

Annual Report 2023

Hobsons Bay Community
Financial Services Limited

Community Bank
Altona, Laverton

ABN 39 091 661 166



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Chairperson's report

For year ending 30 June 2023



Throughout the year, our community has witnessed the power of collective action, and I am immensely proud of the positive impact we have made in the lives of those in need. Whether it was through our continued support of the food relief programs being run across Hobsons Bay and Wyndham, or by providing scholarships to students striving for a brighter future, we have consistently come together to uplift our community.

Since we officially opened for business in the year 2000, our story has been one of collaboration and partnership. Indeed, these are the very elements that have spearheaded our success as a company and is what drives us and motivates us daily.

Our company vision proudly states that we aim to build better and stronger communities, while our mission is steadfastly one of being a relevant and valued business partner in our local community, working hard to bring the community together through connection, engagement, and capacity building.

Among our most valued ways of connecting and engaging with our community are the partnerships we have forged with our customers and shareholders over the years. Together we have formed a company that continues to grow in strength with each passing year. It is through the support of our community that we have managed to grow and develop as a business and to lend our support to many worthwhile initiatives over the years.

Our commitment remains one of supporting projects and initiatives that benefit our community, while also ensuring that we continue to grow our business through implementing sound business practices.

Over the past two decades we have contributed over \$5.9 million back to the community in the form of grants, donations, sponsorships, and dividends. This is the essence of what we stand for, i.e. supporting those who choose to support us in our vision and strategic objectives. Our supporters recognise the value of having access to quality banking and financial services that are based on a business model with social purpose at its core.

In pursuit of business growth and maintaining a profitable business through implementing sound

business practice, we managed to achieve over \$585 million in funds held across 18,000 accounts. Further, I am pleased to let you know that we achieved a revenue of \$4.96 million and a very healthy level of profit after tax of \$1.87 million. This achievement is most extraordinary when we consider the challenges we have faced in the past few years.

Together with our partner Bendigo Bank, we continue to grow our networks, return vital funds to our community, and maintain healthy profit levels. This year we also celebrate with our partner and community 25 years of the Community Bank model, a national network of community owned and operated banking in Australia that has grown in size and impact.

The Community Bank model is internationally acclaimed and originated from the idea that communities should be empowered to hold on to face-to-face banking services as other institutions chose to close their doors. To date, the network has grown to encompass more than 300 branches nationally, with \$20 billion in loans and \$31.3 billion in deposits.

The Community Bank model was founded in 1998 with branches in Rupanyup and Minyip. At the heart of the success of the Community Bank network is the profit-with-a-purpose model, which sees most of the profits generated by each independently owned and operated Community Bank returned to the community.

This past financial year has not been without its challenges though. Rising interest rates and cost of living pressures are impacting our community. These pressures are in addition to the challenges our community has had to endure with the global pandemic in recent years. Despite these challenges, our community has adapted and come together in support of one another. Our Community Bank company strives to support our

Chairperson's report (continued)

community in continuing to provide vital funding for many worthwhile projects and initiatives via our Community Partnership program. Under this program, 33 sponsorships, donations and grants were made to local community groups and organisations during the past financial year.

Throughout the year, our community has witnessed the power of collective action, and I am immensely proud of the positive impact we have made in the lives of those in need. Whether it was through our continued support of the food relief programs being run across Hobsons Bay and Wyndham, or by providing scholarships to students striving for a brighter future, we have consistently come together to uplift our community.

With lockdowns finally a thing of the past, we have been able to get back to the thing we love most – engaging with our community groups. This saw a return to in-person events – Christmas at the Lakes in Point Cook, the Laverton Festival, Monster Mayhem in Altona Meadows – just to name a few. How incredible to see our staff out and about supporting these events – watching our community enjoy themselves again.

We were also able to throw an event of our own – our Community Fair, celebrating over 20 years of Community Banking in the region. We took over Logan Reserve in Altona, and the day was a culmination of all that we have achieved together as a community over the past two decades. A particular highlight was seeing our local Rotarians and Lions working together to serve over 2,000 sausages to locals!

Our support for the local art scene continues to grow with funding provided to the Newport Jazz Festival, the Altona Beach Film Festival, and the Hobsons Bay Art Show. These events provide opportunities for our local creatives to highlight themselves in ways that have certainly been lacking over the duration of the pandemic.

Another highlight has been witnessing the development of our young local race car driver – Michael Clemente. We have been sponsoring Michael for the past three years. With multiple podium-finishes under his belt, we are excited for him and proud of his recent achievements. This is proof that with persistence, passion and support from his community, anything is possible.

To the many volunteers we encounter through our work in the community - you have selflessly given your time, skills, and resources to make a difference. From organizing fundraisers and donation drives, to volunteering in community kitchens and tutoring programs, your actions have touched countless lives and brought hope to many. Your dedication and commitment to making our community a better

place is truly inspiring - we see the impact of your contribution and it confirms our belief in the power of collaboration.

Our staff also work hard in the spirit of collaboration and teamwork every day. I thank our hard-working Managers and staff in our branches as well as our marketing and administrative team. I acknowledge the leadership of our Senior Branch Manager, Daniela Guertler, who has worked tirelessly in managing branch operations and inspiring our staff daily. Our Board appreciates the hard work and diligence of all our staff, and I applaud your efforts this past year.

An essential part of our company's operations are also our team of dedicated volunteer Directors and committee members. All our Directors and committee members volunteer their time and help guide our efforts, ensuring that we remain on the path to success. Our Directors and committee members come from very different professional fields, and they have many years of experience and knowledge behind them. Over the years, we have built a very strong and dedicated team, and I feel privileged to continue to serve as their chairperson.

There are indeed many faces behind the success of our company, but our loyal customers and shareholders remain at the core of our success. Your continued support is no doubt based on an appreciation of the concept of community, and we are most grateful for your support of our vision and mission.

Our branches are conveniently located on the main shopping precincts in Laverton and Altona. If you are yet to discover what we have to offer and what we stand for, please consider visiting one of our branches to explore how we might help you on your financial journey. Our hard working and committed staff are ready to welcome you and perhaps share with you the impact our Community Bank company has had in our local area over the years.

On behalf of the Board, thank you for remaining with us as we continue to forge ahead with our plans to grow our business for the benefit of our community.

Yours sincerely,



Henry Da Silva
Chairperson

Manager's report

For year ending 30 June 2023



Standing behind our results for the last financial year is the incredible effort of our team but also the unwavering support of our community. It is heartening to see that after 23 years of operating in Hobsons Bay and Wyndham communities, our partnership with our local community has only grown in strength.

This year has been challenging in quite a few ways, however, our staff remained hard working and dedicated, helping our company achieve yet another year of outstanding results. Leading such a committed team has been a privilege and I thank them for their focus and diligence.

This year, our company continued to grow with the total book size now exceeding \$585 million. The remarkable efforts of our staff are a key component of this success.

To meet the demands of a growing business, we have employed a further two new Mobile Relationship Managers, who will work together to identify new business opportunities and support our branch staff in lending activity.

The rising interest rates are having an impact on many families in our community and our team is doing their utmost to support them and provide viable financial solutions to fit their individual circumstances. Our company is also dedicated to supporting our community via donations to help those in need such as providing support for food relief programs in our local community. We recognise that our community needs this support, and we feel privileged to be able to help as best we can. This is just one example of how we work to support those who support us.

We have maintained our commitment to supporting local young people who are keen to forge a career for themselves in banking by maintaining our partnership with *Westvic Staffing Solutions*. As part of this arrangement, we had the opportunity to take on board a trainee who completed a Certificate III in Business. The successful trainee has become a valuable and permanent team member in a short period of time. Further, our focus on staff training overall has


been vitally important to strengthening our team's capabilities and resilience.

Our company works together with its community, and we have had many supporters over the years. We had the opportunity to come together with them and celebrate our collective achievements which span more than two decades now. In October 2022, we converged on Logan Reserve in Altona, to celebrate our combined efforts and success via our Community Fair. It was wonderful to see our community together again.

Standing behind our results for the last financial year is the incredible effort of our team but also the unwavering support of our community. It is heartening to see that after 23 years of operating in Hobsons Bay and Wyndham communities, our partnership with our local community has only grown in strength.

I thank the Board of Directors and administrative staff for their expertise, support and leadership. It is a pleasure to work alongside such dedicated and community-minded individuals.

On behalf of the team behind our Altona and Laverton branches, thank you for your continued support. I look forward to another year of working together in order to achieve our goals and aspirations for our business and local community.

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

Daniela Guertler
Senior Branch Manager

Corporate Governance Statement

For year ending 30 June 2023

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 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 2023

The directors present their report, together with the financial statements of the Hobsons Bay Community Financial Services Ltd for the year ended 30 June 2023.

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 |
| M Fischer | A Ferreri |

Principal Activities

During the year the company continued to operate the Community Bank Altona & Laverton Bendigo Bank with the support of the Bendigo and Adelaide Bank Limited.

Operating Results

The net operating profit of the company before community grants, and taxation was \$2,739,864 (2022 - \$223,272).

The overall net profit of the company after payment of community grants, and taxation was \$1,870,074 (2022 - \$96,085).

Dividends

Dividends paid or declared for payment are as follows:

| | |
|--|----------|
| Ordinary dividend paid on 19 November 2022, as recommended in last year's report | \$84,190 |
| Ordinary 2023 interim dividend paid on 23 April 2023 of 6 cents per share | \$84,190 |
| The directors have recommended payment of a fully franked final dividend for 2023 of 6 cents per share | \$84,190 |

Review of Operations

The net assets of the company have increased by \$1,731,422 from 01 July 2022 to \$5,056,702 as at 30 June 2023, while assets under management increased, now exceeding \$585.2 million at the date of this report.

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.

Future Developments

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

Directors' report (continued)

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 38 years of experience, a local businessman, property developer and former CEO and owner 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 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 in recent years works as a specialist, implementing human resources information systems. Emma has also worked as a human resources professional for the Victorian Government, and in the Financial Services, Higher Education, Health, Sport and Manufacturing sectors. 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 15 years and has over 20 years' experience in public and private accounting. He is a CPA and has a Bachelor Degree in Accounting.

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)

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 the 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 30 June 2023

| Director | Associates | Total |
|----------------|------------|-------|
| Henry Da Silva | 8,002 | 8,002 |
| 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 | 9 |
| Mr. J Gundran | 11 | 10 |
| Mr. M Fischer | 11 | 10 |
| Mr. A Ferreri | 11 | 10 |
| Ms. EJ Driscoll | 11 | 10 |
| Mr. G Ryan (Treasurer) | 11 | 8 |

Portfolio Meetings

| | Audit & Corporate Governance | Finance & Asset Management | Community Engagement | Human Resources | Building & Investments Subcommittee |
|---------------------|------------------------------|----------------------------|----------------------|-----------------|-------------------------------------|
| Total Meetings held | 11 | 11 | 10 | 10 | 3 |
| Henry Da Silva | 11 | 11 | | 10 | 3 |
| Michael Pernar | 9 | | 9 | | |
| Grant Ryan | 10 | 9 | | | 3 |
| Madeleine Serle | 8 | | 8 | 9 | |
| Jun Gundran | | 10 | | | 3 |
| Mike Fischer | 8 | 7 | | | 2 |
| Emma Driscoll | | | | 10 | |
| Antony Ferreri | 10 | 10 | 10 | | 3 |

Directors' report (continued)

Remuneration Report

Total remuneration of Directors

| | 2023 | 2022 |
|-----------------|---------|---------|
| Henry Da Silva | \$8,727 | \$8,311 |
| Michael Pernar | \$6,549 | \$6,237 |
| Grant Ryan | \$6,549 | \$6,237 |
| Emma Driscoll | \$6,549 | \$6,237 |
| Madeleine Serle | \$4,366 | \$4,158 |
| Jun Gundran | \$4,366 | \$4,158 |
| Anthony Hooper | - | \$2,079 |
| Antony Ferreri | \$6,549 | \$6,237 |
| Mike Fischer | \$4,366 | \$2,772 |

The chairman was paid \$8,727, the company secretary \$6,549 & treasurer \$6,549. 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 Superannuation Guarantee Charge is payable on all director's fees.

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 willful 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.

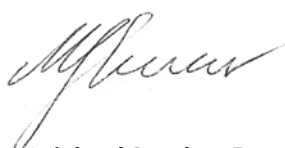
Auditor's Independence Declaration

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.



Henry Da Silva
Director



Michael Stephen Pernar
Director

Dated this 15th day of September 2023

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
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 2023 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 15th day of September 2023

Financial statements

Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2023

| | Note | 2023 \$ | 2022 \$ |
|--|----------|--------------------|--------------------|
| Revenues from Ordinary Activities | 2 | 4,962,808 | 2,666,093 |
| Amortisation expenses | 3 | (118,204) | (154,959) |
| Depreciation of furniture & equipment | 3 | (147,466) | (140,482) |
| Employment expenses | 3 | (1,424,045) | (1,583,409) |
| Community Development expenses | | (259,946) | (94,764) |
| Other expenses from ordinary activities | | (533,230) | (563,970) |
| Total Expenses from Ordinary Activities | | (2,482,890) | (2,537,584) |
| Profit from Ordinary Activities before Income Tax | | 2,479,918 | 128,508 |
| Income Tax (Expenses) relating to Ordinary Activities | 5 | (609,844) | (32,423) |
| Profit from Ordinary Activities after Income Tax | | 1,870,074 | 96,085 |
| Profit/(Loss) attributable to extraordinary items | | - | - |
| | | 1,870,074 | 96,085 |
| Other Comprehensive Income | | - | - |
| Net Profit Attributable to Members of the Company | | 1,870,074 | 96,085 |
| Earnings per share | | | |
| Basic & Diluted earnings per share (cents per share) | 10 | 133.28 | 6.85 |

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 2023

| | Note | 2023 \$ | 2022 \$ |
|---------------------------------------|------|------------------|------------------|
| Current Assets | | | |
| Cash assets | 6 | 4,077,414 | 1,652,406 |
| Receivables | 7 | 457,139 | 280,177 |
| Other | 8 | 621,504 | 580,336 |
| Total Current Assets | | 5,156,057 | 2,512,919 |
| Non-Current Assets | | | |
| Property, Furniture and Equipment | 9 | 1,175,388 | 1,333,419 |
| Deferred tax asset | 11 | 50,178 | 40,741 |
| Intangible assets | 13 | 1,194,492 | 75,291 |
| Total Non-Current Assets | | 2,420,058 | 1,449,451 |
| Total Assets | | 7,576,115 | 3,962,370 |
| Current Liabilities | | | |
| Payables | 14 | 215,312 | 221,830 |
| Tax and other liabilities | 15 | 838,085 | 80,634 |
| Provisions | 16 | 143,799 | 130,274 |
| Total Current Liabilities | | 1,197,196 | 432,738 |
| Non-Current Liabilities | | | |
| Provisions | 16 | 2,323 | 7,198 |
| Tax and other liabilities | 15 | 1,319,893 | 197,154 |
| Total Non-Current Liabilities | | 1,322,216 | 204,352 |
| Total Liabilities | | 2,519,412 | 637,090 |
| Net Assets | | 5,056,703 | 3,325,280 |
| Equity | | | |
| Issued capital | 17 | 1,130,008 | 1,130,008 |
| Retained Profits/(Accumulated Losses) | | 3,514,099 | 1,812,204 |
| Revaluation Reserve | | 412,596 | 382,868 |
| Total Equity | | 5,056,703 | 3,325,280 |

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 2023

| | Issued Capital \$ | Revaluation Reserve \$ | Retained Profits/ (Accumulated Losses) \$ | Total \$ |
|---|-------------------------|------------------------------|---|------------------|
| Balance 1/07/2021 | 1,130,008 | 427,992 | 1,856,635 | 3,414,635 |
| Dividend paid during year | | | (140,316) | (140,316) |
| Profit Attributable to members of the company | | | 96,085 | 96,085 |
| Revaluation Decrement | | (45,124) | | (45,124) |
| Balance 30/06/2022 | 1,130,008 | 382,868 | 1,812,404 | 3,325,280 |
| Dividends paid during year | | | (168,380) | (168,380) |
| Profit Attributable to members of the company | | | 1,870,074 | 1,870,074 |
| Revaluation Increment | | 29,728 | | 29,728 |
| Balance 30/06/2023 | 1,130,008 | 412,596 | 3,514,098 | 5,056,702 |

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 2023

| | Note | 2023 \$ | 2022 \$ |
|--|------------|------------------|------------------|
| Cash Flows from Operating Activities | | | |
| Receipts from Bendigo Bank Limited | | 4,771,971 | 2,575,275 |
| Payments to suppliers and employees | | (2,076,833) | (2,225,988) |
| Interest received | | 26,099 | 10,235 |
| Interest and other costs of finance | | (49,259) | (12,053) |
| Income tax paid | | 48,187 | (12,899) |
| Net cash provided by (used in) operating activities | 21B | 2,720,165 | 334,570 |
| Cash Flows from Investing Activities | | | |
| Purchases of property, plant & equipment | | (1,660) | (102,259) |
| Proceeds on the disposal of assets | | - | 10,000 |
| Payment for Investment | | - | (250,000) |
| Payment for intangible assets | | (129,780) | - |
| Net cash provided by (used in) investing activities | | (131,440) | (342,259) |
| Cash Flows from Financing Activities | | | |
| Dividends Paid | | (168,380) | (140,316) |
| Proceeds from borrowings | | - | 35,850 |
| Repayment of borrowings | | (34,918) | (31,929) |
| Proceeds from Franchisor Finance | | 129,780 | - |
| Repayment of Franchisor Finance | | (25,956) | - |
| Repayments of Lease Liabilities | | (64,244) | (143,226) |
| Net cash provided by (used in) financing activities | | (163,717) | (279,621) |
| Net increase (decrease) in cash held | | 2,425,008 | (287,310) |
| Cash at the beginning of the year | | 1,652,406 | 1,939,716 |
| Cash at the end of the year | 21A | 4,077,414 | 1,652,406 |

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 2023

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.

| | 2023 \$ | 2022 \$ |
|--|------------|------------|
|--|------------|------------|

Note 2: Revenue

| | | |
|---|------------------|------------------|
| Operating Activities: | | |
| Franchise income | 4,936,709 | 2,655,858 |
| Interest revenue | 26,099 | 10,235 |
| Profit on Sale of Plant & Equipment | - | - |
| Total Revenue from Ordinary Activities | 4,962,808 | 2,666,093 |

Notes to the financial statements (continued)

| | 2023 \$ | 2022 \$ |
|--|------------|------------|
|--|------------|------------|

Note 3: Expenses

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

| | | |
|-------------------------------------|----------------|----------------|
| Amortisation of non-current assets: | | |
| - Franchise fee | 24,647 | 22,038 |
| - Right of use assets | 93,557 | 132,921 |
| Total amortisation expenses | 118,204 | 154,959 |
| Bad and doubtful debts | 531 | 460 |
| Depreciation of non-current assets: | | |
| - Plant and equipment | 147,466 | 140,482 |
| Employment Expenses | 1,424,045 | 1,583,409 |

Note 4: Auditors' Remuneration

Remuneration of the auditor of the company for:

| | | |
|----------------|---------------|---------------|
| Audit Services | 11,000 | 10,600 |
| Other services | Nil | Nil |
| | 11,000 | 10,600 |

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 | 2,479,918 | 128,508 |
| Prima facie income tax on operating profit @ 25% (2022 - 25%) | 619,980 | 32,127 |
| Add: | | |
| Tax effect of: | | |
| Capital works deduction | (474) | (474) |
| Tax Adjustment | (9,662) | - |
| Cash Flow Boost | - | - |
| Effect of change of tax rate | - | 770 |
| Income tax expense attributable to ordinary activities | 609,844 | 32,423 |

Note 6: Cash assets

| | | |
|-----------------|------------------|------------------|
| - Cash at Bank | 521,465 | 366,355 |
| - Term Deposits | 3,555,949 | 1,279,854 |
| - Cash on hand | | 6,197 |
| | 4,077,414 | 1,652,406 |

Notes to the financial statements (continued)

| | 2023 \$ | 2022 \$ |
|--|------------|------------|
|--|------------|------------|

Note 7: Receivables

| | | |
|-----------------------------------|----------------|----------------|
| Current | | |
| Trade debtors | 472,139 | 295,177 |
| Less Provision for Doubtful Debts | (15,000) | (15,000) |
| | 457,139 | 280,177 |

Note 8: Other Assets

| | | |
|----------------|----------------|----------------|
| Current | | |
| Investments | 604,515 | 564,879 |
| Prepayments | 16,989 | 15,457 |
| | 621,504 | 580,336 |

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 | 846,304 | 918,499 |
| - Less accumulated depreciation | (535,916) | (450,080) |
| | 310,388 | 468,419 |
| Leased Plant and Equipment: | | |
| - At cost | 15,615 | 15,615 |
| - Less accumulated amortisation | (15,615) | (15,615) |
| | - | - |
| | 1,175,388 | 1,333,419 |

Movements in Carrying Amounts

| | L & B \$000 | Plant & Equip \$000 | Total \$000 |
|--------------------------------------|----------------|---------------------------|----------------|
| Balance at 1 July 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 |
| Additions | | 1 | 1 |
| Disposals | | (74) | (74) |
| Movement in Accumulated Depreciation | | 62 | 62 |
| Depreciation Expense | | (147) | (147) |
| Balance at 30 June 2023 | 865 | 310 | 1,175 |

Notes to the financial statements (continued)

| | 2023 \$ | 2022 \$ |
|--|------------|------------|
|--|------------|------------|

Note 10: Earnings per Share

| | | |
|---|-----------|-----------|
| Earnings used to calculate basic EPS | 1,870,074 | 96,085 |
| Number of ordinary shares used to calculate basic EPS | 1,403,164 | 1,403,164 |

Note 11: Deferred Tax Assets

| | | |
|--|---------------|---------------|
| Deferred Tax asset | 50,178 | 40,741 |
| The deferred tax asset is made up of the following estimated tax benefits: - temporary differences between tax & accounting income. | 50,178 | 40,741 |
| | 50,178 | 40,741 |

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 2023.

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

| | | 2023 \$ | 2022 \$ |
|------------------------------|---------|------------------|------------------|
| Financial Assets | | | |
| Cash and cash equivalents | Note 6 | 4,077,414 | 1,652,406 |
| Receivables | Note 7 | 457,139 | 280,177 |
| | | 4,534,553 | 1,932,583 |
| Financial Liabilities | | | |
| Trade and other payables | Note 14 | 215,313 | 221,829 |
| | | 215,313 | 221,829 |

(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.

(II) Liquidity Risk

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

(III) 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)

| | 2023 \$ | 2022 \$ |
|---------------------------------|------------------|---------------|
| Note 13: Intangibles | | |
| Franchise fee: | | |
| - At cost | 129,780 | 110,186 |
| - Less accumulated amortisation | (17,304) | (102,844) |
| | 112,476 | 7,342 |
| Right of use assets: | | |
| - At cost | 1,211,677 | 346,553 |
| - Less accumulated amortisation | (129,661) | (278,604) |
| | 1,082,016 | 67,949 |
| Total | 1,194,492 | 75,291 |

Note 14: Payables

| | | |
|----------------------------------|----------------|----------------|
| Current | | |
| Unsecured: | | |
| - Trade creditors | 61,446 | 56,066 |
| - Other creditors and accruals | 153,866 | 165,764 |
| Total Current Liabilities | 215,312 | 221,830 |

Note 15: Tax and Other Liabilities

| | | |
|--|------------------|----------------|
| Current | | |
| Current tax liability/(refund) | 628,737 | (47,391) |
| GST payable | 140,640 | 61,519 |
| Amounts withheld from salary and wages | 19,142 | 16,698 |
| Lease Liabilities | 49,566 | 49,808 |
| | 838,085 | 80,634 |
| Non-Current | | |
| Deferred Tax Liability | 169,984 | 168,519 |
| Lease Liabilities | 1,072,041 | 28,635 |
| Franchise Fees Payable | 77,868 | - |
| | 1,319,893 | 197,154 |

Note 16: Provisions

| | | |
|--|----------------|----------------|
| Current | | |
| Employee entitlements | 143,799 | 130,274 |
| | 143,799 | 130,274 |
| Non-Current | | |
| Employee entitlements | 2,323 | 7,198 |
| Aggregate employee entitlements liability | 146,122 | 137,472 |
| Number of employees at end of year | 18 | 18 |

Notes to the financial statements (continued)

| | 2023 \$ | 2022 \$ |
|----------------------------------|------------------|------------------|
| 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.

| | 2023 \$ | 2022 \$ |
|--|------------|------------|
| Ray White Real Estate, of which Mr. H. Da Silva is a director for rental of the Altona premises. | 108,740 | 108,198 |

Note 19: Dividends

| | | |
|--|----------------|----------------|
| Paid final fully franked ordinary dividend of 1,403,164 @ 6c per share (2022: 1,403,164 @ 6c per share) | 84,190 | 84,189 |
| Interim 2023 fully franked ordinary dividend of 6c per share declared (2022 Interim full franked ordinary dividend of 4c per share declared) | 84,190 | 56,127 |
| | 168,380 | 140,316 |

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:

| | 2023 \$ | 2022 \$ |
|---------------|------------------|------------------|
| Cash at bank | 521,465 | 366,355 |
| Term Deposits | 3,555,949 | 1,279,854 |
| Cash on hand | | 6,197 |
| | 4,077,414 | 1,652,406 |

Notes to the financial statements (continued)

| | 2023 \$ | 2022 \$ |
|--|------------|------------|
|--|------------|------------|

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 | 1,870,074 | 96,085 |
| Add back Depreciation | 147,466 | 140,482 |
| Add back Amortisation | 118,204 | 154,959 |
| Add back Loss/(Deduct Profit) on Sale of Fixed Assets | 12,224 | (10,000) |
| Changes in assets and liabilities net of effects of purchases and disposals of controlled entities: | | |
| Movement in Account Receivable | (176,962) | (70,583) |
| (Increase)/decrease in prepayments | (1,531) | (631) |
| Increase/(decrease) in trade creditors and accruals | 83,793 | 21,074 |
| Increase/(decrease) in employee entitlements | 8,650 | 6,414 |
| Increase/(decrease) in deferred tax assets | (9,436) | 2,641 |
| Increase/(decrease) in deferred tax liabilities | (8,445) | (5,229) |
| Increase/(decrease) in provision for income tax | 676,128 | (642) |
| Net cash provided by operating activities | 2,720,165 | 334,570 |

Directors' declaration

For the financial year ended 30 June 2023

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 2023 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 Corporations Act 2001 from the Chief Executive Officer and the Chief Financial Officer for the financial year ended 30 June 2023.

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



Henry Da Silva
Director



Michael Stephen Pernar
Director

Dated this 15th day of September 2023

Independent audit report

TOWARDS A VISION SHARED



**Collins & Co
Audit Pty Ltd**

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Australia

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

Audit Opinion

I have audited the accompanying financial report of Hobsons Bay Community Financial Services Ltd (the company), which comprises the statement of financial position as at 30 June 2023, 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 2023 and of its performance and cash flows for the year ended on 30 June 2023; 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.

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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 15th day of September 2023

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

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

Additional Annual Report Information

Hobsons Bay Community Financial Services 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 | 241 | 112,589 |
| 1,001 – 5,000 | 155 | 328,766 |
| 5,001 – 10,000 | 23 | 166,126 |
| 10,001 – 100,000 | 29 | 537,374 |
| 100,001 – and over | 2 | 258,309 |
| Total | 450 | 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. Peln Superannuation fund | 56,250 | 4.0 |
| 4. Farlie Family Superannuation Fund | 47,126 | 3.4 |
| 5. Karl Gunnar Olof Ohlden | 30,506 | 2.2 |
| 6. Laverton Community Centre | 28,219 | 2.0 |
| 7. The Waring Family Superannuation Fund | 24,313 | 1.7 |
| 8. Scipio Nominees Pty Ltd | 21,033 | 1.5 |
| 9. Felicity Reid | 20,625 | 1.5 |
| 10. Wright Fahey Pty Ltd ATF Wright Fahey Super Fund | 21,106 | 1.4 |
| | 507,487 | 36.1 |

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 Ltd for 23 years. His qualifications and experience include a Diploma in Business and 25 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

| | 2019 \$ | 2020 \$ | 2021 \$ | 2022 \$ | 2023 \$ |
|-----------------------|------------|------------|------------|------------|------------|
| Gross revenue | 2,733,344 | 2,785,501 | 2,584,902 | 2,666,093 | 4,962,808 |
| Net profit before tax | 465,236 | 478,972 | 180,886 | 128,508 | 2,479,918 |
| Total assets | 3,823,751 | 4,317,883 | 4,192,166 | 3,962,370 | 7,576,115 |
| Total liabilities | 535,251 | 914,990 | 777,531 | 637,090 | 2,519,413 |
| Total equity | 3,288,500 | 3,402,893 | 3,414,635 | 3,325,280 | 5,056,702 |

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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

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



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