

Annual Report 2022

Caulfield Park Community
Financial Services Limited



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Chairman's Report

For the year ended 30 June 2022

It is with great pleasure that I present to you the 19th Annual Report for the year ended 30 June 2022 for Caulfield Park Community Financial Services Limited (Caulfield Park).

Caulfield Park experienced a challenging year as has everyone in Victoria in getting back to normal after the tight Covid restrictions of the prior two years. 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 headwinds, we have continued to grow our customer base and our business.

At 30 June 2022 we have cumulatively since our establishment in 2004 succeeded in making over \$2.7 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.

Last year we advised that we had established 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 one of our team members take up the role. The Grants and Community Engagement Committee has again put in substantial time and I want to thank the members of that committee for the efforts. We are beginning to see that the increased committee efforts along with Hannah's involvement is helping 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 \$ 285 million up 4.8%, (2021 \$272 million). Our Manager Jignesh Jasani has provided further details on our book and relevant branch statistics in his Report. Revenue exceeded \$1.41 million, down 3.4%, (2021 \$1.46 million) Net Profit before tax and before Sponsorships, Advertising and Promotion was \$426,295, down 35 %, (2021 \$656,358). We consider we have done well in 2022 in a difficult interest rate environment where the RBA cash rates and the margins we were able to achieve were low throughout the year. As we have pointed out in the Directors Report the RBA cash rates have started to increase this year and we have noted that the increases have had a positive impact on our 2023 revenue streams to-date.

In total for the financial year 2022, the company has invested \$ 285,605 (2021 \$ 588,514) back into our community through 64 separate awards (see full list of Community Sponsorships and Grants recipients on page 5).

We have a very experienced, 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, Gary Hershan, David Clarke, Jeff Kagan, Mark Ellison, Mark Landis, Roslyn Gunn and Anne-Marie Cade. Two of our Directors Kate Ashmor (a former Chair) and Philip Knight retired during the year and I would like to thank them both 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 , Hannah Downes, Tiz Thamnegara Rachael Mwangi, Satbir Singh Ahuja, and Krisela Najtelliari . I thank our staff for their dedication and passion. Since year end our Customer Relationship Manager Gurieh Darar , has left us to take up an appointment as the Branch Manager at the Community Bank Highett and we wish him well in his new position. Also, I want to thank Peter Rice our Regional Manager for the contribution he has made to the success of our company. Finally I want to mention our Board Administration Officer Sabina Filippin who retired from her role during the year and we thank her for all the efforts she made to assist the company.

We also want to thank Mr Frank Levy of Sackville Wilks, Solicitors who have acted as our Honorary Solicitors and Mr Joseph Kalb, of Lowe Lippmann Chartered Accountants who have acted as our Honorary Tax Advisers throughout 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.

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 continues 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 for this past year. I regret to advise that I will be retiring from the Board at the conclusion of the Annual General Meeting due to the pressure of my business commitments.

Yours sincerely,

Graeme Goldman

Chairman

Manager's Report

For the year ended 30 June 2022

The 2022 financial year was about getting back to normal after 2 years of disruptions due to Covid. Post covid there was cautious positivity that was evident in the community and was reflected in overall business.

During the year we had growth of \$11.7m across all business classes. Our branch lending and deposit showed strong growth of \$33.5 m in the 2022 financial year. However, there was negative growth in business banking that impacted our overall growth. We also had good performance across other areas of business such as insurance, credit cards and wealth. Our customer numbers increased by 221 giving us net growth of 9.3 % in net new customers over the prior year. Our products per customer increased by 1.8 % to 2.012 products per customer in comparison to the previous year. At end of the year total footing grew to \$285.6m consisting total deposits at \$123m, total lending at \$139.4m and other business at \$23.2m.

We celebrated the promotion of our Customer Relationship Manager Guireh Darar to Branch Manager of the Highett Community Bank and we wish him the very best for his future endeavours. Our staff celebrated some nominations and awards for their hard work and excellent customer service during the year. This year the competition was very tough for the Bayside Region Branch of the Year Award . The award was won by the Elwood Community Bank team now led by another of our former team members, Rajan Kumar . We won the award in 2020 and 2021 but were not successful in making it three times in a row. Our Caulfield Park team was honoured to be recognised as the best sales team in region for all their hard work and efforts in the 2022 year.

Going forward into the 2023 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 with our customers in the rapidly increasing interest rate environment.

Our focus for 2023 financial year will be

- To better connect with our customers to guide them through increased cost of borrowing and cost of living.
- Improving and aligning our internal processes to ensure we are equally focusing on retention and new business as we will be faced by strong competition as interest rates continue to rise.
- Engage more in person with our local community organisations.

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 2023 financial year and sharing success stories.

Best wishes,

Jignesh Jasani

Branch Manager

Community Organisations Awarded Sponsorships and Grants 2021-2022

Access Inc	Le Page Park Cricket Club
Armadale Bowls Club	Liders School Inc
Australian Zionist Youth Council	Maccabi Aquatics Limited
B'nai B'rith Courage To Care	Maccabi Australia Inc
Bentleigh United Cobras Soccer Club	Maccabi Victoria
Beth Weizmann Jewish Community Centre	Melbourne Hellenic Cricket Club
Blake St Hebrew Congregation	Melbourne Jewish Community Charity Fund
B'nai B'rith Jewish Youth Art Competition	Moorabbin Cricket Club
Bonbeach Cricket Club	National Council of Jewish Women Australia (Vic) Ltd
Camp Gan Welfare Inc	New Israel Fund
Carnegie South Cricket Club	OHR Yisrael
Carnegie United Cricket Club	Omega Cricket Club
Caulfield Park Bowls Club	Our Kitchen Table
C Care Inc	Pathways Inc
Chevra Hatzolah Melbourne Inc	Pet Medical Crisis Fund
Council of Christians & Jews Victoria	Russian Cultural and TV
Courage to Care Victoria	South East Cricket Association
Community Security Group	Smile On Seniors Oz Inc
Emmy Monash Aged Care Inc	South Caulfield Hebrew Congregation
Foodfilled	Southern Cricket Bayside
Glen Eira Artists Society	Southside East Caulfield Cricket Club
Glen Eira City Council - Community Bus	SpiritGrow Centre Association Inc
Glenhuntly Athletics	St Andrews Gardiner Cricket Club
Glenhuntly Tennis Club	St Catharine's Anglican Church
Grow Australia	St Kilda Hebrew Congregation Inc
Icon Stars Inc	St Mary's Anglican Church
IMPACT for Women Inc	Stand Up : Jewish Commitment to a Better World Ltd
Jewish Care (Victoria) Inc	Steptember
Jewish Children's Aid Society Inc	Washington Park Cricket Club
Jewish Community Council of Victoria	Wizo Victoria
Jewish Holocaust Centre Foundation	Zionism Victoria
Jewish Russian Community Soup Kitchen Ltd	
Kingston Heath Cricket Club	

Bendigo And Adelaide Bank Report

For the year ended 30 June 2022

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

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

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

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

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

Your ongoing support as a shareholder is essential to the success of your local community. Together, we will continue to grow sustainably an

Warmest regards,

Justine Minne

Bendigo and Adelaide Bank

Caulfield Park Community Financial Services Limited

Directors' report

30 June 2022

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

Directors

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

Name: Graeme Goldman
Title: Chairman
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. Currently Executive Director of Clark Rubber.

Special responsibilities: Member of Grants and Community Engagement Committee.

Name: Jeffrey Allan Kagan
Title: Non-executive director
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) and is a Graduate of the Australian Institute of Company Directors (GAICD). Jeffrey has been involved in community youth and sporting groups in Executive roles for 30 years. Currently a Chief Financial Officer.

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

Name: Samuel Parasol OAM, JP.FRVAHJ
Title: Non-executive director
Experience and expertise: Sam has been owner and company director of a clothing business for over 40 years, and has had extensive involvement in community and sporting organisations for over 50 years. Amongst many roles, Sam is a previous president of Maccabi, was inducted into Maccabi Hall of Fame and has been elevated to Legend. Sam headed the inaugural steering committee that established the company and held the position of Chairman for over 10 years. Sam is presently a Councillor for the City of Glen Eira. He holds a Bachelor of Economics. Fellow - Justice of the Peace.

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

Name: David Keith Clarke
Title: Non-executive director
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.

Name: Mark Ellison
Title: Non-executive director
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 & Risk Committee, Member of Governance, Remuneration & Nomination Committee.

Caulfield Park Community Financial Services Limited

Directors' report

30 June 2022

Name: Gary Arnold Hershman
Title: Non-executive director
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 promoter 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.

Name: Mark Rodney Landis
Title: Non-executive director
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 Commercial Sales Team. He has a bachelor of Economics with majors in Accounting and Economics from Monash University and is married with two children.
Special responsibilities: Member of Grants and Community Engagement Committee.

Name: Roslyn Gunn
Title: Non-executive director (Appointed 18 November 2021)
Experience and expertise: Roslyn is passionate about social justice and has extensive experience in community projects within numerous and diverse organisations and charities. Roslyn has a reputation for being the starting point for projects, creative concepts, end to end project management, data driven performance analysis, and creating strategic partnerships for mutually beneficial outcomes. Roslyn believes that values-based leadership and diversity is key to effectual leadership. Roslyn has experience in Project Management, Operations Policy and Process, Brand Strategy, Strategic Thinking, Communication. Roslyn has her CPA from the Australian Society of Certified Practising Accountants, as well as a Bachelor of Business (Accounting) from Monash University, Caulfield.
Special responsibilities: Member of Grants and Community Engagement Committee.

Name: Anne-Marie Cade
Title: Non-executive directors (Appointed 18 November 2021)
Experience and expertise: Anne-Marie runs a boutique Mediation and Coaching practice. She is a lawyer and a national accredited mediator. She also works as an adjunct lecturer and mentor at the College of Law. She is a Councillor at the City of Glen Eira. Anne-Marie has a Bachelor of Laws (The University of Colombo), Graduate Diploma in Legal Practice (Leo Cussen Centre for Law) and a Master of Laws in Applied Law majoring in Family Dispute Resolution Practice.
Special responsibilities: Member of Governance, Remuneration & Nomination Committee.

Name: Kate Ashmor
Title: Non-executive director (resigned 8 November 2021)
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.

Caulfield Park Community Financial Services Limited

Directors' report

30 June 2022

Name:	Philip George Knight
Title:	Non-executive director (resigned 11 April 2022)
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:	Nil.

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

Company secretary

The Company secretary is Mark Ellison. Mark was appointed to the position of Company 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 this activity during the financial year.

Review of operations

The profit for the company after providing for income tax amounted to \$105,408 (30 June 2021: \$53,314).

Operations have continued to perform in line with expectations.

Dividends

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

	2022
	\$
Fully franked dividend of 10 cents per share (2021: 10 cents)	<u><u>71,362</u></u>

The 10 cent dividend amounts is different this year due to calculating the dividend on a reduced total shareholding amount, as a result of a breach of the 10% prohibited shareholder limit.

Significant changes in the state of affairs

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

Matters subsequent to the end of the financial year

Since the end of the year, the Reserve Bank of Australia (RBA) has increased the cash rate by 1.75 basis points moving from 0.85% at 30 June 2022 to 2.60% as at the date of signing these accounts. The increase in the cash rate has a direct impact on the revenue received by the company on its products (deposits and loans) offered to its customers. The company has noted a material increase in the revenue streams for the first couple of months July – August 2022.

Likely developments

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

Environmental regulation

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

Meetings of directors

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

Caulfield Park Community Financial Services Limited
Directors' report
30 June 2022

	Board Eligible	Attended
Graeme Goldman	10	10
Jeff Kagan	10	10
Sam Parasol	10	7
David Clarke	10	9
Mark Ellison	10	10
Gary Hershan	10	10
Mark Landis	10	7
Roslyn Gunn	6	6
Anne Marie Cade	6	4
Kate Ashmor	4	3
Philip Knight	9	9

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 26 to the financial statements. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the company's accounts, or the fixed salary of a full-time employee of the company, controlled entity or related body corporate.

Directors' interests

The interest in company shareholdings for each director are:

	Balance at the start of the year	Changes	Balance at the end of the year
Graeme Goldman	-	-	-
Jeffrey Allan Kagan	1,000	2,000	3,000
Samuel Parasol OAM	4,000	10,000	14,000
David Keith Clarke	-	2,000	2,000
Mark Ellison	-	8,000	8,000
Gary Arnold Hershan	9,000	-	9,000
Mark Rodney Landis	-	4,000	4,000
Roslyn Gunn	-	-	-
Anne-Marie Cade	-	-	-
Kate Ashmor	-	-	-
Philip George Knight	-	-	-

Indemnity and insurance of directors and officers

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

Disclosure of the nature of the liability and the amount of the premium is prohibited by the confidentiality clause of the contract of insurance.

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
30 June 2022

Indemnity and insurance of auditor

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

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

Non-audit services

The company may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the company are important. Details of the amounts paid or payable to the auditor (Andrew Frewin Stewart) for audit and non-audit services provided during the year are set out in note 27 to the accounts.

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

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

Auditor's independence declaration

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

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

On behalf of the directors



Graeme Goldman
Chairman

7 October 2022



Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550

afs@afsbendigo.com.au
03 5443 0344

Independent auditor's independence declaration under section 307C of the *Corporations Act 2001* to the Directors of 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 2022, I declare that, to the best of my knowledge and belief, there have been:

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 7 October 2022

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 2022

	Note	2022	2021
		\$	\$
Revenue from contracts with customers	6	1,408,391	1,457,651
Other revenue	7	59,031	89,073
Finance revenue		1,628	6,881
Employee benefits expense	8	(693,142)	(591,704)
Advertising and marketing costs		(67,655)	(26,105)
Occupancy and associated costs		(33,579)	(32,963)
System costs		(25,339)	(22,471)
Depreciation and amortisation expense	8	(68,114)	(66,928)
Finance costs	8	(62,565)	(64,657)
General administration expenses		(92,361)	(92,419)
Profit before community contributions and income tax expense		426,295	656,358
Charitable donations and sponsorships expense		(285,605)	(588,514)
Profit before income tax expense		140,690	67,844
Income tax expense	9	(35,282)	(14,530)
Profit after income tax expense for the year	21	105,408	53,314
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		105,408	53,314
		Cents	Cents
Basic earnings per share	29	14.34	7.25
Diluted earnings per share	29	14.34	7.25

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

Caulfield Park Community Financial Services Limited
Statement of financial position
As at 30 June 2022

	Note	2022 \$	2021 \$
Assets			
Current assets			
Cash and cash equivalents	10	754,960	654,739
Trade and other receivables	11	125,169	122,382
Current tax assets	9	-	8,741
Total current assets		<u>880,129</u>	<u>785,862</u>
Non-current assets			
Investment properties	14	44,247	66,311
Property, plant and equipment	12	65,151	71,795
Right-of-use assets	13	523,778	549,051
Intangibles	15	24,629	37,813
Deferred tax assets	9	154,752	149,295
Total non-current assets		<u>812,557</u>	<u>874,265</u>
Total assets		<u>1,692,686</u>	<u>1,660,127</u>
Liabilities			
Current liabilities			
Trade and other payables	16	57,794	44,307
Lease liabilities	17	48,394	42,016
Current tax liabilities	9	30,468	-
Employee benefits	18	77,095	72,477
Total current liabilities		<u>213,751</u>	<u>158,800</u>
Non-current liabilities			
Trade and other payables	16	-	14,502
Lease liabilities	17	1,087,167	1,135,267
Employee benefits	18	10,122	4,096
Provisions	19	2,621	2,483
Total non-current liabilities		<u>1,099,910</u>	<u>1,156,348</u>
Total liabilities		<u>1,313,661</u>	<u>1,315,148</u>
Net assets		<u>379,025</u>	<u>344,979</u>
Equity			
Issued capital	20	545,255	545,255
Accumulated losses	21	(166,230)	(200,276)
Total equity		<u>379,025</u>	<u>344,979</u>

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

Caulfield Park Community Financial Services Limited
Statement of changes in equity
For the year ended 30 June 2022

	Note	Issued capital \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2020		545,255	(180,079)	365,176
Profit after income tax expense		-	53,314	53,314
<i>Transactions with owners in their capacity as owners:</i>				
Dividends provided for	23	-	(73,511)	(73,511)
Balance at 30 June 2021		<u>545,255</u>	<u>(200,276)</u>	<u>344,979</u>
Balance at 1 July 2021		545,255	(200,276)	344,979
Profit after income tax expense		-	105,408	105,408
<i>Transactions with owners in their capacity as owners:</i>				
Dividends provided for	23	-	(71,362)	(71,362)
Balance at 30 June 2022		<u>545,255</u>	<u>(166,230)</u>	<u>379,025</u>

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

Caulfield Park Community Financial Services Limited
Statement of cash flows
For the year ended 30 June 2022

	Note	2022 \$	2021 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		1,595,746	1,670,073
Payments to suppliers and employees (inclusive of GST)		<u>(1,303,043)</u>	<u>(1,542,460)</u>
		292,703	127,613
Interest received		1,628	9,839
Income taxes paid		<u>(1,530)</u>	<u>(24,864)</u>
Net cash provided by operating activities	28	<u>292,801</u>	<u>112,588</u>
Cash flows from investing activities			
Payments for property, plant and equipment		(3,884)	(727)
Payments for intangibles		<u>(13,184)</u>	<u>(13,184)</u>
Net cash used in investing activities		<u>(17,068)</u>	<u>(13,911)</u>
Cash flows from financing activities			
Dividends paid	23	(71,362)	(73,511)
Repayment of lease liabilities	17	<u>(104,150)</u>	<u>(100,914)</u>
Net cash used in financing activities		<u>(175,512)</u>	<u>(174,425)</u>
Net increase/(decrease) in cash and cash equivalents		100,221	(75,748)
Cash and cash equivalents at the beginning of the financial year		<u>654,739</u>	<u>730,487</u>
Cash and cash equivalents at the end of the financial year	10	<u><u>754,960</u></u>	<u><u>654,739</u></u>

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

Caulfield Park Community Financial Services Limited

Notes to the financial statements

30 June 2022

Note 1. Reporting entity

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

The company is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is 193 Balaclava Road, Caulfield North VIC 3161.

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 7 October 2022. The directors have the power to amend and reissue the financial statements.

Note 2. Basis of preparation and statement of compliance

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

Note 3. Significant accounting policies

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

Changes in accounting policies, standards and interpretations

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

Current and non-current classification

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

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

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

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

Impairment

Non-derivative financial assets

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

Caulfield Park Community Financial Services Limited
Notes to the financial statements
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Note 3. Significant accounting policies (continued)

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

Non-financial assets

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

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

Goods and Services Tax (GST)

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

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

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

Note 4. Critical accounting judgements, estimates and assumptions

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

Coronavirus (COVID-19) pandemic

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

Estimation of useful lives of assets

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

Caulfield Park Community Financial Services Limited
Notes to the financial statements
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Note 4. Critical accounting judgements, estimates and assumptions (continued)

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

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

Recovery of deferred tax assets

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

Lease term

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

Incremental borrowing rate

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

Employee benefits provision

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

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

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

Lease make good provision

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

Note 5. Economic dependency

The company 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.

Caulfield Park Community Financial Services Limited
Notes to the financial statements
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Note 5. Economic dependency (continued)

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

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

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

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

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

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

Note 6. Revenue from contracts with customers

	2022	2021
	\$	\$
Margin income	1,260,198	1,323,757
Fee income	52,637	44,055
Commission income	95,556	89,839
	<u>1,408,391</u>	<u>1,457,651</u>

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.

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:

Caulfield Park Community Financial Services Limited
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Note 6. Revenue from contracts with customers (continued)

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

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

Revenue calculation

The franchise agreement provides that three forms of revenue may be earned by the company which are margin, commission and fee income. Bendigo Bank decides the form of revenue the company earns on different types of products and services. The revenue earned by the company is dependent on the business that it generates. 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 Bendigo Bank to fund a loan.

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

Commission

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

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

Fee income

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

Core banking products

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

Ability to change financial return

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

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

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.

Caulfield Park Community Financial Services Limited
Notes to the financial statements
30 June 2022

Note 7. Other revenue

	2022	2021
	\$	\$
Cash flow boost	-	35,016
Rental income	59,031	54,057
	<hr/>	<hr/>
Other revenue	<u>59,031</u>	<u>89,073</u>

Accounting policy for other revenue recognition

The company recognises other revenue as follows:

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

Revenue stream

Cash flow boost

Rental income

Revenue recognition policy

Cash flow boost income is recognised when the right to the payment is established (e.g. monthly or quarterly in the activity statement).

Rental income from right-of-use assets subleased, 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.

All revenue is stated net of the amount of GST.

Cash flow boost

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

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

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

Caulfield Park Community Financial Services Limited
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Note 8. Expenses

Depreciation and amortisation expense

	2022	2021
	\$	\$
<i>Depreciation of non-current assets</i>		
Leasehold improvements	3,591	2,567
Plant and equipment	1,965	2,103
Furniture and fittings	2,060	1,738
	<u>7,616</u>	<u>6,408</u>
<i>Depreciation of right-of-use assets</i>		
Leased land and buildings	25,250	25,333
Investment property	22,064	22,003
	<u>47,314</u>	<u>47,336</u>
<i>Amortisation of intangible assets</i>		
Franchise fee	2,198	2,197
Franchise renewal fee	10,986	10,987
	<u>13,184</u>	<u>13,184</u>
	<u>68,114</u>	<u>66,928</u>

Finance costs

	2022	2021
	\$	\$
Lease interest expense	62,426	64,527
Unwinding of make-good provision	139	130
	<u>62,565</u>	<u>64,657</u>

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

Employee benefits expense

	2022	2021
	\$	\$
Wages and salaries	605,177	518,235
Superannuation contributions	60,386	47,533
Expenses related to long service leave	2,119	8,878
Other expenses	25,460	17,058
	<u>693,142</u>	<u>591,704</u>

Leases recognition exemption

	2022	2021
	\$	\$
Expenses relating to low-value leases	<u>8,542</u>	<u>8,765</u>

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

Caulfield Park Community Financial Services Limited
Notes to the financial statements
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Note 8. Expenses (continued)

Charitable donations, sponsorships and grants

	2022	2021
	\$	\$
Direct donation, sponsorship and grant payments	215,605	208,514
Contribution to the Community Enterprise Foundation™	70,000	380,000
	<u>285,605</u>	<u>588,514</u>

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

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.

Note 9. Income tax

	2022	2021
	\$	\$
<i>Income tax expense</i>		
Current tax	40,738	16,076
Movement in deferred tax	(5,456)	(7,518)
Reduction in company tax rate	-	5,972
	<u>35,282</u>	<u>14,530</u>
<i>Aggregate income tax expense</i>		
<i>Prima facie income tax reconciliation</i>		
Profit before income tax expense	140,690	67,844
Tax at the statutory tax rate of 25% (2021: 26%)	35,173	17,639
Tax effect of:		
Non-deductible expenses	109	22
Reduction in company tax rate	-	5,972
Other assessable income	-	(9,103)
	<u>35,282</u>	<u>14,530</u>
Income tax expense		
	<u>35,282</u>	<u>14,530</u>
	2022	2021
	\$	\$
<i>Deferred tax assets/(liabilities)</i>		
Employee benefits	21,804	19,143
Provision for lease make good	655	621
Lease liabilities	283,891	294,321
Right-of-use assets	(142,007)	(153,841)
Property, plant and equipment	(9,591)	(10,949)
	<u>154,752</u>	<u>149,295</u>
Deferred tax asset		

Caulfield Park Community Financial Services Limited
Notes to the financial statements
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Note 9. Income tax (continued)

	2022	2021
	\$	\$
Income tax refund due	-	8,741
	<u> </u>	<u> </u>
	2022	2021
	\$	\$
Provision for income tax	30,468	-
	<u> </u>	<u> </u>

Accounting policy for income tax

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

Accounting policy for current tax

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

Accounting policy for deferred tax

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

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

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

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

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

Note 10. Cash and cash equivalents

	2022	2021
	\$	\$
Cash at bank and on hand	151,013	52,420
Term deposits	603,947	602,319
	<u> </u>	<u> </u>
	<u>754,960</u>	<u>654,739</u>

Accounting policy for cash and cash equivalents

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

Caulfield Park Community Financial Services Limited
Notes to the financial statements
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Note 11. Trade and other receivables

	2022	2021
	\$	\$
Trade receivables	117,268	115,293
Prepayments	7,901	7,089
	<u>125,169</u>	<u>122,382</u>

Accounting policy for trade and other receivables

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

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

Note 12. Property, plant and equipment

	2022	2021
	\$	\$
Leasehold improvements - at cost	62,198	62,198
Less: Accumulated depreciation	<u>(28,634)</u>	<u>(25,043)</u>
	33,564	37,155
Plant and equipment - at cost	85,537	85,537
Less: Accumulated depreciation	<u>(67,714)</u>	<u>(65,749)</u>
	17,823	19,788
Furniture and fittings - at cost	73,334	72,357
Less: Accumulated depreciation	<u>(59,570)</u>	<u>(57,505)</u>
	13,764	14,852
	<u>65,151</u>	<u>71,795</u>

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

	Leasehold improvements \$	Plant and equipment \$	Furniture and fittings \$	Total \$
Balance at 1 July 2020	39,722	21,891	12,954	74,567
Additions	-	-	3,636	3,636
Depreciation	<u>(2,567)</u>	<u>(2,103)</u>	<u>(1,738)</u>	<u>(6,408)</u>
Balance at 30 June 2021	37,155	19,788	14,852	71,795
Additions	-	-	972	972
Depreciation	<u>(3,591)</u>	<u>(1,965)</u>	<u>(2,060)</u>	<u>(7,616)</u>
Balance at 30 June 2022	<u>33,564</u>	<u>17,823</u>	<u>13,764</u>	<u>65,151</u>

Accounting policy for property, plant and equipment

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

Caulfield Park Community Financial Services Limited
Notes to the financial statements
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Note 12. Property, plant and equipment (continued)

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

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

Leasehold improvements	10 to 30 years
Plant and equipment	3 to 26 years
Furniture, fixtures and fittings	2 to 13 years

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

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

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

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.

The company's review of estimates resulted in changes in the useful life of some of Caulfield Park branch leasehold improvements. The useful life had previously been assessed as 40 years until June 2044. This is now expected to be 30 years until June 2034. The effect of these changes on actual and expected depreciation expense was as follows:

	2022 \$	2023 \$	2024 \$	2025 \$	2026+ \$
(Decrease) increase in depreciation expense	1,023	1,023	1,023	1,023	(4,092)

Note 13. Right-of-use assets

	2022 \$	2021 \$
Land and buildings - right-of-use	932,489	932,489
Less: Accumulated depreciation	(408,711)	(383,438)
	<u>523,778</u>	<u>549,051</u>

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

	Land and buildings \$	Total \$
Balance at 1 July 2020	575,244	575,244
Remeasurement adjustments	(861)	(861)
Depreciation expense	(25,332)	(25,332)
Balance at 30 June 2021	549,051	549,051
Remeasurement adjustments	(23)	(23)
Depreciation expense	(25,250)	(25,250)
Balance at 30 June 2022	<u>523,778</u>	<u>523,778</u>

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Note 13. Right-of-use assets (continued)

Accounting policy for right-of-use assets

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

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

Refer to note 17 for more information on lease arrangements.

Note 14. Investment properties

	2022	2021
	\$	\$
Investment property - at cost	441,267	441,267
Less: Accumulated depreciation	(397,020)	(374,956)
	<u>44,247</u>	<u>66,311</u>

Reconciliation

Reconciliation of the beginning and end of the current and previous financial year are set out below:

Opening amount	66,311	87,453
Remeasurement adjustments	-	861
Depreciation expense	(22,064)	(22,003)
Closing amount	<u>44,247</u>	<u>66,311</u>

Maturity analysis

	2022	2021
	\$	\$
<i>Minimum lease commitments receivable but not recognised in the financial statements:</i>		
1 year or less	56,784	56,784
Between 1 and 2 years	56,784	56,784
Between 2 and 3 years	-	56,784
	<u>113,568</u>	<u>170,352</u>

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

Accounting policy for investment properties - sublease

The company subleases some of its property. The company initially measures the head lease in accordance with the accounting policies in note 17 'Lease liabilities' and note 13 'Right-of-use assets' before separately identifying the sublease portion under AASB 140: *Investment property*. The investment property is initially measured at cost under AASB 16: *leases* and subsequently measured at cost less accumulated depreciation under AASB 140: *investment properties*. The separately identifiable portion is calculated based on the sublease term and size of subleased area as a percentage of the head lease term and area.

Accounting policy for subleases

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

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Notes to the financial statements
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Note 14. Investment properties (continued)

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.

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.

Note 15. Intangibles

	2022	2021
	\$	\$
Franchise fee	43,917	43,917
Less: Accumulated amortisation	<u>(39,843)</u>	<u>(37,645)</u>
	4,074	6,272
Franchise renewal fee	169,577	169,577
Less: Accumulated amortisation	<u>(149,022)</u>	<u>(138,036)</u>
	20,555	31,541
	<u><u>24,629</u></u>	<u><u>37,813</u></u>

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

	Franchise fee	Franchise renewal fee	Total
	\$	\$	\$
Balance at 1 July 2020	8,469	42,528	50,997
Amortisation expense	<u>(2,197)</u>	<u>(10,987)</u>	<u>(13,184)</u>
Balance at 30 June 2021	6,272	31,541	37,813
Amortisation expense	<u>(2,198)</u>	<u>(10,986)</u>	<u>(13,184)</u>
Balance at 30 June 2022	<u><u>4,074</u></u>	<u><u>20,555</u></u>	<u><u>24,629</u></u>

Accounting policy for intangible assets

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

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

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

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

<u>Asset class</u>	<u>Method</u>	<u>Useful life</u>	<u>Expiry/renewal date</u>
Franchise fee	Straight-line	Over the franchise term (5 years)	June 2024
Franchise renewal fee	Straight-line	Over the franchise term (5 years)	June 2024

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
30 June 2022

Note 15. Intangibles (continued)

Change in estimates

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

Note 16. Trade and other payables

	2022	2021
	\$	\$
<i>Current liabilities</i>		
Trade payables	2,040	13,402
Other payables and accruals	55,754	30,905
	<u>57,794</u>	<u>44,307</u>
<i>Non-current liabilities</i>		
Other payables and accruals	-	14,502
	<u>-</u>	<u>14,502</u>

Accounting policy for trade and other payables

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

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

Note 17. Lease liabilities

	2022	2021
	\$	\$
<i>Current liabilities</i>		
Land and buildings lease liabilities	108,393	104,444
Unexpired interest	(59,999)	(62,428)
	<u>48,394</u>	<u>42,016</u>
<i>Non-current liabilities</i>		
Land and buildings lease liabilities	1,470,373	1,578,471
Unexpired interest	(383,206)	(443,204)
	<u>1,087,167</u>	<u>1,135,267</u>

Reconciliation of lease liabilities

	2022	2021
	\$	\$
Opening balance	1,177,283	1,213,670
Remeasurement adjustments	2	-
Lease interest expense	62,426	64,527
Lease payments - total cash outflow	(104,150)	(100,914)
	<u>1,135,561</u>	<u>1,177,283</u>

Caulfield Park Community Financial Services Limited
Notes to the financial statements
30 June 2022

Note 17. Lease liabilities (continued)

Maturity analysis

	2022	2021
	\$	\$
Not later than 12 months	108,393	104,444
Between 12 months and 5 years	471,583	455,634
Greater than 5 years	998,790	1,122,837
	<u>1,578,766</u>	<u>1,682,915</u>

Accounting policy for lease liabilities

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

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

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

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

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

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

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

The company's lease portfolio includes:

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 option 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. The discount rate used in calculations is 5.39%.
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Caulfield Park Community Financial Services Limited
Notes to the financial statements
30 June 2022

Note 18. Employee benefits

	2022 \$	2021 \$
<i>Current liabilities</i>		
Annual leave	45,980	35,072
Long service leave	31,115	37,405
	<u>77,095</u>	<u>72,477</u>
<i>Non-current liabilities</i>		
Long service leave	<u>10,122</u>	<u>4,096</u>

Accounting policy for employee benefits

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

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

Superannuation contributions

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

Short-term employee benefits

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

Other long-term employee benefits

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

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

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

Note 19. Provisions

	2022 \$	2021 \$
Lease make good	<u>2,621</u>	<u>2,483</u>

Lease make good

In accordance with the branch lease agreement, the company must restore the leased premises to the original condition before the expiry of the lease term. The company has estimated the provision to be at \$5,000 for the Caulfield Park Branch lease, 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.

Caulfield Park Community Financial Services Limited
Notes to the financial statements
30 June 2022

Note 19. Provisions (continued)

Accounting policy for provisions

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

Note 20. Issued capital

	2022 Shares	2021 Shares	2022 \$	2021 \$
Ordinary shares - fully paid	735,107	735,107	735,107	735,107
Less: Equity raising costs	-	-	(42,830)	(42,830)
Less: Return of capital	-	-	(147,022)	(147,022)
	<u>735,107</u>	<u>735,107</u>	<u>545,255</u>	<u>545,255</u>

Accounting policy for issued capital

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

Rights attached to issued capital

Ordinary shares

Voting rights

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

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

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

Dividends

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

Transfer

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

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

Prohibited shareholding interest

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

Caulfield Park Community Financial Services Limited
Notes to the financial statements
30 June 2022

Note 20. Issued capital (continued)

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 21. Accumulated losses

	2022	2021
	\$	\$
Accumulated losses at the beginning of the financial year	(200,276)	(180,079)
Profit after income tax expense for the year	105,408	53,314
Dividends paid (note 23)	<u>(71,362)</u>	<u>(73,511)</u>
Accumulated losses at the end of the financial year	<u><u>(166,230)</u></u>	<u><u>(200,276)</u></u>

Note 22. Capital management

The Board's policy is to maintain a strong capital base so as to sustain future development of the company. The Board monitor the return on capital and the level of distributions to shareholders. Capital is represented by total equity as recorded in the statement of financial position.

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

The distribution limit is the greater of:

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

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

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

Caulfield Park Community Financial Services Limited
Notes to the financial statements
30 June 2022

Note 23. Dividends

Dividends provided for and paid during the period

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

	2022 \$	2021 \$
Fully franked dividend of 10 cents per share (2021: 10 cents)	<u>71,362</u>	<u>73,511</u>

The 10 cent dividend amounts is different this year due to calculating the dividend on a reduced total shareholding amount, as a result of a breach of the 10% prohibited shareholder limit.

Franking credits

	2022 \$	2021 \$
Franking account balance at the beginning of the financial year	94,275	95,239
Franking credits (debits) arising from income taxes paid (refunded)	1,530	24,864
Franking debits from the payment of franked distributions	<u>(23,790)</u>	<u>(25,828)</u>
	<u>72,015</u>	<u>94,275</u>
<i>Franking transactions that will arise subsequent to the financial year end:</i>		
Balance at the end of the financial year	72,015	94,275
Franking credits (debits) that will arise from payment (refund) of income tax	30,468	(17,236)
Franking credits available for future reporting periods	<u>102,483</u>	<u>77,039</u>

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

Accounting policy for dividends

Dividends are recognised in the financial year they are declared.

Note 24. Financial instruments

	2022 \$	2021 \$
Financial assets		
Trade and other receivables	117,268	115,293
Cash and cash equivalents	<u>754,960</u>	<u>654,739</u>
	<u>872,228</u>	<u>770,032</u>
Financial liabilities		
Trade and other payables	57,794	58,809
Lease liabilities	<u>1,135,561</u>	<u>1,177,283</u>
	<u>1,193,355</u>	<u>1,236,092</u>

Accounting policy for financial instruments

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

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.

Caulfield Park Community Financial Services Limited
Notes to the financial statements
30 June 2022

Note 24. Financial instruments (continued)

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

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

Financial risk management

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

Cash flow and fair value interest rate risk

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

The company held cash and cash equivalents of \$754,960 at 30 June 2022 (2021: \$654,739). The cash and cash equivalents are held with Bendigo Bank, which are rated BBB+ on Standard & Poor's credit ratings.

Credit risk

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

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

Liquidity risk

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

Exposure to liquidity risk

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

	1 year or less \$	Between 1 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
2022				
Non-derivatives				
Trade and other payables	57,794	-	-	57,794
Lease liabilities	108,393	471,583	998,790	1,578,766
Total non-derivatives	166,187	471,583	998,790	1,636,560
	1 year or less \$	Between 1 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
2021				
Non-derivatives				
Trade and other payables	44,307	14,502	-	58,809
Lease liabilities	104,444	455,634	1,122,837	1,682,915
Total non-derivatives	148,751	470,136	1,122,837	1,741,724

Caulfield Park Community Financial Services Limited
Notes to the financial statements
30 June 2022

Note 25. Key management personnel disclosures

The following persons were directors of Caulfield Park Community Financial Services Limited during the financial year:

Graeme Goldman	Mark Rodney Landis
Jeffrey Allan Kagan	Roslyn Gunn
Samuel Parasol OAM	Anne-Marie Cade
David Keith Clarke	Kate Ashmor
Mark Ellison	Philip George Knight
Gary Arnold Hershan	

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.

Note 26. Related party transactions

The following transactions occurred with related parties:

	2022	2021
	\$	\$
David Clarke is the owner of Snap Printing which provided printing services to the branch.	-	3,356

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

Note 27. Remuneration of auditors

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

	2022	2021
	\$	\$
<i>Audit services</i>		
Audit or review of the financial statements	5,200	5,000
<i>Other services</i>		
General advisory services	2,750	3,470
Share registry services	3,600	3,183
	<u>6,350</u>	<u>6,653</u>
	<u>11,550</u>	<u>11,653</u>

Caulfield Park Community Financial Services Limited
Notes to the financial statements
30 June 2022

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

	2022	2021
	\$	\$
Profit after income tax expense for the year	105,408	53,314
Adjustments for:		
Depreciation and amortisation	68,114	66,928
Lease liabilities interest	62,426	64,527
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(2,787)	17,563
Decrease in income tax refund due	8,741	-
Increase in deferred tax assets	(5,457)	(10,335)
Increase/(decrease) in trade and other payables	15,106	(95,865)
Increase in provision for income tax	30,468	-
Increase in employee benefits	10,644	16,326
Increase in other provisions	138	130
Net cash provided by operating activities	<u>292,801</u>	<u>112,588</u>

Note 29. Earnings per share

	2022	2021
	\$	\$
Profit after income tax	<u>105,408</u>	<u>53,314</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>735,107</u>	<u>735,107</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>735,107</u>	<u>735,107</u>
	Cents	Cents
Basic earnings per share	14.34	7.25
Diluted earnings per share	14.34	7.25

Accounting policy for earnings per share

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

Note 30. Commitments

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

Note 31. Contingencies

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

Caulfield Park Community Financial Services Limited
Notes to the financial statements
30 June 2022

Note 32. Events after the reporting period

Since the end of the year, the Reserve Bank of Australia (RBA) has increased the cash rate by 1.75 basis points moving from 0.85% at 30 June 2022 to 2.60% as at the date of signing these accounts. The increase in the cash rate has a direct impact on the revenue received by the company on its products (deposits and loans) offered to its customers. The company has noted a material increase in the revenue streams for the first couple of months July – August 2022.

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

Caulfield Park Community Financial Services Limited
Directors' declaration
30 June 2022

In the directors' opinion:

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

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

On behalf of the directors



Graeme Goldman
Chairman

7 October 2022



Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550

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03 5443 0344

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 (the company), which comprises:

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

In our opinion, the accompanying financial report of 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 2022 and of its financial performance for the year ended on that date; and
- ii. complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

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

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

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



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Other Information

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

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

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's responsibilities for the Audit of the Financial Report

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



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

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

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 7 October 2022

Adrian Downing
Lead Auditor

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 **Bendigo Bank**