



# Annual Report 2022

Hawkesbury Community  
Financial Services Limited



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North Richmond

ABN 97 099 838 463





## **Rowan Parker**

### Chairman's Report

The financial year ending June 2022 has presented us with another tough business environment. The NSW lock-down in the second half of the 2021 calendar year had a significant effect on our financial performance, as well as on the health and well-being of our staff.

With these pressures, this year's profit (after income tax expenses) is \$115,503, a decrease from \$195,771 in the year prior.

In last year's report I mentioned that your board is confident that an increase in profitability will be achieved in the medium term. With consideration of subsequent rate rises since the 30 June 2022, we are hopeful that our forecast increase will arrive even sooner. That said, we have decided to maintain the same dividend of \$0.13 per share. We believe this is the prudent choice given current inflation and recession risks.

During the year, we have provided over \$146,000 in financial support back to the Hawkesbury. These contributions take the form of sponsorships and donations to various sports, welfare, arts, health, environmental causes and more. This year's contribution takes the total amount of money we have invested back into our community to over \$2.2 million.

Lastly, this year marked our 20th year of operation. To have grown and remained profitable after all this time is due to the support shown by our customers, the excellent work performed by our staff and the faith our initial shareholders showed by providing our start-up capital. Additionally, I would also like to congratulate both Kellie Scholte and Joanne Lindo for 20 years of service, an outstanding achievement.

As always, I would like to thank all our directors for their contribution. They volunteer their time to ensure your company is well-governed. Thank you Bill, Shayne, David, Monica, Jane, Gabriela, Don and Ben.

A handwritten signature in black ink, appearing to be 'R Parker', written over a light blue horizontal line.

Rowan Parker  
Chairman

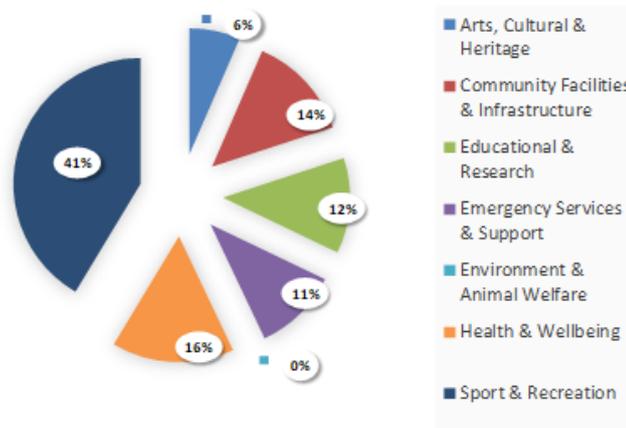
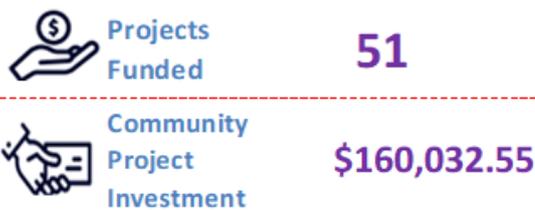


## Tony Weller Manager's Report

Once again, the last financial year has thrown some unusual things at us. Whilst we continued to have some issues around Covid-19 for the first 6 months of the year it was quite mild compared to the year before. The only problem being that last few years continued to affect this year through both bank policy and the incomes of our self-employed customers. Both contributed to more difficulties in trying to assist certain customers with their finances. This on top of the fact that some customers took advantage of the increased value of their homes/ investment properties to either downsize with no debt or substantially reduce their debt. This is of course what banking is all about which is to assist customers with growing their wealth.

We did see some excellent growth in our deposits with customers choosing to bank with Bendigo to receive the excellent and personal service from our great staff. Whilst we always strive to provide the best rates and options available during the past 2 years, we have seen some of the lowest rates I can ever remember. This was excellent for our borrowing customers but did leave the deposit customer substantially worse off. We have seen in the past few months the Reserve Bank lifting rates, which has led to increased lending rates whilst also providing some improved deposit rates and we are using the options available to us to try and provide the best for both borrowers and depositors.

During the past 2 years we have seen profitability drop but North Richmond and Richmond Community Bank is still focused on how we can support not only our customers but the local community organisations who provide much needed services and support to our local area. Below is how customers choosing to bank with us have provided much needed assistance to the Hawkesbury.



I always save the best for last, and the business is only successful due to the hard work and excellent service provided by our amazing staff members Chris, Gail, Kellie, Liz, Jo, Vicki, Sue, Kristy, Lisa, Cindi, Carmen, Josephine, and Anastasia. I would also like to acknowledge and thank our ever supportive and hard-working volunteer board of directors of Don, David, Bill, Rowan, Shayne, Monica, Jane and Gabriella

# Hawkesbury Community Financial Services Limited

ABN 97 099 838 463

Financial Report - 30 June 2022

# Hawkesbury Community Financial Services Limited

## Directors' report

30 June 2022

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

### Directors

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

Name: Rowan Parker  
Title: Non-executive director  
Experience and expertise: Rowan has a background in Software development, website design and business systems analysis. Chairman of Hawkesbury Community Financial Services Limited, Chairman of the Audit Committee, Social Media and Public Relations and Member of the Scholarship Committee.

Special responsibilities: Chairman, member of Audit, Scholarship and PR/Social Media Committees.

Name: William John Kerr  
Title: Non-executive director  
Experience and expertise: William is a Business Advisor and University Lecturer (Semi-Retired). With a scientific background and over 35 years in a variety of Australian and International senior corporate, consulting and academic roles, Bill has over 20 years direct experience in the Medical Technology and Pharmaceutical sector (Sandoz, Baxter, Pharmacia; Canada, USA, Australia + many other client countries). He has also been a respected international lecturer in Strategic Management, International Business, Marketing Management, Operations Management and Competitive Intelligence (Australia, China, Hong Kong, Sri Lanka, Malaysia).

Special responsibilities: Chair of the HR Committee, member of the Community Relations and Scholarships Committees.

Name: Shayne Ryan  
Title: Non-executive director  
Experience and expertise: Shayne has 20 Years experience in general management. Non-executive Director and Chairman of the Premises Committee and Scholarship Committee and Member of the Community Relations Committee and HR Committee.

Special responsibilities: Chair of the Premises and Scholarships Committees, member of the Community Relations Committee

Name: David Palamara  
Title: Non-executive director  
Experience and expertise: David is a Business Management Consultant and Coach. Senior finance and general management roles of medium sized businesses. Currently providing business management advice as a consultant to similar sized businesses. Bbus (Accounting), CPA.

Special responsibilities: Treasurer, member of the Community Relations and Audit Committees.

Name: Monica Tatton  
Title: Non-executive director  
Experience and expertise: Monica is a Financial Planner. 20yrs experience working in Taxation and Business Services, including 14yrs owning and managing a Chartered Accounting Firm. Additionally trained as a Financial Adviser and incorporating a Financial Planning business into her existing Chartered firm.

Special responsibilities: Chair of the Audit Committee, member of the Community Relations Committee

Name: Jane Louise Tweedy  
Title: Non-executive director  
Experience and expertise: Nearly 20 years banking and investment management experience. More recently a Business Connect Advisor, giving business advice to small business owners and running her own small businesses in business coaching, training and job search. Lifelong learner with numerous qualifications and regular volunteer.

Special responsibilities: Member HR, PR/Social Media and Scholarship committees.

# Hawkesbury Community Financial Services Limited

## Directors' report

30 June 2022

Name: Gabriela Alejandra Rodriguez D'Andrea  
Title: Non-executive director  
Experience and expertise: Currently studying Bachelor of Applied Finance and Bachelor of Commerce - Professional Accounting. Entry level Assistant Accountant position since October 2020.  
Special responsibilities: Deputy Treasurer, member of the Community Relations and Audit Committees.

Name: Donald John Shaddick  
Title: Non-executive director (resigned 15 February 2022)  
Experience and expertise: Donald is a Legal Practitioner. Dip Law (SAB) LLM. Acc Spec, Bus Law. Legal Practitioner for 49 years. Former Director of Richmond Golf Club.  
Special responsibilities: Deputy Chairman, member of Community Relations and Audit Committees.

Name: Benjamin Jeffrey Loveridge  
Title: Non-executive director (resigned 18 August 2021)  
Experience and expertise: Benjamin is a solicitor of 2.5 years and holds the following tertiary qualifications: BSocSci, LLM, GDLP and LLM. He has previously worked in child protection, mining and had military service.  
Special responsibilities: CRC.

### Company secretary

There have been two company secretaries holding the position during the financial year:

- Wayne Joseph Simpson was appointed company secretary on 15 February 2022.
- Thomas Craig Bennett was appointed company secretary on 26 October 2015 and ceased 15 February 2022.

### 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 profit for the company after providing for income tax amounted to \$115,503 (30 June 2021: \$195,771).

Operations have continued to perform in line with expectations.

### Dividends

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

	<b>2022</b>
	<b>\$</b>
Fully franked dividend of 13 cents per share (2021: 15 cents)	<u><u>81,251</u></u>

### 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

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

### 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.

# Hawkesbury Community Financial Services Limited

## Directors' report

30 June 2022

### 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
Rowan Parker	11	11
William John Kerr	11	10
Donald John Shaddick	5	5
Shayne Ryan	11	11
David Palamara	11	11
Monica Tatton	11	11
Jane Louise Tweedy	11	10
Gabriela Alejandra Rodriguez D'Andrea	11	9
Benjamin Jeffrey Loveridge	1	1

### 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.

### 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
Rowan Parker	500	-	500
William John Kerr	-	-	-
Donald John Shaddick	5,000	-	5,000
Shayne Ryan	-	-	-
David Palamara	-	-	-
Monica Tatton	-	-	-
Jane Louise Tweedy	-	-	-
Gabriela Alejandra Rodriguez D'Andrea	-	-	-
Benjamin Jeffrey Loveridge	-	-	-

### 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*.

**Hawkesbury Community Financial Services Limited**  
**Directors' report**  
**30 June 2022**

**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 28 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



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Rowan Parker  
Chairman

30 September 2022

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

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

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



**Andrew Frewin Stewart**  
61 Bull Street, Bendigo, Vic, 3550  
Dated: 30 September 2022



**Joshua Griffin**  
Lead Auditor

**Hawkesbury Community 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	1,512,556	1,562,518
Other revenue	7	17,500	84,130
Finance revenue	8	3,784	19,128
Employee benefits expense	9	(883,134)	(853,992)
Advertising and marketing costs		(8,581)	(15,410)
Occupancy and associated costs		(50,761)	(58,578)
System costs		(52,005)	(54,681)
Depreciation and amortisation expense	9	(92,572)	(89,631)
Finance costs	9	(15,006)	(17,619)
General administration expenses		<u>(130,688)</u>	<u>(151,321)</u>
<b>Profit before community contributions and income tax expense</b>		301,093	424,544
Charitable donations and sponsorships expense		<u>(146,832)</u>	<u>(181,722)</u>
<b>Profit before income tax expense</b>		154,261	242,822
Income tax expense	10	<u>(38,758)</u>	<u>(47,051)</u>
<b>Profit after income tax expense for the year</b>	21	115,503	195,771
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Gain on the revaluation of land and buildings, net of tax	20	<u>119,917</u>	-
Other comprehensive income for the year, net of tax		<u>119,917</u>	-
<b>Total comprehensive income for the year</b>		<u><u>235,420</u></u>	<u><u>195,771</u></u>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	30	18.48	31.32
Diluted earnings per share	30	18.48	31.32

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

**Hawkesbury Community Financial Services Limited**  
**Statement of financial position**  
**As at 30 June 2022**

	Note	2022 \$	2021 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	11	1,818,690	1,867,398
Trade and other receivables	12	178,229	133,439
Current tax assets	10	21,547	-
Total current assets		<u>2,018,466</u>	<u>2,000,837</u>
<b>Non-current assets</b>			
Property, plant and equipment	13	748,355	606,856
Right-of-use assets	14	274,965	337,985
Intangibles	15	15,593	39,834
Total non-current assets		<u>1,038,913</u>	<u>984,675</u>
<b>Total assets</b>		<u>3,057,379</u>	<u>2,985,512</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	16	42,403	110,909
Lease liabilities	17	41,555	39,197
Current tax liabilities	10	-	9,556
Employee benefits	18	152,093	114,471
Total current liabilities		<u>236,051</u>	<u>274,133</u>
<b>Non-current liabilities</b>			
Lease liabilities	17	273,389	327,541
Deferred tax liabilities	10	72,049	35,350
Employee benefits	18	11,518	42,138
Total non-current liabilities		<u>356,956</u>	<u>405,029</u>
<b>Total liabilities</b>		<u>593,007</u>	<u>679,162</u>
<b>Net assets</b>		<u>2,464,372</u>	<u>2,306,350</u>
<b>Equity</b>			
Issued capital	19	625,009	625,009
Reserves	20	362,059	238,289
Retained earnings	21	1,477,304	1,443,052
<b>Total equity</b>		<u>2,464,372</u>	<u>2,306,350</u>

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

**Hawkesbury Community Financial Services Limited**  
**Statement of changes in equity**  
**For the year ended 30 June 2022**

	Note	Issued capital \$	Revaluation reserve \$	Retained earnings \$	Total equity \$
<b>Balance at 1 July 2020</b>		625,009	238,289	1,341,032	2,204,330
Profit after income tax expense		-	-	195,771	195,771
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income		-	-	195,771	195,771
<i>Transactions with owners in their capacity as owners:</i>					
Dividends provided for or paid	23	-	-	(93,751)	(93,751)
<b>Balance at 30 June 2021</b>		<u>625,009</u>	<u>238,289</u>	<u>1,443,052</u>	<u>2,306,350</u>
	Note	Issued Capital \$	Revaluation Reserve \$	Retained Earnings \$	Total Equity \$
<b>Balance at 1 July 2021</b>		625,009	238,289	1,443,052	2,306,350
Profit after income tax expense		-	-	115,503	115,503
Other comprehensive income, net of tax		-	123,770	-	123,770
Total comprehensive income		-	123,770	115,503	239,273
<i>Transactions with owners in their capacity as owners:</i>					
Dividends provided for or paid	23	-	-	(81,251)	(81,251)
<b>Balance at 30 June 2022</b>		<u>625,009</u>	<u>362,059</u>	<u>1,477,304</u>	<u>2,464,372</u>

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

**Hawkesbury Community Financial Services Limited**  
**Statement of cash flows**  
**For the year ended 30 June 2022**

	Note	2022 \$	2021 \$
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		1,647,124	1,842,526
Payments to suppliers and employees (inclusive of GST)		<u>(1,468,978)</u>	<u>(1,450,201)</u>
		178,146	392,325
Interest received		3,784	13,691
Interest and other finance costs paid		-	(296)
Income taxes paid		<u>(74,419)</u>	<u>(66,173)</u>
Net cash provided by operating activities	29	<u>107,511</u>	<u>339,547</u>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		-	(36,605)
Payments for intangibles		(26,385)	(26,385)
Proceeds from disposal of property, plant and equipment		<u>-</u>	<u>7,000</u>
Net cash used in investing activities		<u>(26,385)</u>	<u>(55,990)</u>
<b>Cash flows from financing activities</b>			
Repayment of lease liabilities	17	(48,583)	(53,084)
Dividends paid	23	(81,251)	(93,751)
Repayment of borrowings		<u>-</u>	<u>(11,955)</u>
Net cash used in financing activities		<u>(129,834)</u>	<u>(158,790)</u>
Net increase/(decrease) in cash and cash equivalents		(48,708)	124,767
Cash and cash equivalents at the beginning of the financial year		<u>1,867,398</u>	<u>1,742,631</u>
Cash and cash equivalents at the end of the financial year	11	<u><u>1,818,690</u></u>	<u><u>1,867,398</u></u>

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

# Hawkesbury Community Financial Services Limited

## Notes to the financial statements

### 30 June 2022

#### Note 1. Reporting entity

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

The company is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is Shop 7 & 8, 36-38 Riverview Street, North Richmond NSW 2754.

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 30 September 2022. The directors have the power to amend and reissue the financial statements.

#### Note 2. Basis of preparation and statement of compliance

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

#### Note 3. Significant accounting policies

The company has consistently applied the following accounting policies to 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.

##### 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.

# Hawkesbury Community Financial Services Limited

## Notes to the financial statements

### 30 June 2022

#### Note 3. Significant accounting policies (continued)

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

##### *Non-financial assets*

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

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

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

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

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

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

#### Note 4. Critical accounting judgements, estimates and assumptions

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

##### *Coronavirus (COVID-19) pandemic*

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

##### *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.

# Hawkesbury Community Financial Services Limited

## Notes to the financial statements

### 30 June 2022

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

Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

##### *Estimation of useful lives of assets*

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

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

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

##### *Recovery of deferred tax assets*

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

##### *Lease term*

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

##### *Incremental borrowing rate*

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

##### *Employee benefits provision*

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

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

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

**Hawkesbury Community Financial Services Limited**  
**Notes to the financial statements**  
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**Note 4. Critical accounting judgements, estimates and assumptions (continued)**

*Lease make good provision*

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

**Note 5. Economic dependency**

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

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

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

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

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

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

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

**Note 6. Revenue from contracts with customers**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Margin income	1,353,677	1,390,113
Fee income	104,976	120,237
Commission income	53,903	52,168
Revenue from contracts with customers	<u>1,512,556</u>	<u>1,562,518</u>

**Hawkesbury Community Financial Services Limited**  
**Notes to the financial statements**  
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**Note 6. Revenue from contracts with customers (continued)**

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:

<u>Revenue stream</u>	<u>Includes</u>	<u>Performance obligation</u>	<u>Timing of recognition</u>
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
<b>plus:</b>	any deposit returns i.e. interest return applied by Bendigo Bank for a deposit
<b>minus:</b>	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.

**Hawkesbury Community Financial Services Limited**  
**Notes to the financial statements**  
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**Note 6. Revenue from contracts with customers (continued)**

*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 \$
Net gain on disposal of property, plant and equipment	-	638
Market development fund	17,500	31,875
Cash flow boost	-	50,000
Other income	-	1,617
	<hr/>	<hr/>
Other revenue	<u>17,500</u>	<u>84,130</u>

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

Discretionary financial contributions (also "Market development fund" or "MDF" income)

Cash flow boost

Other income

Gain on sale of property, plant and equipment

Revenue recognition policy

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 income is recognised when the right to the payment is established (e.g. monthly or quarterly in the activity statement).

All other revenues that did not contain contracts with customers are recognised as goods and services are provided.

Revenue from the sale of property, plant and equipment is recognised when the buyer obtains control of the asset. Control is transferred when the buyer has the ability to direct the use of and substantially obtain the economic benefits from the asset.

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.

**Hawkesbury Community Financial Services Limited**  
**Notes to the financial statements**  
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**Note 7. Other revenue (continued)**

*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. Finance revenue**

	<b>2022</b>	<b>2021</b>
	\$	\$
Term deposits	<u>3,784</u>	<u>19,128</u>

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

**Note 9. Expenses**

**Depreciation and amortisation expense**

	<b>2022</b>	<b>2021</b>
	\$	\$
<i>Depreciation of non-current assets</i>		
Buildings	6,171	6,171
Leasehold improvements	5,667	5,666
Plant and equipment	5,219	7,762
Motor vehicles	<u>6,471</u>	<u>7,966</u>
	<u>23,528</u>	<u>27,565</u>
<i>Depreciation of right-of-use assets</i>		
Leased land and buildings	<u>44,803</u>	<u>47,426</u>
<i>Amortisation of intangible assets</i>		
Franchise fee	4,407	4,641
Franchise renewal fee	<u>19,834</u>	<u>9,999</u>
	<u>24,241</u>	<u>14,640</u>
	<u>92,572</u>	<u>89,631</u>

**Finance costs**

	<b>2022</b>	<b>2021</b>
	\$	\$
Bank loan interest paid or accrued	-	296
Lease interest expense	<u>15,006</u>	<u>17,323</u>
	<u>15,006</u>	<u>17,619</u>

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

**Hawkesbury Community Financial Services Limited**  
**Notes to the financial statements**  
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**Note 9. Expenses (continued)**

**Employee benefits expense**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Wages and salaries	749,822	750,081
Non-cash benefits	6,670	3,021
Superannuation contributions	89,808	81,939
Expenses related to long service leave	7,002	1,139
Other expenses	29,832	17,812
	<u>883,134</u>	<u>853,992</u>

**Leases recognition exemption**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Expenses relating to low-value leases	<u>19,969</u>	<u>20,944</u>

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 10. Income tax**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<i>Income tax expense</i>		
Current tax	43,316	51,470
Movement in deferred tax	36,699	(1,293)
Reduction in company tax rate	-	(3,610)
Adjustment recognised for prior periods	-	484
Deferred tax recognised at FVTOCI	<u>(41,257)</u>	<u>-</u>
Aggregate income tax expense	<u>38,758</u>	<u>47,051</u>
<i>Prima facie income tax reconciliation</i>		
Profit before income tax expense	<u>154,261</u>	<u>242,822</u>
Tax at the statutory tax rate of 25% (2021: 26%)	38,565	63,134
Tax effect of:		
Non-deductible expenses	193	43
Reduction in company tax rate	-	(3,610)
Other assessable income	<u>-</u>	<u>(13,000)</u>
Prior year provision of income tax	<u>38,758</u>	<u>46,567</u>
Income tax expense	<u>-</u>	<u>484</u>
	<u>38,758</u>	<u>47,051</u>

**Hawkesbury Community Financial Services Limited**  
**Notes to the financial statements**  
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**Note 10. Income tax (continued)**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<i>Deferred tax liabilities/(assets)</i>		
Property, plant and equipment	123,425	82,169
Income accruals	1,359	1,359
Right-of-use assets	68,742	84,497
Lease liabilities	(78,736)	(91,685)
Employee benefits	(40,903)	(39,152)
Accrued expenses	(1,838)	(1,838)
	<u>72,049</u>	<u>35,350</u>
Deferred tax liability	<u>72,049</u>	<u>35,350</u>
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Income tax refund due	<u>21,547</u>	<u>-</u>
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Provision for income tax	<u>-</u>	<u>9,556</u>

*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.

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.

**Hawkesbury Community Financial Services Limited**  
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**Note 11. Cash and cash equivalents**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Cash on hand	1,000	1,000
Cash at bank and on hand	392,690	441,398
Term deposits	1,425,000	1,425,000
	<u>1,818,690</u>	<u>1,867,398</u>

*Accounting policy for cash and cash equivalents*

For the purposes of the Statement of Financial Position and Statement of Cash Flows, cash and cash equivalents comprise cash on hand and deposits held with banks.

**Note 12. Trade and other receivables**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Trade receivables	165,681	120,891
Prepayments	12,548	12,548
	<u>178,229</u>	<u>133,439</u>

*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 13. Property, plant and equipment**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Land - at fair value	463,490	355,000
Buildings - at fair value	241,537	185,000
Less: Accumulated depreciation	(25,027)	(18,856)
	<u>216,510</u>	<u>166,144</u>
Leasehold improvements - at cost	56,667	56,667
Less: Accumulated depreciation	(35,761)	(30,094)
	<u>20,906</u>	<u>26,573</u>
Plant and equipment - at cost	156,057	156,057
Less: Accumulated depreciation	(137,286)	(132,067)
	<u>18,771</u>	<u>23,990</u>
Motor vehicles - at cost	36,605	36,605
Less: Accumulated depreciation	(7,927)	(1,456)
	<u>28,678</u>	<u>35,149</u>
	<u>748,355</u>	<u>606,856</u>

**Hawkesbury Community Financial Services Limited**  
**Notes to the financial statements**  
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**Note 13. Property, plant and equipment (continued)**

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

	Land \$	Buildings \$	Leasehold improvements \$	Plant and equipment \$	Motor vehicles \$	Total \$
Balance at 1 July 2020	355,000	172,315	32,239	31,752	12,874	604,180
Additions	-	-	-	-	36,605	36,605
Disposals	-	-	-	-	(6,364)	(6,364)
Depreciation	-	(6,171)	(5,666)	(7,762)	(7,966)	(27,565)
Balance at 30 June 2021	355,000	166,144	26,573	23,990	35,149	606,856
Revaluation increments	108,490	56,537	-	-	-	165,027
Depreciation	-	(6,171)	(5,667)	(5,219)	(6,471)	(23,528)
Balance at 30 June 2022	<u>463,490</u>	<u>216,510</u>	<u>20,906</u>	<u>18,771</u>	<u>28,678</u>	<u>748,355</u>

*Fair value*

The fair value of land and buildings was determined by external, independent property valuers, having recognised professional qualifications and recent experience in the location and category of the property being valued. Independent valuers provide the fair value of the company's investment property portfolio every 3 to 5 years.

The company's North Richmond property was independently valued effective 23 June 2022 by Lynette Savage Valuations.

*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 straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

Building	40 years
Leasehold improvements	10 years
Plant and equipment	1 to 10 years
Motor vehicles	7 to 8 years

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

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

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

*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.

**Hawkesbury Community Financial Services Limited**  
**Notes to the financial statements**  
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**Note 14. Right-of-use assets**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Land and buildings - right-of-use	417,034	435,252
Less: Accumulated depreciation	<u>(142,069)</u>	<u>(97,267)</u>
	<u><u>274,965</u></u>	<u><u>337,985</u></u>

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	411,176	411,176
Remeasurement adjustments	(25,765)	(25,765)
Depreciation expense	<u>(47,426)</u>	<u>(47,426)</u>
Balance at 30 June 2021	337,985	337,985
Remeasurement adjustments	(18,217)	(18,217)
Depreciation expense	<u>(44,803)</u>	<u>(44,803)</u>
Balance at 30 June 2022	<u><u>274,965</u></u>	<u><u>274,965</u></u>

*Accounting policy for right-of-use assets*

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

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

Refer to note 17 for more information on lease arrangements.

**Note 15. Intangibles**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Franchise fee	22,036	22,036
Less: Accumulated amortisation	<u>(21,114)</u>	<u>(16,707)</u>
	<u>922</u>	<u>5,329</u>
Franchise renewal fee	99,168	99,168
Less: Accumulated amortisation	<u>(84,497)</u>	<u>(64,663)</u>
	<u>14,671</u>	<u>34,505</u>
	<u><u>15,593</u></u>	<u><u>39,834</u></u>

**Hawkesbury Community Financial Services Limited**  
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**Note 15. Intangibles (continued)**

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	9,970	44,504	54,474
Amortisation expense	(4,641)	(9,999)	(14,640)
Balance at 30 June 2021	5,329	34,505	39,834
Amortisation expense	(4,407)	(19,834)	(24,241)
Balance at 30 June 2022	<u>922</u>	<u>14,671</u>	<u>15,593</u>

*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:

<u>Asset class</u>	<u>Method</u>	<u>Useful life</u>	<u>Expiry/renewal date</u>
Franchise fee	Straight-line	Over the franchise term (5 years)	September 2022
Franchise renewal fee	Straight-line	Over the franchise term (5 years)	September 2022

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

*Change in estimates*

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

**Note 16. Trade and other payables**

	2022 \$	2021 \$
<i>Current liabilities</i>		
Trade payables	-	29,020
Other payables and accruals	42,403	81,889
	<u>42,403</u>	<u>110,909</u>

*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.

**Hawkesbury Community Financial Services Limited**  
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**Note 17. Lease liabilities**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<i>Current liabilities</i>		
Land and buildings lease liabilities	54,765	54,765
Unexpired interest	(13,210)	(15,568)
	<u>41,555</u>	<u>39,197</u>
<i>Non-current liabilities</i>		
Land and buildings lease liabilities	307,725	376,990
Unexpired interest	(34,336)	(49,449)
	<u>273,389</u>	<u>327,541</u>
<i>Reconciliation of lease liabilities</i>		
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Opening balance	366,738	428,262
Remeasurement adjustments	(18,217)	(25,763)
Lease interest expense	15,006	17,323
Lease payments - total cash outflow	(48,583)	(53,084)
	<u>314,944</u>	<u>366,738</u>
<i>Maturity analysis</i>		
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Not later than 12 months	54,765	54,765
Between 12 months and 5 years	232,911	235,116
Greater than 5 years	74,814	141,874
	<u>362,490</u>	<u>431,755</u>

*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 / 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.

**Hawkesbury Community Financial Services Limited**  
**Notes to the financial statements**  
**30 June 2022**

**Note 17. 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:

Richmond branch                      The lease agreement commenced in August 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 August 2028. The discount rate used in calculations is 4.46%.

**Note 18. Employee benefits**

	2022 \$	2021 \$
<i>Current liabilities</i>		
Annual leave	57,292	57,292
Long service leave	94,801	57,179
	<u>152,093</u>	<u>114,471</u>
<i>Non-current liabilities</i>		
Long service leave	<u>11,518</u>	<u>42,138</u>

*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.

**Hawkesbury Community Financial Services Limited**  
**Notes to the financial statements**  
**30 June 2022**

**Note 18. Employee benefits (continued)**

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

**Note 19. Issued capital**

	2022 Shares	2021 Shares	2022 \$	2021 \$
Ordinary shares - fully paid	625,009	625,009	625,009	625,009

*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.

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.

**Hawkesbury Community Financial Services Limited**  
**Notes to the financial statements**  
**30 June 2022**

**Note 19. Issued capital (continued)**

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 20. Reserves**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Revaluation surplus reserve	<u>362,059</u>	<u>238,289</u>

*Revaluation surplus reserve*

The reserve is used to recognise increments and decrements in the fair value of land and buildings.

*Movements in reserves*

Movements in each class of reserve during the current and previous financial year are set out below:

	Revaluation Reserve \$
Balance at 1 July 2020	<u>238,289</u>
Balance at 30 June 2021	238,289
Revaluation of land and buildings	<u>123,770</u>
Balance at 30 June 2022	<u><u>362,059</u></u>

**Note 21. Retained earnings**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Retained earnings at the beginning of the financial year	1,443,052	1,341,032
Profit after income tax expense for the year	115,503	195,771
Dividends paid (note 23)	<u>(81,251)</u>	<u>(93,751)</u>
Retained earnings at the end of the financial year	<u><u>1,477,304</u></u>	<u><u>1,443,052</u></u>

**Note 22. Capital management**

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

**Hawkesbury Community Financial Services Limited**  
**Notes to the financial statements**  
**30 June 2022**

**Note 22. 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 23. Dividends**

The following dividends were provided for and paid to shareholders during the financial year as presented in the Statement of changes in equity and Statement of cash flows.

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Fully franked dividend of 13 cents per share (2021: 15 cents)	<u>81,251</u>	<u>93,751</u>
<b>Franking credits</b>		
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Franking account balance at the beginning of the financial year	649,654	619,042
Franking credits (debits) arising from income taxes paid (refunded)	74,419	66,173
Franking debits from the payment of franked distributions	<u>(27,084)</u>	<u>(35,561)</u>
	<u>696,989</u>	<u>649,654</u>
<i>Franking transactions that will arise subsequent to the financial year end:</i>		
Balance at the end of the financial year	696,989	649,654
Franking credits (debits) that will arise from payment (refund) of income tax	<u>(21,547)</u>	<u>9,556</u>
Franking credits available for future reporting periods	<u>675,442</u>	<u>659,210</u>

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

*Accounting policy for dividends*

Dividends are recognised in the financial year they are declared.

**Hawkesbury Community Financial Services Limited**  
**Notes to the financial statements**  
**30 June 2022**

**Note 24. Financial instruments**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<b>Financial assets</b>		
Trade and other receivables	165,681	120,891
Cash and cash equivalents	<u>1,818,690</u>	<u>1,867,398</u>
	<u>1,984,371</u>	<u>1,988,289</u>
<b>Financial liabilities</b>		
Trade and other payables	42,403	110,909
Lease liabilities	<u>314,944</u>	<u>366,738</u>
	<u>357,347</u>	<u>477,647</u>

*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 and lease liabilities.

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

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

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

**Financial risk management**

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

**Market risk**

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

**Price risk**

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

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

Interest-bearing assets and liabilities are held with Bendigo Bank and subject to movements in market interest.

The company held cash and cash equivalents of \$1,818,690 at 30 June 2022 (2021: \$1,867,398). The cash and cash equivalents are held with Bendigo Bank, which are rated BBB+ on Standard & Poor's credit ratings.

**Credit risk**

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

**Hawkesbury Community Financial Services Limited**  
**Notes to the financial statements**  
**30 June 2022**

**Note 24. Financial instruments (continued)**

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.

	1 year or less \$	Between 1 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
<b>2022</b>				
<b>Non-derivatives</b>				
Trade and other payables	42,403	-	-	42,403
Lease liabilities	54,765	232,911	74,814	362,490
Total non-derivatives	<u>97,168</u>	<u>232,911</u>	<u>74,814</u>	<u>404,893</u>

	1 year or less \$	Between 1 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
<b>2021</b>				
<b>Non-derivatives</b>				
Trade and other payables	110,909	-	-	110,909
Lease liabilities	54,765	235,116	141,874	431,755
Total non-derivatives	<u>165,674</u>	<u>235,116</u>	<u>141,874</u>	<u>542,664</u>

**Note 25. Fair value measurement**

**Fair value hierarchy**

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

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

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

Level 3: Unobservable inputs for the asset or liability

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>2022</b>				
<b>Assets</b>				
Land	458,849	-	-	458,849
Buildings	239,640	-	-	239,640
Total assets	<u>698,489</u>	<u>-</u>	<u>-</u>	<u>698,489</u>

**Hawkesbury Community Financial Services Limited**  
**Notes to the financial statements**  
**30 June 2022**

**Note 25. Fair value measurement (continued)**

2021	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<i>Assets</i>				
Land	355,000	-	-	355,000
Buildings	166,144	-	-	166,144
Total assets	<u>521,144</u>	<u>-</u>	<u>-</u>	<u>521,144</u>

Assets and liabilities held for sale are measured at fair value on a non-recurring basis.

There were no transfers between levels during the financial year.

*Valuation techniques for fair value measurements categorised within level 2 and level 3*

The basis of the valuation of land and buildings is fair value. The land and buildings were last revalued on 23 June 2022 based on independent assessments by a member of the Australian Property Institute having recent experience in the location and category of land and buildings being valued. The directors do not believe that there has been a material movement in fair value since the revaluation date. Valuations are based on current prices for similar properties in the same location and condition.

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 26. Key management personnel disclosures**

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

Rowan Parker	Monica Tatton
William Trevor John	Jane Louise Tweedy
Donald John Shaddick	Gabriela Alejandra Rodriguez D'Andrea
Shayne Ryan	Benjamin Jeffrey Loveridge
David Palamara	

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

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

**Note 27. Related party transactions**

There were no transactions with related parties during the current and previous financial year.

**Hawkesbury Community Financial Services Limited**  
**Notes to the financial statements**  
**30 June 2022**

**Note 28. 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 \$
<i>Audit services - AFS</i>		
Audit or review of the financial statements	6,200	2,500
<i>Other services - AFS</i>		
Taxation advice and tax compliance services	1,325	700
General advisory services	2,900	1,395
	4,225	2,095
	<u>10,425</u>	<u>4,595</u>
<i>Audit services - RSD</i>		
Audit or review of the financial statements	-	3,900
<i>Other services - RSD</i>		
Taxation advice and tax compliance services	-	1,140
General advisory services	-	1,350
	-	2,490
	<u>-</u>	<u>6,390</u>

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

	2022 \$	2021 \$
Profit after income tax expense for the year	115,503	195,771
Adjustments for:		
Depreciation and amortisation	92,572	89,631
Net gain on disposal of non-current assets	-	(638)
Lease liabilities interest	15,006	17,323
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(44,790)	21,404
Increase in income tax refund due	(21,547)	-
Increase/(decrease) in trade and other payables	(42,121)	25,200
Decrease in provision for income tax	(9,556)	-
Decrease in deferred tax liabilities	(4,558)	(19,122)
Increase in employee benefits	7,002	9,978
Net cash provided by operating activities	<u>107,511</u>	<u>339,547</u>

**Note 30. Earnings per share**

	2022 \$	2021 \$
Profit after income tax	<u>115,503</u>	<u>195,771</u>

**Hawkesbury Community Financial Services Limited**  
**Notes to the financial statements**  
**30 June 2022**

**Note 30. Earnings per share (continued)**

	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>625,009</u>	<u>625,009</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>625,009</u>	<u>625,009</u>
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	18.48	31.32
Diluted earnings per share	18.48	31.32

*Accounting policy for earnings per share*

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

**Note 31. Commitments**

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

**Note 32. Contingencies**

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

**Note 33. Events after the reporting period**

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

**Hawkesbury Community Financial Services Limited**  
**Directors' declaration**  
**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



---

Rowan Parker  
Chairman

30 September 2022



Andrew Frewin Stewart  
61 Bull Street Bendigo VIC 3550

afs@afsbendigo.com.au  
03 5443 0344

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

## Report on the Audit of the Financial Report

### Opinion

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

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

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

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

### Basis for Opinion

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

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

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

## Other Information

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

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

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

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

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

## Responsibilities of the Directors for the Financial Report

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

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

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

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



Andrew Frewin Stewart  
61 Bull Street Bendigo VIC 3550

afs@afsbendigo.com.au  
03 5443 0344

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

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

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

A handwritten signature in black ink, appearing to read 'Andrew Frewin Stewart', is positioned above the printed name.

**Andrew Frewin Stewart**  
61 Bull Street, Bendigo, Vic, 3550  
Dated: 30 September 2022

A handwritten signature in black ink, appearing to read 'Joshua Griffin', is positioned above the printed name.

**Joshua Griffin**  
Lead Auditor





Community Bank - North Richmond  
McNair Shopping Centre, Shop 7 & 8, 36 Riverview Street,  
North Richmond NSW 2754  
Phone: 02 4571 2988  
Email: Northrichmondmailbox@bendigoadelaide.com.au  
Web: <https://www.bendigobank.com.au/branch/nsw/community-bank-north-richmond-districts/>

Community Bank - Richmond  
Shops 7 & 8 Richmond Mall 271 Windsor Street,  
Richmond NSW 2753  
Phone: 02 4578 0055  
Email: Richmondmailbox@bendigoadelaide.com.au  
Web: <https://www.bendigobank.com.au/branch/nsw/bendigo-bank-richmond/>

Franchisee: Hawkesbury Community Financial Services Limited  
ABN: 97 099 838 463  
Shop 7 & 8 McNair Shopping Centre, 36 Riverview Street  
North Richmond NSW 2754  
Phone: 02 4571 2988  
Email: northrichmondmailbox@bendigoadelaide.com.au

Share Registry:  
RSD Registry - [www.leadgroup.com.au](http://www.leadgroup.com.au)  
P O Box 30, Bendigo Victoria 3552  
Ph (03) 5445 4222  
Fax (03) 5444 4344  
Email- [shares@rsdregistry.com.au](mailto:shares@rsdregistry.com.au)

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