

# Annual Report 2022

Hihett Community  
Financial Services Limited

Community Bank  
Hihett

ABN 23 094 393 683



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## **Cover photos**

External photo of Branch after refresh.

Highett Village Common – multi-use outdoor space.

5th Sandringham Scout Group – new fire pit project.

Highett Youth Club – recipient of a Highett Community Bank Grant.

# Chairperson's report

For year ending 30 June 2022



*We will continue to support our growing and diversifying community, provide returns to shareholders, and deliver important banking and financial services to the community in and around Highett. In this competitive operating environment, we plan to continue our focus on retaining and growing business activity and activating community partnerships.*

As Chairperson of Community Bank Highett, it is a pleasure to present our Annual Report for 2022 which reflects our 21st year of operations.

*While we have remained optimistic and committed to our Values and Purpose, it has been a year with many challenges and changes.*

Over the past year, we have remained committed to becoming the bank of choice for our local community. 2021-22 has been a challenging year for our company, customers, and community. We have operated within an uncertain and changing COVID-19 recovery environment, experienced low net customer growth, subdued consumer confidence and witnessed personal hardships. Fortunately, we have remained profitable by working closely with our branch staff, taking a conservative approach to community investment, and carefully monitoring and adjusting our financial position. Our efforts for 2021-22 have been recognised by being awarded Rising Star for the Bayside Region. This award is a testament to the efforts, dedication, and commitment of our branch staff and Board.

## Profit before Tax and Community Returns

Our profit before tax is \$16,545 and almost \$30,000 has been dispersed through community returns, donations, and sponsorships.

	2021-22	2020-21	Change
Total Gross Income	778,295	861,278	-10%
Less Total Expenses	(761,750)	(828,954)	-8%
Profit before Tax	16,545	32,324	-49%
Add back Community Returns and Sponsorships	29,941	62,122	-52%
<b>Profit before Tax and Community Returns</b>	<b>46,486</b>	<b>94,446</b>	<b>-51%</b>

## Community Investment

We have received a smaller number of requests for funding throughout 2021-22 and invested \$29,941 into different segments within our community. See our Community Impact Stories for more information about the worthy projects supported and our community partnerships.

Community Returns (donations and grants)	10,000
Sponsorships	19,941
<b>Total for 2020-21</b>	<b>29,941</b>

## Chairperson's report (continued)

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**As shown below, our total returns as at 30 June 2022 are an impressive \$3,052,130.**

Dividends / Returns to Shareholders	712,686
Community Returns (donations and grants)	1,295,316
Sponsorship	1,044,128
<b>Total Community Returns</b>	<b>3,052,130</b>

We will continue to support our growing and diversifying community, provide returns to shareholders, and deliver important banking and financial services to the community in and around Highett. In this competitive operating environment, we plan to continue our focus on retaining and growing business activity and activating community partnerships. Based on our profit and strong balance sheet this year, consistent with our constitution, the Board has determined that a five cent fully franked dividend will be paid per share.

### The Board

We have seen changes to our Board throughout the year. Gerlinde Scholz and Caren Walliser have retired after making an active contribution. I have decided to step aside from the roles of Chairperson, and as Director effective 30 June 2022. Maria Koutsimpiris (Deputy Chair and Chair), Peter Smith (Deputy Chair), Susan Smith (Company Secretary), Rick Iversen (Treasurer), Chris Pettit and Debra Smith have continued to make valuable contributions to the Board. The Board has continued to enhance its governance policies and procedures and is undertaking a strategic planning process which aims to ensure Company sustainability. A big thank you to current and retiring Directors for their service to our Company, shareholders, and community.

### Our Branch Team

Our Branch team has performed well again this year despite staffing changes. Glenn Jowett (Branch Manager) retired, and Natalie Driessen (Community Liaison Coordinator) resigned to pursue a new full-time role. We thank Glenn and Natalie for their service, significant contribution and key roles undertaken with customers, community partners, traders, and stakeholders. Michelle Canterfield (Customer Relationship Manager), Mandy Keys (Customer Relationship Officer), and Jane Turner (Customer Service Officer) have continued to play integral roles in continuing branch operations and working closely with newly appointed staff. Bianca Ramadan accepted a permanent role in December 2021 and Thomas Caldwell, previously employed at the now closed Beaumaris Branch, commenced in May 2022. We also welcomed Daniel Leonov back to Community Bank Highett in January, as our interim Branch Manager. Daniel returns after working as Branch Manager with the Bendigo Bank Glen Waverley for the past two years. Daniel started his career with Bendigo Bank at Community Bank Highett as a Customer Service Officer and has worked the team while we recruited a permanent replacement. Guireh Darar started as Branch Manager in July 2022, transferring from Community Bank Caulfield Park. We look forward to working with Guireh and thank Daniel for his efforts and wish him well with his next chapter. I would like to recognise the support by Regional Manager Peter Rice and the Bendigo and Adelaide Bank support team during this transitional period.

### Thank you for your support

In closing, I would like to thank our shareholders and customers who play a vital role in our success and relevance. We remain optimistic about the sustainability of Highett Community Financial Services Limited and the important leadership role we will continue to play for our local community and economy in a COVID-19 recovery environment. The Board looks forward to working collaboratively and increasing our opportunities through the support of our staff, customers, shareholders, and local community.

On a personal note, I wish the Board and branch team continued success. I am grateful for the opportunity to serve on the Board, the experiences, opportunities to contribute and relationships developed with Directors, past Directors, and staff as well as community members over the past 13 years.



**Dr. Robyn Cochrane**  
Chairperson

# Manager's report

For year ending 30 June 2022



*We are proud to have contributed to a variety of community groups including local sporting clubs and community resilience groups which are leading the way for positive change in our local networks.*

The 2021-22 financial year brought with it many challenges and changes for our business and the local community in which we operate.

The continued prevalence of pandemic restrictions during the year and economic impact as a result is still being felt in our local and wider communities.

The impact this had on Community Bank Highett in the first half of the year meant that our reduced staffing levels prevented us from operating as efficiently and effectively as is our norm. Despite this, the existing staff at the time did their utmost to continue to provide support and quality service to our customers and community partners. For this, I would like to commend Mandy Keys, Michelle Canterford and Jane Turner for their continued hard work and resilience.

There were several staffing changes throughout the year. Branch Manager Glenn Jowett made a personal choice to retire and finished up in December 2021. We thank Glenn for his contribution during his tenure at the bank and wish him well.

I commenced in a temporary position as Branch Manager in January, finishing up in September as I sought a business venture outside the bank. During this time, we welcomed Bianca Ramadan in December and Thomas Caldwell in April, who have bolstered our front-line staffing and have already made a positive impact to our business. We are glad to have them on board.

To replace myself, we welcomed Guireh Darar as our new Branch Manager in July. Guireh brings a wealth of experience with him through previous roles within Bendigo Bank and is looking forward to further driving this business forward.

Despite the challenges faced during the year, there are many achievements to be proud of. We were able to contribute \$30,000 back into our local community, thus bringing our total contributions to over \$3 million throughout our operating history. We are able to continue to reinvest in our community through the income we generate by our customers and you banking with Community Bank Highett. We are proud to have contributed to a variety of community groups including local sporting clubs and community resilience groups which are leading the way for positive change in our local networks.

We managed to grow our lending book by \$10 million while deposits grew by \$11 million. This combined growth, is the strongest Community Bank Highett has experienced in recent years and is a testament to the focus and dedication of the team even in the face of adversity. Our total branch footings stand at \$168 million.

I would like to give a sincere thank you to the team of staff at the branch, as well as the Board of Directors for their strong support during the year, which made our results possible.

Most importantly, I would like to thank our customers and shareholders. With your support, we have built a successful community enterprise which continues to be of benefit to our local community now and into the future.

**Daniel Leonov**  
Branch Manager

# Bendigo and Adelaide Bank report

For year ending 30 June 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,



**Justine Minne**  
**Bendigo and Adelaide Bank**

# Community Bank National Council report

For year ending 30 June 2022

As a shareholder in your local Community Bank, you are part of this incredible social network that is playing an increasingly important role in the Australian economy.

The Community Bank network was a first mover in Australia with its unique social enterprise model. The first Community Bank opened its doors in 1998, and since then, the network has grown to 307 Community Bank branches.

The network represents a diverse cross-section of Australia with 240 social enterprises, 70,000+ shareholders, 1600+ volunteer Directors, 1600+ staff and 905,000 customers located in metro, regional, rural and remote locations across the country. It's not uncommon to visit a country town and see the Community Bank logo affixed to public amenities; at the front of schools, and on the perimeter of sporting clubs – such is the breadth and depth of our investments over the years.

The Community Bank network invests via grants, donations and sponsorships that connect with and care for generations of Australians. Funding programs range from sport, scholarships and school programs, through to community groups, cultural organisations and local councils. The Community Bank influence further extends to facilitating and attracting other partners to help subsidise much needed community projects.

The relationship with the Bank, which has been fashioned out of shared effort, risk and reward, is clearly a philosophy that works. Also supporting the network, is the Community Bank National Council (CBNC), which advocates and influences on behalf of the 240 community enterprises with its partners.

The three strategic pillars of the 2022-23 CBNC strategy are to:

- Develop a community network strategy to ensure the ongoing sustainability of our community enterprises
- Advocate for and champion the uniqueness and value of our social enterprises
- Unite the network to leverage our community presence and amplify our community impact

All Directors and shareholders should feel proud of the network which has collectively delivered enormous impact in our local communities.

We are community builders and investors with a national presence, whilst still retaining grass roots community connections. It's through this unique point of difference, and the commitment of our directors and shareholders, that we are well positioned to embrace the change that is upon us.

Next year our Community Bank network celebrates 25 years, but in many respects, it's only the beginning for our collective of social enterprises.

Warm regards



**Sarah Franklyn**  
CBNC Chair

# Board of Directors

For the financial year ended 30 June 2022

## Dr. Robyn Cochrane

(Chair, resigned as Director 30 June 2022)

“My initial interest was based on firsthand experience seeing the positive impact of community grants. I have enjoyed my time as a Director and Chairperson working alongside Directors, Branch team members, Bendigo Bank representatives and many community organisations and clubs. My passion remains making a positive impact and being a community leader by collaborating and advocating for the benefit of our local community.”



**Occupation:** Director/Lead Researcher of Cochrane Research Solutions (a research consultancy business)

**Work background:** Over 30 years of experience in research, policy, planning and teaching roles in the higher education, vocational education and training, local government, and community sectors.

**Qualifications:** PhD in Management, Certificate IV in Quality Management and Assurance and Applied Certificate in Project Management

**Other Directorships:** Family Trust

**Former Directorships in last 3 years:** NIL

**Board Committees and Working Groups:** Community Partnerships Committee, People and Culture Committee and AGM and Annual Report Working Group

**Interest in shares:** NIL

## Maria Koutsimpiris

(Deputy Chair and Chair from 13 May 2022)

“I grew up in Moorabbin and have lived most of my life in the Bayside area. I learnt the importance of community when my girls were younger in sessional kindergarten, local schools and involved with several community sports. I now have the capacity to leverage my governance, general management and strategic planning skills to help strengthen Community Bank Highett and increase the returns to our local community in the areas of building resilience, education and sport.”



**Occupation:** Project Controls Manager, Acciona Construction Australia Pty Ltd

**Work background:** Maria is a globally experienced operational, project and strategic executive with a strong governance background. She has worked extensively across complex capital-intensive multinationals and on large billion dollar plus projects and managed large functional and cross functional teams both. Her career spans oil and gas, automotive, consulting engineering, technical services and infrastructure.

**Qualifications:** Australian Institute of Company Directors Course Graduate, Masters in Business Administration, Bachelor of Engineering (Mechanical) / Bachelor of Science (Mathematics).

**Community:** Executive Mentor for NAWO (National Association of Women in Operations), Advisory Committee Member of Power of Engineering (national charity that promotes Engineering to girls at school), Chair of Women in Engineering Victoria for Engineers Australia.

**Other Directorships:** Sole Director of Modern Expression Pty Ltd.

**Former Directorships in last 3 years:** NIL

**Board Committees and Working Groups:** People and Culture Committee, and AGM and Annual Report Working Group.

**Interest in shares:** NIL

## Board of Directors (continued)

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### Rick Iversen

(Treasurer)

“I grew up in Bayside and am excited to be able to contribute locally. Community Bank Highett does fantastic work and I look forward to helping this continue.”



**Occupation:** Head of Product, ConnectID. I work for Australian Payments Plus which is the owner of most of Australia's payments infrastructure including BPAY, eftpos and the New Payments Platform. ConnectID is a new digital identity initiative for all Australians, launching in 2023.

**Work background:** 25 years' experience in corporate strategy, mergers and acquisitions, and partnership development, with UK and Australian major banks, insurers, and management consulting firms.

**Qualifications:** GAICD, Master of Applied Finance, Bachelor of Commerce

**Community:** I grew up in Mentone with a uni job at the original Highett newsagency (now Hot Lips) and I am now living in Bayside with my young family.

**Other Directorships:** Sole trader business

**Former Directorships in the last 3 years:** NIL

**Board Committees and Working Groups:** Finance and Assets Committee, Branch Performance Committee

**Interest in shares:** NIL

### Chris Pettit

“Having had a career in the banking and finance industry, I am a strong believer in the role that banks can and do play in supporting their local community. I am honoured that Highett Community Financial Services Limited has given me the opportunity to play a part in connecting with local schools, sporting groups and other community organisations that make our area such a wonderful place to live.”



**Occupation:** Commercial Credit Manager, Bendigo and Adelaide Bank Limited

**Work background:** Over 20 years' experience working as a Chartered Accountant, working with corporate and commercial clients in roles covering assurance, cash flow / working capital management, and turnaround management. Extensive leadership experience and passionate about coaching, mentoring, and workplace learning and development.

**Qualifications:** Certificate IV Training & Assessment, Chartered Accountant

**Community:** Former manager, Beaumaris Sharks Football Club (2018); former treasurer, Gordon Street Pre-School (2010-2012).

**Other Directorships:** NIL

**Former Directorships in last 3 years:** NIL

**Board Committees and Working Groups:** Finance and Assets Committee and Governance Committee

**Interest in shares:** NIL

## Board of Directors (continued)

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### Gerlinde Scholz

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(resigned 28 February 2022)

“I believe in local people working together to help improve their communities. As a Bayside local for over 30 years, I enjoy contributing my governance skills and experience in business and community development to the Board of Community Bank Highett.”



**Occupation:** Executive Officer, Australian Community Philanthropy

**Work Background:** Executive career in higher education, medical research, social services, and philanthropy sector. Board appointments in social services and environmental sustainability sector. Track record of success in leading business transformation and growth in executive, governance and advisory roles.

**Qualifications:** BA, MA (Melb.), BA Hons (LaTrobe). Member, Australian Institute of Company Directors. Executive Program Not-for-Profit Leadership, Stanford University; Governing for Social Impact, Australian Graduate School of Management, UNSW

**Community:** I have lived in the Bayside area for some 30 years with my family and been involved with local schools and sporting clubs.

**Other Directorships:** President (Board Chair) of sustainability organisation Renew Australia. Previous Non-Executive Director and Chair of relationship services provider Better Place Australia

**Former Directorships in last 3 years:** NIL

**Board Committees and Working Groups:** Governance Committee

**Interest in shares:** NIL

### Debra Smith

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“As a Highett local, I love that Community Bank Highett has continuously delivered on its ‘profit-with-purpose’ promise, returning profits directly to community that generated them. It is a privilege to serve on a Board that can make such a positive impact on its community.”



**Occupation:** Forensic Mental Health Clinician

**Work Background:** General and Marketing Management, Social Work/Forensic Mental Health.

**Qualifications:** Bachelor of Business Studies, Master of Social Work

**Community:** Various volunteering roles including Business Mentor BSL Stepping Stones (2019) and Ardoch Schools Literacy Program (2019).

**Other Directorships:** NIL

**Former Directorships in last 3 years:** NIL

**Board Committees and Working Groups:** Community Partnerships Committee and Governance Committee

**Interest in shares:** NIL

## Board of Directors (continued)

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### Peter Smith

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(Deputy Chair from 13 May 2022)

“I have really enjoyed my time serving on the Board. It is a privilege to be part of a talented group of people, all committed to building a strong business while genuinely integrating with, and supporting the local Highett and Moorabbin communities, has been deeply satisfying.”



**Occupation:** Business Coach, Company Director

**Work Background:** 30 years of corporate experience working with leading global brands, specialising in Sales and Customer Service, and eight years of operating my own Telstra franchises.

**Qualifications:** Master of Business Administration, Diploma Asian Studies, Certified 6 Sigma Black Belt and Agile, Accredited Business Coach

**Community:** Previously President, Brighton Beach Bowls Club; Black Rock Football Club; St Mary's Hampton Finance Committee; Lae Medical Services Ltd (PNG).

**Other Directorships:** Connected Six Group Pty Ltd; Dunlop Papua Guinea Ltd

**Former Directorships in last 3 years:** NIL

**Board Committees and Working Groups:** Branch Performance; People & Culture

**Interest in shares:** NIL

### Susan Smith

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(Company Secretary)

“I first recognised how the Community Bank model creates positive change and supports its customers through my interaction with my parents' local country Community Bank. It has been a privilege to be selected this year as a Board member to guide the future my local branch of a Bank that proudly partners with communities to ensure their prosperity.”



**Occupation:** Board Secretary, State Library of Victoria

**Work background:** Over 35 years' experience in Air Traffic Management, from working as an air traffic controller to corporate executive management, including representing the Federal Government at the International Civil Aviation Organisation (part of the UN). I am currently working as a corporate compliance specialist and board secretary.

**Qualifications:** Master of Business Administration, Bachelor of Science; Graduate Diploma Corporate Governance, Diploma of Aviation, Australian Institute of Company Directors Course Graduate

**Community:** Currently on the Board of Vicsport who represents and advocates for Victorian sporting clubs and associations and builds the capacity and capability of these members.

**Other Directorships:** Chair of Swimming Victoria and Deputy Chair of Vicsport

**Former Directorships in last three years:** NIL

**Board Committees and Working Groups:** Governance Committee; Finance and Assets Committee and AGM and Annual Report Working Group

**Interest in shares:** NIL

## Board of Directors (continued)

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### Caren Walliser

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(resigned 30 June 2022)

“ We immigrated to Melbourne over 20 years ago and have lived in Bayside since our move. My family has grown up in Bayside and we have established many wonderful relationships here. Being part of the Highett Community Financial Services Limited Board has provided me with the opportunity to support this community and liaise with the organisations that the bank supports.”



**Occupation:** Tax Accountant

**Work background:** Twelve years' experience in the external audit and internal audit sector in South Africa and Australia. For the last 18 years, I have practised as a tax accountant and assistant SMSF auditor for a practice in Mentone.

**Qualifications:** Bachelor of Accounting Science (Honours), Certified Public Accountant, Registered Tax Agent

**Community:** Treasurer Cheltenham Park Cricket Club 2010-19, Treasurer Olympic Avenue Kindergarten in 2006

**Other Directorships:** NIL

**Former Directorships in last 3 years:** NIL

**Other Directorships:** NIL

**Board Committees and Working Groups:** Community Partnerships Committee and People and Culture Committee

**Interest in shares:** NIL

# Community impact stories

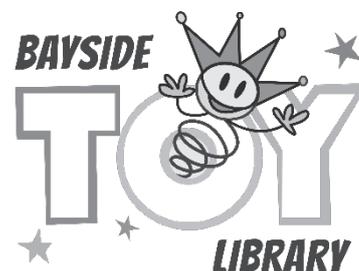
For year ending 30 June 2022

Throughout 2021-22, we have invested in a variety of worthy projects and community organisations across the categories of Community Resilience, Education and Sport and Recreation including:

BayCISS	Farm Road Pre-School
Bayside Cricket Club	Hampton Cricket Club
Bayside Emergency Community Relief (BCER)	Highett Football/Netball Club
Bayside Toy Library	Highett Neighbourhood Community House
Brighton Philatelic Society	Kimekai Karate
Cheltenham Park Cricket Club	Moorabbin Kangaroos Football Club
Cheltenham Rotary Club	St David's Anglican Church Moorabbin
Dandenong White Star Soccer Club	St Vincent de Paul

## The Bayside Toy Library

Bayside Toy Library is a not-for-profit toy lending service (for children aged between 6 months and 10 years), which provides local families with access to a variety of high-quality educational toys to assist with childhood development. The focus is to educate through play and offer affordable membership options to community members and to ensure the happiness and health of children in our area. The grant from the Community Bank Highett was used to help the Bayside Toy Library to increase their range of targeted, quality, sensory toys to support families.



*“We feel that we have successfully used the grant money to reinvigorate relationships with community groups and local businesses post-COVID. Our range of specialist sensory toys/resources will hopefully continue to grow.”*



## Community impact stories (continued)

### Farm Road Pre-School

The Farm Road Pre-School wanted to create an increased focus on Australian culture and understanding of the history of the land. The grant from the Community Bank Highett was used to create a mural in the playground. In the lead up to the project, students learnt about art, created their own artworks, and then worked with the artist to plan the mural which was executed on an existing structural surface of a storage unit located within the playground. As the mural is positioned near a rear fence, it is also visible to all those walking by, and thus also shared members of the community that are not directly involved with the Pre-School.



*“Our children have loved seeing the shipping container transformed from a grey block in their playground to this beautiful mural. It brightens up the space, provides links to our native flora and fauna, and adds a sense of nurture and belonging to our pre-school community. Thank you to Hayden Dewar for his creative vision and artistic skill, and to Bendigo Bank Highett for their support of this project.”*

### Therapy Dog Program at Highett Neighbourhood House



Sponsorship by Community Bank Highett helped the community at the Highett Neighbourhood House come together for a cuppa and a chat with Chilli the Therapy Dog.

Monash University counselling students led a Community Circle where participants are invited to share their stories with others in a supported space. Great coffee, conversation and UNO cards were also on hand to make for some great sessions!



# Directors' report

## HIGHETT COMMUNITY FINANCIAL SERVICES LIMITED For the year ended 30 June 2022

### Directors' Meetings

During the 2021-22 year, 11 Directors meetings were held. Attendance by each Director was as follows:

Director	Meetings as Director	Meetings attended	Director details
Dr Robyn Cochrane	11	10	Director since 2008. Resigned 30 June 2022
Maria Koutsimpiris	11	11	Director since 2019
Caren Walliser	11	10	Director since 2018. Resigned 30 June 2022
Peter Smith	11	9	Director since 2020
Chris Pettit	11	10	Director since 2020
Debra Smith	11	10	Director since 2020
Gerlinde Scholz	7	5	Director since 2020. Resigned 28 February 2022
Rick Iversen	11	10	Director since 2021
Susan Smith	11	11	Director since 2021

Directors are involved in Board Committees and Working Groups that meet throughout the year, as follows:

**Committees:** Community Partnerships; Branch Performance; Finance and Assets; Governance; and People and Culture.

**Working Groups:** Branch Refresh; Workforce, AGM & Annual Report

These meetings involve the discussion of specific topics. Where decisions are required, recommendations are presented to the Board of Directors and dealt with at the regular Director meetings. Directors effectively make all decisions at the regular Director's meetings, hence attendance at 'Committee' meetings has not been disclosed.

### Operating Result

The profit of the company for the financial year after providing for community returns, sponsorship and income tax amounted to:

Financial Year Ended	30 June 2021	30 June 2022
Net Profit after Tax	\$34,191	\$11,940

### Review of Operations

During 2021/22 the Board continued its focus on good corporate governance and the continual update our COVID safety plan with the aim to keep our customers, workers, and our community safe whilst maintaining essential banking services. This required our branch opening hours reduced to 09.30 to 14.00 Monday to Friday (returning to 16.00pm on 4 July).

A review of the operations of the company during the financial year and the results of those operations highlights a decrease in income received and a decrease in expenses, mainly due to a decrease in staff cost due to staff vacancies. The operating profit was favourable to budget.

### Principal Activities

The principal activities of the company during the course of the year were Financial Services. No significant change in the nature of these activities occurred during the year.

# Directors' report (continued)

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## **After Reporting Date Events**

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in subsequent financial years. Staffing changes that have occurred post-30 June 2022 are outlined in the Chairperson's report.

## **Future Developments**

The company expects to maintain the present status and level of operations and hence there are no likely developments in the operations in future financial years.

## **Environmental Issues**

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory in Australia.

## **Dividends**

A fully franked dividend was paid during the period for the 2021 year. In line with our constitution the Board has determined that a five cent fully franked dividend will be paid in the 2022 financial year.

## **Options**

No options over issued shares or interests in the company were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

## **Directors' Interests in Shares of the Company or Related Bodies Corporate**

The particulars of shares held by the directors of the company in the company or in related bodies corporate have been noted and are declared in the register of directors' shareholdings.

## **Directors' Benefits**

No director has received or has become entitled to receive, during or since the financial year, a benefit because of a contract made by the company 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. Director reimbursements and honorariums are paid to compensate for expenses incurred.

## **Indemnification 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. The company has not provided any insurance for the auditor of the company or a related body corporate.

## **Proceedings on Behalf of Company**

No person has applied for leave of Court to bring proceedings on behalf of the company or 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 any part of those proceedings.

## **Auditors Independence Declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 has been included in this report.

Signed in accordance with a resolution by the Board of Directors



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**Maria Koutsimpiris, Director/Chairperson**



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**Rick Iversen, Director/Treasurer**

Date: 15 September 2022

# Auditor's independence declaration



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Bendigo, Victoria  
PO Box 448, Bendigo, VIC, 3552

Ph: (03) 4435 3550  
admin@rsdaudit.com.au  
www.rsdaudit.com.au

## **Auditors Independence Declaration under section 307C of the *Corporations Act 2001* to the Directors of Highett Community Financial Services Limited**

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Highett Community Financial Services Limited. As the lead audit partner for the audit of the financial report for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) The auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) Any applicable code of professional conduct in relation to the audit.

**RSD Audit**

A handwritten signature in dark ink, appearing to be 'KAT'.

**Kathie Teasdale**  
**Partner**  
41A Breen Street  
Bendigo VIC 3550

**Dated:** 28 July 2022

Richmond Sinnott & Delahunty, trading as RSD Audit  
ABN 85 619 186 908  
Liability limited by a scheme approved under Professional Standards Legislation

# Financial statements

## Statement of Comprehensive Income

### HIGHETT COMMUNITY FINANCIAL SERVICES LIMITED

For the year ended 30 June 2022

	NOTES	2022	2021
<b>Revenue</b>			
Revenue from Ordinary Activities	4	778,295	797,136
Other Income	5	-	64,142
<b>Total Revenue</b>		<b>778,295</b>	<b>861,278</b>
<b>Expenses</b>			
Community Returns (Donations & Grants)		(10,000)	(10,000)
Sponsorship		(19,941)	(52,122)
Marketing Expenses		(2,348)	(6,264)
Employee and Associated Costs		(420,064)	(452,497)
Occupancy and Associated Costs		(34,397)	(27,649)
System Costs		(46,095)	(58,787)
Depreciation and Amortisation	6	(80,514)	(82,351)
General Administration Expenses		(103,282)	(110,905)
Interest Expense	7	(45,108)	(28,378)
<b>Total Expenses</b>		<b>(761,750)</b>	<b>(828,954)</b>
<b>Profit/(Loss) before Taxation</b>		<b>16,545</b>	<b>32,324</b>
<b>Income Tax Expense</b>			
Income Tax Expense	8	(4,605)	1,867
<b>Total Income Tax Expense</b>		<b>(4,605)</b>	<b>1,867</b>
<b>Net Profit After Tax</b>		<b>11,940</b>	<b>34,191</b>
<b>Dividends Provided For or Paid</b>			
Dividends Provided For or Paid	9	(23,209)	(23,209)
<b>Total Dividends Provided For or Paid</b>		<b>(23,209)</b>	<b>(23,209)</b>
<b>Other Appropriations</b>			
Other Appropriations	22	10,000	10,000
<b>Total Other Appropriations</b>		<b>10,000</b>	<b>10,000</b>
<b>Net Profit After Tax &amp; Dividends</b>		<b>(1,269)</b>	<b>20,982</b>

The accompanying notes form part of these financial statements. These statements should be read in conjunction with the attached compilation report.

## Balance Sheet

### HIGHETT COMMUNITY FINANCIAL SERVICES LIMITED

As at 30 June 2022

	NOTES	30 JUN 2022	30 JUN 2021
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	10	195,670	209,383
Receivables	11	87,098	60,018
Financial Assets	12	623,340	622,296
Taxation	13	-	6,424
Other Current Assets	14	2,655	1,787
<b>Total Current Assets</b>		<b>908,763</b>	<b>899,909</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	15	152,337	137,636
Right-of-use Asset	16	779,076	836,082
Intangibles	17	53,475	67,976
Deferred Tax Asset	18	70,548	75,153
<b>Total Non-Current Assets</b>		<b>1,055,436</b>	<b>1,116,847</b>
<b>Total Assets</b>		<b>1,964,199</b>	<b>2,016,756</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Payables	19	25,018	21,740
Provisions	20	37,121	29,262
Accrued Expenses	21	13,234	11,049
Taxation	13	3,092	-
Financial Liabilities	22	10,000	10,000
Property Lease Liability	23	41,331	37,547
<b>Total Current Liabilities</b>		<b>129,795</b>	<b>109,599</b>
<b>Non-Current Liabilities</b>			
Payables	19	29,002	43,503
Provisions	20	7,076	12,728
Financial Liabilities	22	10,000	20,000
Property Lease Liability	23	960,137	1,001,468
<b>Total Non-Current Liabilities</b>		<b>1,006,215</b>	<b>1,077,699</b>
<b>Total Liabilities</b>		<b>1,136,010</b>	<b>1,187,298</b>
<b>Net Assets</b>		<b>828,189</b>	<b>829,458</b>
<b>Equity</b>			
Share Capital	24	464,175	464,175
Retained Earnings	25	364,014	365,283
<b>Total Equity</b>		<b>828,189</b>	<b>829,458</b>

The accompanying notes form part of these financial statements. These statements should be read in conjunction with the attached compilation report.

## Statement of Changes in Equity

### HIGHETT COMMUNITY FINANCIAL SERVICES LIMITED For the year ended 30 June 2022

	ISSUED CAPITAL	ACCUMULATED PROFITS	TOTAL EQUITY
<b>Transactions - 2021</b>			
Balance as at 1 July 2020	464,175	344,300	808,475
Total comprehensive income for the year	-	34,192	34,192
Transactions	-	-	-
Transfer to Highett Youth Club Liability from Accumulated Profit	-	10,000	10,000
Dividends provided for or paid	-	(23,209)	(23,209)
<b>Balance as at 30 June 2021</b>	<b>464,175</b>	<b>365,283</b>	<b>829,458</b>

	ISSUED CAPITAL	ACCUMULATED PROFITS	TOTAL EQUITY
<b>Transactions - 2022</b>			
Balance as at 1 July 2021	464,175	365,283	829,458
Total comprehensive income for the year	-	11,940	11,940
Transactions	-	-	-
Transfer to Highett Youth Club Liability from Accumulated Profit	-	10,000	10,000
Dividends provided for or paid	-	(23,209)	(23,209)
<b>Balance as at 30 June 2022</b>	<b>464,175</b>	<b>364,014</b>	<b>828,189</b>

The accompanying notes form part of these financial statements. These statements should be read in conjunction with the attached compilation report.

## Statement of Cash Flows

### HIGHETT COMMUNITY FINANCIAL SERVICES LIMITED For the year ended 30 June 2022

	2022	2021
<b>Operating Activities</b>		
Receipt from Customers	828,631	883,795
Payments to Suppliers and Employees	(687,799)	(808,855)
Interest Received	2,277	6,028
Interest and other costs of finance paid	(69,802)	(59,681)
Income Tax Refunded/(Paid)	6,729	10,334
Cash Receipts From Other Operating Activities	-	64,142
<b>Net Cash Flows from Operating Activities</b>	<b>80,036</b>	<b>95,762</b>
<b>Investing Activities</b>		
Proceeds from Sale of Investments	1,233	21,992
Payment for Property, Plant and Equipment	(23,708)	(3,434)
Payment for Investments	(2,277)	(6,028)
<b>Net Cash Flows from Investing Activities</b>	<b>(24,752)</b>	<b>12,530</b>
<b>Financing Activities</b>		
Repayment of leases	(45,789)	(59,453)
Dividends provided for or paid	(23,209)	(23,209)
Unclaimed dividend monies	-	(12,915)
Return of Capital Amounts Payable	-	(1,640)
<b>Net Cash Flows from Financing Activities</b>	<b>(68,998)</b>	<b>(97,217)</b>
<b>Net Cash Flows</b>	<b>(13,713)</b>	<b>11,075</b>
<b>Cash and Cash Equivalents</b>		
Cash and cash equivalents at beginning of period	209,383	198,308
Cash and cash equivalents at end of period	195,670	209,383
<b>Net change in cash for period</b>	<b>(13,713)</b>	<b>11,075</b>

The accompanying notes form part of these financial statements. These statements should be read in conjunction with the attached compilation report.

## Statement of Cash Flows - Note 1

### HIGHETT COMMUNITY FINANCIAL SERVICES LIMITED For the year ended 30 June 2022

#### 1. Reconciliation of Cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts.

Cash at the end of the year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:

	2022	2021
<b>Cash and Cash Equivalents</b>		
1201 - General Cheque A/C	128,349	132,270
1202 - Market Development A/C	2,241	17,213
1203 - Manager's Visa A/C	8	345
1205 - Terminal Rental A/C	153	187
1206 - Everyday Business A/C	63,824	57,824
1207 - Dividend Payments A/C	863	892
1208 - Chairperson's Expense Account	133	470
Petty Cash	98	182
<b>Total Cash and Cash Equivalents</b>	<b>195,670</b>	<b>209,383</b>

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The accompanying notes form part of these financial statements. These statements should be read in conjunction with the attached compilation report.

## Statement of Cash Flows - Note 2

### HIGHETT COMMUNITY FINANCIAL SERVICES LIMITED For the year ended 30 June 2022

#### 2. Reconciliation Of Net Cash Provided By/Used In Operating Activities To Net Profit

	2022	2021
<b>Net cash provided by Operating Activities</b>		
Profit from ordinary activities after tax	11,940	34,191
<b>Non Cash Items:</b>		
Depreciation	4,379	2,209
Amortisation	76,135	80,142
<b>Changes in assets/(liabilities)</b>		
Increase/(decrease) in Tax Liabilities	17,759	23,369
<b>Changes in assets and liabilities net of effects of purchases and disposals of controlled entities:</b>		
(Increase)/decrease in Plant & Equipment Assets	-	-
<b>Other</b>		
(Increase)/decrease in Receivables	(27,080)	13,638
(Increase)/decrease in Deferred Tax Asset	4,605	(1,867)
Increase/(decrease) in Payables	(12,092)	(20,624)
Increase/(decrease) in Accrued Expenses	2,184	11,049
Increase/(decrease) in Provisions	2,206	(46,345)
<b>Total Net cash provided by Operating Activities</b>	<b>80,036</b>	<b>95,762</b>

The accompanying notes form part of these financial statements. These statements should be read in conjunction with the attached compilation report.

# Notes to the financial statements

## HIGHETT COMMUNITY FINANCIAL SERVICES LIMITED

For the year ended 30 June 2022

### 1. Statement of Significant Accounting Policies

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001. The company is a for-profit entity for the purpose of preparing the financial statements.

The financial statements cover Highett Community Financial Services Limited as an individual entity. Highett Community Financial Services Limited is a company limited by shares, incorporated and domiciled in Australia.

#### A. Basis of Preparation

##### *Reporting Basis and Conventions*

The financial statements have been prepared on an accruals basis and are based on historical costs and do not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

Where required by Australian Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

The directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and internally. The financial statements are presented in Australian dollars which is the company's functional and presentation currency.

##### *Economic Dependency - Bendigo and Adelaide Bank Limited*

The company has entered into a franchise agreement with Bendigo and Adelaide Bank Limited that governs the management of the Community Bank® branch at Highett, Victoria. The branch operates as a franchise of Bendigo and Adelaide Bank Limited, using the name "Bendigo Bank" and the logo and system of operations of Bendigo and Adelaide Bank Limited.

The company manages the Community Bank® branch on behalf of Bendigo and Adelaide Bank Limited, however all transactions with customers conducted through the Community Bank® branches are effectively conducted between the customers and Bendigo and Adelaide Bank Limited.

All deposits are made with Bendigo and Adelaide Bank Limited, and all personal and investment products are products of Bendigo and Adelaide Bank Limited, 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 and Adelaide Bank Limited, must be approved by Bendigo and Adelaide Bank Limited. All credit transactions are made with Bendigo and Adelaide Bank Limited, and all credit products are products of Bendigo and Adelaide Bank Limited.

Bendigo and Adelaide Bank Limited provides significant assistance in establishing and maintaining the Community Bank® branch 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.

#### B. Accounting Policies

The following is a summary of the material accounting policies adopted by the economic entity in the preparation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

##### **Revenue**

Revenue is recognised when the amount of revenue can be reliably measured, it is probable that future economic benefit will flow to the company and any specific criteria have been met. Interest and fee revenue are recognised when earned. The gain or loss on disposal of property, plant and equipment is recognised on a net basis and is classified as income rather than revenue. All revenue is stated net of the amount of Goods and Services Tax (GST).

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These notes should be read in conjunction with the attached compilation report.

## Notes to the financial statements (continued)

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The franchise agreement with Bendigo and Adelaide Bank Limited provides for three types of revenue earned by the company. First, the company is entitled to 50% of the monthly gross margin earned by Bendigo and Adelaide Bank Limited on products and services provided through the company that are regarded as “day to day” banking business. This arrangement also means that if the gross margin reflects a loss (that is, the gross margin is a negative amount), the company effectively incurs, and must bear, 50% of that loss.

The second source of revenue is commission paid by Bendigo and Adelaide Bank Limited on the other products and services provided through the company. The commission is currently payable on various specified products and services, including insurance, financial planning, common fund, Sandhurst Select, superannuation, commercial loan referrals, leasing referrals, fixed loans and certain term deposits (>90 days). The amount of commission payable can be varied in accordance with the Franchise Agreement (which, in some cases, permits commissions to be varied at the discretion of Bendigo and Adelaide Bank Limited). This discretion has been exercised on several occasions previously. For example, in February 2011 and February 2013 Bendigo and Adelaide Bank Limited reduced commissions on two core banking products to ensure a more even distribution of income between Bendigo and Adelaide Bank Limited and its Community Bank® partners. The revenue share model is subject to regular review to ensure that the interests of Bendigo and Adelaide Bank Limited and Community Bank® companies remain balanced.

The third source of revenue is a proportion of the fees and charges charged to customers. This proportion, determined by Bendigo and Adelaide Bank Limited, may vary between products and services and may be amended by Bendigo and Adelaide Bank Limited from time to time.

### **Income Tax**

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of reporting year. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (or recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax assets and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of profit or loss when the tax relates to items that are recognised outside profit or loss.

### **Employee Benefits**

Provision is made for the liability for employee entitlements arising from services rendered by employees to balance date. Employee entitlements expected to be settled within one year together with entitlements arising from wages and salaries, annual leave and sick leave which will be settled after one year, have been measured at their nominal amount. Other employee entitlements payable later than one year have been measured at the present value of the estimated future cash out flows to be made for those entitlements.

Contributions are made by Highett Community Financial Services Limited to an employee superannuation fund and are charged as expenses when incurred.

### **Cash and Cash Equivalents**

Cash and Cash Equivalents includes cash on hand, deposits held at call with banks or financial institutions, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts i.e. investments which are readily convertible to known amounts of cash and subject to an insignificant risk of change in value.

### **Trade Receivables and Payables**

Receivables are carried at their amounts due. The collectability of debts is assessed at reporting date and specific provision is made for any doubtful accounts. Liabilities for trade creditors and other amounts are carried at cost that is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the company.

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These notes should be read in conjunction with the attached compilation report.

# Notes to the financial statements (continued)

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## Property, Plant and Equipment

Each class of plant and equipment and leasehold improvements are carried at cost less, where applicable, any accumulated depreciation and impairment losses.

The cost of the Leasehold Improvements includes all costs paid to contractors for provision of the improvements. Subsequent costs are included in the asset's carrying amount recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

The depreciable amount of all fixed assets including capitalised leased assets, is depreciated on a diminishing value basis over their useful lives to Highett Community Financial Services Limited commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An assets' carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income statement.

The following estimated useful lives are used in the calculation of depreciation:

- Leasehold Improvements                      40 Years
- Plant and Equipment                          2.5 - 40 Years

## Intangibles

The Franchise Fee paid to Bendigo and Adelaide Bank Limited has been recorded at cost and is amortised on a straight line basis over the life of the franchise agreement.

## Leases

Our branch operating premises at 322 - 324 Highett Road, Highett VIC 3190 are currently leased until 18th March 2026 with a further 2 options of 5 years. The next review date is 18th March 2026.

## Provisions

Provisions are recognised when Highett Community Financial Services Limited has a legal or constructive obligation, as a result of past events, for which it is probable that the outflow of economic benefit will result and that the outflow can be measured reliably.

A provision of dividends is not recognised as a liability unless the dividends are declared, determined or publicly recommended on or before the reporting date.

## Contributed Equity

Ordinary shares are recognised at the fair value of the consideration received by the company.  
All Ordinary Shares were issued at \$1.00 per share.

## Capital Management

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

In accordance with the franchise agreement, the funds distributed to shareholders shall not exceed the distribution limit of 20% of available profit for distribution for any 12 month period.

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These notes should be read in conjunction with the attached compilation report.

## Notes to the financial statements (continued)

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

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

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables in the balance sheet are shown inclusive of GST. Cash flows are presented in the Statement of cash flows statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

## **2. Financial Risk Management**

The company's activities expose it to a limited variety of financial risks: market risk, price risk, credit risk, liquidity risk and cash flow interest rate risk.

### *Market Risk*

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.

### *Credit Risk*

The company has no significant concentrations of credit risk. It has policies in place to ensure that customers have an appropriate credit history. The company's franchise agreement limits the company's credit exposure to one financial institution, being Bendigo and Adelaide Bank Limited.

### *Liquidity Risk*

Prudent liquidity management implies maintaining sufficient cash and marketable securities and the availability of funding from credit facilities. The company believes its sound relationship with Bendigo and Adelaide Bank Limited mitigates this risk significantly.

### *Cash Flow Interest Rate Risk*

Interest-bearing assets are held with Bendigo and Adelaide Bank Limited 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 believes that its sound relationship with Bendigo and Adelaide Bank Limited mitigates this risk significantly.

## **3. Critical Accounting Estimates and Judgements**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

### *Taxation*

Judgement is required in assessing whether deferred tax assets and certain tax liabilities are recognised on the balance sheet. Deferred tax assets, including those arising from unrecouped tax losses, capital losses and temporary differences, are

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These notes should be read in conjunction with the attached compilation report.

## Notes to the financial statements (continued)

recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits.

Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future sales volumes, operating costs, capital expenditure, dividends and other capital management transactions. Judgements are also required about the application of income tax legislation.

These judgements and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognised on the balance sheet and the amount of other tax losses and temporary differences not yet recognised. In such circumstance, some or all of the carrying amount of recognised deferred tax assets and liabilities may require adjustment, resulting in corresponding credit or charge to the statement of comprehensive income.

### *Estimation of Useful Lives of Assets*

The estimation of the useful lives of assets has been based on historical experience and the condition of the asset is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

### *Impairment of Assets*

At each reporting date, the directors review the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the assets fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the income statement. Where it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs.

	2022	2021
<b>4. Revenue from Ordinary Activities</b>		
Gross Margin Income	690,598	709,654
Upfront Product Commission	11,328	9,972
Trailer Product Commission	18,340	19,416
Fee Income	56,016	53,448
Interest	2,012	4,645
<b>Total Revenue from Ordinary Activities</b>	<b>778,295</b>	<b>797,136</b>
	2022	2021
<b>5. Other Income</b>		
Coronavirus Cash Flow Boost	-	50,572
Other Income - Paid Parental Leave	-	13,570
<b>Total Other Income</b>	<b>-</b>	<b>64,142</b>
	2022	2021
<b>6. Depreciation and Amortisation</b>		
Amortisation	76,135	80,142
Depreciation	4,379	2,209
<b>Total Amortisation / Depreciation</b>	<b>80,514</b>	<b>82,351</b>

These notes should be read in conjunction with the attached compilation report.

## Notes to the financial statements (continued)

	2022	2021
<b>7. Interest Expense</b>		
Make-good interest	235	225
Right-of-use interest	44,873	28,154
<b>Total Interest Expense</b>	<b>45,108</b>	<b>28,378</b>

### 8. Income Tax Expense

Income tax expense comprises current and deferred tax.

	2022	2021
<b>Amounts recognised in profit or loss</b>		
<b>Current tax expense / (credit)</b>		
Current tax	-	-
Movement in deferred tax	4,605	(4,873)
Adjustment to deferred tax on AASB16 retrospective application	-	-
Adjustment to deferred tax on employee provisions	-	-
Adjustment to deferred tax to reflect reduction in tax rate in future periods	-	3,006
<b>Total Current tax expense / (credit)</b>	<b>4,605</b>	<b>(1,867)</b>

The prima facie tax payable on profit from ordinary activities before income tax is reconciled to the income tax as follows:

	2022	2021
<b>Prima face income tax reconciliation</b>		
<b>Operating profit before taxation</b>		
Operating profit before taxation	16,545	32,324
<b>Prima Facie Tax on profit from ordinary activities</b>		
Prima Facie Tax on profit from ordinary activities @ 25% (2021: 26%)	4,136	8,404
<b>Tax effect of:</b>		
Non deductible expenses	466	327
Temporary differences	1,718	(7,878)
Other assessable income	-	-
Non assessable income	-	(13,149)
Movement in deferred tax	4,605	(4,873)
Leases initial recognition	-	-
Employee provision recognition	-	-
Reduction in company tax rate in future periods	-	3,006
Adjustment to account for tax loss for the period	(6,320)	12,296
Income tax expense	4,605	(1,867)

These notes should be read in conjunction with the attached compilation report.

## Notes to the financial statements (continued)

	2022	2021
<b>9. Dividends Provided For or Paid</b>		
Dividends Provided For or Paid	23,209	23,209
<b>Total Dividends Provided For or Paid</b>	<b>23,209</b>	<b>23,209</b>
	2022	2021
<b>10. Cash and Cash Equivalents</b>		
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the below figures:	-	-
Bank Accounts	195,670	209,383
<b>Total Cash and Cash Equivalents</b>	<b>195,670</b>	<b>209,383</b>
	2022	2021
<b>11. Receivables</b>		
Profit Share Receivables	86,584	59,241
Accrued Interest Receivable	513	777
<b>Total Receivables</b>	<b>87,098</b>	<b>60,018</b>
	2022	2021
<b>12. Financial Assets</b>		
Term Deposits	623,340	622,296
<b>Total Financial Assets</b>	<b>623,340</b>	<b>622,296</b>
	2022	2021
<b>13. Taxation</b>		
GST	(5,682)	(2,895)
Provision For Taxation	2,590	10,773
Other Creditors - ATO	-	(1,454)
<b>Total Taxation</b>	<b>(3,092)</b>	<b>6,424</b>
	2022	2021
<b>14. Other Current Assets</b>		
AFS & Associates - Dividend Account	2,655	1,787
<b>Total Other Current Assets</b>	<b>2,655</b>	<b>1,787</b>

These notes should be read in conjunction with the attached compilation report.

## Notes to the financial statements (continued)

	2022	2021
<b>15. Property Plant and Equipment</b>		
<b>Leasehold Improvements</b>		
At Cost	245,053	225,479
Less Accumulated Depreciation	(96,054)	(89,320)
<b>Total Leasehold Improvements</b>	<b>148,998</b>	<b>136,159</b>
<b>Plant and Equipment</b>		
At Cost	41,103	36,968
Less Accumulated Depreciation	(37,764)	(35,491)
<b>Total Plant and Equipment</b>	<b>3,338</b>	<b>1,477</b>
<b>Total Property Plant and Equipment</b>	<b>152,337</b>	<b>137,636</b>

### 16. Right-of-use Assets

Right-of-use assets are measured at amounts equal to the present value of enforceable future payments on the adoption date, including the impact of exercising the options.

The company derecognises right-of-use assets at the termination of the lease period or when no future economic benefits are expected to be derived from the use of the underlying assets.

	2022	2021
<b>Right-of-use Assets</b>		
Right-of-use asset	1,169,233	1,169,233
Accumulated amortisation on right-of-use asset	(390,157)	(333,151)
<b>Total Written Down Value</b>	<b>779,076</b>	<b>836,082</b>

	2022	2021
<b>17. Intangibles</b>		
<b>Franchise Fees</b>		
At Cost	72,505	72,505
Less Accumulated Amortisation	(19,030)	(4,529)
<b>Total Franchise Fees</b>	<b>53,475</b>	<b>67,976</b>
<b>Total Intangibles</b>	<b>53,475</b>	<b>67,976</b>

These notes should be read in conjunction with the attached compilation report.

## Notes to the financial statements (continued)

### 18. Deferred Tax Assets

Movement in the company's deferred tax balances for the current year.

	30 June 2021	Recognised in Profit or Loss	Recognised in Equity	30 June 2022
<i>Deferred Tax Asset</i>				
Employee provisions	9,187	493	-	9,680
Make-good provisions	1,310	59	-	1,369
Lease liability	259,754	(9,387)	-	250,367
Accrued expenses	2,765	544	-	3,309
Carried forward tax losses	11,823	(6,320)	-	5,503
<b>Total Deferred Tax Assets</b>	<b>284,839</b>	<b>(14,611)</b>	-	<b>270,228</b>
<i>Deferred Tax Liabilities</i>				
Right-of-use assets	209,020	(14,252)	-	194,768
Accrued interest	194	(66)	-	128
Property, Plant & Equipment	472	4,312	-	4,784
<b>Total Deferred Tax Liabilities</b>	<b>209,686</b>	<b>(10,006)</b>	-	<b>199,680</b>
<b>Net Deferred Tax Assets/(Liabilities)</b>	<b>75,153</b>	<b>(4,605)</b>	-	<b>70,548</b>

These notes should be read in conjunction with the attached compilation report.

## Notes to the financial statements (continued)

	2022	2021
<b>19. Payables</b>		
<b>Current</b>		
Trade Creditors	2,374	-
PAYG Withholding Payable	5,488	5,444
Superannuation Payable	-	9
Unclaimed Dividend Monies	2,655	1,787
Franchise Renewal Fee via Revenue Share	14,501	14,501
<b>Total Current</b>	<b>25,018</b>	<b>21,740</b>
<b>Non Current</b>		
Franchise Renewal Fee via Revenue Share	29,002	43,503
<b>Total Non Current</b>	<b>29,002</b>	<b>43,503</b>
<b>Total Payables</b>	<b>54,020</b>	<b>65,243</b>

## 20. Provisions

	2022	2021
<b>Provisions</b>		
<b>Current liabilities</b>		
Provision for Holiday Pay	29,350	29,262
Provision for Long Service Leave	7,771	-
<b>Total Current liabilities</b>	<b>37,121</b>	<b>29,262</b>
<b>Non-current liabilities</b>		
Provision for Long Service Leave	1,602	7,488
Make-good on leased premises	5,474	5,240
<b>Total Non-current liabilities</b>	<b>7,076</b>	<b>12,728</b>
<b>Total Provisions</b>	<b>44,197</b>	<b>41,990</b>

As at the reporting date, the make-good of the leased premises is not expected to be wholly settled within 12 months. The balance is classified as non-current.

	2022	2021
<b>Make-good provision</b>		
Face-value of make-good costs recognised	10,000	10,000
Present value discounting	(4,761)	(4,985)
Make-good interest	235	225
<b>Total Make-good provision</b>	<b>5,474</b>	<b>5,240</b>

These notes should be read in conjunction with the attached compilation report.

## Notes to the financial statements (continued)

	2022	2021
<b>21. Accrued Expenses</b>		
Accrued Salaries & Wages	8,338	6,446
Accrued Expenses	996	803
Provision for Audit Fees	3,900	3,800
<b>Total Accrued Expenses</b>	<b>13,234</b>	<b>11,049</b>
	2022	2021
<b>22. Financial Liabilities</b>		
<b>Current</b>		
<b>Unsecured</b>		
Highett Youth Club	10,000	10,000
<b>Total Unsecured</b>	<b>10,000</b>	<b>10,000</b>
<b>Total Current</b>	<b>10,000</b>	<b>10,000</b>
<b>Non Current</b>		
<b>Unsecured</b>		
Highett Youth Club	10,000	20,000
<b>Total Unsecured</b>	<b>10,000</b>	<b>20,000</b>
<b>Total Non Current</b>	<b>10,000</b>	<b>20,000</b>
<b>Total Financial Liabilities</b>	<b>20,000</b>	<b>30,000</b>

\$100,000 was provided to Highett Youth Club to assist with the New Club Building, and a loan account was established during the 2015 financial year. The principal is to be paid by HCFS LTD in 10 annual instalments of \$10,000, 2 Instalments are still to be paid.

### 23. Lease Liabilities

Lease liabilities were measured at amounts equal to the present value of enforceable future payments of the term reasonably expected to be exercised, discounted at the appropriate incremental borrowing rate on the adoption rate. The discount rate used on recognition was 4.39%.

The discount rate used in calculating the present value of enforceable future payments takes into account the particular circumstances applicable to the underlying leased assets (including the amount, lease term, economic environment, and other relevant factors).

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

#### Lease liability measurement

Where the company is a lessee for the premises to conduct its business, extension options are included in the lease term except where 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.

These notes should be read in conjunction with the attached compilation report.

## Notes to the financial statements (continued)

	2022	2021
<b>Current Lease Liabilities</b>		
Property Lease Liabilities	84,481	82,420
Unexpired interest	(43,150)	(44,873)
<b>Total Current Lease Liabilities</b>	<b>41,331</b>	<b>37,547</b>
	2022	2021
<b>Non Current Lease Liabilities</b>		
Property Lease Liability	1,271,592	1,356,073
Unexpired Interest	(311,456)	(354,605)
<b>Total Non Current Lease Liabilities</b>	<b>960,137</b>	<b>1,001,468</b>
	2022	2021
<b>Maturity Analysis</b>		
<b>Undiscounted Lease Payments</b>		
Not later than 12 months	84,481	82,420
Between 12 months and 5 years	359,578	350,808
Greater than 5 years	912,014	1,005,265
<b>Total Undiscounted Lease Payments</b>	<b>1,356,073</b>	<b>1,438,493</b>
Unexpired Interest	(354,605)	(399,478)
<b>Present Value of Lease Liabilities</b>	<b>1,001,468</b>	<b>1,039,015</b>
	2022	2021
<b>24. Contributed Capital</b>		
Issued & Paid Up Capital	464,175	464,175
<b>Total Contributed Capital</b>	<b>464,175</b>	<b>464,175</b>

Ordinary shares at \$1.00 each fully paid

Ordinary shares participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held.

At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

These notes should be read in conjunction with the attached compilation report.

## Notes to the financial statements (continued)

### 25. Accumulated Profits

Financial Year	2022	2021
Balance at beginning of reporting period	365,283	344,300
Transfer from/to Reserve from Accumulated Profits	0	0
Transfer from Accumulated Profit to Non Current Liability	10,000	10,000
Dividends Provided For or Paid	(23,209)	(23,209)
Net Profit after Tax	11,940	34,192
<b>Balance at the reporting date</b>	<b>364,014</b>	<b>365,283</b>

### 26. Superannuation Commitments

The entity participated in several Industry Superannuation Funds to provide benefits to employees on retirement, death or disability. Benefits provided under the plan are based on accumulated contributions and earnings for each employee.

Employees contribute various percentages of their gross income and the company also contributes at the rate of 12%.

### 27. Auditor's Remuneration

Remuneration of the auditor of the company for preparation of the annual audit report:

Financial Year	2022	2021
Auditor's Remuneration	5,795	4,955

### 28. Key Management Personnel Disclosures

The following honorarium payments were made to Directors:

Amount	Number of Directors
\$0	4
\$1 - \$500	1
\$501 - \$1,000	3
\$1,001 - \$1,500	1

### 29. Events Occurring After the Reporting Date

There have been no events after the end of the financial year that would materially affect the financial statements.

### 30. Contingent Liabilities

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

These notes should be read in conjunction with the attached compilation report.

## Notes to the financial statements (continued)

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### **31. Registered Office and Principal Place of Business**

The entity is a company limited by shares, incorporated and domiciled in Australia. The registered office and principal place of business are:

Registered Office & Principal Place of Business  
322-324 Highett Road  
Highett VIC 3190

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These notes should be read in conjunction with the attached compilation report.

# Directors' declaration

## HIGHETT COMMUNITY FINANCIAL SERVICES LIMITED For the year ended 30 June 2022

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

In the opinion of the directors:

(a) The financial statements and notes of the company are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the company's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and

(ii) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable

This declaration is made in accordance with a resolution of the Board of Directors.



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**Maria Koutsimpiris**

Director/Chairperson



---

**Rick Iversen**

Director/Treasurer

Date: 15 September 2022

# Independent audit report



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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF Highett Community Financial Services LIMITED

### REPORT ON THE AUDIT OF THE FINANCIAL REPORT

#### Opinion

We have audited the financial report of Highett Community Financial Services Limited (the Company), which comprises the statement of financial position as at 30 June 2022, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion the accompanying financial report of Highett 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 performance for the year then ended; 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. Those standards require that we comply with relevant ethical requirements related to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

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

#### Director's Responsibility for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the ability of the Company 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 to cease operations, or have no realistic alternative but to do so.

Richmond Sinnott & Delahunty, trading as RSD Audit  
ABN 60 616 244 309  
Liability limited by a scheme approved under Professional Standards Legislation



## **Auditor's Responsibility for the Audit of the Financial Report**

Our responsibility is to express an opinion on the financial report based on our audit. 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. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view 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 entity's internal control.

We 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.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We 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.

We 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 obtain sufficient appropriate audit evidence regarding the financial information of the entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

## **Other Information**

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2022 but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information, 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, based on the work we have performed, we conclude that there is material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



**RSD Audit**  
Chartered Accountants

A handwritten signature in black ink, appearing to read 'Katie Teasdale'.

**Kathie Teasdale**  
Partner  
Bendigo  
Dated: 15 September 2022

Community Bank · Highett  
322-324 Highett Road, Highett VIC 3190  
Phone: 03 9555 6055  
Web: [bendigobank.com.au/highett](http://bendigobank.com.au/highett)

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 **Bendigo Bank**