



# Annual Report 2022

Clovelly Community  
Financial Services Ltd

Community Bank  
Clovelly

ABN 69 097 378 740

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# Chairman's report

For year ending 30 June 2022



Our Community Bank's core philosophy is to return profits back to the community through grants and sponsorships. During the twelve months ended 30 June 2022, a total \$34,789 was returned to community groups.

I am pleased to present the 21st Annual Report of Clovelly Community Financial Services Ltd.

## Current Position

An outstanding year with revenues and profits increasing. Our total book size has grown to:

- \$389.43 million (Growth of \$76.73 million)
- Our pre-tax profit \$427,231
- After tax profit \$314,785.

## Dividend

The Board of Directors was pleased to announce a fully franked dividend of 9c/share which was paid in January 2022.

## Community participation

Our Community Bank's core philosophy is to return profits back to the community through grants and sponsorships. During the twelve months ended 30 June 2022, a total \$34,789 was returned to community groups. Clovelly Community Financial Services Ltd gives financial support and in doing so is able to act as a conduit between community groups who can draw on each other's resources.

## Branch history

|              |   |
|--------------|---|
| 1999         | Commonwealth closes it's branch in Clovelly   |
| 2001         | Steering Committee formed to assess interest in new banking concept of a "Community Bank" |
| 2002 July    | Newly renovated branch opens for business   |
| 2005 January | First sponsorship of \$250 to Lurline Bay Tenants Association                             |
| 2006         | First profit achieved of \$18,512 after previous year's loss of \$59,000                  |
| 2007         | First dividend of 2c per share paid to shareholders                                       |
| 2008         | Bomb blast destroys shop front in an attempt to steal ATM                                 |
| 2012         | Purchase of our building  |
| 2022 June    | Loan for property purchase paid out in full   |

# Chairman's report (continued)

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## Board

A vital element in the success of Clovelly Community Financial Services Ltd has been the continued enthusiastic commitment of my fellow Directors, for which I am once again very thankful.

During the past financial year, we welcomed three new Board members. Mr Rory Brennan, Mr Ian Marsden and Mr Mark McCormack.

- Rory has a strong commercial acumen with experience working in cyber security, information security and other business technology solutions.
- Ian is a practicing solicitor specialising in dispute resolution, insolvency, corporate governance, and general corporate law.
- Mark has been a successful chief executive officer with experience in managing business accountability, including marketing and business strategy. Mark recently retired from Koppers Australasia after holding positions of Vice President and Managing Director in Australia and overseas.

## Acknowledging our staff

While we celebrate Community Bank Clovelly's milestone 20th year of operation, we must also acknowledge a significant milestone of service by two of our original staff members.

On behalf of the Board, congratulations to Sally Lambley and Nazife Halil for their twenty years of continuous dedicated service to Community Bank Clovelly.

During the most intense COVID-19 period particularly during lock-down, the bank was able to maintain its normal operating hours without interruption which is a great testament to the professionalism of our staff.

To Pete Swan and the staff, congratulations on highly successful year.



**Michael Joseph DeNavi**  
Chairman

# Manager's report

For year ending 30 June 2022



Thank you to all our community groups, families and individuals that support and work with us to make life-changing contributions to thousands of people in our community.

It has been a very dynamic year to mark the 20th anniversary of Community Bank Clovelly. COVID-19 pandemic variants, volatile markets, wars, change of governments, floods, cyber fraud etc. Regardless, we have never closed the door, or been unable to deliver our customers the premium personalised service we pride ourselves on.

Another record year in terms of growth of our business and balance sheet performance. Total portfolio \$389.4 million, up \$76.7 million, an increase of 24.5%, on last year. Average growth \$19.47 million over 20 years.

## 2022 Financial Highlights

Operating Profit \$462,020 up \$181,789 an increase of 64.8%

Community support - grants/sponsorship/donations \$34,789

Dividends paid \$56,726

Dividend 9 cents

Net Assets per Share 2.93 up 41c

Net Equity Balance Sheet \$1,845,690 up \$258,059 an increase of 16.2%

Cash on hand \$410,502 up \$227,750 up 124.6%

Cost to Income down 7.84%

The 2022 results are outstanding in the context of historically low interest rates/margins, unprecedented events outside our control and recent branch closures across the retail banking industry.

2023 will be an interesting and diverse year. We have improved our risk position of the business by building the portfolio to approximately \$380 million. The loan on our property has been discharged. Tenure secured. Our balance sheet robust. If interest rates continue to rise, margins and cash flow are expected to increase. Our focus is on the success of our customers, people, partners, and communities. Customers are the reason for our business, not the interruption of it.

Community Bank Clovelly will continue to offer a premium service. We remain open 9am – 5pm weekdays and offer out of business hours mobile service to clients who need it. A point of difference which is beneficial and appreciated by our customers, new and existing.

Thank you to our valued clients we serve. More than just customers, you are our biggest advocates. It is a privilege to serve you and help you towards your desired goals and share the joy of your successes.

Thank you to all our community groups, families and individuals that support and work with us to make life-changing contributions to thousands of people in our communities.

## Manager's report (continued)

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We have come a long way since our first community contribution of \$250 in January 2005 to the Lurline Bay Tennant's Association.

Our community support, now \$ 1.6 million in funding. A proud and humbling achievement. Additionally, through co-funding partners, our connections, networks, and supporters we have been the conduit to facilitate literally hundreds of donations and gifts estimated value \$389,100. Thank you for your generosity.

Thanks to our team Sally, Nazife, Belinda, Tiarne, Jim, Glen, Nicola, Beth, Tracy, and Imogen who go above and beyond to ensure our clients receive premium personalised service and strive for outcomes beyond our client's and communities' immediate needs.

Retail banking is a people business. We have outstanding people – our dedicated staff and Board of management. This year's performance is the cumulative effect of 20 years of commitment, day in, day out, hard work, doing your best, going the extra mile with passion to enhance the banking experience for all our clients. Our results and achievements are the consequence of what you do and doing it well. There have been so many people along the way that have contributed in various ways. Thank you for your part in the journey.

Special bow and hats off to our Chairman of 20 years, Michael De Navi who was on the Steering Committee before our inception, Branch Supervisor Sally Lambley, and Customer Service Officer Nazife Halil for 20 years dedication and service.

To the voluntary Board of Directors of Clovelly Community Financial Services Ltd who give their time, expertise and services to our Community Bank Clovelly, Regional Manager Yiota Isaias, all the Bendigo Bank team, our communities, organisations that support us, our shareholders, ambassadors, clients and friends and everyone that has been a part of our proud history, congratulations and thank you on another outstanding year in the midst of many variables and challenges.

Thank you for your support



**Pete Swan**  
**Manager**

# Financial year highlights



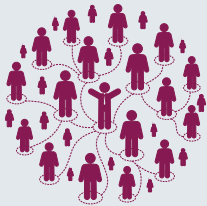
↑ 24.5%

\$389.4 million Total footings

\$76.7 million Footings growth

4,009 Total customers

↑ 4.3%



\$34,789

Community contributions

\$56,726

Shareholder distributions  
January 2022: 9c dividend



In May 2022 we welcomed Imogen Green as a Customer Service Officer to our team at Clovelly. Welcome to our team Imogen!



## Community investment 2002-2022

Clovelly and district since opening in July 2002 to June 2022.

Total community investment  
**\$11.877 million**  
2002-2022

Shareholder distributions  
**\$763,720**

Community contributions  
**\$1.602 million**

Local employment and development  
**\$9.511 million**



# Community contributions

| Applicant name                        | Outcome   |
|---------------------------------------|---|
| Maroubra Junction Public School P & C | Solar Panels  |
| Jewish House                          | Sensory Room  |
| Clovelly Surf Life Saving Club        | Solar Panels  |
| Ted Noffs Foundation                  | Homelessness, Domestic Violence & Mental Health Project |
| Lokahi Foundation                     | Caseworker Project                                      |
| Bayside Women's Shelter Project       | Careers Advice Project                                  |
| Mood Active                           | Four Week Wellbeing Program                             |
| Windgap Foundation                    | Growability Program                                     |
| The Purple Hearts (Randwick City FC)  | New Apparel, Mini Bus & Training Venue Hire             |
| Coogee Netball Club                   | Playing Equipment                                       |
| Minhi's Netball Club                  | New Kit & Registration Fees                             |
| Clovelly Women's Bowling Club         | Player Shirts   |
| Keith's Closet                        | Warehouse Fit Out                                       |
| Clovelly Crocodiles JRLFC             | Apparel, Training Equipment & Coach Development         |
| Clovelly Eagles JRUFC                 | Apparel, Training Equipment & Coach Development         |
| Coogee Seahorses JRUFC                | Apparel, Training Equipment & Coach Development         |
| Randwick Petersham Cricket Club       | Apparel, Training Equipment & Coach Development         |
| Randwick Rugby Union FC               | Training Equipment                                      |

## Community Bank Clovelly

*Returning profits back to the community through grants and sponsorships.*





# Bendigo and Adelaide Bank report

For year ending 30 June 2022

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

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

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

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

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

Your ongoing support as a shareholder is essential to the success of your local community. Together, we will continue to grow sustainably and make a positive impact for generations to come.

Warmest regards,



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

# Directors' report

For the financial year ended 30 June 2022

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

## Directors

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

### Michael Joseph Denavi

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Chairman

**Occupation:** Small Business Owner

**Qualifications, experience and expertise:** Michael has extensive experience in small business. He has worked in and owned several small businesses. His present small business has been operating locally for 23 years and has won many accolades including Randwick Council Small Business of the Year. Michael has a strong sense of community. He is a lifetime member of the Clovelly Eagles Junior Rugby Club and was on the steering committee that established the Community Bank.

**Special responsibilities:** Chairman, Member of HR sub Committee

**Interest in shares:** 1 ordinary

### Jonathan Hancock

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Non-executive director

**Occupation:** Stockbroker

**Qualifications, experience and expertise:** Jonathan is a Stockbroker at Ord Minnett Limited providing a full range of stockbroking and direct asset management services to clients. He was a former President of Tamarama Surf Life Saving Club. Current Junior Activities Director (Head of Nippers) - Tamarama Surf Life Saving Club.

**Special responsibilities:** Nil

**Interest in shares:** 1,000 ordinary

### Charles David Hall

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Non-executive director

**Occupation:** Co-founder and CEO of Risk Management and Trading Analytics Company, Tapaas Pty Ltd

**Qualifications, experience and expertise:** David has over 20 years experience delivering information technology solutions to businesses primarily in investment banking and financial services. He worked in the United States, Japan and Australia and dealt with cultural, language and technology challenges of integrating global enterprises with local market systems. He has a Bachelor of Science in Accounting from University of Maryland, USA; started his career as a CPA with PricewaterhouseCoopers; transitioned into Management Consulting. From there he joined Salomon Brothers Asia, Citigroup, Macquarie Bank and Westpac Bank before leaving to start Tapaas.

**Special responsibilities:** Member of Marketing Committee

**Interest in shares:** Nil

## Directors' report (continued)

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### Directors (continued)

#### Elissa Raptis

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Non-executive director

**Occupation:** Office Manager / Director

**Qualifications, experience and expertise:** Elissa has a Graduate Certificate in Business Administration and is a graduate of the Australian Institute of Company Directors. She has had extensive experience in the Fast Moving Consumer Goods environment, but more recently has focused on Finance marketing. She has had various Board exposures for over 10 years.

**Special responsibilities:** Nil

**Interest in shares:** Nil

#### Paul Simmons

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Non-executive director

**Occupation:** HR Professional

**Qualifications, experience and expertise:** Paul has a degree in Psychology and Post Graduate qualification in Human Resources. He was previously a member of Orange Base Hospital Ethics Committee, and is currently an active member of Clovelly Surf Life Saving Club.

**Special responsibilities:** Member of HR Sub Committee

**Interest in shares:** Nil

#### Keri Barbara Spooner

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Non-executive director

**Occupation:** Dean of Higher Education

**Qualifications, experience and expertise:** Dr Keri Spooner (BComHons; MComHons; PhD) is currently Dean of Higher Education at the Wentworth Institute of Higher Education and an Emeritus Professor at the University of Notre Dame Australia, Sydney. Previously Keri worked as an academic at the University of Technology Sydney. Her expertise is in the area of human resource management, public administration and corporate governance. She is extensively involved in many Eastern Suburbs community groups and is particularly focussed on social justice and environmental issues including the promotion of bees, as well as writing and fundraising for pancreatic cancer research. Current director at WAYS Youth and Family Services and WAYS Secondary High School.

**Special responsibilities:** Member of Audit & Governance committee and HR sub Committees

**Interest in shares:** Nil

#### Jessie Leigh Maguire

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Non-executive director

**Occupation:** Financial Analyst

**Qualifications, experience and expertise:** Jessie is a Chartered Accountant with over 8 years experience across analysis, restructuring, corporate advisory, and deals in big four and market leading boutique accounting firms. She currently works in financial planning and analysis at Healius, an ASX listed Healthcare company. Jessie also provides mentoring for University of Technology Sydney business students. Jessie has had extensive exposure to governance issues through advising on boards as an external consultant and providing advice relating to compliance with directors' duties.

**Special responsibilities:** Treasurer (appointed 3 September 2020), Member of Audit & Governance committee

**Interest in shares:** Nil

# Directors' report (continued)

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## Directors (continued)

**Mark Robert McCormack** (appointed 7 October 2021)

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Non-executive director

**Occupation:** Business manager

**Qualifications, experience and expertise:** Mark is an experienced multi business unit manager in Australian and global markets. He has special expertise in marketing and business strategies planning, driving cultural change to achieve best practice. He has a Bachelor of Commerce from Uni of NSW, completed the Advanced Management Program at Harvard University, and is a Retired Vice President and Managing Director Koppers Australasia. He is also a current Director of Rainbow Club Australia.

**Special responsibilities:** Member of Marketing Sub Committee

**Interest in shares:** Nil

**Ian Richard Marsden** (appointed 7 October 2021)

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Non-executive director

**Occupation:** Solicitor

**Qualifications, experience and expertise:** Ian is a partner in a boutique Sydney law firm. He specialises in corporate litigation with particular focus on insolvency, director duties and obligations, restraints of trade, fraud and leasing, mortgages and debt recovery and land disputes. Ian has a Bachelor of Laws and Bachelor of Economics from Macquarie University. He also obtained an MBA for Macquarie Graduate School of Management. He has completed the Australian Institute of Company Directors introductory course in 2021.

**Special responsibilities:** Member of audit sub committee

**Interest in shares:** Nil

**Rory Kevin Brennan** (appointed 7 October 2021)

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Non-executive director

**Occupation:** IT Security Practice Manager

**Qualifications, experience and expertise:** Rory has a Bachelor of Computer Science and has completed the AICD Directors course. He has extensive experience in business management, and has previously held Director, Company Secretary, and CEO roles in various businesses.

**Special responsibilities:** Deputy Chair, member of HR Sub Committee

**Interest in shares:** 1,000 ordinary (joint holding)

**Janet May Kidson** (resigned 6 October 2021)

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Non Executive Director

**Occupation:** Senior Consultant

**Qualifications, experience and expertise:** Janet has a degree in Computer Science. She ran her own IT consulting business for over 20 years and now works as a senior consultant specialising in financial systems and performance monitoring. She is Company Secretary of ARTD Pty Ltd and Treasurer and Management Committee Member of The Junction Neighbourhood Centre.

**Special responsibilities:** Member of Audit & Governance committee

**Interest in shares:** 11,000 ordinary

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

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

## Company Secretary

The company secretary is Sally Lambley who was appointed to the position of Secretary on 1 February 2021.

**Qualifications, experience and expertise:** Sally has been employed by the Company since it commenced in 2002, and has been involved in the banking industry for 31 years. She is currently the Customer Service Supervisor for the Company. She has a Certificate IV in Human Resources and has completed a Company Secretarial course through GIA.

# Directors' report (continued)

## Principal activity

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

There have been no significant changes in the nature of these activities during the financial year.

## Operating results

Operations have continued to perform in line with expectations. The profit of the company for the financial year after provision for income tax was:

|  | Year ended<br>30 June 2022<br>\$ | Year ended<br>30 June 2022<br>\$ |
|--|----------------------------------|----------------------------------|
|  | 314,785                          | 120,017                          |

## Directors' interests

|  | Fully paid ordinary shares         |                               |                                  |
|--|------------------------------------|-------------------------------|----------------------------------|
|  | Balance at<br>start of the<br>year | Changes<br>during the<br>year | Balance at<br>end of the<br>year |
| Michael Joseph Denavi                            | 1                                  | -                             | 1                                |
| Jonathan Hancock                                 | 1,000                              | -                             | 1,000                            |
| Charles David Hall                               | -                                  | -                             | -                                |
| Elissa Raptis                                    | -                                  | -                             | -                                |
| Paul Simmons                                     | -                                  | -                             | -                                |
| Keri Barbara Spooner                             | -                                  | -                             | -                                |
| Jessie Leigh Maguire                             | -                                  | -                             | -                                |
| Mark Robert McCormack (appointed 7 October 2021) | -                                  | -                             | -                                |
| Ian Richard Marsden (appointed 7 October 2021)   | -                                  | -                             | -                                |
| Rory Kevin Brennan (appointed 7 October 2021)    | 1,000                              | -                             | 1,000                            |
| Janet May Kidson (resigned 6 October 2021)       | 11,000                             | -                             | 11,000                           |

## Dividends

|   | Year ended 30 June 2022 |        |
|---|-------------------------|--------|
|   | Cents                   | \$     |
| Dividends provided for and paid in the year | 9.00                    | 56,726 |

## Significant changes in the state of affairs

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

## Events since the end of the financial year

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

# Directors' report (continued)

## 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.

## 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.

## Indemnity and insurance of directors and officers

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

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

## 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.

## Directors' meetings

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

|  | Board Meetings Attended |    |
|--|-------------------------|----|
|  | E                       | A  |
| Michael Joseph Denavi                            | 11                      | 11 |
| Jonathan Hancock                                 | 11                      | 7  |
| Charles David Hall                               | 11                      | 7  |
| Elissa Raptis                                    | 11                      | 9  |
| Paul Simmons                                     | 11                      | 10 |
| Keri Barbara Spooner                             | 11                      | 9  |
| Jessie Leigh Maguire                             | 11                      | 9  |
| Mark Robert McCormack (appointed 7 October 2021) | 7                       | 6  |
| Ian Richard Marsden (appointed 7 October 2021)   | 7                       | 5  |
| Rory Kevin Brennan (appointed 7 October 2021)    | 7                       | 6  |
| Janet May Kidson (resigned 6 October 2021)       | 3                       | 2  |

E - eligible to attend

A - number attended

## Directors' report (continued)

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### Proceedings on behalf of the company

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

### 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 25 to the accounts.

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

### Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 15.

Signed in accordance with a resolution of the directors at Coogee, NSW.



**Michael Denavi,**  
**Chair**

17 August 2022

# Auditor's independence declaration



61 Bull Street  
Bendigo VIC 3550

afs@afsbendigo.com.au  
03 5443 0344

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

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

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

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

**Andrew Frewin Stewart**  
61 Bull Street, Bendigo, Vic, 3550  
Dated: 17 August 2022

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

**Joshua Griffin**  
Lead Auditor





# Financial statements

## Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2022

|  | Notes | 2022<br>\$     | 2021<br>\$     |
|--|-------|----------------|----------------|
| Revenue from contracts with customers  | 8     | 1,567,247      | 1,302,843      |
| Other revenue  | 9     | 13,906         | 37,900         |
| Finance income   | 10    | 351            | 705            |
| Employee benefit expenses  | 11e)  | (864,606)      | (812,094)      |
| Advertising and marketing costs  |       | (4,102)        | (7,962)        |
| Occupancy and associated costs   |       | (25,835)       | (24,786)       |
| Systems costs  |       | (33,259)       | (34,599)       |
| Depreciation and amortisation expense  | 11a)  | (68,507)       | (65,495)       |
| Finance costs  | 11b)  | (2,405)        | (6,780)        |
| General administration expenses  |       | (120,770)      | (109,501)      |
| <b>Profit before community contributions and income tax expense</b>                                      |       | <b>462,020</b> | <b>280,231</b> |
| Charitable donations and sponsorships expense  | 11c)  | (34,789)       | (122,849)      |
| <b>Profit before income tax expense</b>  |       | <b>427,231</b> | <b>157,382</b> |
| Income tax expense   | 12a)  | (112,446)      | (37,365)       |
| <b>Profit after income tax expense</b>   |       | <b>314,785</b> | <b>120,017</b> |
| <b>Total comprehensive income for the year attributable to the ordinary shareholders of the company:</b> |       | <b>314,785</b> | <b>120,017</b> |
| <b>Earnings per share</b>  |       | <b>¢</b>       | <b>¢</b>       |
| - Basic and diluted earnings per share:  |       | 49.94          | 19.04          |

The accompanying notes form part of these financial statements.

## Financial statements (continued)

### Statement of Financial Position as at 30 June 2022

|                                      | Notes | 2022<br>\$       | 2021<br>\$       |
|--------------------------------------|-------|------------------|------------------|
| <b>ASSETS</b>                        |       |                  |                  |
| <b>Current assets</b>                |       |                  |                  |
| Cash and cash equivalents            | 13a)  | 410,502          | 182,752          |
| Trade and other receivables          | 14a)  | 172,550          | 130,560          |
| Current tax assets                   | 17a)  | -                | 22,708           |
| <b>Total current assets</b>          |       | <b>583,052</b>   | <b>336,020</b>   |
| <b>Non-current assets</b>            |       |                  |                  |
| Property, plant and equipment        | 15a)  | 1,490,019        | 1,531,607        |
| Intangible assets                    | 16a)  | 65,864           | 11,192           |
| Deferred tax asset                   | 17b)  | 26,983           | 24,649           |
| <b>Total non-current assets</b>      |       | <b>1,582,866</b> | <b>1,567,448</b> |
| <b>Total assets</b>                  |       | <b>2,165,918</b> | <b>1,903,469</b> |
| <b>LIABILITIES</b>                   |       |                  |                  |
| <b>Current liabilities</b>           |       |                  |                  |
| Trade and other payables             | 18a)  | 92,831           | 65,254           |
| Current tax liabilities              | 17a)  | 63,392           | -                |
| Loans and borrowings                 | 19a)  | -                | 139,951          |
| Employee benefits                    | 20a)  | 92,675           | 88,131           |
| <b>Total current liabilities</b>     |       | <b>248,898</b>   | <b>293,336</b>   |
| <b>Non-current liabilities</b>       |       |                  |                  |
| Trade and other payables             | 18a)  | 43,471           | -                |
| Employee benefits                    | 20b)  | 27,859           | 22,502           |
| <b>Total non current liabilities</b> |       | <b>71,330</b>    | <b>22,502</b>    |
| <b>Total liabilities</b>             |       | <b>320,228</b>   | <b>315,838</b>   |
| <b>Net assets</b>                    |       | <b>1,845,690</b> | <b>1,587,631</b> |
| <b>EQUITY</b>                        |       |                  |                  |
| Issued capital                       | 21a)  | 630,284          | 630,284          |
| Retained earnings                    | 22    | 1,215,406        | 957,347          |
| <b>Total equity</b>                  |       | <b>1,845,690</b> | <b>1,587,631</b> |

The accompanying notes form part of these financial statements.

## Financial statements (continued)

### Statement of Changes in Equity for the year ended 30 June 2022

|  | Notes | Issued<br>capital<br>\$ | Retained<br>earnings<br>\$ | Total<br>equity<br>\$ |
|--|-------|-------------------------|----------------------------|-----------------------|
| <b>Balance at 1 July 2020</b>                                |       | 630,284                 | 912,964                    | 1,543,248             |
| Total comprehensive income for the year                      |       | -                       | 120,017                    | 120,017               |
| <b>Transactions with owners in their capacity as owners:</b> |       |                         |                            |                       |
| Dividends provided for or paid                               | 27    | -                       | (75,634)                   | (75,634)              |
| <b>Balance at 30 June 2021</b>                               |       | <b>630,284</b>          | <b>957,347</b>             | <b>1,587,631</b>      |
| <b>Balance at 1 July 2021</b>                                |       | 630,284                 | 957,347                    | 1,587,631             |
| Total comprehensive income for the year                      |       | -                       | 314,785                    | 314,785               |
| <b>Transactions with owners in their capacity as owners:</b> |       |                         |                            |                       |
| Dividends provided for or paid                               | 27    | -                       | (56,726)                   | (56,726)              |
| <b>Balance at 30 June 2022</b>                               |       | <b>630,284</b>          | <b>1,215,406</b>           | <b>1,845,690</b>      |

The accompanying notes form part of these financial statements.

## Financial statements (continued)

### Statement of Cash Flows for the year ended 30 June 2022

|   | Notes       | 2022<br>\$       | 2021<br>\$       |
|---|-------------|------------------|------------------|
| <b>Cash flows from operating activities</b>                       |             |                  |                  |
| Receipts from customers   |             | 1,707,966        | 1,477,733        |
| Payments to suppliers and employees                               |             | (1,237,079)      | (1,213,044)      |
| Interest received   |             | 351              | 705              |
| Interest paid   |             | (2,405)          | (6,780)          |
| Income taxes refunded   |             | (28,679)         | (73,821)         |
| <b>Net cash provided by operating activities</b>                  | <b>23</b>   | <b>440,154</b>   | <b>184,793</b>   |
| <b>Cash flows from investing activities</b>                       |             |                  |                  |
| Payments for property, plant and equipment                        |             | (15,728)         | (16,848)         |
| <b>Net cash used in investing activities</b>                      |             | <b>(15,728)</b>  | <b>(16,848)</b>  |
| <b>Cash flows from financing activities</b>                       |             |                  |                  |
| Repayment of loans and borrowings                                 |             | (139,951)        | (135,621)        |
| Dividends paid  | 27          | (56,725)         | (75,634)         |
| <b>Net cash used in financing activities</b>                      |             | <b>(196,676)</b> | <b>(211,255)</b> |
| <b>Net cash increase/(decrease) in cash held</b>                  |             | <b>227,750</b>   | <b>(43,310)</b>  |
| Cash and cash equivalents at the beginning of the financial year  |             | 182,752          | 226,063          |
| <b>Cash and cash equivalents at the end of the financial year</b> | <b>13b)</b> | <b>410,502</b>   | <b>182,752</b>   |

The accompanying notes form part of these financial statements.

# Notes to the financial statements

For the year ended 30 June 2022

## Note 1 Reporting entity

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

### Registered Office

222 - 226 Clovelly Rd  
Coogee NSW 2034

### Principal Place of Business

222 - 226 Clovelly Rd  
Coogee NSW 2034

Further information on the nature of the operations and principal activity of the company is provided in the directors' report. Information on the company's related party relationships is provided in Note 26.

## 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, except for certain properties, financial instruments, and equity financial assets that are measured at revalued amounts or fair values at the end of each reporting period. The financial report is presented in Australian dollars and all values are rounded to the nearest dollar, unless otherwise stated.

These financial statements for the year ended 30 June 2022 were authorised for issue in accordance with a resolution of the directors.

## Note 3 Changes in accounting policies, standards and interpretations

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

## Note 4 Summary of significant accounting policies

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

### a) Revenue from contracts with customers

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

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

## Notes to the financial statements (continued)

Note 4 Summary of significant accounting policies (continued)

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

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

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

All revenue is stated net of the amount of Goods and Services Tax (GST). There was no revenue from contracts with customers recognised over time during the financial year.

#### *Revenue calculation*

The franchise agreement provides that three forms of revenue may be earned by the company – margin, commission and fee income. Bendigo Bank decides the form of revenue the company earns on different types of products and services.

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

#### *Margin*

Margin is arrived at through the following calculation:

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

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

#### *Commission*

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

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

#### *Fee income*

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

#### *Core banking products*

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

#### *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.

## Notes to the financial statements (continued)

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

#### b) Other revenue

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

| Revenue stream   | Revenue recognition policy   |
|--|--|
| Discretionary financial contributions (also "Market Development Fund" or "MDF" income) | MDF income is recognised when the right to receive the payment is established. MDF income is discretionary and provided and receivable at month-end and paid within 14 days after month-end. |
| Other income   | All other revenues that did not contain contracts with customers are recognised as goods and services are provided.  |

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

#### *Discretionary financial contributions*

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

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

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

#### c) Economic dependency - Bendigo Bank

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

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

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

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

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

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

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

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

## Notes to the financial statements (continued)

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

#### **d) Employee benefits**

##### *Short-term employee benefits*

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

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

##### *Defined superannuation contribution plans*

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

##### *Other long-term employee benefits*

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

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

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

#### **e) Taxes**

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

##### *Current income tax*

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

##### *Deferred tax*

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

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

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

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

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

##### *Goods and Services Tax*

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



## Notes to the financial statements (continued)

Note 4 Summary of significant accounting policies (continued)

### e) Taxes (continued)

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

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

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

### f) Cash and cash equivalents

For the purposes of the statement of financial position and statement of cash flows, cash and cash equivalents comprise cash on hand and deposits held with banks.

### g) Property, plant and equipment

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

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

Depreciation is calculated to write-off the cost of items of property, plant and equipment less their estimated residual values using straight-line method over their estimated useful lives, and is recognised in profit or loss. Land is not depreciated.

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

| Asset class                      | Method        | Useful life   |
|----------------------------------|---------------|---------------|
| Building                         | Straight-line | 40 years      |
| Leasehold improvements           | Straight-line | 10 - 12 years |
| Plant and equipment              | Straight-line | 3 years       |
| Furniture, fixtures and fittings | Straight-line | 4 years       |

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

### h) Intangible assets

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

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

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

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

| Asset class   | Method        | Useful life                       |
|---------------|---------------|-----------------------------------|
| Franchise fee | Straight-line | Over the franchise term (5 years) |

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

### i) Financial instruments

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

# Notes to the financial statements (continued)

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

### **i) Financial instruments (continued)**

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

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

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

### **j) Impairment**

#### *Non-derivative financial assets*

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

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

#### *Non-financial assets*

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

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

### **k) Issued capital**

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

### **l) Provisions**

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

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

### **l) Leases**

#### Short-term leases and leases of low-value assets

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

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

## Notes to the financial statements (continued)

### Note 5 Significant accounting judgements, estimates, and assumptions

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

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

#### a) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at 30 June 2022 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

| Note   | Assumptions  |
|--|--|
| - Note 17 - recognition of deferred tax assets | availability of future taxable profit against which deductible temporary differences and carried-forward tax losses can be utilised; |

### Note 6 Financial risk management

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

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

#### a) Credit risk

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

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

#### b) Liquidity risk

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

#### *Exposure to liquidity risk*

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

| 30 June 2022                              | Contractual cash flows |                                   |  |                                  |
|---|------------------------|-----------------------------------|--|----------------------------------|
|   | Carrying amount<br>\$  | Not later than<br>12 months<br>\$ | Between 12<br>months and<br>five years<br>\$ | Greater than<br>five years<br>\$ |
| <b>Non-derivative financial liability</b> |                        |                                   |  |                                  |
| Trade payables                            | 136,302                | 92,831                            | 43,471                                       | -                                |
|   | <b>136,302</b>         | <b>92,831</b>                     | <b>43,471</b>                                | <b>-</b>                         |

## Notes to the financial statements (continued)

Note 6 Financial risk management (continued)

### b) Liquidity risk (continued)

*Exposure to liquidity risk (continued)*

| 30 June 2021                              | Contractual cash flows |                                   |  |                                  |
|---|------------------------|-----------------------------------|--|----------------------------------|
|   | Carrying amount<br>\$  | Not later than<br>12 months<br>\$ | Between 12<br>months and<br>five years<br>\$ | Greater than<br>five years<br>\$ |
| <b>Non-derivative financial liability</b> |                        |                                   |  |                                  |
| Bank loans                                | 139,951                | 139,951                           | -  | -                                |
| Trade payables                            | 65,254                 | 65,254                            | -  | -                                |
|   | <b>205,205</b>         | <b>205,205</b>                    | -  | -                                |

### c) Market risk

#### *Market risk*

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

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

#### *Price risk*

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

#### *Cash flow and fair value interest rate risk*

Interest-bearing assets and liabilities are held with Bendigo Bank and subject to movements in market interest. 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 \$410,502 at 30 June 2022 (2021: \$182,752). The cash and cash equivalents are held with BEN, which are rated BBB+ on Standard & Poor's credit ratings.

## Note 7 Capital management

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

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

The distribution limit is the greater of:

- 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 year ended 30 June 2022 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.

## Notes to the financial statements (continued)

### Note 8 Revenue from contracts with customers

|   | 2022<br>\$       | 2021<br>\$       |
|---|------------------|------------------|
| Revenue:  |                  |                  |
| - Revenue from contracts with customers                 | 1,567,247        | 1,302,843        |
|   | <b>1,567,247</b> | <b>1,302,843</b> |
| Disaggregation of revenue from contracts with customers |                  |                  |
| At a point in time:                                     |                  |                  |
| - Margin income   | 1,362,342        | 1,071,009        |
| - Fee income  | 86,738           | 83,678           |
| - Commission income                                     | 118,167          | 148,157          |
|   | <b>1,567,247</b> | <b>1,302,843</b> |

### Note 9 Other revenue

|                   | 2022<br>\$    | 2021<br>\$    |
|-------------------|---------------|---------------|
| - Cash flow boost | -             | 37,500        |
| - Other income    | 13,906        | 400           |
|                   | <b>13,906</b> | <b>37,900</b> |

### Note 10 Finance income

|                 | 2022<br>\$ | 2021<br>\$ |
|-----------------|------------|------------|
| - Term deposits | 351        | 705        |
|                 | <b>351</b> | <b>705</b> |

Finance income is recognised when earned using the effective interest rate method.

### Note 11 Expenses

|  | 2022<br>\$    | 2021<br>\$    |
|--|---------------|---------------|
| <b>a) Depreciation and amortisation expense</b>    |               |               |
| <i>Depreciation of non-current assets:</i>         |               |               |
| - Buildings  | 24,934        | 24,935        |
| - Leasehold improvements                           | 11,454        | 12,376        |
| - Furniture and fittings                           | 19,780        | 16,550        |
| - Office equipment                                 | 1,147         | 441           |
|  | <b>57,315</b> | <b>54,302</b> |
| <i>Amortisation of intangible assets:</i>          |               |               |
| - Franchise fee                                    | 11,192        | 11,193        |
|  | <b>11,192</b> | <b>11,193</b> |
| <b>Total depreciation and amortisation expense</b> | <b>68,507</b> | <b>65,495</b> |

## Notes to the financial statements (continued)

### Note 11 Expenses (continued)

|                                      | 2022<br>\$   | 2021<br>\$   |
|--------------------------------------|--------------|--------------|
| <b>b) Finance costs</b>              |              |              |
| - Bank loan interest paid or accrued | 2,405        | 6,780        |
|                                      | <b>2,405</b> | <b>6,780</b> |

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

### c) Charitable donations, sponsorship, advertising and promotion

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

|  | Note | 2022<br>\$    | 2021<br>\$     |
|--|------|---------------|----------------|
| - Direct sponsorships, grants and donations            |      | 19,000        | 36,163         |
| - Contribution to the Community Enterprise Foundation™ | 11d) | 15,789        | 86,686         |
|  |      | <b>34,789</b> | <b>122,849</b> |

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

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

### d) Community Enterprise Foundation™ contributions

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

|   | 2022<br>\$    | 2021<br>\$    |
|---|---------------|---------------|
| <i>Disaggregation of CEF funds</i>        |               |               |
| Opening balance                           | 23,875        | 117,445       |
| Contributions paid in                     | 15,789        | 86,686        |
| Grants paid out                           | (27,245)      | (176,386)     |
| Interest received                         | 127           | 464           |
| Management fees incurred                  | (790)         | (4,334)       |
| <b>Balance available for distribution</b> | <b>11,756</b> | <b>23,875</b> |

### e) Employee benefit expenses

|   |                |                |
|---|----------------|----------------|
| Wages and salaries                          | 758,258        | 698,288        |
| Contributions to defined contribution plans | 73,378         | 65,991         |
| Expenses related to long service leave      | 7,274          | 597            |
| Other expenses                              | 25,695         | 47,218         |
|   | <b>864,606</b> | <b>812,094</b> |

## Notes to the financial statements (continued)

### Note 11 Expenses (continued)

#### f) Recognition exemption

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

|  | 2022<br>\$    | 2021<br>\$    |
|--|---------------|---------------|
| <b>Expenses relating to low-value leases</b> | <b>14,556</b> | <b>15,415</b> |

### Note 12 Income tax expense

Income tax expense comprises current and deferred tax. Attributable current and deferred tax expense is recognised in the other comprehensive income or directly in equity as appropriate.

|  | 2022<br>\$     | 2021<br>\$    |
|--|----------------|---------------|
| <b>a) Amounts recognised in profit or loss</b>                               |                |               |
| <i>Current tax expense/(credit)</i>  |                |               |
| - Current tax  | 114,779        | 42,337        |
| - Movement in deferred tax   | (2,333)        | (5,958)       |
| - Reduction in company tax rate  | -              | 986           |
|  | <b>112,446</b> | <b>37,365</b> |
| <b>b) Prima facie income tax reconciliation</b>                              |                |               |
| Operating profit before taxation   | 427,231        | 157,382       |
| Prima facie tax on profit/(loss) from ordinary activities at 25% (2021: 26%) | 79,651         | 14,655        |
| Prima facie tax on profit/(loss) from ordinary activities at 30% (2021: 30%) | 32,589         | 30,305        |
| Tax effect of:   |                |               |
| - Non-deductible expenses  | 206            | 1,169         |
| - Non-assessable income  | -              | (9,750)       |
| - Temporary differences  | 2,334          | 5,958         |
| - Movement in deferred tax   | (2,334)        | (5,958)       |
| - Change in Company Tax Rate   | -              | 986           |
|  | <b>112,446</b> | <b>37,365</b> |

### Note 13 Cash and cash equivalents

|                                     | 2022<br>\$     | 2021<br>\$     |
|-------------------------------------|----------------|----------------|
| <b>a) Cash and cash equivalents</b> |                |                |
| - Cash at bank and on hand          | 410,502        | 82,047         |
| - Term deposits                     | -              | 100,705        |
|                                     | <b>410,502</b> | <b>182,752</b> |

## Notes to the financial statements (continued)

### Note 13 Cash and cash equivalents (continued)

#### b) Reconciliation to statement of cash flows

For the purposes of the statement of cash flows, cash includes cash on hand, cash held with financial and banking institutions, and investments in short-term money financial instruments, net of outstanding bank overdrafts.

The below figures reconcile to the amount of cash shown in the statement of cash flows at the end of the financial year as follows:

|                            | 2022<br>\$     | 2021<br>\$     |
|----------------------------|----------------|----------------|
| - Cash at bank and on hand | 410,502        | 82,047         |
| - Term deposits            | -              | 100,705        |
|                            | <b>410,502</b> | <b>182,752</b> |

### Note 14 Trade and other receivables

|                                | 2022<br>\$     | 2021<br>\$     |
|--------------------------------|----------------|----------------|
| <b>a) Current assets</b>       |                |                |
| Trade receivables              | 159,794        | 118,397        |
| Prepayments                    | 12,600         | 12,033         |
| Other receivables and accruals | 156            | 130            |
|                                | <b>172,550</b> | <b>130,560</b> |

### Note 15 Property, plant and equipment

|                                | 2022<br>\$     | 2021<br>\$     |
|--------------------------------|----------------|----------------|
| <b>a) Carrying amounts</b>     |                |                |
| <i>Land</i>                    |                |                |
| At cost                        | 591,403        | 591,403        |
|                                | <b>591,403</b> | <b>591,403</b> |
| <i>Buildings</i>               |                |                |
| At cost                        | 997,389        | 997,389        |
| Less: accumulated depreciation | (249,347)      | (224,413)      |
|                                | <b>748,042</b> | <b>772,976</b> |
| <i>Leasehold improvements</i>  |                |                |
| At cost                        | 363,031        | 363,031        |
| Less: accumulated depreciation | (259,334)      | (247,880)      |
|                                | <b>103,697</b> | <b>115,151</b> |
| <i>Furniture and fittings</i>  |                |                |
| At cost                        | 118,601        | 102,873        |
| Less: accumulated depreciation | (73,780)       | (54,000)       |
|                                | <b>44,821</b>  | <b>48,873</b>  |



## Notes to the financial statements (continued)

### Note 15 Property, plant and equipment (continued)

|                                  | 2022<br>\$       | 2021<br>\$       |
|----------------------------------|------------------|------------------|
| <b>a) Carrying amounts</b>       |                  |                  |
| <i>Office equipment</i>          |                  |                  |
| At cost                          | 12,182           | 12,182           |
| Less: accumulated depreciation   | (10,125)         | (8,978)          |
|                                  | <b>2,057</b>     | <b>3,204</b>     |
| <b>Total written down amount</b> | <b>1,490,019</b> | <b>1,531,607</b> |

The directors do not believe the carrying amount exceeds the recoverable amount of the above assets. The directors therefore believe the carrying amount is not impaired.

|  | 2022<br>\$       | 2021<br>\$       |
|--|------------------|------------------|
| <b>b) Reconciliation of carrying amounts</b> |                  |                  |
| <i>Land</i>                                  |                  |                  |
| Carrying amount at beginning                 | 591,403          | 591,403          |
|  | <b>591,403</b>   | <b>591,403</b>   |
| <i>Buildings</i>                             |                  |                  |
| Carrying amount at beginning                 | 772,976          | 797,911          |
| Depreciation                                 | (24,934)         | (24,935)         |
|  | <b>748,042</b>   | <b>772,976</b>   |
| <i>Leasehold improvements</i>                |                  |                  |
| Carrying amount at beginning                 | 115,151          | 118,468          |
| Additions                                    | -                | 9,059            |
| Depreciation                                 | (11,454)         | (12,376)         |
|  | <b>103,697</b>   | <b>115,151</b>   |
| <i>Furniture and fittings</i>                |                  |                  |
| Carrying amount at beginning                 | 48,873           | 61,077           |
| Additions                                    | 15,728           | 4,348            |
| Depreciation                                 | (19,780)         | (16,550)         |
|  | <b>44,821</b>    | <b>48,873</b>    |
| <i>Office equipment</i>                      |                  |                  |
| Carrying amount at beginning                 | 3,204            | 202              |
| Additions                                    | -                | 3,443            |
| Depreciation                                 | (1,147)          | (441)            |
|  | <b>2,057</b>     | <b>3,204</b>     |
| <b>Total written down amount</b>             | <b>1,490,019</b> | <b>1,531,607</b> |

### c) Changes in estimates

During the financial year, the company assessed estimates used for property, plant and equipment including useful lives, residual values, and depreciation methods. There were no changes in estimates for the current reporting period.

## Notes to the financial statements (continued)

### Note 16 Intangible assets

|   | 2022<br>\$    | 2021<br>\$    |
|---|---------------|---------------|
| <b>a) Carrying amounts</b>                    |               |               |
| <i>Franchise fee</i>                          |               |               |
| At cost                                       | 121,825       | 55,961        |
| Less: accumulated amortisation and impairment | (55,961)      | (44,769)      |
| <b>Total written down amount</b>              | <b>65,864</b> | <b>11,192</b> |
| <b>b) Reconciliation of carrying amounts</b>  |               |               |
| <i>Franchise fee</i>                          |               |               |
| Carrying amount at beginning                  | 11,192        | 22,385        |
| Additions                                     | 65,864        | -             |
| Amortisation                                  | (11,192)      | (11,193)      |
| <b>Total written down amount</b>              | <b>65,864</b> | <b>11,192</b> |

### c) Changes in estimates

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

### Note 17 Tax assets and liabilities

|   | 2022<br>\$     | 2021<br>\$      |
|---|----------------|-----------------|
| <b>a) Current tax</b>   |                |                 |
| <b>Income tax payable/(refundable)</b>  | <b>63,392</b>  | <b>(22,708)</b> |
| <b>b) Deferred tax</b>  |                |                 |
| <i>Deferred tax assets</i>  |                |                 |
| - employee provisions   | 30,134         | 27,657          |
| <b>Total deferred tax assets</b>  | <b>30,134</b>  | <b>27,657</b>   |
| <i>Deferred tax liabilities</i>   |                |                 |
| - deductible prepayments  | 3,151          | 3,008           |
| <b>Total deferred tax liabilities</b>   | <b>3,151</b>   | <b>3,008</b>    |
| <b>Net deferred tax assets (liabilities)</b>  | <b>26,983</b>  | <b>24,649</b>   |
| <b>Movement in deferred tax charged to Statement of Profit or Loss and Other Comprehensive Income</b> | <b>(2,334)</b> | <b>(4,971)</b>  |

### Note 18 Trade creditors and other payables

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

|                               | 2022<br>\$    | 2021<br>\$    |
|-------------------------------|---------------|---------------|
| <b>a) Current liabilities</b> |               |               |
| Other creditors and accruals  | 92,831        | 65,254        |
|                               | <b>92,831</b> | <b>65,254</b> |

## Notes to the financial statements (continued)

### Note 18 Trade creditors and other payables (continued)

|                                   | 2022<br>\$    | 2021<br>\$ |
|-----------------------------------|---------------|------------|
| <b>b) Non-current liabilities</b> |               |            |
| Other creditors and accruals      | 43,471        | -          |
|                                   | <b>43,471</b> | <b>-</b>   |

### Note 19 Loans and borrowings

|                                       | 2022<br>\$ | 2021<br>\$     |
|---------------------------------------|------------|----------------|
| <b>a) Current liabilities</b>         |            |                |
| Current portion of secured bank loans | -          | 139,951        |
|                                       | <b>-</b>   | <b>139,951</b> |

### b) Terms and repayment schedule

|                    | Nominal<br>interest rate | Year of<br>maturity | 30 June 2022 |                   | 30 June 2021 |                   |
|--------------------|--------------------------|---------------------|--------------|-------------------|--------------|-------------------|
|                    |                          |                     | Face value   | Carrying<br>value | Face value   | Carrying<br>value |
| Secured bank loans | 3.4%                     | 2022                | -            | -                 | 139,951      | 139,951           |

### Note 20 Employee benefits

|                                   | 2022<br>\$    | 2021<br>\$    |
|-----------------------------------|---------------|---------------|
| <b>a) Current liabilities</b>     |               |               |
| Provision for annual leave        | 28,150        | 23,823        |
| Provision for personal leave      | 21,289        | 22,988        |
| Provision for long service leave  | 43,236        | 41,320        |
|                                   | <b>92,675</b> | <b>88,131</b> |
| <b>b) Non-current liabilities</b> |               |               |
| Provision for long service leave  | 27,859        | 22,502        |
|                                   | <b>27,859</b> | <b>22,502</b> |

### c) Key judgement and assumptions

#### *Employee attrition rates*

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.

## Notes to the financial statements (continued)

### Note 21 Issued capital

|                              | 2022           |                | 2021           |                |
|------------------------------|----------------|----------------|----------------|----------------|
|                              | Number         | \$             | Number         | \$             |
| <b>a) Issued capital</b>     |                |                |                |                |
| Ordinary shares - fully paid | 630,284        | 630,284        | 630,284        | 630,284        |
|                              | <b>630,284</b> | <b>630,284</b> | <b>630,284</b> | <b>630,284</b> |

### b) Rights attached to issued capital

#### *Ordinary shares*

#### Voting rights

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

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

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

#### Dividends

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

#### Transfer

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

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

#### 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").

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

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

## Notes to the financial statements (continued)

### Note 21 Issued capital (continued)

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

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

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

### Note 22 Retained earnings

|   | 2022<br>\$       | 2021<br>\$     |
|---|------------------|----------------|
| Balance at beginning of reporting period      | 957,347          | 912,964        |
| Net profit after tax from ordinary activities | 314,785          | 120,017        |
| Dividends provided for or paid                | (56,726)         | (75,634)       |
| <b>Balance at end of reporting period</b>     | <b>1,215,406</b> | <b>957,347</b> |

### Note 23 Reconciliation of cash flows from operating activities

|  | 2022<br>\$     | 2021<br>\$     |
|--|----------------|----------------|
| Net profit after tax from ordinary activities          | 314,785        | 120,017        |
| Adjustments for:                                       |                |                |
| - Depreciation   | 57,315         | 54,302         |
| - Amortisation   | 11,192         | 11,193         |
| Changes in assets and liabilities:                     |                |                |
| - (Increase)/decrease in trade and other receivables   | (41,422)       | 2,411          |
| - (Increase)/decrease in other assets                  | (567)          | 1,147          |
| - Increase/(decrease) in trade and other payables      | 5,183          | 10,409         |
| - Increase/(decrease) in employee benefits             | 9,901          | 21,769         |
| - Increase/(decrease) in tax liabilities               | 83,767         | (36,455)       |
| <b>Net cash flows provided by operating activities</b> | <b>440,154</b> | <b>184,793</b> |

### Note 24 Financial instruments

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

## Notes to the financial statements (continued)

### Note 24 Financial instruments (continued)

|                              | Note | 2022<br>\$     | 2021<br>\$     |
|------------------------------|------|----------------|----------------|
| <b>Financial assets</b>      |      |                |                |
| Trade and other receivables  | 14   | 159,950        | 118,527        |
| Cash and cash equivalents    | 13   | 410,502        | 82,047         |
| Term deposits                | 13   | -              | 100,705        |
|                              |      | <b>570,451</b> | <b>301,280</b> |
| <b>Financial liabilities</b> |      |                |                |
| Trade and other payables     | 18   | 136,302        | 65,254         |
| Secured bank loans           | 19   | -              | 139,951        |
|                              |      | <b>136,302</b> | <b>205,205</b> |

### Note 25 Auditor's remuneration

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

|  | 2022<br>\$    | 2021<br>\$    |
|--|---------------|---------------|
| <i>Audit and review services</i>           |               |               |
| - Audit and review of financial statements | 5,200         | 4,950         |
| <i>Non audit services</i>                  |               |               |
| - General advisory services                | 1,700         | 1,891         |
| - Share registry services                  | 3,712         | 3,552         |
| <b>Total auditor's remuneration</b>        | <b>10,612</b> | <b>10,393</b> |

### Note 26 Related parties

#### a) Details of key management personnel

The directors of the company during the financial year were:

Michael Joseph Denavi  
Jonathan Hancock  
Charles David Hall  
Elissa Raptis  
Paul Simmons  
Keri Barbara Spooner  
Jessie Leigh Maguire  
Mark Robert McCormack (appointed 7 October 2021)  
Ian Richard Marsden (appointed 7 October 2021)  
Rory Kevin Brennan (appointed 7 October 2021)  
Janet May Kidson (resigned 6 October 2021)

#### b) Key management personnel compensation

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

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

#### c) Related party transactions

No director or related entity has entered into a material contract with the company.

## Notes to the financial statements (continued)

### Note 27 Dividends provided for or paid

#### a) Dividends provided for and paid during the period

The following dividends were provided for and paid to shareholders during the reporting period as presented in the statement of changes in equity and statement of cash flows.

|  | 30 June 2022 |               | 30 June 2021 |               |
|--|--------------|---------------|--------------|---------------|
|  | Cents        | \$            | Cents        | \$            |
| Fully franked dividend   | 9.00         | 56,726        | 12.00        | 75,634        |
| <b>Total dividends provided for and paid during the financial year</b> | <b>9.00</b>  | <b>56,726</b> | <b>12.00</b> | <b>75,634</b> |

The tax rate at which dividends have been franked is 25% (2021 26%).

|   | 2022<br>\$     | 2021<br>\$     |
|---|----------------|----------------|
| <b>b) Franking account balance</b>  |                |                |
| <i>Franking credits available for subsequent reporting periods</i>              |                |                |
| Franking account balance at the beginning of the financial year                 | 529,354        | 482,108        |
| Franking transactions during the financial year:                                |                |                |
| - Franking credits (debits) arising from income taxes paid (refunded)           | 28,679         | 73,820         |
| - Franking debits from the payment of franked distributions                     | (18,909)       | (26,574)       |
| <b>Franking account balance at the end of the financial year</b>                | <b>539,124</b> | <b>529,354</b> |
| Franking transactions that will arise subsequent to the financial year end:     |                |                |
| - Franking credits (debits) that will arise from payment (refund) of income tax | 63,392         | (28,685)       |
| <b>Franking credits available for future reporting periods</b>                  | <b>602,516</b> | <b>500,669</b> |

The ability to utilise franking credits is dependent upon the company's ability to declare dividends.

### Note 28 Earnings per share

#### a) Based and diluted earnings per share

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

|   | 2022<br>\$     | 2021<br>\$     |
|---|----------------|----------------|
| <b>Profit attributable to ordinary shareholders</b> | <b>314,785</b> | <b>120,017</b> |
|   |                |                |
|   | Number         | Number         |
| <b>Weighted-average number of ordinary shares</b>   | <b>630,284</b> | <b>630,284</b> |
| <b>Basic and diluted earnings per share</b>         | <b>49.94</b>   | <b>19.04</b>   |

## Notes to the financial statements (continued)

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### Note 29 Commitments

#### **a) Other commitments**

The company has no other 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 to affect the financial statements.

### Note 31 Subsequent events

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



# Directors' declaration

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

In the opinion of the directors:

- (a) the financial statements and notes of the company are in accordance with the *Corporations Act 2001*, including:
- (i) giving a true and fair view of the company's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and
  - (ii) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



**Michael Denavi,**  
**Chair**

17 August 2022

# Independent audit report



Andrew Frewin Stewart  
61 Bull Street Bendigo VIC 3550

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03 5443 0344

## Independent auditor's report to the Directors of Clovelly Community Financial Services Limited

### Report on the Audit of the Financial Report

#### Opinion

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

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

In our opinion, the accompanying financial report of Clovelly Community Financial Services Limited, is in accordance with the *Corporations Act 2001*, including:

- i. giving a true and fair view of the company's financial position as at 30 June 2022 and of its financial performance for the year ended on that date; and
- ii. complying with Australian Accounting Standards and the Corporations Regulations 2001.

#### Basis for Opinion

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

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

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





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03 5443 0344

## Other Information

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

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

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

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

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

## Responsibilities of the Directors for the Financial Report

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

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

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

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



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Andrew Frewin Stewart  
61 Bull Street Bendigo VIC 3550

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

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

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

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

**Andrew Frewin Stewart**  
61 Bull Street, Bendigo, Vic, 3550  
Dated: 17 August 2022

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

**Joshua Griffin**  
Lead Auditor



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