Annual Report 2022

East Malvern Community Financial Services Limited

Community Bank
Malvern East

ABN 27 089 542 174

Contents

Chairman's report

For year ending 30 June 2022

In many respects the financial year ending 30 June 2022 was a period of great change and building for the future. The year began with official RBA interest rates still set at COVID-19 emergency levels of 0.10% which were very detrimental to the margin income the Company earns on it's substantial book of deposit footings.

To help mitigate the declining margins the team at Community Bank Malvern East leveraged the investment in new premises and grew footings at a record pace. To help lower costs and create a substantial asset for the future the Company took the decision to purchase our new branch premises funded by capital raisings, cash reserves and debt. As has been previously reported the 1 for 3 capital raising at $2.50 per share was oversubscribed by 20% which was a tremendous vote of confidence and our premises were subsequently acquired in February this year, resulting in immediate cost savings and a one-off profit of $32,000 from unwinding the AASB 16 lease accounting. Following the expanded capital base the Company established an ASIC regulated Low Volume Market (LMV) to create a transparent platform for trading shares in the Company.

The change with by far the biggest ongoing impact occurred in May 2022 when the RBA commenced the pathway to returning official interest rates to "normal" levels. By 30 June 2022 official rates had moved up to 0.85% and this was starting to flow through to the Company which added $26,000 to margin income in the final 2 months of the year. Hence the 2H saw branch revenue rise by $51,000 compared to 1H with the $25,000 balance of the increase attributable to the exceptionally strong growth in branch footings, up $32m over the year which is a level of growth that has never previously been achieved by the branch.

Both the RBA's pathway to "normal" official interest rates and the income from growing footings are material ongoing benefits which will add significantly to branch revenue and operating profits in the coming financial year. Refer to the Outlook statement for further details and the announcement of a special interim dividend.

Financial metrics were as follows:

$'000	2022	2021	Change	
Revenue	1,024	1,117	down	8.3%
Operating profits before sponsorships and tax	90	283	down	68.2%
Sponsorships and donations	124	151	down	17.9%
Dividends per share (declared/paid)	16 cents	20 cents	down	20.0%
Branch footings	214.8m	182.8m	up	17.5%

Branch operating profit declined by $77,000 from the previous year principally due to $43,000 in Covid related ATO Cash Boost and rent relief payments that were received in the 1H of the prior year and not repeated this year. Payroll costs were $131,000 higher due to new staff appointments which were partially offset by a $49,000 reduction in premises lease costs due to the purchase of our premises and the absence of one-off change over costs when we transitioned to our new premises in late 2020. Interest expense on our loan facilities increased by $22,000 which included the costs of funding the premises acquisition this year and the new branch fit-out completed last financial year. All other expenses were broadly in line with the prior year.

In the closing months of the year, turmoil on the equity markets due to rising interest rates resulted in the contribution from investment returns reducing by $116,000 compared to the prior year. The non cash mark to market adjustment was negative $90,000 compared to a gain of $96,000 in the prior year. This outweighed a considerable improvement in dividend income which more than doubled to $51,000 and the $48,000 in capital gains that were achieved on the sale of various investments which were sold earlier in the year to help fund the purchase of our premises.

Operating Results ($'000)		Total			Total	
	1H22	2H22	2022	1H21	2H21	2021
Community Banking						
Branch revenue	465	516	981	518	440	958
Branch operating profit	(22)	69	47	84	40	124
Operating margin	-5%	14%	5%	16%	9%	13%
Investment Income						
Cash investment earnings	51	82	133	26	37	63
Mark-to-market adjustment	(15)	(75)	(90)	33	63	96
Operating Profit before						
Sponsorships and Tax	14	76	90	143	140	283
Sponsorships			(124)			(151)
Net profit/(loss) before tax			**(34)**			**132**

From an operational perspective Ruth Hall and her team achieved record levels of footings growth, won the Bayside Region "Community Engagement Award" and assisted several branches to remain open when they suffered from staffing shortages. On behalf of all shareholders, I thank Ruth and her team for the outstanding results and the continuing dedication to customer service and the wider Community Banking network during another particularly tough year.

Despite the many changes and ongoing Covid challenges Community Bank Malvern East remained open for business through-out the year and continued to deliver the fantastic customer service that is highly appreciated by so many people. This along with our new branch premises, which we now wholly own and soon to include an exciting event space development that is planned for the rear of the premises, has set the branch up to thrive and for enduring success.

Community Sponsorships

Sponsorships reduced by 17.9% to $124,000 as the Company operating within constrained financial capacity worked with our community partners to defer where possible some sponsorship arrangements. The lower level of sponsorships was also reflective of the reduction in event sponsorships as many fund raising activities remained cancelled due to Covid. Cumulative sponsorships and donations have now reached $4.87 million since the inception of the business.

The Company provides grants to many Community Partners throughout the year and this is outlined in more detail in the Sponsorship Committee Report. During the year we also worked with several of our Community Partners to supplement sponsorship payments by successfully explaining and establishing business referral programmes. This created another valued revenue stream for the Community Partners that took advantage of the programme and added to the branch footings growth.

The fall-out from COVID-19 continued to impact on our Community Partners with the cancellation of many revenue raising opportunities on which they would normally rely, so our ongoing commitment in the form of sponsorships and business referral payments remains highly appreciated.

We see our Community Partners as valuable relationships to be nurtured for the long term and look forward to expanding the depth and breadth of the sponsorship programme as our financial circumstances are set to dramatically improve, refer the Outlook statement below.

Dividends

Due to lower profits in the financial year and the shareholder distribution limits imposed by the Franchise Agreement with Bendigo Bank, the Board has declared a final dividend for the financial year of 6 cents per year taking full year dividends to 16 cents (20 cents 2021) fully franked. The dividends paid this year are the first to be paid on the expanded shares on issue which increased by 47% as a result of the capital raisings undertaken during the 1H of this year. Dividends for the 2021/22 financial year have comprised of an interim dividend of 10 cents (10 cents 2021) and a final dividend of 6 cents per share (10 cents 2021), payable on 31 October 2022 to all shareholders as at 17 October 2022.

Subsequent to year end and recognising the significant turn-around in operating results that has already occurred the Board has approved a special interim dividend of 4 cents per share from the 2022/23 financial year payable on 31 October 2022 to all shareholders as at 17 October 2022. Together the final dividend from the 2021/22 financial year and the special interim dividend from 2022/23 will amount to 10 cents per share fully franked, payable on 31 October 2022 to all shareholders as at 17 October 2022.

As always the Board strives to keep the balance right between all our stakeholders including shareholders while staying true to the spirit of Community Bank programme. Since the business started through to the current year, but excluding the 2022/23 special interim dividend, the cumulative returns to the community and shareholders are as follows:

Sponsorships and donations	$4,874,000	73%
Dividends paid/payable to shareholders	$1,522,000	23%
Retained earnings	$ 241,000	4%
Total	**$6,637,000**	**100%**

Outlook

In normal circumstances the Company would refrain from commenting on the outlook for the coming financial year. As outlined above, over the last four months as RBA official interest rates commenced the return to more normal settings, the operating results for the branch and hence the Company have dramatically changed for the better. In such a period of transition it is appropriate to provide some guidance as to what to expect from the operations of the branch based on actual results to-date and known changes to the official RBA interest rates which are assumed to be in place for the remainder of the financial year.

Indicative 2022/23 Branch Results ($'000)		
	First Half	Full Year
Branch revenue	800 +/- 5%	1,700 +/- 5%
Branch operating profit	350 +/- 15%	750 +/- 15%

No guidance is provided for Investment Income as this can be highly variable, however it is expected that normal shareholder dividends for the 2022/23 financial year will total at least 20 cents per share which is in addition to the 4 cent special dividend per share that has already been declared.

During the coming year with the branch operating results set to exceed all previous records the Company intends to prioritise:

- Increasing the level of Community Partner sponsorships,
- Completing phase 2 of the branch refurbishment by creating an exciting event space in the rear of our premises,
- Commence rebuilding reserves which were drawn down over the last 3 years,
- Accelerate debt repayment, and
- Improve returns to shareholders.

Chairman's report (continued)

Board of Directors

The role and duties of the Board have significantly expanded to realise many of the opportunities in growing and building a sustainable business along with meeting ever increasing regulatory compliance requirements. I want to acknowledge the dedication and time they provide in guiding this Company for the benefit of all stakeholders, especially the considerable effort that has gone into the capital raisings, purchase of the premises and working with our business partner Bendigo Bank to achieve these outcomes along with the many Community Partners that rely on us.

The Board comprises of:-

Stuart Martyn - Chairman
Philip Williamson – Deputy Chairman
Philip Carey – Company Secretary
Michael Arbon
Anne Parsonson
Melissa Hartmann

I want to thank those who are currently supporting Community Bank Malvern East with their banking business and look forward to that support continuing in the future.

Stuart Martyn
Chairman

Senior Manager's report

For year ending 30 June 2022

What an exciting year we have had. One that makes me so proud of what we have achieved together. I would like to acknowledge the staff's commitment to our growth strategy as well as our commitment to ensuring our customers are at the centre of everything we do. We strongly believe if we look after our customers, we will continue to hold their banking to Community Bank Malvern East as well as gain referrals from their friends and family members.

Two staff promotions with Georgia securing a promotion as Personal Banker with Bendigo Bank South Melbourne, Bella completing her traineeship and moved to Community Bank Parkdale as a Customer Service Officer.

Christine has chosen to return to full time work and has returned to Bendigo Bank Cheltenham, where she started her Bendigo Bank career.

Ollie has now completed his 4-year Commerce Degree, he is to be congratulated for his commitment to both work and study as he continued to work and study full time during the past 12 months.

Taylor has continued to support the whole branch with his strong desire to ensure all customers have the best service at all times. Taylor also leads training and development of the newer staff members who join us.

Mirsada has established herself with our home loan customers and has proven invaluable to Taylor and myself assisting with the growth of the lending book by way of completing substantial work on our home loan applications to reduce turnaround times and deliver better customer outcomes.

Reggie joined us in July 22 after a break from work. Reggie has a long and distinguished career at one of the major banks. Reggie brings a positive mind set and a wealth of practical experience, she has quickly become one of our customers favourites in the branch.

Our newest staff member Ed, has settled in nicely and we trust this will be the beginning of a long and prosperous banking career. Ed plays football for Collegians, one of our sponsored football clubs.

Our main focus has been to take advantage of all opportunities and grow the branch footings to ensure we were well positioned to make the most of increased interest margins. The staff's efforts over the year have delivered amazing results.

Bendigo Bank was one of the two banks that the State Government approved to participate in the Victorian Homebuyer Fund (VHF). When the scheme launched Bendigo Bank was overwhelmed with the volume of enquiries from potential home loan customers, this saw Bendigo Bank call for branches who wanted to take the enquires that would traditionally be completed by Bendigo Bank's customer service team. We grabbed this opportunity, this ensured we not only assisted the customer service staff but also enabled us to bring as many of these opportunities to Malvern East as possible. The VHF customers are particularly appealing to us as traditionally they are younger home loan customers who bring all their banking, including home insurance to us. This helps refresh our lending book at the same time as reducing the average age of our client base.

Deposit footings grew by $19m which was 237% of plan increasing from $126m to $145m over the year.
We also grew our lending book by $13m which was 180% of plan increasing lending from $57m to $70m. All up it was an exceptional year for the growth of the branch footings.

Again, this year we experienced very low level of discharges and I strongly believe this is due to the ongoing commitment of our team to ensure our home loan customers are proactively contacted which ensures we are across their changing needs and we match updated product offering with our customers changing needs.

At the annual Bayside Regional awards, we won the very coveted 'Community Engagement Award'.

This was due to not only how we look after our Malvern East community, but how we have supported many other branches in our region when they were short staffed to ensure they could remain open.

With COVID-19 restrictions starting to relax we were fortunate enough to host the General Manager of Retail Banking, Dennis Teale on one of his trips from Western Australia where he is based. Dennis was very clear in his message of how important retail banking and perhaps even more importantly Community Banking is to Bendigo Bank's future success. Dennis also discussed some exciting projects that are being worked on which will bring more efficient processes, delivering better outcomes for our staff, customers and the business.

We have also had a variety of local artists display their works in the branch which has proven very successful with the artist increasing their profile in the area, selling some of their works as well as provide our staff and customers with an ever-changing branch to visit.

Again, this year we supported our long-standing Community Partner, Cystic Fibrosis Community Care (CFCC), who do amazing support work with the Cystic Fibrosis community and their families. Above is CFCC's new CEO and one of their amazing volunteers who sold roses from our branch on 65 Roses Day.

This year we also chose to become a collection point for children's books for 123 Read 2me, to date it is estimated we have collected more than 2,500 books that have been distributed to various low socioeconomic communities to help boost literacy levels of our younger communities.

Preparations are underway to upgrade the rear of the branch to build an outdoor community space that will see us host more exciting customer and community events. Follow us on our social media to watch this space come to life.

I am very proud and thankful of my team again this year. It's been a year of staff promotions, fantastic growth in lending and deposits with increased revenue starting to come through off the back of our hard work and interest rates moving back to more 'normal' levels. Our achievements are only possible due to the continued support of the Board for which I am as always very grateful.

Ruth Hall
Senior Branch Manager

Sponsorship Committee report

For year ending 30 June 2021

The past year has seen us delivered $124,000 to our valued Community Partners and not-for-profit organisations. Again, this year our Community Partners planned sporting events and events have been disrupted by COVID-19 restrictions. This was particularly evident in the first part of the financial year. The later part of the financial year has seen a return to more normality with COVID-19 becoming more controlled. Our Community Partners are now returning to their past effectiveness and we are seeing an increase in events.

We have managed to maintain strong relationships with our Community Partners and have continued a strong commitment to Sponsorship. Many events have been altered to facilitate changes to restrictions and this has resulted in smaller or changed events being held but nevertheless still allowing us to continue our commitment to the Community. We would like to congratulate our Community Partners for their ability to adapt, communicate their changing needs and continue their commitment to their Organisations and our branch.

The quantum of support since the branch opened has now reached $4.875 million, excitement is building with $5 million of Community Support being within our reach. Equally as significant although far more tangible is what our Community Partners perceive as our contribution to their community.

Showcased below are some of the Community Partners we have supported this year.

Phoenix Park Neighbourhood House

"The Phoenix Park Neighbourhood House (PPNH) has been most grateful for the generous support from Community Bank Malvern East Bendigo Bank. As a result of successful community sponsorship from the branch, during Term 3 2022 PPNH have been facilitating a community program called 'Stitching Connections' a free 10-week program facilitated by embroidery artist Nicole Kemp who has embroidery artwork featured at Museums Victoria.

This program has seen a group of local members participate with creating a wall quilt to reflect resilience and community spirit. Addition to this core group, we opened the craft to the wider community for members to create their own little community heart, which has been incorporated into the main quilt, and this has seen participants from Scope Disability Group, Early Years at Phoenix Park and other Phoenix Park community participants joining in the fun.

The program has delivered more than what we could have wished or planned for, it has been a great display of support, connection and community. The most wonderful quilt has been created that has significant messages of community and resilience. It has been a terrific way to engage the community through the art of stitching. We are so grateful for the community sponsorship, as without this program, our community could not have experienced the joy and community connection.

'The Stitching Connections Community Quilt made by members of PPNH.

A reflection from one of the members who is so grateful for the program and involvement; 'I am feeling so happy inside, after a tough few years this is exactly what I need, this is my therapy'.

On behalf of the PPNH community and Committee of Management, I would like to thank Ruth Hall and the team for their support and community spirit, as together we are stronger. Thank you!"

Maddie Race – Manager PPNH

De La Salle Reserves Men's Premiers team of 2022.

De La Salle Football Club

Community Bank Malvern East has been a valued partner of the De La Salle Football Club for over 10 years. The Club truly appreciates the support we receive from Ruth and the team and we commend Community Bank Malvern East in the way it embraces the De La community.

Our partnership with Community Bank Malvern East enables De La to pursue a number of off-field initiatives that are a critical part of our role in the community. We have developed programs such as Out of the Blue, focused on mental health, Blue and Gold Edge, a business networking group, and Sport4All through Stonnington Council, a program to encourage people with a disability the opportunity to participate in our club.

We hope our partnership with Community Bank Malvern East will continue for many years to come.

Below is the full list of community partners we have supported this year.

Sport
Caulfield Grammarians Football Club
Coatesville Bowls club
Collegians Football Club.
Caulfield Cricket Club
De La Salle Football Club
East Malvern Football Club
East Malvern Tooronga Cricket Club
Malvern Bowls Club
Malvern Cricket Club
Old Melburnian's Amateur Football Club
Old Xaverian's Amateur Football Club
Prahran Assumption Football Club
Prahran Cricket Club
Prahran Junior Football Club
Malverndale Ladies Golf Club
St Kevin's Old Boys Football Club
Victorian Amateur Football Association
Victorian Sub District Cricket Assoc
Victorian Sub District Cricket Umpires Association
Yarra Yarra Golf Club

Community
4th East Malvern Girl Guides
East Malvern Combined Probus Club
East Malvern Food & Wine Festival
East Malvern Men's Shed
East Malvern RSL Anglers Club
Phoenix House Neighbourhood House
Stonnington Seniors Festival #
Toorak Park Users Group
Health
Check the Male #
Cystic Fibrosis Community Care
Mecwacare
Arts
Golden Days Radio
Malvern Artists Society #
Education
Malvern Special Needs Playgroup

Community groups who successfully applied for grants but could not proceed due to COVID-19 restrictions.

Anne Parsonson
Chair Sponsorship & Marketing Committee

Directors' report

For the financial year ended 30 June 2022

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

Directors

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

Stuart Martyn

Title: Chair

Experience and expertise: Stuart has substantial CFO and Board experience across IT, Payments and Retail Banking. Chartered Accountant, MBA (AGSM) and GAICD qualified he was an executive with a major retail bank for more than 8 years and a long term CFO for the Australian subsidiary of a large international IT company specialising in the financial services industry. A founding director of the East Malvern Community Bank he and his family have been Stonnington residents for over 30 years.

Special Responsibilities: Chair of Investment Committee, Member of Audit, Risk & Governance Committee, Member of Remuneration & Nominations Committee

Philip Williamson

Title: Deputy Chair

Experience and expertise: Phil had a 23-year career in retail banking with Westpac holding all roles from junior through to running a high performing branch. In addition, Phil held Regional banking roles in the People and Culture space as well as periods of heading up the Recruitment function for Victoria and senior management roles in Learning & Development. Subsequently, Phil has held the most senior People and Culture positions in Mercedes-Benz Australia Pacific, the Movember Foundation (Global), ECMS Early Childhood Management and a senior management role in People & Culture with the City of Monash. Phil has been involved in sporting, school, and kindergarten committees for almost 50 years and has held the role of President on two occasions at the Prahran Cricket Club.

Special Responsibilities: Chair of Remuneration & Nominations Committee, Member of Investment Committee

Philip Carey

Title: Company secretary

Experience and expertise: A founding director of the East Malvern Community Bank and a current practising solicitor and practice principal for over 50 years. Former VAFA footballer Club Captain and President. Phil is particularly pleased to have played a part in the development of a bank which has been a contributor to the community for which it came into existence.

Special Responsibilities: Member of Sponsorship & Marketing Committee, Member of Audit, Risk & Governance Committee

Directors (continued)

Michael Arbon

Title: Non-executive director

Experience and expertise: Michael joined the Board in 2008. He holds a Bachelor of Engineering Degree from Melbourne University and is a graduate of the Stanford Executive Program. Michael has worked in a variety of Infrastructure businesses during his career in Executive Management positions. Michael has lived in the City of Stonnington for over 30 years and is a life member of the Malvern Cricket Club.

Special Responsibilities: Chair of Audit, Risk & Governance Committee, Member of Sponsorship & Marketing Committee, Member of Remuneration & Nominations Committee

Anne Parsonson

Title: Non-executive director

Experience and expertise: Anne joined the Board in 2012 and has over 25 years experience in the manufacturing and retail services sector including being a Director of Kidman Furniture Pty Ltd and Red Dust Furniture. Most recently she is involved in the accounting sector of her family business in Veneer Board manufacturing and distribution which operates in Victoria and Canberra. Anne has lived in Stonnington for more than 30 years and has been involved in local community groups, including Malvern Netball Club and East Malvern Tennis Club.

Special Responsibilities: Chair of Sponsorship & Marketing Committee

Melissa Hartmann

Title: Non-executive director

Experience and expertise: Melissa has substantial Strategy and Digital Transformation experience, working in Financial Services across 5 countries. She was an executive with a major insurer, where she worked for 16 years. She holds a Bachelor of Commerce from the University of Western Australia and a MBA from the Australian Graduate School of Management. Melissa joined in the board in March 2021.

Special Responsibilities: Member of Sponsorship & Marketing Committee, Member of Investment Committee.

Company Secretary

The company secretary is Philip Carey.

Principal Activities

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 year.

Review of Operations

The loss for the company after providing for income tax amounted to $43,003 (30 June 2021 profit: $163,603).

Operations have continued to perform in line with expectations.

Dividends

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

	2022 $
Dividends Paid	
Fully franked dividend of 10 cents per share	57,918
Dividends Proposed	
Fully franked dividend 6 cents per share	34,751
	92,669

Significant changes in the state of affairs

The company purchased the property at 268 Waverley Road, East Malvern from which the branch operates. As part of the consideration for the purchase of the property the vendor agreed to accept 40,000 shares in the Company valued at $2.50 each for an ongoing investment of $100,000.

On the 15th November 2021, the company announced a non-renounceable pro-rata offer to eligible shareholders of East Malvern Community Financial Services Limited of 1 new share for every 3 shares held at a subscription price of $2.50 per new share. The offer was opened on 22 November 2021 and was fully subscribed, raising $362,205 before costs and issuing 144,882 new shares. The proceeds from the Offer was used towards the purchase of the branch premises at 268 Waverley Road, East Malvern.

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

Matters subsequent to the end of the financial year

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

Likely developments

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

Environmental regulation

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

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2022, and the number of meetings attended by each director were:

	Board	
	Eligible	Attended
Stuart Martyn	11	11
Philip Williamson	11	11
Philip Carey	11	11
Michael Arbon	11	11
Anne Parsonson	11	10
Melissa Hartmann	11	11

All directors participate in various committees the business of which are conducted informally on an as required basis with the Chair of each committee reporting to the monthly Board Meetings.

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

Directors' interests

The interest (direct and indirect) in company shareholdings for each director are:

	Balance at the start of the year #	Changes #	Balance at the end of the year #
Stuart Martyn	10,500	11,800	22,300
Philip Williamson	1,000	700	1,700
Philip Carey	1,000	-	1,000
Michael Arbon	4,500	4,500	9,000
Anne Parsonson	6,000	5,000	11,000
Melissa Hartmann	-	-	-

Indemnity and insurance of directors and officers

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

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

Proceedings on behalf of the company

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

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the *Corporations Act 2001*.

Indemnification and insurance of auditor

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

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

Non audit services

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

Non audit services (continued)

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

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

Auditor's independence declaration

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

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

On behalf of the directors

Stuart Martyn
Chair

27 September 2022

Auditor's independence declaration

05 October 2022

AUDITOR'S INDEPENDENCE DECLARATION

To: The Directors
East Malvern Community Financial Services Limited

As lead engagement auditor for the audit of the financial report of the East Malvern Community Financial Services Limited for the year ended 30^{th} June 2022, I declare that, to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

5TH OCTOBER 2022

John S Creffield
Registered Company Auditor - 8821

Financial statements

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

	Notes	2022 $	2021 $
Revenue from contracts with customers	6	966,171	913,317
Other revenue	7	56,321	202,086
Finance Income		1,261	1,930
Employee benefit expenses	8	(587,098)	(456,443)
Charitable donations and sponsorships	8	(123,827)	(150,919)
Occupancy and associated costs		(24,700)	(24,399)
Systems costs		(31,906)	(36,514)
Depreciation and amortisation expense	8	(78,800)	(110,868)
Finance costs	8	(27,386)	(8,785)
General administration expenses		(183,580)	(197,644)
Profit before income tax expense		**(33,544)**	**131,761**
Income tax (expense) credit	9	(9,459)	31,842
Profit after income tax expense		**(43,003)**	**163,603**
Total comprehensive income for the year attributable to the ordinary shareholders of the company:			
Earnings per share		**¢**	**¢**
Basic earnings per share	30	(7.42)	41.49
Diluted earnings per share	30	(7.42)	41.49

The accompanying notes form part of these financial statements.

Statement of Financial Position
as at 30 June 2022

	Notes	2022 $	2021 $
ASSETS			
Current assets			
Cash and cash equivalents	10	25,365	56,567
Trade and other receivables	11	110,389	79,697
Total current assets		**135,754**	**136,264**
Non-current assets			
Trade and other receivables	11	12,101	22,626
Property, plant and equipment	12	2,133,529	430,726
Financial assets	13	346,717	523,744
Right-of-Use Assets	14	-	224,758
Intangible assets	15	13,269	13,269
Deferred tax asset	9	68,706	151,114
Total non-current assets		**2,574,322**	**1,366,237**
Total assets		**2,710,076**	**1,502,501**
LIABILITIES			
Current liabilities			
Trade and other payables	16	96,406	32,896
Current Tax Liabilities	9	-	3,270
Lease Liabilities	17	-	55,205
Employee Benefits	18	44,270	27,986
Borrowings	19	178,860	61,704
Total current liabilities		**319,536**	**181,061**
Non-current liabilities			
Employee Benefits	18	36,094	27,631
Lease Liabilities	17	-	201,815
Borrowings	19	1,255,844	223,820
Deferred Tax Liabilities	9	12,508	97,479
Total non-current liabilities		**1,304,446**	**550,745**
Total liabilities		**1,623,982**	**731,806**
Net assets		**1,086,094**	**770,695**
EQUITY			
Issued capital	20	845,371	394,300
Accumulated profits	21	240,723	376,395
Total equity		**1,086,094**	**770,695**

The accompanying notes form part of these financial statements.

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

	Notes	Issued capital $	Accumulated profits $	Total equity $
Balance at 1 July 2020		394,300	291,652	685,952
Total comprehensive income for the year		-	163,603	163,603
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	23	-	(78,860)	(78,860)
Balance at 30 June 2021		**394,300**	**376,395**	**770,695**
Balance at 1 July 2021		394,300	376,395	770,695
Total comprehensive income for the year		-	(43,003)	(43,003)
Transactions with owners in their capacity as owners:				
Issue of Ordinary Shares		451,071		451,071
Dividends provided for or paid	23	-	(92,669)	(92,669)
Balance at 30 June 2022		**845,371**	**240,723**	**1,086,094**

The accompanying notes form part of these financial statements.

Statement of Cash Flows
for the year ended 30 June 2022

	Notes	2022 $	2021 $
Cash flows from operating activities			
Receipts from customers		943,308	933,629
Payments to suppliers and employees		(859,725)	(890,705)
Dividends and other investment income		36,127	17,805
Interest received		1,261	1,930
Rent received		-	9,138
Interest paid		(21,832)	(22)
Lease payments (interest component)		(5,554)	(8,763)
Lease payments not included in the measurement of lease liabilities		(16,964)	
Income taxes received/(paid)		-	16,173
Net cash provided by operating activities	**29**	**76,621**	**79,185**
Cash flows from investing activities			
Proceeds from (Payment for) property, plant and equipment		(1,732,059)	(408,861)
Net (investment)/disposal of shares		134,762	84,063
Payments for intangible assets		(14,475)	(14,476)
(Investment)/Repayment of loans to Sponsorship Groups		10,000	-
Net cash used in investing activities		**(1,601,772)**	**(339,274)**
Cash Flows from Financing Activities			
Proceeds from issue of shares		462,205	-
Payments for equity raising costs		(11,133)	-
Proceeds from Borrowings		1,225,000	285,524
Repayments of Borrowings		(53,988)	-
Dividends Paid		(93,538)	(94,580)
Lease payments (principal component)		(34,597)	(62,695)
Net Cash Used in financing Activities		**1,493,949**	**128,249**
Net increase in cash held		**(31,202)**	**(131,840)**
Cash and cash equivalents at the beginning of the financial year		56,567	188,407
Cash and cash equivalents at the end of the financial year	**10**	**25,365**	**56,567**

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

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

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

Registered Office	**Principal Place of Business**
268 Waverley Road Malvern East VIC 3145	268 Waverley Road Malvern East VIC 3145

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 27 September 2022. The directors have the power to amend and reissue the financial statements.

Note 2. Basis of preparation and statement of compliance

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

Note 3. Significant accounting policies

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

Changes in accounting policies, standards and interpretations

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

Current and non-current classification

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

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

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

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

Note 3. Significant accounting policies (continued)

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 any impairment loss.

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

Goods and Services Tax (GST)

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

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

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

Note 4. Critical accounting judgements, estimates and assumptions

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

Coronavirus (COVID-19) pandemic

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

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

Estimation of useful lives of assets

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

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

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

Recovery of deferred tax assets

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

Lease term

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

Incremental borrowing rate

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

Employee benefits provision

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

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

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

Lease make good provision

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

Note 5. Economic dependency

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

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

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

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

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

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

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

Note 6. Revenue from contracts with customers

	2022 $	2021 $
Margin income	841,165	795,876
Fee income	56,616	53,668
Commission income	68,390	63,773
Revenue from contracts with customers	**966,171**	**913,317**

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.

Note 6. Revenue from contracts with customers (continued)

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

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

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

Revenue Calculation

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

Margin

Margin is arrived at through the following calculation:

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

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

Commission

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

The company receives trailing commission for products and services sold. Ongoing trailing commission payments are recognised on receipt as there is insufficient detail readily available to estimate the most likely amount of income without a high probability of significant reversal in a subsequent reporting period. The receipt of ongoing trailing commission 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 that the company receives. The reasons it may make a change include changes in industry or economic conditions or changes in the way Bendigo Bank earns revenue.

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

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

Note 7. Other revenue

	2022 $	2021 $
Dividend and distribution income	51,420	25,342
Rental income	-	27,047
Gain on sale of assets	80,309	8,798
Change in market value adjustment	(90,398)	95,677
Other income	14,990	17,976
Cash flow boost	-	27,246
Revenue from contracts with customers	**56,321**	**202,086**

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 possible that the economic benefits will flow to the company and can be reliably measured.

Revenue stream	Revenue recognition policy
Gain on sale of assets	Revenue from the sale of property, plant and investments is recognised when the buyer obtains control of the asset. Control is transferred when the buyer has the ability to direct the use of and substantially obtain the economic benefits from the asset.
Other income	All other revenues that did not contain contracts with customers are recognised as goods and services are provided.
Cash flow boost	Cash flow boost income is recognised when the right to receive the payment is established (e.g. monthly or quarterly in the activity statement).

All revenue is stated net of the amount of GST.

Net gain on disposal of right-of-use assets

During the period the company purchased the branch premises and as such the previous branches lease expired in February 2022. As a result the previous branch premises lease liability, make-good provision and right-of-use asset were required to be remeasured. This resulted in a gain of $32,206.

Cash flow boost

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

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

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

Note 8. Expenses

Depreciation and amortisation expense

	2022 $	2021 $
Depreciation of non-current assets:		
Plant and equipment	29,782	16,542
Depreciation of right-of-use assets:		
Leased land and buildings	**34,542**	**79,850**
Amortisation of intangible assets:		
- Franchise fee	**14,476**	**14,476**
Total depreciation and amortisation expense	**78,800**	**110,868**

Note 8. Expenses (continued)

Finance costs

	2022 $	2021 $
Interest expense	21,832	22
Lease interest expense	5,554	8,763
	27,386	**8,785**

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

Employee benefits expense

	2022 $	2021 $
Wages and salaries	492,306	390,800
Non-cash benefits	15,198	9,612
Superannuation contributions	44,553	32,182
Expenses related to long service leave	9,990	7,629
Other expenses	25,051	16,220
	587,098	**456,443**

Leases recognition exemption

	2022 $	2021 $
Expenses relating to low-value leases	**16,964**	**23,380**

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.

Charitable donations, sponsorship, advertising and promotion

	2022 $	2021 $
Direct sponsorship, advertising and promotion payments	**123,827**	**150,919**

Note 9. Income tax

	2022 $	2021 $
Income tax expense (benefit)		
Current Tax	-	5,230
Recoupment of prior year tax losses	17,731	-
Adjustment to deferred tax upon completion of AASB 16	(5,709)	-
Movement in deferred tax	(2,563)	(37,072)
Aggregate income tax expense/(benefit)	**9,459**	**(31,842)**

Note 9. Income tax (continued)

	2022 $	2021 $
Prima facie income tax reconciliation		
Profit before income tax expense	**(33,544)**	**131,761**
Tax at the statutory tax rate of 25% (2021: 26%)	(8,386)	34,258
Tax effect of:		
Non-assessable income	-	(11,146)
Non deductible Expenses	3,620	8,044
Other assessable income	13,892	
Timing differences expenses	8,605	(25,598)
Permanent differences		(328)
Movement in deferred tax	(8,272)	(37,072)
	9,459	**(31,842)**

	2022 $	2021 $
Deferred tax asset attributable to:		
Tax losses	48,615	63,713
Capital losses	-	682
Employee provisions	20,091	14,460
Lease liability	-	72,259
Deferred tax asset	**68,706**	**151,114**

	2022 $	2021 $
Deferred tax liability attributable to:		
Prepayments	1,580	3,505
Right-of-use assets	-	58,437
Property, plant and equipment	7,916	8,901
Market value of investments	3,012	26,636
Deferred tax liability	12,508	97,479
Income tax payable	**-**	**3,270**

Accounting policy for income tax

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

Accounting policy for current tax

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

Note 9. Income tax (continued)

Accounting policy for deferred tax

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

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

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

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

Note 10. Cash and cash equivalents

	2022 $	2021 $
- Cash at bank and on hand	**25,365**	**56,567**

Note 11. Trade and other receivables

	2022 $	2021 $
Current assets		
Trade receivables	104,068	66,219
Prepayments	6,321	13,478
	110,389	**79,697**
Non-current assets		
Other receivables and accruals	**12,101**	**22,626**

Accounting policy for trade and other receivables

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

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

Note 12. Property, plant and equipment

	2022 $	2021 $
Property, plant and equipment - at cost	2,171,072	438,487
Less: accumulated depreciation and impairment	(43,273)	(14,923)
	2,127,799	**423,564**
Furniture and fittings - at cost	8,924	8,924
Less: accumulated depreciation and impairment	(3,194)	(1,762)
	5,730	**7,162**
	2,133,529	**430,726**

Note 12. Property, plant and equipment (continued)

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

	Property, plant and equipment $	Furniture and Fittings $	Total $
Balance at 1 July 2020	33,541	7,636	41,177
Additions	404,947	1,287	406,234
Disposals	-	-	-
Depreciation	(14,924)	(1,761)	(16,685)
Balance at 1 July 2021	**423,564**	**7,162**	**430,726**
Additions	1,732,585	-	-
Disposals	-	-	-
Depreciation	(28,350)	(1,432)	(29,782)
Balance at 30 June 2022	**2,127,799**	**5,730**	**2,133,529**

Accounting policy for property, plant and equipment

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

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

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

Plant and equipment	2 to 20 years
Leasehold improvements	10 to 20 years
Motor vehicles	4 to 8 years

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

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

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

Changes in estimates

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

Note 13. Financial assets

	2022 $	2021 $
Non-current assets		
Sponsorship Fund (ASX Listed Securities)	**346,717**	**523,744**

Note 13. Financial assets (continued)

Reconciliation

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

	2022 $	2021 $
Opening fair value	523,744	503,332
Additions	3,285	-
Disposals	(89,914)	(75,265)
Revaluation decrements	(90,398)	95,677
Closing fair value	**346,717**	**523,744**

The company classifies financial assets as a current asset when it expects to realise the asset, or intends to sell or consume it, no more than 12 months after the reporting period. All other investments are classified as non-current.

Note 14. Right-of-use assets

	2022 $	2021 $
Land and buildings - right of use	-	269,708
Less: Accumulated depreciation	-	(44,950)
	-	**224,758**

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

	Land and buildings $
Balance at 1 July 2020	269,708
Depreciation	(44,950)
Balance at 1 July 2021	**224,758**
Disposals	(190,808)
Depreciation	(33,950)
Balance at 30 June 2022	**-**

Accounting policy for right-of-use assets

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

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

Refer to note 17 for more information on lease arrangements.

Note 15. Intangibles

	2022 $	2021 $
Franchise fee		
At cost	14,475	14,475
Less: accumulated amortisation	(1,206)	(1,206)
	13,269	**13,269**

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

	Franchise fee $
Balance at 1 July 2020	13,269
Renewal costs	14,475
Amortisation expense	(14,475)
Balance at 1 July 2021	**13,269**
Renewal costs	14,475
Amortisation expense	(14,475)
Balance at 30 June 2022	**13,269**

Accounting policy for intangible assets

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

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

The franchise fees paid by the company are amortised over their useful life and assessed for impairment whenever impairment indicators are present. They are tested for impairment at each reporting period and whenever impairment indicators are present. The indefinite useful life is also reassessed annually.

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

Asset class	Method	Useful life	Expiry/renewal date
Franchise fee	Straight-line	Over the franchise term (1 years)	May 2023

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

Change in estimates

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

Note 16. Trade and other payables

	2022 $	2021 $
Current liabilities		
Other payables and accruals	**96,406**	**32,896**

Note 16. Trade and other payables (continued)

Accounting policy for trade and other payables

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

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

Note 17. Lease liabilities

	2022 $	2021 $
Current liabilities		
Land and buildings lease liabilities	55,205	63,650
Disposals	(55,205)	-
Unexpired interest	-	(8,445)
	-	**55,205**
Non-current liabilities		
Land and buildings lease liabilities	201,815	214,266
Disposals	(201,815)	-
Unexpired interest	-	(12,451)
	-	**201,815**

Reconciliation of lease liabilities

	2022 $	2021 $
Opening balance	257,020	298,915
Additional lease liabilities recognised	2,655	20,800
Disposals	(225,078)	-
Lease interest expense	5,554	8,763
Lease payments - total cash outflow	(40,151)	(71,458)
	-	**257,020**

Maturity analysis

	2022 $	2021 $
No later than 12 months	-	63,650
Between 12 months and 5 years	-	214,266
Total undiscounted lease payments	**-**	**277,916**
Unexpired interest	-	(20,896)
Present value of lease liabilities	**-**	**257,020**

Note 17. Lease liabilities (continued)

Accounting policy for lease liabilities

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

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

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

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

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

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

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

The company's lease portfolio includes:

East Malvern branch	The lease agreement commenced in September 2020 for a 5 year term (60 months). The discount rate used in calculations was 3.64%. In February 2022, the premises were purchased by East Malvern Community Financial Services Limited and the lease was ended 43 months early.

Note 18. Employee Benefits

	2022 $	2021 $
Current liabilities		
Annual leave	**44,270**	**27,986**
Non-current liabilities		
Provision for long service leave	**36,094**	**27,631**

Accounting policy for employee benefits

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

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

Note 18. Employee Benefits (continued)

Superannuation contributions

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

Short-term employee benefits

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

Other long-term employee benefits

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

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

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

Note 19. Loans and Borrowings

	2022 $	2021 $
Current liabilities		
Secured bank loans	**178,860**	**61,704**
Non-current liabilities		
Secured bank loans	**1,255,844**	**223,820**

Terms and repayment schedule			30 June 2022		30 June 2021	
	Nominal interest rate	Year of Maturity	Face value	Carrying Value	Face value	Carrying Value
Mortgage Loan	3.09%	June 2026	231,840	231,840	285,524	285,524
Commercial Mortgage	3.765%	February 2027	1,202,864	1,202,864	-	-

Note 20. Issued capital

	2022 Shares	2021 Shares	2022 $	2021 $
Ordinary shares - fully paid	**579,182**	**394,300**	**845,371**	**394,300**

Accounting policy for 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.

Note 20. Issued capital (continued)

Rights attached to issued capital

Ordinary Shares

Voting rights

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

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

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

Dividends

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

Transfer

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

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

Prohibited shareholding interest

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

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

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").
- Where the person is a shareholder, after the transfer of shares in the company to that person the number of shareholders in the company is (or would be) lower than the base number (the "base number test"). The base number is 172. As at the date of this report, the company had 196 shareholders.

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

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

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

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

Note 21. Accumulated profits

	2022 $	2021 $
Accumulated profits at the beginning of the financial year	376,395	291,652
Profit after income tax expense for the year	(43,003)	163,603
Dividends paid (note 23)	(92,669)	(78,860)
Balance at the end of the financial year	**240,723**	**376,395**

Note 22. Capital management

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

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

The distribution limit is the greater of:

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

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

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

Note 23. Dividends

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.

	2022 $	2021 $
Fully franked interim dividend of 10 cents per share	57,918	39,430
Fully franked final dividend of 6 cents (10 cents in 2021) per share	34,751	39,430
	92,669	**78,860**

Franking credits

	2022 $	2021 $
Franking account balance at the beginning of the financial year	238,599	281,869
Franking credits (debits) arising from income taxes paid (refunded)	-	(16,173)
Franking credits arising from the receipt of franked distributions	14,386	7,537
Franking account balance at the end of the financial year	252,985	273,233
Franking debits from the payment of franked distributions	(30,890)	(34,634)
	222,095	**238,599**

Note 23. Dividends (continued)

	2022 $	2021 $
Franking transactions that will arise subsequent to the financial year end:		
Balance at the end of the financial year	222,095	238,599
Franking credits (debits) that will arise from payment (refund) of income tax	-	-
Franking credits available for future reporting periods	**222,095**	**238,599**

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

Accounting policy for dividends

Dividends are recognised in the financial year they are declared.

Note 24. Financial Instruments

	2022 $	2021 $
Financial assets		
Trade and other receivables	110,389	79,697
Cash and cash equivalents	25,365	56,567
	135,754	**136,264**
Financial liabilities		
Trade and other payables	96,407	32,896
Lease liabilities	-	257,020
Loans and borrowings	1,434,704	285,524
	1,531,111	**575,440**

Accounting policy for financial instruments

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

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

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

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

Financial risk management

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

Note 24. Financial Instruments (continued)

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.

The company held cash and cash equivalents of $850,796 at 30 June 2022 (2021: $952,082). The cash and cash equivalents are held with Bendigo Bank, which are rated BBB+ on Standard & Poor's credit ratings.

Credit risk

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

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

Liquidity risk

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

Exposure to liquidity risk

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

2022	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives				
Trade and other payables	96,407	-	-	96,407
Lease liabilities	-	-	-	-
Borrowings	178,860	754,836	501,008	1,434,704
Total non-derivatives	**275,267**	**754,836**	**501,008**	**1,531,111**

2021	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives				
Trade and other payables	32,896	-	-	32,896
Lease liabilities	55,205	201,815	-	257,020
Borrowings	61,704	223,820	-	285,524
Total non-derivatives	**149,805**	**425,635**	**-**	**575,440**

Note 25. Fair value measurement

Fair value hierarchy

The following tables detail the company's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

2022	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Equity Securities	346,717	-	-	346,717
Total Assets	**346,717**	**-**	**-**	**346,717**

2021	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Equity Securities	523,744	-	-	523,744
Total Assets	**523,744**	**-**	**-**	**523,744**

There were no transfers between levels during the financial year.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

Note 26. Key management personnel disclosures

The following persons were directors of East Malvern Community Financial Services Limited during the financial year:

Stuart Martyn
Philip Williamson
Philip Carey
Michael Arbon
Anne Parsonson
Melissa Hartmann

The number of Directors who were paid, or due to be paid remuneration (including brokerage, commissions, bonuses, retirement payments and salaries), directly or indirectly from the company or any related corporation, as shown in the following bands, were: 6 (2021: 6)

	2022 $	2021 $
The aggregate remuneration of all Directors was:	**73,333**	**77,500**

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

Note 27. Related party transactions

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

Note 28. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by John Creffield, the auditor of the company:

	2022 $	2021 $
Audit and review services		
-Audit and review of financial statements	7,410	3,750
	7,410	**3,750**

Note 29. Reconciliation of profit after income tax to net cash provided by operating activities

	2022 $	2021 $
Profit after income tax expense for the year	(43,003)	163,603
Adjustments for:		
Depreciation and amortisation	78,800	110,868
(Profit)/loss on disposal of non-current assets	(80,309)	(8,798)
Rent relief concession	-	(15,624)
Market value adjustment	90,398	(95,677)
Changes in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(53,143)	(4,405)
(Increase)/decrease in other assets	7,157	-
Increase/(decrease) in trade and other payables	64,381	(68,141)
Increase/(decrease) in employee benefits	24,747	13,202
Increase/(decrease) in provisions and other liabilities	(12,407)	(15,844)
Net cash provided by operating activities	**76,621**	**79,185**

Note 30. Earnings per share

	2022 $	2021 $
Profit after income tax	**(43,003)**	**163,603**
	Number	Number
Weighted number of ordinary shares used in calculating basic earnings per share	579,182	394,300
Weighted number of ordinary shares used in calculating diluted earnings per share	**579,182**	**394,300**
	Cents	Cents
Basic earnings per share	(7.42)	41.49
Diluted earnings per share	(7.42)	41.49

Note 30. Earnings per share (continued)

Accounting policy for earnings per share

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

Note 31. Commitments

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

Note 32. Contingencies

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

Note 33. Events after the reporting period

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

Directors' declaration

For the financial year ended 30 June 2022

In the directors' opinion:

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

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

On behalf of the directors

Stuart Martyn
Chair

27 September 2022

Independent audit report

TO THE MEMBERS OF THE EAST MALVERN COMMUNITY FINANCIAL SERVICES LIMITED.

SCOPE

We have audited the financial report being the Director's Declaration, Profit & Loss Statement, Balance Sheet and Notes to the Financial Statements of East Malvern Community Financial Services Limited for the period 1st July 2021 to the 30th June 2022. The company's directors are responsible for the financial report. We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards, other mandatory professional reporting requirements and statutory requirements, so as to present a view which is consistent with our understanding of the company's financial position and performance as represented by the results of their operations and their cash flows.

The audit opinion expressed in this report has been formed on the above basis.

AUDIT OPINION

In our opinion, the financial report of East Malvern Community Financial Services Limited is in accordance with:

(a) the Corporations Law including:

(i) giving a true and fair view of the company's financial position as at 30th June 2022 and of their performance for the year ended on that date; and

(ii) complying with Accounting Standards and the Corporations Regulations; and

(b) other mandatory professional reporting requirements

John Creffield
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John Creffield
Principal

05 October 2022

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