

Annual Report 2022

Hobsons Bay Community
Financial Services Limited

Community Bank
Altona, Laverton and Point Cook

ABN 39 091 661 166



Contents

Chairman's report	2
Senior Manager's report	5
Corporate Governance Statement	6
Directors' report	7
Auditor's independence declaration	12
Financial statements	13
Notes to the financial statements	17
Directors' declaration	28
Independent audit report	29
Additional Annual Report information	31

Chairman's report

For year ending 30 June 2022



Our company was established under the principles of partnership and collaboration with our local community, and we celebrate this partnership with our community during this very special year.

I am delighted to present the Annual Report of Hobsons Bay Community Financial Services Limited (HBCFSL) to our shareholders in this, our 22nd year of operations.

Twenty-two years ago, we established our company to help shape our community, and we have built our business on a very strong foundation of local ownership, local decision making and investment. We come together in the spirit of community and in pursuit of outcomes that benefit our community, while maintaining a strong commercial focus.

One of the first metropolitan Community Bank companies of its kind, it began with an idea that we could ensure the continuation of banking services for our local community, but also ensure that a segment of what we earned would be redistributed back to the community it served.

Through grants, donations, sponsorships, and dividends, we have been an integral part of our socially vibrant and economically successful community. This is our unique point of difference and is what sets us apart from other major banks.

Since opening our doors in July 2000, our branches have made a significant contribution to enhancing the prosperity, resilience, and capacity of our local community. To date, we have contributed over \$5.5 million back to the community in the form of grants, donations, sponsorships, and dividends. This achievement however would not have been possible without the support of our customers, shareholders, and community partners. Our company was established under the principles of partnership and collaboration with our local community, and we celebrate this partnership with our community during this very special year.

Our plans to come together with our community in celebration of 20 years of operation were placed on hold due to the global pandemic. However, we have recently reinvigorated our plans for a community celebration, and I am pleased to report that a special celebration will occur in October 2022 in Logans Reserve, Altona.

The event itself will be an opportunity to put our partners on show, and in doing so, highlight what it really means to bank with us, and what it has done for the Wyndham and Hobsons Bay communities. We will do this by looking back on all that we have achieved across our journey. Our community partners, shareholders, and customers, as well as our Board and branch staff will be present and all united in celebration of this vibrant community that we have helped shape over the years.

The current global pandemic and financial market conditions have challenged our company this financial year. As a result, the Board reviewed the company's operations to identify ways of reducing expenses and work towards achieving a satisfactory level of company profit. In pursuit of this goal, the Board considered the ongoing viability of the Point Cook Business Centre site and made the decision to close the site by the lease expiry date in March 2022. All staff were relocated to either Altona or Laverton branches. We anticipate that this decision will afford considerable cost savings in the medium to long term, and we are of the view that this is an appropriate and prudent decision to make at this time.

Chairman's report (continued)

We have continued with our Community Partnership Program and have made vital funding contributions to many worthwhile projects and initiatives. We remain committed to our community partners and the incredible level of trust, respect, and goodwill, we have generated over two decades. We will continue this vital work via our Community Partnership Program.

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

- Over \$576 million in accounts held across our branches
- Just under 18,000 accounts across our branches
- Over \$5.5 million returned to the community to date in projects, sponsorships, grants and dividends
- Another 35 sponsorships, donations and grants were made to local community groups and associations.

Our contributions were varied and included providing more defibrillators across Hobsons Bay and Wyndham communities, and investment in local sporting groups like the Point Cook Cricket Club and Altona Little Athletics.

Local clubs have struggled throughout the pandemic and have seen participation diminish. This has meant that clubs have been unable to raise vital funds. We have stepped in where possible to assist with subsidising fees and other essential projects. By all accounts our investment truly makes a difference for many of our local clubs. The Gellibrand Cricket Club is one such example. We have been assisting with their female team for the past two years now, and they just won their first premierships! Their gratitude for our involvement is overwhelming.

We continued to offer support to the amazing teams at Jamieson Way Community Centre, Laverton Community Integrated Services Inc. and Latitude: Directions for Young People. Our injection of funding has allowed these groups to continue to provide food relief for those most vulnerable across our community.

As our state began to open and restrictions were removed, we found a way to involve ourselves in a project designed to bring people slowly back out into the community. Our friends at Louis Joel Community and Arts Centre hosted several outdoor Tai Chi classes, and we were proud to not only sponsor these classes but to send a couple of our staff along to attend. Logan Reserve was a wonderful backdrop for this peaceful exercise and if attendance is the measure of success, these classes were an absolute triumph.

Our scholarship program continues to develop, with another two worthy students selected at the end of 2021. Miaomiao and Sharbil from Laverton P-12 College are impressive and diligent young people and we are honoured to help them with their tertiary education.

We have also chosen to support Michael Clemente, a young race car driver and rising star. This Point Cook local has been chasing his dreams out on the track and we understand that success can take a village. We achieve so much more when we come together, and we are thrilled to be part of his team.

While Christmas at the Lakes continued online for a second year running, we look forward to having it back in Sanctuary Lakes at the end of 2022. It is such a wonderful way to end the calendar year and we are sure the community is eager to have it back as we are.

Importantly for us, we also have our very own event to look forward to in October. Your support of our Community Bank company continues to result in support for our local community. It is a model that has held true for over 22 years, and we cannot wait to celebrate this incredible achievement with our community.

At the time of writing this report, our state has emerged and moved away from significant social restrictions and even lockdowns. Our plans for this year's Annual General Meeting are that it be held in person and not online. We will communicate with our shareholders and the local community about our arrangements closer to the date.

On behalf of the Board, I thank our Managers, the staff of our Community Bank branches, administration and marketing staff. We appreciate the way they have maintained focus despite the many challenges and changes in recent times. The level of growth our company has achieved over the past year is incredible and so are our staff who worked hard to achieve this result despite the many challenges. They remain professional, diligent, and committed to our company's strategic and social objectives, and we are thankful to have them on board.

In this very special year of celebration, I also recognize the knowledge, skill, and commitment of our Board of Directors. It is a privilege to work alongside them in pursuit of our aims and mission. I thank each one of them for their ongoing dedication and leadership.

Chairman's report (continued)

A special thank you to all our loyal customers and shareholders in this special year of celebration. They continue to support us on this journey and uphold our vision of strengthening the resilience and capacity of our local community.

Our staff at Community Bank Altona and Laverton continue in their readiness to serve and assist our customers with their financial goals and plans, so please visit one of our branches and work with them to achieve your goals and make them a reality.

In conclusion, we hope to see as many of you as possible at our community celebration in October this year. After everything our community has had to deal with over the past two years, a community celebration is probably the best possible way to end the calendar year.

On behalf of the Board, thank you for continuing with us on this journey. We appreciate and honour your commitment and dedication in this special edition of our annual report.

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

Senior Manager's report

For year ending 30 June 2022



Over the past 22 years, we have given back more than \$5.5 million to local clubs and organisations. Our continued success is a direct result of the good faith and trust we have maintained with our numerous community partners.

It is a great honour to lead such a wonderful team of employees who have worked through the many challenges to achieve some remarkable results. This year, our business has grown by over \$50 million, with the total book size now exceeding \$570 million.

Our staff have been busy processing 329 loan applications this year and our Laverton branch finished off the financial year by being in the top spot in terms of insurance sales. We recognise that for our business to grow we must invest in the development of our staff. We do this internally in various ways but also externally by having some of our staff attend leadership development programs.

Our Community Bank company works to support local community groups as well as give support to local young people eager to learn and gain new skills. For this reason, we implemented a new traineeship program in conjunction with *WestVic Staffing Solutions* which will enable a young person to undergo a Certificate III in Business and gain employment in banking.

Our support extends to local community organisations such as the CWAs jam stall in our branch, as well as a Christmas puddings stall for the Lions Club. Our local community groups have been struggling over recent months due to the global pandemic and it is a privilege to be able to support them any way we can.

During the year, we had the good fortune of welcoming several new team members – Brandon, Nicole, Malia and Deepti. We welcome them as they begin their banking careers with us. They join a very experienced and committed team of individuals, who have shown great skill, perseverance and professionalism in support of our business.

As mentioned above, our results for the last financial year are impressive considering the many challenges we faced. A lot of long hours and dedication went into achieving this result and I thank each one of our staff members for their continued focus and dedication.

I am inspired to know that after 22 years of operating in the Hobsons Bay and Wyndham communities we still have the unwavering support of our community. By choosing to bank with us, our customers have generated profits which have been distributed to our community via various projects, grants, sponsorships and dividends. Over the past 22 years, we have given back more than \$5.5 million to local clubs and organisations. Our continued success is a direct result of the good faith and trust we have maintained with our numerous community partners.

I thank the Board of Directors and administrative staff for their leadership and support over the past year. It is indeed a pleasure and an honour to work with the many passionate and knowledgeable locals who are committed to making a difference to their local community.

On behalf of the teams across Altona and Laverton, I thank our shareholders, customers, the Board, and community for their continued support. I look forward to the next twelve months of working together in pursuit of our vision for our local area.

A handwritten signature in black ink, appearing to read 'Daniela Guertler'.

Daniela Guertler
Senior Branch Manager

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 Directors' 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 and Corporate Governance
- Finance and Asset Management
- Human Resources
- Community Engagement
- 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 2022

The directors present their report, together with the financial statements of the Hobsons Bay Community Financial Services Ltd for the year ended 30 June 2022.

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
M Fischer	

Principal Activities

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

Operating Results

The net operating profit of the company before community grants, and taxation was \$113,262 (2021 \$230,886). The overall net profit of the company after payment of community grants, and taxation was \$96,085 (2021 \$158,640).

Dividends

Dividends paid or declared for payment are as follows:

Ordinary dividend paid on 19 November 2021, as recommended in last year's report	\$84,189
Ordinary 2022 interim dividend paid on 23 April 2022 of 4 cents per share	\$56,128
The directors have recommended payment of a fully franked final dividend for 2022 Of 6 cents per share	\$84,189

Review of Operations

The net assets of the company have decreased by \$135,097 from 01 July 2021 to \$3,279,538 as at 30 June 2022, while assets under management increased, now exceeding \$578.9 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.

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 18th February 2000. Original Steering Committee member. Henry is an estate agent with over 37 years of experience, a local businessman, property developer and owner and former CEO of Ray White Real Estate Laverton.

Mr MS 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 has led to his involvement in many local groups.

Mr G Ryan

Treasurer

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

Ms EJ Driscoll

Appointed Director on 25th 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 (Soc Sci), GDipEd (Sec), MEd (Lead).

Ms MF Serle

Appointed Director 24th November 2015.

Madeleine is an experienced commercial lawyer with nearly thirty years' experience advising public and listed Australian and international corporations in regulatory compliance, risk and corporate governance. Madeleine holds a Bachelor of Law from the University of Melbourne and a Masters in Law from Deakin University.

Mr J Gundran

Appointed Director on 24th November 2015.

Jun has been a Financial Controller for over 10 years and has over 15 years' experience in public and private accounting. He is a CPA and has a Bachelor Degree in Accounting.

Directors' report (continued)

Information on Directors (continued)

Mr A Hooper

Appointed Director 22nd November 2016.

Tony is a FCPA 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 made in Melbourne. Tony resigned from the board on 11 October 2021.

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.

Mr M Fischer

Appointed Director 17th November 2021.

Mike has been a Senior Management Executive for over 20 years in the Finance and Investment industry, both overseas and in Australia. Mike holds a Master of Business Administration from University of Applied Sciences in Berlin and a Master of Business and Commerce from Western Sydney University.

The directors and their associates have the following shares in the company as at the 30th June 2022

Director	Associates	Total
Henry Da Silva	8,002	8,002
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	10
Ms MF Serle	11	11
Mr J Gundran	11	10
Mr A Hooper (Resigned 11 October 2021)	3	3
Mr M Fischer (Appointed 17 November 2021)	11	10
Mr A Ferreri	11	10
Ms EJ Driscoll	11	9
Mr G Ryan (Treasurer)	11	10

Directors' report (continued)

Portfolio Meetings

	Audit & Corporate Governance	Finance & Asset Management	Community Engagement	Human Resources	Building & Investments Subcommittee
Total Meetings held	11	11	10	11	3
Henry Da Silva	11	11		10	3
Michael Pernar	9		10		
Grant Ryan	10	11			3
Madeleine Serle	8	5		9	3
Jun Gundran		10			3
Mike Fischer	9	9			1
Anthony Hopper			3		
Emma Driscoll				11	
Antony Ferreri	9	9	10		2

Remuneration Report

Total remuneration of Directors

	2022	2021
Henry Da Silva	\$8,311.00	\$7,915.00
Michael Pernar	\$6,237.00	\$5,940.00
Grant Ryan	\$6,237.00	\$5,940.00
Emma Driscoll	\$6,237.00	\$5,940.00
Madeleine Serle	\$4,158.00	\$3,960.00
Jun Gundran	\$4,158.00	\$3,960.00
Anthony Hooper	\$2,079.00	\$5,940.00
Antony Ferreri	\$6,237.00	\$3,960.00
Mike Fischer	\$2,772.00	\$0.00

The chairman was paid \$8,311, the company secretary \$6,237 & treasurer \$6,237. 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 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 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.

Directors' report (continued)

Directors' and Auditors' Insurance and Indemnification (continued)

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 12th day of September 2022

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

www.collinsco.com.au

**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 2022 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 14th day of September 2022

Financial statements

Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2022

	Note	2022 \$	2021 \$
Revenues from Ordinary Activities	2	2,666,093	2,584,902
Amortisation expenses	3	(154,959)	(174,986)
Depreciation of furniture & equipment	3	(140,482)	(124,184)
Employment expenses	3	(1,583,409)	(1,400,427)
Community Development expenses		(94,764)	(132,509)
Other expenses from ordinary activities		(563,970)	(571,910)
Total Expenses from Ordinary Activities		(2,537,584)	(2,404,016)
Profit from Ordinary Activities before Income Tax		128,508	180,886
Income Tax (Expenses) relating to Ordinary Activities	5	(32,423)	(22,246)
Profit from Ordinary Activities after Income Tax		96,085	158,640
Profit/(Loss) attributable to extraordinary items		-	-
		96,085	158,640
Other Comprehensive Income		-	-
Net Profit Attributable to Members of the Company		96,085	158,640
Earnings per share			
Basic & Diluted earnings per share (cents per share)	10	6.85	11.30

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 2022

	Note	2022 \$	2021 \$
Current Assets			
Cash assets	6	1,652,406	1,939,716
Receivables	7	280,177	209,593
Other	8	580,366	397,583
Total Current Assets		2,512,919	2,546,892
Non-Current Assets			
Property, Furniture and Equipment	9	1,333,419	1,371,642
Deferred tax asset	11	40,741	43,382
Intangible assets	13	75,291	230,250
Total Non-Current Assets		1,449,451	1,645,274
Total Assets		3,962,370	4,192,166
Current Liabilities			
Payables	14	221,830	237,123
Tax and other liabilities	15	80,634	157,160
Provisions	16	130,274	128,512
Total Current Liabilities		432,738	522,795
Non-Current Liabilities			
Provisions	16	7,198	2,546
Tax and other liabilities	15	197,154	252,190
Total Non-Current Liabilities		204,352	254,736
Total Liabilities		637,090	777,531
Net Assets		3,325,280	3,414,635
Equity			
Issued capital	17	1,130,008	1,130,008
Retained Profits/(Accumulated Losses)		1,812,204	1,856,635
Revaluation Reserve		382,867	427,992
Total Equity		3,325,280	3,414,635

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 2022

	Issued Capital \$	Revaluation Reserve \$	Retained Profits/ Accumulated Losses \$	Total \$
Balance 1/07/2020	1,130,008	378,447	1,894,438	3,402,893
Dividend paid during year			(196,443)	(196,443)
Profit Attributable to members of the company			158,640	158,640
Revaluation Decrement		49,545		49,545
Balance 30/06/2021	1,130,008	427,992	1,856,635	3,414,635
Dividends paid during year			(140,316)	(140,316)
Profit Attributable to members of the company			96,085	96,085
Revaluation Increment		(45,124)		(45,124)
Balance 30/06/2022	1,130,008	382,868	1,812,404	3,325,280

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 2022

	Note	2022 \$	2021 \$
Cash Flows from Operating Activities			
Receipts from Bendigo Bank Limited	A	2,575,275	2,585,714
Payments to suppliers and employees	B	(2,225,988)	(2,126,123)
Interest received	A	10,235	11,705
Interest and other costs of finance	B	(12,053)	(18,815)
Income tax paid	C	(12,899)	(64,894)
Net cash provided by (used in) operating activities		334,570	387,578
Cash Flows from Investing Activities			
Purchases of property, plant & equipment		(102,259)	(97,642)
Proceeds on the disposal of motor vehicle		10,000	-
Payment for Investment		(250,000)	-
Net cash provided by (used in) investing activities		(342,259)	(97,642)
Cash Flows from Financing Activities			
Dividends Paid		(140,316)	(196,443)
Proceeds from borrowings		35,850	103,820
Repayment of borrowings		(31,929)	(14,238)
Repayments of Lease Liabilities		(143,226)	(150,346)
Net cash provided by (used in) financing activities		(279,621)	(257,207)
Net increase (decrease) in cash held		(287,310)	32,729
Cash at the beginning of the year		1,939,716	1,906,987
Cash at the end of the year		1,652,406	1,939,716

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 2022

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 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.

	2022 \$	2021 \$
--	------------	------------

Note 2: Revenue

Operating Activities:		
Franchise income	2,655,858	2,523,197
Interest revenue	10,235	11,705
Other income	-	50,000
Total Revenue from Ordinary Activities	2,666,093	2,584,902

Notes to the financial statements (continued)

	2022 \$	2021 \$
--	------------	------------

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	132,921	152,948
Total amortisation expenses	154,959	174,986
Bad and doubtful debts	460	1,457
Depreciation of non-current assets:		
- Plant and equipment	140,482	124,184
Employment Expenses	1,583,409	1,400,427

Note 4: Auditors' Remuneration

Remuneration of the auditor of the company for:

Audit Services	10,600	10,550
Other services	Nil	Nil
	10,600	10,550

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	128,508	180,886
Prima facie income tax on operating profit @ 25% (2021 26%)	32,127	47,030
Add:		
Tax effect of:		
Capital works deduction	(474)	(492)
Tax Adjustment	-	(13,750)
Cash Flow Boost	-	(13,000)
Effect of change of tax rate	770	2,458
Income tax expense attributable to ordinary activities	32,423	22,246

Note 6: Cash assets

- Cash at Bank	366,355	127,368
- Term Deposits	1,279,854	1,804,568
- Cash on hand	6,197	7,780
	1,652,406	1,939,716

Notes to the financial statements (continued)

	2022 \$	2021 \$
--	------------	------------

Note 7: Receivables

Current		
Trade debtors	295,177	224,593
Less Provision for Doubtful Debts	(15,000)	(15,000)
	280,177	209,593

Note 8: Other Assets

Current		
Investments	564,879	382,756
Prepayments	15,457	14,827
	580,336	397,583

Note 9: Property, Furniture and Equipment

Land and Buildings:		
- Valued at fair value	865,000	865,000
	865,000	865,000
Plant and equipment:		
- At cost	918,499	846,675
- Less accumulated depreciation	(450,0814)	(340,033)
	468,419	506,642
Leased Plant and Equipment:		
- At cost	15,615	15,615
- Less accumulated amortisation	(15,615)	(15,615)
	-	-
	1,333,419	1,371,642

Movements in Carrying Amounts

	L & B \$000	Plant & Equip \$000	Total \$000
Balance at 1 July 2020	865	533	1,398
Additions		98	98
Disposals			
Revaluation Increment			
Depreciation Expense		(124)	(124)
Balance at 30 June 2021	865	507	1,372
Additions		101	101
Disposals		(30)	(30)
Movement in Accumulated Depreciation		30	30
Depreciation Expense		(140)	(140)
Balance at 30 June 2022	865	468	1,333

Notes to the financial statements (continued)

	2022 \$	2021 \$
--	------------	------------

Note 10: Earnings per Share

Earnings used to calculate basic EPS	96,085	158,640
Number of ordinary shares used to calculate basic EPS	1,403,164	1,403,164

Note 11: Deferred Tax Assets

Deferred Tax asset	40,741	43,382
The deferred tax asset is made up of the following estimated tax benefits:		
- temporary differences between tax & accounting income.	40,741	43,382
	40,741	43,382

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 2022.

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

		2022 \$	2021 \$
Financial Assets			
Cash and cash equivalents	Note 6	1,652,406	1,939,716
Receivables	Note 7	280,177	209,593
		2,932,583	2,149,309
Financial Liabilities			
Trade and other payables	Note 14	221,829	237,123
		221,829	237,123

(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)

	2022 \$	2021 \$
Note 13: Intangibles		
Franchise fee:		
- At cost	110,186	110,186
- Less accumulated amortisation	(102,844)	(80,806)
	7,342	29,380
Right of use assets:		
- At cost	346,553	506,765
- Less accumulated amortisation	(278,604)	(305,895)
	67,949	200,870
Total	75,291	230,250

Note 14: Payables

Current		
Unsecured:		
- Trade creditors	56,066	73,899
- Other creditors and accruals	165,764	163,224
Total Current Liabilities	221,830	237,123

Note 15: Tax and Other Liabilities

Current		
Current tax liability/(refund)	(47,391)	(46,748)
GST payable	61,519	43,396
Amounts withheld from salary and wages	16,698	17,286
Lease Liabilities	49,808	143,226
	80,634	157,160
Non-Current		
Deferred Tax Liability	168,519	173,748
Lease Liabilities	28,635	78,442
	197,154	252,190

Note 16: Provisions

Current		
Employee entitlements	130,274	128,512
	130,274	128,512
Non-Current		
Employee entitlements	7,198	2,546
Aggregate employee entitlements liability	137,472	131,058
Number of employees at end of year	18	18

Notes to the financial statements (continued)

	2022 \$	2021 \$
--	------------	------------

Note 17: 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 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.

	2022 \$	2021 \$
Ray White Real Estate, of which Mr H. Da Silva is a director for rental of the Altona premises.	108,198	104,352

Note 19: Dividends

Paid final fully franked ordinary dividend of 1,403,164 @ 6 cents per share (2021: 1,403,164 @ 10 cents per share)	84,189	140,316
Interim 2022 fully franked ordinary dividend of 4 cents per share declared .	56,127	56,127
	140,316	196,443

Note 20: Segment Information

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

	2022 \$	2021 \$
--	------------	------------

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:

Cash at bank	366,355	127,368
Term Deposits	1,279,854	1,804,568
Cash on hand	6,197	7,780
	1,652,406	1,939,716

Notes to the financial statements (continued)

	Note	2022 \$	2021 \$
Note 21: Cash Flow Information (continued)			
B) Reconciliation of Net Cash Provided by/Used in Operating Activities to Net Profit			
Operating profit after income tax		96,085	158,640
Add back Depreciation	B	140,482	124,184
Add back Amortisation	B	154,959	174,986
Deduct Profit on Sale of Motor Vehicle	A	(10,000)	
Changes in assets and liabilities net of effects of purchases and disposals of controlled entities:			
Movement in Account Receivable	A	(70,583)	12,517
(Increase)/decrease in prepayments	B	(631)	(904)
Increase/(decrease) in trade creditors and accruals	B	21,074	(46,426)
Increase/(decrease) in employee entitlements	B	6,414	403
Increase/(decrease) in deferred tax assets	C	2,641	1,677
Increase/(decrease) in deferred tax liabilities	C	(5,229)	30,199
Increase/(decrease) in provision for income tax	C	(642)	(67,698)
Net cash provided by operating activities		334,570	387,578

Directors' declaration

For the financial year ended 30 June 2022

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 2022 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 2022.

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



Director – Henry Da Silva



Director - Michael Stephen Pernar

Dated this 12th day of September 2022

Independent audit report

TOWARDS A VISION SHARED



**Collins & Co
Audit Pty Ltd**

127 Paisley Street
Footscray VIC 3011
Australia

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

www.collinsco.com.au

**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 2022, 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 2022 and of its performance and cash flows for the year ended on 30 June 2022; 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.

TOWARDS A VISION SHARED



**Collins & Co
Audit Pty Ltd**

127 Paisley Street
Footscray VIC 3011
Australia

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

www.collinsco.com.au

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

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 14th day of September 2022

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

Additional Annual Report information

Hobsons Bay Community Financial Services Ltd. 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	243	113,839
1,001 – 5,000	153	322,923
5,001 – 10,000	23	175,188
10,001 – 100,000	26	532,905
100,001 – and over	2	258,309
Total	447	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 96 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	8.5
3. Pelns Superannuation fund	56,250	4.0
4. Farlie Family Superannuation Fund	47,126	3.4
5. Donald John Hallam	31,875	2.3
6. Karl Gunnar Olof Ohlden	30,506	2.2
7. Laverton Community Centre	28,219	2.0
8. The Waring Family Superannuation Fund	24,313	1.7
9. Scipio Nominees Pty Ltd	21,033	1.5
10. Felicity Reid	20,625	1.5
	518,256	36.9

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

Additional Annual Report information (continued)

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 Ltd for 22 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, M. Fischer, T. Ferreri, G. Ryan & 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

	2018 \$	2019 \$	2020 \$	2021 \$	2022 \$
Gross revenue	2,670,643	2,733,344	2,785,501	2,584,902	2,666,093
Net profit before tax	495,344	465,236	478,972	180,886	128,508
Total assets	3,606,571	3,823,751	4,317,883	4,192,166	3,962,370
Total liabilities	504,952	535,251	914,990	777,531	637,090
Total equity	3,101,619	3,288,500	3,402,893	3,414,635	3,325,280

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

Community Bank · Laverton
Shop 3, 28 Aviation Road, Laverton VIC 3028
Phone: 03 9369 8455
Email: lavertonmailbox@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
Suite 6, 161 Railway Avenue, Laverton VIC 3028
Mobile: 0448 471 817
Email: secretary@hobsonsbaycfs.com.au
Web: www.hobsonsbaycfs.com.au

 /communitybankAltonaLavertonPointCook

 **Bendigo Bank**