City West Community Financial Services Limited

ABN 34 134 051 219

Annual Report

30 June 2023

Community Bank Darling Square

Figure 1 (above): We support the Sydney Lunar New Year Dragon Boat Festival 2023.

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Figure 2: We support Impact 100 Sydney. 2022 finalists: left to right: Community Support Services, The Reconnect Project (major grant recipient), Plate it Forward, Liverpool Neighbourhood Connections.

Acknowledgement of Country

The Company acknowledges the Gadigal and Wangal People of the Eora Nation who are the Traditional Custodians of the land in which we operate.

We pay respect to the Elders, past, present and emerging, and extend that respect to other Aboriginal people.

Figure 3: Welcome to Country: Neon Playground by Chinatown 2022, Sydney Lunar New Year Dragon Boat Festival 2023.

Chairman's Report

Financial Year 2023 overview

Our ambition is to be the '#1 Community Bank' in Australia and deliver it with a touch of fun!

In financial year 2023, we are pleased to report success, including record highs for revenue, profit, and dividends.

This is possible because of pro-active steps to increase scale, and margin improvements helped by the Reserve Bank's run of interest rate increases, twelve since April 2022.

Our observation is that everyone banks, and who they bank with matters. We will take this proposition to individuals, organisations, strata schemes, professionals, and businesses in the City of Sydney and beyond.

Financial results for FY2023

a. The **banking book** grew a considerable 53% year-on-year (compared with 40% last year), and **underlying revenue** grew 160% year-on-year from the larger book and increased margins from RBA interest hikes.

b. **EBITDAC** (Earnings Before Interest, Tax, Depreciation, Amortisation and Contributions was $1,713k in FY2023 reflecting a 287% increase on the prior year. EBITDAC is an indication of our capability to invest in growth and provide dividends to shareholders.

Table 1: Profit before income tax and EBITDAC comparisons

COMPARING RESULTS: FY2023 VS FY2022	FY2023 $ 000	FY2022 $ 000
PROFIT BEFORE INCOME TAX	**1,196**	**212**
Add: AASB16 Accounting for leases (change in FY2020)	-	-
PROFIT BEFORE INCOME TAX (adjusted)	**1,196**	**212**
Compared with Prior Corresponding Period	563%	147%
Add: Finance cost	70	41
Add: Depreciation and amortisation expense	142	143
Add: Community Contributions	200	46
EBITDAC	**1,614**	**443**
Add: One-time non-cash costs and adjustments	99	-
UNDERLYING EBITDAC	**1,713**	**443**
Compared with Prior Corresponding Period	387%	133%

c. **Dividends.** In line with extraordinary returns, the board has announced a total dividend pay-out of a fully franked 21 cents per share (or equivalent to 28 cents per share unfranked). A significant increase compared with last year's unfranked 5.25 cents per share.

The pay-out is made up of a fully franked 10 cents per share ordinary dividend, and a one-off fully franked 11 cents per share special dividend.

Looking ahead

In retail banking, competition for market share continues intensely, interest rates rises are likely to back-track along with it and impact product margins. From a business point of view, less favourable market conditions are not an ideal position.

Having said this, achieving scale is fundamental for long term business success, and we will continue our resolve to actively pursue and invest in growth.

Our partner **Bendigo Bank's** brand remains strong. It continues to be one of Australia's most trusted banks and our **Darling Square Community Bank** branch continues to be a leader in customer experience.

Our appetite for growth continues and as we see opportunities to grow, we are confident that our focus on customer experience and customer outcomes will continue to win over new customers and referral partners.

Acknowledgements

Our Customers. Thank you for banking with us.

Our team are committed to customer outcomes and focussed on providing best-in-class customer experience.

Our Banking Team are our ambassadors where, each day the goal is to serve and delight!

Customers have rated our team of *'banker-baristas'* a **4.6-star Google rating**, an enviable result for a bank.

We are also pleased to report that **Kelly** was recognised as the **#1 mortgage lender in Australia** across the Bendigo Bank network.

Congratulations to **Nataly**, **Andy, Leon, Parul, Kelly** and **Daniel** for their contributions to a successful year.

Board members and advisors. My fellow directors and board advisors bring deep skills and significant experience to help steer the business. They are - wonderful ambassadors for the community bank. The board believes that community engagement is a key driver for long term growth, and we plan to continue to improve these capabilities as the business grows. **Thank You** for your service.

Lendlease-DSQ Community Bank Fund. We are especially pleased to collaborate with Lendlease. The fund's goal is to champion and promote residents, community groups and enterprises as well as events and projects near and dear to the community. It's heart-warming knowing that we have a partner who have in their DNA a commitment to connect communities.

Special thanks to **Amanda Collins**, **Scott Sullivan**, and **Neil Arckless** for your assistance in getting us to Darling Square and the belief that significant benefits can be delivered well into the future.

Our Shareholders. Our founding shareholders had the foresight to sow the seeds while the current team continue to nurture it.

I do hope you share, as I do, the satisfaction of watching the orchard grow and bear fruit.

Kind Regards,

Raymond Tai
Chairman

Figure 4: Our branch in Darling Square.

Branch Manager's Report

Through our combined efforts of the banking team and assistance from the Board, we had a very successful year for the Community Bank Darling Square. Overall, in the Financial Year 22/23, our solid results were supported by a significant growth of our book size.

I would like to take this opportunity to say thank you to our Chairman, Raymond Tai, and all our Board members for their continuous support. They are an important part of our growth story as they contribute a lot of their personal time and efforts to seek new partnerships and identify new opportunities.

Our Highlights

Our branch achieved a few milestones in this period.

- A Google star rating of 4.6
- Number 1 lender in the national network
- Banker baristas ready to delight you
- Growing our professional skills
- Extending our community engagement
- Developing new business relationships

Branch Team

Our great branch team are eager to help you. Let us welcome you next time you visit us.

Nataly Lozano– Customer service leader

Andy Lee- Customer service

Kelly Mak – Lending leader

Leon Ho– Lending and customer service

Parul Raina- Customer service

Daniel Ye – Branch leader

I would also like to acknowledge the support provided by Bendigo Bank Corporate towards our day-to-day operations and guidance.

Most importantly, a big thank you to all our shareholders. Thank you for your continuous long-term support of the business and of our community. Our team will continue to work together with the Board, to keep on growing the business and contribute even more towards the community.

A referral to our team is the one of the highest compliments you can give. As part of our community, you can help us help others to say 'We bank with the Community Bank Darling Square'.

Figure 5: Our branch in Darling Square.

Danie Ye
Branch Manager

Community Partnerships

Community engagement

We view the community around us as community organisations, businesses, projects, events, or ideas that benefit the community.

Our community connections include those of geographic location, digital connection, interest group and shared purpose and vision.

CWCFSL engages as a partner, and where we are able, make connections and introductions, cross promote, volunteer time and provide funding for ideas and initiatives.

Community Partnership (since 2010)

Anzac Day Service at Union Square
ArtSHINE (art exhibitions at the branch)
ATF International Sports & Fitness Festival
Bendigo Run (running group)
Bluefins Dragon Boat Team
Bright* (Entrepreneurship Facilitation)
Captain Bagrat Media (TV show pilot)
CASS Care Limited
Carols in Union Square
Carols in Quarry Green
Children's Tumour Foundation
Chinese Youth League
Christmas in Pyrmont
Dai Hong Martial Arts Academy
Destructive Steps Dance Association
Dragon Boats NSW
Drought Relief appeal
EduVision
Foodbank NSW (breakfast for schools)
Friends of Pyrmont
Fusion Culture Group
Haymarket Chamber of Commerce
Haymarket Alliance
Heart Dancers
Hong Kong Australia Business Association
Impact100 Sydney
International Grammar School (Ultimo)
KU Children's Services (Pyrmont)
Lendlease-Darling Sq Community Bank Fund
Maybanke Recreation Centre
MoodActive (exercising to lift your mood)
Mustard Marauders Dragon Boat Team
Mustard Seed Live Nativity (Ultimo)
Museum of Chinese in Australia (MOCA)
NAIDOC events in Ultimo
Neon Playground (Haymarket event)
PUG Men's Shed (Pyrmont-Ultimo-Glebe)
Pacific Dragons' Dragon Boat and Outrigger Club
Pyrmont Cares
Pyrmont Christmas Children's Group
Pyrmont Community Centre
Pyrmont Community Garden
Pyrmont Community Monthly Lunch
Pyrmont History Group
Pyrmont Monopoly project
Pyrmont Ultimo Chamber of Commerce
Pyrmont Ultimo Landcare
Pyrmont Wine & Food Festival
Rough Edges (Darlinghurst)
Rural Aid appeal
Spanish Community Care Association
St George Sutherland Medical Research Foundation
St James Catholic Primary School (Glebe)
Soul of Chinatown
StartSomeGood (ThinkActChange talks)
Stepping Stone House
Sydney CBD Football Club
Sydney Heritage Fleet
Sydney Lunar New Year Dragon Boat Races
Sydney Secondary College (Glebe)
Sydney Flames Basketball Team
Sydney Uni Football Club
Ultimo Community Centre
Ultimo Community Garden
Ultimo Public School
Ultimo Public School Fun Run
Ultimo Japanese School
United Nations Association of Australia (NSW)
Uniting Harris Community Centre
Uptown Crickets
West Boomers Baseball Club (juniors)

We encourage you to subscribe and refer others to build better, stronger, engaged, and resilient communities.

Our website: sydneycommunityhub.com.au

Instagram: @sydneycommunityhub

Figure 6: Clockwise from top: St George and Sutherland Hospitals Annual Medical Research Symposium; Move8 VR Walk-a-Hunt; Fusion Culture Group; Community Dragons at World Pride Paddle; Mustard Marauders; Christmas in Pyrmont.

Figure 7: Clockwise from top: We support the UNAA (NSW) UN Day Honour Award with Kamahl, Sydney Lunar New Year Dragon Boat Festival, Community Carols Union Square Pyrmont at St Bede Church 2022, Christmas in Pyrmont 2022, Live Nativity by Mustard Seed Church.

Dividends

Dividends to Shareholders

Financial Year	Amount per share	Franking level
2022- 2023	$0.10 Ordinary Dividend $0.11 Special Dividend	Fully franked Fully franked
2021- 2022	$0.0525	Unfranked
2020 - 2021	$0.0500	Unfranked
2019 - 2020	Nil	N/A

Figure 8: Our support of the Children's Tumour Foundation includes assistance with a NF Clinical Nurse Coordinator at the Children's Hospital Westmead, Sydney for children and families impacted by Neurofibromatosis (NF).

Community Bank Report 2023

BEN Message

August 2023

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

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

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

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

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

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

Warmest regards,

Justine Minne
Bendigo and Adelaide Bank

Environmental, Social and Governance (ESG) and Sustainability Statement 2023

We operate within the Bendigo Community Bank model that is now in its 25th year.

Trading as the Community Bank Darling Square, City West Community Financial Services Limited (CWCFSL) commenced business on 8 December 2009 to provide banking services and support our local communities. Its connection to community continues to remain core to its purpose. We know that communities thrive when local businesses and enterprises flourish.

FOCUS AREAS

Ensure that we are living true to our social licence to operate and ensuring we are continuing to be a responsible and ethical business.

ENVIRONMENT	SOCIAL	GOVERNANCE
Understanding and reducing environmental impacts and improving nature and biodiversity related outcomes throughout our value chain.	Identifying and managing issues and opportunities on a range of social topics impacting and shaping customers, communities, and our people.	Being a responsible and ethical business by ensuring high standards of corporate governance.

OUTCOMES

ENVIRONMENT	SOCIAL	GOVERNANCE
The CWCFS' staff and Board regularly review its commitment to reducing the company's environmental impact.	Our people, our trusted brand and our authentic connection to community are enviable strengths and our competitive advantage.	Our Risk Management Plan includes commitment to delivering on sustainability and the core areas of ESG are regularly reviewed at a Board level.

IMPACTS

ENVIRONMENT	SOCIAL	GOVERNANCE
The company strives to drive action towards a resilient and sustainable future to grow the prosperity of customers, communities, shareholders, and our people.	Since commencing operations, the company has significantly grown its many social investments and partnerships in support of local communities as a core component of its social objectives.	The Board continues to build on our ESG framework, its Risk Management Plan, and its deliverables on sustainability and the core areas of ESG.

City West Community Financial Services Limited

ABN 34 134 051 219

Financial Report – 30 June 2023

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

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

Name:	Raymond Li Jin Tai
Title:	Non-executive director
Experience and expertise:	Raymond has been involved in executive roles in not for profit community organisations for over two decades. He is a shareholder in the company and is passionate about making lasting and positive contributions to society. Raymond is a water sports enthusiast and an advocate for a water sports centre in Bank Street that can provide access to our bays and Sydney Harbour for paddlers and local residents. Professionally he has held roles as an investment manager, a financial consultant and a deal maker in the IT industry across Asia Pacific. Raymond's qualifications include: Bachelor of Economics, CPA, MAICD.
Special responsibilities:	Chair, Marketing Chair, HR and Community Funding

Name:	Vinh Van Lam
Title:	Non-executive director
Experience and expertise:	Vinh is an entrepreneur with direct, real world experience across industries including Retail, Tourism & Hospitality, Manufacturing, and Financial Services. Vinh has hands on experience running multiple business enterprises, and an extensive track record in retail management and sales & marketing management, having worked with companies including Grace Bros. Limited, Myers, Airport Fine Foods, Pine Timberland Home, BankWest, and St.George Bank. As a Business Coach Vinh specialises in working with Art & Design businesses, and all creative professionals helping them build and grow their businesses. Delivering a full service business planning and coaching service that includes networking, digital marketing, social media management, performance analysis, performance management, retail sales, and sales management. Vinh is a versatile retail and management professional with twenty years industry experience, and a proven track record of continuous achievement across various sectors. Vinh has extensive experience in the development of new businesses from concept. This includes training, coaching and developing new staff, creating new processes & procedures, and motivating a new team to consistently exceed targets. Vinh has a proven record of change management, turnaround, review, and restructure of established businesses. This includes direct experience inspiring the rapid increase of sales, and the improvement of staff morale, productivity, and sales over budget.
Special responsibilities:	Community Funding Committee Chair

Name:	Ashley Leander Limbury
Title:	Non-executive director
Experience and expertise:	Ashley is an experienced mediator and tribunal member primarily involved with workplace, family law, discrimination and commercial matters. Ashley also has retail tenancy and franchising mediation expertise and experience in Human Resources and staff management. His qualifications include: M.B.A., (University of Technology Sydney). B.Ec. (Soc,Sci) (Hons.), (Sydney University).
Special responsibilities:	Secretary, HR, Deputy Chair

Name:	Raymond Chung Jil Seeto
Title:	Non-executive director
Experience and expertise:	Ray is a Accountant specialising in R&D and EMDG advice to SME's and a mortgage broker. Ray's career has been varied and broad across a wide range of industries and companies in Australia and China having Finance Director roles for Avon China and Danone China. He has opened new markets as an entrepreneur and regional director in China and Australia/New Zealand for medical device and renewable energy companies. Ray holds a Bachelor of Business and is an associate member of the CPA and MFAA. Ray is a keen photographer and videographer and is constantly learning to improve his craft. He is a passionate runner, cyclist and is training for his first triathlon.
Special responsibilities:	Treasurer, Finance and Audit Committee Chair, Community Funding, Secretary

Name:	Matthew James Phelps
Title:	Non-executive director (Bendigo Bank nominee)
Experience and expertise:	Bachelor of International Business, Bachelor of Business (Financial Planning), CFP Financial Planning and Services.
Special responsibilities:	Nil

Name:	Luke James Goldsworthy
Title:	Non-executive director
Experience and expertise:	With a history of executive, operational and managerial roles across several retailers like Woolworths, David Jones and Target, Luke is a senior leadership figure dedicated to guiding diverse teams to ongoing success through education, learning and collaboration. He has spent over 20 years learning all about the worlds of retail, marketing, operations, buying and procurement and e-commerce. He now spends his time educating others on the development and implementation of online business and marketing strategies. Luke is engaged with the world of digital, especially in the digital transformation of business and industry. Luke works with clients directing their companies and their Boards in the fascinating digital world and its interactions with the current philosophies of retail and trade.
Special responsibilities:	Marketing

Name:	Kim Loan Hann
Title:	Non-executive director
Experience and expertise:	A passionate business leader who is committed and accomplished in delivering outcomes and value across Customer Experience management, Marketing and Sales technologies. A pragmatic CX and digital practitioner working at the intersection of customer data and real time interactions delivering omni-channel connected customer experiences. Kim has held executive roles across a number of organisations ranging from Digital marketing, Customer Experience and Transformation Consulting agencies, working with global leading brands.
Special responsibilities:	Marketing

Company secretary
The company secretary is Ashley Leander Limbury. Ashley was appointed as the company secretary on 2 March 2022.

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 $870,347 (30 June 2022: $156,772).

In June 2022 the company made a strategic investment by acquiring the revenue rights associated with the Balmain/Rozelle Financial Services Ltd. Increasing the company's business size to $373m as at 30 June 2023 (2022: $244m), a 53% increase from the previous financial year. This acquisition along with the increased interest rates detailed below, has significantly contributed to the growth in our company's revenue.

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

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

	2023 $
Unfranked dividend of 5.25 cents per share (2022: 5 cents)	52,317

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

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

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

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

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

	Board	
	Eligible	Attended
Raymond Li Jin Tai	11	11
Vinh Van Lam	11	8
Ashley Leander Limbury	11	11
Raymond Chung Jil Seeto	11	11
Matthew James Phelps	11	6
Luke James Goldsworthy	11	4
Kim Loan Hann	11	10

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.

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
Raymond Li Jin Tai	15,000	-	15,000
Vinh Van Lam	500	-	500
Ashley Leander Limbury	6,501	-	6,501
Raymond Chung Jil Seeto	-	-	-
Matthew James Phelps	-	-	-
Luke James Goldsworthy	-	-	-
Kim Loan Hann	-	-	-

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*.

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 26 to the accounts.

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

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

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

City West Community Financial Services Limited
Directors' report
30 June 2023

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

Raymond Li Jin Tai
Chair

19 September 2023

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

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

As lead auditor for the audit of City West Community Financial Services Limited for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been:

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 19 September 2023

Joshua Griffin
Lead Auditor

City West Community Financial Services Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2023

	Note	2023 $	2022 $
Revenue from contracts with customers	6	2,628,489	1,010,535
Other revenue		11,476	5,575
Finance revenue		837	305
Gross trading loss		-	(10,392)
Total revenue		2,640,802	1,006,023
Employee benefits expense	7	(694,678)	(428,882)
Advertising and marketing costs		(35,685)	(7,798)
Occupancy and associated costs		(32,441)	(8,345)
System costs		(28,601)	(28,617)
Depreciation and amortisation expense	7	(142,170)	(142,498)
Impairment of intangible assets	7	(98,621)	-
Finance costs	7	(69,999)	(40,889)
General administration expenses		(142,375)	(91,006)
Total expenses before community contributions and income tax		(1,244,570)	(748,035)
Profit before community contributions and income tax expense		1,396,232	257,988
Charitable donations, sponsorships and grants expense		(200,030)	(45,647)
Profit before income tax expense		1,196,202	212,341
Income tax expense	8	(325,855)	(55,569)
Profit after income tax expense for the year	20	870,347	156,772
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		870,347	156,772
		Cents	**Cents**
Basic earnings per share	28	87.34	15.73
Diluted earnings per share	28	87.34	15.73

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

City West Community Financial Services Limited
Statement of financial position
As at 30 June 2023

	Note	2023 $	2022 $
Assets			
Current assets			
Cash and cash equivalents	9	497,958	354,590
Trade and other receivables	10	237,483	103,608
Total current assets		735,441	458,198
Non-current assets			
Property, plant and equipment	11	314,063	358,960
Right-of-use assets	12	510,205	590,764
Intangible assets	13	958,465	1,070,154
Deferred tax assets	8	22,573	137,769
Total non-current assets		1,805,306	2,157,647
Total assets		2,540,747	2,615,845
Liabilities			
Current liabilities			
Trade and other payables	14	96,053	269,439
Borrowings	15	-	155,936
Lease liabilities	16	92,127	74,073
Current tax liabilities	8	135,658	-
Employee benefits	17	43,954	49,554
Total current liabilities		367,792	549,002
Non-current liabilities			
Trade and other payables	14	6,194	21,050
Borrowings	15	106,073	714,064
Lease liabilities	16	673,667	765,816
Employee benefits	17	3,076	1,052
Lease make good provision	18	33,016	31,962
Total non-current liabilities		822,026	1,533,944
Total liabilities		1,189,818	2,082,946
Net assets		1,350,929	532,899
Equity			
Issued capital	19	961,485	961,485
Retained earnings/(accumulated losses)	20	389,444	(428,586)
Total equity		1,350,929	532,899

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

City West Community Financial Services Limited
Statement of changes in equity
For the year ended 30 June 2023

	Note	Issued capital $	Retained earnings $	Total equity $
Balance at 1 July 2021		961,485	(535,532)	425,953
Profit after income tax expense		-	156,772	156,772
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	156,772	156,772
Transactions with owners in their capacity as owners:				
Dividends provided for	22	-	(49,826)	(49,826)
Balance at 30 June 2022		961,485	(428,586)	532,899

	Note	Issued capital $	Retained earnings $	Total equity $
Balance at 1 July 2022		961,485	(428,586)	532,899
Profit after income tax expense		-	870,347	870,347
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	870,347	870,347
Transactions with owners in their capacity as owners:				
Dividends provided for	22	-	(52,317)	(52,317)
Balance at 30 June 2023		961,485	389,444	1,350,929

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

City West Community Financial Services Limited
Statement of cash flows
For the year ended 30 June 2023

	Note	2023 $	2022 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		2,771,707	1,093,439
Payments to suppliers and employees (inclusive of GST)		(1,577,737)	(716,177)
Interest received		837	305
Interest and other finance costs paid		(42,746)	(11,369)
Income taxes paid		(75,001)	-
Net cash provided by operating activities	27	1,077,060	366,198
Cash flows from investing activities			
Payment for domiciled customer accounts		-	(835,349)
Payments for property, plant and equipment		(3,646)	-
Payments for intangible assets		(13,508)	(13,508)
Net cash used in investing activities		(17,154)	(848,857)
Cash flows from financing activities			
Proceeds from borrowings		-	870,000
Repayment of lease liabilities	16	(100,294)	(91,529)
Dividends paid	22	(52,317)	(49,826)
Repayment of borrowings	15	(763,927)	(249,851)
Net cash provided by/(used in) financing activities		(916,538)	478,794
Net increase/(decrease) in cash and cash equivalents		143,368	(3,865)
Cash and cash equivalents at the beginning of the financial year		354,590	358,455
Cash and cash equivalents at the end of the financial year	9	497,958	354,590

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

Note 1. Reporting entity

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

The company is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is Shop NE12, 11 Little Pier Street, Haymarket NSW 2000.

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

Note 2. Basis of preparation and statement of compliance

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 19 September 2023. The directors have the power to amend and reissue the financial statements.

Note 3. Significant accounting policies

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

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

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

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

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

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

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

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

Note 3. Significant accounting policies (continued)

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

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

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

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

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

Note 4. Critical accounting judgements, estimates and assumptions

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

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

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

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

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

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 December 2024.

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.

Note 5. Economic dependency (continued)

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

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

Note 6. Revenue from contracts with customers

	2023 $	2022 $
Margin income	2,390,778	845,169
Fee income	68,318	42,208
Commission income	169,393	123,158
	2,628,489	1,010,535

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:

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

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

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

Note 6. Revenue from contracts with customers (continued)

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

	Interest paid by customers on loans less interest paid to customers on deposits
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 income
Commission income is in the form of commission generated for products and services sold. This commission is recognised at a point in time which reflects when the company has fulfilled its performance obligation.

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

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

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.

Note 7. Expenses

Employee benefits expense

	2023 $	2022 $
Wages and salaries	524,875	332,062
Superannuation contributions	58,044	35,895
Expenses related to long service leave	3,792	398
Other expenses	107,967	60,527
	694,678	428,882

Note 7. Expenses (continued)

Leases recognition exemption

	2023 $	2022 $
Expenses relating to low-value leases	10,559	12,812

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

Depreciation and amortisation expense

	2023 $	2022 $
Depreciation of non-current assets		
Leasehold improvements	41,734	41,565
Plant and equipment	6,809	7,338
	48,543	48,903
Depreciation of right-of-use assets		
Leased land and buildings	80,559	80,523
Amortisation of intangible assets		
Franchise fee	2,178	2,179
Franchise renewal fee	10,890	10,893
	13,068	13,072
	142,170	142,498

Impairment expense

	2023 $	2022 $
Domiciled customer accounts	98,621	-

The company recognises an intangible asset being the income stream from the domiciled customer accounts from Balmain/Rozelle Financial Services Limited in 2022. The asset was originally recognised at cost for $1,038,186.

The company assesses impairment at each reporting date by evaluating the conditions and events specific to the company that may be indicative of impairment triggers. This includes an assessment of the reduction in balances of the purchased footings and the level of income they produce by 9.5%. The percentage movement is applied to recognise impairment for the period ended 30 June 2023.

Finance costs

	2023 $	2022 $
Bank loan interest paid or accrued	42,746	11,369
Lease interest expense	26,199	28,500
Unwinding of make-good provision	1,054	1,020
	69,999	40,889

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

Note 8. Income tax

	2023 $	2022 $
Income tax expense		
Current tax	210,658	-
Movement in deferred tax	(19,117)	(27,419)
Recoupment of prior year tax losses	134,314	82,988
Aggregate income tax expense	325,855	55,569
Prima facie income tax reconciliation		
Profit before income tax expense	1,196,202	212,341
Tax at the statutory tax rate of 25%	299,051	53,085
Tax effect of:		
Non-deductible expenses	26,804	2,484
Income tax expense	325,855	55,569

	2023 $	2022 $
Deferred tax assets/(liabilities)		
Tax losses	-	134,314
Property, plant and equipment	(52,392)	(62,899)
Employee benefits	11,813	12,708
Leases	(9,000)	(18,000)
Provision for lease make good	8,254	7,991
Accrued expenses	-	1,374
Lease liabilities	191,449	209,972
Right-of-use assets	(127,551)	(147,691)
Deferred tax asset	22,573	137,769

	2023 $	2022 $
Provision for income tax	135,658	-

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

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

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

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

Note 8. Income tax (continued)

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 9. Cash and cash equivalents

	2023 $	2022 $
Cash at bank and on hand	468,927	325,559
Term deposits	29,031	29,031
	497,958	354,590

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

Note 10. Trade and other receivables

	2023 $	2022 $
Trade receivables	230,482	98,229
Prepayments	7,001	5,379
	237,483	103,608

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 11. Property, plant and equipment

	2023 $	2022 $
Leasehold improvements - at cost	415,627	415,627
Less: Accumulated depreciation	(147,875)	(106,141)
	267,752	309,486
Plant and equipment - at cost	75,252	71,606
Less: Accumulated depreciation	(28,941)	(22,132)
	46,311	49,474
	314,063	358,960

Note 11. Property, plant and equipment (continued)

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

	Leasehold improvements $	Plant and equipment $	Total $
Balance at 1 July 2021	351,051	56,812	407,863
Depreciation	(41,565)	(7,338)	(48,903)
Balance at 30 June 2022	309,486	49,474	358,960
Additions	-	3,646	3,646
Depreciation	(41,734)	(6,809)	(48,543)
Balance at 30 June 2023	267,752	46,311	314,063

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

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

Depreciation is calculated on a 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 years
Plant and equipment	2.5 to 40 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. There were no changes in estimates for the current reporting period.

Note 12. Right-of-use assets

	2023 $	**2022 $**
Land and buildings - right-of-use	790,342	790,342
Less: Accumulated depreciation	(280,137)	(199,578)
	510,205	590,764

Note 12. Right-of-use assets (continued)

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

	Land and buildings $
Balance at 1 July 2021	670,161
Remeasurement adjustments	1,126
Depreciation expense	(80,523)
Balance at 30 June 2022	590,764
Depreciation expense	(80,559)
Balance at 30 June 2023	510,205

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 16 for more information on lease arrangements.

Note 13. Intangible assets

	2023 $	2022 $
Domiciled customer accounts	1,038,186	1,038,186
Less: Impairment	(98,621)	-
	939,565	1,038,186
Franchise fee	32,233	32,233
Less: Accumulated amortisation	(29,083)	(26,905)
	3,150	5,328
Franchise renewal fee	111,163	111,163
Less: Accumulated amortisation	(95,413)	(84,523)
	15,750	26,640
	958,465	1,070,154

Note 13. Intangible assets (continued)

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

	Domiciled customer accounts $	Franchise fee $	Franchise renewal fee $	Total $
Balance at 1 July 2021	-	7,507	37,533	45,040
Additions	1,038,186	-	-	1,038,186
Amortisation and impairment expense	-	(2,179)	(10,893)	(13,072)
Balance at 30 June 2022	1,038,186	5,328	26,640	1,070,154
Impairment expense	(98,621)	-	-	(98,621)
Amortisation expense	-	(2,178)	(10,890)	(13,068)
Balance at 30 June 2023	939,565	3,150	15,750	958,465

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.

Domiciled customer accounts acquired are recognised at cost at the date of acquisition and are assessed as having indefinite useful life. They are tested for impairment at each reporting period and whenever impairment indicators are present. The indefinite useful life is also reassessed annually. Refer to note 7 Impairment expense.

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

Asset class	Method	Useful life	Expiry/renewal date
Franchise fee	Straight-line	Over the franchise term (5 years)	December 2024
Franchise renewal fee	Straight-line	Over the franchise term (5 years)	December 2024
Domiciled customer accounts	Assessed for impairment	Finite	N/A

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

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

Additions
During the previous finanical year the company acquired Balmain/Rozelle Financial Services Limited's rights in relation to the income stream from its branch footings, including loans, deposits and other revenue generating business. The purchase price was $1,038,186.

Note 14. Trade and other payables

	2023 $	2022 $
Current liabilities		
Trade payables	-	686
Other payables and accruals	96,053	268,753
	96,053	269,439
Non-current liabilities		
Other payables and accruals	6,194	21,050

Other payable and accruals
At the end of the previous financial year there was $202,837 outstanding for the purchase of the Balmain/Rozelle Financial Service Ltd revenue stream. This amount was paid in July 2022.

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 15. Borrowings

	2023 $	2022 $
Current liabilities		
Bank loans	-	155,936
Non-current liabilities		
Bank loans	106,073	714,064

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

	2023 $	2022 $
Total facilities		
Bank loans	870,000	870,000
Used at the reporting date		
Bank loans	106,073	870,000
Unused at the reporting date		
Bank loans	763,927	-

Bank loans
Bank loans are repayable monthly with the final instalment due on 16 June 2027. Interest is recognised at rate of 8.36% (2022: 5.35%). The loans are secured by a fixed and floating charge over the company's assets.

During the previous financial year a loan was taken out to support the purchase of Balmain/Rozelle FSL's Footings. This was significantly paid down in the period.

Note 15. Borrowings (continued)

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

Note 16. Lease liabilities

	2023 $	2022 $
Current liabilities		
Land and buildings lease liabilities	115,735	100,272
Unexpired interest	(23,608)	(26,199)
	92,127	74,073
Non-current liabilities		
Land and buildings lease liabilities	736,839	852,596
Unexpired interest	(63,172)	(86,780)
	673,667	765,816

Reconciliation of lease liabilities

	2023 $	2022 $
Opening balance	839,889	901,793
Remeasurement adjustments	-	1,125
Lease interest expense	26,199	28,500
Lease payments - total cash outflow	(100,294)	(91,529)
	765,794	839,889

Maturity analysis

	2023 $	2022 $
Not later than 12 months	115,735	100,272
Between 12 months and 5 years	538,423	511,555
Greater than 5 years	198,416	341,041
	852,574	952,868

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 lease payments that depend on a 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 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.

Note 16. Lease liabilities (continued)

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

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

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

The company's lease portfolio includes:

Lease	Discount rate	Non-cancellable term	Renewal options available	Reasonably certain to exercise options	Lease term end date used in calculations
Darling Square branch	3.25%	5 years	1 x 5 years	Yes	October 2029

Note 17. Employee benefits

	2023 $	2022 $
Current liabilities		
Annual leave	39,607	33,683
Long service leave	4,347	15,871
	43,954	49,554
Non-current liabilities		
Long service leave	3,076	1,052

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.

Note 17. Employee benefits (continued)

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 18. Lease make good provision

	2023 $	2022 $
Lease make good provision	33,016	31,962

Lease make good provision
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 $40,550 for the Darling Square Branch lease, based on experience and consideration of the expected future costs to remove all fittings as well as the cost to remedy any damages caused during the removal process. The lease is due to expire on October 2029 at which time it is expected the face-value costs to restore the premises will fall due.

Accounting policy for provisions
Provisions are recognised when the company has a present (legal or constructive) obligation as a result of a past event, it is probable the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. 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. The 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 19. Issued capital

	2023 Shares	2022 Shares	2023 $	2022 $
Ordinary shares - fully paid	996,511	996,511	996,511	996,511
Less: Equity raising costs	-	-	(35,026)	(35,026)
	996,511	996,511	961,485	961,485

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.

Note 19. Issued capital (continued)

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

Dividends

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

Transfer

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

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

Prohibited shareholding interest

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

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

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").
- Where the person is a shareholder, after the transfer of shares in the company to that person the number of shareholders in the company is (or would be) lower than the base number (the "base number test"). The base number is 218. As at the date of this report, the company had 239 shareholders (2022: 238 shareholders).

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 their associates) has a prohibited shareholding interest in are suspended

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

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

Note 20. Retained earnings/(accumulated losses)

	2023 $	2022 $
Accumulated losses at the beginning of the financial year	(428,586)	(535,532)
Profit after income tax expense for the year	870,347	156,772
Dividends paid (note 22)	(52,317)	(49,826)
Retained earnings/(accumulated losses) at the end of the financial year	389,444	(428,586)

Note 21. Capital management

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

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

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

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

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

Note 22. Dividends

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

	2023 $	2022 $
Unfranked dividend of 5.25 cents per share (2022: 5 cents)	52,317	49,826

Franking credits

	2023 $	2022 $
Franking credits (debits) arising from income taxes paid (refunded)	75,000	-
Franking debits from the payment of franked distributions	(17,439)	-
	57,561	-
Franking transactions that will arise subsequent to the financial year end:		
Balance at the end of the financial year	57,561	-
Franking credits (debits) that will arise from payment (refund) of income tax	135,658	-
Franking credits available for future reporting periods	193,219	-

Note 22. Dividends (continued)

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 23. Financial instruments

	2023 $	2022 $
Financial assets		
Trade and other receivables	230,482	98,229
Cash and cash equivalents	497,958	354,590
	728,440	452,819
Financial liabilities		
Trade and other payables	102,247	290,489
Lease liabilities	765,794	839,889
Bank loans	106,073	870,000
	974,114	2,000,378

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

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

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

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

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

Interest-bearing assets and liabilities are held with Bendigo Bank and eranings on those are subject to movements in market interest rates. Interest-rate risk could also arise from long-term borrowings. Borrowings issued at variable rates expose the company to cash flow interest-rate risk. The company held cash and cash equivalents of $497,958 at 30 June 2023 (2022: $354,590).

Note 23. Financial instruments (continued)

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

As at the reporting date, the company had the following variable rate borrowings outstanding:

	2023		2022	
	Nominal interest rate %	Balance $	Nominal interest rate %	Balance $
Bank loans	8.36%	106,073	5.35%	870,000
Net exposure to cash flow interest rate risk		106,073		870,000

An analysis by remaining contractual maturities is shown in 'liquidity risk' below.

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

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

Financing arrangements
Unused borrowing facilities at the reporting date:

	2023 $	2022 $
Bank loans	763,927	-

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.

2023	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Bank loans	-	106,073	-	106,073
Trade and other payables	96,053	6,194	-	102,247
Lease liabilities	115,735	538,423	198,416	852,574
Total non-derivatives	211,788	650,690	198,416	1,060,894

Note 23. Financial instruments (continued)

2022	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Bank loans	155,936	714,064	-	870,000
Trade and other payables	269,439	21,050	-	290,489
Lease liabilities	100,272	511,555	341,041	952,868
Total non-derivatives	525,647	1,246,669	341,041	2,113,357

Note 24. Key management personnel disclosures

The following persons were directors of City West Community Financial Services Limited during the financial year and/or up to the date of signing of these Financial Statements.

Raymond Li Jin Tai
Vinh Van Lam
Ashley Leander Limbury
Raymond Chung Jil Seeto
Matthew James Phelps
Luke James Goldsworthy
Kim Loan Hann

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 25. Related party transactions

There were no transactions with related parties during the current and previous financial year.

Note 26. Remuneration of auditors

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

	2023 $	2022 $
Audit services		
Audit or review of the financial statements	5,400	5,200
Other services		
Taxation advice and tax compliance services	660	600
General advisory services	5,620	4,600
	6,280	5,200
	11,680	10,400

Note 27. Reconciliation of profit after income tax to net cash provided by operating activities

	2023 $	2022 $
Profit after income tax expense for the year	870,347	156,772
Adjustments for:		
Depreciation and amortisation	142,170	142,498
Impairment	98,621	-
Lease liabilities interest	26,199	28,500
Change in operating assets and liabilities:		
Increase in trade and other receivables	(133,875)	(29,844)
Decrease in inventories	-	13,365
Decrease in deferred tax assets	115,196	55,569
Decrease in trade and other payables	(174,734)	(9,653)
Increase in provision for income tax	135,658	-
Increase/(decrease) in employee benefits	(3,576)	7,970
Increase in other provisions	1,054	1,021
Net cash provided by operating activities	1,077,060	366,198

Note 28. Earnings per share

	2023 $	2022 $
Profit after income tax	870,347	156,772
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	996,511	996,511
Weighted average number of ordinary shares used in calculating diluted earnings per share	996,511	996,511
	Cents	**Cents**
Basic earnings per share	87.34	15.73
Diluted earnings per share	87.34	15.73

Accounting policy for earnings per share
Basic and diluted earnings per share is calculated by dividing the profit attributable to the owners of City West Community Financial Services Limited, by the weighted average number of ordinary shares outstanding during the financial year.

Note 29. Commitments

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

Note 30. Contingencies

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

Note 31. Events after the reporting period

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

City West Community Financial Services Limited
Directors' declaration
30 June 2023

In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in the notes to the financial statements;

- the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

Raymond Li Jin Tai
Chair

19 September 2023

Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550
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Independent auditor's report to the Directors of City West Community Financial Services Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of City West Community Financial Services Limited (the company), which comprises:

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

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

Basis for Opinion

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

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

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

Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550
ABN: 65 684 604 390
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Other Information

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

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

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

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

Auditor's responsibilities for the Audit of the Financial Report

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

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

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

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

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

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

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

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

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 19 September 2023

Joshua Griffin
Lead Auditor

CITY WEST COMMUNITY FINANCIAL SERVICES LIMITED

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www.bendigobank.com.au/darlingsquare
www.cwcfs.com.au
www.sydneycommunityhub.com

Making good things happen in our community