

Annual Report 2021

Caulfield Park Community
Financial Services Limited

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Chairman's report

For year ended 30 June 2021

It is with great pleasure that I present to you the 18th Annual Report for the year ended 30 June 2021 for Caulfield Park Community Financial Services Limited (Caulfield Park).

Last year I reported we had achieved our best ever revenue result and highest ever level of footings (loans plus deposits). I am now pleased to report that we have again achieved new record figures in 2021.

Caulfield Park experienced a challenging year as has everyone in Victoria due to the Covid restrictions. For us, the safety of our staff, customers, Directors, and community is paramount and, in this regard, we have come through the year without major problems. Other challenges included low interest rates, low levels of community activity, and an inability to meet face-to-face for significant portions of the year. Despite head winds, we have continued to grow our customer base and business.

At 30 June 2021 we have cumulatively since our establishment in 2004 succeeded in making over \$2.2 million in contributions to our local community. I have no doubt that all of our stakeholders are pleased that we have been able to make such a positive impact in Caulfield and the surrounding community. These contributions have affected hundreds of community groups and thousands of local residents, ensuring that together we can make a better local community which will continue to improve for many years to come. Our Board and staff are very pleased that we have been able to continue such a strong level of community contributions through these difficult times.

Last year we established a Social media presence and this year we have created a new staff position known as a Local Engagement Officer to enable us to better engage with our Community Organisations. We were fortunate to have Hannah Downes on our team who has stepped into the position. The Grants and Community Engagement Committee has also significantly increased their level of engagement and I want to thank the members of that committee for the efforts. It is early days but we expect the increased committee efforts along with Hannah's engagement will help the Branch team to drive growth of business by achieving better community engagement.

This year has been another a year of financial achievement for Caulfield Park. Footings have increased to over \$ 272 million up 20.9%, (2020 \$225 million). Our Manager Jignesh Jasani has provided further details on our book and relevant branch statistics in his Report. Revenue has exceeded \$1.46 million, up 15%, (2020 \$1.27 million) Net Profit before tax and before Sponsorships, Advertising and Promotion was \$656,358, up 21%, (2020 \$542,803). These are all record results for Caulfield Park and the Board and I have great pleasure in delivering these results to you. We have had great results despite the difficult Covid 19 conditions under which we had to operate this year.

In total for the financial year 2021, the company has invested \$588,514 (2020 \$ 458,051) back into our community through almost 52 separate awards (see full list of Community Grants and Sponsorships on page 4).

We have a very experienced, stable, professional Board that has been delivering great results for many years now. Thank you to all our dedicated directors for their ongoing voluntary contributions: Sam Parasol OAM, Philip Knight, Jeff Kagan, David Clarke, Kate Ashmor, Mark Ellison, Graeme Goldman, and Mark Landis. It is noted that the last three Directors were new appointments during the year and we look forward to them playing a role for many years to come. Two Directors Shmuel Goldberg and Michael Lipshutz OAM retired during the year and I would like to thank them for their contributions to Caulfield Park.

Our Community Bank team continues to be ably led by Branch Manager Jignesh Jasani and he has strong team , Guireh Darar, Hannah Downes, Tiz Thamnegara Rachael Mwangi, Satbir Singh Ahuja and Krisela Najtellari. On behalf of the board I also I want to congratulate the Branch Staff for winning the Bendigo Bank Award for being the Best Performing Branch in the Bayside Region and I thank our staff for their dedication and passion. Finally I want to mention our Board Administration Officer Sabina Filippin who continues to play an important role and we thank her for all her efforts.

We also want to thank Mr Frank Levy of Sackville Wilks, Solicitors who have acted as our Honorary Solicitors thought the year for their services.

We thank all shareholders for staying the journey and trust that our efforts to be 'Bigger than a Bank' inspire you to learn more about our community investment, engage with our Branch Manager and share our Community Bank story with friends and relatives as without you our Community Bank cannot grow and prosper.

Since year end the Directors have approved the payment of a fully franked 10 cent per share Dividend. This Dividend will allow us to maintain a strong capital base to sustain future development of the company.

The Board believes we have a strong management and that the Community Bank team will continue to deliver the outstanding service that our customers want and deserve.

The Board and I continue to look forward to meeting the many challenges ahead presented by the banking industry and our local community. Thank you and it has been a pleasure to serve as Chairman of Caulfield Park Community Financial Services Limited.

Yours sincerely,

Gary Hershan
Chairman

Manager's report

For year ended 30 June 2021

The year was about testing new staffing plans that were implemented in previous financial year and adapting to a new Covid-19 norm of working virtually through lockdowns. As a team we grew together and learnt new ways of doing things digitally and remotely.

During the year we had growth of just over \$46.94m across all business classes. Our deposit book showed strong growth of \$10.27m and lending grew by \$31.18m. We also had good performance across other areas of business such as insurance, credit cards and wealth. Our customer numbers increased by 128 giving us net growth of 5.7% in net new customers over the prior year. Our products per customer increased by 0.9% to 1.976 products per customer in comparison to the previous year. At end of the year total footing grew to \$272.2m consisting total deposits at \$109.4m, total lending at \$138.7m and other business at \$24.1m.

We also celebrated 3 internal promotions in our team and welcomed 2 new staff during the year to grow our team to 7. Our staff celebrated some nominations and awards for their hard work and excellent customer service during the year. On back of a very strong year in terms of business we received Best Lending Growth and Branch of the Year Awards at Regional Awards night in July. Our team was honoured to be recognised as the best team in region for all their hard work and efforts in the 2021 year.

Going forward into the 2022 year we are looking forward to achieving another year of consistent and strong performance. We will continue to improve our skills in terms of working in this new Covid norm. In 2022 our main areas of focus will be

- To better connect with our customers, community, and shareholders digitally and in person.
- Improving and aligning our internal processes when interacting with our community groups.
- Telling our story better to our local community and community groups.

The Team at Community Bank Caulfield Park would personally like to thank Shareholders, Board, State Support and above all our customers for their continued support. We look forward to working with all of you in 2022 and sharing success stories.

Best wishes,

Jignesh Jasani

Branch Manager Community Bank Caulfield Park

Community Organisations Awarded Sponsorships & Grants 2020-2021

"LIDER" School Inc - Russian Sunday School	Knit One Give One
Access Inc	Le Page Park Cricket Club
Beit Rafael Pty Ltd	Maccabi Australia Inc
Bentleigh United Cobras Soccer Club	Maccabi Victoria Sports Foundation
Beth Weizmann Jewish Community Centre	Mackie Cricket Club
Blake St Hebrew Congregation	Marquee West Bentleigh Cricket Club
Brighton Union Cricket Club	Mazon Australia
C Care Melbourne	Melbourne Hellenic Cricket Club
Camp Gan Welfare	National Council of Jewish Women Australia (Vic) Ltd
Carnegie South Cricket Club	NotFair N/P Inc
Carnegie United Cricket Club	Omega Cricket Club
Caulfield Junior College	Pathways Inc
Caulfield Park Sports Club Inc	Post Polio VIC
Chevra Hatzolah Melbourne Inc	South East Cricket Association
Courage to Care Victoria	Southern Cricket Bayside
Elsternwick Croquet Club	Spiritgrow
Emmy Monash Aged Care Inc	St Andrews Gardiner Cricket Club
Foodbank Victoria Feeding Families	St Catharine's Anglican Church
Glen Eira City Council -Community Bus	St Kilda Hebrew Congregation Inc
IMPACT for Women Inc	Tzofim Onot
Jewish Bereaved Parents Inc	United Jewish Education Board Inc
Jewish Care (Victoria) Inc	Washington Park Cricket Club
Jewish Children's Aid Society Inc	Zionism Victoria
Jewish Community Radio Vic Inc	
Jewish Holocaust Centre Foundation	
Jewish Russian Community Soup Kitchen Ltd	

On behalf of Bendigo and Adelaide Bank, thank you! As a shareholder of your local Community Bank company, you are playing an important role in supporting your community.

It has been a tumultuous year for every community across Australia, and across the world. For our business, recognition that banking is an essential service has meant that we've kept the doors open, albeit with conditions that none of us could ever imagine having to work with.

Face masks, perspex screens, signed documents to cross state borders, checking in customers with QR codes and ensuring hand sanitiser stations are filled aren't what you would expect as a bank employee.

Then there's the fact that while communities have been, and continue to go in and out of lockdown, digital and online banking has become the norm.

So, what does that mean for Bendigo Bank and the Community Bank that you are invested in both as a shareholder, and a customer?

What we're seeing is that your Community Bank is still as important, if not more so, than when you first invested as a shareholder. If the pandemic has taught us anything, it has taught us the importance of place, of our local community, our local economy, our community-based organisations, the importance of social connection and the importance of your local Community Enterprise – your Community Bank in providing, leadership, support, and assistance in these difficult times.

As we continue to adapt to this rapidly changing world one thing that continues to be important to us all is supporting each other and our strong sense of community.

Your continued support as a shareholder is essential to the success of your local community. Thank you for continuing to back your Community Bank company and your community.



Collin Brady
Head of Community Development

Caulfield Park Community Financial Services Limited

Directors' Report

The directors present their report together with the financial statements of the company for the financial year ended 30 June 2021.

Directors

The directors of the company who held office during the financial year and to the date of this report are:

Gary Arnold Hershman

Chair

Occupation: Chartered Accountant

Qualifications, experience and expertise: Gary was a principal in Public Practice for over 45 years. Over this time he has provided business, accounting and taxation advice to many businesses, particularly in the SME sector. He has held Executive positions with a number of not-for-profit organizations. Currently he is the Treasurer of 'Not Fair', a promotor of the Visual Arts. Gary's qualifications include a Bachelor of Commerce (Hons) Melbourne and Chartered Accountant.

Special responsibilities: Member of Finance, Audit and Risk Committee, Grants and Community Engagement Committee and Governance, Remuneration and Nomination Committee.

Interest in shares: 9,000 ordinary shares

Mark Ellison

Non-executive director (appointed 23 November 2020)

Occupation: Consultant

Qualifications, experience and expertise: Mark has 45 years of experience in finance roles including public practice. He was a partner of EY Paris and has been CFO in private and public companies. He has also been a consultant in corporate finance. Mark holds the following qualifications: Master of Arts from the University of Cambridge, MBA from INSEAD, Chartered Accountant (ICAEW) and CPA (New York). He is a Graduate of the Australian Institute of Company Directors. Director and Treasurer of several community organisations, including KNT0, a public Benevolent institution based in Caulfield.

Special responsibilities: Company Secretary, Member of Finance, Audit and Risk Committee, and Governance, Remuneration and Nomination Committee.

Interest in shares: nil share interest held

Jeffrey Allan Kagan

Non-executive director

Occupation: Chief Financial Officer

Qualifications, experience and expertise: Jeffrey has worked in consulting and financial services businesses for over 25 years having held Executive and Senior Finance roles in leading strategic and operational change, driving business growth and operational efficiency. Jeffrey holds a Bachelor of Economics (Monash), is a Chartered Accountant, holds a Diploma in Applied Finance and Investment (FINSIA). Jeffrey has been involved in community youth and sporting groups in Executive roles for 30 years.

Special responsibilities: Treasurer and Chair of Finance, Audit & Risk Committee.

Interest in shares: 1,000 ordinary shares

Sam Parasol OAM, JP.FRVAHJ

Non-executive director

Occupation: Company Director

Qualifications, experience and expertise: Company director and owner of clothing business for 40 years, and extensive involvement in community and sporting organisations for over 50 years. Holds a Bachelor of Economics. Fellow - Justice of the Peace.

Special responsibilities: Member of Finance, Audit & Risk Committee and Grants and Community Engagement Committee.

Interest in shares: 4,000 ordinary shares

Caulfield Park Community Financial Services Limited

Directors' Report

Directors (*continued*)

Kate Ashmor

Non-executive director

Occupation: Lawyer and Company Director

Qualifications, experience and expertise: Managing Director of Ashmor Legal Pty Ltd. Lawyer of ten+ years experience. Bachelor of Laws / Bachelor of Arts (Monash). Member of the Australian Institute of Company Directors.

Special responsibilities: Nil

Interest in shares: nil share interest held

David Keith Clarke

Non-executive director

Occupation: Managing Director

Qualifications, experience and expertise: Over 30 years of experience in senior management positions with a strong bent towards marketing, advertising and sales. Managerial Director of Snap Caulfield South.

Special responsibilities: Chairman Grants and Community Engagement Committee.

Interest in shares: nil share interest held

Philip George Knight

Non-executive director

Occupation: Senior Human Resources Manager

Qualifications, experience and expertise: Philip is a Senior Human Resources Manager, Owner/Manager of Kelly Sports Burwood and the Secretary for Caulfield Malvern Basketball Club. He holds a Bachelor of Business Management and Grad. Dip. Business (Banking & Finance).

Special responsibilities: Chairman of Governance, Remuneration and Nomination Committee.

Interest in shares: nil share interest held

Graeme Goldman

Non-executive director (appointed 23 November 2020)

Occupation: Executive Director - Clark Rubber

Qualifications, experience and expertise: Director, CEO & MD, with expertise in growing start-up businesses, small & medium sized businesses, as well as being the Managing Director of the local subsidiary of an international publicly listed corporation.

Entrepreneur experienced with over 25 years of global corporate & business experience & expertise, having worked in a number of leading branded goods companies in both the wholesale & retail arenas.

Special responsibilities: Member of Grants and Community Engagement Committee.

Interest in shares: nil share interest held

Mark Rodney Landis

Non-executive director (appointed 26 April 2021)

Occupation: Management Consultant

Qualifications, experience and expertise: Mark Landis is the Managing Director of MRL Management Services, a risk management and management consulting company, which jointly developed 'The Results Optimiser (TM) (TRO)' a leading business profit diagnostic tool. He has over 25 years of energy, procurement and risk management experience and has held several senior roles including manager of Hydrocarbons at BHP, manager at utilities at BHP, Global head of energy for Newcrest Mining, and eight years as a senior executive at Origin Energy, almost four years of which, he managed the National.

Special responsibilities: Member of Grants and Community Engagement Committee.

Interest in shares: nil share interest held

Caulfield Park Community Financial Services Limited

Directors' Report

Directors (*continued*)

Shmuel Goldberg

Non-executive director (resigned 19 October 2020)

Occupation: Management Consultant

Qualifications, experience and expertise: Shmuel is a Finance and strategic data analytics leader with over 15 years of global experience across various sectors. Shmuel has held senior roles within industry and management consulting and is an active leader supporting local community organisations and initiatives. Directorships held in the last 3 years include Yeshivah Beth Rivkah Community Centre.

Special responsibilities: Nil

Interest in shares: nil share interest held

Michael Lipshutz OAM

Non-executive director (resigned 6 July 2020)

Occupation: Solicitor

Qualifications, experience and expertise: Michael has been a Solicitor since admission in 1975. His practice has involved commercial litigation, advising clients commercially, family law, conveyancing, mortgage finance and estate planning. He has been the President of the Jewish Community Council (2003-2005), Chairman of the Anti-Defamation Commission (2005-2007), President of Melbourne Jewish Radio and he was Councillor of the City of Glen Eira from 2005-2016 also acting as Deputy Mayor on one occasion. He was also contemporaneously with his Presidency of the Jewish Community Council and Vice President of the Executive Council of Australian Jewry. He was also a member of the then State Zionist Council and the Zionist Federation of Australia. He holds a degree of Bachelor of Laws from the University of Melbourne (1974) and was awarded an Order of Australia (OAM) in 2018.

Special responsibilities: nil

Interest in shares: nil share interest held

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

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

Company Secretary

The company secretary is Marl Ellison. Mark was appointed to the position of secretary on 22 December 2020.

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 these activities during the financial year.

Operating results

The profit of the company for the financial year after provision for income tax was:

Year ended 30 June 2021	Year ended 30 June 2020
\$	\$
53,314	68,873

Caulfield Park Community Financial Services Limited

Directors' Report

Directors' interests

	Fully paid ordinary shares		
	Balance at start of the year	Changes during the year	Balance at end of the year
Gary Arnold Hershan	9,000	-	9,000
Jeffrey Allan Kagan	1,000	-	1,000
Kate Ashmor	-	-	-
Sam Parasol OAM, JP.FRVAHJ	4,000	-	4,000
Philip George Knight	-	-	-
David Keith Clarke	-	-	-
Mark Ellison	-	-	-
Graeme Goldman	-	-	-
Mark Rodney Landis	-	-	-
Shmuel Goldberg	-	-	-
Michael Lipshutz OAM	-	-	-

Dividends

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

	Cents per share	Total amount \$
Final fully franked dividend	10	73,511

Significant changes in the state of affairs

Since January 2020, COVID-19 has developed and spread globally. In response, the Commonwealth and State Government introduced a range of social isolation measures to limit the spread of the virus. Such measures have been revised, as appropriate, based on case numbers and the level of community transmission. Whilst there has been no significant changes on the company's financial performance so far, uncertainty remains on the future impact of COVID-19 to the company's operations.

In the opinion of the directors there were no other significant changes in the state of affairs of the company that occurred during the financial year under review not otherwise disclosed in this report or the financial statements.

Events since the end of the financial year

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

Caulfield Park Community Financial Services Limited

Directors' Report

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 29 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.

Indemnification and insurance of directors and officers

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

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

Directors' meetings

The number of directors' meetings attended by each of the directors of the company during the financial year were:

<i>E - eligible to attend</i> <i>A - number attended</i>	Board Meetings	
	<i>E</i>	<i>A</i>
Gary Arnold Hershan	10	10
Jeffrey Allan Kagan	10	8
Kate Ashmor	10	7
Sam Parasol OAM, JP.FRVAHJ	10	7
Philip George Knight	10	9
David Keith Clarke	10	9
Mark Ellison	6	5
Graeme Goldman	6	6
Mark Landis	2	2
Shmuel Goldberg	3	3
Michael Lipshutz OAM	1	-

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*.

Caulfield Park Community Financial Services Limited

Directors' Report

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 28 to the accounts.

The board of directors 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; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the company, acting as an advocate for the company or jointly sharing risks and rewards.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 7.

Signed in accordance with a resolution of the directors at Caulfield Park, Victoria.



Gary Arnold Hershan , Chair

Dated this 4th day of October 2021

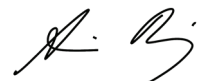
Independent auditor's independence declaration under section 307C of the *Corporations Act 2001* to the Directors of Caulfield Park Community Financial Services Limited

As lead auditor for the audit of Caulfield Park Community Financial Services Limited for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

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



Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 4 October 2021



Adrian Downing
Lead Auditor

Caulfield Park Community Financial Services Limited

Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2021

	Notes	2021 \$	2020 \$
Revenue from contracts with customers	8	1,457,651	1,272,590
Other revenue	9	89,073	128,516
Finance income	10	6,881	9,963
Employee benefit expenses	11d)	(591,704)	(550,960)
Advertising and promotional costs		(26,105)	(44,813)
Occupancy and associated costs		(32,963)	(30,093)
Systems costs		(22,471)	(21,673)
Depreciation and amortisation expense	11a)	(66,928)	(66,210)
Finance costs	11b)	(64,657)	(65,333)
General administration expenses		(92,419)	(89,184)
Profit before charitable donations and sponsorships and income tax expense		656,358	542,803
Charitable donations and sponsorships	11c)	(588,514)	(458,051)
Profit before income tax expense		67,844	84,752
Income tax expense	12a)	(14,530)	(15,879)
Profit after income tax expense		53,314	68,873
Total comprehensive income for the year attributable to the ordinary shareholders of the company:		53,314	68,873
Earnings per share		¢	¢
- Basic and diluted earnings per share:	31a)	7.25	9.37

The accompanying notes form part of these financial statements

Caulfield Park Community Financial Services Limited

Statement of Financial Position

as at 30 June 2021

	Notes	2021 \$	2020 \$
ASSETS			
Current assets			
Cash and cash equivalents	13	654,739	730,487
Trade and other receivables	15a)	122,382	139,943
Current tax assets	19a)	8,741	-
Total current assets		785,862	870,430
Non-current assets			
Investment property	14a)	66,311	87,453
Property, plant and equipment	16a)	71,795	74,567
Right-of-use assets	17a)	549,051	575,244
Intangible assets	18a)	37,813	50,997
Deferred tax asset	19b)	149,295	147,749
Total non-current assets		874,265	936,010
Total assets		1,660,127	1,806,440
LIABILITIES			
Current liabilities			
Trade and other payables	20a)	44,307	135,943
Current tax liabilities	19a)	-	47
Lease liabilities	21a)	42,016	36,386
Employee benefits	23a)	72,477	48,217
Total current liabilities		158,800	220,593
Non-current liabilities			
Trade and other payables	20b)	14,502	29,004
Lease liabilities	21b)	1,135,267	1,177,284
Employee benefits	23b)	4,096	12,030
Provisions	22a)	2,483	2,353
Total non-current liabilities		1,156,348	1,220,671
Total liabilities		1,315,148	1,441,264
Net assets		344,979	365,176
Issued capital	24a)	545,255	545,255
Accumulated losses	25	(200,276)	(180,079)
Total equity		344,979	365,176

The accompanying notes form part of these financial statements

Caulfield Park Community Financial Services Limited

Statement of Changes in Equity

for the year ended 30 June 2021

	Notes	Issued capital \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2019		545,255	(175,441)	369,814
Total comprehensive income for the year		-	68,873	68,873
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	30a)	-	(73,511)	(73,511)
Balance at 30 June 2020		545,255	(180,079)	365,176
Balance at 1 July 2020		545,255	(180,079)	365,176
Total comprehensive income for the year		-	53,314	53,314
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	30a)	-	(73,511)	(73,511)
Balance at 30 June 2021		545,255	(200,276)	344,979

The accompanying notes form part of these financial statements

Caulfield Park Community Financial Services Limited

Statement of Cash Flows

for the year ended 30 June 2021

	Notes	2021 \$	2020 \$
Cash flows from operating activities			
Receipts from customers		1,670,073	1,500,441
Payments to suppliers and employees		(1,533,696)	(1,528,573)
Interest received		9,839	9,963
Lease payments (interest component)	11b)	(64,527)	(65,211)
Lease payments not included in the measurement of lease liabilities	11e)	(8,765)	(7,515)
Income taxes paid		(24,864)	(17,402)
Net cash provided by/(used in) operating activities	26	48,060	(108,297)
Cash flows from investing activities			
Payments for property, plant and equipment		(727)	(8,065)
Payments for intangible assets		(13,184)	(13,184)
Net cash used in investing activities		(13,911)	(21,249)
Cash flows from financing activities			
Lease payments (principal component)		(36,386)	(32,289)
Dividends paid	30a)	(73,511)	(73,511)
Net cash used in financing activities		(109,897)	(105,800)
Net cash decrease in cash held		(75,748)	(235,346)
Cash and cash equivalents at the beginning of the financial year		730,487	965,833
Cash and cash equivalents at the end of the financial year	13	654,739	730,487

The accompanying notes form part of these financial statements

Caulfield Park Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2021

Note 1 Reporting entity

This is the financial report for Caulfield Park Community Financial Services Limited (the company). The company is a for profit entity limited by shares, and incorporated and domiciled in Australia. The registered office and principal place of business is:

Registered Office	Principal Place of Business
193 Balaclava Road Caulfield North VIC 3161	193 Balaclava Road Caulfield North VIC 3161

Further information on the nature of the operations and principal activity of the company is provided in the directors' report. Information on the company's related party relationships is provided in Note 29.

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. The financial report is presented in Australian dollars and all values are rounded to the nearest dollar, unless otherwise stated.

These financial statements for the year ended 30 June 2021 were authorised for issue in accordance with a resolution of the directors on 4 October 2021.

Note 3 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 2020, 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.

Note 4 Summary of significant accounting policies

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

a) Revenue from contracts with customers

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.

Caulfield Park Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2021

Note 4 Summary of significant accounting policies (*continued*)

a) Revenue from contracts with customers (*continued*)

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

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</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 Goods and Services Tax (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 – margin, commission and fee income. Bendigo Bank decides the form of revenue the company earns on different types of products and services.

The revenue earned by the company is dependent on the business that it generates. It may also be affected by other factors, such as economic and local conditions, for example, interest rates.

Margin

Margin is arrived at through the following calculation:

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

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

Commission

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

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

Fee income

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

Core banking products

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

Caulfield Park Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2021

Note 4 Summary of significant accounting policies (*continued*)

a) Revenue from contracts with customers (*continued*)

Ability to change financial return

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

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

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.

b) Other revenue

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</u>	<u>Revenue recognition policy</u>
Rental income	Rental income from investment properties, including property owned and right-of-use assets leased, 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.
Discretionary financial contributions (also "Market Development Fund" or "MDF" income)	MDF income is recognised when the right to receive the payment is established. MDF income is discretionary and provided and receivable at month-end and paid within 14 days after month-end.
Cash flow boost	Cash flow boost income is recognised when the right to the payment is established (e.g. monthly or quarterly in the activity statement).

All revenue is stated net of the amount of Goods and Services Tax (GST).

Discretionary financial contributions

In addition to margin, commission and fee income, and separate from the franchise agreement, Bendigo Bank has also made MDF payments to the company.

The amount has been based on the volume of business attributed to a branch. The purpose of the discretionary payments is to assist with local market development activities, including community sponsorships and grants. It is for the board to decide how to use the MDF.

The payments from Bendigo Bank are discretionary and may change the amount or stop making them at any time. The company retains control over the funds, the funds are not refundable to Bendigo Bank.

Caulfield Park Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2021

Note 4 Summary of significant accounting policies (*continued*)

b) Other revenue (*continued*)

Cash flow boost

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

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

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

c) Economic dependency - Bendigo Bank

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.

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

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

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

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

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

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

Caulfield Park Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2021

Note 4 Summary of significant accounting policies (*continued*)

d) Employee benefits

Short-term 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 wages, salaries and sick leave 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.

Defined superannuation contribution plans

The company contributes to a defined contribution plan. Obligations for superannuation contributions to defined contribution plans are expensed as the related service is provided.

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.

e) Taxes

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income.

Current income 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.

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.

Caulfield Park Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2021

Note 4 Summary of significant accounting policies (*continued*)

e) Taxes (*continued*)

Goods and Services Tax

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.

f) 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.

g) 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.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the company.

Depreciation is calculated to write-off the cost of items of property, plant and equipment less their estimated residual values using straight-line or diminishing value method over their estimated useful lives, and is recognised in profit or loss.

The estimated useful lives of property, plant and equipment for the current and comparative periods are as follows:

<u>Asset class</u>	<u>Method</u>	<u>Useful life</u>
Leasehold improvements	Straight-line	10 to 40 years
Plant and equipment	Straight-line & Diminishing value	3 to 26 years
Furniture, fixtures and fittings	Straight-line & Diminishing value	2 to 13 years

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

h) 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>
Franchise fee	Straight-line	Over the franchise term (5 years)
Franchise renewal process fee	Straight-line	Over the franchise term (5 years)

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

Caulfield Park Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2021

Note 4 Summary of significant accounting policies (*continued*)

i) 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 and other debtors and creditors, lease liabilities, cash and cash equivalents.

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.

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.

j) 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.

Most of 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 2021.

Non-financial assets

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

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

k) Issued capital

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

l) Provisions

Provisions are recognised when the economic entity has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

Caulfield Park Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2021

Note 4 Summary of significant accounting policies (*continued*)

m) Leases

At inception of a contract, the company assesses whether a contract contains or is a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration and obtain substantially all the economic benefits from the use of that asset.

As a lessee

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the company's incremental borrowing rate.

The company determines its incremental borrowing rate by obtaining interest rates from funding sources and where necessary makes certain adjustments to reflect the terms of the lease and type of asset leased.

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

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

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

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

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

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.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Short-term leases and leases of low-value assets

The company has elected not to recognise right-of-use assets and lease liabilities for leases of short-term leases and low-value assets, including IT equipment. The company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

A short-term lease is a lease that, at commencement date, has a lease term of 12 months or less.

As a lessor

When the company acts as a lessor, it determines at lease inception whether each lease is a finance or operating lease.

To classify each lease, the company makes an overall assessment of whether the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the company considers certain indicators such as whether the lease is for the major part of the economic life of the asset. Given the term of the sublease is less than the head lease term, the sublease does not meet the definition of a finance sublease and as such is an operating lease.

Caulfield Park Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2021

Note 4 Summary of significant accounting policies (*continued*)

m) Leases (*continued*)

As a lessor (continued)

During the sublease term the company recognises sublease income in other revenue when earned. Depreciation on the right-of-use asset and interest on the lease liability is recognised under the head lease. The company recognise the sublease portion of the right-of-use asset within investment property. The portion calculated based on the sublease term and size of subleased area as a percentage of the head lease term and area.

Note 5 Significant accounting judgements, estimates, and assumptions

In preparing these financial statements, management has made judgements and estimates that affect the application of the company's accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

a) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

<u>Note</u>	<u>Judgement</u>
- Note 21 - leases:	
a) control	a) whether a contract is or contains a lease at inception by assessing whether the company has the right to direct the use of the identified asset and obtain substantially all the economic benefits from the use of that asset;
b) lease term	b) whether the company is reasonably certain to exercise extension options, termination periods, and purchase options;
c) discount rates	c) judgement is required to determine the discount rate, where the discount rate is the company's incremental borrowing rate if the rate implicit in the lease cannot be readily determined. The incremental borrowing rate is determined with reference to factors specific to the company and underlying asset including the amount, the lease term, economic environment and other relevant factors.
d) sublease classification	d) judgement is required to determine the classification of the sublease as either an operating or a finance sublease.

b) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at 30 June 2021 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

<u>Note</u>	<u>Assumptions</u>
- Note 19 - recognition of deferred tax assets	availability of future taxable profit against which deductible temporary differences and carried-forward tax losses can be utilised;
- Note 16 - estimation of useful lives of assets	key assumptions on historical experience and the condition of the asset;
- Note 23 - long service leave provision	key assumptions on attrition rate and pay increases though promotion and inflation;
- Note 22 - make-good provision	key assumptions on future cost estimates in restoring the leased premises in accordance with the lease agreement;

Caulfield Park Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2021

Note 6 Financial risk management

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

Risk management is carried out directly by the board of directors.

a) 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.

b) 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.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities. The contractual cash flows amounts are gross and undiscounted.

30 June 2021

<u>Non-derivative financial liability</u>	<u>Carrying amount</u>	<u>Contractual cash flows</u>		
		<u>Not later than 12 months</u>	<u>Between 12 months and five years</u>	<u>Greater than five years</u>
Lease liabilities	1,177,283	104,444	455,634	1,122,837
Trade and other payables	58,809	44,307	14,502	-
	<u>1,236,092</u>	<u>148,751</u>	<u>470,136</u>	<u>1,122,837</u>

30 June 2020

<u>Non-derivative financial liability</u>	<u>Carrying amount</u>	<u>Contractual cash flows</u>		
		<u>Not later than 12 months</u>	<u>Between 12 months and five years</u>	<u>Greater than five years</u>
Lease liabilities	1,213,670	100,913	440,227	1,242,689
Trade and other payables	164,947	135,943	29,004	-
	<u>1,378,617</u>	<u>236,856</u>	<u>469,231</u>	<u>1,242,689</u>

Caulfield Park Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2021

Note 6 Financial risk management (continued)

c) Market risk

Market risk is the risk that changes in market prices - e.g. foreign exchange rates, interest rates, and equity prices - will affect the company's income or the value of its holdings in financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The company has no exposure to any transactions denominated in a currency other than Australian dollars.

Price risk

The company is not exposed to equity securities price risk as it does not hold investments for sale or at fair value. The company is not exposed to commodity price risk.

Cash flow and fair value interest rate risk

Interest-bearing assets are held with Bendigo Bank and subject to movements in market interest.

The company held cash and cash equivalents of \$654,739 at 30 June 2021 (2020: \$730,487). The cash and cash equivalents are held with Bendigo Bank, which are rated BBB+ on Standard & Poor's credit ratings.

Note 7 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:

- (a) 20% of the profit or funds of the company otherwise available for distribution to shareholders in that 12 month period; and
- (b) subject to the availability of distributable profits, the relevant rate of return multiplied by the average level of share capital of the 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 year ended 30 June 2021 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 8 Revenue from contracts with customers

	2021 \$	2020 \$
- Margin income	1,323,757	1,142,705
- Fee income	44,055	49,460
- Commission income	89,839	80,425
	<u>1,457,651</u>	<u>1,272,590</u>

Caulfield Park Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2021

Note 9 Other revenue

	2021 \$	2020 \$
- Rental income	54,057	59,583
- Market development fund income	-	10,000
- Cash flow boost	35,016	58,360
- Other income	-	573
	<u>89,073</u>	<u>128,516</u>

Note 10 Finance income

	2021 \$	2020 \$
- Term deposits	<u>6,881</u>	<u>9,963</u>

Note 11 Expenses

a) Depreciation and amortisation expense

	2021 \$	2020 \$
<i>Depreciation of non-current assets:</i>		
- Leasehold improvements	2,567	2,567
- Plant and equipment	2,103	2,070
- Furniture and fittings	1,738	843
	<u>6,408</u>	<u>5,480</u>

Depreciation of right-of-use assets

- Leased land and buildings	<u>47,336</u>	<u>45,842</u>
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Amortisation of intangible assets:

- Franchise fee	2,197	2,482
- Franchise renewal process fee	10,987	12,406
	<u>13,184</u>	<u>14,888</u>

Total depreciation and amortisation expense

<u>66,928</u>	<u>66,210</u>
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b) Finance costs

- Lease interest expense	64,527	65,211
- Unwinding of make-good provision	130	122
	<u>64,657</u>	<u>65,333</u>

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

Caulfield Park Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2021

Note 11 Expenses (continued)

c) Charitable donations and sponsorship

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 and grants).

	2021 \$	2020 \$
- Charitable donations and sponsorship	208,514	193,577
- Contribution to the Community Enterprise Foundation™	380,000	264,474
	<u>588,514</u>	<u>458,051</u>

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

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

d) Employee benefit expenses

	2021 \$	2020 \$
Wages and salaries	518,235	470,216
Contributions to defined contribution plans	47,533	43,523
Expenses related to long service leave	8,878	11,044
Other expenses	17,058	26,177
	<u>591,704</u>	<u>550,960</u>

e) Recognition exemption

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

	2021 \$	2020 \$
Expenses relating to low-value leases	<u>8,765</u>	<u>7,515</u>

Note 12 Income tax expense

a) Amounts recognised in profit or loss

	2021 \$	2020 \$
<i>Current tax expense/(credit)</i>		
- Current tax	16,076	10,667
- Movement in deferred tax	(7,518)	(151,717)
- Adjustment to deferred tax on AASB 16 retrospective application	-	148,404
- Reduction in company tax rate	5,972	8,525
	<u>14,530</u>	<u>15,879</u>

Progressive changes to the company tax rate have been enacted. Consequently, as of 1 July 2021, the company tax rate will be reduced from 26% to 25%. This change resulted in a loss of \$5,972 related to the remeasurement of deferred tax assets and liabilities of the company.

Caulfield Park Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2021

Note 12 Income tax expense (continued)

b) <i>Prima facie</i> income tax reconciliation	2021 \$	2020 \$
Operating profit before taxation	67,844	84,752
Prima facie tax on profit from ordinary activities at 26% (2020: 27.5%)	17,639	23,307
Tax effect of:		
- Non-deductible expenses	21	97
- Temporary differences	7,519	3,313
- Other assessable income	(9,103)	(16,049)
- Movement in deferred tax	(7,518)	(151,717)
- Leases initial recognition	-	148,404
- Adjustment to deferred tax to reflect reduction of tax rate in future periods	5,972	8,524
	<u>14,530</u>	<u>15,879</u>

Note 13 Cash and cash equivalents

	2021 \$	2020 \$
- Cash at bank and on hand	52,420	32,286
- Term deposits	602,319	698,201
	<u>654,739</u>	<u>730,487</u>

Note 14 Investment property

The company subleases some of its property. The company initially measures the head lease in accordance with AASB 16 before separately identifying the sublease portion under AASB 140 Investment Property. The investment property is initially measured at cost under AASB 16 and subsequently measured at cost less accumulated depreciation under AASB 140.

a) Carrying amounts	2021 \$	2020 \$
<i>Investment properties - sub-lease</i>		
At cost	441,267	441,267
Less: accumulated depreciation	(374,956)	(353,814)
Total written down amount	<u>66,311</u>	<u>87,453</u>
b) Reconciliation of carrying amounts		
<i>Investment properties - sub-lease</i>		
Carrying amount at beginning	87,453	-
Initial recognition on transition - at cost	-	427,351
Initial recognition on transition - accumulated depreciation	-	(342,702)
Remeasurement adjustments	861	24,867
Depreciation	(22,003)	(22,063)
Carrying amount at end	<u>66,311</u>	<u>87,453</u>

Caulfield Park Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2021

Note 14 Investment property *(continued)*

c) Maturity analysis

The sublease commenced 1 July 2004. A 5 year renewal was exercised in July 2019. The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

	2021 \$	2020 \$
- Within 12 months	56,784	54,057
- Between one and two years	56,784	56,784
- Between two and three years	56,784	56,784
- Between three and four years	-	56,784
Total undiscounted lease receivable	170,352	224,409

Note 15 Trade and other receivables

a) Current assets

	2021 \$	2020 \$
Trade receivables	115,293	104,158
Prepayments	7,089	11,178
Other receivables and accruals	-	24,607
	122,382	139,943

Note 16 Property, plant and equipment

a) Carrying amounts

	2021 \$	2020 \$
<i>Leasehold improvements</i>		
At cost	62,198	62,198
Less: accumulated depreciation	(25,043)	(22,476)
	37,155	39,722
<i>Plant and equipment</i>		
At cost	85,537	85,537
Less: accumulated depreciation	(65,749)	(63,646)
	19,788	21,891
<i>Furniture and fittings</i>		
At cost	72,357	68,721
Less: accumulated depreciation	(57,505)	(55,767)
	14,852	12,954
Total written down amount	71,795	74,567

Caulfield Park Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2021

Note 16 Property, plant and equipment (*continued*)

b) Reconciliation of carrying amounts	2021	2020
	\$	\$
<i>Leasehold improvements</i>		
Carrying amount at beginning	39,722	42,289
Depreciation	(2,567)	(2,567)
	<u>37,155</u>	<u>39,722</u>
<i>Plant and equipment</i>		
Carrying amount at beginning	21,891	20,996
Additions	-	2,965
Depreciation	(2,103)	(2,070)
	<u>19,788</u>	<u>21,891</u>
<i>Furniture and fittings</i>		
Carrying amount at beginning	12,954	8,697
Additions	3,636	5,100
Depreciation	(1,738)	(843)
	<u>14,852</u>	<u>12,954</u>
Total written down amount	<u>71,795</u>	<u>74,567</u>

c) Changes 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 17 Right-of-use assets

a) Carrying amounts	2021	2020
	\$	\$
<i>Leased land and buildings</i>		
At cost	932,489	932,489
Less: accumulated depreciation	(383,438)	(357,245)
Total written down amount	<u>549,051</u>	<u>575,244</u>
b) Reconciliation of carrying amounts		
<i>Leased land and buildings</i>		
Carrying amount at beginning	575,244	-
Initial recognition on transition	-	903,082
Accumulated depreciation on adoption	-	(322,515)
Remeasurement adjustments	(861)	18,455
Depreciation	(25,332)	(23,778)
Total written down amount	<u>549,051</u>	<u>575,244</u>

Caulfield Park Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2021

Note 18 Intangible assets

a) Carrying amounts	2021 \$	2020 \$
<i>Franchise fee</i>		
At cost	43,917	43,917
Less: accumulated amortisation	(37,645)	(35,448)
	<u>6,272</u>	<u>8,469</u>
<i>Franchise renewal process fee</i>		
At cost	169,577	169,577
Less: accumulated amortisation	(138,036)	(127,049)
	<u>31,541</u>	<u>42,528</u>
Total written down amount	<u>37,813</u>	<u>50,997</u>
b) Reconciliation of carrying amounts		
<i>Franchise fee</i>		
Carrying amount at beginning	8,469	10,950
Amortisation	(2,197)	(2,481)
	<u>6,272</u>	<u>8,469</u>
<i>Franchise renewal process fee</i>		
Carrying amount at beginning	42,528	54,934
Amortisation	(10,987)	(12,406)
	<u>31,541</u>	<u>42,528</u>
Total written down amount	<u>37,813</u>	<u>50,997</u>
c) Changes in estimates		
During the financial year, the company assessed estimates used for intangible assets including useful lives, residual values, and amortisation methods. There were no changes in estimates for the current reporting period.		

Note 19 Tax assets and liabilities

a) Current tax	2021 \$	2020 \$
Income tax payable/(refundable)	<u>(8,741)</u>	<u>47</u>

Caulfield Park Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2021

Note 19 Tax assets and liabilities (continued)

b) Deferred tax	2021	2020
	\$	\$
<i>Deferred tax assets</i>		
- expense accruals	-	780
- employee provisions	19,143	15,664
- make-good provision	621	612
- lease liability	294,321	315,554
Total deferred tax assets	314,085	332,610
<i>Deferred tax liabilities</i>		
- income accruals	-	769
- property, plant and equipment	10,949	11,791
- right-of-use assets	153,841	172,301
Total deferred tax liabilities	164,790	184,861
Net deferred tax assets (liabilities)	149,295	147,749
Movement in deferred tax charged to Statement of Profit or Loss and Other Comprehensive Income	1,546	(5,211)
Movement in deferred tax charged to Statement of Changes in Equity	-	148,404

Note 20 Trade creditors and other payables

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

a) Current liabilities	2021	2020
	\$	\$
Trade creditors	13,402	114,987
Other creditors and accruals	30,905	20,956
	44,307	135,943
b) Non-current liabilities		
Other creditors and accruals	14,502	29,004

Note 21 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 on the adoption date. The discount rate used on recognition was 5.39%.

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 company's lease portfolio includes:

- Caulfield Park branch The lease agreement commenced in June 2004. A 5 year renewal option was exercised in June 2019. The company has 2 x 5 year renewal options available which for AASB 16: Leases purposes they are reasonably certain to exercise. As such, the lease term end date used in the calculation of the lease liability is June 2034.

Caulfield Park Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2021

Note 21 Lease liabilities (continued)

a) Current lease liabilities	2021 \$	2020 \$
Property lease liabilities	104,444	100,913
Unexpired interest	(62,428)	(64,527)
	<u>42,016</u>	<u>36,386</u>
b) Non-current lease liabilities		
Property lease liabilities	1,578,471	1,682,916
Unexpired interest	(443,204)	(505,632)
	<u>1,135,267</u>	<u>1,177,284</u>
c) Reconciliation of lease liabilities		
Balance at the beginning	1,213,670	-
Initial recognition on AASB 16 transition	-	1,202,637
Remeasurement adjustments	-	43,322
Lease interest expense	64,527	65,211
Lease payments - total cash outflow	(100,914)	(97,500)
	<u>1,177,283</u>	<u>1,213,670</u>
d) Maturity analysis		
- Not later than 12 months	104,444	100,913
- Between 12 months and 5 years	455,634	440,227
- Greater than 5 years	1,122,837	1,242,689
Total undiscounted lease payments	<u>1,682,915</u>	<u>1,783,829</u>
Unexpired interest	(505,632)	(570,159)
Present value of lease liabilities	<u>1,177,283</u>	<u>1,213,670</u>

Note 22 Provisions

a) Non-current liabilities	2021 \$	2020 \$
Make-good on leased premises	<u>2,483</u>	<u>2,353</u>

In accordance with the branch lease agreement, the company must restore the leased premises to the original condition before the expiry of the lease term. The company has estimated the provision as at \$5,000 based on experience and consideration of the expected future costs to remove all fittings and the ATM as well as cost to remedy any damages caused during the removal process. The lease is due to expire on 30 June 2034 at which time it is expected the face-value costs to restore the premises will fall due.

Note 23 Employee benefits

a) Current liabilities	2021 \$	2020 \$
Provision for annual leave	35,072	25,241
Provision for long service leave	37,405	22,976
	<u>72,477</u>	<u>48,217</u>

Caulfield Park Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2021

Note 23 Employee benefits (continued)

b) Non-current liabilities	2021 \$	2020 \$
Provision for long service leave	4,096	12,030

c) Key judgement and assumptions

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.

Note 24 Issued capital

a) Issued capital	2021		2020	
	Number	\$	Number	\$
Ordinary shares - fully paid	735,107	735,107	735,107	735,107
Less: return of capital	-	(147,022)	-	(147,022)
Less: equity raising costs	-	(42,830)	-	(42,830)
	735,107	545,255	735,107	545,255

b) 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*.

Caulfield Park Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2021

Note 24 Issued capital (*continued*)

b) Rights attached to issued capital (*continued*)

Prohibited shareholding interest

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

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

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

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

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

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 25 Accumulated losses

	Note	2021 \$	2020 \$
Balance at beginning of reporting period		(180,079)	215,807
Adjustment for transition to AASB 16		-	(391,248)
Net profit after tax from ordinary activities		53,314	68,873
Dividends provided for or paid	30a)	(73,511)	(73,511)
Balance at end of reporting period		<u>(200,276)</u>	<u>(180,079)</u>

Caulfield Park Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2021

Note 26 Reconciliation of cash flows from operating activities

	2021 \$	2020 \$
Net profit after tax from ordinary activities	53,314	68,873
Adjustments for:		
- Depreciation	53,744	51,322
- Amortisation	13,184	14,888
Changes in assets and liabilities:		
- (Increase)/decrease in trade and other receivables	17,563	(39,541)
- (Increase)/decrease in other assets	(10,335)	5,211
- Increase/(decrease) in trade and other payables	(95,865)	(226,891)
- Increase/(decrease) in employee benefits	16,325	24,454
- Increase/(decrease) in provisions	130	122
- Increase/(decrease) in tax liabilities	-	(6,735)
Net cash flows provided by/(used in) operating activities	48,060	(108,297)

Note 27 Financial instruments

The following shows the carrying amounts for all financial instruments at amortised costs. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Note	2021 \$	2020 \$
Financial assets			
Cash and cash equivalents	13	52,420	32,286
Term deposits	13	602,319	698,201
Trade and other receivables	15	115,293	128,765
		770,032	859,252
Financial liabilities			
Trade and other payables	20	58,809	164,947
Lease liabilities	21	1,177,283	1,213,670
		1,236,092	164,947

Note 28 Auditor's remuneration

Amount received or due and receivable by the auditor of the company for the financial year.

	2021 \$	2020 \$
<i>Audit and review services</i>		
- Audit and review of financial statements	5,000	4,800
<i>Non audit services</i>		
- General advisory services	3,470	3,635
- Share registry services	3,183	3,285
Total auditor's remuneration	11,653	11,720

Caulfield Park Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2021

Note 29 Related parties

a) Details of key management personnel

The directors of the company during the financial year were:

Gary Arnold Hershan
 Jeffrey Allan Kagan
 Kate Ashmor
 Sam Parasol OAM, JP.FRVAHJ
 Philip George Knight
 David Keith Clarke
 Mark Ellison
 Graeme Goldman
 Mark Rodney Landis
 Shmuel Goldberg
 Michael Lipshutz OAM

b) Key management personnel compensation

No director of the company receives remuneration for services as a company director or committee member.

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

c) Related party transactions

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

	2021 \$	2020 \$
<i>Transactions with related parties</i>		
- David Clarke is the owner of Snap Printing which provided printing services to the branch.	3,356	3,812

During the financial year the company entered into a sponsorship arrangement with the Glen Eira Council of which Sam Parasol is a Councillor. Sam Parasol receives no personal financial benefit from this arrangement. No payments were made this financial year.

Note 30 Dividends provided for or paid

a) Dividends provided for and paid during the period

The following dividends were provided for and paid to shareholders during the reporting period as presented in the Statement of Changes in Equity and Statement of Cash Flows.

	30 June 2021		30 June 2020	
	Cents	\$	Cents	\$
Fully franked dividend	10.00	73,511	10.00	73,511

The tax rate at which dividends have been franked is 26% (2020: 27.5%).

Caulfield Park Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2021

Note 30 Dividends provided for or paid (continued)

b) Franking account balance	2021 \$	2020 \$
<i>Franking credits available for subsequent reporting periods</i>		
Franking account balance at the beginning of the financial year	95,239	105,720
Franking transactions during the financial year:		
- Franking credits arising from income taxes paid	24,864	11,523
- Franking credits from the payment of income tax following lodgement of annual income tax return	-	5,879
- Franking debits from the payment of franked distributions	(25,828)	(27,883)
Franking account balance at the end of the financial year	94,275	95,239
Franking transactions that will arise subsequent to the financial year end:		
- Franking credits that will arise from payment of income tax	(17,236)	47
Franking credits available for future reporting periods	77,039	95,286
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%.		

Note 31 Earnings per share

a) Basic and diluted earnings per share

The calculation of basic and diluted earnings per share has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding.

	2021 \$	2020 \$
Profit attributable to ordinary shareholders	53,314	68,873
	Number	Number
Weighted-average number of ordinary shares	735,107	735,107
	Cents	Cents
Basic and diluted earnings per share	7.25	9.37

Note 32 Commitments

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

Caulfield Park Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2021

Note 33 Contingencies

<i>Contingent liabilities at reporting date</i>	2021	2020
	\$	\$
Not otherwise provided for or disclosed in the financial statements:		
Contingent liabilities	<u>34,091</u>	<u>-</u>

Contingent liabilities related predominantly to actual or potential claims on the company for which amounts are reasonably estimated but the liability is not probable and therefore the company has not provided for such amount in these financial statements.

Assessing the amount or liabilities that are not probable is highly judgemental. Contingent liabilities are disclosed on the basis of the known maximum exposure.

Note 34 Subsequent events

There have been no significant events occurring after the reporting period which may affect either the company's operations or the results of those operations or the company's state of affairs.

Caulfield Park Community Financial Services Limited

Directors' Declaration

In accordance with a resolution of the directors of Caulfield Park Community Financial Services Limited, we state that:

In the opinion of the directors:

- (a) the financial statements and notes of the company are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and
 - (ii) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



Gary Arnold Hershan , Chair

Dated this 4th day of October 2021

Independent auditor's report to the Directors of Caulfield Park Community Financial Services Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Caulfield Park Community Financial Services Limited's (the company), which comprises:

- Statement of financial position as at 30 June 2021
- 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 Caulfield Park Community Financial Services Limited, 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 2021 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.

Other Information

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

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

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's responsibilities for the Audit of the Financial Report

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

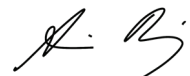
As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

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



Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 4 October 2021



Adrian Downing
Lead Auditor

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