

# Annual Report 2021

Homebush Financial  
Services Limited

Community Bank  
Homebush

ABN 55 097 923 807



# Contents

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Chairman's report	3
Manager's report	5
Bendigo and Adelaide Bank report	7
Director's report	9
Auditor's Independence declaration	14
Financial Statements	15
Notes to the financial statements	19
Directors' Declaration	40
Independent audit report	41

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# Chair’s Report



On behalf of the Board, I am pleased to provide the 2020/2021 Chair report and the achievements Homebush Financial Services Limited (“Bank”) has delivered. We have been busy reshaping the Bank for the future, making lasting changes and laying foundations for growth.

First and foremost, we would like to thank our Branch Manager, Kavitha, for her strong leadership in the branch. Her consistent branch management has led to a highly functioning team that have worked well with the board to deliver improved outcomes in spite of the challenges of the pandemic. We recognise this as a unique achievement, done through the herculean efforts of our branch staff who was at least two staff down throughout the year.

Secondly, our thanks to Yang, our Senior Mobile Relationship Manager, who helped continue to build our loan books. We also thank our staff during the financial year, Suna Sumer, Monika Popli, Brittany Foreshow, Sabrina Han and Hemant Sarswat for their efforts during the financial year.

Our business was also supported by a network from Bendigo Corporate led by Regional Managers Amanda Mahon-Paul and Kerry Millar in the past financial year. We acknowledge and thank our previous Regional Managers and the broader Bendigo Corporate team for the continued support, advice and contribution to the success of our Bank.

We would also like to thank the Directors that have left us in the financial year, including our previous Chair Geoff Harper, previous Company Secretary, Alice Mantel and independent Directors, Belinda Dimovksj, David Chenu and Shaun Palmer.

While Kavitha will touch on our community engagement for the year within her Branch Manager’s Report, we would like to call out the following key initiatives the Board have undertaken.



**Youth Observer**

We are proud of our current Youth Observer mentorship program. For the past two years, Year 12 student Clarissa Kalamvokis from Santa Sabina College has been observing on our board.

The Youth Observer program awards up to two secondary school students \$1,000 support for their personal development and an investment of \$1,000 to support their chosen community initiative.

Clarissa’s community initiative was to support the St Lucy’s school for children with disabilities, currently located in Wahroonga, however was originally founded in Homebush in 1938 and operated here until 1959. Using our Bank’s investment, Clarissa managed to raise more than 3.5 times of that value to support St Lucy’s and their commendable commitment to youth with disabilities.

## Chairman's Report (continued)

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### **Community Foundation Trust Sub-Fund**

As Homebush was originally created to benefit the community and as profitability continues to remain sustained and growing, the Board worked in partnership with the Bendigo Community Enterprise Foundation to set up a properly governed and ongoing trust sub-fund for Homebush Community Bank.

We are in the midst of finalising the first Homebush Community Bank scholarship program for youths in our community going into tertiary education (TAFE or University) and look forward to sharing more details with you and our customers (only customers will be eligible for this program) in the not too distant future.

### **Improved Profits**

In spite of the pandemic challenges and the increased contributions made for future sustainability and resilience of our community giving program, we are pleased to report an improved profit, realising an 18% growth versus the previous year.

This result is on top of the \$70K contribution to create our Homebush Community Bank Trust sub-fund with the Bendigo Community Enterprise Foundation, that will ensure we can make real sustained ongoing difference for our community for years to come.

### **State and National Marketing Committees**

In addition to the Chair's responsibility at the Bank, I represent us and the Western Sydney Region on the Corporate Bendigo State Marketing Committee and as the State of NSW representative on the National Marketing Committee. This engagement is beneficial for our Bank in terms of having our voice heard and having access to additional support and advice to continue our growth.

### **Future**

The economic outlook presents both ongoing challenges and opportunities for our Bank. Whilst a historic low interest rate environment continues to place pressure on our margins, fewer customers than expected had experienced financial hardship from the pandemic, partly due to the Government support and stimulus programs put in place and so we continue to see strong demand for lending across our consumer and business customers.


As stimulus measures are wound back, additional measures proposed to slow down property market growth and Federal elections loom in financial year 2022, the Board will be cautious and we will ensure proper governance to minimise risk and impacts to the growth we have achieved.

### **Upcoming Anniversary celebrations**

2022 will mark the 20th anniversary of our Bank. We plan to celebrate this achievement and invite you to supply photos and anecdotes to Kavitha or myself so that we can celebrate our rich history.

We are hopeful that the pandemic restrictions will be eased and enable us to properly celebrate this momentous occasion.

Our point of difference continues to be **growing with our community** and not off them, we are the Better Big Bank. So, for another year, we thank you, our shareholders, for your continued support and referrals of business to us.



Alana Pendrick  
Chair, Homebush Financial Services Limited

## Branch Manager's Report

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# Branch Manager's Report

I am delighted to share my second-year journey with the Community Bank. My sincere thanks to our Board Directors and Shareholders for giving me this opportunity to serve our community.

In spite of the challenges during the pandemic and lockdowns, we had the pleasure in continuing to assist our customers for their banking needs. We had another successful financial year in FY21 and delivered improved results including a total business growth of \$43.2m.

As Shareholders originally envisaged, our Community Bank is committed to continue providing a physical site and service to the local community.

### **Business Update (and our response during the Pandemic):**

While the Chair's report has outlined how we have performed in the year, branch staff continued to stay focused on protecting your Community Bank from unnecessary risk. We have continued to monitor fraud patterns and have closed accounts that would have presented a risk to the branch.

As you would expect, our business has had to deal with the pandemic during this past financial year. We remained open for business by maintaining safe and hygienic space for customers and staff. We thank all our customers in their support of our efforts.

One major impact of the pandemic was reduced face-to-face customer interactions. To ensure we stay connected with our customers, we reached out over the phone to understand their financial needs and assisted those who needed additional support during this time. Our care for our customers and the community continues to differentiate us from traditional banks.



### **Staff Update:**

Our Senior Mobile Banker, Yang Gao delivered growth across our home loan book this year. Our branch has received numerous customer compliments for his fast turnaround and customer service.

Our Customer Service Officer, Suna Sumer passed her probationary period and has been a good fit to our community bank. Along with the Chair and the Board, we thank the continued support from Bendigo for our staff and operations.

## Branch Manager's Report (continued)

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### **Community Support Update:**

We believe that as a Community Bank, our focus is on improving outcomes for the community, where it is well researched that this is best achieved through supporting education for our community and customers.

In spite of the challenges of the pandemic, we were still able to continue to support the Homebush Public School by sponsoring their annual merit awards. We supported our Youth Observer, Clarissa, with her community project to raise money for St Lucy's school (a school focused on helping students with disability and was originally started in Homebush). We also supported Strathfield Council's Winter Food Appeal.



In addition, we also held our first Crime Prevention Stall in partnership with the Auburn Police Command, represented by Crime Prevention Officer, James (Jim) Dickson, to educate our customers to prevent and protect from financial loss caused by fraud and scams.

Thanks to your ongoing support in these difficult times, your Community Bank has continued to grow. We are encouraged to be living the values of growing with our community and not off them, if we can be of service to you or your contacts, please do not hesitate to reach out to me and we can continue making a difference for others, together.

Thank you.

Kavitha Sankaran

# Bendigo and Adelaide Report

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## **CB Annual Report 2021**

### **BEN message**

**26 August 2021**

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On behalf of Bendigo and Adelaide Bank, thank you! As a shareholder of your local Community Bank company, you are playing an important role in supporting your community.

It has been a tumultuous year for every community across Australia, and across the world. For our business, recognition that banking is an essential service has meant that we've kept the doors open, albeit with conditions that none of us could ever imagine having to work with.

Face masks, perspex screens, signed documents to cross state borders, checking in customers with QR codes and ensuring hand sanitiser stations are filled aren't what you would expect as a bank employee.

Then there's the fact that while communities have been, and continue to go in and out of lockdown, digital and online banking has become the norm.

So, what does that mean for Bendigo Bank and the Community Bank that you are invested in both as a shareholder, and a customer?

What we're seeing is that your Community Bank is still as important, if not more so, than when you first invested as a shareholder. If the pandemic has taught us anything, it has taught us the importance of place, of our local community, our local economy, our community-based organisations, the importance of social connection and the importance of your local Community Enterprise – your Community Bank in providing, leadership, support, and assistance in these difficult times.

As we continue to adapt to this rapidly changing world one thing that continues to be important to us all is supporting each other and our strong sense of community.

Your continued support as a shareholder is essential to the success of your local community. Thank you for continuing to back your Community Bank company and your community.



**Collin Brady**  
**Head of Community Development**



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Homebush

Financial Services Limited

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ABN: 55 097 923 807

Financial Report

For the year ended

30 June 2021

# Homebush Financial Services Limited

## Directors' Report

The directors present their report together with the financial statements of the company for the financial year ended 30 June 2021.

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### Directors

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The directors of the company who held office during the financial year and to the date of this report are:

Alana Pendrick

Non-executive director

Occupation: Chief Education Officer

Qualifications, experience and expertise: Alana is currently a Chief Education Officer at TAFE NSW. She manages the Training requirements for tier one construction to ensure the operations of infrastructure and construction in NSW, including the management of the Sydney Metro portfolio and their 20 Prime Contractors and subcontractors, and previously West Connex, North Connex and Snowy Hydro. Alana joined the board in 2019 while completing her Master of Business Administration. She represented the La Trobe MBA program on international study tours to Malaysia and China and has a passion for giving back to community. She is currently mentoring our Youth Observer and imparting operational and project management skills and also fundraising skills with delivered outcomes and benefactors.

Special responsibilities: Alana is the Chair of Homebush Financial Services Limited. She also represents the western Sydney region on the state marketing committee and the state of NSW on the national marketing committee for Bendigo and Adelaide Bank.

Interest in shares: nil share interest held

Daniel Pascuzzo

Non-executive director

Occupation: Senior Productivity Analyst

Qualifications, experience and expertise: Daniel is currently employed as a Senior Productivity Analyst within the Retail Banking arm of Bendigo and Adelaide Bank, bringing to the company a wealth of experience in Sales, Ecommerce and Human Resource Management. His role at the bank provides unique insight into the company's operations and strategic direction, in particular the Branch network. Previously he has completed a Masters of Human Resource Management and Industrial Relations and a Bachelors of Science.

Special responsibilities: Lead of HR Subcommittee

Interest in shares: nil share interest held

James Tran GAICD

Non-executive director

Occupation: Non-executive director

Qualifications, experience and expertise: James completed his fixed term contract as a Senior Executive in the Strategic Sourcing and Procurement team at United Overseas Bank in June 2021. James joined the Board in 2019 and at the time was the Head of Business Services at Healthdirect Australia, responsible for the Strategic Sourcing, Corporate IT, Analytics and Reporting, Portfolio Management and General Counsel teams. Prior to this, James spent 15 years at American Express, working within Australia and across Asia Pacific, James has a passion for community development and was one of the co-founders of Mosaic Mentoring at ARC at UNSW and was a member of the Youth Advisory and Heritage Advisory Committees at Bankstown City Council.

Special responsibilities: Lead for Marketing and Community Engagement

Interest in shares: nil share interest held

Michael Andrew Brewer GAICD

Non-executive director

Occupation: Chief Financial Officer

Qualifications, experience and expertise: Michael brings over 30 years experience in senior finance positions to the board, having worked in multi-national organisations, government, not for profit organisations, charities and private companies. He has also worked in prestigious sporting venue organisations such as the Sydney Cricket and Sports Ground Trust and Eastern Creek Raceway. Michael brings a wealth of financial and commercial experience to the Board and holds a Bachelor of Business degree in accounting, a Masters degree in Economics, is a graduate of the Australian Institute of Company Directors and has been a member of the Certified Practising Accountants (CPA) of Australia for 30 years. Michael is currently CFO of Civic Disability Service, a not for profit charity that provides supported housing, employment and community services to NDIS customers.

Special responsibilities: Company Secretary and Treasurer

Interest in shares: nil share interest held

# Homebush Financial Services Limited

## Directors' Report

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### **Directors (continued)**

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Geoffrey John Harper

Chairman (resigned 12 November 2020)

Occupation: Director

Qualifications, experience and expertise: Director Debt Sales Brokers Australia and New Zealand 2015-present, FreshWater Business Consulting directors 2013-present, Baycorp Holdings Pty Ltd Managing director 2006-2013, Portfolio management group CEO 2000-2006 and Heller Financial Services managing director 1984-2000.

Special responsibilities: Human Resources Committee

Interest in shares: nil share interest held

Alice Christina Mantel

Non-executive director (resigned 12 November 2020)

Occupation: Lawyer

Qualifications, experience and expertise: Alice brings over 30 years experience as a lawyer to the board, having worked in the government, private and not for-profit sectors. Having recently retired, Alice stays up to date with changes in family law as a writer for a legal publisher.

Special responsibilities: Community Engagement Committee

Interest in shares: nil share interest held

Belinda Dimovski

Non-executive director (resigned 12 November 2020)

Occupation: Director Engagement and Support- Australian Red Cross

Qualifications, experience and expertise: Belinda is currently the Director of Engagement and Support at Australian Red Cross, responsible for the fundraising and marketing, retail sales and First Aid portfolios along with customer experience, digital products and content. Belinda spent the previous ten years with Weight Watches ANZ leading the operations and customer experience function ensuring the effective delivery of Weight Watches health services to over 1000 communities and 100,000 consumers each year across ANZ and international lead for the global organisations on a variety of projects. Belinda has extensive experience across multiple industries; telecommunications, pharmaceutical and pharmacy, warehouse and logistics, retail, health and wellness and Not-For-Profit. Her qualifications cover multiple disciplines including mathematics and operations (UTS), leadership and marketing (MGSM), digital products (IMD) as well as Directors Institute. Belinda is currently a Co-Chair of CX Collective, on the judging panel of both the CX and ADMA awards and a member of Customer Experience Professionals Association. She is a governance sub-committee member of the Society of Women Leaders and Company Director of OBS Capital. Feel free to check out her LinkedIn profile - [linkedin.com/in/belindadimovski](https://www.linkedin.com/in/belindadimovski)

Special responsibilities: Nil

Interest in shares: nil share interest held

# Homebush Financial Services Limited

## Directors' Report

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### Directors (continued)

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David Chenu

Non-executive director (resigned 6 August 2020)

Occupation: Marketing Consultant

Qualifications, experience and expertise: David is a Non-Executive Director and Strategic Management Consultant with over twenty years of marketing management and board level experience across the public and commercial sectors with particular experience in the food, health, wellbeing, primary production and FMCG industries. At board level a highlight includes being a Non Executive Director with several NFP companies. He has also been member of several Board promotional sub-committees in the agri food sector. In an executive capacity he has been a Strategic Management Consultant with DC&A Marketing Consultancy where he develops marketing and brand strategies for a range of companies in the food, health & wellbeing and FMCG sectors, including Horticulture Innovation Australia, Sanitarium Health & Wellbeing, Central Markets, MacKay Bananas, ASCA, TCC Global and Aldi retail stores. Prior to this he was the General Marketing Manager for Horticulture Australia. David has a Bachelor of Arts, majoring in Economics and has completed the Mount Eliza Business School Produce Executive Program and is a Graduate of the Australian Institute of Company Directors. David started his career in food, working as a chef at the renowned restaurant Berowra Waters Inn with Tony and Gay Bilson. This passion for excellence provided him with a solid foundation for his business career. He is currently the owner and director of a strategic marketing and executive coaching consultancy - David Chenu & Associates.

Special responsibilities: Marketing Committee

Interest in shares: nil share interest held

Shaun Palmer

Non-executive director (appointed 12 November 2020 and resigned 18 December 2020)

Occupation: Non-executive director

Qualifications, experience and expertise: Shaun has an extensive background in Human Resources and was a former Chief Human Resource Officer for Xstrata Coal and Iron Ore (based in Sydney), Senior Vice President Human Resources for Vetco International, formerly the Oil and Gas Division of ABB (based in London) and held a number of global Human Resources roles with Schlumberger Oilfield Services based in Asia and Europe.

Special responsibilities: Company Secretary (November - December 2020: resigned from Board)

Interest in shares: nil share interest held

Directors were in office for this entire year unless otherwise stated.

No directors have material interest in contracts or proposed contracts with the company.

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### Company Secretary

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The company secretary is Michael Brewer. Michael was appointed to the position of secretary on 18 December 2020.

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### Principal activity

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The principal activity of the company during the financial year was facilitating Community Bank services under management rights of Bendigo and Adelaide Bank Limited (Bendigo Bank).

There have been no significant changes in the nature of these activities during the financial year.

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### Operating results

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The profit of the company for the financial year after provision for income tax was:

Year ended 30 June 2021	Year ended 30 June 2020
\$	\$
119,005	100,754

# Homebush Financial Services Limited

## Directors' Report

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### Directors' interests

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	Fully paid ordinary shares		
	Balance at start of the year	Changes during the year	Balance at end of the year
Alana Pendrick	-	-	-
Daniel Pascuzzo	-	-	-
James Tran GAICD	-	-	-
Michael Andrew Brewer GAICD	-	-	-
Belinda Dimovski	-	-	-
Geoffrey John Harper	-	-	-
Alice Christina Mantel	-	-	-
David Chenu	-	-	-
Shaun Palmer	-	-	-

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### Dividends

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No dividends were declared or paid for the previous financial year and the directors recommend that no dividend be paid in the current financial year.

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### Significant changes in the state of affairs

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Since January 2020, COVID-19 has developed and spread globally. In response, the Commonwealth and State Government introduced a range of social isolation measures to limit the spread of the virus. Such measures have been revised, as appropriate, based on case numbers and the level of community transmission. Whilst there has been no significant changes on the company's financial performance so far, uncertainty remains on the future impact of COVID-19 to the company's operations.

In the opinion of the directors there were no other significant changes in the state of affairs of the company that occurred during the financial year under review not otherwise disclosed in this report or the financial statements.

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### Events since the end of the financial year

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There are no matters or circumstances that have arisen since the end of the financial year that have 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 future years.

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### Likely developments

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The company will continue its policy of facilitating banking services to the community.

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### Environmental regulation

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The company is not subject to any significant environmental regulation.

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### Directors' benefits

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No director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a director, a firm which a director is a member or an entity in which a director has a substantial financial interest.

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### Indemnification and insurance of directors and officers

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The company has indemnified all directors and the manager in respect of liabilities to other persons (other than the company or related body corporate) that may arise from their position as directors or manager of the company except where the liability arises out of conduct involving the lack of good faith.

Disclosure of the nature of the liability and the amount of the premium is prohibited by the confidentiality clause of the contract of insurance. The company has not provided any insurance for an auditor of the company or a related body corporate.

# Homebush Financial Services Limited

## Directors' Report

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### Directors' meetings

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The number of directors' meetings attended by each of the directors of the company during the financial year were:

*E - eligible to attend*

*A - number attended*

Alana Pendrick  
Daniel Pascuzzo  
James Tran GAICD  
Michael Andrew Brewer GAICD  
Belinda Dimovski  
Geoffrey John Harper  
Alice Christina Mantel  
David Chenu  
Shaun Palmer

	Board Meetings	
	<i>E</i>	<i>A</i>
Alana Pendrick	16	16
Daniel Pascuzzo	16	16
James Tran GAICD	16	15
Michael Andrew Brewer GAICD	16	15
Belinda Dimovski	6	6
Geoffrey John Harper	6	6
Alice Christina Mantel	6	6
David Chenu	1	1
Shaun Palmer	1	1

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### Proceedings on behalf of the company

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No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the *Corporations Act 2001*.

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### Non audit services

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The company may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the company are important. Details of the amounts paid or payable to the auditor (Andrew Frewin Stewart) for audit and non audit services provided during the year are set out in note 27 to the accounts.

The board of directors has considered the non-audit services provided during the year by the auditor and, is satisfied that the provision of the non-audit services is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the board to ensure they do not impact on the impartiality, integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the company, acting as an advocate for the company or jointly sharing risks and rewards.

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### Auditor's independence declaration

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A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 6.

Signed in accordance with a resolution of the directors at Homebush, New South Wales.



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Alana Pendrick, Chair

Dated this 28th day of September 2021



61 Bull Street  
Bendigo VIC 3550

afs@afsbendigo.com.au  
03 5443 0344

## Independent auditor's independence declaration under section 307C of the *Corporations Act 2001* to the Directors of Homebush Financial Services Ltd.

As lead auditor for the audit of Homebush Financial Services Ltd. for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

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

**Andrew Frewin Stewart**  
61 Bull Street, Bendigo, Vic, 3550  
Dated: 28 September 2021

**Adrian Downing**  
Lead Auditor

# Homebush Financial Services Limited

## Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2021

	Notes	2021 \$	2020 \$
Revenue from contracts with customers	8	891,239	743,518
Other revenue	9	33,197	83,410
Finance income	10	608	2,742
Employee benefit expenses	11c)	(428,869)	(445,408)
Charitable donations, sponsorship, advertising and promotion		(76,442)	(2,055)
Occupancy and associated costs		(29,668)	(24,775)
Systems costs		(31,269)	(31,300)
Depreciation and amortisation expense	11a)	(64,170)	(65,674)
Finance costs	11b)	(10,740)	(12,619)
General administration expenses		(124,184)	(114,158)
<b>Profit before income tax expense</b>		<b>159,702</b>	<b>133,681</b>
Income tax expense	12a)	(40,697)	(32,927)
<b>Profit after income tax expense</b>		<b>119,005</b>	<b>100,754</b>
<b>Total comprehensive income for the year attributable to the ordinary shareholders of the company:</b>		<b>119,005</b>	<b>100,754</b>
<b>Earnings per share</b>		<b>¢</b>	<b>¢</b>
- Basic and diluted earnings per share:	29a)	9.25	7.83

The accompanying notes form part of these financial statements



Homebush Financial Services Limited  
Statement of Financial Position  
as at 30 June 2021

	Notes	2021 \$	2020 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	13	617,470	410,255
Trade and other receivables	14a)	74,653	76,439
<b>Total current assets</b>		<b>692,123</b>	<b>486,694</b>
<b>Non-current assets</b>			
Property, plant and equipment	15a)	150,811	157,527
Right-of-use assets	16a)	183,098	232,628
Intangible assets	17a)	10,260	20,519
Deferred tax asset	18a)	171,246	211,945
<b>Total non-current assets</b>		<b>515,415</b>	<b>622,619</b>
<b>Total assets</b>		<b>1,207,538</b>	<b>1,109,313</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	19a)	40,555	28,880
Lease liabilities	20a)	41,265	38,559
Employee benefits	22a)	32,357	29,159
<b>Total current liabilities</b>		<b>114,177</b>	<b>96,598</b>
<b>Non-current liabilities</b>			
Lease liabilities	20b)	145,884	186,151
Employee benefits	22b)	4,697	3,558
Provisions	21a)	16,518	15,749
<b>Total non-current liabilities</b>		<b>167,099</b>	<b>205,458</b>
<b>Total liabilities</b>		<b>281,276</b>	<b>302,056</b>
<b>Net assets</b>		<b>926,262</b>	<b>807,257</b>
<b>EQUITY</b>			
Issued capital	23a)	1,372,954	1,372,954
Accumulated losses	24	(446,692)	(565,697)
<b>Total equity</b>		<b>926,262</b>	<b>807,257</b>

Homebush Financial Services Limited  
Statement of Changes in Equity  
for the year ended 30 June 2021

	Issued capital \$	Accumulated losses \$	Total equity \$
<b>Balance at 1 July 2019</b>	1,372,954	(666,451)	706,503
Total comprehensive income for the year	-	100,754	100,754
<b>Balance at 30 June 2020</b>	<b>1,372,954</b>	<b>(565,697)</b>	<b>807,257</b>
<b>Balance at 1 July 2020</b>	1,372,954	(565,697)	807,257
Total comprehensive income for the year	-	119,005	119,005
<b>Balance at 30 June 2021</b>	<b>1,372,954</b>	<b>(446,692)</b>	<b>926,262</b>

# Homebush Financial Services Limited

## Statement of Cash Flows

for the year ended 30 June 2021

	Notes	2021 \$	2020 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		1,012,611	881,322
Payments to suppliers and employees		(742,428)	(682,711)
Interest received		609	2,742
Interest paid		-	(2)
Lease payments (interest component)	11b)	(9,969)	(11,882)
Lease payments not included in the measurement of lease liabilities	11d)	(7,006)	(13,804)
<b>Net cash provided by operating activities</b>	25	<b>253,817</b>	<b>175,665</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(1,358)	-
Payments for intangible assets		(11,376)	(11,376)
<b>Net cash used in investing activities</b>		<b>(12,734)</b>	<b>(11,376)</b>
<b>Cash flows from financing activities</b>			
Lease payments (principal component)		(33,868)	(39,432)
<b>Net cash used in financing activities</b>		<b>(33,868)</b>	<b>(39,432)</b>
<b>Net cash increase in cash held</b>		<b>207,215</b>	<b>124,857</b>
Cash and cash equivalents at the beginning of the financial year		410,255	285,398
<b>Cash and cash equivalents at the end of the financial year</b>	13	<b>617,470</b>	<b>410,255</b>

The accompanying notes form part of these financial statements

# Homebush Financial Services Limited

## Notes to the Financial Statements

for the year ended 30 June 2021

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### Note 1 Reporting entity

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This is the financial report for Homebush Financial Services Limited (the company). The company is a for profit entity limited by shares, and incorporated and domiciled in Australia. The registered office and principal place of business is:

Registered Office	Principal Place of Business
27 Rochester Street Homebush NSW 2140	27 Rochester Street Homebush NSW 2140

Further information on the nature of the operations and principal activity of the company is provided in the directors' report. Information on the company's related party relationships is provided in Note 28.

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

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

The financial statements have been prepared on an accrual and historical cost basis. The financial report is presented in Australian dollars and all values are rounded to the nearest dollar, unless otherwise stated.

These financial statements for the year ended 30 June 2021 were authorised for issue in accordance with a resolution of the directors on 28 September 2021.

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### Note 3 Changes in accounting policies, standards and interpretations

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There are a number of amendments to accounting standards issued by the AASB that became mandatorily effective for accounting periods beginning on or after 1 July 2020, and are therefore relevant for the current financial year. The amendments did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

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### Note 4 Summary of significant accounting policies

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The company has consistently applied the following accounting policies to all periods presented in these financial statements.

#### a) Revenue from contracts with customers

The company has entered into a franchise agreement with Bendigo Bank. The company delivers banking and financial services of Bendigo Bank to its community. The franchise agreement provides for a share of interest, fee, and commission revenue earned by the company. Interest margin share is based on a funds transfer pricing methodology which recognises that income is derived from deposits held, and that loans granted incur a funding cost. Fees are based on the company's current fee schedule and commissions are based on the agreements in place. All margin revenue is recorded as non-interest income when the company's right to receive the payment is established.

The company acts as an agent under the franchise agreement and revenue arises from the rendering of services through its franchise agreement.

Revenue is recognised on an accruals basis, at the fair value of consideration specified in the franchise agreement. Under AASB 15 *Revenue from Contracts with Customers* (AASB 15), revenue recognition for the company's revenue stream is as follows:

# Homebush Financial Services Limited

## Notes to the Financial Statements

for the year ended 30 June 2021

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### Note 4 Summary of significant accounting policies (*continued*)

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#### a) Revenue from contracts with customers

<u>Revenue</u>	<u>Includes</u>	<u>Performance obligation</u>	<u>Timing of recognition</u>
Franchise agreement profit share	Margin, commission, and fee income	When the company satisfies its obligation to arrange for the services to be provided to the customer by the supplier (Bendigo Bank as franchisor).	On completion of the provision of the relevant service. Revenue is accrued monthly and paid within 10 business days after the end of each month.

All revenue is stated net of the amount of Goods and Services Tax (GST). There was no revenue from contracts with customers recognised over time during the financial year.

#### *Revenue calculation*

The franchise agreement provides that three forms of revenue may be earned by the company – margin, commission and fee income. Bendigo Bank decides the form of revenue the company earns on different types of products and services.

The revenue earned by the company is dependent on the business that it generates. It may also be affected by other factors, such as economic and local conditions, for example, interest rates.

#### *Margin*

Margin is arrived at through the following calculation:

- Interest paid by customers on loans less interest paid to customers on deposits
- plus any deposit returns i.e. interest return applied by Bendigo Bank for a deposit,
- *minus* any costs of funds i.e. interest applied by to fund a loan.

The company is entitled to a share of the margin earned by Bendigo Bank. If this reflects a loss, the company incurs a share of that loss.

#### *Commission*

Commission revenue is in the form of commission generated for products and services sold. This commission is recognised at a point in time which reflects when the company has fulfilled its performance obligation.

The company receives trailing commission for products and services sold. Ongoing trailing commission payments are recognised on receipt as there is insufficient detail readily available to estimate the most likely amount of income without a high probability of significant reversal in a subsequent reporting period. The receipt of ongoing trailing commission income is outside the control of the company, and is a significant judgement area.

#### *Fee income*

Fee income is a share of what is commonly referred to as 'bank fees and charges' charged to customers by Bendigo Bank Group entities including fees for loan applications and account transactions.

#### *Core banking products*

Bendigo Bank has identified some products and services as 'core banking products'. It may change the products and services which are identified as core banking products by giving the company at least 30 days notice. Core banking products currently include Bendigo Bank branded home loans, term deposits and at call deposits.

# Homebush Financial Services Limited

## Notes to the Financial Statements

for the year ended 30 June 2021

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### Note 4 Summary of significant accounting policies *(continued)*

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#### a) Revenue from contracts with customers *(continued)*

##### *Ability to change financial return*

Under the franchise agreement, Bendigo Bank may change the form and amount of financial return the company receives. The reasons it may make a change include changes in industry or economic conditions or changes in the way Bendigo Bank earns revenue.

The change may be to the method of calculation of margin, the amount of margin, commission and fee income or a change of a margin to a commission or vice versa. This may affect the amount of revenue the company receives on a particular product or service.

Bendigo Bank must not reduce the margin and commission the company receives on core banking products and services to less than 50% (on an aggregate basis) of Bendigo Bank's margin at that time. For other products and services, there is no restriction on the change Bendigo Bank may make.

#### b) Other revenue

The company's activities include the generation of income from sources other than the core products under the franchise agreement. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and can be reliably measured.

<u>Revenue</u>	<u>Revenue recognition policy</u>
Discretionary financial contributions (also "Market Development Fund" or "MDF" income)	MDF income is recognised when the right to receive the payment is established. MDF income is discretionary and provided and receivable at month-end and paid within 14 days after month-end.
Cash flow boost	Cash flow boost income is recognised when the right to the payment is established (e.g. monthly or quarterly in the activity statement).
Other income	All other revenues that did not contain contracts with customers are recognised as goods and services are provided.

All revenue is stated net of the amount of Goods and Services Tax (GST).

##### *Discretionary financial contributions*

In addition to margin, commission and fee income, and separate from the franchise agreement, Bendigo Bank has also made MDF payments to the company.

The amount has been based on the volume of business attributed to a branch. The purpose of the discretionary payments is to assist with local market development activities, including community sponsorships and grants. It is for the board to decide how to use the MDF.

The payments from Bendigo Bank are discretionary and may change the amount or stop making them at any time. The company retains control over the funds, the funds are not refundable to Bendigo Bank.

##### *Cash flow boost*

In response to the COVID-19 outbreak, *Boosting Cash Flow for Employers (Coronavirus Economic Response Package) Act 2020* (CFB Act) was enacted. The purpose was to provide temporary cash flow to small and medium sized businesses that employ staff and have been affected by the economic downturn associated with COVID-19.

The amounts received are in relation to amounts withheld as withholding tax reported in the activity statement. This essentially subsidises the company's obligation to remit withholding tax to the Australian Taxation Office. For reporting purposes, the amounts subsidised are recognised as revenue.

The amounts are not assessable for tax purposes and there is no obligation to repay the amounts.

# Homebush Financial Services Limited

## Notes to the Financial Statements

for the year ended 30 June 2021

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### **Note 4 Summary of significant accounting policies (*continued*)**

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#### **c) Economic dependency - Bendigo Bank**

The company has entered into a franchise agreement with Bendigo Bank that governs the management of the Community Bank.

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

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

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

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

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

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

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

#### **d) Employee benefits**

##### *Short-term employee benefits*

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for salary and wages where the employee has provided the service but payment has not yet occurred at the reporting date. They are measured at amounts expected to be paid, plus related on-costs. Non-accumulating sick leave is expensed when the leave is taken and measured at the rates paid or payable.

An annual leave liability is recognised for the amount expected to be paid if the company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be reliably estimated. The company's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as part of current trade and other payables in the statement of financial position. The company's obligations for employees' annual leave and long service leave entitlements are recognised in employee benefits in the statement of financial position.

# Homebush Financial Services Limited

## Notes to the Financial Statements

for the year ended 30 June 2021

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**Note 4 Summary of significant accounting policies (continued)**

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**d) Employee benefits (continued)***Defined superannuation contribution plans*

The company contributes to a defined contribution plan. Obligations for superannuation contributions to defined contribution plans are expensed as the related service is provided.

*Other long-term employee benefits*

The company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior reporting periods.

That benefit is discounted to determine its present value. Consideration is given to expected future wage and salary levels plus related on-costs, experience of employee departures, and years of service achieved. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

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

**e) Taxes**

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income.

*Current income tax*

Current tax assets and liabilities are measured at amounts expected to be recovered from or paid to the taxation authorities. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

*Deferred tax*

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are recognised for all deductible temporary differences, carried-forward tax losses, and unused tax credits to the extent that it is probable that future taxable profits will be available against which they can be used.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax is measured at the rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax and when the balances relate to taxes levied by the same taxation authority and the entity intends to settle its tax assets and liabilities on a net basis.

*Goods and Services Tax*

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

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

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



# Homebush Financial Services Limited

## Notes to the Financial Statements

for the year ended 30 June 2021

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### Note 4 Summary of significant accounting policies (continued)

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#### f) Cash and cash equivalents

For the purposes of the statement of financial position and statement of cash flows, cash and cash equivalents comprise cash on hand and deposits held with banks.

#### g) Property, plant and equipment

Items of property, plant and equipment are measured at cost or fair value as applicable, less accumulated depreciation. Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the company.

Depreciation is calculated to write-off the cost of items of property, plant and equipment less their estimated residual values using straight-line method over their estimated useful lives, and is recognised in profit or loss.

The estimated useful lives of property, plant and equipment for the current and comparative periods are as follows:

<u>Asset class</u>	<u>Method</u>	<u>Useful life</u>
Leasehold improvements	Straight-line	5 to 40 years
Plant and equipment	Straight-line	5 to 40 years
Furniture, fixtures and fittings	Straight-line	3 to 5 years

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

#### h) Intangible assets

Intangible assets of the company relate to the franchise fees paid to Bendigo Bank which conveys the right to operate the Community Bank franchise.

Intangible assets are measured on initial recognition at cost. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

The franchise fees paid by the company are amortised over their useful life and assessed for impairment whenever impairment indicators are present.

The estimated useful life and amortisation method for the current and comparative periods are as follows:

Franchise fee	Straight-line	Over the franchise term (5 years)
Franchise renewal process fee	Straight-line	Over the franchise term (5 years)

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

#### i) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The company's financial instruments include trade and other debtors and creditors, cash and cash equivalents and lease liabilities.

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

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

# Homebush Financial Services Limited

## Notes to the Financial Statements

for the year ended 30 June 2021

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### Note 4 Summary of significant accounting policies (*continued*)

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#### i) Financial instruments (continued)

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

#### j) Impairment

##### *Non-derivative financial assets*

Expected credit losses (ECL) are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received. At each reporting date, the entity recognises the movement in the ECL (if any) as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

The company's trade receivables are limited to the monthly profit share distribution from Bendigo Bank, which is received 10 business days post month end. Due to the reliance on Bendigo Bank the company has reviewed credit ratings provided by Standard & Poors, Moody's and Fitch Ratings to determine the level of credit exposure to the company. The company also performed a historical assessment of receivables from Bendigo Bank and found no instances of default. As a result no ECL has been made in relation to trade receivables as at 30 June 2021.

##### *Non-financial assets*

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

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

#### k) Issued capital

Ordinary shares are recognised at the fair value of the consideration received by the company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

#### l) Provisions

Provisions are recognised when the economic entity has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

#### m) Leases

At inception of a contract, the company assesses whether a contract contains or is a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration and obtain substantially all the economic benefits from the use of that asset.

##### *As a lessee*

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the company's incremental borrowing rate.

The company determines its incremental borrowing rate by obtaining interest rates from funding sources and where necessary makes certain adjustments to reflect the terms of the lease and type of asset leased.

Lease payments included in the measurement of the lease liability comprise fixed or variable lease payments that depend on an index or rate and lease payments in a renewal option if the company is reasonably certain to exercise that option. For leases of property the company has elected to separate lease and non-lease components when calculating the lease liability.

# Homebush Financial Services Limited

## Notes to the Financial Statements

for the year ended 30 June 2021

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### **Note 4 Summary of significant accounting policies (continued)**

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#### **m) Leases (continued)**

##### *As a lessee (continued)*

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if the company changes its assessment of whether it will exercise an extension option or if there is a revised in-substance fixed lease payment.

The company assesses at the lease commencement date whether it is reasonably certain to exercise extension options. The company reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

Where the company is a lessee for the premises to conduct its business, extension options are included in the lease term except when the company is reasonably certain not to exercise the extension option. This is due to the significant disruption of relocating premises and the loss on disposal of leasehold improvements fitted out in the demised leased premises.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

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

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

##### *Short-term leases and leases of low-value assets*

The company has elected not to recognise right-of-use assets and lease liabilities for leases of short-term leases and low-value assets, including IT equipment. The company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

A short-term lease is a lease that, at commencement date, has a lease term of 12 months or less.

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### **Note 5 Significant accounting judgements, estimates, and assumptions**

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In preparing these financial statements, management has made judgements and estimates that affect the application of the company's accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

# Homebush Financial Services Limited

## Notes to the Financial Statements

for the year ended 30 June 2021

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### Note 5 Significant accounting judgements, estimates, and assumptions *(continued)*

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#### a) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

<u>Note</u>	<u>Judgement</u>
- Note 20 - leases:	
a) control	a) whether a contract is or contains a lease at inception by assessing whether the company has the right to direct the use of the identified asset and obtain substantially all the economic benefits from the use of that asset;
b) lease term	b) whether the company is reasonably certain to exercise extension options, termination periods, and purchase options;
c) discount rates	c) judgement is required to determine the discount rate, where the discount rate is the company's incremental borrowing rate if the rate implicit in the lease cannot be readily determined. The incremental borrowing rate is determined with reference to factors specific to the company and underlying asset including the amount, the lease term, economic environment and other relevant factors.

#### b) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at 30 June 2021 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

<u>Note</u>	<u>Assumptions</u>
- Note 18 - recognition of deferred tax assets	availability of future taxable profit against which deductible temporary differences and carried-forward tax losses can be utilised;
- Note 15 - estimation of useful lives of assets	key assumptions on historical experience and the condition of the asset;
- Note 22 - long service leave provision	key assumptions on attrition rate and pay increases through promotion and inflation;
- Note 21 - make-good provision	key assumptions on future cost estimates in restoring the leased premises in accordance with the lease agreement;

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### Note 6 Financial risk management

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

Risk management is carried out directly by the board of directors.

#### a) Credit risk

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

The company's franchise agreement limits the company's credit exposure to one financial institution, being Bendigo Bank. The company monitors credit worthiness through review of credit ratings of the bank.

# Homebush Financial Services Limited

## Notes to the Financial Statements

for the year ended 30 June 2021

### Note 6 Financial risk management (continued)

#### b) Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting the obligations associated with its financial liabilities. The company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

##### Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities. The contractual cash flows amounts are gross and undiscounted.

30 June 2021

<u>Non-derivative financial liability</u>	<u>Carrying amount</u>	<u>Not later than 12 months</u>	<u>Contractual cash flows</u>	
			<u>Between 12 months and five years</u>	<u>Greater than five years</u>
Lease liabilities	187,149	49,331	157,054	-
Trade and other payables	40,555	40,555	-	-
	<u>227,704</u>	<u>89,886</u>	<u>157,054</u>	<u>-</u>

30 June 2020

<u>Non-derivative financial liability</u>	<u>Carrying amount</u>	<u>Not later than 12 months</u>	<u>Contractual cash flows</u>	
			<u>Between 12 months and five years</u>	<u>Greater than five years</u>
Lease liabilities	224,710	44,622	205,702	-
Trade and other payables	28,880	28,880	-	-
	<u>253,590</u>	<u>73,502</u>	<u>205,702</u>	<u>-</u>

#### c) Market risk

Market risk is the risk that changes in market prices - e.g. foreign exchange rates, interest rates, and equity prices - will affect the company's income or the value of its holdings in financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The company has no exposure to any transactions denominated in a currency other than Australian dollars.

##### Price risk

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

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

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

The company held cash and cash equivalents of \$617,470 at 30 June 2021 (2020: \$410,255). The cash and cash equivalents are held with Bendigo Bank, which are rated BBB+ on Standard & Poor's credit ratings.

# Homebush Financial Services Limited

## Notes to the Financial Statements

for the year ended 30 June 2021

### Note 7 Capital management

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

In accordance with the franchise agreement, in any 12 month period the funds distributed to shareholders shall not exceed the distribution limit.

The distribution limit is the greater of:

- (a) 20% of the profit or funds of the company otherwise available for distribution to shareholders in that 12 month period; and
- (b) subject to the availability of distributable profits, the relevant rate of return multiplied by the average level of share capital of the company over that 12 month period where the relevant rate of return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

The board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the year ended 30 June 2021 can be seen in the statement of profit or loss and other comprehensive Income.

There were no changes in the company's approach to capital management during the year.

### Note 8 Revenue from contracts with customers

	2021 \$	2020 \$
- Margin income	782,982	614,374
- Fee income	74,337	96,712
- Commission income	33,920	32,432
	<u>891,239</u>	<u>743,518</u>

### Note 9 Other revenue

	2021 \$	2020 \$
- Market development fund income	1,875	25,000
- Cash flow boost	31,322	58,410
	<u>33,197</u>	<u>83,410</u>

### Note 10 Finance income

	2021 \$	2020 \$
- Term deposits	608	2,742

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

# Homebush Financial Services Limited

## Notes to the Financial Statements

for the year ended 30 June 2021

### Note 11 Expenses

a) Depreciation and amortisation expense	2021 \$	2020 \$
<i>Depreciation of non-current assets:</i>		
- Leasehold improvements	6,172	6,197
- Plant and equipment	912	792
- Furniture and fittings	990	967
	8,074	7,956
<i>Depreciation of right-of-use assets</i>		
- Leased land and buildings	45,837	46,526
<i>Amortisation of intangible assets:</i>		
- Franchise fee	2,052	2,238
- Franchise renewal process fee	8,207	8,954
	10,259	11,192
Total depreciation and amortisation expense	64,170	65,674
<b>b) Finance costs</b>		
- Lease interest expense	9,969	11,882
- Unwinding of make-good provision	771	737
	10,740	12,619
Finance costs are recognised as expenses when incurred using the effective interest.		
<b>c) Employee benefit expenses</b>		
Wages and salaries	329,940	319,878
Contributions to defined contribution plans	31,152	34,333
Expenses related to long service leave	1,139	3,081
Other expenses	66,638	88,116
	428,869	445,408
<b>d) Recognition exemption</b>		
The company pays for the right to use information technology equipment. The underlying assets have been assessed as low value and exempted from recognition under AASB 16 accounting. Expenses relating to low-value exempt leases are included in system costs expenses.		
	2021 \$	2020 \$
Expenses relating to low-value leases	14,013	13,804

# Homebush Financial Services Limited

## Notes to the Financial Statements

for the year ended 30 June 2021

### Note 12 Income tax expense

a) Amounts recognised in profit or loss	2021 \$	2020 \$
<i>Current tax expense/(credit)</i>		
- Recoupment of prior year tax losses	41,293	26,653
- Movement in deferred tax	(7,446)	(5,954)
- Adjustment to deferred tax to reflect reduction in tax rate in future periods	6,850	12,228
	<u>40,697</u>	<u>32,927</u>

Progressive changes to the company tax rate have been enacted. Consequently, as of 1 July 2021, the company tax rate will be reduced from 26% to 25%. This change resulted in a loss of \$6,850 related to the remeasurement of deferred tax assets and liabilities of the company.

b) <i>Prima facie</i> income tax reconciliation	2021 \$	2020 \$
Operating profit before taxation	159,702	133,681
Prima facie tax on loss from ordinary activities at 26% (2020: 27.5%)	41,523	36,762
Tax effect of:		
- Non-deductible expenses	469	-
- Temporary differences	7,445	5,954
- Other assessable income	(8,144)	(16,063)
- Movement in deferred tax	(7,446)	(5,954)
- Adjustment to deferred tax to reflect reduction of tax rate in future periods	6,850	12,228
	<u>40,697</u>	<u>32,927</u>

### Note 13 Cash and cash equivalents

	2021 \$	2020 \$
- Cash at bank and on hand	467,467	260,255
- Term deposits	150,003	150,000
	<u>617,470</u>	<u>410,255</u>

### Note 14 Trade and other receivables

a) Current assets	2021 \$	2020 \$
Trade receivables	71,399	70,448
Prepayments	2,586	5,323
Other receivables and accruals	668	668
	<u>74,653</u>	<u>76,439</u>



Homebush Financial Services Limited  
Notes to the Financial Statements  
for the year ended 30 June 2021

**Note 15 Property, plant and equipment**

<b>a) Carrying amounts</b>	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<i>Leasehold improvements</i>		
At cost	297,026	297,026
Less: accumulated depreciation	(152,960)	(146,788)
	<u>144,066</u>	<u>150,238</u>
<i>Plant and equipment</i>		
At cost	72,477	71,517
Less: accumulated depreciation	(66,132)	(65,220)
	<u>6,345</u>	<u>6,297</u>
<i>Furniture and fittings</i>		
At cost	31,981	31,583
Less: accumulated depreciation	(31,581)	(30,591)
	<u>400</u>	<u>992</u>
Total written down amount	<u>150,811</u>	<u>157,527</u>
<b>b) Reconciliation of carrying amounts</b>		
<i>Leasehold improvements</i>		
Carrying amount at beginning	150,238	156,435
Depreciation	(6,172)	(6,197)
	<u>144,066</u>	<u>150,238</u>
<i>Plant and equipment</i>		
Carrying amount at beginning	6,297	7,089
Additions	960	-
Depreciation	(912)	(792)
	<u>6,345</u>	<u>6,297</u>
<i>Furniture and fittings</i>		
Carrying amount at beginning	992	1,959
Additions	398	-
Depreciation	(990)	(967)
	<u>400</u>	<u>992</u>
Total written down amount	<u>150,811</u>	<u>157,527</u>

# Homebush Financial Services Limited

## Notes to the Financial Statements

for the year ended 30 June 2021

### Note 16 Right-of-use assets

a) Carrying amounts	2021	2020
	\$	\$
<i>Leased land and buildings</i>		
At cost	275,461	279,154
Less: accumulated depreciation	(92,363)	(46,526)
Total written down amount	<u>183,098</u>	<u>232,628</u>
<b>b) Reconciliation of carrying amounts</b>		
<i>Leased land and buildings</i>		
Carrying amount at beginning	232,628	-
Initial recognition on transition	-	279,154
Remeasurement adjustments	(3,693)	-
Depreciation	(45,837)	(46,526)
Total written down amount	<u>183,098</u>	<u>232,628</u>

### Note 17 Intangible assets

a) Carrying amounts	2021	2020
	\$	\$
<i>Franchise fee</i>		
At cost	82,746	82,746
Less: accumulated amortisation	(80,694)	(78,642)
	<u>2,052</u>	<u>4,104</u>
<i>Franchise renewal process fee</i>		
At cost	130,983	130,983
Less: accumulated amortisation	(122,775)	(114,568)
	<u>8,208</u>	<u>16,415</u>
Total written down amount	<u>10,260</u>	<u>20,519</u>
<b>b) Reconciliation of carrying amounts</b>		
<i>Franchise fee</i>		
Carrying amount at beginning	4,104	6,342
Amortisation	(2,052)	(2,238)
	<u>2,052</u>	<u>4,104</u>
<i>Franchise renewal process fee</i>		
Carrying amount at beginning	16,415	25,369
Amortisation	(8,207)	(8,954)
	<u>8,208</u>	<u>16,415</u>
Total written down amount	<u>10,260</u>	<u>20,519</u>
<b>c) Changes in estimates</b>		

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

# Homebush Financial Services Limited

## Notes to the Financial Statements

for the year ended 30 June 2021

### Note 18 Tax assets and liabilities

a) Deferred tax	2021 \$	2020 \$
<i>Deferred tax assets</i>		
- expense accruals	896	805
- employee provisions	12,274	8,995
- make-good provision	4,130	4,095
- lease liability	46,787	58,425
- carried-forward tax losses	156,305	203,850
Total deferred tax assets	<u>220,392</u>	<u>276,170</u>
<i>Deferred tax liabilities</i>		
- property, plant and equipment	3,371	3,742
- right-of-use assets	45,775	60,483
Total deferred tax liabilities	<u>49,146</u>	<u>64,225</u>
Net deferred tax assets (liabilities)	<u>171,246</u>	<u>211,945</u>
Movement in deferred tax charged to Statement of Profit or Loss and Other Comprehensive Income	<u>(40,699)</u>	<u>(32,927)</u>

### Note 19 Trade creditors and other payables

Where the company is liable to settle an amount within 12 months of reporting date, the liability is classified as current. All other obligations are classified as non-current.

a) Current liabilities	2021 \$	2020 \$
Trade creditors	1,297	987
Other creditors and accruals	39,258	27,893
	<u>40,555</u>	<u>28,880</u>

### Note 20 Lease liabilities

Lease liabilities were measured at amounts equal to the present value of enforceable future payments of the term reasonably expected to be exercised, discounted at the appropriate incremental borrowing rate on the adoption date. The discount rate used on recognition was 4.79%.

The company has applied judgement in estimating the remaining lease term including the effects of any extension options reasonably expected to be exercised, applying hindsight where appropriate.

The company's lease portfolio includes:

- **Homebush Branch**      The lease agreement is a non-cancellable lease with an initial term of 3 years which commenced in 1 July 2019. The company has 1 x 3 year renewal option available which for AASB 16: Leases purposes they are reasonably certain to exercise. As such, the lease term end date used in the calculation of the lease liability is June 2025.

# Homebush Financial Services Limited

## Notes to the Financial Statements

for the year ended 30 June 2021

### Note 20 Lease liabilities (continued)

a) Current lease liabilities	2021 \$	2020 \$
Property lease liabilities	49,331	44,622
Unexpired interest	(8,066)	(6,063)
	<u>41,265</u>	<u>38,559</u>
<b>b) Non-current lease liabilities</b>		
Property lease liabilities	157,054	205,702
Unexpired interest	(11,170)	(19,551)
	<u>145,884</u>	<u>186,151</u>
<b>c) Reconciliation of lease liabilities</b>		
Balance at the beginning	224,710	-
Initial recognition on AASB 16 transition	-	264,142
Remeasurement adjustments	(3,693)	-
Lease interest expense	9,970	11,882
Lease payments - total cash outflow	(43,838)	(51,314)
	<u>187,149</u>	<u>224,710</u>
<b>d) Maturity analysis</b>		
- Not later than 12 months	49,331	44,622
- Between 12 months and 5 years	157,054	205,702
Total undiscounted lease payments	<u>206,385</u>	<u>250,324</u>
Unexpired interest	(19,236)	(25,614)
Present value of lease liabilities	<u>187,149</u>	<u>224,710</u>

### Note 21 Provisions

a) Non-current liabilities	2021 \$	2020 \$
Make-good on leased premises	<u>16,518</u>	<u>15,749</u>

In accordance with the branch lease agreement, the company must restore the leased premises to the original condition before the expiry of the lease term. The company has estimated the provision as at \$20,000 based on experience and consideration of the expected future costs to remove all fittings and the ATM as well as cost to remedy any damages caused during the removal process. The lease is due to expire on 30 June 2025 at which time it is expected the face-value costs to restore the premises will fall due.

### Note 22 Employee benefits

a) Current liabilities	2021 \$	2020 \$
Provision for annual leave	<u>32,357</u>	<u>29,159</u>
<b>b) Non-current liabilities</b>		
Provision for long service leave	<u>4,697</u>	<u>3,558</u>

# Homebush Financial Services Limited

## Notes to the Financial Statements

for the year ended 30 June 2021

### Note 22 Employee benefits (continued)

#### c) Key judgement and assumptions

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

### Note 23 Issued capital

#### a) Issued capital

	2021		2020	
	Number	\$	Number	\$
Ordinary shares - fully paid	1,286,098	1,419,343	1,286,098	1,419,343
Less: equity raising costs	-	(46,389)	-	(46,389)
	<u>1,286,098</u>	<u>1,372,954</u>	<u>1,286,098</u>	<u>1,372,954</u>

#### b) Rights attached to issued capital

##### Ordinary shares

##### Voting rights

Subject to some limited exceptions, each member has the right to vote at a general meeting.

On a show of hands or a poll, each member attending the meeting (whether they are attending the meeting in person or by attorney, corporate representative or proxy) has one vote, regardless of the number of shares held. However, where a person attends a meeting in person and is entitled to vote in more than one capacity (for example, the person is a member and has also been appointed as proxy for another member) that person may only exercise one vote on a show of hands. On a poll, that person may exercise one vote as a member and one vote for each other member that person represents as duly appointed attorney, corporate representative or proxy.

The purpose of giving each member only one vote, regardless of the number of shares held, is to reflect the nature of the company as a community based company, by providing that all members of the community who have contributed to the establishment and ongoing operation of the Community Bank branch have the same ability to influence the operation of the company.

##### Dividends

Generally, dividends are payable to members in proportion to the amount of the share capital paid up on the shares held by them, subject to any special rights and restrictions for the time being attaching to shares. The franchise agreement with Bendigo Bank contains a limit on the level of profits or funds that may be distributed to shareholders. There is also a restriction on the payment of dividends to certain shareholders if they have a prohibited shareholding interest (see below).

##### Transfer

Generally, ordinary shares are freely transferable. However, the directors have a discretion to refuse to register a transfer of shares.

Subject to the foregoing, shareholders may transfer shares by a proper transfer effected in accordance with the company's constitution and the *Corporations Act 2001*.

##### *Prohibited shareholding interest*

A person must not have a prohibited shareholding interest in the company.

In summary, a person has a prohibited shareholding interest if any of the following applies:

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").

# Homebush Financial Services Limited

## Notes to the Financial Statements

for the year ended 30 June 2021

### Note 23 Issued capital (continued)

#### b) Rights attached to issued capital (continued)

##### Prohibited shareholding interest (continued)

As with voting rights, the purpose of this prohibited shareholding provision is to reflect the community-based nature of the company.

Where a person has a prohibited shareholding interest, the voting and dividend rights attaching to the shares in which the person (and his or her associates) have a prohibited shareholding interest, are suspended.

The board has the power to request information from a person who has (or is suspected by the board of having) a legal or beneficial interest in any shares in the company or any voting power in the company, for the purpose of determining whether a person has a prohibited shareholding interest. If the board becomes aware that a member has a prohibited shareholding interest, it must serve a notice requiring the member (or the member's associate) to dispose of the number of shares the board considers necessary to remedy the breach. If a person fails to comply with such a notice within a specified period (that must be between three and six months), the board is authorised to sell the specified shares on behalf of that person. The holder will be entitled to the consideration from the sale of the shares, less any expenses incurred by the board in selling or otherwise dealing with those shares.

In the constitution, members acknowledge and recognise that the exercise of the powers given to the board may cause considerable disadvantage to individual members, but that such a result may be necessary to enforce the prohibition.

### Note 24 Accumulated losses

	2021 \$	2020 \$
Balance at beginning of reporting period	(565,697)	(666,451)
Net profit after tax from ordinary activities	119,005	100,754
Balance at end of reporting period	<u>(446,692)</u>	<u>(565,697)</u>

### Note 25 Reconciliation of cash flows from operating activities

	2021 \$	2020 \$
Net profit after tax from ordinary activities	119,005	100,754
Adjustments for:		
- Depreciation	53,911	54,482
- Amortisation	10,259	11,192
Changes in assets and liabilities:		
- (Increase)/decrease in trade and other receivables	1,784	(21,221)
- (Increase)/decrease in other assets	40,697	32,927
- Increase/(decrease) in trade and other payables	23,055	(15,330)
- Increase/(decrease) in employee benefits	4,337	12,124
- Increase/(decrease) in provisions	769	737
Net cash flows provided by operating activities	<u>253,817</u>	<u>175,665</u>

# Homebush Financial Services Limited

## Notes to the Financial Statements

for the year ended 30 June 2021

### Note 26 Financial instruments

The following shows the carrying amounts for all financial instruments at amortised costs. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Note	2021 \$	2020 \$
<b>Financial assets</b>			
Cash and cash equivalents	13	467,467	260,255
Term deposits	13	150,003	150,000
Trade and other receivables	14	72,067	71,116
		<u>689,537</u>	<u>481,371</u>
<b>Financial liabilities</b>			
Trade and other payables	19	40,555	28,880
Lease liabilities	20	187,149	224,710
		<u>227,704</u>	<u>28,880</u>

### Note 27 Auditor's remuneration

Amount received or due and receivable by the auditor of the company for the financial year.

	2021 \$	2020 \$
<i>Audit and review services</i>		
- Audit and review of financial statements	5,000	4,800
<i>Non audit services</i>		
- Taxation advice and tax compliance services	600	600
- General advisory services	3,840	2,210
- Share registry services	1,900	1,900
Total auditor's remuneration	<u>11,340</u>	<u>9,510</u>

### Note 28 Related parties

#### a) Details of key management personnel

The directors of the company during the financial year were:

Alana Pendrick  
 Daniel Pascuzzo  
 James Tran GAICD  
 Michael Andrew Brewer GAICD  
 Belinda Dimovski  
 Geoffrey John Harper  
 Alice Christina Mantel  
 David Chenu  
 Shaun Palmer

#### b) Key management personnel compensation

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

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

# Homebush Financial Services Limited

## Notes to the Financial Statements

for the year ended 30 June 2021

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### Note 28 Related parties *(continued)*

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#### c) Related party transactions

No director or related entity has entered into a material contract with the company.

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### Note 29 Earnings per share

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#### a) Basic and diluted earnings per share

The calculation of basic and diluted earnings per share has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding.

	2021	2020
	\$	\$
Profit attributable to ordinary shareholders	119,005	100,754
	<b>Number</b>	<b>Number</b>
Weighted-average number of ordinary shares	1,286,098	1,286,098
	<b>Cents</b>	<b>Cents</b>
Basic and diluted earnings per share	9.25	7.83

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### Note 30 Commitments

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

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### Note 31 Contingencies

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

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### Note 32 Subsequent events

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There have been no significant events occurring after the reporting period which may affect either the company's operations or the results of those operations or the company's state of affairs.



# Homebush Financial Services Limited

## Directors' Declaration

In accordance with a resolution of the directors of Homebush Financial Services Limited, we state that:

In the opinion of the directors:

- (a) the financial statements and notes of the company are in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the company's financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and
  - (ii) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the board of directors.



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Alana Pendrick, Chair

Dated this 28th day of September 2021

# Independent auditor's report to the Directors of Homebush Financial Services Ltd.

## Report on the Audit of the Financial Report

### Opinion

We have audited the financial report of Homebush Financial Services Ltd.'s (the company), which comprises:

- Statement of financial position as at 30 June 2021
- Statement of profit or loss and other comprehensive income
- Statement of changes in equity
- Statement of cash flows
- Notes to the financial statements, including a summary of significant accounting policies
- The directors' declaration of the company.

In our opinion, the accompanying financial report of Homebush Financial Services Ltd., is in accordance with the *Corporations Act 2001*, including:

- i. giving a true and fair view of the company's financial position as at 30 June 2021 and of its financial performance for the year ended on that date; and
- ii. complying with Australian Accounting Standards and the Corporations Regulations 2001.

### Basis for Opinion

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

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

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



61 Bull Street  
Bendigo VIC 3550

afs@afsbendigo.com.au  
03 5443 0344

## Other Information

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

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

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

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

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

## Responsibilities of the Directors for the Financial Report

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

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

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

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

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

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

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



**Andrew Frewin Stewart**  
61 Bull Street, Bendigo, Vic, 3550  
Dated: 28 September 2021



**Adrian Downing**  
Lead Auditor

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Community Bank · Homebush  
27 Rochester Street,  
Homebush NSW 2140  
Phone: 02 9764 6616 Fax: 02 9764 6737  
Web: [bendigobank.com.au/branch/nsw/community-bank-homebush/](http://bendigobank.com.au/branch/nsw/community-bank-homebush/)

Franchisee: Homebush Financial Services Limited  
ABN: 55 097 923 807  
27 Rochester Street,  
Homebush NSW 2140  
Email: [HomebushMailbox@bendigoadelaide.com.au](mailto:HomebushMailbox@bendigoadelaide.com.au)

Share Registry:  
AFS & Associates Pty Ltd  
PO Box 454, Bendigo VIC 3552  
Phone: 5443 0344  
Fax: 5443 5304  
Email: [shareregistry@afsbendigo.com.au](mailto:shareregistry@afsbendigo.com.au)

