direct donation, sponsorship and grant payments	16,653	32,358
Contribution to the Community Enterprise Foundation™ (CEF)	250,000	350,000
	266,653	382,358

The overarching philosophy of the Community Bank model, is to support the local community in which the company operates. This is achieved by circulating the flow of financial capital into the local economy through community contributions (such as donations, sponsorships and grants).

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

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

Community Enterprise Foundation™ contributions

	2022 $	2021 $
Disaggregation of CEF funds		
Opening balance	539,526	295,198
Contributions paid in	250,000	350,000
Grants paid out	(222,795)	(89,988)
Interest received	2,613	1,814
Management fees incurred	(12,499)	(17,498)
Balance available for distribution	556,845	539,526

During the financial year the company contributed funds to the CEF, the philanthropic arm of the Bendigo Bank. These contributions paid in form part of charitable donations and sponsorship expenditure included in profit or loss.

Note 10. Income tax

	2022 $	2021 $
Income tax expense		
Current tax	100,563	66,976
Movement in deferred tax	(6,618)	41,124
Reduction in company tax rate	-	2,493
Net benefit of franking credits on dividends received	(6,814)	(3,600)
Aggregate income tax expense	87,131	106,993
Prima facie income tax reconciliation		
Profit before income tax expense	366,179	445,238
Tax at the statutory tax rate of 25% (2021: 26%)	91,545	115,762
Tax effect of:		
Non-deductible expenses	696	1,152
Reduction in company tax rate	-	2,493
Other assessable income	1,704	(8,814)
Net benefit of franking credits on distributions received	(6,814)	(3,600)
Income tax expense	87,131	106,993

	2022 $	2021 $
Deferred tax assets / (liabilities)		
Employee benefits	50,083	54,435
Provision for lease make good	7,381	-
Accrued expenses	800	775
Income accruals	(211)	(303)
Lease liabilities	34,576	44,355
Right-of-use assets	(29,380)	(28,768)
Property, plant and equipment	722	(3,589)
Financial assets at fair value through profit or loss	9,401	(1,249)
Prepayments	(4,417)	(3,319)
Deferred tax asset	68,955	62,337

	2022 $	2021 $
Provision for income tax	48,047	27,768

Accounting policy for income tax

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

Accounting policy for current tax

Current tax assets and liabilities are measured at amounts expected to be recovered from or paid to the taxation authorities. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Note 10. Income tax (continued)

Accounting policy for deferred tax
Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are recognised for all deductible temporary differences, carried-forward tax losses, and unused tax credits to the extent that it is probable that future taxable profits will be available against which they can be used.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax is measured at the rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax and when the balances relate to taxes levied by the same taxation authority and the entity intends to settle its tax assets and liabilities on a net basis.

Note 11. Cash and cash equivalents

	2022 $	2021 $
Cash at bank and on hand	300,711	210,478
Term deposits	350,000	250,000
	650,711	460,478

Accounting policy for cash and cash equivalents
For the purposes of the Statement of Financial Position and Statement of Cash Flows, cash and cash equivalents comprise cash on hand and deposits held with banks.

Note 12. Trade and other receivables

	2022 $	2021 $
Trade receivables	222,933	186,122
Other receivables	-	15,235
Accrued income	844	1,213
Prepayments	18,352	14,545
	19,196	30,993
	242,129	217,115

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

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

Note 13. Financial assets

	2022 $	2021 $
Equity securities - designated at fair value through profit or loss	272,100	314,700

Accounting policy for financial assets
Refer to note 26 'Financial instruments'

Note 14. Property, plant and equipment

	2022 $	2021 $
Land and buildings	949,611	963,634
Leasehold improvements - at cost	603,748	589,725
Less: Accumulated depreciation	(390,731)	(349,116)
	213,017	240,609
Plant and equipment - at cost	251,601	239,416
Less: Accumulated depreciation	(210,978)	(196,624)
	40,623	42,792
Motor vehicles - at cost	80,586	70,195
Less: Accumulated depreciation	(15,566)	(21,067)
	65,020	49,128
	1,268,271	1,296,163

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

	Land and buildings $	Leasehold improvements $	Plant and equipment $	Motor vehicles $	Total $
Balance at 1 July 2020	963,634	239,740	41,031	38,125	1,282,530
Additions	-	22,283	17,859	39,372	79,514
Disposals	-	-	(2,351)	(15,107)	(17,458)
Depreciation	-	(21,414)	(13,747)	(13,262)	(48,423)
Balance at 30 June 2021	963,634	240,609	42,792	49,128	1,296,163
Additions	-	-	12,184	41,214	53,398
Disposals	-	-	-	(12,596)	(12,596)
Transfers in/(out)	(14,023)	14,023	-	-	-
Depreciation	-	(41,615)	(14,353)	(12,726)	(68,694)
Balance at 30 June 2022	949,611	213,017	40,623	65,020	1,268,271

Accounting policy for property, plant and equipment
Items of property, plant and equipment are measured at cost or fair value as applicable, less accumulated depreciation. Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Note 14. Property, plant and equipment (continued)

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

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

Leasehold improvements	5 to 20 years
Plant and equipment	2.5 to 40 years
Motor vehicles	4 years

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

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

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

Change in estimates
During the financial year, the company assessed estimates used for property, plant and equipment including useful lives, residual values, and depreciation methods.

The company's review of estimates resulted in changes in the useful life of Bayswater Branch leasehold improvements. The useful life had previously been assessed as 40 years until May 2048. This is now expected to be 17 years until September 2025. The effect of these changes on actual and expected depreciation expense was as follows:

	2022 $	2023 $	2024 $	2025 $	2026+ $
(Decrease) increase in depreciation expense	18,541	18,541	18,541	18,541	(74,164)

Note 15. Right-of-use assets

	2022 $	2021 $
Land and buildings - right-of-use	543,744	514,222
Less: Accumulated depreciation	(426,225)	(399,149)
	117,519	115,073

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

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

	Land and buildings $	Total $
Balance at 1 July 2020	158,103	158,103
Remeasurement adjustments	30,191	30,191
Disposals	(4,324)	(4,324)
Depreciation expense	(68,897)	(68,897)
Balance at 30 June 2021	115,073	115,073
Remeasurement adjustments	29,522	29,522
Depreciation expense	(27,076)	(27,076)
Balance at 30 June 2022	117,519	117,519

Accounting policy for right-of-use assets
A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

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

Refer to note 19 for more information on lease arrangements.

Note 16. Intangibles

	2022 $	**2021 $**
Franchise fee	178,682	178,682
Less: Accumulated amortisation	(170,388)	(168,208)
	8,294	10,474
Franchise renewal fee	54,505	54,505
Less: Accumulated amortisation	(20,975)	(10,074)
	33,530	44,431
	41,824	54,905

Note 16. Intangibles (continued)

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

	Franchise fee $	Franchise renewal fee $	Total $
Balance at 1 July 2020	19,225	54,505	73,730
Amortisation expense	(8,751)	(10,074)	(18,825)
Balance at 30 June 2021	10,474	44,431	54,905
Amortisation expense	(2,180)	(10,901)	(13,081)
Balance at 30 June 2022	8,294	33,530	41,824

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

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

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

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

Asset class	Method	Useful life	Expiry/renewal date
Franchise fee	Straight-line	Over the franchise term (5 years)	September 2025
Franchise renewal process fee	Straight-line	Over the franchise term (5 years)	September 2025

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

Change in estimates
During the financial year, the company assessed estimates used for intangible assets including useful lives, residual values, and amortisation methods. There were no changes in estimates for the current reporting period.

Note 17. Trade and other payables

	2022 $	**2021 $**
Trade payables	3,818	8,537
Other payables and accruals	113,418	68,544
	117,236	77,081

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

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

Note 18. Borrowings

	2022 $	2021 $
Bank loans	106	103

Financing arrangements
Unrestricted access was available at the reporting date to the following lines of credit:

	2022 $	2021 $
Total facilities		
Bank loans	528,027	580,760
Used at the reporting date		
Bank loans	106	103
Unused at the reporting date		
Bank loans	527,921	580,657

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

Note 19. Lease liabilities

	2022 $	2021 $
Current liabilities		
Property lease liabilities	47,500	47,500
Unexpired interest	(6,278)	(8,382)
	41,222	39,118
Non-current liabilities		
Property lease liabilities	102,917	150,417
Unexpired interest	(5,837)	(12,115)
	97,080	138,302

Reconciliation of lease liabilities

	2022 $	2021 $
Opening balance	177,420	294,999
Remeasurement adjustments	-	30,192
Lease interest expense	8,382	13,860
Lease payments - total cash outflow	(47,500)	(151,348)
Rent concessions	-	(10,283)
	138,302	177,420

Note 19. Lease liabilities (continued)

Maturity analysis

	2022 $	2021 $
Not later than 12 months	47,500	47,500
Between 12 months and 5 years	102,917	150,417
	150,417	197,917

Accounting policy for lease liabilities
Lease liabilities were measured at amounts equal to the present value of enforceable future payments of the term reasonably expected to be exercised, discounted at the appropriate incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise fixed or variable lease payments that depend on an index or rate and lease payments in a renewal option if the company is reasonably certain to exercise that option. For leases of property the company has elected not to separate lease and non-lease components when calculating the lease liability.

The company has applied judgement in estimating the remaining lease term including the effects of any extension options reasonably expected to be exercised, applying hindsight where appropriate.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if the company changes its assessment of whether it will exercise an extension option or if there is a revised in-substance fixed lease payment.

The company assesses at the lease commencement date whether it is reasonably certain to exercise extension options. The company reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

Where the company is a lessee for the premises to conduct its business, extension options are included in the lease term except when the company is reasonably certain not to exercise the extension option. This is due to the significant disruption of relocating premises and the loss on disposal of leasehold improvements fitted out in the demised leased premises.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to nil.

The company's lease portfolio includes:

Bayswater Branch	The lease agreement commenced in September 2010. 5 year renewal options were exercised in September 2015 and 2020. As such, the lease term end date used in the calculation of the lease liability is September 2025. The discount rate used in calculations is 5.25%.

Note 20. Employee benefits

	2022 $	2021 $
Current liabilities		
Annual leave	88,248	105,187
Long service leave	80,975	91,415
	169,223	196,602
Non-current liabilities		
Long service leave	31,109	21,138

Note 20. Employee benefits (continued)

Accounting policy for employee benefits
Short-term employee benefits are expensed as the related service is provided. A liability is recognised for salary and wages where the employee has provided the service but payment has not yet occurred at the reporting date. They are measured at amounts expected to be paid, plus related on-costs. Non-accumulating sick leave is expensed when the leave is taken and measured at the rates paid or payable.

An annual leave liability is recognised for the amount expected to be paid if the company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be reliably estimated. The company's obligations for short-term employee benefits such as salaries and wages are recognised as part of current trade and other payables in the statement of financial position. The company's obligations for employees' annual leave and long service leave entitlements are recognised in employee benefits in the statement of financial position.

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

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

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

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

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

Note 21. Provisions

	2022 **$**	**2021** **$**
Lease make good	29,522	-

Lease make good
In accordance with the branch lease agreement, the company must restore the leased premises to the original condition before the expiry of the lease term. The company has estimated the provision to be $35,000 for the Bayswater Branch lease, based on experience and consideration of the expected future costs to remove all fittings as well as cost to remedy any damages caused during the removal process. The lease is due to expire on September 2025 at which time it is expected the face-value costs to restore the premises will fall due.

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

Note 22. Issued capital

	2022 Shares	2021 Shares	2022 $	2021 $
Ordinary shares - fully paid	1,144,952	1,144,952	1,144,952	1,144,952
Less: Equity raising costs	-	-	(6,100)	(6,100)
Less: Return of capital	-	-	(35,000)	(35,000)
	1,144,952	1,144,952	1,103,852	1,103,852

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

Rights attached to issued capital

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

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

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

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

Transfer
Generally, ordinary shares are freely transferable. However, the directors have a discretion to refuse to register a transfer of shares.

Subject to the foregoing, shareholders may transfer shares by a proper transfer effected in accordance with the company's constitution and the *Corporations Act 2001*.

Prohibited shareholding interest
A person must not have a prohibited shareholding interest in the company.

In summary, a person has a prohibited shareholding interest if any of the following applies:

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").

As with voting rights, the purpose of this prohibited shareholding provision is to reflect the community-based nature of the company.

Where a person has a prohibited shareholding interest, the voting and dividend rights attaching to the shares in which the person (and his or her associates) have a prohibited shareholding interest, are suspended.

Note 22. Issued capital (continued)

The board has the power to request information from a person who has (or is suspected by the board of having) a legal or beneficial interest in any shares in the company or any voting power in the company, for the purpose of determining whether a person has a prohibited shareholding interest. If the board becomes aware that a member has a prohibited shareholding interest, it must serve a notice requiring the member (or the member's associate) to dispose of the number of shares the board considers necessary to remedy the breach. If a person fails to comply with such a notice within a specified period (that must be between three and six months), the board is authorised to sell the specified shares on behalf of that person. The holder will be entitled to the consideration from the sale of the shares, less any expenses incurred by the board in selling or otherwise dealing with those shares.

In the constitution, members acknowledge and recognise that the exercise of the powers given to the board may cause considerable disadvantage to individual members, but that such a result may be necessary to enforce the prohibition.

Note 23. 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 distributions to shareholders. Capital is represented by total equity as recorded in the statement of financial position.

In accordance with the franchise agreement, in any 12 month period the funds distributed to shareholders shall not exceed the distribution limit.

The distribution limit is the greater of:
- 20% of the profit or funds of the company otherwise available for distribution to shareholders in that 12 month period; and
- subject to the availability of distributable profits, the relevant rate of return multiplied by the average level of share capital of the company over that 12 month period where the relevant rate of return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

The board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the financial year can be seen in the statement of profit or loss and other comprehensive Income.

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

Note 24. Retained earnings

	2022 $	2021 $
Retained earnings at the beginning of the financial year	916,807	643,824
Profit after income tax expense for the year	279,048	338,245
Dividends paid (note 25)	(171,743)	(65,262)
Retained earnings at the end of the financial year	1,024,112	916,807

Note 25. Dividends

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

	2022 $	2021 $
Fully franked dividend of 15 cents per share (2021 : 5.7 cents)	171,743	65,262

Note 25. Dividends (continued)

Franking credits

	2022 $	2021 $
Franking account balance at the beginning of the financial year	514,146	483,616
Franking credits (debits) arising from income taxes paid (refunded)	73,470	49,860
Franking debits from the payment of franked distributions	(57,248)	(22,930)
Franking credits from franked distributions received	6,814	3,600
	537,182	514,146
Franking transactions that will arise subsequent to the financial year end:		
Balance at the end of the financial year	537,182	514,146
Franking credits (debits) that will arise from payment (refund) of income tax	48,047	27,768
Franking credits available for future reporting periods	585,229	541,914

The ability to utilise franking credits is dependent upon the company's ability to declare dividends. The tax rate at which future dividends will be franked is 25%.

Accounting policy for dividends
Dividends are recognised in the financial year they are declared.

Note 26. Financial instruments

	2022 $	2021 $
Financial assets		
Trade and other receivables	223,777	202,570
Cash and cash equivalents	300,711	210,478
Term deposits	350,000	250,000
Financial assets	272,100	314,700
	1,146,588	977,748
Financial liabilities		
Trade and other payables	117,236	77,081
Lease liabilities	138,302	177,420
Bank loans	106	103
	255,644	254,604

Accounting policy for financial instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The company's financial instruments include trade debtors and creditors, cash and cash equivalents, borrowings, lease liabilities and equity securities.

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

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

Note 26. Financial instruments (continued)

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

Financial risk management
The company has exposure to credit, liquidity and market risk arising from financial instruments. The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the company. The company does not use derivative instruments. Risk management is carried out directly by the board of directors.

Market risk
Market risk is the risk that changes in market prices - e.g. foreign exchange rates, interest rates, and equity prices - will affect the company's income or the value of its holdings in financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The company has no exposure to any transactions denominated in a currency other than Australian dollars.

Price risk
The primary goal of the company's investment in equity securities is to hold the investments for the long term for strategic purposes.

Cash flow and fair value interest rate risk
Interest-bearing assets and liabilities are held with Bendigo Bank and subject to movements in market interest.

The company held cash and cash equivalents of $650,711 at 30 June 2022 (2021: $460,478). The cash and cash equivalents are held with Bendigo Bank, which are rated BBB on Standard & Poor's credit ratings.

Credit risk
Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's receivables from customers.

The company's franchise agreement limits the company's credit exposure to one financial institution, being Bendigo Bank. The company monitors credit worthiness through review of credit ratings of the bank.

Liquidity risk
Liquidity risk is the risk that the company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

Financing arrangements
Unused borrowing facilities at the reporting date:

	2022 $	2021 $
Bank loans	527,921	580,657

Note 26. Financial instruments (continued)

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

2022	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives				
Bank loans	106	-	-	106
Trade and other payables	117,236	-	-	117,236
Lease liabilities	47,500	102,917	-	150,417
Total non-derivatives	164,842	102,917	-	267,759

2021	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives				
Bank loans	103	-	-	103
Trade and other payables	77,081	-	-	77,081
Lease liabilities	47,500	150,417	-	197,917
Total non-derivatives	124,684	150,417	-	275,101

Note 27. Key management personnel disclosures

The following persons were Key management personnel of Bayswater Community Financial Services Ltd during the financial year:

Barry Anthony McKenna
Denise Gail Beer
Tadeusz Joseph Budzinski
Alan James Radford
Michael Stephen Anderton J.P
Steven James Brown
Gregory Da Rui
Louise Anne Rowe

Key management personnel compensation comprised the following.

	2022 $	2021 $
Short-term employee benefits	81,550	73,550
Post-employment benefits	6,923	5,816
	88,473	79,366

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

Remuneration Policy
The remuneration policy of the company has been designed to align key management personnel objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the company’s financial results. The board of the company believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel to run and manage the company, as well as create goal congruence between Directors, Executives and shareholders.

Note 27. Key management personnel disclosures (continued)

The board's policy for determining the nature and amount of remuneration for key management personnel of the company is as follows:

- The remuneration policy, setting the terms and conditions for the key management personnel, was developed by the Board.
- All key management personnel receive a base salary (which is based on factors such as length of service and experience), and superannuation.
- The board reviews key management personnel packages annually by reference to the company's performance, Executive performance and comparable information from industry sectors.

The performance of key management personnel is measured against criteria agreed annually with each Executive and is based predominantly on the forecast growth of the company's profits and shareholders' value. All bonuses and incentives must be linked to predetermined performance criteria. The board may, however, exercise its discretion in relation to approving incentives and bonuses, which must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of Executives and reward them for performance that results in long-term growth in shareholder wealth.

The key management personnel receive a superannuation guarantee contribution required by the government, which is currently 10.5% as of 1 July 2022, and do not receive any other retirement benefits. Some individuals may have chosen to sacrifice part of their salary to increase payments towards superannuation.

All remuneration paid to key management personnel is valued at the cost to the company and expensed.

Performance-based remuneration
As part of each key management personnel's remuneration package there is a performance-based component, consisting of key performance indicators (KPIs). The intention of this program is to facilitate goal congruence between key management personnel with that of the business and shareholders. The KPIs are set annually, with a certain level of consultation with key management personnel to ensure buy-in. The measures are specifically tailored to the areas each key management personnel is involved in and has a level of control over. The KPIs target areas the Board believes hold greater potential for company expansion and profit, covering financial and non-financial as well as short- and long-term goals. The level set for each KPI is based on budgeted figures for the company and respective industry standards.

Performance in relation to the KPIs is assessed annually, with bonuses being awarded depending on the number and deemed difficulty of the KPIs achieved. Following the assessment, the KPIs are reviewed by the remuneration committee in light of the desired and actual outcomes, and their efficiency is assessed in relation to the company's goals and shareholder wealth, before the KPIs are set for the following year.

In determining whether or not a KPI has been achieved, the company bases the assessment on audited figures.

Company performance, shareholder wealth and executive remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders and Executives. The method applied in achieving this aim is a performance based bonus based on KPIs. The company believes this policy to have been effective in increasing shareholder wealth over the past years.

Note 27. Key management personnel disclosures (continued)

Year	Revenue $	Net profit $
2012	2,223,076	244,427
2013	2,164,223	163,653
2014	2,037,216	106,036
2015	2,020,216	3,163
2016	2,019,635	72,754
2017	2,120,420	65,432
2018	2,193,804	76,699
2019	2,227,728	133,177
2020	2,297,914	170,381
2021	2,261,667	338,245
2022	2,251,278	279,048

Key management personnel remuneration policy
The remuneration structure for key management personnel is based on a number of factors, including length of service, particular experience of the individual concerned, and overall performance of the company. The contracts for service between the company and key management personnel are on a continuing basis, the terms of which are not expected to change in the immediate future. Upon retirement key management personnel are paid employee benefit entitlements accrued to date of retirement.

The employment conditions of the key management personnel are formalised in contracts of employment. All Executives are permanent employees of the company.

The employment contracts stipulate a resignation period. The company may terminate an employment contract without cause by providing appropriate written notice or making payment in lieu of notice, based on the individual's annual salary component together with a redundancy payment. Termination payments are generally not payable on resignation or dismissal for serious misconduct. In the instance of serious misconduct the company can terminate employment at any time.

Performance income as a proportion of total remuneration

Executives are paid performance based bonuses based on set monetary figures, rather than proportions of their salary. This has led to the proportions of remuneration related to performance varying between individuals. The board has set these bonuses to encourage achievement of specific goals that have been given a high level of importance in relation to the future growth and profitability of the company.

The board will review the performance bonuses to gauge their effectiveness against achievement of the set goals, and adjust future years' incentives as they see fit to ensure use of the most cost effective and efficient methods.

Remuneration Policy
The remuneration policy of the company has been designed to align key management personnel objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the company's financial results. The board of the company believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel to run and manage the company, as well as create goal congruence between Directors, Executives and shareholders.

Note 28. Related party transactions

The following transactions occurred with related parties:

	2022 $	2021 $
Louise Anne Rowe and her company, Louise Rowe Communications, undertakes PR and communications services for the company. The total benefit received was:	5,120	8,616
Greg Da Rui supplied Flu vaccinations and supplies for COVID protection. The total benefit received was:	630	66
Steven Brown supplied legal service (Lyn & Brown Lawyers). The total benefit received was:	550	6,375

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

Note 29. Remuneration of auditors

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

	2022 $	2021 $
Audit services		
Audit or review of the financial statements	5,200	5,000
Other services		
Taxation advice and tax compliance services	600	600
General advisory services	2,910	4,010
Share registry services	8,118	10,684
	11,628	15,294
	16,828	20,294

Note 30. Reconciliation of profit after income tax to net cash provided by operating activities

	2022 $	2021 $
Profit after income tax expense for the year	279,048	338,245
Adjustments for:		
Depreciation and amortisation	108,851	136,145
Net gain on disposal of non-current assets	(7,404)	(2,133)
(Increase)/decrease in fair value of equity instruments designated at FVTPL	42,600	(104,400)
Rent concessions received	-	(10,283)
(profit)/loss on disposal of right-of-use assets	-	4,324
Lease liabilities interest	8,382	13,860
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(25,014)	82,090
Decrease/(increase) in deferred tax assets	(6,618)	43,617
Increase/(decrease) in trade and other payables	40,158	(54,161)
Increase in provision for income tax	20,279	13,516
Increase/(decrease) in employee benefits	(17,408)	2,969
Net cash provided by operating activities	442,874	463,789

Note 31. Earnings per share

	2022 $	2021 $
Profit after income tax	279,048	338,245
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	1,144,952	1,144,952
Weighted average number of ordinary shares used in calculating diluted earnings per share	1,144,952	1,144,952
	Cents	**Cents**
Basic earnings per share	24.37	29.54
Diluted earnings per share	24.37	29.54

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

Note 32. Commitments

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

Note 33. Contingencies

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

Note 34. Events after the reporting period

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

Directors' declaration

30 June 2022

In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in the notes to the financial statements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
- the audited remuneration disclosures set out in the remuneration report section of the directors' report comply with the Accounting Standard *AASB 124 Related Party Disclosures* and the *Corporation Regulations 2001*

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

On behalf of the directors

Barry Anthony McKenna
Chair

23 August 2022

AFS
Partners in success
Chartered Accountants

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Independent auditor’s report to the Directors of Bayswater Community Financial Services Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Bayswater Community Financial Services Ltd’s (the company), which comprises:

- Statement of financial position as at 30 June 2022
- Statement of profit or loss and other comprehensive income
- Statement of changes in equity
- Statement of cash flows
- Notes to the financial statements, including a summary of significant accounting policies
- The directors' declaration of the company.

In our opinion, the accompanying financial report of Bayswater 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 financial performance for the year ended on that date; and
ii. complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

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

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

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

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Other Information

The company usually prepares an annual report that will include the financial statements, directors' report and declaration and our independence declaration and audit report (the financial report). The annual report may also include "other information" on the entity's operations and financial results and financial position as set out in the financial report, typically in a Chairman's report and Manager's report, and reports covering governance and shareholder matters.

The directors are responsible for the other information. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and accordingly we will not express any form of assurance conclusion thereon.

Our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If we identify that a material inconsistency appears to exist when we read the annual report (or become aware that the other information appears to be materially misstated), we will discuss the matter with the directors and where we believe that a material misstatement of the other information exists, we will request management to correct the other information.

Responsibilities of the Directors for the Financial Report

The directors of the company are responsible for the preparation of the financial report that it gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatement can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 23 August 2022

Joshua Griffin
Lead Auditor

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