



# 2021 Annual Report



## Hobsons Bay Community Financial Services Limited

ABN 39 091 661 166

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# Chairman's report

For year ending 30 June 2021



We work with our community partners to develop trust, respect and goodwill, and these qualities are vital for maintaining a successful business enterprise, which also strives to make a positive social impact.

I am pleased to present the Annual Report of Hobsons Bay Community Financial Services Limited (HBCFSL) to our shareholders in this, our 21st year of operations.

It was July 2000 when we opened the Laverton branch. While other Banks were choosing to leave the Aviation Road precinct, we decided we would invest in the area and its community. Two years later we opened the Altona branch, and then Point Cook in 2006.

Since opening our doors, we have contributed over \$5.3 million back to the community in the form of grants, donations, sponsorships, and dividends. We did this in partnership with our customers, shareholders, community, but also our dedicated and professional staff and volunteer Directors.

The current global pandemic has changed our world dramatically in a matter of months and it has changed the way we live our lives, both personally and professionally. The pandemic has put on hold our plans to celebrate our two decades of operations. We hope to be able to mark this achievement at some point in the near future. Despite the challenges posed by the global pandemic, our company remains in a strong position.

Our company operates on the foundations of local ownership, local decision making and local investment, in recognition of the need to build capacity and resilience in the community, particularly in light of the current global pandemic. We do this by supporting vital community projects designed to strengthen our local community. For example, the funds raised by customers have meant that the company can provide defibrillators for local clubs and services, provide support for food relief to families in need, and extend assistance with teaching financial literacy to young people across the local community. Further, the company has helped support soup vans, getting young people with disabilities to their cricket matches, and provided much needed upgrades to sporting clubs across our communities.

We work with our community partners to develop trust, respect and goodwill, and these qualities are vital for maintaining a successful business enterprise, which also strives to make a positive social impact. Our unique model of operation affords the local community of Hobsons Bay and Wyndham access to local banking services but also access to vital funds to support local clubs and services. We will continue this vital work via our Community Partnership Program.

In recent months, we have invested additional funds and efforts into growing our mobile lending personnel in recognition of the need to have a ready team of lending experts who can come to customers and meet outside of the usual settings. This affords greater convenience to our customers but also greater flexibility for our staff in pursuing new business opportunities.

## Chairman's report (continued)

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

- Over \$481 million in accounts held across our branches
- Just under 18,000 accounts across our branches
- Over \$5.3 million returned to the community to date in projects, sponsorships, grants and dividends
- Another 26 sponsorships, donations and grants made to local community groups and associations
- We continue to provide financial support to the Laverton Youth Foundation program, directly contributing to the WynBay L2P initiative. The L2P Program is a state-wide program that matches young learner drivers with a supervising driver volunteer mentor, ensuring that they are given the opportunity to complete the 120 hours of driving requirement. Disadvantaged young people are referred to the program by different organisations like DHHS, job agencies, Maternal and Child Health Centres, Schools, Orygen, Anglicare and many other social workers, youth workers and support workers. The Program takes self-referrals as well. With the financial support of the Community Bank, two vehicles were purchased in 2017 to get the Program up and running. The fleet of vehicles has grown to four since the initial investment in 2017. To date, 67 learners and local youths have obtained their license with the assistance of this program. Over 154 young people have utilised this program, with some 80 mentors volunteering their time to make it all possible
- A continued partnership with the Melbourne Aces has been very exciting, as they secured back-to-back Claxton Shields – our very own National Champions.

Although 2020 unfolded in a very challenging way with the onset of the global pandemic, we succeeded in coming together and adapting under incredibly trying circumstances.

Christmas at the Lakes moved online, with great success. Our friends at the Point Cook Lions put together a record number of hampers, providing much-needed Christmas cheer for those families doing it tough across Point Cook and Laverton.

At the end of 2020, we were delighted to present two incredible young locals with scholarships. William and Jammie began their year 12 studies at Laverton P-12 College, and we were honoured to assist them with their tuition. Our community is filled with young, hopeful individuals who are striving to develop and succeed, and being part of their journey in a small way is a privilege.

While COVID-19 safety remained paramount, we enjoyed a little freedom over the warmer months with the return of the Altona Beach Market Day, which afforded a wonderful opportunity to support some of the small, local traders.

Altona City Rotary were able to hold their annual Charity Golf Day, where Philip Stewart (our Mobile Relationship Manager) and his team took out top honours – all in the name of Very Special Kids. This partnership has so far resulted in raising over \$100,000. This is an incredible achievement, where the money raised assists families who are dealing with the very worst circumstances, such as children with life-threatening illness.

Our Community Grants program opened in March and attracted a significant number of applicants. We contributed over \$40,000 to 16 different projects. We helped with soup vans and youth-run art groups, all-ability cricket clubs, food relief programs, fire station fit outs and SES training. Our community is a better place because you choose to bank with us and make funds available for such vital projects, and that makes all the difference.

While lockdowns persist as part of our current climate, we continue to offer support to those around us, because giving back is a crucial part of who we are and what we are about. Maintaining the strength and resilience of our community during these challenging times is our aim, and we will continue to seek to allocate funds to those areas most in need.

At the time of writing this report, our state is still facing significant social restrictions and even lockdowns. Although we are planning for a physical Annual General Meeting (AGM) to take place in November 2021, 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) and Chief Health Officer. We will ensure to communicate to shareholders the details of any alternate arrangements accordingly.

## Chairman's report (continued)

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On behalf of the Board, I thank our Managers, staff of our Community Bank branches, administration and marketing staff. Each of them has shown great adaptability, resilience, and professionalism in a very uncertain and challenging time.

I also acknowledge the unwavering commitment of our Board of Directors who have worked hard to ensure our company remains on track to achieve its strategic goals and support our staff along the way.

A special thank you to all our loyal customers and shareholders who continue to be alongside us on this journey. Thank you for continuing to support what we do and for sharing in our vision of strengthening our local community.

Our staff at Community Bank Altona & Laverton, as well as the Point Cook Business Centre, remain ready to assist with any banking requirements or financial goals, so please don't hesitate to visit one of our branches and ask for assistance.

As we approach the end of 2021, we do so cautiously and together with the knowledge that 'COVID-normal' comes with a constant need to adapt. Our responsibility is to rise to each challenge in partnership with our community and our staff, who continue to respond to the needs of our customers safely and professionally.

On behalf of the Board, please take care of each other and stay safe, as we look forward in anticipation of a better year ahead.

Yours sincerely,

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

**Henry Da Silva**  
**Chairperson**



# Manager's report

For year ending 30 June 2021



By banking with us you help generate profits which go back into the community via various projects, grants, sponsorships and dividends. Over the past two decades, more than \$5.3 million has been returned to the community in this way.

It's been a busy and challenging year for our branches and branch staff, and I congratulate our entire team for their continued focus and professionalism. They play such an integral part in our ongoing success as a business, through incredibly trying circumstances. Their commitment to our customers, as well as their ability to adapt to the many requirements posed by the current global pandemic, has been outstanding and inspiring.

During the year, we had the opportunity to welcome several new team members – Ari, Meenu, Lochie, Belle and Kellie. As our business grows, so does our team and it has been a pleasure to have them join us on this journey.

With the rolling adjustments to lockdowns over the past 12 months, the team and I have taken every opportunity to support local small businesses. It is encouraging to see the way the local traders and community have joined together to support each other whenever possible.

As part of this effort, we had the pleasure of converting our branches into mini market places, selling jams and chutneys provided by our friends at the Point Cook CWA, and selling Christmas Cakes for our local Altona and Point Cook Lions Clubs. We recognise how difficult fund raising has been for our community partners, and we are privileged to be able to extend our support to them in this small way.

You have probably noticed that our team is also sporting a new look. Our new uniform is more casual, and the team is embracing this more relaxed, yet stylish wear. A fresh new look but be assured that it is still the same amazing team.

Our results for the last financial year are steady with our overall banking business growing to over \$480 million at the date of this report, held across our branches, with just under 18,000 accounts. This is a strong result in what has been a difficult economic climate.

It is heartening to see that even after 21 years, our community message still resonates strongly with our community. By banking with us you help generate profits which go back into the community via various projects, grants, sponsorships and dividends. Over the past two decades, more than \$5.3 million has been returned to the community in this way.

I would like to thank the Board of Directors and administrative staff for their vision, support and dedication over the last year. It is both a pleasure and a privilege to work with such talented local people who are passionate about our community.

On behalf of the teams across Altona, Laverton and Point Cook, we wish to thank our shareholders, customers, the Board and community for their solid support during these challenging times. I look forward to continuing our partnership with our community as we look forward to the year ahead.



**Daniela Guertler**  
Senior Branch Manager

# Corporate Governance Statement

For year ending 30 June 2021

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 2021

The directors present their report, together with the financial statements of the Hobsons Bay Community Financial Services Limited for the year ended 30 June 2021.

## 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 the Community Bank Altona & Laverton, as well as the Point Cook Business Centre, with the support of the Bendigo & Adelaide Bank Ltd.

## Operating Results

The net operating profit of the company before community grants, and taxation was \$230,886 (2020 \$536,363).

The overall net profit of the company after payment of community grants, and taxation was \$158,640 (2020 \$347,776).

## Dividends

Dividends paid or declared for payment are as follows:

Ordinary dividend paid on 20 November 2020, as recommended in last year's report	\$140,316
Ordinary 2020 interim dividend paid on 23 April 2021 of 4 cents per share	\$56,127
The directors have recommended payment of a fully franked final dividend for 2021 Of 6 cents per share	\$84,190

## Review of Operations

The net assets of the company have increased by \$11,742 from 01 July 2020 to \$3,414,635 as at 30 June 2021, while assets under management increased, now exceeding \$481.4 million at the date of this report.

The changes in the profit share arrangement with the Bendigo and Adelaide Bank Ltd. 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.

## 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.



# Directors' report (continued)

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## 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

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### Mr H Da Silva

Chairperson

Appointed Director 18th February 2000. Original Steering Committee member. Henry is an estate agent with over 36 years of experience, a local businessman, property developer and owner and CEO of Ray White Real Estate Laverton.

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### Mr M S Pernar

Secretary

Appointed Director 18th 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.

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### Mr G Ryan

Treasurer

Appointed Director on 25 November 2014. Grant has been Managing Director/Finance Director for over 30 years. He has a Bachelor of Commerce degree, is a Fellow CPA and a member of the Australian Institute of Company Directors.

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### 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.

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### 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.

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### 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), GDip.ED (Secondary), MEd (Lead).

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### 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.

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### Mr A Ferreri

Appointed Director 19th 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 30th June 2021.

Director	Associates	Total
Henry Da Silva	6,563	6,563
Anthony Hooper	2,250	2,250
Michael Pernar	1,399	1,399
Grant Ryan	5,781	5,781

### 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	11
Mr M S Pernar (Secretary)	11	11
Mr G Ryan (Treasurer)	11	11
Mr A Hooper	11	11
Mr J Gundran	11	11
Ms EJ Driscoll	11	9
Ms M F Serle	11	10
Mr A Ferreri	11	11

### Portfolio Meetings

	Audit & Corporate Governance	Finance & Asset Management	Community Engagement	Human Resources	Building & Investments Subcommittee
Total Meetings held	11	11	9	11	4
Henry Da Silva	10	11		8	4
Michael Pernar	9		6		
Madeleine Serle	11	3		11	4
Grant Ryan	10	10			4
Jun Gundran		11			4
Emma Driscoll				10	
Anthony Hooper			9		
Antony Ferreri	11	10	9		4

## Directors' report (continued)

### Remuneration Report

Total remuneration of Directors.

	2021	2020
Henry Da Silva	\$7,915.00	\$7,538.00
Michael Pernar	\$5,940.00	\$5,657.00
Grant Ryan	\$5,940.00	\$5,657.00
Emma Driscoll	\$5,940.00	\$5,657.00
Madeleine Serle	\$3,960.00	\$3,771.00
Jun Gundran	\$3,960.00	\$3,771.00
Anthony Hooper	\$5,940.00	\$5,657.00
Antony Ferreri	\$3,960.00	\$1,886.00

The chairman was paid \$7,915, the company secretary \$5,940 & treasurer \$5,940. 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. The ATO has advised that Superannuation Guarantee be paid on all director's fees from 1 July 2021.

### Directors' Privileges Package

Hobsons Bay Community Financial Services Limited 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 utilize the benefits. The package mirrors the benefits currently available to Bendigo and Adelaide Bank 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 2021

# Auditor's independence declaration

TOWARDS A VISION SHARED



**Collins & Co  
Audit Pty Ltd**

127 Paisley Street  
Footscray VIC 3011  
Australia

Phone (03) 9680 1000  
Fax (03) 9689 6605

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**AUDITOR'S INDEPENDENCE DECLARATION  
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001  
TO THE DIRECTORS OF  
HOBSON'S 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 2021 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 9th day of September 2021**

# Financial statements

## Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2021

	Notes	2021 \$	2020 \$
<b>Revenues from Ordinary Activities</b>	<b>2</b>	<b>2,584,902</b>	<b>2,785,501</b>
Amortisation expenses	3	(174,986)	(174,986)
Depreciation of furniture & equipment	3	(124,184)	(50,604)
Employment expenses	3	(1,400,427)	(1,309,476)
Community Development expenses		(132,509)	(139,329)
Other expenses from ordinary activities		(571,910)	(632,134)
<b>Total Expenses from Ordinary Activities</b>		<b>(2,404,016)</b>	<b>(2,306,529)</b>
<b>Profit from Ordinary Activities before Income Tax</b>		<b>180,886</b>	<b>478,972</b>
Income Tax (Expenses) relating to Ordinary Activities	5	(22,246)	(131,196)
Profit from Ordinary Activities after Income Tax		158,640	347,776
Profit/(Loss) attributable to extraordinary items		-	-
		<b>158,640</b>	<b>347,776</b>
Other Comprehensive Income		-	-
<b>Net Profit Attributable to Members of the Company</b>		<b>158,640</b>	<b>347,776</b>
<b>Earnings per share</b>			
Basic & Diluted earnings per share (cents per share)	10	11.30	24.78

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 2021

	Notes	2021 \$	2020 \$
<b>Current Assets</b>			
Cash assets	6	1,939,716	1,906,987
Receivables	7	209,593	222,110
Other	8	397,583	340,307
<b>Total Current Assets</b>		<b>2,546,892</b>	<b>2,469,404</b>
<b>Non-Current Assets</b>			
Property, Furniture and Equipment	9	1,371,642	1,398,185
Deferred tax asset	11	43,382	45,059
Intangible assets	13	230,250	405,235
<b>Total Non-Current Assets</b>		<b>1,645,274</b>	<b>1,848,479</b>
<b>Total Assets</b>		<b>4,192,166</b>	<b>4,317,883</b>
<b>Current Liabilities</b>			
Payables	14	237,123	186,393
Tax liabilities	15	157,160	232,725
Provisions	16	128,512	122,976
<b>Total Current Liabilities</b>		<b>522,795</b>	<b>542,094</b>
<b>Non-Current Liabilities</b>			
Provisions	16	2,546	7,679
Tax Liabilities	15	252,190	365,217
<b>Total Non-Current Liabilities</b>		<b>254,736</b>	<b>372,896</b>
<b>Total Liabilities</b>		<b>777,531</b>	<b>914,990</b>
<b>Net Assets</b>		<b>3,414,635</b>	<b>3,402,893</b>
<b>Equity</b>			
Issued capital	17	1,130,008	1,130,008
Retained Profits/(Accumulated Losses)		1,856,635	1,894,438
Revaluation Reserve		427,992	378,447
<b>Total Equity</b>		<b>3,414,635</b>	<b>3,402,893</b>

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 2021

	Issued capital \$	Revaluation Reserve \$	Retained Profits (Accumulated Losses) \$	Total \$
Balance 7/1/19	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)
<b>Balance 6/30/20</b>	<b>1,130,008</b>	<b>378,447</b>	<b>1,894,438</b>	<b>3,402,893</b>
Dividends paid during year			(196,443)	(196,443)
Profit Attributable to members of the company			158,640	158,640
Revaluation Increment		49,545		49,545
<b>Balance 6/30/21</b>	<b>1,130,008</b>	<b>427,992</b>	<b>1,856,635</b>	<b>3,414,635</b>

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 2021

	Notes	2021 \$	2020 \$
<b>Cash Flows from Operating Activities</b>			
Receipts from Bendigo Bank Limited		2,789,076	2,951,247
Payments to suppliers and employees		(1,886,754)	(1,884,157)
Interest received		11,705	23,900
Interest and other costs of finance		(18,815)	(26,784)
Income tax paid		(418,052)	(451,627)
<b>Net cash provided by (used in) operating activities</b>	<b>21B</b>	<b>477,160</b>	<b>612,579</b>
<b>Cash Flows from Investing Activities</b>			
Purchases of property, plant & equipment		(97,642)	-
Payment of Franchise Fees		-	-
<b>Net cash provided by (used in) investing activities</b>		<b>(97,642)</b>	<b>-</b>
<b>Cash Flows from Financing Activities</b>			
Dividends Paid		(196,443)	(196,443)
Repayment of borrowings		(150,346)	(134,751)
<b>Net cash provided by (used in) financing activities</b>		<b>(346,789)</b>	<b>(331,194)</b>
Net increase (decrease) in cash held		32,729	281,385
Cash at the beginning of the year		1,906,987	1,625,602
<b>Cash at the end of the year</b>	<b>21A</b>	<b>1,939,716</b>	<b>1,906,987</b>

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 the year ended 30 June 2021

## 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)

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## 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)

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## 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 assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;

# Notes to the financial statements (continued)

## Note 1: Statement of Accounting Policies (continued)

### (f) Leases (continued)

- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Company did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under AASB 137. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the right-of-use asset.

If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position.

The Company applies AASB 136 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the "Property, Plant and Equipment" policy.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Other expenses" in profit or loss.

### (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.



## Notes to the financial statements (continued)

### Note 1: Statement of Accounting Policies (continued)

#### (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 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.

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.

### Note 2: Revenue

	2021 \$	2020 \$
<b>Operating Activities:</b>		
Franchise income	2,523,197	2,711,601
Interest revenue	11,705	23,900
Other income	50,000	50,000
<b>Total Revenue from Ordinary Activities</b>	<b>2,584,902</b>	<b>2,785,501</b>

## Notes to the financial statements (continued)

### Note 3: Expenses

	2021 \$	2020 \$
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	152,948
<b>Total amortisation expenses</b>	<b>174,986</b>	<b>174,986</b>
Bad and doubtful debts	1,457	18,646
Depreciation of non-current assets:		
- Plant and equipment	124,184	50,604
Employment Expenses	1,400,427	1,309,476

### Note 4: Auditors' Remuneration

Remuneration of the auditor of the company for:		
Audit Services	10,550	10,400
Other services	nil	nil
	<b>10,550</b>	<b>10,400</b>

### Note 5: Income Tax

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

<b>Operating profit before income tax</b>	<b>180,886</b>	<b>478,972</b>
Prima facie income tax on operating profit @ 26% (2020 27.5%)	47,030	131,717
Add:		
Tax effect of:		
Capital works deduction	(492)	(521)
Tax Adjustment	(13,750)	-
Cash Flow Boost	(13,000)	-
Effect of change of tax rate	2,458	-
<b>Income tax expense attributable to ordinary activities</b>	<b>22,246</b>	<b>131,196</b>

### Note 6: Cash assets

- Cash at Bank	127,368	356,059
- Term Deposits	1,804,568	1,543,433
- Cash on hand	7,780	7,495
	<b>1,939,716</b>	<b>1,906,987</b>

## Notes to the financial statements (continued)

### Note 7: Receivables

	2021 \$	2020 \$
<b>Current</b>		
Trade debtors	224,593	237,110
Less Provision for Doubtful Debts	(15,000)	(15,000)
	<b>209,593</b>	<b>222,110</b>

### Note 8: Other Assets

<b>Current</b>		
Investments	382,756	326,384
Prepayments	14,827	13,923
	<b>397,583</b>	<b>340,307</b>

### Note 9: Property, Furniture and Equipment

<b>Land and Buildings:</b>		
- Valued at fair value	865,000	865,000
	<b>865,000</b>	<b>865,000</b>
<b>Plant and equipment:</b>		
- At cost	846,675	749,034
- Less accumulated depreciation	(340,033)	(215,849)
	<b>506,642</b>	<b>533,185</b>
<b>Leased Plant and Equipment:</b>		
- At cost	15,615	15,615
- Less accumulated amortisation	(15,615)	(15,615)
	-	-
	<b>1,371,642</b>	<b>1,398,185</b>

### Movements in Carrying Amounts

	L & B \$000	Plant & Equip \$000	Total \$000
Balance at 1 July 2019	915	584	1,499
Additions			
Disposals			
Revaluation Increment	(50)		(50)
Depreciation Expense		(51)	(51)
<b>Balance at 30 June 2020</b>	<b>865</b>	<b>533</b>	<b>1,398</b>
Additions		98	98
Disposals			
Revaluation Decrement			
Depreciation Expense		(124)	(124)
<b>Balance at 30 June 2021</b>	<b>865</b>	<b>507</b>	<b>1,372</b>

## Notes to the financial statements (continued)

### Note 10: Earnings per Share

	2021 \$	2020 \$
Earnings used to calculate basic EPS	158,640	347,776
Number of ordinary shares used to calculate basic EPS	1,403,164	1,403,164

### Note 11: Deferred Tax Assets

	2021 \$	2020 \$
Deferred Tax asset	43,382	45,059
The deferred tax asset is made up of the following estimated tax benefits:		
- temporary differences between tax & accounting income.	43,382	45,059
	<b>43,382</b>	<b>45,059</b>

### Note 12: 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 2021.

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

	Note	2021 \$	2020 \$
<b>Financial Assets</b>			
Cash and cash equivalents	Note 6	1,939,716	1,906,987
Receivables	Note 7	209,593	222,110
		<b>2,149,309</b>	<b>2,129,097</b>
<b>Financial Liabilities</b>			
Trade and other payables	Note 14	237,123	186,393
		<b>237,123</b>	<b>186,393</b>

#### (I) 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)

### Note 13: Intangibles

	2021 \$	2020 \$
<b>Franchise fee:</b>		
- At cost	110,186	110,186
- Less accumulated amortisation	(80,806)	(58,768)
	<b>29,380</b>	<b>51,418</b>
<b>Right of use assets:</b>		
- At cost	506,765	506,765
- Less accumulated amortisation	(305,895)	(152,948)
	<b>200,870</b>	<b>353,817</b>
<b>Total</b>	<b>230,250</b>	<b>405,235</b>

### Note 14: Payables

<b>Current</b>		
Unsecured:		
- Trade creditors	73,899	63,115
- Other creditors and accruals	163,224	123,278
<b>Total Current Liabilities</b>	<b>237,123</b>	<b>186,393</b>

### Note 15: Tax Liabilities

<b>Current</b>		
Current tax liability/(refund)	(46,748)	20,949
GST payable	43,396	49,892
Amounts withheld from salary and wages	17,286	11,538
Lease Liabilities	143,226	150,346
	<b>157,160</b>	<b>232,725</b>
<b>Non-Current</b>		
Deferred Tax Liability	173,748	143,549
Lease Liabilities	78,442	221,668
	<b>252,190</b>	<b>365,217</b>

### Note 16: Provisions

<b>Current</b>		
Employee entitlements	128,512	122,976
	<b>128,512</b>	<b>122,976</b>
<b>Non-Current</b>		
<b>Employee entitlements</b>	<b>2,546</b>	<b>7,679</b>
<b>Aggregate employee entitlements liability</b>	<b>131,058</b>	<b>130,655</b>
Number of employees at end of year	18	14

## Notes to the financial statements (continued)

### Note 17: Issued Capital

	2021 \$	2020 \$
<b>1,403,164 ordinary shares</b>	<b>1,130,008</b>	<b>1,130,008</b>

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 18: Related Parties

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

Ray White Real Estate, of which Mr H. Da Silva is a director for rental of the Altona premises.	104,352	106,589
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### Note 19: Dividends

Paid final fully franked ordinary dividend of 1,403,164 @ 10 cents per share (2020: 1,403,164 @ 8 cents per share)	140,316	140,316
Interim 2021 fully franked ordinary dividend of 4 cents per share declared .	56,127	56,127
	<b>196,443</b>	<b>196,443</b>

### Note 20: Segment Information

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

### Note 21: 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:

	2021 \$	2020 \$
Cash at bank	127,368	356,059
Term Deposits	1,804,568	1,543,433
Cash on hand	7,780	7,495
	<b>1,939,716</b>	<b>1,906,987</b>



## Notes to the financial statements (continued)

### Note 21: Cash Flow Information (continued)

	2021 \$	2020 \$
<b>B) Reconciliation of Net Cash Provided by/Used in Operating Activities to Net Profit</b>		
Operating profit after income tax	158,640	347,776
Depreciation	124,184	50,604
Amortisation of franchise fee	22,038	22,038
Amortisation of right of use assets	152,947	152,948
<b>Changes in assets and liabilities net of effects of purchases and disposals of controlled entities:</b>		
(Increase) decrease in trade and term debtors	12,517	19,526
(Increase) decrease in prepayments	(904)	(853)
Increase (decrease) in trade creditors and accruals	50,730	12,744
Increase (decrease) in employee entitlements	403	25,700
Increase (decrease) in sundry provisions	(747)	6,214
Increase/(decrease) in deferred income tax	1,677	(16,197)
Increase/(decrease) in deferred tax	23,372	-
Increase/(decrease) in provision for income tax	(67,697)	(7,921)
<b>Net cash provided by operating activities</b>	<b>477,160</b>	<b>612,579</b>

# 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 2021 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 2021.

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 2021

# Independent audit report

TOWARDS A VISION SHARED



**Collins & Co  
Audit Pty Ltd**

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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 2021, 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 2021 and of its performance and cash flows for the year ended on 30 June 2021; 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.

Liability limited by a scheme approved under Professional Standards Legislation

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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 9th day of September 2021**

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

Liability limited by a scheme approved under Professional Standards Legislation

# 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	244	116,970
1,001 – 5,000	158	330,330
5,001 – 10,000	24	173,281
10,001 – 100,000	27	524,274
100,001 – and over	2	258,309
<b>Total</b>	<b>455</b>	<b>1,403,164</b>

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. Peln's 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	21,875	1.6
9. Scipio Nominees Pty Ltd	21,033	1.5
10. Felicity Reid	20,625	1.5
	<b>509,625</b>	<b>36.3</b>



## 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: 0448 471 817

### Security Register

The security register (share register) is kept at:

Suite 6, 161 Railway Avenue  
Laverton VIC 3028  
Phone: 0448 471 817

### Company Secretary

Michael Pernar has been the Company Secretary of Hobsons Bay Community Financial Services Limited for 21 years. His qualifications and experience include a Diploma in Business and 24 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, T 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

	2017 \$	2018 \$	2019 \$	2020 \$	2021 \$
Gross revenue	2,755,450	2,670,643	2,733,344	2,785,501	2,584,902
Net profit before tax	186,735	495,344	465,236	478,972	180,886
Total assets	3,378,559	3,606,571	3,823,751	4,317,883	4,192,166
Total liabilities	440,144	504,952	535,251	914,990	777,531
<b>Total equity</b>	<b>2,938,415</b>	<b>3,101,619</b>	<b>3,288,500</b>	<b>3,402,893</b>	<b>3,414,635</b>



**Community Bank - Altona**

64 Pier Street, Altona VIC 3018

Phone: 03 9398 8922

Email: [altonamailbox@bendigoadelaide.com.au](mailto:altonamailbox@bendigoadelaide.com.au)

Web: [bendigobank.com.au/altona](http://bendigobank.com.au/altona)

**Community Bank - Laverton**

Shop 3, 28 Aviation Road, Laverton VIC 3028

Phone: 03 9369 8455

Email: [lavertonmailbox@bendigoadelaide.com.au](mailto:lavertonmailbox@bendigoadelaide.com.au)

Web: [bendigobank.com.au/laverton](http://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



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**Franchisee:**

Hobsons Bay Community Financial Services Limited

ABN: 39 091 661 166

Suite 6, 161 Railway Avenue, Laverton VIC 3028

Mobile: 0448 471 817

Email: [secretary@hobsonsbaycfs.com.au](mailto:secretary@hobsonsbaycfs.com.au)

Web: [www.hobsonsbaycfs.com.au](http://www.hobsonsbaycfs.com.au)

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