
Kwinana

Community Financial Services Ltd

ABN: 89 169 535 228

Financial Report

For the half-year ended

31 December 2021

Kwinana Community Financial Services Ltd

Directors' Report

The directors present their report together with the financial statements of the company for the half-year ended 31 December 2021.

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	Sarah Rachel Mahony
Wayne Milnes	Leslie Harris Whiddett
Stephen Paul Williams	Robert George Cooper
Maxwell John Bird	Daniel Chan (<i>resigned 17 November 2021</i>)

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 2021	Half-year ended 31 December 2020
\$ (6,807)	\$ (80,506)

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 25th day of February 2022

Kwinana Community Financial Services Ltd
Auditors' Independence Declaration

TEMPLATE PAGE.

DO NOT USE IN FINAL
HALF YEAR REPORT.

Auditors' Independence Declaration

I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) any applicable code of professional conduct in relation to the review.

AFS Partner name
Auditor

Andrew Frewin Stewart
BENDIGO VIC 3550

Kwinana Community Financial Services Ltd

Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 31 December 2021

	2021 \$	2020 \$
Revenue from contracts with customers	235,840	216,106
Other revenue	15,000	39,553
Finance income	-	69
Employee benefits expense	(170,574)	(175,979)
Charitable donations, sponsorship, advertising and promotion	(4,335)	(3,665)
Occupancy and associated costs	(11,525)	(50,623)
Systems costs	(15,111)	(22,972)
Depreciation and amortisation expense	(24,279)	(82,059)
Finance costs	(5,958)	(3,570)
General administration expenses	(28,134)	(33,163)
Loss before income tax	(9,076)	(116,303)
Income tax credit	2,269	35,797
Loss after income tax	(6,807)	(80,506)
Total comprehensive income for the half-year attributable to the ordinary shareholders of the company:	(6,807)	(80,506)
Earnings per share	¢	¢
- Basic and diluted loss per share:	(0.59)	(6.94)

Kwinana Community Financial Services Ltd

Statement of Financial Position

For the half-year ended 31 December 2021

	31-Dec-21	30-Jun-21
	\$	\$
ASSETS		
Current assets		
Cash and cash equivalents	35	35
Trade and other receivables	45,851	47,878
Total current assets	45,886	47,913
Non-current assets		
Property, plant and equipment	76,817	85,882
Right of use assets	147,285	155,949
Intangible assets	45,854	52,404
Deferred tax assets	335,231	332,962
Total non-current assets	605,187	627,197
TOTAL ASSETS	651,073	675,110
LIABILITIES		
Current liabilities		
Trade and other payables	45,524	45,067
Loans and borrowings	195,335	193,808
Lease liabilities	15,796	15,208
Employee benefits	18,282	19,120
Total current liabilities	274,937	273,203
Non-current liabilities		
Trade and other payables	29,954	44,852
Loans and borrowings	82,974	81,250
Lease liabilities	145,930	154,054
Employee benefits	16,450	14,116
Total non-current liabilities	275,308	294,272
TOTAL LIABILITIES	550,245	567,475
NET ASSETS	100,828	107,635
EQUITY		
Issued capital	1,120,118	1,120,118
Accumulated losses	(1,019,290)	(1,012,483)
TOTAL EQUITY	100,828	107,635

Kwinana Community Financial Services Ltd

Statement of Changes in Equity

For the half-year ended 31 December 2021

	Issued capital \$	Accumulated losses \$	Total equity \$
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
Balance at 1 July 2021	1,120,118	(1,012,483)	107,635
Total comprehensive income for the half-year	-	(6,807)	(6,807)
Balance at 31 December 2021	1,120,118	(1,019,290)	100,828

Kwinana Community Financial Services Ltd

Statement of Cash Flows

For the half-year ended 31 December 2021

	2021	2020
	\$	\$
Cash flows from operating activities		
Receipts from customers	276,580	280,717
Payments to suppliers and employees	(245,929)	(236,628)
Lease payments (interest component)	(2,941)	(3,090)
Lease payments not included in the measurement of lease liabilities	(6,783)	(52,751)
Interest received	-	69
Interest paid	(3,017)	(480)
Net cash provided by/(used in) operating activities	17,910	(12,163)
Cash flows from investing activities		
Purchase of property, plant and equipment	-	(85,365)
Payments for intangible assets	(13,623)	(13,623)
Net cash used in investing activities	(13,623)	(98,988)
Cash flows from financing activities		
Proceeds from borrowings	-	100,000
Repayment of borrowings	(947)	-
Lease payments (principal component)	(7,537)	-
Net cash provided by/(used in) financing activities	(8,484)	100,000
Net cash decrease in cash held	(4,197)	(11,151)
Cash and cash equivalents at the beginning of the financial year	(175,023)	(157,875)
Cash and cash equivalents at the end of the half-year	(179,220)	(169,026)

Kwinana Community Financial Services Ltd

Notes to the Financial Statements

For the half-year ended 31 December 2021

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 2021 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 and historical cost basis.

Going concern

The net assets of the company as at 31 December 2021 were \$100,828 and the loss made for the half-year was \$6,807, bringing accumulated losses to \$1,019,290

In addition:	<u>\$</u>
Total assets	651,073
Total liabilities	550,245
Operating cash flows	17,910

There was a 92% decrease in the loss after tax recorded for the half-year ended 31 December 2021 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 \$179,255 as at 31 December 2021.

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 from contracts with customers 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 2021

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 2021/22 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 2021 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 2021 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 25 day of February 2022.