
Kwinana

Community Financial Services Ltd

ABN: 89 169 535 228

Financial Report

For the half-year ended

31 December 2020

Kwinana Community Financial Services Ltd

Directors' Report

Your directors submit the financial report of the company for the half-year ended 31 December 2020.

Directors

The names of directors who held office during the half-year and until the date of this report are as below:

Johannes Maria Iriks
Wayne Milnes
Stephen Paul Williams
Maxwell John Bird

Sarah Rachel Mahony
Leslie Harris Whiddett
Robert George Cooper
Daniel Chan (*Appointed 19 November 2020*)

Principal activity

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

Review of operations

Operations have continued to perform in line with expectations. The net loss of the company for the financial period after the provision of income tax was:

Half-year ended 31 December 2020	Half-year ended 31 December 2019
\$ (80,506)	\$ (59,403)

Events after the end of the reporting period


There are no matters or circumstances that have arisen since the end of the half year reporting period 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.

Auditor's independence declaration

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 2.

Signed in accordance with a resolution of the directors at Kwinana, Western Australia.

Chairman



Johannes Maria Iriks

Dated this 16th day of February 2021

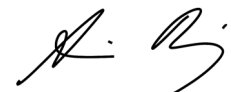
Lead auditor's independence declaration under section 307C of the *Corporations Act 2001* to the directors of Kwinana Community Financial Services Ltd

We declare that, to the best of our knowledge and belief, for the half-year ended 31 December 2020 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.



Andrew Frewin Stewart
61 Bull Street, Bendigo Vic 3550
Dated: 16 February 2021



Adrian Downing
Lead Auditor

Kwinana Community Financial Services Ltd

Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 31 December 2020

	2020	2019
	\$	\$
Revenue from contracts with customers	216,106	187,337
Other revenue	39,553	30,749
Finance income	69	271
Employee benefits expense	(175,979)	(165,644)
Charitable donations, sponsorship, advertising and promotion	(3,665)	(12,041)
Occupancy and associated costs	(50,623)	(14,141)
Systems costs	(22,972)	(19,523)
Depreciation and amortisation expense	(82,059)	(52,447)
Finance costs	(3,570)	(3,628)
General administration expenses	(33,163)	(28,696)
Loss before income tax	(116,303)	(77,763)
Income tax credit	35,797	18,360
Loss after income tax	(80,506)	(59,403)
Total comprehensive income for the half-year attributable to the ordinary shareholders of the company:	(80,506)	(59,403)
Earnings per share	¢	¢
- Basic and diluted loss per share:	(6.94)	(5.12)

Kwinana Community Financial Services Ltd

Statement of Financial Position

For the half-year ended 31 December 2020

	31-Dec-20	30-Jun-20
	\$	\$
ASSETS		
Current assets		
Cash and cash equivalents	24,546	24,316
Trade and other receivables	41,586	53,491
Total current assets	66,132	77,807
Non-current assets		
Property, plant and equipment	113,210	94,691
Right of use assets	164,612	-
Intangible assets	58,955	65,506
Deferred tax assets	340,572	304,774
Total non-current assets	677,349	464,971
TOTAL ASSETS	743,481	542,778
LIABILITIES		
Current liabilities		
Trade and other payables	61,518	37,322
Loans and borrowings	193,572	182,191
Lease liabilities	14,640	-
Provisions	-	20,455
Employee benefits	19,120	16,982
Total current liabilities	288,850	256,950
Non-current liabilities		
Trade and other payables	44,852	59,581
Loans and borrowings	100,000	-
Lease liabilities	161,726	-
Employee benefits	10,847	8,535
Total non-current liabilities	317,425	68,116
TOTAL LIABILITIES	606,275	325,066
NET ASSETS	137,206	217,712
EQUITY		
Issued capital	1,120,118	1,120,118
Accumulated losses	(982,912)	(902,406)
TOTAL EQUITY	137,206	217,712

The accompanying notes form part of these financial statements

Kwinana Community Financial Services Ltd

Statement of Changes in Equity

For the half-year ended 31 December 2020

	Issued capital \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2019	1,120,118	(745,828)	374,290
Total comprehensive income for the half-year	-	(59,403)	(59,403)
Balance at 31 December 2019	1,120,118	(805,231)	314,887
Balance at 1 July 2020	1,120,118	(902,406)	217,712
Total comprehensive income for the half-year	-	(80,506)	(80,506)
Balance at 31 December 2020	1,120,118	(982,912)	137,206

Kwinana Community Financial Services Ltd

Statement of Cash Flows

For the half-year ended 31 December 2020

	2020	2019
	\$	\$
Cash flows from operating activities		
Receipts from customers	280,717	219,064
Payments to suppliers and employees	(236,628)	(230,181)
Lease payments (interest component)	(3,090)	(1,240)
Lease payments not included in the measurement of lease liabilities	(52,751)	(13,805)
Interest received	69	271
Interest paid	(480)	(1,809)
Net cash used in operating activities	(12,163)	(27,700)
Cash flows from investing activities		
Purchase of property, plant and equipment	(85,365)	(573)
Payments for intangible assets	(13,623)	-
Net cash used in investing activities	(98,988)	(573)
Cash flows from financing activities		
Proceeds from borrowings	100,000	-
Lease payments (principal component)	-	(36,054)
Net cash provided by/(used in) financing activities	100,000	(36,054)
Net cash decrease in cash held	(11,151)	(64,327)
Cash and cash equivalents at the beginning of the financial year	(157,875)	(101,864)
Cash and cash equivalents at the end of the half-year	(169,026)	(166,191)

Kwinana Community Financial Services Ltd

Notes to the Financial Statements

For the half-year ended 31 December 2020

Note 1. Summary of significant accounting policies

Statement of Compliance

This general purpose financial report has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34: *Interim Financial Reporting*.

Basis of preparation

This financial report is intended to provide users with an update on the latest annual financial statements and does not include all the notes of the type normally included in an annual financial report. Accordingly the report shall be read in conjunction with the annual financial report for the year ended 30 June 2020 and any public announcements made by the company during the period.

Accounting policies

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial report and the previous corresponding interim period.

The half-year financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Going concern

The net assets of the company as at 31 December 2020 were \$137,206 and the loss made for the half-year was \$80,506, bringing accumulated losses to \$982,912.

In addition:	\$
Total assets	743,481
Total liabilities	606,275
Operating cash flows	(12,163)

There was a 36% increase in the loss after tax recorded for the half-year ended 31 December 2020 when compared to the prior year comparative period.

The company meets its day to day working capital requirements through an overdraft facility. The overdraft has an approved limit of \$300,000 and was drawn to \$193,572 as at 31 December 2020.

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' Report on page 1. The financial position of the company, its cash flows, liquidity position and borrowing facilities are described in the financial statements.

The current economic environment is difficult and while revenue continues to increase the company has again reported an operating loss for the year. The directors' consider that the outlook presents significant challenges in terms of banking business volume and pricing as well as for operating costs. Whilst the directors have instituted measures to preserve cash and secure additional finance, these circumstances create material uncertainties over future trading results and cash flows.

The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company will be able to continue to operate within the current overdraft facility.

Kwinana Community Financial Services Ltd

Notes to the Financial Statements

For the half-year ended 31 December 2020

Note 1. Summary of significant accounting policies (continued)

Going concern (continued)

The company has held discussions with Bendigo and Adelaide Bank Limited about its future borrowing needs. It is likely that these discussions will not be completed for some time but no matters have been drawn to its attention to suggest that renewal may not be forthcoming on acceptable terms. The company has also obtained an undertaking of support from Bendigo and Adelaide Bank Limited that it will continue to support the company and its operations for the 2020/21 financial year. This support is provided on the basis that the company continues to fulfil its obligations under the franchise agreement and continues to work closely with Bendigo and Adelaide Bank Limited to further develop its business.

The directors have concluded that the combination of the circumstances above represents a material uncertainty that casts significant doubt upon the company's ability to continue as a going concern and that, therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business.

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, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Note 2. Events subsequent to reporting date

There have been no events subsequent to reporting date that would materially affect the financial statements at the reporting date.

Note 3. Contingent assets and liabilities

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

Note 4. Related parties

Arrangements with related parties continue to be in place. For details on these arrangements, refer to the 30 June 2020 annual financial report.

Kwinana Community Financial Services Ltd

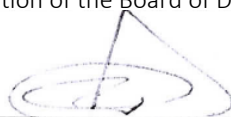
Directors' Declaration

In the opinion of the directors of Kwinana Community Financial Services Ltd ("the company"):

1. The financial statements and notes thereto are in accordance with the *Corporations Act 2001* including:
 - a. giving a true and fair view of the financial position of the entity as at 31 December 2020 and of its performance, as represented by the results of its operations and cash flows for the half-year ended on that date;
 - b. complying with Australian Accounting Standard *AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*; and
2. 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.

Chairman



Johannes Maria Iriks

Dated this 16 day of February 2021.

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, which comprises the statement of financial position as at 31 December 2020, 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 significant accounting policies and other explanatory information and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Kwinana Community Financial Services Ltd does not comply with the *Corporations Act 2001* including:

- a. giving a true and fair view of the company's financial position at 31 December 2020 and of its performance for the half-year ended on that date
- b. complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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.

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 of the half-year financial report that 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 necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud error.

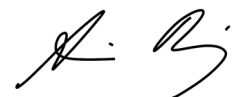
Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the company's financial position as at 31 December 2020 and its performance for the half-year ended on that date, and complying 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.



Andrew Frewin Stewart
61 Bull Street, Bendigo Vic 3550
Dated: 16 February 2021



Adrian Downing
Lead Auditor