

# Annual Report 2022

Freycinet Coast Financial  
Services Limited

Community Bank  
Swansea and Bicheno

ABN 32 127 068 222



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# Chair's Report

Another challenging year.

The Company has completed a year that has been difficult on several fronts.

The financial performance has been impacted by reduced margins. The company reported a loss of \$31,184 (2021 loss \$ 10,838)

A one-off remediation expense of \$35,384 was incurred relating to a loan written some years ago.

The book of loan and deposits has grown and now stands at \$110 million which provides an excellent base for the 22/23 financial year. The rise in official interest rates since May is already having a positive impact on the margin income which will improve the financial performance.

There have been several staff changes and Suzanne has been able to grow and develop key staff in the branches. A special thanks to Kristen and Jessie.

On behalf of the Board, I wish to thank Suzanne for her efforts over the year. It hasn't been the easiest twelve months, but she has managed the role well and built the profile of the Community Bank in the region.

Suzanne recently advised the Board of her resignation and will be leaving at the end of September.

The resource sharing arrangements with St Helens are still in place and the Board recently reaffirmed this.

The communities along the East Coast are fortunate in having three established Community Bank branches to service their banking needs. There is continuing commentary on major banks closing branches and the move to electronic banking and digital platforms.

One important fact often lost in this discussion is the more business that is written by the Community Banks the more benefits they can provide to their communities through sponsorship and grants together with local employment opportunities.

Another issue Community Bank boards face is finding members of the community willing to provide their time and expertise to a voluntary board.

Since the end of June 2022 four Directors resigned for a variety of reasons as their circumstances change. On behalf of the Board, I wish to thank Chris Manson, Richard Benwell, Josie Dunbabin and Neil Edwards for their efforts and contribution to the Community Bank during their tenures.

The Board have appointed Liz Swain as a Director who brings valuable experience to the Board.

Elizabeth Hutchinson has flagged her intention to step down as a director as she is moving interstate. She has had a long association with the Community Bank having been in the role of Secretary for 8 years before being appointed a director in 2019. Thanks, Elizabeth, for all your efforts over the years.

I would like to thank the Board for making their time available sometimes on short notice for zoom meetings and for the valuable input and discussion we must have on various matters which come up. Annette Hughes has provided valuable guidance from a legal perspective, and I thank her for this as she has a busy schedule.

I believe the next financial year will present challenges.



John Fletcher  
CHAIRMAN

# Branch Manager's Report

The 2021/2022 financial year saw us complete our 14th year of operation and I am pleased to report that Community Bank Swansea and Bicheno continues to grow each year. Our total business now stands at over \$109 million, which represents a growth of 7% for the 12 months to 30th June 2022. This is made up of 67% deposit accounts and 33% of lending – a ratio that ideally should be 50:50. Record low interest rates have again impacted our revenue and hence our profitability; however, the coming financial year will see some relief here as the RBA increase interest rates to slow inflation.

The community support to date has seen us return profits back into the community to the value of \$390,704. Our potential is however far greater than this, and I encourage you all to continue to be advocates for us. As 'your' Community Bank we require support across all facets of banking to be sustainable into the future, this includes lending. To date it is disappointing that only a small percentage of our community bank with us, when 14 years ago, so many pledged their support. To have a bank in a regional town is a privilege, is seen as paramount to a town's future and we all need to be responsible for its long-term success. Of course, with the Community Bank model, there is also the direct benefit to our community when banking with us as 100% of our profits are retained in our community; a maximum of 20% to local shareholders and 80% of our profits are delivered back to the community by way of grants and sponsorships.

Our team has seen a few changes this year with us welcoming Chloe Read, Danielle Crack and Skye Anderton into our branches. Our three new employees have been supported well by Kristen Darke, Jessie Smith and Lisa Dean-Hyam during their on-boarding and are learning their new roles well. For 5 months of this year, I was seconded to an Acting Regional Manager's role. Whilst I remained in regular contact with the branches, I am extremely proud to acknowledge Kristen who led our team exceptionally well in the Acting Branch Manager's role during this time, and to Jessie who has been a tremendous support to us both.

The next 12 months will be challenging with interest rates on the rise for the first time in many years, however we are competitive in the market and will be focused on attracting new people to bank with us. We are lucky to be partnered with Bendigo and Adelaide Bank, who has been voted as having Australia's Most Satisfied Home Loan Customers and in 2022 Roy Morgan again confirmed that we are in the top 15 Most Trusted Brands in Australia. I am proud to confirm on a local level, our strength too is in taking care of our customers always, not just when attracting new customers.

Thank you to the Board for their support and guidance over the last twelve months. They give freely of their own time, often doing a thankless job for the benefit of the community.

To Martyn Neville, our Regional Manager I would like to thank you for your continued support throughout the year, it has been a pleasure working with you. It is your contribution to the success of our Community Bank which ensures the value of our partnership with Bendigo and Adelaide Bank Limited is maximised.

Finally, to our customers and shareholders, I thank you for your support. I trust that our personal service and commitment to the community will ensure the continued future success of Community Bank Swansea and Bicheno.



Suzanne Turner  
SENIOR BRANCH MANAGER

# Bendigo Report

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

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

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

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

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

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

Warmest regards,

A handwritten signature in black ink, appearing to read 'Justine Minne', with a large circular flourish at the end.

Justine Minne  
BENDIGO AND ADELAIDE BANK

# Director's Report

## For the Year Ended 30 June 2022

The directors present their report on Freycinet Coast Financial Services Ltd for the financial year ended 30 June 2022.

### Information on Directors

<b>John Fletcher</b> Qualifications Experience Interest in Shares	Chairperson and Treasurer Bachelor of Business (Accounting) Retired Finance Executive Nil
<b>Richard Benwell</b> Qualifications Experience Interest in Shares	Resigned 28 February 2022 Nil Retired Brewery Manager Nil
<b>Neil Edwards</b> Qualifications Experience Interest in Shares Special Resp.	Resigned 22 September 2021 Nil Quarry Owner and Operator Nil Developing strategies for business growth in the Triabunna/Orford region
<b>Annette Hughes</b> Qualifications Experience Interest in Shares Special Resp.	Bachelor of Arts (Hons), JD-Juris Doctor Commercial Lawyer with extensive experience Nil Marketing Committee
<b>Elizabeth Hutchinson</b> Qualifications Experience Interest in Shares	Nil Previous Company Secretary Nil
<b>Nick Johnston</b> Qualifications Experience Interest in Shares	Commercial Part 3 Divers Certificate Tourism Operator Nil
<b>Bernard Raspin</b> Qualifications Experience Interest in Shares	Diesel Fitter Logging and Forestry Industry Nil
<b>Chris Manson</b> Qualifications Experience Interest in Shares Special Resp.	Resigned 30 June 2022 Bachelor of Law (LLB), Bachelor of Science Business Owner and Operator Nil Marketing Committee

<b>Josie Dunbabin</b> Qualifications Experience Interest in Shares Special Resp.	Resigned 28 July 2021 Bachelor of Education (Primary) Teaching and Agriculture Nil Marketing Committee
<b>Alison Wallace</b> Qualifications Experience Interest in Shares Special Resp.	Nil Tourism and Hospitality Nil Marketing Committee
<b>Liz Swain AM</b> Qualifications Experience Interest in Shares Special Resp.	Appointed 27 September 2021 FAICD, MBA, Diplomas in Metallurgy and Chemistry RIO Tinto Management and extensive diverse Board membership Nil Marketing Committee Chair

### Meetings of Directors

During the financial year, 11 meetings of directors were held. Attendances by each director during the year were as follows:

	Number eligible to attend	Number attended	Leave of absence
John Fletcher	11	11	-
Richard Benwell	7	5	2
Neil Edwards	3	-	3
Annette Hughes	11	8	-
Elizabeth Hutchinson	11	10	-
Nick Johnston	11	7	-
Bernard Raspin	11	7	-
Chris Manson	11	8	-
Josie Dunbabin	2	1	-
Alison Wallace	11	7	-
Liz Swain	8	7	1

### Company Secretary

Georgie de Candia was appointed Company Secretary in April 2020.

# Director's Report continued

## For the Year Ended 30 June 2022

### Principal activities

The principal activity of Freycinet Coast Financial Services Ltd during the financial year was providing Community Bank branch services under management rights to operate a franchised branch of Bendigo and Adelaide Bank Limited.

No significant changes in the nature of the Company's activity occurred during the financial year.

### Operating results

The loss of the Company after providing for income tax amounted to \$ (31,184) (2021: \$ 10,838).

### Dividends paid or recommended

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

### Review of operations

A review of the operations of the Company during the financial year and the results of those operations is contained within the accompanying chair's and manager's reports.

### Significant changes in state of affairs

There have been no significant changes in the state of affairs of the Company during the year.

### Events after the reporting date

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

### Future developments and results

The company intends to continue providing banking services to the community.

### Environmental issues

The Company's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory of Australia.

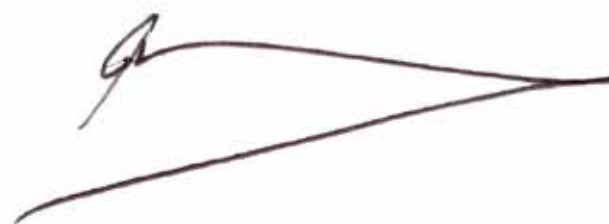
### Indemnification and insurance of officers and auditors

The Company has agreed to indemnify each Officer (Director, Secretary or employee) out of assets of the Company to the relevant extent against any liability incurred by that person arising out of the discharge of their duties, except where the liability arises out of conduct involving dishonesty, negligence, breach of duty or the lack of good faith. The Company also has Officers Insurance for the benefit of Officers of the Company against any liability occurred by the Officer, which includes the Officer's liability for legal costs, in or arising out of the conduct of the business of the Company or in or arising out of the discharge of the Officer's duties. Disclosure of the nature of the liability and the amount of the premium is prohibited by the confidentiality clause of the contract of insurance. The Company has not provided any insurance for an Auditor of the Company.

### Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the Corporations Act 2001, for the year ended 30 June 2022 has been received and can be found on page 5 of the financial report.

Signed in accordance with a resolution of the Board of Directors:



Director:

John Fletcher

14 September 2022



## Auditor's Independence Declaration

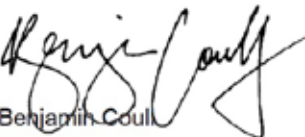
To the Directors of Freycinet Coast Financial Services Ltd

I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001*; and
- (b) no contraventions of any applicable code of professional conduct

in relation to our audit for the year ended 30 June 2022.

  
Synectic Audit & Assurance Pty Ltd

  
Benjamin Coull  
Director

Date: 14/09/2022

# Financial Statements

## Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2022

		2022	2021
Revenue	Note	\$	\$
Commissions		543,048	530,774
Fees		141,296	147,241
Interest		1,189	3,204
Other revenue		-	20,274
		<b>685,533</b>	<b>701,493</b>
<b>Expenses</b>			
Employee benefits		379,369	409,547
Information technology and communications		36,971	43,467
ATM and other branch operating expenses		32,500	33,715
Occupancy costs		41,177	38,545
Administrative expenses		94,917	66,366
Depreciation, amortisation and impairment		82,865	82,182
Finance costs		3,842	7,228
<b>Operating profit</b>		<b>13,892</b>	<b>20,443</b>
Charitable donations and sponsorships		45,076	31,281
<b>Profit before income tax</b>		<b>(31,184)</b>	<b>(10,838)</b>
Income tax expense		-	-
<b>Profit for the year</b>	3	<b>(31,184)</b>	<b>(10,838)</b>
Other comprehensive income			
Other comprehensive income, net of tax		-	-
<b>Total comprehensive income for the year</b>		<b>(31,184)</b>	<b>(10,838)</b>
<b>Earnings per share</b>			
Basic earnings per share (cents)		<b>(2.75)</b>	<b>(0.93)</b>

The accompanying notes form part of these financial statements.

# Statement of Financial Position

## As At 30 June 2022

	Note	2022 \$	2021 \$
<b>ASSETS</b>			
CURRENT ASSETS			
Cash and cash equivalents	4	467,036	508,389
Trade and other receivables	5	88,899	60,755
TOTAL CURRENT ASSETS		555,935	569,144
NON-CURRENT ASSETS			
Property, plant and equipment	6	73,964	123,271
Intangible assets	7	18,280	47,796
TOTAL NON-CURRENT ASSETS		92,244	171,067
TOTAL ASSETS		648,179	740,211
<b>LIABILITIES</b>			
CURRENT LIABILITIES			
Trade and other payables	8	65,927	43,855
Employee benefits	10	17,893	23,799
Financial liabilities	9	36,656	75,720
TOTAL CURRENT LIABILITIES		120,476	143,374
NON-CURRENT LIABILITIES			
Employee benefits	10	6,613	9,490
Financial liabilities	9	-	35,072
TOTAL NON-CURRENT LIABILITIES		6,613	44,562
TOTAL LIABILITIES		127,089	187,936
NET ASSETS		521,090	552,275
<b>EQUITY</b>			
Issued capital	11	1,153,788	1,153,788
Retained earnings		(632,698)	(601,513)
TOTAL EQUITY		521,090	552,275

The accompanying notes form part of these financial statements.

# Statement of Changes in Equity

## For the Year Ended 30 June 2022

	Note	Issued Capital \$	Accumulated Losses \$	Total Equity \$
<b>Balance at 1 July 2021</b>		<b>1,153,788</b>	<b>(601,513)</b>	<b>552,275</b>
Net profit for the year		-	(31,184)	(31,184)
Dividends paid		-	(23,432)	(23,432)
<b>Balance at 30 June 2022</b>		<b>1,153,788</b>	<b>(632,697)</b>	<b>521,091</b>
<b>Balance at 1 July 2020</b>		<b>1,153,788</b>	<b>(567,243)</b>	<b>586,545</b>
Net profit/(loss) for the year		-	(10,838)	(10,838)
Dividends paid		-	(23,432)	(23,432)
<b>Balance at 30 June 2020</b>		<b>1,153,788</b>	<b>(601,513)</b>	<b>552,275</b>

The accompanying notes form part of these financial statements.

# Statement of Cash Flows

## For the Year Ended 30 June 2022

	Note	2022 \$	2021 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Receipts from customers		643,387	754,344
Payments to suppliers		(234,770)	(252,919)
Interest received		1,189	3,204
Payments to employees		(393,355)	(387,133)
Finance costs		(3,842)	(7,228)
GST recovered/(paid)		(54,772)	(45,974)
Net cash provided by/(used in) operating activities	14	(42,163)	64,294
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Proceeds from sale of plant and equipment		(554)	-
Purchase of property, plant and equipment		(2,294)	(7,508)
Payment for intangible assets		59,025	-
Net cash provided by/(used in) investing activities		56,177	(7,508)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Payment of lease liability		(53,109)	(48,216)
Dividends paid		(2,258)	(22,676)
Net cash provided by/(used in) financing activities		(55,367)	(70,892)
Net increase/(decrease) in cash and cash equivalents held		(41,353)	(14,106)
Cash and cash equivalents at beginning of year		508,389	522,495
Cash and cash equivalents at end of financial year	4	467,036	508,389

The accompanying notes form part of these financial statements.

# Notes to the Financial Statements

## For the Year Ended 30 June 2022

The financial report covers Freycinet Coast Financial Services Ltd as an individual entity. Freycinet Coast Financial Services Ltd is a for-profit Company limited by shares, incorporated and domiciled in Australia.

### 1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards and the Corporations Act 2001.

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

### 2 Summary of Significant Accounting Policies

#### (a) Economic dependence

The Company has entered into a franchise agreement with Bendigo and Adelaide Bank Limited that governs the management of the Community Bank branches at Bicheno and Swansea.

The branches operate as a franchise of Bendigo and Adelaide Bank Limited, using the name "Bendigo Bank", the logo, and systems of operation of Bendigo and Adelaide Bank Limited. The Company manages the Community Bank branches on behalf of Bendigo and Adelaide Bank Limited, however all transactions with customers conducted through the Community Bank branches are effectively conducted between the customers and Bendigo and Adelaide Bank Limited.

All deposits are made with Bendigo and Adelaide Bank Limited, and all personal and investment products are products of Bendigo and Adelaide Bank Limited, 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 and Adelaide Bank Limited, must be approved by Bendigo and Adelaide Bank Limited. All credit transactions are made with Bendigo and Adelaide Bank Limited, and all

credit products are products of Bendigo and Adelaide Bank Limited.

Bendigo and Adelaide Bank Limited provides significant assistance in establishing and maintaining the Community Bank branches 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 in relation to:

- Advice and assistance in relation to the design, layout and fit out of the Community Bank branches;
- Training for the Branch Managers 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; and
- Sale techniques and proper customer relations.

#### (b) Revenue and other income

Revenue arises from the rendering of services through its franchise agreement with the Bendigo and Adelaide Bank Limited. The revenue recognised is measured by reference to the fair value of consideration received or receivable, excluding sales taxes, rebates, and trade discounts.

The entity applies the revenue recognition criteria set out below to each separately identifiable sales transaction in order to reflect the substance of the transaction. All revenue is stated net of the amount of goods and services tax (GST).

#### Interest

Interest income is recognised on an accrual basis using the effective interest rate method.

#### Rendering of services

As detailed in the franchise agreement, companies earn three types of revenue - margin, commission and fee income. Bendigo and Adelaide Bank Limited decide the method of calculation of revenue the Company

# Notes to the Financial Statements continued

## For the Year Ended 30 June 2022

earns on different types of products and services and this is dependent on the type of business the Company generates also taking into account other factors including economic conditions, including interest rates.

### Core Banking Products

Bendigo and Adelaide Bank Limited identify specific products and services as 'core banking products', however it also reserves the right to change the products and services identified as 'core banking products', providing 30 days notice is given.

### Margin

Margin is earned on all core banking products. A Funds Transfer Pricing (FTP) model is used for the method of calculation of the cost of funds, deposit return and margin. Margin is determined by taking the interest paid by customers on loans less interest paid to customers on deposits, plus any deposit returns, i.e. interest return applied by Bendigo and Adelaide Bank Limited for a deposit, minus any costs of funds i.e. interest applied by Bendigo and Adelaide Bank Limited to fund a loan.

### Commission

Commission is a fee earned on products and services sold. Depending on the product or services, it may be paid on the initial sale or on an ongoing basis.

### Fee Income

Fee income is a share of 'bank fees and charges' charged to customers by Bendigo and Adelaide Bank Limited, including fees for loan applications and account transactions.

### Discretionary Financial Contributions

Bendigo and Adelaide Bank Limited has made discretionary financial payments to the Company, outside of the franchise agreement and in addition to margin, commission and fee income. This income received by the Company is classified as "Market Development Fund" (MDF) income. The purpose of these payments is to assist the Company with local market development activities, however, it is for the board to decide how to use the MDF. Due to their discretionary nature, Bendigo and Adelaide Bank Limited may change or stop these payments at any time.

### Form and Amount of Financial Return

The franchise agreement stipulates that Bendigo

and Adelaide Bank Limited may change the form, method of calculation or amount of financial return the Company receives. The reasons behind making a change may include, but not limited to, changes in Bendigo and Adelaide Bank Limited's revenue streams/processes; economic factors or industry changes. Bendigo and Adelaide Bank Limited may make any of the following changes to form, method of calculation or amount of financial returns:

- a change to the products and services identified as 'core banking products and services'
- a change as to whether it pays the Company margin, commission or fee income on any product or service.
- a change to the method of calculation of costs of funds, deposit return and margin and a change to the amount of any margin, commission and fee income.

These abovementioned changes, may impact the revenue received by the Company on a particular product or service, or a range of products and services.

However, if Bendigo and Adelaide Bank Limited make any of the above changes, per the franchise agreement, it must comply with the following constraints in doing so.

- a) If margin or commission is paid on a core banking product or service, Bendigo and Adelaide Bank Limited cannot change it to fee income;
- b) In changing a margin to a commission or a commission to a margin on a core banking product or service, OR changing the method of calculation of a cost of funds, deposit return or margin or amount of margin or commission on a core product or service, Bendigo and Adelaide Bank Limited must not reduce the Company's share of Bendigo and Adelaide Bank Limited's margin on core banking product and services when aggregated to less than 50% of Bendigo and Adelaide Bank Limited's margin on core banking products attributed to the Company's retail branch operation; and
- c) Bendigo and Adelaide Bank Limited must publish the change at least 30 days before making the change.

# Notes to the Financial Statements continued

## For the Year Ended 30 June 2022

### (c) Income Tax

The tax expense recognised in the statement of profit or loss and other comprehensive income comprises current income tax expense plus deferred tax expense.

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (loss) for the year and is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and losses can be utilised.

Current and deferred tax is recognised as income or an expense and included in profit or loss for the period except where the tax arises from a transaction which is recognised in other comprehensive income or equity, in which case the tax is recognised in other comprehensive income or equity respectively.

### (d) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

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

### (e) Property, plant and equipment

Property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment.

### Depreciation

Property, plant and equipment is depreciated on a straight-line basis over the assets useful life to the Company, commencing when the asset is ready for use.

### (f) Financial instruments

Financial instruments are recognised initially on the date that the Company becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

#### Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

#### Classification

On initial recognition, the Company classifies its financial assets into the following categories, those measured at:

- amortised cost
- fair value through profit or loss - FVTPL
- fair value through other comprehensive income - FVOCI

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets.

#### Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis. Credit losses are measured as the present value of the difference between the cash flows due to the Company in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

#### Financial liabilities

The Company measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.



# Notes to the Financial Statements continued

## For the Year Ended 30 June 2022

The financial liabilities of the Company comprise trade payables, bank and other loans and lease liabilities.

### **(g) Intangible Assets**

Franchise fees have been initially recorded at cost and amortised on a straight line basis at a rate of 20% per annum.

### **(h) Cash and cash equivalents**

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

### **(i) Leases**

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Company's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Company's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

### **(j) Employee benefits**

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements.

### **(k) Adoption of new and revised accounting standards**

The Company has adopted all standards which became effective for the first time at 30 June 2022, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Company.

# Notes to the Financial Statements continued

## For the Year Ended 30 June 2022

### 3 Income Tax Expense

(a) The major components of tax expense (income) comprise:

	2022	2021
	\$	\$
Current tax expense	(4,489)	(1,378)
Current income tax expense	4,489	1,378
Unrecognised tax losses	-	-

(b) Reconciliation of income tax to accounting profit: Prima facie tax payable on profit from ordinary activities before income tax at 25 (2021: 26%)

	(7,796)	(2,818)
- temporary differences not recognised	3,307	1,440
Recoupment of prior year tax losses not previously brought to account	4,489	1,378
Income tax expense	-	-

Deferred tax assets have not been recognised in respect of the following:

Tax losses	46,077	41,588
Temporary differences	6,579	9,886

Deferred tax assets have not been recognised in respect of these items because there is uncertainty that future taxable profit will be available against which Freycinet Coast Financial Services Ltd can utilise the benefits therein.

### 4 Cash and Cash Equivalents

Cash at bank and in hand	59,990	102,047
Short-term deposits	407,046	406,342
	467,036	508,389

#### Reconciliation of cash

Cash and Cash equivalents reported in the statement of cash flows are reconciled to the equivalent items in the statement of financial position as follows:

Cash and cash equivalents	467,036	508,389
<b>Balance as per statement of cash flows</b>		508,389

### 5 Trade and Other Receivables

#### CURRENT

Trade receivables	88,899	60,755
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# Notes to the Financial Statements continued

## For the Year Ended 30 June 2022

	2022	2021
	\$	\$
<b>6 Property, plant and equipment</b>		
Buildings		
Right of use leased assets	34,849	79,633
PLANT AND EQUIPMENT		
Plant and equipment		
At cost	219,281	216,433
Accumulated depreciation	(199,857)	(195,961)
Total plant and equipment	19,424	20,472
Motor vehicles		
At cost	35,743	35,743
Accumulated depreciation	(16,052)	(12,577)
Total motor vehicles	19,691	23,166
Total plant and equipment	39,115	43,638
	73,964	123,271

### Movements in carrying amounts of property, plant and equipment

	Buildings	Plant and Equipment	Motor Vehicles	Total
	\$	\$	\$	\$
<b>Year ended 30 June 2022</b>				
Balance at the beginning of year	79,633	20,472	23,166	123,271
Remeasurement of lease liability	3,878	-	-	3,878
Additions	-	2,848	-	2,848
Depreciation expense	(48,662)	(4,481)	(3,475)	(56,618)
<b>Balance at the end of the year</b>	34,849	18,839	19,691	73,379
<b>Year ended 30 June 2021</b>				
Balance at the beginning of year	87,421	20,506	27,254	135,181
Remeasurement of lease liability	38,614	-	-	38,614
Additions	-	3,900	-	3,900
Depreciation expense	(46,402)	(3,934)	(4,088)	(54,424)
<b>Balance at the end of the year</b>	79,633	20,472	23,166	123,271

# Notes to the Financial Statements continued

## For the Year Ended 30 June 2022

	2022 \$	2021 \$
<b>7 Intangible Assets</b>		
Licenses and franchises		
Cost	134,147	204,219
Accumulated amortisation and impairment	(115,867)	(156,423)
	18,280	47,796
<b>8 Trade and Other Payables</b>		
CURRENT		
Trade payables	4,174	7,155
GST payable	15,164	16,828
Employee benefits	6,226	11,428
Sundry payables and accrued expenses	38,467	4,290
Dividends payable	1,896	4,154
	65,927	43,855
<b>9 Financial Liabilities</b>		
CURRENT		
Franchise fee payable	-	24,905
Lease liabilities	36,656	50,815
	36,656	75,720
NON-CURRENT		
Lease liabilities	-	35,072
	-	35,072
<b>10 Employee Benefits</b>		
CURRENT LIABILITIES		
Annual leave	17,893	23,799
NON-CURRENT LIABILITIES		
Long service leave	6,613	9,490
<b>11 Issued Capital</b>		
1,171,615 (2021: 1,171,615) Ordinary shares	1,153,788	1,153,788

# Notes to the Financial Statements continued

## For the Year Ended 30 June 2022

### 11 Issued Capital continued

#### Ordinary shares

The holders of ordinary shares are entitled to participate in dividends and the proceeds on winding up of the Company. On a show of hands at meetings of the Company, each holder of ordinary shares has one vote in person or by proxy, and upon a poll each share is entitled to one vote.

The Company does not have authorised capital or par value in respect of its shares.

#### Capital Management

The key objectives of the Company when managing capital is to safeguard its ability to continue as a going concern and maintain optimal benefits to stakeholders. The Company defines capital as its equity and net debt.

There has been no change to capital risk management policies during the year.

The Company manages its capital structure and makes funding decisions based on the prevailing economic environment and has a number of tools available to manage capital risk. These include maintaining a diversified debt portfolio, the ability to adjust the size and timing of dividends paid to shareholders and the issue of new shares.

### 12 Dividends

The following dividends were declared and paid:

	2022 \$	2021 \$
Ordinary dividend of 2.0 (2021: 2.0) cents per share paid in January	-	23,432

Dividends paid during the year were unfranked.

No dividend has been proposed.

### 13 Financial Risk Management

#### Objectives, policies and processes

The Board of Directors have overall responsibility for the establishment of Freycinet Coast Financial Services Ltd's financial risk management framework. This includes the development of policies covering specific areas such as foreign exchange risk, interest rate risk, liquidity risk, credit risk and the use of derivatives.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and Freycinet Coast Financial Services Ltd's activities.

#### Liquidity risk

Liquidity risk arises from the Company's management

of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

The Company manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash-outflows due in day-to-day business.

#### Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company.

Management considers that all the financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due.

The Company has no significant concentration of credit risk with respect to any single counterparty or group of counterparties.

#### Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The company has negligible exposure to market risk.

### 14 Cash Flow Information

Reconciliation of net income to net cash provided by operating activities:

	2022 \$	2021 \$
Profit for the year	(31,184)	(10,838)
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
Depreciation	56,033	55,350
Amortisation	26,830	26,831
Changes in assets and liabilities:		
Trade and other receivables	(28,144)	2,160
Trade and other payables	24,331	10,266
Employee entitlements	(8,783)	7,354
Franchise fee payable	(81,246)	(26,829)
Cashflows from operations	(42,163)	64,294

# Notes to the Financial Statements continued

## For the Year Ended 30 June 2022

### 15 Key Management Personnel Remuneration

The directors of Freycinet Coast Financial Services Ltd act in a wholly voluntary capacity and receive no remuneration.

### 16 Auditors' Remuneration

	2022 \$	2021 \$
Remuneration of the auditor for: – auditing or reviewing the financial statements	5,100	5,140

### 17 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2022 (30 June 2021:None).

### 18 Events Occurring After the Reporting Date

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

# Director's Declaration

The directors of the Company declare that:

1. the financial statements and notes for the year ended 30 June 2022 are in accordance with the Corporations Act 2001 and:
  - a. comply with Australian Accounting Standards; and
  - b. give a true and fair view of the financial position and performance of the Company;
2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

A handwritten signature in dark ink, appearing to be 'John Fletcher', written over a horizontal line.

Director:

John Fletcher

14 September 2022

## Independent Auditor's Report

To the Members of Freycinet Coast Financial Services Ltd

### Report on the Audit of the Financial Report

We have audited the financial report of Freycinet Coast Financial Services Ltd (the Company), which comprises the statement of financial position as at 31 December 2022, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

### Opinion

In our opinion the accompanying financial report of Freycinet Coast Financial Services Ltd is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the company's financial position as at 31 December 2022 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards and the Corporations Regulations 2001.

### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Synectic Audit & Assurance Pty Ltd

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### **Responsibilities of the Directors for the Financial Report**

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

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

### **Auditor's Responsibilities for the Audit of the Financial Report**

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


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

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

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

  
Synectic  
Synectic Audit & Assurance Pty Ltd

  
Benjamin Coull  
Director

Date: 14/09/2022



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 **Bendigo Bank**