

Annual Report 2020

Hobsons Bay Community
Financial Services Limited

Community Bank
Altona, Laverton and Point Cook

ABN 39 091 661 166



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Chairman's report

For year ending 30 June 2020



I am honoured to present the Annual Report of Hobsons Bay Community Financial Services Limited (HBCFSL) to our shareholders in this, our 20th year of operations.

Over the past two decades, our company has grown from very humble beginnings to become an important part of the Hobsons Bay and Wyndham communities, helping locals achieve their financial dreams and goals. Whether it is helping a family into their new home, a new business establish itself and grow, or a young local to get behind the wheel of their first car, we have been right alongside them as they sought to make their dreams a reality.

Our journey began in July 2000, with the opening of Community Bank Laverton, followed by the opening of Community Bank Altona in 2002,

and Point Cook in 2007. Community Bank Altona and Laverton and the Point Cook Business Centre, are part of a large network of Community Banks throughout Australia. Today, there are 324 Community Banks nationally, all operating with a unique point of difference, namely that they are set up on a 'profit-with-purpose' model and share their profits with the community that has helped generate them.

As part of this national network, our company operates on the foundations of local ownership, local decision making and local investment, all of which are designed to promote the development of our local area. Our Community Banks are committed to forging partnerships with the community which are based on trust, respect and goodwill. These qualities also underpin our pursuit of excellence in delivering customer service.

Through our unique model of operation, the Hobsons Bay and Wyndham communities have access to local banking services but also access to vital funds to support local clubs and services. Through our Community Partnership Program, we continue to provide financial support to local clubs for various projects in various fields such as sport and recreation, health and education, the arts, culture and infrastructure.

Over the past twelve months, our achievements include the following:

- Over \$454 million in accounts held across our branches
- Just under 18,000 accounts across our branches
- Over \$4.9 million returned to the community to date in projects, sponsorships, grants and dividends
- Over 25 sponsorships, donations and grants made to local community groups/associations
- Continued financial support for the Laverton Youth Foundation program, the KickStart Breakfast program and the "Youth Foundation Behind Bars" project, in collaboration with other Community Bank companies, providing kids in the Juvenile Justice system the opportunity to participate in a youth philanthropy program
- Developing partnerships with the Altona Gators, the Melbourne Aces and a young motorsport driver - Michael Clemente.

These achievements occurred despite the unforeseen challenges that characterised the holiday and new year period. Christmas was overshadowed by a devastating bushfire season. Our branches quickly became a hub for donations. We worked together with Rotary to create Angel Kits for our heroes on the front line. It was heartening to see the community come together so quickly.

Chairman's report (continued)

The Laverton Festival, which took place early in the new year, has grown from year to year, and we are pleased to continue to support and attend this fantastic event. We could not have known at the time, but this would be the last time we would be able to gather freely.

This time last year, we were looking forward to a year of celebration – 20 years of community banking and 20 years since opening the Community Bank Laverton, and as a company we have much to celebrate together with our many supporters. This however, has been made difficult by the emergence of the global pandemic and the challenges it has posed for all of us, redefining the way we live, work and play. Coronavirus changed our lives in a dramatic and unexpected manner. Hence our plans to celebrate with you all on this very important milestone have been placed on hold.

The needs of our community were changing rapidly, and so we needed to adjust accordingly. Our Community Partnership Program has been extended twice. We recognised that our community groups were unable to come together as they once had and therefore their ability to engage in forward planning had been significantly impacted.

The Board acted quickly in other areas as well, coming together with ideas about ways we could really make a difference. People were isolated. Businesses and Community Centres were closed. Demand for food support had risen, but supplies were beginning to dry out. In light of these events, we provided three \$5,000 IGA vouchers to the local centres working hard to provide relief, namely Jamieson Way Community Centre, Laverton Community Integrated Services Inc. and Latitude: Directions for Young People. This project gave us the opportunity to provide much-needed supplies and to support small businesses like the local IGA in the process.

Furthermore, our local cafes and restaurants have been deeply impacted by the social distancing restrictions. While some have been forced to reinvent the way they do business, others have had to close completely. In an effort to bolster these businesses, we have purchased \$10,000 worth of vouchers from various establishments and are distributing them back into the community.

The prosperity and wellbeing of our community is our primary aim and we have been able to redirect our community funding to areas most in need during these difficult times. In addition, our branch staff have been busy having important discussions with our customers on how we can better support them through these challenging times.

We will continue to find ways to support our community through this evolving situation, because working together is the best way through. Our Board also recognises that it is important to plan for providing funding and support beyond the pandemic. Maintaining a forward-looking approach is fundamental to the continued operations of our company and indeed for the ongoing prosperity of our community.

At the time of writing this report, our state is facing stricter social distancing and stay at home rules, as well as restrictions on indoor gatherings. Although we are planning for a physical Annual General Meeting (AGM) to take place in November 2020, whether shareholders and Directors will be able to physically gather will ultimately depend on the relevant laws and regulations at the time and the most up to date advice from the Australian Securities and Investments Commission (ASIC). We will ensure to communicate to shareholders the details of any alternate arrangements accordingly.

On behalf of the Board, I thank our Managers, staff of our Community Banks, administration and marketing staff. Each of our valued staff members plays a key role in helping our customers achieve their financial goals. Others work hard to support the work of our volunteer Board. Each of them is dedicated, focused and professional. They are invaluable to our company and I thank them for their tremendous efforts.

I also acknowledge the unwavering dedication and focus of our Board of Directors who, with their varied skills and backgrounds, help steer the company towards achieving its strategic goals. Our success as a company would not have been possible without their hard work, diligence and vision. On this special 20th anniversary, I take the opportunity to acknowledge both current and past Directors.

Chairman's report (continued)

Thank you to all our loyal customers and shareholders who have been with us over the past twelve months. Thank you for continuing to support what we do. Many of you have been with us from the start of this journey, while others have chosen to join us along the way. Regardless of when individual partnerships were forged, our close bond and association with our local community is undoubtedly one of our greatest achievements. Pausing to reflect on a partnership that spans over 20 years is perhaps the most poignant way of celebrating this impressive milestone.

As always, our staff at Community Bank Altona and Laverton, as well as the Point Cook Business Centre, remain ready to assist with any banking requirements or financial goals. In this, our 20th year of operations, you might like to spread the word that little bit wider. This is particularly important as we continue to adjust to a pandemic world. Sticking together is perhaps now more important than ever, even if we are required to do this a little differently.

Once more, thank you to all who have been with us on this journey for the past two decades. We look forward to the next 20 years of working together with our local community to help shape its economic, social and cultural landscape.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'H. Da Silva', with a stylized flourish at the end.

Henry Da Silva
Chairperson

Corporate Governance Statement

The Board is comprised entirely of non executive independent Directors. The skills, experience and composition of the Board is detailed in the Director's report. Details of the Directors' shareholdings, their remuneration and any transactions which they have conducted with the company are included in the Directors' report and Notes to the financial statements.

The Board has committed to a high standard of corporate governance, financial reporting and integrity throughout the company's operations. The following portfolios have been established as subcommittees to assist and advise the Board.

- Audit & Corporate Governance
- Finance and Asset Management
- Human Resources
- Community Engagements
- Business Growth Committee

Independent professional advice

Directors have the right to seek independent professional advice in the furtherance of their duties as Directors at the company's expense. Written approval must be obtained from the Chairman prior to incurring any expense on behalf of the company.

Identifying and managing business risks

The Board regularly monitors the operational and financial performance of the company against budget and other key performance measures. The Board also receives advice on areas of operational and financial risks, and develops strategies in conjunction with management, to mitigate those risks.

The Directors are currently undertaking a complete Risk Assessment analysis on its operations which is expected to be completed before the end of the year.

Communication with shareholders

The Board of Directors aims to ensure that shareholders, on behalf of whom they act, are informed of all major developments affecting the company's activities and its state of affairs, including information necessary to assess the performance of the Directors.

Communication with shareholders is achieved through the distribution of the following information:

- The Annual Report distributed to all shareholders
- The Annual General Meeting to obtain shareholder approval for Board action as appropriate
- Regular shareholder newsletters.

Directors' report

For the financial year ended 30 June 2020

The Directors present their report, together with the financial statements of the Hobsons Bay Community Financial Services Limited for the year ended 30 June 2020.

Directors

The Directors of the Company at any time during the financial year were:

H Da Silva	M S Pernar
J Gundran	E Driscoll
G Ryan	M Serle
A Hooper	A Ferreri

Principal Activities

During the year the company continued to operate Community Bank Altona and Laverton, and the Point Cook Business Centre with the support of the Bendigo and Adelaide Bank Limited.

Operating Results

The net operating profit of the company before community grants, and taxation was \$536,363 (2019 \$517,868). The overall net profit of the company after payment of community grants, and taxation was \$347,776 (2019 \$337,817).

Dividends

Dividends paid or declared for payment are as follows:

Ordinary dividend paid on 22 November 2019, as recommended in last year's report	\$140,316
Ordinary 2020 interim dividend paid on 24 April 2020 of 4 cents per share	\$ 56,127
The Directors have recommended payment of a fully franked final dividend for 2020 of 10 cents per share	\$140,316

Review of Operations

The net assets of the company have increased by \$114,393 from 1 July 2019 to \$3,402,893 as at 30 June 2020, while assets under management also increased, now exceeding \$454.3 million at the date of this report.

The changes in the profit share arrangement with the Bendigo and Adelaide Bank Limited which we first brought to your attention in the June 2012 financial reports combined with the increased costs of running the bank have reduced the profitability of Community Banks. The Directors are confident that the company will remain profitable in the future.

Significant Changes in State of Affairs

In the opinion of the Directors, there were no significant changes in the state of affairs of the company that occurred during the year which have not been disclosed in this report.

Directors' report (continued)

After Balance Date Events

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

Future Developments

The company will continue to work towards its budget targets for its branches and business centre.

Environmental Regulations

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Information on Directors

Mr H Da Silva Chairperson	Appointed Director 18 February 2000. Original Steering Committee member. Henry is an estate agent with over 33 year's experience, a local businessman, property developer and owner and CEO of Ray White Real Estate Laverton.
Mr M S Pernar Secretary	Appointed Director 18 February 2000. Original Steering Committee member. Michael has been employed as the Manager/CEO of the Laverton Community Centre since 1995. His community spirit lends to his involvement in many local groups.
Mr G Ryan Treasurer	Appointed Director on 25 November 2014. Grant has been Managing Director/Finance Director for 30 years. He has a Bachelor of Commerce CPA.
Mr J Gundran	Appointed Director on 24 November 2015. Jun has been a Financial Controller for over 10 years and has over 15 years' experience both in public and private accounting. He is a CPA and has a Bachelor Degree in Accounting.
Ms M F Serle	Appointed Director on 24 November 2015. Madeleine is a Corporate Lawyer in Financial Services with 20 years of practice. Madeline holds a Bachelor of Law from the University of Melbourne and a Masters in Law from Deakin University.
Ms E Driscoll	Appointed Director on 25 November 2014. Emma is a Chartered Member of the Australian Human Resources Institute and currently works for the State Government. She has also worked in Financial Services, Higher Education, Health, Sport and Manufacturing. She has numerous qualifications, including BBus (ECO), BA (Social Science), GDipED (Secondary), MEd (Lead).
Mr A Hooper	Appointed Director on 22 November 2016. Tony is a CPA with a Diploma in Management and has worked for over a decade from Audit to Financial Management for small companies and large not for profits. His career has taken a turn in the media sector, working as a Senior Executive. He has also been involved in a range of film projects, mostly in Melbourne. He is a local council member and is involved in a range of activities in the local area.
Mr A Ferreri	Appointed Director 19 November 2019. Antony (Tony) is a Chartered Accountant working as a Business and Tax Advisor for 20 years with 8 years as a partner of a major accounting firm. Thereafter he moved into industry with 6 years in telecommunications, 5 years in international trade and 10 years in chemicals. After a short retirement Tony took on the role of CEO of Sanctuary Lakes Resort in 2010 and retired again in 2017. Tony is on the organising committee of the annual Christmas at the Lakes event.

Directors' report (continued)

Information on Directors (continued)

The Directors and their associates have the following shares in the company as at the 30 June 2020

Director	Associates	Total
Henry Da Silva	3,939	3,939
Anthony Hooper	2,250	2,250
Michael Pernar	1,399	1,399
Grant Ryan	656	656

Directors Meetings

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated. During the financial year, 11 meetings of Directors were held. Attendances were:

	Eligible to attend	Number attended
Mr H Da Silva (Chairperson)	11	10
Mr M S Pernar (Secretary)	11	10
Mr G Ryan (Treasurer)	11	10
Mr A Hooper	11	9
Mr J Gundran	11	9
Ms EJ Driscoll	11	10
Ms M F Serle	11	11
Mr A Ferreri (Appointed 19 November 2019)	7	7

Portfolio Meetings

	Audit & Corporate Governance	Finance & Asset Management	Community Engagement	Human Resources	Building & Investments Subcommittee	Growth
Total Meetings held	11	11	11	11	3	3
Henry Da Silva	8	7	1	5	3	2
Michael Pernar	10		10			
Madeleine Serle	11	3		10		3
Grant Ryan	10	10			3	
Jun Gundran		11			3	3
Emma Driscoll				11		
Anthony Hooper			11			
Antony Ferreri (Appointed 19 November 2019)	10	9	8		3	

Directors' report (continued)

Remuneration Report

Total remuneration of Directors	2020	2019
Henry Da Silva	\$7,538.00	\$7,179.00
Michael Pernar	\$5,657.00	\$5,388.00
Grant Ryan	\$5,657.00	\$5,388.00
Emma Driscoll	\$5,657.00	\$5,388.00
Madeleine Serle	\$3,771.00	\$3,592.00
Jun Gundran	\$3,771.00	\$3,592.00
Anthony Hooper	\$5,657.00	\$5,388.00
Antony Ferreri	\$1,886.00	NIL

The Chairman was paid \$7,538, the Company Secretary \$5,657 and Treasurer \$5,657. The company does not pay Director salaries and there are no performance conditions placed on Directors' remuneration. Directors' remuneration is set by the shareholders at the AGM.

Directors' Privileges Package

Hobsons Bay Community Financial Services Ltd has accepted the Community Bank Directors' Privileges Package. The package is available to all Directors who can elect to avail themselves of the benefits based on their personal banking with the Bendigo Bank. There is no requirement to own BEN shares and there is no qualification period to qualify to utilise the benefits. The package mirrors the benefits currently available to Bendigo and Adelaide Bank Limited shareholders.

Directors' and Auditors' Insurance and Indemnification

The company has paid premiums to insure the Directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of a Director of the company, other than conduct involving a wilful breach of duty in relation to the company.

The company has not during or since the end of, the financial year, in respect of any person who is or has been an auditor of the Company or a related body corporate:

- Indemnified or made any relevant agreement for indemnifying against a liability incurred, including costs and expenses in successfully defending legal proceedings, or
- Paid or agreed to pay a premium in respect of a contract insuring against a liability incurred for the costs or expenses to defend legal proceedings.

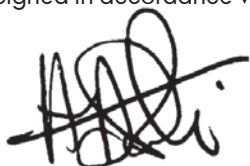
Audit Services

The Company's Auditor has not provided any non-audit services during the year.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under Section 307C of the Corporations Act is also included in the following page.

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



Director – Henry Da Silva



Director - Michael Stephen Pernar

Dated this 9th day of September 2020

Auditor's independence declaration

TOWARDS A VISION SHARED



**Collins & Co
Audit Pty Ltd**

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**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF
HOBSONS BAY COMMUNITY FINANCIAL SERVICES LTD
A.B.N. 39 091 661 166**

I declare that to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2020 there have been:

- i. No contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- ii. No contravention of any applicable code of professional conduct in relation to the audit.

**Frederik Ryk Ludolf Eksteen CA
ASIC Auditor Registration Number 421448**

**Collins & Co Audit Pty Ltd
127 Paisley Street
FOOTSCRAY VIC 3011**

Dated this 16th day of September 2020

Financial statements

Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2020

	Note	2020 \$	2019 \$
Revenues from Ordinary Activities	2	2,785,501	2,733,344
Amortisation of franchise fee	3	(174,986)	(22,038)
Depreciation of furniture & equipment	3	(50,604)	(19,323)
Employment expenses	3	(1,309,476)	(1,333,411)
Community Development expenses		(139,329)	(162,543)
Other expenses from ordinary activities		(632,134)	(730,793)
Total Expenses from Ordinary Activities		(2,306,529)	(2,268,108)
Profit from Ordinary Activities before Income Tax		478,972	465,236
Income Tax (Expenses) relating to Ordinary Activities	5	(131,196)	(127,419)
Profit from Ordinary Activities after Income Tax		347,776	337,817
Profit/(Loss) attributable to extraordinary items		-	-
		347,776	337,817
Other Comprehensive Income		-	-
Net Profit Attributable to Members of the Company		347,776	337,817
Earnings per share			
Basic & Diluted earnings per share (cents per share)	11	24.78	24.07

The statement of profit and loss and other comprehensive Income is to be read in conjunction with the audit report and the notes to the financial statements.

Financial statements (continued)

Statement of Financial Position as at 30 June 2020

	Note	2020 \$	2019 \$
Current Assets			
Cash assets	6	1,906,987	1,625,602
Receivables	7	222,110	256,636
Other	8	340,307	340,406
Total Current Assets		2,469,404	2,222,644
Non-Current Assets			
Property, Furniture and Equipment	9	1,398,185	1,498,789
Deferred tax asset	12	45,059	28,862
Intangible assets	14	405,235	73,456
Total Non-Current Assets		1,848,479	1,601,107
Total Assets		4,317,883	3,823,751
Current Liabilities			
Payables	15	186,393	173,649
Tax liabilities	16	232,725	99,086
Provisions	17	122,976	84,149
Total Current Liabilities		542,094	356,884
Non-Current Liabilities			
Provisions	17	7,679	20,806
Tax Liabilities	16	365,217	157,561
Total Non-Current Liabilities		372,896	178,367
Total Liabilities		914,990	535,251
Net Assets		3,402,893	3,288,500
Equity			
Issued capital	18	1,130,008	1,130,008
Retained Profits/(Accumulated Losses)		1,894,438	1,743,105
Revaluation Reserve		378,447	415,387
Total Equity		3,402,893	3,288,500

The statement of financial position is to be read in conjunction with the audit report and the notes to the financial statements.

Financial statements (continued)

Statement of Changes in Equity for the year ended 30 June 2020

	Issued capital	Revaluation reserve \$	Retained profits/ (Accumulated losses) \$	Total \$
Balance 1/7/18	1,130,008	397,943	1,573,668	3,101,619
Dividend paid during year			(168,380)	(168,380)
Profit Attributable to members of the company			337,817	337,817
Revaluation Increment		17,444		17,444
Balance 30/6/19	1,130,008	415,387	1,743,105	3,288,500
Dividend paid during year			(196,443)	(196,443)
Profit Attributable to members of the company			347,776	347,776
Revaluation Decrement		(36,940)		(36,940)
Balance 30/6/20	1,130,008	378,447	1,894,438	3,402,893

The statement of changes in equity is to be read in conjunction with the audit report and the notes to the financial statements.

Financial statements (continued)

Statement of Cash Flows for the year ended 30 June 2020

	Note	2020 \$	2019 \$
Cash Flows from Operating Activities			
Receipts from Bendigo Bank Limited		2,951,247	2,899,999
Payments to suppliers and employees		(1,884,157)	(2,097,892)
Interest received		23,900	31,169
Interest and other costs of finance		(26,784)	-
Income tax paid		(451,627)	(459,600)
Net cash provided by (used in) operating activities	22B	612,579	373,676
Cash Flows from Investing Activities			
Purchases of property, plant & equipment		-	-
Payment of Franchise Fees		-	-
Net cash provided by (used in) investing activities		-	-
Cash Flows from Financing Activities			
Dividends Paid		(196,443)	(168,380)
Repayment of borrowings		(134,751)	-
Net cash provided by (used in) financing activities		(331,194)	(168,380)
Net increase (decrease) in cash held		281,385	205,296
Cash at the beginning of the year		1,625,602	1,420,306
Cash at the end of the year	22A	1,906,987	1,625,602

The statement of cash flows is to be read in conjunction with the audit report and the notes to the financial statements.

Notes to the financial statements

For year ended 30 June 2020

Note 1: Statement of Accounting Policies

The significant accounting policies adopted in the preparation of this financial report are:

(a) Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the IASB. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

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

(b) Revenue Recognition

Revenues are recognised at fair value of the consideration received net of the amounts of goods and services tax (GST). Exchanges of goods or services of the same nature and value without any cash consideration are not recognised as revenues.

Franchise Revenue

Franchise revenue is recognised when the services are provided.

Interest Income

Interest income is recognised when it accrues.

(c) Income Tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantially enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation, and the anticipation that the company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Notes to the financial statements (continued)

Note 1: Statement of Accounting Policies (continued)

(d) Financial Instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Company commits itself to either purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Classification and Subsequent Measurement

Finance instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as (i) the amount at which the financial asset or financial liability is measured at initial recognition (ii) less principal repayments (iii) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and (iv) less any reduction for impairment.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

Financial Assets at Fair Value through the Profit & Loss

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking, or where they are derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a Company of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period, which will be classified as non-current assets.

Held-to-maturity Investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the entity's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. If during the period the Company sold or reclassified more than an insignificant amount of the held-to-maturity investments before maturity, the entire held-to-maturity investments would be tainted and reclassified as available-for-sale.

Available-for Sale Financial Assets

Available-for-sale financial assets are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in equity of other entities where there is neither fixed maturity nor fixed or determinable payments.

Available-for-sale financial assets are included in non-current assets, except for those which are expected to be disposed of within 12 months after the end of the reporting period.

Notes to the financial statements (continued)

Note 1: Statement of Accounting Policies (continued)

(d) Financial Instruments (continued)

Financial Liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Fair Value

Fair Value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At the end of each reporting period, the entity assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability, which is extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(e) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less where applicable any accumulated depreciation and impairment losses.

Property

Freehold land and buildings are shown at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on a valuation by Ray White Real Estate, dated 22 June 2020, less estimated cost of sale.

Plant and Equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by the Directors to ensure it is not in excess of the amount recoverable from these assets.

(f) Leases

The Company has applied AASB 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under AASB 117.

For any new contracts entered on or after 1 January 2019, the Company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period in exchange for consideration'. To apply this definition the Company assesses whether the contract meets three key evaluations which are whether:

- The contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company
- The Company has the right to obtain substantially all the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- The Company has the right to direct the use of the identified asset throughout the period of use.

The Company assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Notes to the financial statements (continued)

Note 1: Statement of Accounting Policies (continued)

(f) Leases (continued)

Measurement and recognition of leases as a lessee

At lease commencement date, the Company recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

On the statement of financial position right-of-use assets have been included in intangible assets and lease liabilities have been included in tax and lease liabilities.

New Accounting Standards

AASB 16 'Leases'

AASB 16 'Leases' replaces AASB 117 'Leases'.

The adoption of this new Standard has resulted in the Company recognising a right-of-use asset and related lease liability in connection with all former operating leases except for those identified as low-value or having a remaining lease term of less than 12 months from the date of initial application.

The new Standard has been applied using the modified retrospective approach, with the cumulative effect of adopting ASB 16 being recognised in equity as an adjustment to the opening balance of retained earnings for the current period. Prior periods have not been restated.

For contracts in place at the date of initial application, the Company has elected to apply the definition of a lease from AASB 117 and has not applied AASB 16 to arrangements that were previously not identified as lease under AASB 117.

The Company has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of AASB 16 being 1 January 2019. At this date, the Company has also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that exists at the date of transition.

Instead of performing an impairment review on the right-of-use assets at the date of initial application, the Company has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of AASB 16.

On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets the Company has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term.

For those leases previously classified as finance leases, the right-of-use asset and lease liability are measured at the date of initial application at the same amounts as under AASB 117 immediately before the date of initial application.

Notes to the financial statements (continued)

Note 1: Statement of Accounting Policies (continued)

(f) Leases (continued)

New Accounting Standards (continued)

AASB 16 'Leases' (continued)

On transition to AASB 16 the weighted average incremental borrowing rate applied to lease liability recognised under AASB 16 was 6%.

The Company has benefited from the use of hindsight for determining the lease term when considering options to extend and terminate leases.

(g) Investments

Non-current investments are measured on the cost basis. The carrying amount of investments is reviewed annually by the Directors to ensure it is not in excess of the recoverable amount of these investments. The recoverable amount is assessed from the quoted market value for shares in listed companies or the underlying net assets for other non-listed corporations. The expected net cash flows from investments have not been discounted to their present value in determining the recoverable amounts.

Dividends are brought to account in the profit and loss account when received.

(h) Franchise Fee

The Franchise Fee is initially recorded at the amount, which the Franchisee paid the Franchisor. The Franchise Fee is amortised on a straight-line basis over the life of the agreement.

The balance is reviewed annually and any balance representing future benefits for which the realisation is considered to be no longer probable is written off.

(i) Employee Entitlements

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

The company contributes to a superannuation fund as required by law. Contributions are charged against income as they are made.

(j) Cash & cash equivalents

For the purpose of the statement of cash flows, cash includes cash on hand and in at call deposits with banks or financial institutions and investments in money market instruments maturing within less than two months, net of bank overdrafts.

(k) Comparative Figures

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

(l) Payables

Liabilities are recognised for amounts to be paid in the future for goods, or services received, whether or not billed to the Company. Trade accounts payable are normally settled within 60 days.

(m) Receivables

Trade Debtors

The Bendigo and Adelaide Bank Limited is the company's only trade debtor. Accounts are settled every 30 days and no provision has been made for any portion of the amount due to be doubtful.

(n) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense.

Notes to the financial statements (continued)

Note 1: Statement of Accounting Policies (continued)

(n) Goods and Services Tax (continued)

Receivables and payables in the statement of financial position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

	2020 \$	2019 \$
--	------------	------------

Note 2: Revenue

Operating Activities:

Franchise income	2,711,601	2,702,175
Interest revenue	23,900	31,169
Other income	50,000	-
Total Revenue from Ordinary Activities	2,785,501	2,733,344

Note 3: Expenses

Profit from ordinary activities before income tax includes the following specific expenses:

Amortisation of non-current assets:		
- Franchise fee	22,038	22,038
- Right of use assets	152,948	-
Total amortisation expenses	174,986	22,038
Bad and doubtful debts	18,646	2,248
Depreciation of non-current assets:		
- Plant and equipment	50,604	19,323
Employment Expenses	1,309,476	1,333,411

Note 4: Auditors' Remuneration

Remuneration of the auditor of the company for:

Audit Services	10,400	10,450
Other services	nil	nil
	10,400	10,450

Notes to the financial statements (continued)

	2020 \$	2019 \$
--	------------	------------

Note 5: Income Tax

The prima facie tax payable on operating profit is reconciled to the income tax provided in the accounts as follows:

Operating profit before income tax	478,972	465,236
Prima facie income tax payable on operating profit @ 27.5%	131,717	127,940
Add:		
Tax effect of:		
Capital works deduction	(521)	(521)
Impact of change in Company Tax Rate	-	-
Income tax expense/(revenue) attributable to ordinary activities	131,196	127,419

Note 6: Cash assets

- Cash at Bank	356,059	99,306
- Term Deposits	1,543,433	1,519,533
- Cash on hand	7,495	6,763
	1,906,987	1,625,602

Note 7: Receivables

Current

Trade debtors	237,110	256,636
Less Provision for Doubtful Debts	(15,000)	-
	222,110	256,636

Note 8: Other Assets

Current

Investments	326,384	327,336
Prepayments	13,923	13,070
	340,307	340,406

Note 9: Property, Furniture and Equipment

Land and Buildings:

- Valued at fair value	865,000	915,000
	865,000	915,000

Plant and equipment:

- At cost	749,034	749,034
- Less accumulated depreciation	(215,849)	(165,245)
	533,185	583,789

Notes to the financial statements (continued)

	2020 \$	2019 \$
--	------------	------------

Note 9: Property, Furniture and Equipment (continued)

Leased Plant and Equipment:

- At cost	15,615	15,615
- Less accumulated amortisation	(15,615)	(15,615)
	-	-
	1,398,185	1,498,789

Movements in Carrying Amounts

	L & B \$000	Plant & Equip \$000	Total \$000
Balance at 1 July 2018	915	603	1,518
Additions			-
Disposals			-
Revaluation Increment			-
Depreciation Expense		(19)	(19)
Balance at 30 June 2019	915	584	1,499
Additions		-	-
Disposals		-	-
Revaluation Decrement	(50)		(50)
Depreciation Expense		(51)	(51)
Balance at 30 June 2020	865	533	1,398

	2020 \$	2019 \$
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Note 10: Leasing Commitments

Operating Lease Commitments

The organisation's future operating lease payments are as follows:

Payable - Minimum Lease Payments

no later than 12 months	69,363	70,725
between 12 months and 5 years	-	-
greater than five years	-	-

Note 11: Earnings per Share

Earnings used to calculate basic EPS	347,776	337,817
Number of ordinary shares used to calculate basic EPS	1,403,164	1,403,164

Notes to the financial statements (continued)

	2020 \$	2019 \$
Note 12: Deferred Tax Assets		
Deferred Tax asset	45,059	28,862
The deferred tax asset is made up of the following estimated tax benefits:		
- temporary differences between tax & accounting income.	45,059	28,862
	45,059	28,862

Note 13: Financial Risk Management

The Company's financial instruments consist mainly of deposits with banks, local money market investments, accounts receivable and payable.

The Company does not have any derivative instruments at 30 June 2020.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed to these financial statements are as follows:

	Note	2020 \$	2019 \$
Financial Assets			
Cash and cash equivalents			
Receivables	Note 6	1,906,987	1,625,602
	Note 7	222,110	256,636
		2,129,097	1,882,238
Financial Liabilities			
Trade and other payables			
	Note 15	186,393	173,649
		186,393	173,649

(1) Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security at balance date to recognised financial assets is the carrying amount, net of any provisions for doubtful debts, as disclosed in the Statement of Financial Position and notes to the financial statements.

(11) Liquidity Risk

The Company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate borrowing facilities are maintained.

(111) Interest Rate Risk

The finance committee meets on a regular basis to analyse the interest rate exposure in the context of the most recent economic conditions and forecasts.

Notes to the financial statements (continued)

	2020 \$	2019 \$
Note 14: Intangibles		
Franchise fee:		
- At cost	110,186	110,186
- Less accumulated amortisation	(58,768)	(36,730)
	51,418	73,456
Right of use assets:		
- At cost	506,765	-
- Less accumulated amortisation	(152,948)	-
	353,817	-
Total	405,235	73,456

Note 15: Payables

Current

Unsecured:

- Trade creditors	63,115	85,130
- Other creditors and accruals	123,278	88,519
Total Current Liabilities	186,393	173,649

Note 16: Tax Liabilities

Current

Current tax liability/(refund)	20,949	28,870
GST payable	49,892	54,498
Amounts withheld from salary and wages	11,538	15,718
Lease Liabilities	150,346	-
	232,725	99,086

Non-Current

Deferred Tax Liability	143,549	157,561
Lease Liabilities	221,668	-
	365,217	157,561

Note 17: Provisions

Current

Employee entitlements	122,976	84,149
	122,976	84,149

Non-Current

Employee entitlements	7,679	20,806
Aggregate employee entitlements liability	130,655	104,955
Number of employees at end of year	14	13

Notes to the financial statements (continued)

	2020 \$	2019 \$
Note 18: Issued Capital		
1,403,164 ordinary shares	1,130,008	1,130,008

Ordinary shares participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held.

At shareholder meetings each member is entitled to one vote either when a poll is called, or otherwise each shareholder has one vote on a show of hands.

Note 19: Related Parties

The following transactions were made with related parties during the financial year. All transactions are on normal commercial terms unless otherwise stated.

	2020 \$	2019 \$
Ray White Real Estate, of which Mr H. Da Silva is a Director for rental of the Altona premises.	106,589	96,519

Note 20: Dividends

Paid final fully franked ordinary dividend of

1,403,164 @ 10 cents per share (2019: 1,403,164 @ 8 cents per share)	140,316	112,253
Interim 2020 fully franked ordinary dividend of 4 cents per share declared .	56,127	56,127
	196,443	168,380

Note 21: Segment Information

The company operates predominantly in the financial services sector within Australia.

Note 22: Cash Flow Information

A) Reconciliation of Cash

For the purpose of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts.

Cash at the end of the year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:

	2020 \$	2019 \$
Cash at bank	356,059	99,306
Term Deposits	1,543,433	1,519,533
Cash on hand	7,495	6,763
	1,906,987	1,625,602

Notes to the financial statements (continued)

	2020 \$	2019 \$
--	------------	------------

Note 22: Cash Flow Information (continued)

B) Reconciliation of Net Cash Provided by/Used in Operating

Activities to Net Profit

Operating profit after income tax	347,776	337,817
Depreciation	50,604	19,323
Amortisation of franchise fee	22,038	22,038
Amortisation of right of use assets	152,948	-

Changes in assets and liabilities net of effects of purchases and disposals of controlled entities:

(Increase) decrease in trade and term debtors	19,526	(22,174)
(Increase) decrease in prepayments	(853)	(2,842)
Increase (decrease) in trade creditors and accruals	12,744	35,845
Increase (decrease) in employee entitlements	25,700	15,156
Increase (decrease) in sundry provisions	6,214	6,485
Increase/(decrease) in deferred income tax	(16,197)	(4,168)
Increase/(decrease) in provision for income tax	(7,921)	(33,804)
Net cash provided by operating activities	612,579	373,676

Directors' declaration

The Directors of the company declare that:

1. The financial statements and notes are in accordance with the *Corporations Act 2001* and:
 - (a) give a true and fair view of the financial position of the company as at 30 June 2020 and of its performance for the year ended on that date and
 - (b) comply with Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS) and;
 - (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. The Directors have been given the declaration required by section 295A of the Corporation ACT 2001 from the Chief Executive Officer and the Chief Financial Officer for the financial year ended 30 June 2020.

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



Director – Henry Da Silva



Director - Michael Stephen Pernar

Dated this 9th day of September 2020

Independent audit report

TOWARDS A VISION SHARED



**Collins & Co
Audit Pty Ltd**

127 Paisley Street
Footscray VIC 3011
Australia

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**HOBSONS BAY COMMUNITY FINANCIAL SERVICES LTD
A.B.N. 39 091 661 166
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS**

Audit Opinion

I have audited the accompanying financial report of Hobsons Bay Community Financial Services Ltd (the company), which comprises the statement of financial position as at 30 June 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration.

In my opinion:

the financial report of Hobsons Bay Community Financial Services Ltd 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 2020 and of its performance and cash flows for the year ended on 30 June 2020; and
- ii. complying with Australian Accounting Standards and the Corporations Act 2001.

Basis for Opinion

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

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Report

Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, and for such internal control as management determines 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, management is responsible for assessing the Corporation'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 management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

TOWARDS A VISION SHARED



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Auditor's Responsibilities for the Audit of the Financial Report

My 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 Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report. As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I 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 my 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 registered entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the responsible entities.
- Conclude on the appropriateness of the responsible entities 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 registered entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the registered entity 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.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that I identify during my audit.

Frederik Ryk Ludolf Eksteen CA
ASIC Auditor Registration Number 421448

Dated this 16th day of September 2020

Collins & Co Audit Pty Ltd
127 Paisley Street
FOOTSCRAY VIC 3011

Liability limited by a scheme approved under Professional Standards Legislation
ABN 33 614 161 796

Additional Annual Report information

Hobsons Bay Community Financial Services Limited is a public company incorporated in Australia.

Shareholding:

The following table shows the number of shareholders, broken into various categories showing the total number of shares held.

Ordinary shares	Number of shareholders	Number of shares
1 – 1000	254	118,970
1,001 – 5,000	155	329,643
5,001 – 10,000	23	174,218
10,001 – 100,000	26	522,024
100,001 – and over	2	258,308
Total	460	1,403,164

Each of the above shareholders is entitled to 1 vote, irrespective of the number of shares held.

There are no substantial shareholders (holding more than 5% of voting rights) as each shareholder is entitled to 1 vote.

Normally holding more than 5% of total issued shares would create a substantial shareholder, but this is not applicable due to the voting restrictions for the company.

There are 100 shareholders holding less than a marketable parcel of shares (\$500 in value).

There are no restricted securities on issue.

All shares on issue are ordinary shares fully paid to \$1 per share. There are no unquoted equity securities.

The following table shows the 10 largest shareholders

Shareholder	Number of shares	Percentage of capital
1. Tino Ballan	139,559	9.9
2. Altona Sports Club	118,750	8.4
3. Pelns Superannuation fund	56,250	4.0
4. Farlie Family Superannuation Fund	47,126	3.3
5. Donald John Hallam	31,875	2.3
6. Laverton Community Centre	28,219	2.0
7. The Waring Family Superannuation Fund	24,313	1.7
8. Karl Gunnar Olof Ohliden	21,250	1.5
9. Scipio Nominees Pty Ltd	21,033	1.5
10. Felicity Reid	20,625	1.5
	509,000	36.1

Additional Annual Report information (continued)

Registered office & Security Register

The registered office of the company is located at:

Suite 6, 161 Railway Avenue,
Laverton VIC 3028
Phone: (03) 9369 8081

Security Register

The security register (share register) is kept at:

Suite 6, 161 Railway Avenue
Laverton VIC 3028
Phone: (03) 9369 8081

Company Secretary

Michael Pernar has been the Company Secretary of Hobsons Bay Community Financial Services Ltd for 20 years. His qualifications and experience include a Diploma in Business and 23 years in senior management.

Corporate Governance

The Company has implemented various corporate governance practices, which include:

- (a) The establishment of an audit committee. Members of the audit committee are H Da Silva, M Pernar, G Ryan, A Ferreri & M Serle.
- (b) Director approval of operating budgets and monitoring of progress against these budgets;
- (c) Ongoing Director training; and
- (d) Monthly Director Meetings to discuss performance and strategic plans.

5 Year summary of performance

	2016 \$	2017 \$	2018 \$	2019 \$	2020 \$
Gross revenue	2,820,953	2,755,450	2,670,643	2,730,193	2,785,501
Net profit before tax	304,391	186,735	495,344	465,236	478,972
Total assets	3,054,951	3,378,559	3,606,571	3,823,751	4,317,883
Total liabilities	371,020	440,144	504,952	535,251	914,990
Total equity	2,683,931	2,938,415	3,101,619	3,288,500	3,402,893

Community Bank - Altona
64 Pier Street, Altona VIC 3018
Phone: 03 9398 8922
Email: altona@bendigoadelaide.com.au
Web: bendigobank.com.au/altona

Community Bank - Laverton
Shop 3, 28 Aviation Road, Laverton VIC 3028
Phone: 03 9369 8455
Email: laverton@bendigoadelaide.com.au
Web: bendigobank.com.au/laverton

Point Cook Business Centre
Proudly supported by Community Bank Altona and Laverton
Shop 24 Sanctuary Lakes Shopping Centre,
300 Point Cook Road, Point Cook VIC 3030
Phone: 03 9395 7724

Franchisee: Hobsons Bay Community Financial Services Limited
ABN: 39 091 661 166
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