

# Annual Report 2023

Bayswater Community  
Financial Services Limited

Community Bank  
Bayswater

ABN 60 092 770 593



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# Chair's report

For year ending 30 June 2023



At our August 2023 Board meeting we were able to announce that a fully franked dividend of 22.5 cents per share would be paid to our shareholders. This is an increase of 5 cents per share over our previous year.

2022-23 has proven to be another successful year for our Community Bank. I am pleased to report that it was the most prosperous year since our operations began in 2000, showing a profit before community contributions and income tax expenses of just over \$1.9 million.

This positive result reflects the confidence our customers have in our organisation and the outstanding work of our dedicated staff, who provide an exceptional banking service to our community.

At our August 2023 Board meeting we were able to announce that a fully franked dividend of 22.5 cents per share would be paid to our shareholders. This is an increase of 5 cents per share over our previous year.

Our financial success meant that we were able to again place significant funds into our Community Enterprise Foundation™ which allows for our ongoing support of our four major community projects operated by Orana House, Starick, Youth Futures and 55 Central. In addition, we provided over \$113,000 to aid various community groups. The Board was also able to reserve funds for the development of our branch in Bayswater in future years.

Thank you to each of our team members for seeing us through another excellent and profitable year under the exceptional leadership of our Senior Branch Manager, Sean Kay. My fellow Directors and I are grateful for the dedication Sean has shown in leading his team.

Together they have continued to set high standards in providing banking services for our customers.

I am grateful for the knowledge, support and experience of my fellow Board members, who have continued to make Bayswater Community Financial Services Limited one of Australia's leading Community Banks.

Thank you to our customers for their support and patience during the redevelopment of the Bayswater train station which at times has caused difficulties with access to our branch. I hope that you continue to feel welcomed and have your banking needs met by the services we offer and the friendliness of our staff.

A handwritten signature in black ink that reads "Barry McKenna".

**Barry McKenna**  
Chair

# Senior Branch Manager's report

For year ending 30 June 2023



Our staff roles continue to evolve to assist clients in an ever changing and increasingly digital world. As a bank we continue to meet these needs. The types of transactions that we and our clients now take for granted, could not have been contemplated as self-serve transactions when I first started in my banking career many years ago.

Dear Shareholders,

It is with a real sense of achievement and pride that I can report on what has been an incredibly successful year in so many different ways for our Community Bank branch.

Our long-standing team at Community Bank Bayswater continues to provide the exceptional service levels which we know you have come to expect whenever you interact with us. I congratulate our team for their outstanding work and commitment to our customers throughout the year.

Although our overall business growth has been weaker in some areas than we have seen over several years, this is largely due to the economic climate and market trends.

The local market that we are operating in is seeing reduced demand for home loans and increased competition from other lenders to capture these lower levels of business. Despite this, we continue to see many new customers coming to us for our service levels, commitment to the community and exceptional product offering.

Our staff roles continue to evolve to assist clients in an ever changing and increasingly digital world. As a bank we continue to meet these needs. The types of transactions that we and our clients now take for granted, could not have been contemplated as self-serve transactions when I first started in my banking career many years ago.

Buying an item, online in a foreign currency from another country whilst sitting in front of your computer at any time of the day is now taken for granted and facilitated by this new age of digital banking. The benefits of this do of course carry some risk and this is where our team frequently work with our clients to help them be as secure as possible online with their banking. This has become a large part of our daily interactions with clients.

During the financial year, our overall portfolio of business rose from \$414 million to \$422 million (+\$8 million).

Lending growth was	-\$7.5 million
Deposit growth was	\$10.8 million
Other business growth was	\$4.7 million

These results continue a strong industry trend over the last two years of deposit growth.

Lending growth has been challenged significantly as we have seen a number of clients selling investment properties as they head into retirement. Added to this, increased interest rate rises are leading to slowing demand in certain areas. This trend is likely to continue for the foreseeable future, however, the reduction in lending we have seen this year is not expected to be replicated in the coming financial year.

## Manager's report (continued)

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Our focus for this year will be around ensuring that our team have broader conversations with our customers to ensure they are fully aware of our whole range of products and the competitive offering we have. We need to ensure that we do not focus solely on providing excellence in one part of the business but that we cover the whole range of banking services with our clients.

When we fully understand our client and their financial goals, we can provide the products and services to help them achieve these goals.

I would like to thank our Chair and Board of Directors for the important role that they play in ensuring we always think strategically as a company about what we are trying to achieve.

The Board has always been focussed on ensuring that the needs of our team are met. The relationship between team members and the Board is exceptional and this has really helped us to retain a happy and motivated branch team and Board.

Whilst there are always challenges and changes to be made, we have an amazing organisation that is delivering outstanding results for all stakeholders, I thank all shareholders for their continued support.

Many thanks

A handwritten signature in black ink that reads "Sean Kay". The signature is written in a cursive style with a large, sweeping initial 'S'.

**Sean Kay**  
**Senior Branch Manager**



# Financial year highlights

## 2023 Financial Year Highlights

**\$421.8 million**

Total footings

**\$8 million**

Footings growth **↑ 1.9%**



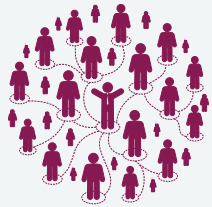
**7,983** Total customers

**12,894** Total accounts

Net Profit before tax

**\$1,404,590** from \$366,179

**↑ 383.58%**



**\$500,000**

into our Community Enterprise Foundation™ account



**\$107,388**

in donations, grants and sponsorships

**\$257,614**

Shareholder distributions

September 2023: Fully franked dividend of 22.5 cents per share



## Community investment 2000-2023

Since opening in 2000 to 2023

Shareholder  
distributions  
**\$2.085 million**



Community  
contributions  
**\$2.335 million**



Community  
Enterprise  
Foundation™  
account balance  
**\$0.736 million**



**Total  
community  
investment  
\$5.156 million  
2000-2023**

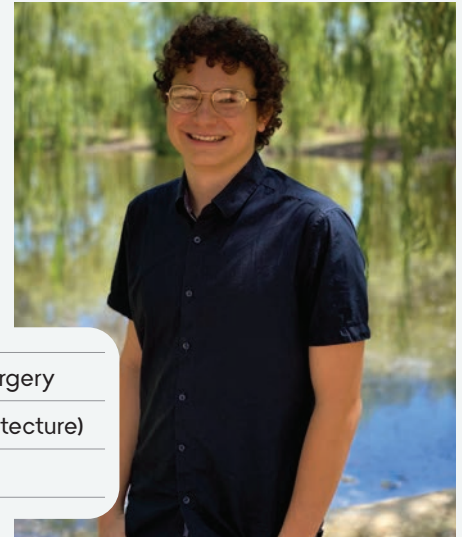


## Scholarships

We are incredibly proud of the longevity of our annual scholarship program which has allowed 23 local students the ability to attend university.

Launched in 2011, we have granted a total of \$150,000 in scholarship funds.

Our current scholarship recipients are not only driven, they are community minded and we are proud to support individuals who are committed to giving back to their local community through their philanthropy work outside of their studies.



Behdokht Eshraghiboroujeni	Bachelor of Medicine/ Bachelor of Surgery
Isabella Halicki	Bachelor of Environmental Design (Architecture)
Jesse Bernstein	Bachelor of Computer Science

## Community contributions 2022/23

We believe in helping our community at a grass roots level. Our extraordinarily successful financial year has allowed us to provide support to smaller non for profits and community groups as well as thank and recognise our local volunteers for all the wonderful work they do regularly. Without them, our community would be less inclusive, vibrant, eventful and some programs would simply not exist.

Organisation	Outcome
Enviro House	Delivery of Growing Well with Bendigo Bank environmental project.
Bayswater Primary School P&C	Father's Day raffle donation
Laneway Artspace	Winterfest event Sponsorship; supporting local artists and acts (Baysie version of Fringe Festival)
Baysie Rollers	Baysie Rollers & Laneway Art Auction Sponsorship
City of Bayswater Community Art Awards	People's Choice Award Sponsorship (City of Bayswater Community Art Awards and Exhibition)
Lord Mayor's Distress Relief Fund	Kimberley Flood Appeal donation
Local Arts and Community Events	Maylands Street Festival Quiz Night Fun-raiser sponsor
Future Bayswater Community Group	Bendigo Bank Bayswater Twilight Markets Sponsorship
Orana House	Fundraising donation towards jigsaw puzzle for a future free from family violence.
Bayswater Toy Library	New sensory toys for the Bayswater Toy Library
Orana House	Funding of Youth Mentor Workshops
Bedford Basketball Club	New basketball court lighting
Maylands Historical and Peninsula Association Inc	New recording equipment to capturing the History and Heritage of Maylands digitally
55 Central	Funding of Healthy Food, Healthy Mind cooking workshops
Bayswater Playgroup WA	New stem outdoor equipment
Noranda Netball Association	Funding of No Limits Program 2023
Bedford Morley Cricket Club	Improved training equipment and pitch irrigation
Bayswater Women's Hub Inc	Upskill volunteers to deliver planter box workshops
Bayswater Traders' Association	Membership recruitment
Bayswater Football Club	Club jersey frames for new club room
W.A. Roller Derby Inc.	Purchase of new skate and protective gear for hire
AgriStart Pty Ltd T/As Innovation Cluster	Sponsorship of Microbusiness Muster event activities and digital marketing student competition prizes
Enviro House	2023 Change Makers volunteers acknowledgement event
Future Bayswater	2023 Change Makers volunteers acknowledgement event

## Key community focus areas

In November 2021, we announced our commitment of \$700,000 to four brand new programs to tackle family and domestic violence, homelessness, and educational programs for our youth.

We made a conscious decision to invest in human capital with each program as we believed it would provide the largest impact for those supported by these organisations, and the wider community, in the long term.

Almost two years on, each program has grown in leaps and bounds and we are delighted to provide an update on their individual success stories.

### 55 Central

This year Bayswater Community Financial Services Limited (BCFS) proudly continued its support of the amazing Grow & Grind enterprise being delivered by 55 Central. Grow & Grind is a barista training program and coffee van that provides on-the-job training and employment for people who need a hand up. Typically, people who join the training are experiencing the impacts of homelessness and isolation.

We are privileged to see the positive impacts of this program on participants. The most recent success story is Travis, who has overcome severe anxiety and isolation to become a fully certified barista. He's hard at work every day, making great coffee and providing excellent customer service. He credits this new confidence to the sense of teamwork, fun, friendships, and focused support offered by his co-workers and program mentor Jaryd. Travis is now linked into other professional support services where he will receive ongoing specialist support to maintain his achievements.

Grow & Grind is spreading coffee joy throughout the community, with many local organisations benefitting from regular coffee van visits. Grow & Grind workers



Since the start of the program in April 2022, Grow & Grind has supported 49 participants. Twelve participants have completed a certified barista training course and an incredible 14 participants have gained employment on the van or in other workplaces. Grow & Grind is truly breaking down barriers and changing lives.

have attended over 30 community events and are a familiar sight at the Bendigo Bank Bayswater Twilight Markets, St John of God Hospital, RSPCA WA and other local homelessness support services. The skilled team can really operate under pressure. Recently, a solo barista brewed up over 200 coffees at one event!



## Orana House

Orana House says our financial support allowing the employment of an advocate for children and young people is enabling them to make a tangible difference in the lives of many of our community's most vulnerable. The not-for-profit organisation provides crisis accommodation and holistic support services to women and children escaping family and domestic violence has utilised its Community Bank funding to engage Yvonne, a dedicated professional who brings twenty years of experience to the role. She is currently caring for more than forty children as individuals with unique needs. Yvonne is fully trained in protective behaviours which allows her to observe children who display warning signs of physical and sexual abuse and respond appropriately.



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As is often the case following trauma, school attendance is a recurrent issue for many of the Orana House families. Yvonne regularly organises meetings with the children, their mothers, and the school staff to ensure the young people enjoy a smooth transition into their new surroundings. Uniforms, books, and stationery are all provided for their first day's attendance.

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Here is a snapshot of just some of the other great outcomes Yvonne has achieved over the last year:

**Orana House has curated a diverse timetable of therapeutic group programs, with something for everybody.**

**Sing and Grow** introduces song, dance, and instruments to the youngest clients (six months to five years). They develop skills around patience, sharing, language and how to participate in a group. The mothers enjoy quality bonding time while also having support and respite from the daily challenges of parenting in the early years.

**The Magic Coat Program** empowers children (from six to twelve years old) with the skills and strategies

that will help them deal with common childhood problems. Upon completion, the kids complete evaluations (either written or with an adult scribing). Many of the children wrote that they had a fun time learning how to worry less, how to be brave and how they hope to try new things.

Orana House also held a skin care and makeup session (facilitated by the Pilbara Global Foundation) for teenaged girls. Participants came from a range of cultural backgrounds, including First Nations. Each girl was shown how to care for their individual skin-types in a supportive space where they could discuss their worries and boost one another's self-esteem.

To engage more teenage participants, Orana House held self-defence training with Major Brett Warner. The kids were very engaged, learning about the fight/

flight principle. They were able to gain an understanding of why their bodies reacted to certain traumatic events in their lives.

A particularly successful program Orana House held was called **Let's Talk Teens**. It brings young people together with their mothers to work through their shared trauma and restore a sense of secure attachment (that is so often eroded during domestic violence). There were tears, laughter, and many light-bulb moments. Many participants requested that this workshop be repeated next year.

**Holiday Play!** School holidays can be especially challenging for Orana House clients. They have stepped up their support during this time, so that the mothers can attend their many appointments (with Counsellors,

Case Workers, or Lawyers, for example). During the summer school holidays the organisation hosts crafternoons and water-play days where the kids can get out, get dirty, have fun and cool down. They also take the kids for excursions, including to the museum, cinema, zoo, and local play centres.

### **But wait, there's more! Meet the Orana House MALE MENTOR.**

With an extra \$5,000 boost from the Bayswater Community Bank Pitch Night, the organisation has also employed a 24 year old man named Nik to be a Mentor and role model for teenaged boys.

Nik is currently meeting with the boys once a week at the Orana House 'SWitCH Centre', where he builds connection with them by playing sports and games, enjoying a safe environment (whilst they all devour a hearty afternoon tea!). Orana House plans to partner with the Bayswater Men's Shed to have Nik and the boys attend Saturday morning sessions. Together, they can develop basic carpentry and metal work skills.

Orana House has also been successful in creating a partnership with Fair Game, a local agency which provides sporting equipment for children of all ages. One of their 14 year old male clients had always longed to play sport but had not been able to because of the cost. He was able to access a full cricket uniform, bat, headgear, and pads and has since been enjoying a weekly game of cricket with a team.

Moving forward, they will be facilitating even more sporting activities within the community, as they prove to be a great confidence booster for traumatised children. Other goals include offering more parenting courses for mothers struggling with difficult behaviours and working more in the capacity of mediator for parents and children whose attachment has been disrupted through family domestic violence.

Orana House says all of this has been made possible with the support of BCFS and the local community and have thanked our customers for banking with us.

## **Starick**

The Starick Safe Homes program aims to support women and children who live in the City of Bayswater and are experiencing family and domestic violence (FDV). The Safe Homes program provides safety and wellbeing support to families affected by FDV so they can remain in their home and access services to enhance their safety and wellbeing.

During the reporting period, the rental availability in Western Australia was at a low of 0.7%. Safe Homes supports families to stay in their current property where it is safe for them to do so.

For families exiting refuges or who must leave their current property for safety reasons, the lack of available rental properties has been a significant issue and many women and their children in this situation face the risk of homelessness.

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Funding from BCFS has allowed Starick to employ one staff member for two days per week. The Safe Homes worker is co-located with a Starick Mobile Outreach worker at Orana's SWitCH centre in the City of Bayswater. Co-location of staff enhances their safety, particularly when undertaking home visits.

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Starick has been actively promoting this program to local refuges, particularly refuges in the Bayswater and nearby areas to allow the seamless transition of clients through services. Safe Homes staff have also actively networked with the Critical Response Service (CRS) workers in Mirrabooka Police Station. This partnership has increased referrals from Mirrabooka Police Station, who have been the main source of referrals during this reporting period.

Thirteen women and their children have been supported by the program in the first six months of 2023. All clients who were referred received an immediate response, without any waiting period, which is important for safety.

Starick plans to further promote this service with refuges outside of the local area, as women may exit refuges to reside in the Bayswater area. Starick also intends to promote the service further with Department of Communities and Mirrabooka CRS as the main referring agencies for this service.

The support provided to clients has included:

- Supporting women and their children to develop safety plans.
- Provision of personal monitoring alarms (including the monitoring service for 6 months).
- Provision of security watches/alarms (including the monitoring service for 6 months).

- Security assessments of women's homes and associated upgrades such as replacing doors, replacing locks on doors and windows, installing window alarms, re-keying doors and installation of security cameras.
- Advocacy to Department of Communities (Housing) with regard to maintenance and security of properties.
- Provision of financial support including emergency relief vouchers for food and other essentials.
- Assisting clients to set up post office boxes for important mail.
- Assessment of other needs and provision of referrals to local services for ongoing support such as counselling services, employment, and women's support groups.



Starick has shared a case study to highlight the importance of the additional funding and resources from BCFS and how it has made a difference to a family:

Starick has shared a case study to highlight the importance of the additional funding and resources from BCFS and how it has made a difference to a family:

Angela (not her real name) was referred to Safe Homes by the Orana House outreach program.

She is 29 years old and has three children - Ally, Amy, and Gavin (not their real names). She is Australian born.

The perpetrator is James (not his real name.)

Angela had been living in a women's refuge after leaving her ex-partner who was physically violent and emotionally abusive.

While living with the perpetrator she experienced ongoing coercive control including:

- James had isolated Angela from family and friends, negatively interfering and continually monitoring her phone. He would go through her messages and hack her accounts so that she could not have any confidential conversations or seek support.
- James prevented Angela from leaving the relationship by making threats of suicide if she were to leave. James also threatened that he would apply for a family court order for full custody of the children.

- James corroded Angela's confidence by making derogatory comments about her appearance and undermining her parenting skills continually. James also made false reports to the Department of Child Protection about Angela's parenting.
- James would use coercive control tactics to manipulate Angela and erode her self-worth. Angela shared that she found it hard to understand this behaviour and how to describe it when asking for help. This caused a long delay in her seeking assistance as she felt she would not be listened to or believed.
- James would physically dominate Angela by standing in her way and standing over her in arguments.
- James controlled the family finances, making it difficult for Angela to have any financial independence. This directly impacted on her ability to leave. James would reinforce this by telling Angela that she would never be able to leave as she couldn't afford to support herself and the children.

When Angela fled the relationship and stayed at Orana Refuge, James continually harassed her via phone calls and messages. James also hacked her email accounts and made numerous efforts to track her down.



Angela was able to exit the refuge into a transitional housing property, and then obtained long-term public accommodation through the Department of Communities - Housing.

Angela and her children were relieved to have safe, stable long-term accommodation however, James continued to harass and stalk her. He obtained details of her new address from their children when they visited him. His harassment included technology-facilitated abuse by regularly tracking and monitoring her mobile phone and electronic devices. He has also used the legal system to cause distress and intimidation through family court proceedings, using this avenue to harass her with multiple emails and false allegations.

He also regularly drove by her home and on the road parallel to her home; made attempts to follow her after contact visits with the children; and would find her in public and "accidentally bump into her".

These behaviours contributed to Angela and her children feeling very unsafe.

This was exacerbated because Angela's property was unlit at nighttime. The car port, front door and sides of the home were in complete darkness.

As a result of this ongoing abuse, Angela requested support to improve security on her property, so that she could feel safer and at ease in her home. She believed that if she and her children felt safer in their homes this would support their healing.

### Providing support

Safe Homes recognises the difficulty victim survivors have in re-telling their story to numerous service providers when seeking support. With Angela's consent, they gathered as much background information as possible to ensure that Angela's safety was prioritised, and she was treated with empathy and was not re-traumatised by having to re-tell her story.

The Safe Homes worker has provided supports to Angela including:

- A risk assessment of her safety and Safety Planning, including a safety audit of her home.
- Installation of CCTV for the front and back of the property. This was to support Angela to capture her ex-partner driving past the property and providing evidence when making reports to the police.
- Advocacy with the Department of Communities Housing to provide sensor lighting at the front and sides of the home. This made Angela feel safer when leaving the home at night as well as providing a deterrent for trespasses.
- Coordination of the safety planning with the Department, including provision of a solid core door which locks and working lockable gates to the sides of the property.

- Referral to protective group to get her phone and other electronic devices checked for Spyware.
- Assistance with obtaining a post office box to protect her important and confidential documentation.
- Referral to social support group with Warrior Women in the SWitCH center.
- Assistance with emergency relief so Angela could get some items to make her house a home.

### A safe outcome

Through the supports Angela received from the program, she has increased physical and emotional safety.

The Safe Homes Program has empowered Angela to have more confidence to reside comfortably in her home and have a better sense of security. Safe Homes also referred Angela to a social support group where she linked in with other victim survivors in a safe space. Angela gave feedback to staff that she felt heard and supported in her engagement with Safe Homes.

## Youth Futures

At the beginning of 2021, we supported the appointment of a transitions officer at Youth Futures education program Anchor Point in Bayswater. The program provides disengaged young people aged 15-19, with an alternative to mainstream high school. Learning in a flexible, youth friendly environment, individuals can complete their education while getting extra one-on-one support. Achieving great successes with young people completing their qualifications, there was a clear need for assistance with what was next for them.

The Transitions Officer was a new role created to bridge the gap and ensure the future success of young people exiting the Anchor Point program and into employment, training and/or further education. The role was mapped out as bidirectional; ensuring young people were built to succeed, armed with job readiness skills and that appropriate pathways to education or employment were available.

Within the first quarter, professional networks and relationships with local employers and education and training providers were being built. Young people were receiving weekly career development sessions covering resume writing, interview etiquette and further education options to support employment in their preferred industry. The students had their first work experience! Fifteen of them attended a coffee making workshop facilitated by 55 Central Grow & Grind, a relationship built from an introduction by Community Bank Bayswater; a perfect first employer experience for the young people.





Over the coming months, the weekly career sessions continued, strengthening the skills of the young people. Several industry speakers visited Anchor Point providing insight into a range of career options. The transitions officer continued to build links with employers and match young people with appropriate options post Anchor Point.

Over the last nearly 18 months, the tremendous outcomes include:

- 94% of students transitioned into further education and or employment.
- 59% of students still employed at the six-month check-in.
- First career expo for Youth Futures with twelve potential employers from a range of industries.
- In-house development of accredited VET course (Certificate II in Workplace Skills. BSB20120) by our RTO to formalise the work readiness skills being learnt.

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*“As a young person seeking employment, I was finding it extremely challenging. I felt those who were older or had more experience were being chosen...The transitions officer was very helpful providing practical support with resume writing, cover letters and organising interviews...helping young people like me get their first job. I am very grateful for her support.” – Kam, who secured a bricklaying apprenticeship.*

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The transitions officer has added incredible value to the lives of the young people attending Anchor Point. Young people have had the dedicated guidance to learn skills and experienced unwavering support to pursue their dreams which will impact the rest of their lives, providing years of return on investment.

## Thank you

On behalf of 55 Central, Orana House, Starick and Youth Futures, we thank our shareholders and customers for banking with Community Bank Bayswater. Your support has allowed us to make a significant difference to some of the most vulnerable in our community and uphold our original ethos of feeding into prosperity and not off it.

# Bendigo and Adelaide Bank report

For year ending 30 June 2023

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

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

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

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

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

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



**Justine Minne**  
**Bendigo and Adelaide Bank**

# Community Bank National Council report

For year ending 30 June 2023



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

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

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

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

The Community Bank network was a first mover in Australia with its unique social enterprise model. The first Community Bank opened its doors in 1998, and since then, the network has grown to 307 Community Bank branches. The network represents a diverse cross-section of Australia with 240 social enterprises, 70,000+ shareholders, 1600+ volunteer Directors, 1600+ staff and 905,000 customers located in metro, regional, rural and remote locations across the country.

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

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

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

Warm regards

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

**Sarah Franklyn**  
CBNC Chair

# Directors' report

For the financial year ended 30 June 2023

The directors present their report, together with the financial statements, on the company for the year ended 30 June 2023.

## 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

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**Title:** Chair, non-executive director

**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



### Denise Gail Beer

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**Title:** Deputy Chair, non-executive director

**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



### Tadeusz Joseph Budzinski

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**Title:** Company Treasurer, non-executive director

**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





### Alan James Radford

**Title:** Company Secretary, non-executive director

**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

Represent the board on Bayswater Traders Association



### 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 Committee



### Gregory Da Rui

**Title:** Non-executive director

**Experience and expertise:** Chairperson of Bayswater Trader's Association (Inc.), 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 Committee



### 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 Committee (Lead)

## Directors' report (continued)

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### Company secretary

The Company secretary is Alan Radford. Alan was appointed to the position of Company secretary 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 \$1,058,345 (30 June 2022: \$279,048).

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

### Dividends

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

	2023 \$
Fully franked dividend of 17.5 cents per share (2022: 15 cents)	200,367

### 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 2023 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

### Likely developments

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

### Environmental regulation

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

## Directors' report (continued)

### 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 2023, and the number of meetings attended by each director were:

	Board		Executive Committee		Stakeholder Engagement Committee	
	Eligible	Attended	Eligible	Attended	Eligible	Attended
Barry Anthony McKenna	12	12	8	8	-	-
Denise Gail Beer	12	12	8	7	-	-
Tadeusz Joseph Budzinski	12	10	8	8	-	-
Alan James Radford	12	12	8	7	-	-
Michael Stephen Anderton J.P	12	9	-	-	-	-
Steven James Brown	12	10	-	-	3	3
Gregory Da Rui	12	10	-	-	3	3
Louise Anne Rowe	12	11	-	-	3	3

### 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 25 and note 26 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	3,100	15,599
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	6,516	17,246	23,762
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.

## Directors' report (continued)

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### 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 27 to the accounts.

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

- all non-audit services have been reviewed by the board to ensure they do not impact on the impartiality, integrity and objectivity of the auditor.
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in *APES 110 Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the company, acting as an advocate for the company or jointly sharing risks and rewards.

### Auditor's independence declaration

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

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

On behalf of the directors



Denise Beer (Aug 29, 2023 15:24 GMT+8)

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**Denise Gail Beer**  
**Deputy Chair**

29 August 2023



# Auditor's independence declaration



Andrew Frewin Stewart  
61 Bull Street Bendigo VIC 3550  
ABN: 65 684 604 390  
afs@afsbendigo.com.au  
(03) 5443 0344

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

As lead auditor for the audit of Bayswater Community Financial Services Ltd for the year ended 30 June 2023, 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.

A handwritten signature in black ink, appearing to read 'Andrew Frewin Stewart'.

**Andrew Frewin Stewart**  
61 Bull Street, Bendigo, Vic, 3550  
Dated: 29 August 2023

A handwritten signature in black ink, appearing to read 'Joshua Griffin'.

**Joshua Griffin**  
Lead Auditor



# Financial statements

## Bayswater Community Financial Services Ltd Statement of profit or loss and other comprehensive income For the year ended 30 June 2023

	Note	2023 \$	2022 \$
Revenue from contracts with customers	6	3,710,637	2,164,512
Other revenue	7	83,030	85,307
Finance revenue		27,365	1,459
Total revenue		<u>3,821,032</u>	<u>2,251,278</u>
Employee benefits expense	8	(1,427,019)	(1,240,922)
Advertising and marketing costs		(34,378)	(16,653)
Occupancy and associated costs		(56,048)	(42,871)
System costs		(22,590)	(25,257)
Depreciation and amortisation expense	8	(114,759)	(108,851)
Finance costs	8	(7,842)	(8,385)
General administration expenses		(186,883)	(149,560)
Fair value losses on financial assets		(14,400)	(42,600)
Total expenses before community contributions and income tax expense		<u>(1,863,919)</u>	<u>(1,635,099)</u>
<b>Profit before community contributions and income tax expense</b>		1,957,113	616,179
Charitable donations, sponsorships and grants expense	8	<u>(552,523)</u>	<u>(250,000)</u>
<b>Profit before income tax expense</b>		1,404,590	366,179
Income tax expense	9	<u>(346,245)</u>	<u>(87,131)</u>
<b>Profit after income tax expense for the year</b>	22	1,058,345	279,048
Other comprehensive income for the year, net of tax		-	-
<b>Total comprehensive income for the year</b>		<u>1,058,345</u>	<u>279,048</u>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	29	92.44	24.37
Diluted earnings per share	29	92.44	24.37

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

## Financial statements (continued)

### Bayswater Community Financial Services Ltd Statement of financial position As at 30 June 2023

	Note	2023 \$	2022 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	10	1,712,691	650,711
Trade and other receivables	11	387,306	242,129
Financial assets	12	257,700	272,100
Total current assets		<u>2,357,697</u>	<u>1,164,940</u>
<b>Non-current assets</b>			
Property, plant and equipment	13	1,209,418	1,268,271
Right-of-use assets	14	81,360	117,519
Intangibles assets	15	28,743	41,824
Deferred tax assets	9	75,742	68,955
Total non-current assets		<u>1,395,263</u>	<u>1,496,569</u>
<b>Total assets</b>		<u>3,752,960</u>	<u>2,661,509</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	16	133,482	117,236
Borrowings	17	112	106
Lease liabilities	18	43,439	41,222
Current tax liabilities	9	281,316	48,047
Employee benefits	19	217,215	169,223
Total current liabilities		<u>675,564</u>	<u>375,834</u>
<b>Non-current liabilities</b>			
Lease liabilities	18	53,642	97,080
Employee benefits	19	6,731	31,109
Lease make good provision		31,081	29,522
Total non-current liabilities		<u>91,454</u>	<u>157,711</u>
<b>Total liabilities</b>		<u>767,018</u>	<u>533,545</u>
<b>Net assets</b>		<u>2,985,942</u>	<u>2,127,964</u>
<b>Equity</b>			
Issued capital	20	1,103,852	1,103,852
Retained earnings	22	1,882,090	1,024,112
<b>Total equity</b>		<u>2,985,942</u>	<u>2,127,964</u>

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

## Financial statements (continued)

### Bayswater Community Financial Services Ltd Statement of changes in equity For the year ended 30 June 2023

	Note	Issued capital \$	Retained earnings \$	Total equity \$
<b>Balance at 1 July 2021</b>		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
<i>Transactions with owners in their capacity as owners:</i>				
Dividends provided for	23	-	(171,743)	(171,743)
<b>Balance at 30 June 2022</b>		<u>1,103,852</u>	<u>1,024,112</u>	<u>2,127,964</u>
<b>Balance at 1 July 2022</b>		1,103,852	1,024,112	2,127,964
Profit after income tax expense		-	1,058,345	1,058,345
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	1,058,345	1,058,345
<i>Transactions with owners in their capacity as owners:</i>				
Dividends provided for	23	-	(200,367)	(200,367)
<b>Balance at 30 June 2023</b>		<u>1,103,852</u>	<u>1,882,090</u>	<u>2,985,942</u>

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



## Financial statements (continued)

### Bayswater Community Financial Services Ltd Statement of cash flows For the year ended 30 June 2023

	Note	2023 \$	2022 \$
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		4,046,273	2,413,595
Payments to suppliers and employees (inclusive of GST)		(2,645,354)	(1,914,979)
Dividends received		16,650	15,900
Interest received		18,706	1,828
Income taxes paid		<u>(119,763)</u>	<u>(73,470)</u>
Net cash provided by operating activities	28	<u>1,316,512</u>	<u>442,874</u>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(6,666)	(53,398)
Proceeds from disposal of property, plant and equipment		<u>-</u>	<u>20,000</u>
Net cash used in investing activities		<u>(6,666)</u>	<u>(33,398)</u>
<b>Cash flows from financing activities</b>			
Dividends paid	23	(200,367)	(171,743)
Repayment of lease liabilities	18	<u>(47,499)</u>	<u>(47,500)</u>
Net cash used in financing activities		<u>(247,866)</u>	<u>(219,243)</u>
Net increase in cash and cash equivalents		1,061,980	190,233
Cash and cash equivalents at the beginning of the financial year		<u>650,711</u>	<u>460,478</u>
Cash and cash equivalents at the end of the financial year	10	<u><u>1,712,691</u></u>	<u><u>650,711</u></u>

*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** **Notes to the financial statements** **30 June 2023**

### **Note 1. Reporting entity**

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

The company is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is 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.

### **Note 2. Basis of preparation and statement of compliance**

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 29 August 2023. The directors have the power to amend and reissue the financial statements.

### **Note 3. Significant accounting policies**

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

#### **Changes in accounting policies, standards and interpretations**

There are a number of amendments to accounting standards issued by the AASB that became mandatorily effective for accounting periods beginning on or after 1 July 2022, and are therefore relevant for the current financial year. The amendments did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

#### **Current and non-current classification**

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

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

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

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

#### **Impairment**

##### *Non-derivative financial assets*

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

# Notes to the financial statements (continued)

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## **Bayswater Community Financial Services Ltd** **Notes to the financial statements** **30 June 2023**

### **Note 3. Significant accounting policies (continued)**

The company's trade receivables are limited to the monthly profit share distribution from Bendigo Bank, which is received 10 business days post month end. Due to the reliance on Bendigo Bank the company has reviewed credit ratings provided by Standard & Poors, Moody's and Fitch Ratings to determine the level of credit exposure to the company. The company also performed a historical assessment of receivables from Bendigo Bank and found no instances of default. As a result no ECL has been made in relation to trade receivables as at 30 June 2023.

#### *Non-financial assets*

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

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

#### **Goods and Services Tax (GST)**

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

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

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

### **Note 4. Critical accounting judgements, estimates and assumptions**

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

#### *Fair value measurement hierarchy*

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

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

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

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.

# Notes to the financial statements (continued)

## **Bayswater Community Financial Services Ltd** **Notes to the financial statements** **30 June 2023**

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

#### *Impairment of non-financial assets*

The company assesses impairment of non-financial assets at each reporting date by evaluating conditions specific to the company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined as the higher of its fair value less costs of disposal or value-in-use, each of 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.



# Notes to the financial statements (continued)

## Bayswater Community Financial Services Ltd Notes to the financial statements 30 June 2023

### Note 5. Economic dependency

The company has entered into a franchise agreement with Bendigo Bank that governs the management of the Community Bank. The company is economically dependent on the ongoing receipt of income under the franchise agreement with Bendigo Bank. The directors have no reason to believe a new franchise arrangement under mutually acceptable terms will not be forthcoming following expiry in September 2025.

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 Bendigo Bank to bear as long as the company has complied with the appropriate procedures and relevant obligations and has not exercised a discretion in granting or extending credit.

Bendigo Bank provides significant assistance in establishing and maintaining the Community Bank franchise operations. It also continues to provide ongoing management and operational support and other assistance and guidance in relation to all aspects of the franchise operation, including advice and assistance in relation to:

- the design, layout and fit out of the Community Bank premises
- training for the branch manager and other employees in banking, management systems and interface protocol
- methods and procedures for the sale of products and provision of services
- security and cash logistic controls
- calculation of company revenue and payment of many operating and administrative expenses
- the formulation and implementation of advertising and promotional programs
- sales techniques and proper customer relations
- providing payroll services.

### Note 6. Revenue from contracts with customers

	2023 \$	2022 \$
Margin income	3,286,841	1,943,554
Fee income	184,489	121,544
Commission income	78,673	99,414
Remediation fee income	160,634	-
	<u>3,710,637</u>	<u>2,164,512</u>

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.

# Notes to the financial statements (continued)

## Bayswater Community Financial Services Ltd Notes to the financial statements 30 June 2023

### 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:

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

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

#### *Revenue calculation*

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

#### *Margin income*

Margin on core banking products is arrived at through the following calculation:

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

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

#### *Commission income*

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

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

#### *Fee income*

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

#### *Remediation fee income*

Remediation payment relates to a one-off payment made by Bendigo Bank for missed fee income for any Retirement Living aged Care lending referrals the company was entitled to receive for the proceeding 7 years.

#### *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.

# Notes to the financial statements (continued)

## Bayswater Community Financial Services Ltd Notes to the financial statements 30 June 2023

### Note 6. Revenue from contracts with customers (continued)

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

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

### Note 7. Other revenue

	2023 \$	2022 \$
Net gain on disposal of property, plant and equipment	-	7,404
Dividend and distribution income	16,650	15,900
Rental income	47,978	54,420
Other income	18,402	7,583
	<u>83,030</u>	<u>85,307</u>

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

<u>Revenue stream</u>	<u>Revenue recognition policy</u>
Net gain on sale of property, plant and equipment	Revenue from the sale of property, plant and equipment is recognised when the buyer obtains control of the asset. Control is transferred when the buyer has the ability to direct the use of and substantially obtain the economic benefits from the asset.
Dividend and distribution income	Dividend and distribution income is recognised when the right to receive the payment is established.
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.
Other income	All other revenues that did not contain contracts with customers are recognised as goods and services are provided.

All revenue is stated net of the amount of GST.

### Note 8. Expenses

#### Employee benefits expense

	2023 \$	2022 \$
Wages and salaries	1,207,461	1,057,809
Non-cash benefits	18,458	17,756
Contributions to defined contribution plans	132,082	113,910
Expenses related to long service leave	12,235	(469)
Other expenses	56,783	51,916
	<u>1,427,019</u>	<u>1,240,922</u>

## Notes to the financial statements (continued)

### Bayswater Community Financial Services Ltd Notes to the financial statements 30 June 2023

#### Note 8. Expenses (continued)

##### Depreciation and amortisation expense

	2023 \$	2022 \$
<i>Depreciation of non-current assets</i>		
Buildings	2,344	2,344
Leasehold improvements	39,270	39,271
Plant and equipment	10,169	14,353
Motor vehicles	13,736	12,726
	<u>65,519</u>	<u>68,694</u>
<i>Depreciation of right-of-use assets</i>		
Leased land and buildings	<u>36,159</u>	<u>27,076</u>
<i>Amortisation of intangible assets</i>		
Franchise fee	2,180	2,180
Franchise renewal fee	10,901	10,901
	<u>13,081</u>	<u>13,081</u>
	<u>114,759</u>	<u>108,851</u>

##### Finance costs

	2023 \$	2022 \$
Bank loan interest paid or accrued	6	3
Lease interest expense	6,278	8,382
Unwinding of make-good provision	1,558	-
	<u>7,842</u>	<u>8,385</u>

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

##### Leases recognition exemption

	2023 \$	2022 \$
Expenses relating to low-value leases	<u>8,793</u>	<u>10,713</u>

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

##### Charitable donations, sponsorships and grants expense

	2023 \$	2022 \$
Direct donation, sponsorship and grant payments	52,523	-
Contribution to the Community Enterprise Foundation™ (CEF)	500,000	250,000
	<u>552,523</u>	<u>250,000</u>

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



## Notes to the financial statements (continued)

### Bayswater Community Financial Services Ltd Notes to the financial statements 30 June 2023

#### Note 8. Expenses (continued)

The funds contributed to and held by the CEF 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

	2023 \$	2022 \$
<i>Disaggregation of CEF funds</i>		
Opening balance	556,845	539,526
Contributions paid in	500,000	250,000
Grants paid out	(307,850)	(222,795)
Interest received	11,617	2,613
Management fees incurred	(24,998)	(12,499)
	<u>735,614</u>	<u>556,845</u>
Balance available for distribution	<u>735,614</u>	<u>556,845</u>

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, sponsorships and grants expenditure included in the Statement of Profit or Loss and Other Comprehensive Income.

#### Note 9. Income tax

	2023 \$	2022 \$
<i>Income tax expense</i>		
Current tax	360,168	100,563
Movement in deferred tax	(6,787)	(6,618)
Net benefit of franking credits on dividends received	(7,136)	(6,814)
	<u>346,245</u>	<u>87,131</u>
Aggregate income tax expense	<u>346,245</u>	<u>87,131</u>
<i>Prima facie income tax reconciliation</i>		
Profit before income tax expense	1,404,590	366,179
Tax at the statutory tax rate of 25%	351,148	91,545
Tax effect of:		
Non-deductible expenses	449	696
Other assessable income	1,784	1,704
Net benefit of franking credits on distributions received	(7,136)	(6,814)
	<u>346,245</u>	<u>87,131</u>
Income tax expense	<u>346,245</u>	<u>87,131</u>

## Notes to the financial statements (continued)

### Bayswater Community Financial Services Ltd Notes to the financial statements 30 June 2023

#### Note 9. Income tax (continued)

	2023 \$	2022 \$
<i>Deferred tax assets / (liabilities)</i>		
Employee benefits	55,987	50,083
Provision for lease make good	7,770	7,381
Accrued expenses	1,050	800
Income accruals	(2,376)	(211)
Lease liabilities	24,270	34,576
Right-of-use assets	(20,340)	(29,380)
Property, plant and equipment	6,125	722
Financial assets at fair value through profit or loss	13,002	9,401
Prepayments	(9,746)	(4,417)
Deferred tax asset	<u>75,742</u>	<u>68,955</u>
	<b>2023</b> \$	<b>2022</b> \$
Provision for income tax	<u>281,316</u>	<u>48,047</u>

#### *Accounting policy for income tax*

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

#### *Accounting policy for current tax*

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

#### *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.

## Notes to the financial statements (continued)

### Bayswater Community Financial Services Ltd Notes to the financial statements 30 June 2023

#### Note 10. Cash and cash equivalents

	2023 \$	2022 \$
Cash at bank and on hand	262,691	300,711
Term deposits	1,450,000	350,000
	<u>1,712,691</u>	<u>650,711</u>

#### *Accounting policy for cash and cash equivalents*

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

#### Note 11. Trade and other receivables

	2023 \$	2022 \$
Trade receivables	331,844	222,933
Other receivables and accruals	6,879	-
Accrued income	9,503	844
Prepayments	39,080	18,352
	<u>55,462</u>	<u>19,196</u>
	<u>387,306</u>	<u>242,129</u>

#### *Accounting policy for trade and other receivables*

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

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

#### Note 12. Financial assets

	2023 \$	2022 \$
Equity securities - designated at fair value through profit or loss	<u>257,700</u>	<u>272,100</u>

#### *Accounting policy for financial assets*

Refer to note 24 'Financial instruments'

## Notes to the financial statements (continued)

### Bayswater Community Financial Services Ltd Notes to the financial statements 30 June 2023

#### Note 13. Property, plant and equipment

	2023 \$	2022 \$
Land - at cost	893,711	949,611
Buildings - at cost	149,660	93,760
Less: Accumulated depreciation	(11,335)	(8,991)
	<u>138,325</u>	<u>84,769</u>
Leasehold improvements - at cost	509,988	509,988
Less: Accumulated depreciation	(421,010)	(381,740)
	<u>88,978</u>	<u>128,248</u>
Plant and equipment - at cost	258,267	251,601
Less: Accumulated depreciation	(221,147)	(210,978)
	<u>37,120</u>	<u>40,623</u>
Motor vehicles - at cost	80,586	80,586
Less: Accumulated depreciation	(29,302)	(15,566)
	<u>51,284</u>	<u>65,020</u>
	<u>1,209,418</u>	<u>1,268,271</u>

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

	Land \$	Buildings \$	Leasehold improvements \$	Plant and equipment \$	Motor vehicles \$	Total \$
Balance at 1 July 2021	963,634	73,090	167,519	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	-	(2,344)	(39,271)	(14,353)	(12,726)	(68,694)
	<u>949,611</u>	<u>84,769</u>	<u>128,248</u>	<u>40,623</u>	<u>65,020</u>	<u>1,268,271</u>
Balance at 30 June 2022	949,611	84,769	128,248	40,623	65,020	1,268,271
Additions	-	-	-	6,666	-	6,666
Transfers in/(out)	(55,900)	55,900	-	-	-	-
Depreciation	-	(2,344)	(39,270)	(10,169)	(13,736)	(65,519)
	<u>893,711</u>	<u>138,325</u>	<u>88,978</u>	<u>37,120</u>	<u>51,284</u>	<u>1,209,418</u>

#### Accounting policy for property, plant and equipment

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

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

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

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



# Notes to the financial statements (continued)

## Bayswater Community Financial Services Ltd Notes to the financial statements 30 June 2023

### Note 13. Property, plant and equipment (continued)

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. There were no changes in estimates for the current reporting period.

### Note 14. Right-of-use assets

	2023 \$	2022 \$
Land and buildings - right-of-use	543,744	543,744
Less: Accumulated depreciation	<u>(462,384)</u>	<u>(426,225)</u>
	<u>81,360</u>	<u>117,519</u>

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

	Land and buildings \$
Balance at 1 July 2021	115,073
Remeasurement adjustments	29,522
Depreciation expense	<u>(27,076)</u>
Balance at 30 June 2022	117,519
Depreciation expense	<u>(36,159)</u>
Balance at 30 June 2023	<u>81,360</u>

#### *Accounting policy for right-of-use assets*

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

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

Refer to note 18 for more information on lease arrangements.

## Notes to the financial statements (continued)

### Bayswater Community Financial Services Ltd Notes to the financial statements 30 June 2023

#### Note 15. Intangibles assets

	2023 \$	2022 \$
Franchise fee	178,682	178,682
Less: Accumulated amortisation	<u>(172,568)</u>	<u>(170,388)</u>
	<u>6,114</u>	<u>8,294</u>
Franchise renewal fee	54,505	54,505
Less: Accumulated amortisation	<u>(31,876)</u>	<u>(20,975)</u>
	<u>22,629</u>	<u>33,530</u>
	<u><u>28,743</u></u>	<u><u>41,824</u></u>

Reconciliations of the carrying 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 2021	10,474	44,431	54,905
Amortisation expense	<u>(2,180)</u>	<u>(10,901)</u>	<u>(13,081)</u>
Balance at 30 June 2022	8,294	33,530	41,824
Amortisation expense	<u>(2,180)</u>	<u>(10,901)</u>	<u>(13,081)</u>
Balance at 30 June 2023	<u><u>6,114</u></u>	<u><u>22,629</u></u>	<u><u>28,743</u></u>

#### 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:

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

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

#### Change in estimates

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

## Notes to the financial statements (continued)

### Bayswater Community Financial Services Ltd Notes to the financial statements 30 June 2023

#### Note 16. Trade and other payables

	2023 \$	2022 \$
Trade payables	5,471	3,818
Other payables and accruals	128,011	113,418
	<u>133,482</u>	<u>117,236</u>

#### *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 17. Borrowings

	2023 \$	2022 \$
Bank loans	<u>112</u>	<u>106</u>

#### *Financing arrangements*

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

	2023 \$	2022 \$
Total facilities		
Bank loans	<u>470,463</u>	<u>528,027</u>
Used at the reporting date		
Bank loans	<u>112</u>	<u>106</u>
Unused at the reporting date		
Bank loans	<u>470,351</u>	<u>527,921</u>

#### *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.

## Notes to the financial statements (continued)

### Bayswater Community Financial Services Ltd Notes to the financial statements 30 June 2023

#### Note 18. Lease liabilities

	2023 \$	2022 \$
<i>Current liabilities</i>		
Property lease liabilities	47,500	47,500
Unexpired interest	(4,061)	(6,278)
	<u>43,439</u>	<u>41,222</u>
<i>Non-current liabilities</i>		
Property lease liabilities	55,417	102,917
Unexpired interest	(1,775)	(5,837)
	<u>53,642</u>	<u>97,080</u>
<i>Reconciliation of lease liabilities</i>		
	2023 \$	2022 \$
Opening balance	138,302	177,420
Lease interest expense	6,278	8,382
Lease payments - total cash outflow	(47,499)	(47,500)
	<u>97,081</u>	<u>138,302</u>
<i>Maturity analysis</i>		
	2023 \$	2022 \$
Not later than 12 months	47,500	47,500
Between 12 months and 5 years	55,417	102,917
	<u>102,917</u>	<u>150,417</u>

#### *Accounting policy for lease liabilities*

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

Lease payments included in the measurement of the lease liability comprise variable lease payments that depend on an index or rate. 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 leased premises.

## Notes to the financial statements (continued)

### Bayswater Community Financial Services Ltd Notes to the financial statements 30 June 2023

#### Note 18. Lease liabilities (continued)

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

The company's lease portfolio includes:

Lease	Discount rate	Non-cancellable term	Renewal options available	Reasonably certain to exercise options	Lease term end date used in calculations
Bayswater Branch	5.25%	5 years	N/A	N/A	September 2025

#### Note 19. Employee benefits

	2023 \$	2022 \$
<i>Current liabilities</i>		
Annual leave	99,627	88,248
Long service leave	117,588	80,975
	<u>217,215</u>	<u>169,223</u>
<i>Non-current liabilities</i>		
Long service leave	<u>6,731</u>	<u>31,109</u>

#### Accounting policy for employee benefits

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

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

#### Superannuation contributions

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

#### Short-term employee benefits

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

#### Other long-term employee benefits

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

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

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

# Notes to the financial statements (continued)

## Bayswater Community Financial Services Ltd Notes to the financial statements 30 June 2023

### Note 20. Issued capital

	2023 Shares	2022 Shares	2023 \$	2022 \$
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)
	<u>1,144,952</u>	<u>1,144,952</u>	<u>1,103,852</u>	<u>1,103,852</u>

#### *Accounting policy for issued capital*

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

#### *Rights attached to issued capital*

##### *Ordinary shares*

##### Voting rights

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

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

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

##### Dividends

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

##### 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.



# Notes to the financial statements (continued)

## Bayswater Community Financial Services Ltd Notes to the financial statements 30 June 2023

### Note 20. Issued capital (continued)

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

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

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

### Note 21. 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 22. Retained earnings

	2023 \$	2022 \$
Retained earnings at the beginning of the financial year	1,024,112	916,807
Profit after income tax expense for the year	1,058,345	279,048
Dividends paid (note 23)	<u>(200,367)</u>	<u>(171,743)</u>
Retained earnings at the end of the financial year	<u>1,882,090</u>	<u>1,024,112</u>

## Notes to the financial statements (continued)

### Bayswater Community Financial Services Ltd Notes to the financial statements 30 June 2023

#### Note 23. 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.

	2023 \$	2022 \$
Fully franked dividend of 17.5 cents per share (2022: 15 cents)	200,367	171,743

#### Franking credits

	2023 \$	2022 \$
Franking account balance at the beginning of the financial year	537,182	514,146
Franking credits (debits) arising from income taxes paid (refunded)	119,763	73,470
Franking debits from the payment of franked distributions	(66,789)	(57,248)
Franking credits from franked distributions received	7,136	6,814
	<u>597,292</u>	<u>537,182</u>

#### Franking transactions that will arise subsequent to the financial year end:

Balance at the end of the financial year	597,292	537,182
Franking credits (debits) that will arise from payment (refund) of income tax	281,316	48,047
Franking credits available for future reporting periods	<u>878,608</u>	<u>585,229</u>

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 24. Financial instruments

	2023 \$	2022 \$
<b>Financial assets</b>		
Trade and other receivables	348,226	223,777
Cash and cash equivalents	262,691	300,711
Term deposits	1,450,000	350,000
Financial assets	257,700	272,100
	<u>2,318,617</u>	<u>1,146,588</u>
<b>Financial liabilities</b>		
Trade and other payables	133,482	117,236
Lease liabilities	97,081	138,302
Bank loans	112	106
	<u>230,675</u>	<u>255,644</u>

#### Accounting policy for financial instruments

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

# Notes to the financial statements (continued)

## Bayswater Community Financial Services Ltd Notes to the financial statements 30 June 2023

### Note 24. Financial instruments (continued)

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

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

#### Financial risk management

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

#### Market risk

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

Interest-bearing assets and liabilities are held with Bendigo Bank and earnings on those are subject to movements in market interest rates. The company held cash and cash equivalents of \$1,712,691 at 30 June 2023 (2022: \$650,711).

#### 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.

All of the company's listed equity investments are listed on the Australian Stock Exchange (ASX). Changes in equity securities value is recognised through profit or loss or other comprehensive income.

	% change increase	Effect on profit before tax	Effect on equity	% change decrease	Effect on profit before tax	Effect on equity
<b>2023</b>						
Equity securities	10%	<u>25,770</u>	<u>-</u>	(10%)	<u>(25,770)</u>	<u>-</u>
<b>2022</b>						
Equity securities	10%	<u>27,210</u>	<u>-</u>	(10%)	<u>(27,210)</u>	<u>-</u>

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

# Notes to the financial statements (continued)

## Bayswater Community Financial Services Ltd Notes to the financial statements 30 June 2023

### Note 24. Financial instruments (continued)

#### 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:

	2023 \$	2022 \$
Bank loans	470,351	527,921

#### Exposure to liquidity risk

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

	1 year or less \$	Between 1 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
<b>2023</b>				
Bank loans	112	-	-	112
Trade and other payables	133,482	-	-	133,482
Lease liabilities	47,500	55,417	-	102,917
Total non-derivatives	181,094	55,417	-	236,511
	1 year or less \$	Between 1 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
<b>2022</b>				
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

### Note 25. Key management personnel disclosures

The following persons were directors of Bayswater Community Financial Services Ltd during the financial year and/or up to the date of signing of these Financial Statements:

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

There are no executives within the company whose remuneration is required to be disclosed.

# Notes to the financial statements (continued)

## Bayswater Community Financial Services Ltd Notes to the financial statements 30 June 2023

### Note 25. Key management personnel disclosures (continued)

#### Compensation

Key management personnel compensation comprised the following.

	2023 \$	2022 \$
Short-term employee benefits	90,150	81,550
Post-employment benefits	8,109	6,923
	<u>98,259</u>	<u>88,473</u>

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

### Note 26. Related party transactions

The following transactions occurred with related parties:

	2023 \$	2022 \$
Louise Anne Rowe and her company, Louise Rowe Communications, undertakes PR and communications services for the company. The total benefit received was:	-	5,120
Greg Da Rui supplied hand sanitizer, Flu vaccinations and supplies for COVID protection. The total benefit received was:	130	630
Steven Brown supplied legal service (Lyn & Brown Lawyers). The total benefit received was:	-	550

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

### Note 27. Remuneration of auditors

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

	2023 \$	2022 \$
<i>Audit services</i>		
Audit or review of the financial statements	5,400	5,200
<i>Other services</i>		
Taxation advice and tax compliance services	660	600
General advisory services	3,885	2,910
Share registry services	9,718	8,118
	<u>14,263</u>	<u>11,628</u>
	<u>19,663</u>	<u>16,828</u>

## Notes to the financial statements (continued)

### Bayswater Community Financial Services Ltd Notes to the financial statements 30 June 2023

#### Note 28. Reconciliation of profit after income tax to net cash provided by operating activities

	2023 \$	2022 \$
Profit after income tax expense for the year	1,058,345	279,048
Adjustments for:		
Depreciation and amortisation	114,759	108,851
Net gain on disposal of non-current assets	-	(7,404)
(Increase)/decrease in fair value of equity instruments designated at FVTPL	14,400	42,600
Lease liabilities interest	6,278	8,382
Change in operating assets and liabilities:		
Increase in trade and other receivables	(145,177)	(25,014)
Increase in deferred tax assets	(6,787)	(6,618)
Increase in trade and other payables	16,252	40,158
Increase in provision for income tax	233,269	20,279
Increase/(decrease) in employee benefits	23,614	(17,408)
Increase in other provisions	1,559	-
Net cash provided by operating activities	<u>1,316,512</u>	<u>442,874</u>

#### Note 29. Earnings per share

	2023 \$	2022 \$
Profit after income tax	<u>1,058,345</u>	<u>279,048</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>1,144,952</u>	<u>1,144,952</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>1,144,952</u>	<u>1,144,952</u>
	Cents	Cents
Basic earnings per share	92.44	24.37
Diluted earnings per share	92.44	24.37

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

#### Note 30. Commitments

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

#### Note 31. Contingencies

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

#### Note 32. Events after the reporting period

No matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.



# Directors' declaration

## **Bayswater Community Financial Services Ltd Directors' declaration 30 June 2023**

In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in the notes to the financial statements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
- 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

*Denise Beer*

Denise Beer (Aug 29, 2023 15:24 GMT+8)

Denise Gail Beer  
Deputy Chair

29 August 2023

# Independent audit report



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

## 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 (the company), which comprises:

- Statement of financial position as at 30 June 2023
- Statement of profit or loss and other comprehensive income
- Statement of changes in equity
- Statement of cash flows
- Notes to the financial statements, including a summary of significant accounting policies
- The directors' declaration of the company.

In our opinion, the accompanying financial report of 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 2023 and of its financial performance for the year ended on that date; and
- ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for Opinion

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

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

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



Andrew Frewin Stewart  
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## Other Information

The other information comprises the information included in the company's annual report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon. The annual report may also include "other information" on the company's operations and financial results and financial position as set out in the financial report, typically in a Chairman's report and Manager's report, and reports covering governance and shareholder matters.

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

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

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

If we identify that a material inconsistency appears to exist when we read the annual report (or become aware that the other information appears to be materially misstated), we will discuss the matter with the directors and where we believe that a material misstatement of the other information exists, we will request management to correct the other information. We have nothing to report in this regard.

## Responsibilities of the Directors for the Financial Report

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

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

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

## Auditor's responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists.

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Liability limited by a scheme approved under Professional Standards Legislation.



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Misstatement can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

A handwritten signature in black ink, appearing to read 'Andrew Freewin Stewart'.

**Andrew Freewin Stewart**  
61 Bull Street, Bendigo, Vic, 3550  
Dated: 29 August 2023

A handwritten signature in black ink, appearing to read 'Joshua Griffin'.

**Joshua Griffin**  
Lead Auditor

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 **Bendigo Bank**