Annual Report 2022

Gosnells Financial Services Limited

Community Bank
Canning Vale

ABN 11 095 764 533

Contents

Chairman's report

For year ending 30 June 2022

Overview

Welcome to this year's review for your Community Bank Canning Vale and Community Company Gosnells Financial Services Limited. As the previous Chairperson shared last year, not only has the world remained in the grip of the COVID-19 crisis but ongoing record low interest rates continue to place extreme pressure on all financial institutions operating in a very low margin environment.

2020-21 was an extremely challenging year for the Community Bank Network leading to our Auditors this year duly challenging the company's ability to continue as a going concern. After discussions with our treasurer who was able to provide further information including confirmation of our significantly improved financial performance and the confirmation that Bendigo had agreed to provide a line of credit facility to fund the potential appointment of a Business Development Manager and cash flows if required until interest rates lifted as expected. which lead to the following reviewed statement from our auditors – "... the company's budget for the 2023 financial year indicates an increase in revenue and profitability, supporting the directors conclusion the going concern basis is appropriate and that this position does not give rise to material uncertainty over going concern".

This year we celebrated a major milestone, our 20th year in the community and you are invited to join us in a small celebration after the Annual General Meeting to be held in November 2022.

The recent moves in interest rates starting at the end of the financial year may not have been welcomed by borrowers but provided overdue relief for Community Banks including Canning Vale.

Your Board of Directors and staff, continue to focus on reducing our operational expenses to ensure we were in the best possible position when interest rate trends changed which I will discuss further.

This year we've had a significant change of staff and I would like to welcome experienced Customer Relationship Officer Jess and Customer Service Officer Natasha to the team and congratulate everyone, who under Michelle's guidance have done an outstanding job of keeping the doors open, making our customers happy and growing our business.

We have also had a rejuvenation of the Community Company with Dean Morris (who many of you have met before), Ron Costanzo and Geoff Wolfenden joining the board and making an immediate and valued contribution.

Along with other community chairs we have have continued to pressure the Bendigo Bank corporate team to improve efficiencies though modernisation and the level of support offered to the Community Bank network to improve our competitiveness . Finally we are starting to see a number of positive changes in response to those efforts. We expect these to have a positive impact on future outcomes.

Given the challenges we outlined last year, the Board has dedicated a lot of time and effort into strengthening our business model. We have introduced several new initiatives, including improved rigour around sponsorships and grants and the introduction of a referral program that are now starting to deliver benefits and we expect these to deliver strong returns in the next Financial Year.

This combined with the recent upward movement in interest rates, has changed the financial forecast dramatically and based on current trends, we anticipate returning a very healthy profit at the end of 2022-23 Financial Year. To the end of September we a have delivered an operating profit of $74,748 compared to a loss of $34,763 for the same period last year.

In brief we have addressed the challenges we faced by:

1. Maintaining a strong focus on cost reduction
2. Outperforming a number of other similar sized Community Banks in terms of business growth

3. Continued to grow our referral program and community initiatives to clubs and not-for-profits
4. Bendigo Bank have now developed improved reporting frameworks that allow improved visibility to our performance and allows us to compare our performance to similar branches. These reports provide us with an opportunity to reconsider how the branch can adapt to the new world of in branch and digital banking.

Gosnells Financial Services Limited Board of Directors, is made up of an outstanding group of volunteers who have a strong commitment to give back and benefit our community. During the year we appointed three new Directors (as mentioned previously) bringing our current pool to seven including our Company Secretary, Claire Hurst. Unfortunately Terry Finlayson had to resign during the Financial Year due to personal reasons, however we expect to see him still promoting us within the community.

These appointments have brought a diverse and highly valued range of skills and business acumen to the Board, improved the balance and diversity of the Board and in my view place us in a very strong position to embrace the future.

Despite having full time jobs and other volunteer commitments, your Board, in addition to attending Board Meetings (for which we had close to 100% attendance), and Bendigo Bank education events, was still able to dedicate many hours to supporting community events and pursuing business growth opportunities. On your behalf, I thank the team for their valued dedication and support.

I have already spoken about how we believe the bank is developing and some of the plans we have for the future.

In recent time we have also pursued a number of collaboration opportunities with other Community Banks and like minded organisations to improve our market reach and the returns on our community investments.

Community sponsorship are a core point of difference for the Community Bank network. Community Banks are now recognised as Australia's largest Social Enterprise and have given back over $292 million to community organisations across Australia – this is remarkable achievement. Gosnells Financial Services has now contributed over $500,000 to our community

Locally we continue to support our community by sponsoring not-for-profit groups, clubs, events and promoting our value across the wide community.

This year we are proud to have been able to continue to provide the support and sponsorships to our community through both new and existing relationships.

We have also collaborated with the City of Gosnells to grow awareness of our Business Banking products and services and have further events planned.

Can I finish this report, by thanking everyone who has supported the Community Bank Canning Vale. Thank you for your business that keeps us going, thank you for your constant encouragement of the staff and the Board which is so up lifting, and thank you for following the guidelines given by the staff, keeping them safe.

We would just ask you all to keep yourself safe and continue to follow the COVID-19 guidelines so that we can celebrate what we anticipate will be a very successful year in 2023.

Thank you for your attendance and support.

Steve Mitchinson
Chairman
Gosnells Financial Services Limited

Manager's report

For year ending 30 June 2022

The last twelve months has continued to be challenging one for all of us. With COVID-19 still rife within our community, we have had situations where the branch has had to close throughout the day due to staff sickness and staff shortages. Everyone has been so understanding of this and appreciate the fact that we have remained open (as an essential service), to look after our customers' needs either face to face or via phone. I would like to thank you all for being so patient with us throughout these difficult times.

Our branch is staffed with a compliment of four including me. We continue to always offer professional first class service to all our customers.

Julia has been on maternity leave since December 2021 and recently returned to her full time role of a Customer Service Officer after having a beautiful baby girl. Julia has been an employee of our branch since 2015 and has developed a good rapport with our customers over the years. She has a sound knowledge of the Bank's products and services.

Jess commenced with our branch is January 2022 as the Customer Relationship Officer. Although a short time with our branch, Jess previously worked for Community Bank Brookton and has had over 10 years experience within group. She has a solid understanding and wealth of knowledge on the Bank's products and services.

Natasha commenced as a Customer Service Officer in August 2021. Natasha has had external banking experience and is a great staff member who has exceptional customer service skills.

I joined the Community Bank in 2004 as Branch Manager originally in Gosnells and have just celebrated 18 years with the Community Bank. I am so proud to be part of this team and Community Bank. What makes me happy is seeing my customers achieve their financial goals and seeing the big smiles on their faces when I tell them "congratulations your loan has been approved".

With regards to our overall results, for the year they were encouraging considering the challenges we have continued to face.

Overall we grew our business portfolio by $15 million for the Financial Year. Overall our loan growth was $3 million against a target of $5 million.

In our region, our branch had the largest percentage increase with deposit growth of 17% with an actual growth of $12.3 million against a target of $7 million.

Our total business on books now sits at $125 million compared to $116.6 million last Financial Year. Our staff and Directors work well with our Franchisor, Bendigo and Adelaide Bank Limited and there is a lot of support available. The Bendigo Bank is always looking at new campaigns to assist the branch network in obtaining new business. Whether it be an Insurance campaign to drive business, a Home Loan campaign etc. It all helps when there is a positive reason to call a customer and discuss their banking requirements.

Finally, a big thank-you to all our customers and shareholders who continue to support our branch. Without you we do not have a business.

Please feel free to drop in or give us a call at the branch on 9455 4650. We would be happy to help you with your banking needs.

Michelle Lennox
Branch Manager
Community Bank Canning Vale

Bendigo and Adelaide Bank report

For year ending 30 June 2022

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

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

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

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

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

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

Warmest regards,

Justine Minne
Bendigo and Adelaide Bank

Directors' report

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

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

Name:	Stephen David Mitchinson
Title:	Chairperson
Experience and expertise:	Stephen is a highly respected strategist and business improvement consultant. Served as Director and/or Chair on a wide variety of advisory boards and not profit for purpose organisations including Auscontact, Australian Institute of Credit Management, Road Safety Council of WA, Business and Technology Advisory Council and others over 3 decades.
Special responsibilities:	Chairperson

Name:	Ignazio Rocco Moro
Title:	Non-executive director
Experience and expertise:	Iggy is a Fellow of Chartered Accountants Australia and New Zealand (CAANZ), a Chartered Tax Advisor of the Tax Institute of Australia, a CA SMSF Specialist and a Director with national accounting and advisory firm SW Accountants and Advisors Pty Ltd (SW). SW is a full-service accounting firm specialising in business growth, profit improvement and maximising overall business performance. Specialist areas include Banking, Corporate Finance and financial services, business advisory, agri-business, tax and audit and assurance. Iggy has been in public practice since 1992 and advises clients in tax, business advisory and SMSF. He assists clients achieve their business, financial and personal goals from start-ups, SMEs and multi-national businesses from a wide range of industries. Iggy holds a Bachelor of Busines Degree from Edith Cowan University and a Diploma of Financial Planning through CAANZ and Kaplan. As a member of the community and the accounting profession Iggy is committed to volunteering to a number of committees and organisations including as a member for CAANZ on the National Superannuation Advisory Committee, current WA Chair of the Public Practice Panel and a committee member of the Finance Committee for Catholic Education WA. Over the years, Iggy has also been a Focus Session Facilitator and Exam Marker for the CAANZ CA Program as well as workshop facilitator for Tax at UWA Business School. He has also volunteered time and resources for various committees and not-for-profit organisations.
Special responsibilities:	Treasurer

Name:	Dean Morris
Title:	Non-executive director (appointed 22 February 2022)
Experience and expertise:	Dean is the founder of GOSAC - Give Our Strays A Chance - an animal rescue and awareness charity. Dean is currently completing a Bachelor of Engineering & Management.
Special responsibilities:	Nil.

Name:	Renaldo Mario Costanzo
Title:	Non-executive director (appointed 22 March 2022)
Experience and expertise:	Ron has over 30 years experience in ICT Consulting and Business Development. His clients include the largest government and health sector organisations in WA. He has a strong focus on customer experience and strong commercial and financial expertise. Ron has a strong community focus with past involvement on social sporting club committees and in junior coaching in the Canning Vale area.
Special responsibilities:	Community Engagement and Sponsorship

Name: Geoffrey Keith Campbell Wolfenden
Title: Non-executive director (appointed 22 March 2022)
Experience and expertise: Geoffrey is a skilled General Manager, Business Development Manager, effective and able to apply change management and work with people management. Strong governance and financial skills. Confident public speaker and presenter. Geoffrey is a current member of the State Emergency Service, Chair of two committees under the Western Australian Football Commission.
Special responsibilities: Nil.

Name: Terry Ross Finlayson
Title: Non-executive director (resigned 9 June 2022)
Experience and expertise: Terry is currently retired with 28 years employment with Westpac Banking Corporation. 10 years employment with Gadens Lawyers.
Special responsibilities: Audit & Governance Committee

Name: Terresa Anne Lynes
Title: Non-executive director (resigned 21 December 2021)
Experience and expertise: Business Owner/Partner Team Renov8 (Renovations business), Deputy Mayor - City of Gosnells, Vice President - Australian Local Government Women's Association WA Branch, Thornlie Senior High School Board Member (Chairperson), Rivers Regional Councillor, Municipal Waste Advisory Council, Diploma of Local Government. Audit Committee member - City of Gosnells.
Special responsibilities: Nil

Name: Viet Quoc Le
Title: Non-executive director (resigned 26 November 2021)
Experience and expertise: Viet is a Commerce Graduate from Curtin University and a Chartered Accountant with over 10 years experience specialising in corporate tax advisory and compliance. Prior to joining the Board, Viet held senior roles at KPMG and listed multinational organisations developing his experience across a range of different industries including resources, shipbuilding, energy and infrastructure. Viet is currently a Tax Principal for a transport infrastructure organisation where he is responsible for the tax function. Viet plays an active roles in his community coordinating fundraising campaigns and participates in volunteering activities for non-for-profit organisations.
Special responsibilities: Finance Committee

Name: Pamela Govender
Title: Non-executive director (resigned 23 November 2021)
Experience and expertise: Pamela is a Instructional Designer at Acquire Technologies. Pamela is a Founder of Restore a Smile Foundation and Govender's Chilli and Spice. Pamela holds a Masters in Business Administration, Bachelor and Diploma of Vocational Education and Training, Diploma in Business, Diploma in Management and a Diploma in IT.
Special responsibilities: Nil

Name: Daniel Stephen Newman
Title: Non-executive director (resigned 23 November 2021)
Experience and expertise: Daniel holds a Bachelor of Commerce from the University of Notre Dame Fremantle and have been working in communications and public affairs roles for 9 years. He has experience in both public and private sector including roles in Sponsorship and Marketing. Daniel is a Justice of the Peace and regularly preside over the Central Law Courts' Traffic Court. He has a strong connection to his the local community having spent almost 20 years volunteering with St John Ambulance and three years as a volunteer Fire Fighter in Gosnells.
Special responsibilities: Marketing and Sponsorship Committee

Company secretary
The company secretary is Claire Michelle Hurst. Claire was appointed to the position of secretary on 23 July 2018.

Experience and expertise:	Claire is the Local Connection Coordinator with Bendigo Bank, Company Secretary and Community Liaison Administrator with Gosnells Financial Services LTD. Claire had 10 years' experience with Bendigo Bank including Community Bank roles and Bendigo Bank roles including a 6 month secondment with Community Sector Banking. Her expertise are in administration, recruitment and marketing.

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

There have been no significant changes in the nature of this activity during the financial year.

Review of operations
The loss for the company after providing for income tax was as follows:

	2022 $	2021 $
Profit before income tax	(157,699)	(56,314)
Income tax credit	41,105	14,137
Profit after income tax	(116,594)	(42,177)

Operations have continued to perform in line with expectations in challenging market conditions for most of the financial year.

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

Matters subsequent to the end of the financial year
Since the end of the year, the Reserve Bank of Australia (RBA) has increased the cash rate by 1.75 basis points moving from 0.85% at 30 June 2022 to 2.60% as at the date of signing these accounts. The increase in the cash rate has a direct impact on the revenue received by the company on its products (deposits and loans) offered to its customers. The company has noted a material increase in the revenue streams for the first couple of months July – August 2022.

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

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

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

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

	Board Eligible	Board Attended
Stephen David Mitchinson	9	9
Ignazio Rocco Moro	11	11
Dean Morris	5	5
Renaldo Mario Costanzo	4	4
Geoffrey Keith Campbell Wolfenden	4	3
Terry Ross Finlayson	10	8
Terresa Anne Lynes	5	3
Viet Quoc Le	4	2
Pamela Govender	4	4
Daniel Stephen Newman	4	4

Directors' benefits
No director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a director, a firm which a director is a member or an entity in which a director has a substantial financial interest except as disclosed in note 28 to the financial statements. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the company's accounts, or the fixed salary of a full-time employee of the company, controlled entity or related body corporate.

Directors' interests
The interest in company shareholdings for each director are:

	Balance at the start of the year	Changes	Balance at the end of the year
Stephen David Mitchinson	-	-	-
Ignazio Rocco Moro	-	-	-
Dean Morris	-	-	-
Renaldo Mario Costanzo	-	-	-
Geoffrey Keith Campbell Wolfenden	-	-	-
Terry Ross Finlayson	-	-	-
Terresa Anne Lynes	-	-	-
Viet Quoc Le	-	-	-
Pamela Govender	-	-	-
Daniel Stephen Newman	-	-	-

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

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

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

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

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

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

Non-audit services
The company may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the company are important. Details of the amounts paid or payable to the auditor (Andrew Frewin Stewart) for audit and non-audit services provided during the year are set out in note 29 to the accounts.

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

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

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

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

On behalf of the directors

Stephen David Mitchinson
Chairperson

27 October 2022

Auditor's independence declaration

Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550

afs@afsbendigo.com.au
03 5443 0344

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

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

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 27 October 2022

Joshua Griffin
Lead Auditor

Financial statements

Gosnells Financial Services Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2022

	Note	2022 $	2021 $
Revenue from contracts with customers	6	540,848	527,765
Other revenue	7	20,300	67,289
Finance revenue		183	722
Fair value gains/(losses) on financial assets		(12,600)	41,760
Employee benefits expense	8	(428,726)	(403,769)
Advertising and marketing costs		(28,836)	(7,008)
Occupancy and associated costs		(42,245)	(53,784)
System costs		(34,008)	(37,401)
Depreciation and amortisation expense	8	(60,731)	(67,489)
Finance costs	8	(20,177)	(24,571)
General administration expenses		(80,125)	(85,299)
Loss before community contributions and income tax benefit		(146,117)	(41,785)
Charitable donations and sponsorships expense		(11,582)	(14,529)
Loss before income tax benefit		(157,699)	(56,314)
Income tax benefit	9	41,105	14,137
Loss after income tax benefit for the year	22	(116,594)	(42,177)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		(116,594)	(42,177)
		Cents	**Cents**
Basic earnings per share	31	(19.69)	(7.12)
Diluted earnings per share	31	(19.69)	(7.12)

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

Gosnells Financial Services Limited
Statement of financial position
As at 30 June 2022

	Note	2022 $	2021 $
Assets			
Current assets			
Cash and cash equivalents	10	70,509	116,639
Trade and other receivables	11	66,210	45,934
Investments	12	22,675	125,880
Total current assets		159,394	288,453
Non-current assets			
Property, plant and equipment	13	8,072	10,970
Right-of-use assets	14	259,063	341,831
Intangibles	15	59,850	6,213
Deferred tax assets	9	285,996	244,891
Total non-current assets		612,981	603,905
Total assets		772,375	892,358
Liabilities			
Current liabilities			
Trade and other payables	16	62,146	32,422
Borrowings	17	-	8,408
Lease liabilities	18	46,130	46,571
Employee benefits	19	76,986	63,983
Total current liabilities		185,262	151,384
Non-current liabilities			
Trade and other payables	16	44,302	-
Lease liabilities	18	275,801	354,125
Employee benefits	19	5,860	10,354
Provisions	20	23,861	22,612
Total non-current liabilities		349,824	387,091
Total liabilities		535,086	538,475
Net assets		237,289	353,883
Equity			
Issued capital	21	588,400	588,400
Accumulated losses	22	(351,111)	(234,517)
Total equity		237,289	353,883

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

Gosnells Financial Services Limited
Statement of changes in equity
For the year ended 30 June 2022

	Issued capital $	Accumulated losses $	Total equity $
Balance at 1 July 2020	588,400	(192,340)	396,060
Loss after income tax benefit	-	(42,177)	(42,177)
Other comprehensive income, net of tax	-	-	-
Total comprehensive income	-	(42,177)	(42,177)
Balance at 30 June 2021	588,400	(234,517)	353,883

	Issued capital $	Accumulated losses $	Total equity $
Balance at 1 July 2021	588,400	(234,517)	353,883
Loss after income tax benefit	-	(116,594)	(116,594)
Other comprehensive income, net of tax	-	-	-
Total comprehensive income	-	(116,594)	(116,594)
Balance at 30 June 2022	588,400	(351,111)	237,289

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

Gosnells Financial Services Limited
Statement of cash flows
For the year ended 30 June 2022

	Note	2022 $	2021 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		577,828	652,861
Payments to suppliers and employees (inclusive of GST)		(650,688)	(643,603)
		(72,860)	9,258
Dividends received		5,300	3,360
Interest received		338	872
Interest and other finance costs paid		(156)	-
Net cash provided by/(used in) operating activities	30	(67,378)	13,490
Cash flows from investing activities			
Payments for intangibles		-	(11,834)
Proceeds from disposal of investments		90,605	-
Net cash provided by/(used in) investing activities		90,605	(11,834)
Cash flows from financing activities			
Repayment of lease liabilities	18	(60,949)	(66,270)
Net cash used in financing activities		(60,949)	(66,270)
Net decrease in cash and cash equivalents		(37,722)	(64,614)
Cash and cash equivalents at the beginning of the financial year		108,231	172,845
Cash and cash equivalents at the end of the financial year	10	70,509	108,231

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

Notes to the financial statements

For the year ended 30 June 2022

Note 1. Reporting entity

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

The company is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is Shop 2, The Vale Shopping Centre, 271 Amherst Road Canning Vale, WA, 6155.

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

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

Note 2. Basis of preparation and statement of compliance

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

Going concern
The financial statements for the financial year end 30 June 2022 have been prepared on the basis that the company is a going concern and it would continue its operations for a foreseeable future.

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' Report. As disclosed in the financial statements, the company's financial position is as follows:

	2022 $	2021 $	Change $	Change %
Current assets	159,394	288,453	(129,059)	(45%)
Current liabilities	(185,262)	(151,384)	(33,878)	22%
Working capital (deficiency)	(25,868)	137,069	(162,937)	(119%)

	2022 $	2021 $	Change $	Change %
Total assets	772,375	892,358	(119,983)	(13%)
Total liabilities	(535,086)	(538,475)	3,389	(1%)
Net assets/(liabilities)	237,289	353,883	(116,594)	(33%)
Accumulated losses	(351,111)	(234,517)	(116,594)	50%
Profit/(loss) before tax	(157,699)	(56,314)	(101,385)	180%
Profit/(loss) after tax	(116,594)	(42,177)	(74,417)	176%
Total comprehensive income	(116,594)	(42,177)	(74,417)	176%
Operating cash inflows (outflows)	(67,378)	13,490	(80,868)	(599%)
Cash and cash equivalents	70,509	116,639	(46,130)	(40%)

The economic environment was difficult for most of the financial year and whilst revenue from contracts with customers (Bendigo Bank profit share income) increased the company has again reported an operating loss for the year.

The directors' consider that the outlook presents significant challenges in terms of banking business volume and pricing as well as for operating costs. Whilst the directors have instituted measures to preserve cash, including selling some of the company's investments in Bendigo Bank shares to help support cash flow, the company recorded a working capital deficiency at 30 June 2022.

Note 2. Basis of preparation and statement of compliance (continued)

This position casts a level of doubt over the company's ability to continue as a going concern. Despite this position the directors have prepared a budget for the 2023 financial year, which considers the impact of the cash rate increasing by 1.75 basis points since 30 June 2022. The directors expect this will increase the company's revenue and profitability for the year then ended.

The directors therefore have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Note 3. Significant accounting policies

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

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

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

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

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

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

Financial assets at fair value through profit or loss
Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

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

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

Note 3. Significant accounting policies (continued)

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

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

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

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

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

Note 4. Critical accounting judgements, estimates and assumptions

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

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

Fair value measurement hierarchy
The company is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1:	inputs are based on the quoted market price at the close of business at the end of the reporting period
Level 2:	inputs are based on a valuation performed by a third party qualified valuer using quoted prices for similar assets in an active market
Level 3:	unobservable inputs for the asset or liability.

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

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

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

Going concern
At each reporting date management must asses the company's ability to continue as a going concern are appropriate. Management's decision will be underpinned by assumptions and judgements about future events.

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

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

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

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

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

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

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

Note 5. Economic dependency

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

Note 5. Economic dependency (continued)

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

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

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

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

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

Note 6. Revenue from contracts with customers

	2022 **$**	**2021** **$**
Margin income	425,544	414,651
Fee income	53,618	55,850
Commission income	61,686	57,264
Revenue from contracts with customers	540,848	527,765

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

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

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

Note 6. Revenue from contracts with customers (continued)

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

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

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

Margin
Margin is arrived at through the following calculation:

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

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

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

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

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

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

Ability to change financial return
Under the franchise agreement, Bendigo Bank may change the form and amount of financial return the company receives. The reasons it may make a change include changes in industry or economic conditions or changes in the way Bendigo Bank earns revenue.

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

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

Note 7. Other revenue

	2022 $	2021 $
Market development fund	15,000	22,500
Cash flow boost	-	34,501
Dividend and distribution income	5,300	3,360
Other income	-	6,928
Other revenue	20,300	67,289

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

Revenue stream	Revenue recognition policy
Discretionary financial contributions (also "Market development fund" or "MDF" income)	MDF income is recognised when the right to receive the payment is established. MDF income is discretionary and provided and receivable at month-end and paid within 14 days after month-end.
Cash flow boost	Cash flow boost income is recognised when the right to the payment is established (e.g. monthly or quarterly in the activity statement).
Other income	All other revenues that did not contain contracts with customers are recognised as goods and services are provided.
Dividend and distribution income	Dividend and distribution income is recognised when the right to receive the payment is established.

All revenue is stated net of the amount of GST.

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

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

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

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

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

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

Note 8. Expenses

Depreciation and amortisation expense

	2022 $	2021 $
Depreciation of non-current assets		
Leasehold improvements	345	342
Plant and equipment	839	840
Furniture and fittings	1,714	2,532
	2,898	3,714
Depreciation of right-of-use assets		
Leased land and buildings	46,180	52,659
Amortisation of intangible assets		
Franchise fee	7,119	11,116
Franchise renewal fee	4,534	-
	11,653	11,116
	60,731	67,489

Finance costs

	2022 $	2021 $
Lease interest expense	18,772	23,387
Unwinding of make-good provision	1,249	1,184
Other	156	-
	20,177	24,571

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

Employee benefits expense

	2022 $	2021 $
Wages and salaries	366,603	336,341
Superannuation contributions	42,790	37,187
Expenses related to long service leave	(2,119)	5,908
Other expenses	21,452	24,333
	428,726	403,769

Leases recognition exemption

	2022 $	2021 $
Expenses relating to low-value leases	14,890	15,581

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

Note 9. Income tax

	2022 $	2021 $
Income tax benefit		
Movement in deferred tax	(10,297)	6,395
Reduction in company tax rate	-	9,796
Net benefit of franking credits on dividends received	(2,271)	(1,440)
Future income tax benefit attributable to losses	(28,537)	(28,888)
Aggregate income tax benefit	(41,105)	(14,137)
Prima facie income tax reconciliation		
Loss before income tax benefit	(157,699)	(56,314)
Tax at the statutory tax rate of 25% (2021: 26%)	(39,425)	(14,642)
Tax effect of:		
Non-deductible expenses	22	745
Non-assessable income	-	(8,970)
Reduction in company tax rate	-	9,796
Other assessable income	569	374
	(38,834)	(12,697)
Net benefit of franking credits on dividends received	(2,271)	(1,440)
Income tax benefit	(41,105)	(14,137)

	2022 $	2021 $
Deferred tax assets/(liabilities)		
Carried-forward tax losses	244,136	213,328
Employee benefits	20,750	18,618
Lease liabilities	80,483	100,174
Provision for lease make good	5,965	5,653
Accrued expenses	93	347
Income accruals	(22)	(61)
Right-of-use assets	(64,766)	(85,458)
Net fair value gain on investment	(643)	(7,710)
Deferred tax asset	285,996	244,891

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

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

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

Note 9. Income tax (continued)

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

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

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

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

Note 10. Cash and cash equivalents

	2022 $	2021 $
Cash at bank and on hand	27,463	3,738
Term deposits	43,046	112,901
	70,509	116,639

Reconciliation to cash and cash equivalents at the end of the financial year
The above figures are reconciled to cash and cash equivalents at the end of the financial year as shown in the statement of cash flows as follows:

Balances as above	70,509	116,639
Bank overdraft (note 17)	-	(8,408)
Balance as per statement of cash flows	70,509	108,231

Accounting policy for cash and cash equivalents
Cash and cash equivalents includes cash on hand and deposits held at call with financial institutions. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

Note 11. Trade and other receivables

	2022 $	2021 $
Trade receivables	60,152	39,150
Accrued income	87	242
Prepayments	5,971	6,542
	6,058	6,784
	66,210	45,934

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

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

Note 12. Investments

	2022 $	2021 $
Current assets		
Ordinary shares	22,675	125,880

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

	2022 $	2021 $
Opening fair value	125,880	167,640
Disposals	(90,605)	-
Revaluation decrements	(12,600)	(41,760)
Closing fair value	22,675	125,880

Refer to note 26 for further information on fair value measurement.

Accounting policy for financial assets
Financial assets are recognised at their market value. Financial assets are derecognised when the rights to receive cash flows have been transferred and the company has transferred substantially all the risks and rewards of ownership.

Note 13. Property, plant and equipment

	2022 $	2021 $
Leasehold improvements - at cost	3,421	3,421
Less: Accumulated depreciation	(1,209)	(864)
	2,212	2,557
Plant and equipment - at cost	13,080	13,080
Less: Accumulated depreciation	(12,075)	(11,236)
	1,005	1,844
Fixtures and fittings - at cost	19,557	19,557
Less: Accumulated depreciation	(14,702)	(12,988)
	4,855	6,569
	8,072	10,970

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

	Leasehold improvements $	Plant and equipment $	Furniture and fittings $	Total $
Balance at 1 July 2020	2,899	2,684	9,101	14,684
Depreciation	(342)	(840)	(2,532)	(3,714)
Balance at 30 June 2021	2,557	1,844	6,569	10,970
Depreciation	(345)	(839)	(1,714)	(2,898)
Balance at 30 June 2022	2,212	1,005	4,855	8,072

Note 13. Property, plant and equipment (continued)

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

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

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

Leasehold improvements	5 to 15 years
Plant and equipment	2 to 40 years
Furniture, fixtures and fittings	4 to 40 years

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

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

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

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

Note 14. Right-of-use assets

	2022 $	**2021 $**
Land and buildings - right-of-use	535,742	572,330
Less: Accumulated depreciation	(276,679)	(230,499)
	259,063	341,831

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

	Land and buildings $	Total $
Balance at 1 July 2020	409,031	409,031
Remeasurement adjustments	(14,541)	(14,541)
Depreciation expense	(52,659)	(52,659)
Balance at 30 June 2021	341,831	341,831
Remeasurement adjustments	(36,588)	(36,588)
Depreciation expense	(46,180)	(46,180)
Balance at 30 June 2022	259,063	259,063

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

Note 14. Right-of-use assets (continued)

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

Refer to note 18 for more information on lease arrangements.

Note 15. Intangibles

	2022 **$**	**2021** **$**
Franchise fee	72,401	61,519
Less: Accumulated amortisation	(62,426)	(55,306)
	9,975	6,213
Franchise renewal fee	54,409	-
Less: Accumulated amortisation	(4,534)	-
	49,875	-
	59,850	6,213

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

	Franchise fee $	Franchise renewal fee $	Total $
Balance at 1 July 2020	17,329	-	17,329
Amortisation expense	(11,116)	-	(11,116)
Balance at 30 June 2021	6,213	-	6,213
Additions	10,881	54,409	65,290
Amortisation expense	(7,119)	(4,534)	(11,653)
Balance at 30 June 2022	9,975	49,875	59,850

Additions
During the financial year the franchise fees were renewed. They are being amortised over five years to January 2027.

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

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

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

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

Asset class	Method	Useful life	Expiry/renewal date
Franchise fee	Straight-line	Over the franchise term (5 years)	January 2027
Franchise renewal fee	Straight-line	Over the franchise term (5 years)	January 2027

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

Note 15. Intangibles (continued)

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

Note 16. Trade and other payables

	2022 $	2021 $
Current liabilities		
Trade payables	2,131	3,463
Other payables and accruals	60,015	28,959
	62,146	32,422
Non-current liabilities		
Other payables and accruals	44,302	-

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

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

Note 17. Borrowings

	2022 $	2021 $
Current liabilities		
Bank overdraft	-	8,408

Bank overdraft
The bank overdraft facilities were removed during the period.

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

Note 18. Lease liabilities

	2022 $	2021 $
Current liabilities		
Land and buildings lease liabilities	62,354	67,043
Unexpired interest	(16,224)	(20,472)
	46,130	46,571
Non-current liabilities		
Land and buildings lease liabilities	313,588	413,537
Unexpired interest	(37,787)	(59,412)
	275,801	354,125

Reconciliation of lease liabilities

	2022 $	2021 $
Opening balance	400,696	458,119
Remeasurement adjustments	(36,588)	(14,540)
Lease interest expense	18,772	23,387
Lease payments - total cash outflow	(60,949)	(66,270)
	321,931	400,696

Maturity analysis

	2022 $	2021 $
Not later than 12 months	62,354	67,043
Between 12 months and 5 years	265,886	284,132
Greater than 5 years	47,702	129,405
	375,942	480,580

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

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

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

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

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

Note 18. Lease liabilities (continued)

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

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

The company's lease portfolio includes:

Canning Vale branch	The lease agreement commenced in March 2017. A 5 year renewal option was exercised in March 2018. The company has 1 x 5 year renewal option available which for AASB 16: Leases purposes they are reasonably certain to exercise. As such, the lease term end date used in the calculation of the lease liability is March 2028. The discount rate used in calculations is 5.39%.

Note 19. Employee benefits

	2022 $	2021 $
Current liabilities		
Annual leave	47,018	36,390
Long service leave	29,968	27,593
	76,986	63,983
Non-current liabilities		
Long service leave	5,860	10,354

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

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

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

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

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

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

Note 19. Employee benefits (continued)

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

Note 20. Provisions

	2022 $	2021 $
Lease make good	23,861	22,612

Lease make good
In accordance with the branch lease agreement, the company must restore the leased premises to the original condition before the expiry of the lease term. The company has estimated the provision to be $32,360 for the Canning Vale Branch lease, based on experience and consideration of the expected future costs to remove all fittings and the ATM as well as cost to remedy any damages caused during the removal process. The lease is due to expire on March 2028 at which time it is expected the face-value costs to restore the premises will fall due.

Accounting policy for provisions
Provisions are recognised when the company has a present (legal or constructive) obligation as a result of a past event, it is probable the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Note 21. Issued capital

	2022 Shares	2021 Shares	2022 $	2021 $
Ordinary shares - fully paid	592,180	592,180	592,180	592,180
Less: Equity raising costs	-	-	(3,780)	(3,780)
	592,180	592,180	588,400	588,400

Accounting policy for issued capital
Ordinary shares are recognised at the fair value of the consideration received by the company being $1 per share. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

Rights attached to issued capital

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

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

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

Note 21. Issued capital (continued)

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

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

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

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

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

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the Board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").

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

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

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

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

Note 22. Accumulated losses

	2022 $	2021 $
Accumulated losses at the beginning of the financial year	(234,517)	(192,340)
Loss after income tax benefit for the year	(116,594)	(42,177)
Accumulated losses at the end of the financial year	(351,111)	(234,517)

Note 23. Capital management

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

Note 23. Capital management (continued)

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

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

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

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

Note 24. Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Franking credits

	2022 $	2021 $
Franking account balance at the beginning of the financial year	251,618	250,178
Franking credits from franked dividends received	2,271	1,440
	253,889	251,618
Franking transactions that will arise subsequent to the financial year end:		
Balance at the end of the financial year	253,889	251,618

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

Note 25. Financial instruments

	2022 $	2021 $
Financial assets		
Trade and other receivables	60,239	39,392
Cash and cash equivalents	70,509	116,639
Investments	22,675	125,880
	153,423	281,911
Financial liabilities		
Trade and other payables	106,448	32,422
Lease liabilities	321,931	400,696
Bank overdrafts	-	8,408
	428,379	441,526

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

Note 25. Financial instruments (continued)

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

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

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

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

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

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

Equity Price risk
All of the company's listed equity investments are listed on the Australian Stock Exchange (ASX). Changes in equity securities value is recognised through profit or loss.

2022	% change increase	Effect on profit before tax	Effect on equity	% change decrease	Effect on profit before tax	Effect on equity
Equity securities	10%	2,675	2,006	10%	(2,675)	(2,006)

2021	% change increase	Effect on profit before tax	Effect on equity	% change decrease	Effect on profit before tax	Effect on equity
Equity securities	10%	12,588	9,441	(10%)	(12,588)	9,441

Cash flow and fair value interest rate risk
Interest-bearing assets and liabilities are held with Bendigo Bank and subject to movements in market interest.

The company held cash and cash equivalents of $70,509 at 30 June 2022 (2021: $116,639). The cash and cash equivalents are held with Bendigo Bank, which are rated BBB+ on Standard & Poor's credit ratings.

Note 25. Financial instruments (continued)

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

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

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

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

2022	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives				
Trade and other payables	62,146	44,302	-	106,448
Lease liabilities	62,354	265,886	47,702	375,942
Total non-derivatives	124,500	310,188	47,702	482,390

2021	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives				
Bank overdraft	8,408	-	-	8,408
Trade and other payables	32,422	-	-	32,422
Lease liabilities	67,043	284,132	129,405	480,580
Total non-derivatives	107,873	284,132	129,405	521,410

Note 26. Fair value measurement

Fair value hierarchy
The following tables detail the company's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Unobservable inputs for the asset or liability

2022	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Equity securities	22,675	-	-	22,675
Total assets	22,675	-	-	22,675

Note 26. Fair value measurement (continued)

2021	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Equity securities	125,880	-	-	125,880
Total assets	125,880	-	-	125,880

There were no transfers between levels during the financial year.

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

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Note 27. Key management personnel disclosures

The following persons were directors of Gosnells Financial Services Limited during the financial year:

Stephen David Mitchinson
Ignazio Rocco Moro
Dean Morris
Renaldo Mario Costanzo
Geoffrey Keith Campbell Wolfenden
Terry Ross Finlayson
Terresa Anne Lynes
Viet Quoc Le
Pamela Govender
Daniel Stephen Newman

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

Note 28. Related party transactions

The following transactions occurred with related parties:

	2022 $	**2021 $**
Iggy Moro's business, Walker Wayland (WA) Pty Ltd, of which Iggy is a 1/3 owner, was engaged to provide bookkeeping, finance and corporate services. The total amount received was:	16,000	16,000
Directors received reimbursements in the period. The total amount received was:	1,932	3,175

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

Note 29. Remuneration of auditors

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

	2022 $	2021 $
Audit services		
Audit or review of the financial statements	5,200	5,000
Other services		
Taxation advice and tax compliance services	600	600
General advisory services	2,710	1,685
Share registry services	3,720	2,748
	7,030	5,033
	12,230	10,033

Note 30. Reconciliation of loss after income tax to net cash provided by/(used in) operating activities

	2022 $	2021 $
Loss after income tax benefit for the year	(116,594)	(42,177)
Adjustments for:		
Depreciation and amortisation	66,944	67,489
Net fair value (profit)/loss on equity instruments designated at FVTPL	12,600	(41,760)
Lease liabilities interest	18,772	23,387
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(26,489)	6,829
Increase in deferred tax assets	(41,105)	(14,137)
Increase in trade and other payables	8,736	10,061
Increase in employee benefits	8,509	2,614
Increase in other provisions	1,249	1,184
Net cash provided by/(used in) operating activities	(67,378)	13,490

Note 31. Earnings per share

	2022 $	2021 $
Loss after income tax	(116,594)	(42,177)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	592,180	592,180
Weighted average number of ordinary shares used in calculating diluted earnings per share	592,180	592,180
	Cents	**Cents**
Basic earnings per share	(19.69)	(7.12)
Diluted earnings per share	(19.69)	(7.12)

Note 31. Earnings per share (continued)

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

Note 32. Commitments

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

Note 33. Contingencies

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

Note 34. Events after the reporting period

Since the end of the year, the Reserve Bank of Australia (RBA) has increased the cash rate by 1.75 basis points moving from 0.85% at 30 June 2022 to 2.60% as at the date of signing these accounts. The increase in the cash rate has a direct impact on the revenue received by the company on its products (deposits and loans) offered to its customers. The company has noted a material increase in the revenue streams for the first couple of months July – August 2022.

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

Directors' declaration

For the financial year ended 30 June 2022

In the directors' opinion:

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

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

On behalf of the directors

Stephen David Mitchinson
Chairperson

27 October 2022

Independent audit report

Andrew Frewin Stewart
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03 5443 0344

Independent auditor's report to the Directors of Gosnells Financial Services Limited

Report on the Audit of the Financial Report

Opinion

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

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

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

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

Basis for Opinion

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

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

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

Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550

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03 5443 0344

Emphasis of Matter

Our opinion is not modified for this matter. We draw attention to Note 2 in the financial report, which indicates that the company incurred a net loss of $116,594 during the year ended 30 June 2022. The company also had a working capital deficiency of $25,868, where its current liabilities exceeded its current assets. These conditions, along with other matters as set forth in Note 2, may cast doubt over the company's ability to continue as a going concern. However the company's budget for the 2023 financial year indicates an increase in revenue and profitability, supporting the director's conclusion the going concern basis is appropriate and that this position does not give rise to material uncertainty over going concern.

Other Information

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

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

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

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Auditor's responsibilities for the Audit of the Financial Report

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

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

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

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

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

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

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

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 27 October 2022

Joshua Griffin
Lead Auditor

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Bendigo Bank