

# Annual Report 2023

Freycinet Coast Financial  
Services Limited

Community Bank  
Swansea and Bicheno

ABN 32 127 068 222



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# Chair's Report

As indicated last year I expected the 2023 financial year to present challenges which it has.

The human resources have been a focus. The Senior Branch Manager role was left vacant at the end of September 2022 filled in February 2023 and then vacant again at the end of March 23.

The Board has recently appointed Kristen Darke to the role. She had been filling this role at different times and applied for the position and was successful.

The Board is pleased with this appointment as Kristen has 10 years' experience with the Community Bank and is well known and respected by the staff and community.

On a positive note, I can report Freycinet Coast Financial Services Limited the Community Bank has turned around its financial performance.

This financial year recorded a profit of \$350,984 (2022 loss \$31,184).

This has largely come about from the changes in the interest rates and the flow on benefits through the shared margins with Bendigo Bank. Some of this will carry forward into the next financial year as there is unlikely to be any downward movement in interest rates in the near term.

The book of loans and deposits has remained largely steady during the financial year.

John Austwick who was involved in getting the Community Bank established some 15 years ago recently passed away. I would like to acknowledge his contribution and foresight in this.

The resource sharing arrangements with St Helens are still in place which provides benefits to both Community Banks.

As highlighted last year the communities on the East Coast benefit having physical branches in three locations Bicheno, Swansea and St Helens. To maintain this presence the communities, need to bank locally as much as is possible.

This provides flow on benefits through sponsorship and grants to local clubs and organisations. There are also the employment opportunities provided and keeping the community fabric intact through the presence of local branches.

From a Board perspective it is a continual challenge to keep the member numbers stable. This year Bernard Raspin resigned due to work commitments.

Richard Benwell rejoined the Board effective March 23 and Nick Green was appointed in March 23. Unfortunately, Nick resigned in August due to ill health.

I would like to thank the Board for their continued support and for the time and effort they must put in. It is a voluntary role.

We have received solid support from our Regional Manager Martyn Neville and on behalf of the Board thank him for his support to the staff and Board over the last twelve months.

Thanks to the staff for their efforts over the past twelve months with changes in personnel not always easy.

With the appointment of Kristen and a good financial platform to build on I expect the next financial year to deliver a sound performance.



John Fletcher  
CHAIRMAN

# Branch Manager's Report

The 2022/2023 Financial year saw 15 years since the opening of Community Bank Swansea, and for Community Bank Bicheno in September 2023.

A milestone to be proud of. To have a bank in a regional town is a privilege.

The last 12 months have been challenging with interest rates rising for the first time in many years for those lending, and for those investing they began to see their money working for them again after patiently waiting.

Bendigo Bank has remained competitive in the market and continue to be focused on attracting new customers and deepening the relationship with existing customers.

This financial year we returned \$33,622.95 via grants and sponsorship to our communities. Large contributions were made to the May Shaw Health Centre – Beach Wheelchair Project – \$7k and Orford Primary School – Climbing net/frame – \$10K. Our total community contributions as of 30 June is \$423,577.61.

We farewelled our Senior Branch Manager, Suzanne Turner in September of 2022. I officially took the reins from 1 July 2023, after spending the majority of the financial year acting in the position.

Along with Suzanne, we farewelled Chloe Read and Skye Anderton, and welcomed Alison Oliver, Issy Horwood and Jen James.

Jessie Smith and Danielle Huppartz have been a great support to myself and have continued to provide our customers with the best service, whilst upskilling our new staff members. I am very proud of my team and the customer service they provide. It is a pleasure to provide careers to locals.

My heartfelt thanks to Martyn Neville, our Regional Manager for his support and guidance.

Our Community Bank board of directors are volunteers working for our community. All people with very busy lives, and we thank them for their service.

To our shareholders, thank you for your ongoing support.

If you, or any of your family and friends have any banking requirements please allow the team to assist you.

The Community Bank model means profits are retained in our community; a maximum of 20% to local shareholders and 80% of our profits available to be delivered back to the community by way of grants and sponsorships.

Bank local, the more people that choose Bendigo Bank as their bank of choice, the more funds we can return to our community.



Kristen Darke  
SENIOR BRANCH MANAGER

# Bendigo Report

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

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

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

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

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

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

Warmest regards,

Warmest regards,

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

Justine Minne  
BENDIGO AND ADELAIDE BANK

# Director's Report

## For the Year Ended 30 June 2023

The directors present their report on Freycinet Coast Financial Services Ltd for the financial year ended 30 June 2023.

### 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	Appointed 1 March 2023 Nil Retired Company Director Nil
<b>Nick Green</b> Qualifications Experience Interest in Shares	Appointed 1 March 2023 Nil Retired banking executive Nil
<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	Resigned 26 September 2022 Nil Former 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	Resigned 1 November 2022 Diesel Fitter Logging and Forestry Industry Nil
<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.	FAICD, MBA, Diplomas in Metallurgy and Chemistry RIO Tinto Management and extensive diverse Board membership Nil Marketing Committee Chair
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### 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	5	4	-
Nick Green	5	5	-
Annette Hughes	11	8	-
Elizabeth Hutchinson	3	3	-
Nick Johnston	11	9	-
Bernard Raspin	4	3	-
Alison Wallace	11	8	-
Liz Swain	11	11	-

### 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 profit of the Company after providing for income tax amounted to \$ 350,984 (2022: \$ (31,184)).

### Dividends paid or recommended

Dividends paid or declared during or since the end of the financial year are as follows:

- No dividend was paid during the year.
- A final dividend of 8 cents per share unfranked has been declared or paid for the year ended 30 June 2023 at the date of this report.

### 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 2023 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  
30 August 2023



## 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 2023.

  
**Synectic Audit & Assurance Pty Ltd**



Benjamin Coull  
**Director**

Date: 30/08/2023

**Synectic Audit & Assurance Pty Ltd**

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Liability limited by a scheme approved under Professional Standards Legislation

# Financial Statements

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

		2023	2022
Revenue	Note	\$	\$
Commissions		946,049	543,048
Fees		122,277	141,296
Interest		12,202	1,189
		<b>1,080,528</b>	685,533
<b>Expenses</b>			
Employee benefits		411,643	379,369
Information technology and communications		33,745	36,971
ATM and other branch operating expenses		31,475	32,500
Occupancy costs		44,833	41,177
Administrative expenses		57,821	94,917
Depreciation and amortisation		83,747	82,865
Finance costs		4,949	3,842
<b>Operating profit</b>		<b>412,315</b>	13,892
Charitable donations and sponsorships		44,838	45,076
<b>Profit before income tax</b>		<b>367,477</b>	(31,184)
Income tax expense	3	(16,493)	-
<b>Profit for the year</b>		<b>350,984</b>	(31,184)
Other comprehensive income			
Other comprehensive income, net of tax		-	-
<b>Total comprehensive income for the year</b>		<b>350,984</b>	(31,184)
<b>Earnings per share</b>			
Basic earnings per share (cents)		29.95	(2.66)

The accompanying notes form part of these financial statements.

# Statement of Financial Position

## As At 30 June 2023

	Note	2023 \$	2022 \$
<b>ASSETS</b>			
CURRENT ASSETS			
Cash and cash equivalents	5	829,826	467,036
Trade and other receivables	6	105,676	88,899
<b>TOTAL CURRENT ASSETS</b>		<b>935,502</b>	555,935
NON-CURRENT ASSETS			
Property, plant and equipment	7	183,499	73,964
Deferred tax assets	4	10,076	-
Intangible assets	8	62,277	18,280
<b>TOTAL NON-CURRENT ASSETS</b>		<b>255,852</b>	92,244
<b>TOTAL ASSETS</b>		<b>1,191,354</b>	648,179
<b>LIABILITIES</b>			
CURRENT LIABILITIES			
Trade and other payables	9	62,968	65,927
Current tax liabilities	4	26,569	-
Employee benefits	11	12,346	17,893
Financial liabilities	10	72,467	36,656
<b>TOTAL CURRENT LIABILITIES</b>		<b>174,350</b>	120,476
NON-CURRENT LIABILITIES			
Employee benefits	11	12,671	6,613
Financial liabilities	10	132,259	-
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>144,930</b>	6,613
<b>TOTAL LIABILITIES</b>		<b>319,280</b>	127,089
<b>NET ASSETS</b>		<b>872,074</b>	521,090
<b>EQUITY</b>			
Issued capital	12	1,153,788	1,153,788
Retained earnings		(281,714)	(632,698)
<b>TOTAL EQUITY</b>		<b>872,074</b>	521,090

The accompanying notes form part of these financial statements.

# Statement of Changes in Equity

For the Year Ended 30 June 2023

	Note	Issued Capital \$	Accumulated Losses \$	Total Equity \$
<b>Balance at 1 July 2022</b>		<b>1,153,788</b>	<b>(632,698)</b>	<b>521,090</b>
Net profit for the year		-	350,984	350,984
<b>Balance at 30 June 2023</b>		<b>1,153,788</b>	<b>(281,714)</b>	<b>872,074</b>
<hr/>				
<b>Balance at 1 July 2021</b>		<b>1,153,788</b>	<b>(601,513)</b>	<b>552,275</b>
Net profit/(loss) for the year		-	(31,184)	(31,184)
<b>Balance at 30 June 2022</b>		<b>1,153,788</b>	<b>(632,697)</b>	<b>521,091</b>

The accompanying notes form part of these financial statements.

# Statement of Cash Flows

## For the Year Ended 30 June 2023

	Note	2023 \$	2022 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Receipts from customers		1,153,053	702,412
Payments to suppliers		(261,107)	(234,770)
Interest received		12,202	1,189
Payments to employees		(406,729)	(393,355)
Finance costs		(4,949)	(3,842)
GST recovered/(paid)		(68,572)	(54,772)
Net cash provided by/(used in) operating activities	15	423,898	(42,163)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchase of property, plant and equipment		(6,225)	(2,848)
Net cash provided by/(used in) investing activities		(6,225)	(2,848)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Payment of lease liability		(54,884)	(53,109)
Dividends paid		-	(2,258)
Net cash provided by/(used in) financing activities		(54,884)	(55,367)
Net increase/(decrease) in cash and cash equivalents held		362,789	(41,353)
Cash and cash equivalents at beginning of year		467,036	508,389
Cash and cash equivalents at end of financial year	5	829,825	467,036

The accompanying notes form part of these financial statements.

# Notes to the Financial Statements

## For the Year Ended 30 June 2023

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).

# Notes to the Financial Statements continued

## For the Year Ended 30 June 2023

### 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 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;

# Notes to the Financial Statements continued

## For the Year Ended 30 June 2023

- 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.

### **(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.



# Notes to the Financial Statements continued

## For the Year Ended 30 June 2023

### *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.

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 2023, 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 2023

### 3 Income Tax Expense

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

	2023 \$	2022 \$
Current tax expense	94,491	(4,489)
Origination and reversal of temporary differences	(2,622)	-
Previously unrecognised temporary differences	(7,454)	-
Unrecognised tax losses		4,489
Recoupment prior year tax losses	(67,922)	-
	16,493	-

(b) Reconciliation of income tax to accounting profit: Prima facie tax payable on profit from ordinary activities before income tax at 25 (2022: 25)	91,869	(7,796)
- previously unrecognised temporary differences	7,454	-
- temporary differences not recognised	-	3,307
Recoupment of prior year tax losses not previously brought to account	(69,922)	4,489
Income tax expense	16,493	-

### 4 Tax assets and liabilities

<b>Current Tax Liability</b>		
Income tax payable	26,569	-
<b>Unrecognised deferred tax assets</b>		
Deferred tax assets have not been recognised in respect of the following:		
Tax losses	-	67,922
Temporary differences	-	7,454
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.		
<b>Deferred tax asset</b>		
Employee provisions	6,254	-
Accrued expenses	3,750	-
Lease liability/RoU asset	71	-
<b>Total</b>	<b>10,075</b>	<b>-</b>

# Notes to the Financial Statements continued

## For the Year Ended 30 June 2023

### 5 Cash and Cash Equivalents

	2023 \$	2022 \$
Cash at bank and in hand	171,685	59,990
Short-term deposits	658,141	407,046
	<b>829,826</b>	467,036

#### 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	829,826	467,036
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### 6 Trade and Other Receivables

CURRENT		
Trade receivables	105,676	88,899

### 7 Property, plant and equipment

Buildings		
Right of use leased assets	145,047	34,849
PLANT AND EQUIPMENT		
Plant and equipment		
At cost	225,666	219,281
Accumulated depreciation	(202,830)	(199,857)
Total plant and equipment	22,836	19,424
Motor vehicles		
At cost	35,743	35,743
Accumulated depreciation	(20,127)	(16,052)
Total motor vehicles	15,616	19,691
Total plant and equipment	38,452	39,115
	<b>183,499</b>	73,964

# Notes to the Financial Statements continued

## For the Year Ended 30 June 2023

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

	Buildings \$	Plant and Equipment \$	Motor Vehicles \$	Total \$
<b>Year ended 30 June 2023</b>				
Balance at the beginning of year	34,849	19,424	19,691	73,964
Remeasurement of lease liability	163,560	-	-	163,560
Additions	-	6,385	-	6,385
Depreciation expense	(53,362)	(2,973)	(4,075)	(60,410)
<b>Balance at the end of the year</b>	<b>145,047</b>	<b>22,836</b>	<b>15,616</b>	<b>183,499</b>
<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>	<b>34,849</b>	<b>18,839</b>	<b>19,691</b>	<b>73,379</b>
			<b>2023 \$</b>	<b>2022 \$</b>

### 8 Intangible Assets

Licenses and franchises		
Cost	201,641	134,147
Accumulated amortisation and impairment	(139,364)	(115,867)
	<b>62,277</b>	<b>18,280</b>

### 9 Trade and Other Payables

CURRENT		
Trade payables	9,659	4,174
GST payable	25,783	15,164
Employee benefits	10,630	6,226
Sundry payables and accrued expenses	15,000	38,467
Dividends payable	1,896	1,896
	<b>62,968</b>	<b>65,927</b>

### 10 Financial Liabilities

CURRENT		
Franchise fee payable	14,849	-
Lease liabilities	57,618	36,656
	<b>72,467</b>	<b>36,656</b>
NON-CURRENT		
Franchise fee payable	14,849	-
Lease liabilities	87,714	-
	<b>132,259</b>	<b>-</b>

# Notes to the Financial Statements continued

## For the Year Ended 30 June 2022

	2023 \$	2022 \$
<b>11 Employee Benefits</b>		
CURRENT LIABILITIES		
Annual leave	12,346	17,893
NON-CURRENT LIABILITIES		
Long service leave	12,671	6,613
<b>12 Issued Capital</b>		
1,171,615 (2022: 1,171,615) Ordinary shares	1,153,788	1,153,788

### 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.

### 13 Dividends

The following dividends were declared and paid:

Proposed dividends	2023 \$	2022 \$
Proposed final 2023 unfranked ordinary dividend of 8 (2022: nil) cents per share to be paid in September 2023	93,729	-

No dividend has been proposed.

### Franking account

The franking credits available for subsequent financial years at a tax rate of 25%	26,569	-
--	--------	---

The above balance is based on the dividend franking account at year-end adjusted for:

- Franking credits that will arise from the payment of the current tax liabilities;
- Franking debits that will arise from the payment of dividends recognised as a liability at the year end;
- Franking credits that will arise from the receipt of dividends recognised as receivables at the end of the year.

The impact on the franking credit of the dividends proposed after the end of the reporting period is to reduce it by \$ - (2022: \$ -).

The ability to use the franking credits is dependent upon the Company's future ability to declare dividends.

### 14 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.

# Notes to the Financial Statements continued

## For the Year Ended 30 June 2023

### 14 Financial Risk Management continued

#### 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.

### 15 Cash Flow Information

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

	2023 \$	2022 \$
Profit for the year	350,984	(31,184)
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
Depreciation	60,250	56,033
Amortisation	23,497	26,830
Changes in assets and liabilities:		
Trade and other receivables	(16,777)	(28,144)
Trade and other payables	(2,960)	24,331
Employee entitlements	511	(8,783)
Franchise fee payable	(8,100)	(22,221)
Tax assets and liabilities	16,493	-
Cashflows from operations	423,898	(42,163)

### 16 Key Management Personnel Remuneration

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

### 17 Auditors' Remuneration

	2023 \$	2022 \$
Remuneration of the auditor for: – auditing or reviewing the financial statements	6,660	5,100

### 18 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2023 (30 June 2022: None).

### 19 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 2023 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 black ink, appearing to be 'John Fletcher', written over a horizontal line.

Director:

John Fletcher

30 August 2023

## 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 30 June 2023, 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 30 June 2023 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.

A handwritten signature in black ink that reads 'Synectic'.

**Synectic Audit & Assurance Pty Ltd**

A handwritten signature in black ink that reads 'Benjamin Coull'.

**Benjamin Coull  
Director**

Date: 30/08/2023



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