



**City West Community**

**Financial Services Limited**

ABN 34 134 051 219

# **Annual Report**

**30 June 2022**

**Community Bank Darling Square**

## Table of Contents

Acknowledgement of Country .....	3
Chairman’s Report .....	4
Community Partnerships .....	6
Dividends.....	7
Community Bank Report 2022 .....	8
Financial Report - 30 June 2022.....	9
Notes to the financial statements .....	11
Directors' declaration .....	34
Report on the Audit of the Financial Report .....	35



Figure 1: Neon Playground supported by the Community Bank Darling Square

## Acknowledgement of Country

The Company acknowledges the Gadigal and Wangal People of the Eora Nation who are the Traditional Custodians of the land in which we operate.

We pay respect to the Elders, past, present and emerging, and extend that respect to other Aboriginal people.



Figures 2 & 3: Smoking and blessing by our local Gadigal brothers of the Bluefins outrigger canoe.

# Chairman's Report

## FY2022 overview

So pleased that the lockdowns are behind us and delighted to see life come back to Sydney.

Having said this, we acknowledge the mental health strains and economic stresses some in our community experienced over the last two plus years. Our wish is that as a society we can take the learnings and look forward to a brighter future.

The team's ambition is to become the '#1 community bank' in the Bendigo Bank network and deliver on this mission with a touch of fun.

The board is pleased to report that our business continues to do well organically.

In addition, on 30 June 2022, we have successfully completed the purchase of the book from the Community Bank Balmain-Rozelle and extend our warm welcome to our new customers. We look forward to engaging new partners and community initiatives.

## Financial results for FY2022

- a. Excluding the purchase on 30 June 2022, our **bank book** grew a considerable 40% year-on-year, continuing our rate of progress in FY2021. **Underlying revenues** grew of 24% year-on-year. A very satisfactory result considering the period of uncertainty coupled with a competitive market and historically low net interest margins.
- b. **EBITDA** of \$396k in FY2022 reflects a 19% increase on the prior year. Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) is an indicator that we follow closely. It indicates our capability to invest in opportunities for growth, provide community contributions and deliver dividends to shareholders.

Table 1: Profit before income tax and EBITDA comparisons

COMPARING RESULTS: FY2022 VS FY2021	FY2022	FY2021
	\$ 000	\$ 000
<b>PROFIT BEFORE INCOME TAX</b>	<b>212</b>	<b>145</b>
Add: AASB16 Accounting for leases (change in FY2020)	-	-
<b>PROFIT BEFORE INCOME TAX (adjusted)</b>	<b>212</b>	<b>145</b>
<small>Compared with Prior Corresponding Period</small>	<small>47%</small>	<small>46%</small>
Add: Finance cost	41	45
Add: Depreciation and amortisation expense	143	142
<b>EBITDA</b>	<b>396</b>	<b>332</b>
Add: One-time relocation costs, growth investments	-	-
<b>UNDERLYING EBITDA</b>	<b>396</b>	<b>332</b>
<small>Compared with Prior Corresponding Period</small>	<small>19%</small>	<small>14%</small>

c. **Dividends.** The board has determined a dividend of 5.25 cents per share on an unfranked basis. This is an increase from the 5 cents per share for FY2021.

d. **Community Contributions** decreased significantly compared with FY2021 as lockdowns reduced the number of events and activities by our community partners. As we leave lockdowns behind us, we look forward to community activities and events returning to normal levels.

## Looking ahead

The banking book purchased from Balmain-Rozelle FSL settled on 30 June 2022. Given it was the last day of the financial year, revenues and costs did not flow through in FY2022. The book is performing as expected where it is significantly revenue and cash flow accretive to the business.

Recently, banks in general have benefitted from RBA interest rate increases, and we are no exception. Given that competition continues at an intense rate and the given the challenging macro-economic conditions ahead, the expectation is that margins may backtrack sometime during FY2023.

Our partner **Bendigo Bank** brand remains strong. It continues to be one of Australia's most trusted brands and the company's **Community Bank Darling Square** branch continues to be a leader in customer experience.

Our appetite for growth continues as we see opportunities to grow. We are confident that our customer outcome focus and our customer experience focussed model will continue to win over customers and referral partners.

## Acknowledgements

**Our Customers.** Thank you for banking with us.

Our Community Bank Darling Square team are committed to customer outcomes and focussed on delivering the best in class customer experience.

**Banking Team.** Our banking team are our best ambassadors where the goal each day is to serve and delight.

Customers have rated our team of *'banker-baristas'* a **4.6-star Google rating**, an enviable result and our highest ever score. Congratulations to **Reyhan, Nataly, Zara** and our branch manager **Mike**.

Our growth leader **Kelly** shares our vision to grow the business and our community values. Kelly brings with her a commitment to outcomes, a 'customer first' ethos and teamwork. In financial year 2022, Kelly was recognised as the **#1 Consumer Lender in NSW/ACT** in the Bendigo Bank network. Congratulations to Kelly and the team.

**Board members and advisors.** My fellow directors and board advisors bring deep skills and significant experience to help steer the business. They are all wonderful ambassadors for the community bank. The board believes that community engagement is a key driver for long term growth, and we plan to continue to improve these capabilities as the business grows. Thank You for your service.

**Lendlease-DSQ Community Bank Fund.** We are especially pleased to collaborate with Lendlease in forming this fund. The Fund's goal is to champion and promote residents, community groups and enterprises as well as events and projects near and dear to the community. It's heart-warming knowing that we have a partner who have in their DNA a commitment to connect communities.

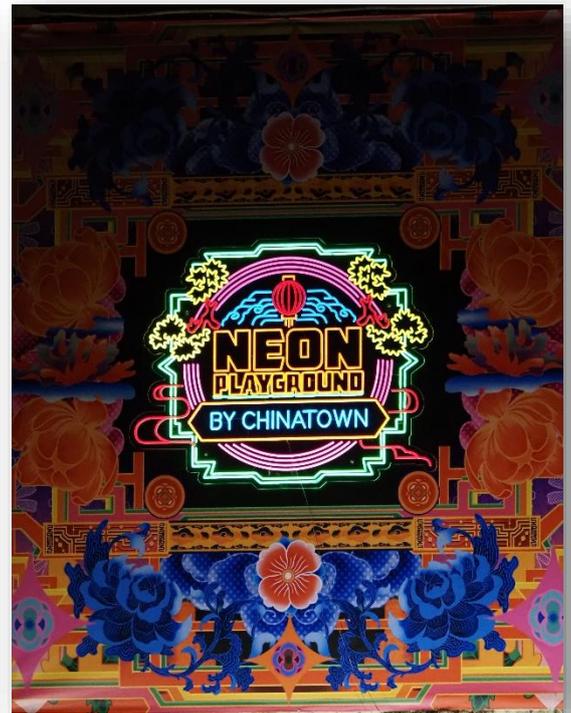
Special thanks to **Amanda Collins, Scott Sullivan**, and **Neil Arckless** for your assistance in getting us to Darling Square and the belief that significant benefits can be delivered well into the future.

**Our Shareholders.** Our founding shareholders had the foresight to sow the seeds while the current team continue to nurture it. I do hope you share, as I do, the satisfaction of watching the orchard grow and bear fruit.

Kind Regards,



**Raymond Tai**



## Community Partnerships

### Community engagement

The City West Community Financial Services Limited team's foundation principle for community engagement is to provide meaningful assistance with each interaction.

We think it's a high bar for success, but one worth keeping top of our minds and an ideal worth pursuing.

### Engagement model

We support community organisations, businesses, projects, events, or ideas that benefit the community.

We take the view that the community around us are included via physical connections, and, especially in this digital age, connections via interest groups.

Funding provided is not the only appropriate measure of community support. Our approach is to engage as community partner: that means, where we are able, we support by making connections, volunteering time and provide funding for initiatives that we believe worthwhile.

### Our website: [sydneycommunityhub.com.au](http://sydneycommunityhub.com.au)

Visit our website to find out about community news, current community projects, groups/ team announcements, chapters, events, education scholarships and grants, products & services that directly benefit our local community.

### Community Partnership examples (since 2010)

Anzac Day Service at Union Square  
ArtShine (art exhibitions at the branch)  
Bendigo Run (running group)  
Bluefins Dragon Boat Team  
Bright\* (Entrepreneurship Facilitation)  
Captain Bagrat Media (TV show pilot)  
CASS Care Limited  
Carols in Union Square  
Carols in Quarry Green  
Children's Tumour Foundation  
Chinese Youth League  
Christmas in Pyrmont  
Dai Hong Martial Arts Academy  
Destructive Steps Dance Association  
Drought Relief appeal  
Foodbank NSW (breakfast for schools)  
Friends of Pyrmont  
Fusion Culture Group  
Haymarket Chamber of Commerce

Heart Dancers  
Impact100 Sydney  
International Grammar School (Ultimo)  
KU Children's Services (Pyrmont)  
Lendlease-Darling Sq Community Bank Fund  
Maybanke Recreation Centre  
MoodActive (exercising to lift your mood)  
Mustard Seed (Ultimo)  
Museum of Chinese in Australia (MOCA)  
NAIDOC events in Ultimo  
Neon Playground (Haymarket event)  
PUG Men's Shed (Pyrmont-Ultimo-Glebe)  
Pyrmont Cares  
Pyrmont Christmas Children's Group  
Pyrmont Community Centre  
Pyrmont Community Garden  
Pyrmont Community Monthly Lunch  
Pyrmont History Group  
Pyrmont Monopoly project  
Pyrmont Ultimo Chamber of Commerce  
Pyrmont Ultimo Landcare  
Pyrmont Wine & Food Festival  
Rough Edges (Darlinghurst)  
Rural Aid appeal  
Spanish Community Care Association  
St James Catholic Primary School (Glebe)  
Soul of Chinatown  
StartSomeGood (ThinkActChange talks)  
Stepping Stone House  
Sydney CBD Football Club  
Sydney Heritage Fleet  
Sydney Secondary College (Glebe)  
Sydney Flames Basketball Team  
Sydney Uni Football Club  
Ultimo Community Centre  
Ultimo Community Garden  
Ultimo Public School  
Ultimo Public School Fun Run  
Ultimo Japanese School  
Uniting Harris Community Centre  
Uptown Crickets  
West Boomers Baseball Club (junior members)

## Dividends

### Dividends to Shareholders

Financial Year	Amount per share	Franking level	Date paid
2021- 2022	\$0.0525	\$0.00	15 / 12 / 2022
2020 - 2021	\$0.0500	\$0.00	16 / 12 / 2021
2019 - 2020	---	---	---



Figure 4: Bluefins Dragon Boat Club is supported by Community Bank Darling Square

# Community Bank Report 2022

## BEN Message

July 2022

Community continues to be core to who we are at Bendigo and Adelaide Bank.

With your support, we are enabling community infrastructure to be built, strengthening the arts and culturally diverse communities, improving educational outcomes, and growing healthy places for Australians to live and work. On behalf of the Bank, thank you for continuing to play a vital role in supporting your community.

As we emerge from the pandemic and navigate a shifting economic landscape, the investments our Community Banks make in the future of the communities in which they operate has never been more important.

We are proud that more Australians are choosing to do their banking with Bendigo and Adelaide Bank – and importantly trust us with their financial needs. We are Australia’s most trusted bank (Roy Morgan, May 2022), an outcome that you have all contributed to and should feel proud of.

Our purpose has never been more important; we remain committed to continuing to feed into the prosperity of our customers and communities, and not off them.

Your ongoing support as a shareholder is essential to the success of your local community. Together, we will continue to grow sustainably and make a positive impact for generations to come.

Warmest regards,

A handwritten signature in black ink, appearing to read 'Justine Minne', with a large, stylized loop at the end.

**Justine Minne**

**Bendigo and Adelaide Bank**



Figure 5: Impact 100 is supported by Community Bank Darling Square

City West Community Financial Services Limited

ABN 34 134 051 219

Financial Report - 30 June 2022

# City West Community Financial Services Limited

## Directors' report

30 June 2022

The directors present their report, together with the financial statements, on the company for the year ended 30 June 2022.

### Directors

The following persons were directors of the company during the whole of the financial year and up to the date of this report,

Name: Raymond Li Jin Tai

Title: Chair

Experience and expertise: Raymond has been involved in executive roles in not for profit community organisations for over two decades. He is a shareholder in the company and is passionate about making lasting and positive contributions to society. Raymond is a water sports enthusiast and an advocate for a water sports centre in Bank Street that can provide access to our bays and Sydney Harbour for paddlers and local residents. Professionally he has held roles as an investment manager, a financial consultant and a deal maker in the IT industry across Asia Pacific. Raymond's qualifications include: Bachelor of Economics, Fellow FINSIA, MAICD.

Name: Dr Philip George Ronaldson PhD

Title: Non-executive director

Experience and expertise: Phil has been a lecturer in Surveying, Infrastructure Engineering, Spatial Information Systems and Remote Sensing in the School of Engineering at the University of Western Sydney (now WSU) (1997 - 2010). Prior to that, he was a staff Surveyor with the Victorian Lands Department as it was originally known, working across Victoria for the Ministry of Housing and in the Geodetic Computing Section (1975-1991). From 1995 to 1992 Phil was involved in Apex, holding senior roles at Club and District level. Between those two appointments Phil was an independent consultant in Spatial Information Systems when he had involvement in AURISA which is now the Surveying and Spatial Sciences Institute (SSSI).

Name: Vinh Van Lam

Title: Non-executive director

Experience and expertise: Vinh is an entrepreneur with direct, real world experience across industries including Retail, Tourism & Hospitality, Manufacturing, and Financial Services. Vinh has hands on experience running multiple business enterprises, and an extensive track record in retail management and sales & marketing management, having worked with companies including Grace Bros. Limited, Myers, Airport Fine Foods, Pine Timberland Home, BankWest, and St.George Bank. As a Business Coach Vinh specialises in working with Art & Design businesses, and all creative professionals helping them build and grow their businesses. Delivering a full service business planning and coaching service that includes networking, digital marketing, social media management, performance analysis, performance management, retail sales, and sales management. Vinh is a versatile retail and management professional with twenty years industry experience, and a proven track record of continuous achievement across various sectors. Vinh has extensive experience in the development of new businesses from concept. This includes training, coaching and developing new staff, creating new processes & procedures, and motivating a new team to consistently exceed targets. Vinh has a proven record of change management, turnaround, review, and restructure of established businesses. This includes direct experience inspiring the rapid increase of sales, and the improvement of staff morale, productivity, and sales over budget.

Name: Ashley Leander Limbury

Title: Non-executive director

Experience and expertise: Ashley is an experienced mediator and tribunal member primarily involved with workplace, family law, discrimination and commercial matters. Ashley also has retail tenancy and franchising mediation expertise and experience in Human Resources and staff management. His qualifications include: M.B.A., (University of Technology Sydney). B.Ec. (Soc,Sci) (Hons.), (Sydney University).

# City West Community Financial Services Limited

## Directors' report

30 June 2022

Name: Raymond Chung Jil Seeto

Title: Non-executive director

Experience and expertise: Ray is a Accountant specialising in R&D and EMDG advice to SME's and a mortgage broker. Ray's career has been varied and broad across a wide range of industries and companies in Australia and China having Finance Director roles for Avon China and Danone China. He has opened new markets as an entrepreneur and regional director in China and Australia/New Zealand for medical device and renewable energy companies. Ray holds a Bachelor of Business and is an associate member of the CPA and MFAA. Ray is a keen photographer and videographer and is constantly learning to improve his craft. He is a passionate runner, cyclist and is training for his first triathlon.

Name: Matthew James Phelps

Title: Non-executive director (Bendigo Bank nominee)

Experience and expertise: Bachelor of International Business, Bachelor of Business (Financial Planning), CFP Financial Planning and Services.

Name: Luke James Goldsworthy

Title: Non-executive director

Experience and expertise: With a history of executive, operational and managerial roles across several retailers like Woolworths, David Jones and Target, Luke is a senior leadership figure dedicated to guiding diverse teams to ongoing success through education, learning and collaboration. He has spent over 20 years learning all about the worlds of retail, marketing, operations, buying and procurement and e-commerce. He now spends his time educating others on the development and implementation of online business and marketing strategies. Luke is engaged with the world of digital, especially in the digital transformation of business and industry. Luke works with clients directing their companies and their Boards in the fascinating digital world and its interactions with the current philosophies of retail and trade.

Name: Kim Loan Hann

Title: Non-executive director

Qualifications: A passionate business leader who is committed and accomplished in delivering outcomes and value across Customer Experience management, Marketing and Sales technologies. A pragmatic CX and digital practitioner working at the intersection of customer data and real time interactions delivering omni-channel connected customer experiences. Kim has held executive roles across a number of organisations ranging from Digital marketing, Customer Experience and Transformation Consulting agencies, working with global leading brands.

Experience and expertise:

Name: Jason Conor Grindlay

Title: Non-executive director (*resigned 20 January 2022*)

Experience and expertise: With a history of executive, operational and managerial roles across several retailers like Woolworths, David Jones and Target, Luke is a senior leadership figure dedicated to guiding diverse teams to ongoing success through education, learning and collaboration. He has spent over 20 years learning all about the worlds of retail, marketing, operations, buying and procurement and e-commerce. He now spends his time educating others on the development and implementation of online business and marketing strategies. Luke is engaged with the world of digital, especially in the digital transformation of business and industry. Luke works with clients directing their companies and their Boards in the fascinating digital world and its interactions with the current philosophies of retail and trade.

# City West Community Financial Services Limited

## Directors' report

30 June 2022

Name: Amanda Louise Collins

Title: Non-executive director (*resigned 9 December 2021*)

Experience and expertise: Amanda is a Stakeholder Engagement and Social Sustainability specialist with over 12 years' experience working on major urban renewal projects across Australia and internationally. Amanda is passionate about enhancing cities by creating vibrant places that people enjoy spending time in and supporting communities to thrive. She enjoys collaborating with community and business groups to create meaningful and mutually beneficial social outcomes. Amanda's qualifications include a Bachelor of Commerce (Management and Marketing majors) and a Bachelor of Arts (Psychology major).

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

### Company secretary

There have been two company secretaries holding the position during the financial year:

- Ashley Leander Limbury was appointed company secretary on 2 March 2022.
- Philip George Ronaldson was appointed as company secretary on 30 November 2017 and ceased on 3 March 2022.

### Principal activity

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 this activity during the financial year.

### Review of operations

The profit for the company after providing for income tax amounted to \$156,772 (30 June 2021: \$105,342).

Operations have continued to perform in line with expectations.

### Dividends

During the financial year, the following dividends were provided for and paid. The dividends have been provided for in the financial statements.

	<b>2022</b>
	<b>\$</b>
Unfranked dividend of 5 cents per share	49,826

### Significant changes in the state of affairs

During the year the company purchased the revenue rights associated with the Balmain/Rozelle Financial Services Ltd business for \$1,038,186.

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

### Matters subsequent to the end of the financial year

Since the end of the year, the Reserve Bank of Australia (RBA) has increased the cash rate by 1.5 basis points moving from 0.85% at 30 June 2022 to 2.35% as at the date of signing these accounts. The increase in the cash rate has a direct impact on the revenue received by the company on its products (deposits and loans) offered to its customers. This increase in conjunction with the purchase of the Balmain/Rozelle Financial Services Ltd revenue stream has resulted in a material increase in the revenue streams for the first couple of months July – August 2022.

No other matter or circumstance has arisen since 30 June 2022 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.

### Likely developments

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

# City West Community Financial Services Limited

## Directors' report

30 June 2022

### Environmental regulation

The company is not subject to any significant environmental regulation under Australian Commonwealth or State law.

### Meetings of directors

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

	Board	
	Eligible	Attended
Raymond Li Jin Tai	11	11
Dr Philip George Ronaldson PhD	11	4
Vinh Van Lam	11	5
Ashley Leander Limbury	11	10
Raymond Chung Jil Seeto	11	11
Matthew James Phelps	11	3
Luke James Goldsworthy	11	5
Kim Loan Hann	11	10
Jason Conor Grindlay	6	4
Amanda Louise Collins	5	-

### Directors' benefits

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.

### Directors' interests

The interest in company shareholdings for each director are:

	Balance at the start of the year	Changes	Balance at the end of the year
Raymond Li Jin Tai	15,000		15,000
Dr Philip George Ronaldson PhD	1,000		1,000
Vinh Van Lam	500		500
Ashley Leander Limbury	6,501		6,501
Raymond Chung Jil Seeto	-	-	-
Matthew James Phelps	-	-	-
Luke James Goldsworthy	-	-	-
Kim Loan Hann	-	-	-
Jason Conor Grindlay	-	-	-
Amanda Louise Collins	-	-	-

### Indemnity and insurance of directors and officers

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.

### Proceedings on behalf of the company

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*.

# City West Community Financial Services Limited

## Directors' report

30 June 2022

### Indemnity and insurance of auditor

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

### Non-audit services

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 28 to the accounts.

The Board 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
- 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.

### 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.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

\_\_\_\_\_  
On behalf of the directors



Raymond Li Jin Tai  
Chair

30 September 2022

# City West Community Financial Services Limited Auditor's independence declaration



Andrew Frewein Stewart  
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 City West Community Financial Services Limited

As lead auditor for the audit of City West Community Financial Services Limited for the year ended 30 June 2022, 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.

A handwritten signature in black ink, appearing to read 'Andrew Frewein Stewart'.

**Andrew Frewein Stewart**  
61 Bull Street, Bendigo, Vic, 3550  
Dated: 30 September 2022

A handwritten signature in black ink, appearing to read 'Joshua Griffin'.

**Joshua Griffin**  
Lead Auditor



## City West Community Financial Services Limited

### Statement of profit or loss and other comprehensive income

For the year ended 30 June 2022

	Note	2022 \$	2021 \$
Revenue from contracts with customers	6	1,010,535	816,859
Other revenue	7	5,575	124,288
Finance revenue		305	306
Gross trading loss	8	(10,392)	(16,316)
Employee benefits expense	9	(428,882)	(338,612)
Advertising and marketing costs		(7,798)	(26,064)
Occupancy and associated costs		(8,345)	(24,433)
System costs		(28,617)	(31,738)
Depreciation and amortisation expense	9	(142,498)	(141,872)
Finance costs	9	(40,889)	(45,031)
General administration expenses		(91,006)	(92,435)
<b>Profit before community contributions and income tax expense</b>		<b>257,988</b>	<b>224,952</b>
Charitable donations and sponsorships expense		(45,647)	(80,405)
<b>Profit before income tax expense</b>		<b>212,341</b>	<b>144,547</b>
Income tax expense	10	(55,569)	(39,205)
<b>Profit after income tax expense for the year</b>	23	<b>156,772</b>	<b>105,342</b>
Other comprehensive income for the year, net of tax		-	-
<b>Total comprehensive income for the year</b>		<b>156,772</b>	<b>105,342</b>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	30	15.73	10.57
Diluted earnings per share	30	15.73	10.57

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

# City West Community Financial Services Limited

## Statement of financial position

As at 30 June 2022

	Note	2022	2021
		\$	\$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	11	354,590	358,455
Trade and other receivables	12	103,608	73,764
Inventories	13	-	13,365
Total current assets		<u>458,198</u>	<u>445,584</u>
<b>Non-current assets</b>			
Property, plant and equipment	14	358,960	407,863
Right-of-use assets	15	590,764	670,161
Intangibles	16	1,070,154	45,040
Deferred tax assets	10	137,769	193,338
Total non-current assets		<u>2,157,647</u>	<u>1,316,402</u>
<b>Total assets</b>		<u>2,615,845</u>	<u>1,761,986</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	17	269,439	74,904
Borrowings	18	155,936	-
Lease liabilities	19	74,073	62,259
Employee benefits	20	49,554	42,305
Total current liabilities		<u>549,002</u>	<u>179,468</u>
<b>Non-current liabilities</b>			
Trade and other payables	17	21,050	35,909
Borrowings	18	714,064	249,850
Lease liabilities	19	765,816	839,534
Employee benefits	20	1,052	331
Provisions	21	31,962	30,941
Total non-current liabilities		<u>1,533,944</u>	<u>1,156,565</u>
<b>Total liabilities</b>		<u>2,082,946</u>	<u>1,336,033</u>
<b>Net assets</b>		<u>532,899</u>	<u>425,953</u>
<b>Equity</b>			
Issued capital	22	961,485	961,485
Accumulated losses	23	(428,586)	(535,532)
<b>Total equity</b>		<u>532,899</u>	<u>425,953</u>

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

**City West Community Financial Services Limited**

**Statement of changes in equity**

**For the year ended 30 June 2022**

	Note	Issued capital \$	Accumulated losses	Total equity \$
<b>Balance at 1 July 2020</b>		961,485	(640,874)	320,611
Profit after income tax expense		-	105,342	105,342
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	105,342	105,342
<b>Balance at 30 June 2021</b>		961,485	(535,532)	425,953
<b>Balance at 1 July 2021</b>		961,485	(535,532)	425,953
Profit after income tax expense		-	156,772	156,772
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	156,772	156,772
<i>Transactions with owners in their capacity as owners:</i>				
Dividends provided for	25	-	(49,826)	(49,826)
<b>Balance at 30 June 2022</b>		961,485	(428,586)	532,899

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

# City West Community Financial Services Limited

## Statement of cash flows

For the year ended 30 June 2022

	Note	2022	2021
		\$	\$
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		1,093,439	996,233
Payments to suppliers and employees (inclusive of GST)		(716,177)	(552,099)
		<hr/>	<hr/>
Interest received		377,262	444,134
Interest and other finance costs paid		305	310
		(11,369)	(14,133)
		<hr/>	<hr/>
Net cash provided by operating activities	29	366,198	430,311
		<hr/>	<hr/>
<b>Cash flows from investing activities</b>			
Payment for domiciled customer accounts		(835,349)	-
Payments for property, plant and equipment		-	(6,295)
Payments for intangibles		(13,508)	(13,508)
		<hr/>	<hr/>
Net cash used in investing activities		(848,857)	(19,803)
		<hr/>	<hr/>
<b>Cash flows from financing activities</b>			
Repayment of lease liabilities	19	(91,529)	(58,454)
Dividends paid	25	(49,826)	-
Proceeds of borrowings		620,149	(150)
		<hr/>	<hr/>
Net cash provided by/(used in) financing activities		478,794	(58,604)
		<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents		(3,865)	351,904
Cash and cash equivalents at the beginning of the financial year		358,455	6,551
		<hr/>	<hr/>
Cash and cash equivalents at the end of the financial year	11	354,590	358,455
		<hr/>	<hr/>

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

# City West Community Financial Services Limited

## Notes to the financial statements

30 June 2022

### Note 1. Reporting entity

The financial statements cover City West Community Financial Services Limited (the company) as an individual entity. The financial statements are presented in Australian dollars, which is the company's functional and presentation currency.

The company is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is Shop NE12, 11 Little Pier Street, Haymarket NSW 2000.

A description of the nature of the company's operations and its principal activity is included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 30 September 2022. The directors have the power to amend and reissue the financial statements.

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

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.

### Note 3. Significant accounting policies

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

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

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 2021, 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.

#### Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when, it is expected to be realised or intended to be sold or consumed in the company's normal operating cycle, it is held primarily for the purpose of trading, it is expected to be realised within 12 months after the reporting period or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when, it is either expected to be settled in the company's normal operating cycle, it is held primarily for the purpose of trading, it is due to be settled within 12 months after the reporting period or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

#### 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 2022.

# City West Community Financial Services Limited

## Notes to the financial statements

30 June 2022

### Note 3. Significant accounting policies (continued)

#### *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 any impairment loss.

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.

#### **Goods and Services Tax (GST)**

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.

### Note 4. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

#### *Coronavirus (COVID-19) pandemic*

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the company based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the company operates. There does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the company unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

#### *Revenue from contracts with customers involving sale of goods*

When recognising revenue in relation to the sale of goods to customers, the key performance obligation of the company is considered to be the point of delivery of the goods to the customer, as this is deemed to be the time that the customer obtains control of the promised goods and therefore the benefits of unimpeded access.

#### *Estimation of useful lives of assets*

The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives or non-strategic assets that have been abandoned or sold will be written off or written down.

#### *Impairment of non-financial assets other than goodwill and other indefinite life intangible assets*

The company assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

# City West Community Financial Services Limited

## Notes to the financial statements

30 June 2022

### Note 4. Critical accounting judgements, estimates and assumptions (continued)

#### *Recovery of deferred tax assets*

Deferred tax assets are recognised for deductible temporary differences only if the company considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

#### *Lease term*

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the company's operations, comparison of terms and conditions to prevailing market rates, incurrence of significant penalties, existence of significant leasehold improvements and the costs and disruption to replace the asset. The company reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

#### *Incremental borrowing rate*

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the company estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

#### *Employee benefits provision*

The liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and inflation have been taken into account.

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.

In the absence of sufficient historical employee attrition rates, the company applies a benchmark probability rate from across the Community Bank network to factor in estimating the probability of an employee, at a given date, achieving continuous employment eligible for entitlement in accordance with legislation.

#### *Lease make good provision*

A provision has been made for the present value of anticipated costs for future restoration of leased premises. The provision includes future cost estimates associated with closure of the premises. The calculation of this provision requires assumptions such as application of closure dates and cost estimates. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting the asset and the provision. Reductions in the provision that exceed the carrying amount of the asset will be recognised in profit or loss.

### Note 5. Economic dependency

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.

**City West Community Financial Services Limited**  
**Notes to the financial statements**  
**30 June 2022**

**Note 5. Economic dependency (continued)**

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.

**Note 6. Revenue from contracts with customers**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Margin income	845,169	729,226
Fee income	42,208	38,999
Commission income	123,158	48,634
	<hr/>	<hr/>
Revenue from contracts with customers	<u>1,010,535</u>	<u>816,859</u>

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:

<u>Revenue stream</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.

# City West Community Financial Services Limited

## Notes to the financial statements

30 June 2022

### Note 6. Revenue from contracts with customers (continued)

All revenue is stated net of the amount of 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 which are 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 Bendigo Bank 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.

#### *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.



# City West Community Financial Services Limited

## Notes to the financial statements

30 June 2022

### Note 8. Gross trading loss

	2022	2021
	\$	\$
Sales - monopoly	2,973	4,583
Cost of goods sold	(2,841)	(9,574)
Write down to net realisable value	(10,524)	(11,325)
	<u>(10,392)</u>	<u>(16,316)</u>

This account relates the transactions involved in the fundraising project involving a Pymont Edition of the Monopoly board game. See note 13 'Inventories' for more information.

### Note 9. Expenses

#### Depreciation and amortisation expense

	2022	2021
	\$	\$
<i>Depreciation of non-current assets</i>		
Leasehold improvements	41,565	41,347
Plant and equipment	7,338	7,315
	<u>48,903</u>	<u>48,662</u>
<i>Depreciation of right-of-use assets</i>		
Leased land and buildings	80,523	80,142
	<u>80,523</u>	<u>80,142</u>
<i>Amortisation of intangible assets</i>		
Franchise fee	2,179	2,178
Franchise renewal fee	10,893	10,890
	<u>13,072</u>	<u>13,068</u>
	<u>142,498</u>	<u>141,872</u>

#### Finance costs

	2022	2021
	\$	\$
Bank loan interest paid or accrued	11,369	14,133
Lease interest expense	28,500	29,912
Unwinding of make-good provision	1,020	986
	<u>40,889</u>	<u>45,031</u>

Finance costs are recognised as expenses when incurred using the effective interest

#### rate. Employee benefits expense

	2022	2021
	\$	\$
Wages and salaries	332,062	304,739
Superannuation contributions	35,895	34,107
Expenses related to long service leave	398	(21,742)
Other expenses	60,527	21,508
	<u>428,882</u>	<u>338,612</u>

# City West Community Financial Services Limited

## Notes to the financial statements

30 June 2022

### Note 9. Expenses (continued)

#### Leases recognition exemption

	2022	2021
	\$	\$
Expenses relating to low-value leases	12,812	14,389
Expenses relating to short-term leases	-	1,632
	<hr/>	<hr/>
	12,812	16,021
	<hr/> <hr/>	<hr/> <hr/>

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.

The company paid for the right to use a self-storage unit. The lease agreement is expired and continued on existing terms on a month-by-month basis with no significant penalty for termination. The agreement was terminated in the prior period. As such the lease was assessed as short term and exempted from recognition under AASB 16 accounting. Expenses relating to short term exempt leases are included in occupancy and associated costs expenses.

### Note 10. Income tax

	2022	2021
	\$	\$
<i>Income tax expense</i>		
Movement in deferred tax	(27,419)	(4,861)
Reduction in company tax rate	-	7,734
Recoupment of prior year tax losses	82,988	36,332
	<hr/>	<hr/>
Aggregate income tax expense	55,569	39,205
	<hr/>	<hr/>
<i>Prima facie income tax reconciliation</i>		
Profit before income tax expense	212,341	144,547
	<hr/>	<hr/>
Tax at the statutory tax rate of 25% (2021: 26%)	53,085	37,582
Tax effect of:		
Non-deductible expenses	2,484	730
Non-assessable income	-	(6,841)
Reduction in company tax rate	-	7,734
	<hr/>	<hr/>
Income tax expense	55,569	39,205
	<hr/> <hr/>	<hr/> <hr/>

# City West Community Financial Services Limited

## Notes to the financial statements

30 June 2022

### Note 10. Income tax (continued)

	2022	2021
	\$	\$
<i>Deferred tax assets/(liabilities)</i>		
Tax losses	134,314	217,302
Property, plant and equipment	(62,899)	(74,408)
Employee benefits	12,708	10,715
Leases	(18,000)	(27,000)
Provision for lease make good	7,991	7,735
Accrued expenses	1,374	1,087
Income accruals	-	(1)
Lease liabilities	209,972	225,448
Right-of-use assets	(147,691)	(167,540)
	<hr/>	<hr/>
Deferred tax asset	137,769	193,338
	<hr/> <hr/>	<hr/> <hr/>

#### *Accounting policy for income tax*

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

#### *Accounting policy for current 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.

#### *Accounting policy for 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.

### Note 11. Cash and cash equivalents

	2022	2021
	\$	\$
Cash at bank and on hand	325,559	329,424
Term deposits	29,031	29,031
	<hr/>	<hr/>
	354,590	358,455
	<hr/> <hr/>	<hr/> <hr/>

#### *Accounting policy for 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.

# City West Community Financial Services Limited

## Notes to the financial statements

30 June 2022

### Note 12. Trade and other receivables

	2022	2021
	\$	\$
Trade receivables	98,229	73,687
Accrued income	-	2
Prepayments	5,379	75
	5,379	77
	103,608	73,764

#### *Accounting policy for trade and other receivables*

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

### Note 13. Inventories

	2022	2021
	\$	\$
At realisable value	-	13,365

#### *Accounting policy for inventories*

Stock on hand is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Inventory held is based on a special fund raising project called Monopoly, based on the board game with a focus on the local area of Pymont with the idea to provide local support and benefits to the community. The Monopoly boards began being sold during the 2018/19 financial year.

During the previous year the company remeasured inventory to net realisable value as the Monopoly boards were being sold for below cost. The remeasurement resulted in a loss of \$11,325 in the Statement of Profit or Loss and Other Comprehensive Income. During the current year the remaining stock was written off resulting in a loss of \$10,524. Refer to note 8.

### Note 14. Property, plant and equipment

	2022	2021
	\$	\$
Leasehold improvements - at cost	415,627	415,627
Less: Accumulated depreciation	(106,141)	(64,576)
	309,486	351,051
Plant and equipment - at cost	71,606	71,606
Less: Accumulated depreciation	(22,132)	(14,794)
	49,474	56,812
	358,960	407,863

# City West Community Financial Services Limited

## Notes to the financial statements

30 June 2022

### Note 14. Property, plant and equipment (continued)

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Leasehold improvements	Plant and equipment	Total
	\$	\$	\$
Balance at 1 July 2020	396,787	61,132	457,919
Additions	3,300	2,995	6,295
Disposals	(7,689)	-	(7,689)
Depreciation	(41,347)	(7,315)	(48,662)
Balance at 30 June 2021	351,051	56,812	407,863
Depreciation	(41,565)	(7,338)	(48,903)
Balance at 30 June 2022	309,486	49,474	358,960

#### *Accounting policy for 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.

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

Leasehold improvements	10 years
Plant and equipment	2.5 to 40 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

#### *Changes in estimates*

During the financial year, the company assessed estimates used for property, plant and equipment including useful lives, residual values, and depreciation methods. There were no changes in estimates for the current reporting period.

### Note 15. Right-of-use assets

	2022	2021
	\$	\$
Land and buildings - right-of-use	790,342	789,216
Less: Accumulated depreciation	(199,578)	(119,055)
	590,764	670,161

# City West Community Financial Services Limited

## Notes to the financial statements

30 June 2022

### Note 15. Right-of-use assets (continued)

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Land and buildings
	\$
Balance at 1 July 2020	739,341
Remeasurement adjustments	10,962
Depreciation expense	(80,142)
Balance at 30 June 2021	670,161
Remeasurement adjustments	1,126
Depreciation expense	(80,523)
Balance at 30 June 2022	<u>590,764</u>

#### *Accounting policy for right-of-use assets*

A right-of-use asset is recognised at the commencement date of a lease. 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.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

Refer to note 19 for more information on lease arrangements.

### Note 16. Intangibles

	2022	2021
	\$	\$
Domiciled customer accounts	1,045,338	7,152
Less: Accumulated impairment	(7,152)	(7,152)
	<u>1,038,186</u>	-
Franchise fee	32,233	32,233
Less: Accumulated amortisation	(26,905)	(24,726)
	<u>5,328</u>	7,507
Franchise renewal fee	111,163	111,163
Less: Accumulated amortisation	(84,523)	(73,630)
	<u>26,640</u>	37,533
	<u>1,070,154</u>	<u>45,040</u>

# City West Community Financial Services Limited

## Notes to the financial statements

30 June 2022

### Note 16. Intangibles (continued)

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Domiciled customer accounts	Franchise fee	Franchise renewal fee	Total
	\$	\$	\$	\$
Balance at 1 July 2020	-	9,685	48,423	58,108
Amortisation expense	-	(2,178)	(10,890)	(13,068)
Balance at 30 June 2021	-	7,507	37,533	45,040
Additions	1,038,186	-	-	1,038,186
Amortisation expense	-	(2,179)	(10,893)	(13,072)
Balance at 30 June 2022	1,038,186	5,328	26,640	1,070,154

#### Accounting policy for 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. Domiciled customer accounts acquired are recognised at cost at the date of acquisition and are assessed as having indefinite useful life. They are tested for impairment at each reporting period and whenever impairment indicators are present. The indefinite useful life is also reassessed annually.

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

Asset class	Method	Useful life	Expiry/renewal
Franchise fee	Straight-line	Over the franchise term (5 years)	December 2024
Franchise renewal fee	Straight-line	Over the franchise term (5 years)	December 2024
Domiciled customer accounts	Assessed for impairment	Indefinite	N/A

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

#### Change in estimates

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.

#### Additions

During the current financial year the company acquired Balmain/Rozelle Financial Services Limited's rights in relation to the income stream from its branch footings, including loans, deposits and other revenue generating business. The purchase price was \$1,038,186.

# City West Community Financial Services Limited

## Notes to the financial statements

30 June 2022

### Note 17. Trade and other payables

	2022 \$	2021 \$
<i>Current liabilities</i>		
Trade payables	686	16,948
Other payables and accruals	268,753	57,956
	<u>269,439</u>	<u>74,904</u>
<i>Non-current liabilities</i>		
Other payables and accruals	<u>21,050</u>	<u>35,909</u>

At the end of the financial year there was \$202,837 outstanding for the purchase of the Balmain/Rozelle Financial Service Ltd revenue stream. This amount was paid in July 2022.

#### *Accounting policy for trade and other payables*

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

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

### Note 18. Borrowings

	2022 \$	2021 \$
<i>Current liabilities</i>		
Bank loans	<u>155,936</u>	-
<i>Non-current liabilities</i>		
Bank loans	<u>714,064</u>	<u>249,850</u>

#### *Bank loans*

Bank loans are repayable monthly with the final instalment due on 16 June 2027. Interest is recognised at rate of 5.35%. The loans are secured by a fixed and floating charge over the company's assets.

During the financial year a loan was taken out to support the purchase of Balmain/Rozelle FSL's Footings. More information on this can be found in note 16.

#### *Accounting policy for borrowings*

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

# City West Community Financial Services Limited

## Notes to the financial statements

30 June 2022

### Note 19. Lease liabilities

	2022	2021
<i>Current liabilities</i>	\$	\$
Land and buildings lease liabilities	100,272	90,746
Unexpired interest	(26,199)	(28,487)
	<u>74,073</u>	<u>62,259</u>
<i>Non-current liabilities</i>		
Land and buildings lease liabilities	852,596	952,505
Unexpired interest	(86,780)	(112,971)
	<u>765,816</u>	<u>839,534</u>
<i>Reconciliation of lease liabilities</i>	2022	2022
	\$	\$
Opening balance	901,793	919,460
Remeasurement adjustments	1,125	10,875
Lease interest expense	28,500	29,912
Lease payments - total cash outflow	(91,529)	(58,454)
	<u>839,889</u>	<u>901,793</u>
<i>Maturity analysis</i>	2022	2022
	\$	\$
Not later than 12 months	100,272	90,746
Between 12 months and 5 years	511,555	474,324
Greater than 5 years	341,041	478,181
	<u>952,868</u>	<u>1,043,251</u>

#### Accounting policy for 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.

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.

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 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.

# City West Community Financial Services Limited

## Notes to the financial statements

30 June 2022

### Note 19. Lease liabilities (continued)

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 nil.

The company's lease portfolio includes:

Darling Square branch      The lease agreement commenced in October 2019 for 5 years. The company has 1 x 5 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 October 2029. The discount rate used in calculations is 3.25%.

### Note 20. Employee benefits

	2022	2021
	\$	\$
<i>Current liabilities</i>		
Annual leave	33,683	26,111
Long service leave	15,871	16,194
	<hr/>	<hr/>
	49,554	42,305
<i>Non-current liabilities</i>		
Long service leave	1,052	331
	<hr/> <hr/>	<hr/> <hr/>

#### *Accounting policy for 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 salaries and wages 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.

#### *Superannuation contributions*

Contributions to superannuation plans are expensed in the period in which they are incurred.

#### *Short-term employee benefits*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

#### *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.

# City West Community Financial Services Limited

## Notes to the financial statements

30 June 2022

### Note 21. Provisions

	2022	2021
	\$	\$
Lease make good	31,962	30,941

#### *Lease make good*

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 to be \$40,550 for the Darling Square Branch lease, 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 October 2029 at which time it is expected the face-value costs to restore the premises will fall due.

#### *Accounting policy for provisions*

Provisions are recognised when the company has a present (legal or constructive) obligation as a result of a past event, it is probable the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

### Note 22. Issued capital

	2022	2021	2022	2021
	Shares	Shares	\$	\$
Ordinary shares - fully paid	996,511	996,511	996,511	996,511
Less: Equity raising costs	-	-	(35,026)	(35,026)
	996,511	996,511	961,485	961,485

#### *Accounting policy for issued capital*

Ordinary shares are recognised at the fair value of the consideration received by the company being \$1 per share. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

#### ***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.

# City West Community Financial Services Limited

## Notes to the financial statements

30 June 2022

### Note 22. Issued capital (continued)

#### 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").
- Where the person is a shareholder, after the transfer of shares in the company to that person the number of shareholders in the company is (or would be) lower than the base number (the "base number test"). The base number is 218. As at the date of this report, the company had 238 shareholders (2021: 235 shareholders).

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 23. Accumulated losses

	2022	2021
	\$	\$
Accumulated losses at the beginning of the financial year	(535,532)	(640,874)
Profit after income tax expense for the year	156,772	105,342
Dividends paid (note 25)	(49,826)	-
Accumulated losses at the end of the financial year	<u>(428,586)</u>	<u>(535,532)</u>

# City West Community Financial Services Limited

## Notes to the financial statements

30 June 2022

### Note 24. Capital management

The Board's policy is to maintain a strong capital base so as to sustain future development of the company. The Board 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:

- 20% of the profit or funds of the company otherwise available for distribution to shareholders in that 12 month period; and
- 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 financial year 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 25. Dividends

The following dividends were provided for and paid to shareholders during the financial year as presented in the Statement of changes in equity and Statement of cash flows.

	2022	2021
	\$	\$
Unfranked dividend of 5 cents per share	49,826	-

#### *Accounting policy for dividends*

Dividends are recognised in the financial year they are declared.

### Note 26. Financial instruments

	2022	2021
	\$	\$
<b>Financial assets</b>		
Trade and other receivables	98,229	73,689
Cash and cash equivalents	354,590	358,455
	<u>452,819</u>	<u>432,144</u>
<b>Financial liabilities</b>		
Trade and other payables	290,489	110,813
Lease liabilities	839,889	901,793
Bank loans	870,000	249,850
	<u>2,000,378</u>	<u>1,262,456</u>

#### *Accounting policy for 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 debtors and creditors, cash and cash equivalents, borrowings and lease liabilities.

# City West Community Financial Services Limited

## Notes to the financial statements

30 June 2022

### Note 26. Financial instruments (continued)

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.

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.

#### **Financial risk management**

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.

#### **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. Interest-rate risk could also arise from long-term borrowings. Borrowings issued at variable rates expose the company to cash flow interest-rate risk.

The company held cash and cash equivalents of \$354,590 at 30 June 2022 (2021: \$358,455). The cash and cash equivalents are held with Bendigo Bank, which are rated BBB+ on Standard & Poor's credit ratings.

As at the reporting date, the company had the following variable rate borrowings outstanding:

	2022		2021	
	Nominal interest rate	Balance	Nominal interest rate	Balance
	%	\$	%	\$
Bank loans	5.35%	<u>870,000</u>	4.39%	<u>249,850</u>
Net exposure to cash flow interest rate risk		<u>870,000</u>		<u>249,850</u>

An analysis by remaining contractual maturities is shown in 'liquidity risk' below.

#### **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.

# City West Community Financial Services Limited

## Notes to the financial statements

30 June 2022

### Note 26. Financial instruments (continued)

#### Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. 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 flow amounts are gross and undiscounted and therefore may differ from their carrying amount in the statement of financial position.

	1 year or less \$	Between 1 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
<b>2022</b>				
<b>Non-derivatives</b>				
Bank loans	155,936	714,064	-	870,000
Trade and other payables	269,439	21,050	-	290,489
Lease liabilities	100,272	511,555	341,041	952,868
Total non-derivatives	525,647	1,246,669	341,041	2,113,357

	1 year or less \$	Between 1 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
<b>2021</b>				
<b>Non-derivatives</b>				
Bank loans	-	249,850	-	249,850
Trade and other payables	74,904	35,909	-	110,813
Lease liabilities	90,746	474,324	478,181	1,043,251
Total non-derivatives	165,650	760,083	478,181	1,403,914

### Note 27. Key management personnel disclosures

The following persons were directors of City West Community Financial Services Limited during the financial year:

Raymond Li Jin Tai

Raymond Chung Jil Seeto

Dr Philip George Ronaldson PhD

Matthew James Phelps

Vinh Van Lam

Luke James Goldsworthy

Ashley Leander Limbury

Kim Loan Hann

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.

# City West Community Financial Services Limited

## Notes to the financial statements

30 June 2022

### Note 28. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Andrew Frewin Stewart, the auditor of the company:

	2022	2021
	\$	\$
<i>Audit services</i>		
Audit or review of the financial statements	5,200	5,000
<i>Other services</i>		
Taxation advice and tax compliance services	600	1,240
General advisory services	4,600	4,860
Share registry services	-	1,900
	5,200	8,000
	10,400	13,000

### Note 29. Reconciliation of profit after income tax to net cash provided by operating activities

	2022	2021
	\$	\$
Profit after income tax expense for the year	156,772	105,342
Adjustments for:		
Depreciation and amortisation	142,498	141,872
Lease liabilities interest	28,500	29,912
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(29,844)	29,344
Decrease in inventories	13,365	20,899
Decrease in deferred tax assets	55,569	39,205
Increase/(decrease) in trade and other payables	(9,653)	53,640
Increase in employee benefits	7,970	9,110
Increase in other provisions	1,021	987
Net cash provided by operating activities	366,198	430,311

### Note 30. Earnings per share

	2022	2021
	\$	\$
Profit after income tax	156,772	105,342
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	996,511	996,511
Weighted average number of ordinary shares used in calculating diluted earnings per share	996,511	996,511
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	15.73	10.57
Diluted earnings per share	15.73	10.57

# City West Community Financial Services Limited

## Notes to the financial statements

30 June 2022

### Note 30. Earnings per share (continued)

#### *Accounting policy for earnings per share*

Basic and diluted earnings per share is calculated by dividing the profit attributable to the owners of City West Community Financial Services Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year.

### Note 31. Commitments

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

### Note 32. Contingencies

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

### Note 33. Events after the reporting period

Since the end of the year, the Reserve Bank of Australia (RBA) has increased the cash rate by 1.5 basis points moving from 0.85% at 30 June 2022 to 2.35% as at the date of signing these accounts. The increase in the cash rate has a direct impact on the revenue received by the company on its products (deposits and loans) offered to its customers. This increase in conjunction with the purchase of the Balmain/Rozelle Financial Services Ltd revenue stream has resulted in a material increase in the revenue streams for the first couple of months July – August 2022.

No other matter or circumstance has arisen since 30 June 2022 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.

# City West Community Financial Services Limited

## Directors' declaration

30 June 2022

In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in the notes to the financial statements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2022 and of its performance for the financial 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 295(5)(a) of the *Corporations Act*

2001. On behalf of the directors

A handwritten signature in black ink, appearing to read 'R. Li', written over a horizontal line.

Raymond Li Jin Tai  
Chair

05 October 2022

# City West Community Financial Services Limited

## Independent auditor's report to the members of City West Community Financial Services Limited



Andrew Frewin Stewart  
61 Bull Street Bendigo VIC 3550

afs@afsbendigo.com.au  
03 5443 0344

### Independent auditor's report to the Directors of City West Community Financial Services Limited

#### Report on the Audit of the Financial Report

##### Opinion

We have audited the financial report of City West Community Financial Services Limited (the company), which comprises:

- Statement of financial position as at 30 June 2022
- 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 City West Community Financial Services Limited, 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 2022 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.





Andrew Frewin Stewart  
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.



Andrew Frewin Stewart  
61 Bull Street Bendigo VIC 3550

afs@afsbendigo.com.au  
03 5443 0344

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: 30 September 2022

**Joshua Griffin**  
Lead Auditor



**CITY WEST COMMUNITY FINANCIAL SERVICES LIMITED**

Trading as **Community Bank Darling Square**

Shop NE12 Darling Square, 11 Little Pier Street,  
HAYMARKET NSW 2000

**Phone:** (02) 9518 9866 Fax (02) 9518 9844

**Email:** secretary@cwdfs.com.au

City West Community Financial Services Limited ABN: 34 134 051 219 is a  
Franchisee of Bendigo Bank ABN: 1 1 068 0 49 178

[www.bendigobank.com.au/darlingsquare](http://www.bendigobank.com.au/darlingsquare)

[www.cwdfs.com.au](http://www.cwdfs.com.au)

<https://sydneycommunityhub.com/>

**Making good  
things happen in  
our community**