

Kwinana Community Financial Services Ltd

ABN 89 169 535 228

Half-year Financial Report - 31 December 2023

# **Kwinana Community Financial Services Ltd**

## **Directors' report**

### **31 December 2023**

The directors present their report, together with the financial statements, on the company for the half-year ended 31 December 2023.

#### **Directors**

The following persons were directors of the company during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Johannes Maria Iriks  
Wayne Milnes  
Stephen Paul Williams  
Sarah Rachel Mahony (resigned 16 November 2023)

Maxwell John Bird  
Leslie Harris Whiddett  
Christopher Michael Duke

#### **Principal activity**

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

#### **Review of operations**

The profit for the company after providing for income tax amounted to \$37,295 (31 December 2022: \$61,842). Operations have continued to perform in line with expectations.

The Reserve Bank of Australia (RBA) increased the cash rate by 2.25% during the previous period from 0.85% to 3.10% at 31 December 2022. Since then the cash rate has increased by 1.25% to 4.35% as at 31 December 2023. The increased cash rate has had a direct impact on the revenue received by the company, increasing the net interest margin income received under the revenue share arrangement the company has with Bendigo Bank.

While the cash rate has increased, from 1 July 2023 Bendigo Bank updated the Funds Transfer Pricing (FTP) base rate on certain deposits which has impacted the income earned on these products.

#### **Significant changes in the state of affairs**

On 16 November 2023, the company declared an unfranked dividend of 3 cents per share, representing a total payment of \$34,800. At 31 December 2023, the unfranked dividend was yet to be paid to shareholders and is therefore recognised within trade and other payables on the Statement of financial position. On 15 January 2024 the unfranked dividend was paid to shareholders.

There were no other significant changes in the state of affairs of the company during the financial half-year.

#### **Matters subsequent to the end of the financial half-year**

On 15 January 2024, the company paid an unfranked dividend of 3 cents per share to shareholders, representing a total payment of \$34,800. This dividend was declared on 16 November 2023 and was recorded within trade and other payables at 31 December 2023. Refer to Note 4 for further information.

No other matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

#### **Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this directors' report.

**Kwinana Community Financial Services Ltd**  
**Directors' report**  
**31 December 2023**

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the *Corporations Act 2001*.

On behalf of the directors

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Johannes Maria Iriks  
Chair

8 March 2024



Andrew Frewin Stewart  
61 Bull Street Bendigo VIC 3550  
ABN: 65 684 604 390  
afs@afsbendigo.com.au  
(03) 5443 0344

## Lead auditor's independence declaration under section 307C of the *Corporations Act 2001* to the Directors of Kwinana Community Financial Services Ltd

We declare that, to the best of our knowledge and belief, for the half-year ended 31 December 2023 there have been no contraventions of:

- i. the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review
- ii. any applicable code of professional conduct in relation to the review.

A handwritten signature in black ink, appearing to read 'Andrew Frewin Stewart', is positioned above the printed name.

**Andrew Frewin Stewart**  
61 Bull Street, Bendigo Vic 3550  
Dated: 8 March 2024

A handwritten signature in black ink, appearing to read 'Lachlan Tatt', is positioned above the printed name.

**Lachlan Tatt**  
Lead Auditor

**Kwinana Community Financial Services Ltd**  
**Statement of profit or loss and other comprehensive income**  
**For the half-year ended 31 December 2023**

	Note	31-Dec-23 \$	31-Dec-22 \$
Revenue from contracts with customers	3	362,406	342,840
Other revenue		-	7,500
Total revenue		<u>362,406</u>	<u>350,340</u>
Employee benefits expense		(217,985)	(177,332)
Advertising and marketing costs		(3,553)	(4,096)
Occupancy and associated costs		(10,717)	(13,635)
Systems costs		(12,681)	(12,476)
Depreciation and amortisation expense		(22,264)	(22,477)
Finance costs		(3,431)	(8,104)
General administration expenses		(40,591)	(29,297)
Total expenses before community contributions and income tax		<u>(311,222)</u>	<u>(267,417)</u>
<b>Profit before community contributions and income tax expense</b>		51,184	82,923
Charitable donations, sponsorships and grants expense		<u>(3,763)</u>	<u>(468)</u>
<b>Profit before income tax expense</b>		47,421	82,455
Income tax expense		<u>(10,126)</u>	<u>(20,613)</u>
<b>Profit after income tax expense for the half-year</b>		37,295	61,842
Other comprehensive income for the half-year, net of tax		<u>-</u>	<u>-</u>
<b>Total comprehensive income for the half-year</b>		<u><u>37,295</u></u>	<u><u>61,842</u></u>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share		3.22	5.33
Diluted earnings per share		3.22	5.33

*The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes*

**Kwinana Community Financial Services Ltd**  
**Statement of financial position**  
**As at 31 December 2023**

	31-Dec-23 \$	30-Jun-23 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	11,186	1,492
Trade and other receivables	67,497	70,132
Total current assets	<u>78,683</u>	<u>71,624</u>
<b>Non-current assets</b>		
Property, plant and equipment	48,494	55,429
Right-of-use assets	115,766	120,345
Intangibles	19,652	26,202
Deferred tax assets	266,671	276,797
Total non-current assets	<u>450,583</u>	<u>478,773</u>
<b>Total assets</b>	<u>529,266</u>	<u>550,397</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	92,219	38,013
Borrowings	-	48,752
Lease liabilities	22,262	17,472
Employee benefits	25,673	25,939
Total current liabilities	<u>140,154</u>	<u>130,176</u>
<b>Non-current liabilities</b>		
Trade and other payables	-	14,985
Lease liabilities	109,775	118,850
Employee benefits	713	10,257
Total non-current liabilities	<u>110,488</u>	<u>144,092</u>
<b>Total liabilities</b>	<u>250,642</u>	<u>274,268</u>
<b>Net assets</b>	<u>278,624</u>	<u>276,129</u>
<b>Equity</b>		
Issued capital	1,120,118	1,120,118
Accumulated losses	(841,494)	(843,989)
<b>Total equity</b>	<u>278,624</u>	<u>276,129</u>

*The above statement of financial position should be read in conjunction with the accompanying notes*

**Kwinana Community Financial Services Ltd**  
**Statement of changes in equity**  
**For the half-year ended 31 December 2023**

	<b>Issued capital \$</b>	<b>Accumulated losses \$</b>	<b>Total equity \$</b>
<b>Balance at 1 July 2022</b>	1,120,118	(1,014,474)	105,644
Profit after income tax expense	-	61,842	61,842
Other comprehensive income, net of tax	-	-	-
Total comprehensive income	-	61,842	61,842
<b>Balance at 31 December 2022</b>	<u>1,120,118</u>	<u>(952,632)</u>	<u>167,486</u>
<b>Balance at 1 July 2023</b>	1,120,118	(843,989)	276,129
Profit after income tax expense	-	37,295	37,295
Other comprehensive income, net of tax	-	-	-
Total comprehensive income	-	37,295	37,295
<i>Transactions with owners in their capacity as owners:</i>			
Dividends provided for or paid	4	(34,800)	(34,800)
<b>Balance at 31 December 2023</b>	<u>1,120,118</u>	<u>(841,494)</u>	<u>278,624</u>

*The above statement of changes in equity should be read in conjunction with the accompanying notes*

**Kwinana Community Financial Services Ltd**  
**Statement of cash flows**  
**For the half-year ended 31 December 2023**

	<b>31-Dec-23</b>	<b>31-Dec-22</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of GST)	401,633	365,155
Payments to suppliers and employees (inclusive of GST)	(317,374)	(266,405)
Interest and other finance costs paid	(1,099)	(5,437)
	<u>83,160</u>	<u>93,313</u>
<b>Cash flows from investing activities</b>		
Payments for intangible assets	(13,541)	(13,541)
	<u>(13,541)</u>	<u>(13,541)</u>
<b>Cash flows from financing activities</b>		
Repayment of borrowings	-	(6,108)
Repayment of lease liabilities	(11,173)	(10,792)
	<u>(11,173)</u>	<u>(16,900)</u>
Net cash used in financing activities	<u>(11,173)</u>	<u>(16,900)</u>
Net increase in cash and cash equivalents	58,446	62,872
Cash and cash equivalents at the beginning of the financial half-year	(47,260)	(174,119)
	<u>11,186</u>	<u>(111,247)</u>
Cash and cash equivalents at the end of the financial half-year	<u><u>11,186</u></u>	<u><u>(111,247)</u></u>

*The above statement of cash flows should be read in conjunction with the accompanying notes*



**Kwinana Community Financial Services Ltd**  
**Notes to the financial statements**  
**31 December 2023**

**Note 1. Material accounting policy information**

These general purpose financial statements for the interim half-year reporting period ended 31 December 2023 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the *Corporations Act 2001*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made by the company during the period.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

**Note 2. Going concern**

The financial statements for the half-year ended 31 December 2023 have been prepared on the basis that the company is a going concern and that the company has sufficient resources to pay its debts as and when they fall due for the foreseeable future.

The directors have reviewed the company's financial position and performance for the financial half-year ended 31 December 2023 and note the following:

	31-Dec-23	30-Jun-23	Change	Change
	\$	\$	\$	%
Current assets	78,683	71,624	7,059	10%
Current liabilities	(140,154)	(130,176)	(9,978)	8%
Working capital/(deficiency)	(61,471)	(58,552)	(2,919)	
Total assets	529,266	550,397	(21,131)	(4%)
Total liabilities	(250,642)	(274,268)	23,626	(9%)
Net assets/(liabilities)	278,624	276,129	2,495	
Accumulated losses	(841,494)	(843,989)	2,495	-
Cash and cash equivalents	11,186	1,492	9,694	650%
Available overdraft and borrowing facilities	100,000	151,248	(51,248)	(34%)
	31-Dec-23	31-Dec-22	Change	Change
	\$	\$	\$	%
Profit/(loss) before tax	47,421	82,455	(35,034)	(42%)
Profit/(loss) after tax	37,295	61,842	(24,547)	(40%)
Operating cash inflows/(outflows)	83,160	93,313	(10,153)	(11%)

The company recorded a working capital deficiency at 31 December 2023, with current liabilities of \$140,154 exceeding current assets of \$78,683. For part of the financial half-year, the company has met its day to day working capital requirements through a bank overdraft facility. At 31 December 2023, the bank overdraft had an approved limit of \$100,000, which reduced from \$200,000 since 30 June 2023. At balance date, the company had not drawn upon its \$100,000 bank overdraft.

The directors have prepared forecasts and projections, which considers reasonable possible changes in trading performance, and shows that the company should be able to operate within the level of its current overdraft facility.

The directors have concluded that the combination of the circumstances above represent a material uncertainty over going concern, which casts doubt over the company's ability to pay its debts as and when they fall due in the foreseeable future.

**Kwinana Community Financial Services Ltd**  
**Notes to the financial statements**  
**31 December 2023**

**Note 2. Going concern (continued)**

Nevertheless, after making enquiries and considering the uncertainties described above, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For these reasons, the directors continue to adopt the going concern basis of accounting in preparing the half-year financial report.

**Note 3. Revenue from contracts with customers**

	<b>31-Dec-23</b>	<b>31-Dec-22</b>
	\$	\$
Margin income	319,310	302,862
Fee income	18,512	15,892
Commission income	<u>24,584</u>	<u>24,086</u>
Revenue from contracts with customers	<u><u>362,406</u></u>	<u><u>342,840</u></u>

*Disaggregation of revenue*

All revenue from contracts with customers has been recognised at a point in time during the half-year.

**Note 4. Dividends**

*Dividends declared during the half-year and payable*

The following dividends were declared during the half-year as presented in the Statement of changes in equity. This dividend was paid after the financial half-year on 15 January 2024.

	<b>31-Dec-23</b>	<b>31-Dec-22</b>
	\$	\$
Unfranked dividend of 3 cents per share (31-Dec-22: Nil)	<u>34,800</u>	<u>-</u>

**Note 5. Contingent assets and liabilities**

There were no contingent assets or liabilities at the date of this report.

**Note 6. Related party transactions**

Arrangements with related parties continue to be in place. For details on these arrangements, refer to the 30 June 2023 annual financial report.

**Note 7. Events after the reporting date**

On 15 January 2024, the company paid an unfranked dividend of 3 cents per share to shareholders, representing a total payment of \$34,800. This dividend was declared on 16 November 2023 and was recorded within trade and other payables at 31 December 2023. Refer to Note 4 for further information.

No other matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

**Kwinana Community Financial Services Ltd**  
**Directors' declaration**  
**31 December 2023**

In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, Australian Accounting Standard *AASB 134 'Interim Financial Reporting'*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 31 December 2023 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the *Corporations Act 2001*.

On behalf of the directors



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Johannes Maria Iriks  
Chair

8 March 2024



Andrew Frewin Stewart  
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(03) 5443 0344

# Independent auditor's review report to the Directors of Kwinana Community Financial Services Ltd

## Report on the half-year financial report

### Conclusion

We have reviewed the half-year financial report of Kwinana Community Financial Services Ltd (the company), which comprises the statement of financial position as at 31 December 2023, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a summary of material accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the accompanying half-year financial report of Kwinana Community Financial Services Ltd does not present fairly, in all material respects, the company's financial position at 31 December 2023, and of its financial performance and its cash flows for the half-year ended on that date, in accordance with the *Corporations Act 2001* and Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

### Material uncertainty over going concern

Without modifying our conclusion, we draw attention to Note 2 in the financial report, which shows that at 31 December 2023 the company recorded a net working capital deficiency of \$61,471 with current liabilities of \$140,154 exceeding current assets of \$78,683. The directors have access to a \$100,000 bank overdraft to manage the company's working capital deficiency which was not utilised at 31 December 2023. These conditions, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty that may cast doubt over the company's ability to continue as a going concern and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business.

### Basis for Conclusion

We conducted our review in accordance with ASRE 2410: *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.



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

## Responsibility of the directors for the financial report

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

## Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the half-year financial report does not present fairly, in all material respects in accordance with the *Corporations Act 2001* including giving a true and fair view of the company's financial position as at 31 December 2023 and its performance for the half-year ended on that date, in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

A handwritten signature in black ink, appearing to read 'Andrew Frewin Stewart', is positioned above the printed name.

**Andrew Frewin Stewart**  
61 Bull Street, Bendigo VIC 3550  
Dated: 8 March 2024

A handwritten signature in black ink, appearing to read 'Lachlan Tatt', is positioned above the printed name.

**Lachlan Tatt**  
Lead Auditor