

# Annual Report 2022

RWM Community Financial  
Services Ltd

ABN 62 116 190 875

**Community Bank Victoria Point**  
**Community Bank Wynnum Manly**

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# Chairmans statement

Yura (“hello”). On behalf of the Board of Directors, our Senior Manager Justine Kennedy, Manager Jane Nelson, and our branch team. It is my pleasure to provide our annual report for the 2021-22 financial year.

The 21-22 financial year brought the same challenges as the previous 2 financial years. Very small profit margins, challenges around supply chains, Federal and State Governments COVID mandates or suggestions, housing market mostly positive with a sense of a bust around the corner and so on. Curiously, despite residential property prices increasing or tapering at extraordinary high levels, our team were swamped, and continue to be, by existing and new customers wanting housing loans and other products.

The overall impact thankfully, was that as profit margins were squeezed to the smallest amount, our team worked tirelessly to intake more and more customers. The smaller the margins the greater the number of customers which thankfully maintained our cash flow during very hard times.

The Community Bank model is sound. We have not claimed any assistance through the years of the pandemic. Our profit share/cash flow sustained our business. Cash reserves put aside for business continuity remained in-tact. Facing tremendous pressures placed on our team to provide services in deep and broad complexity, not only did the team increase our customer base and our business size achieving the highest growth on record, the team found ways to reduce costs. Wages and remuneration on-costs were well below budget. The last few years I said my priorities were three main areas, being:

1. Our people. They are our most important attribute, always.
2. Working to achieve a high “say – do” ratio through discipline and our values; and
3. Continue to do whatever it takes to build a team of problem solvers, each with a broad-base knowledge and the ability to adopt and adapt.

My priorities have not changed and remain these three ‘pillars’. Throughout these difficult times our team have again achieved positive results in internal Bendigo Bank surveys. Justine and Jane have been recognised as being in the ‘band’ or tier of highest achievers nationally.

Amidst the volatility, our leaders and team maintained their vision to be servants to each other and our community. Through uncertainty, our leaders and team worked to reach an understanding of everyone’s circumstance in our team, and our customers. The complexity of times challenges our team, and they work hard to provide clarity for everyone in their context. Most importantly while being smothered by ambiguity in every corner, and in the most unexpected places, our team as-one, worked to be agile and pivot whenever necessary with the customer and community at the fore.

Our community bank company has ‘broken the mould’ in a few ways to ensure our team are fully supported, nurtured, deeply respected and are physically and mentally as healthy through any means we have control over.

People Matter - **more than assets and maximising opportunities** People Matter - **as enablers in everything we do**



**Garry White** – Chairman & on behalf of **Justine Kennedy** Senior Branch Manager Community Bank.

# RWM Community Financial Services Limited

ABN 52 116 190 875

Financial Report - 30 June 2022

# **RWM 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, unless otherwise stated:

Name: Garry Francis White  
Title: Chair  
Experience and expertise: Garry is retired. Garry has been a volunteer of the company since November 2006. Director of the company since February 2007. Acting Treasurer for most of the financial year and Chairman. Garry is President of Victoria Point Redland Bay Meals on Wheels. Member and Coach with Red City Basketball Association. Long Serving volunteer including 31 years at Redlands Netball Association and foundation life member. Garry was formerly a Director of the Redlands Angels Ltd.  
Special responsibilities: Audit and Marketing sub-committees.

Name: Christopher Francis Webster  
Title: Non-executive director  
Experience and expertise: Christopher is retired. Christopher worked as a Technical Officer with Telstra until 1998 (30 years), a Retail Sales Assistant for 5 years (1998-2003) and Admin/Bookkeeper part time (2003-2021). He currently volunteers with the Community Visitors Scheme (Aged Care) since 2010 and Redland Community Centre since 2017. He is Chairperson of the Redland Community Centre. Board Member of BABL. He is a Life Member of the Capalaba State College Amateur Swimming Club and a Life Member of Tennis Officials Australia.  
Special responsibilities: Secretary.

Name: Jonathon James Cowley  
Title: Non-executive director  
Experience and expertise: After 18 years as a youth member in the Scout movement Jonathon is into his 14th year as a volunteer leader and currently holds the positions of Assistant Group Leader and Treasurer with the Manly-Lota Scout Group. It is through scouting his passion for community and helping other people was born. Dedicating a decade to the registered charity and community volunteer organisation Crime Stoppers Queensland where he managed 600 volunteers on 32 areas committees around the state including our local Brisbane Bayside Volunteer Area Committee he witnessed how individuals coming together can make a difference to local communities. He spent time here training committees on how to operate as a collective for the benefit of the community, how to learn from the past, live in the present and focus on the future. As the General Manager Jonathon learned business acumen especially in financial management. Using his Certificate IVs in Frontline Management, Coordination of Volunteer Programs and Training & Assessment his current role has him as the Project Officer (jack of all trades) for an organisation that provides care for disabled and aged persons.  
Special responsibilities: Nil.

Name: Ronan Wicks  
Title: Non-executive director  
Experience and expertise: Ronan was a Barber from 2010 to 2018. He has a past history in volunteering for the SES and Redland Community Centre. Ronan is currently Operations Manager at the Redland Community Centre and holds a Bachelor of Medical Science at CQU since 2019. He strives to make a positive difference within the community.  
Special responsibilities: Nil.

## **RWM Community Financial Services Limited**

### **Directors' report**

### **30 June 2022**

Name: Arnal Pravikash Chand  
Title: Non-executive director (resigned 31 August 2022)  
Experience and expertise: Former Law Graduate at a Family Law firm. Currently employed as a Legal Officer. Arnal has completed a Bachelor of Law and Bachelor of Commerce (Accounting) at the University of Queensland. Arnal is a community volunteer which includes student tutoring and electoral support officer.  
Special responsibilities: Marketing Committee.

Name: Darren McKenzie  
Title: Non-executive director (resigned 5 September 2022)  
Experience and expertise: Darren is a Trainer and Assessor. Darren holds a Bachelor of Business (Management), Diploma Finance. Darren previously worked for Bendigo and Adelaide Bank as a mobile Manager, owns his own business, volunteers time in the Wynnum Manly area and has a mix of skills relevant to and required as Director of the company. He was previous Vice President of Wynnum & District Chamber of Commerce.  
Special responsibilities: Nil.

#### **Company secretary**

The Company secretary is Christopher Francis Webster. Christopher was appointed to the position of Company secretary on 28 May 2015.

#### **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 \$30,385 (30 June 2021: \$31,255).

Operations have continued to perform in line with expectations.

#### **Dividends**

No dividends were declared or paid in the current financial year.

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

There were no 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 1.75 basis points moving from 0.85% at 30 June 2022 to 2.60% 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. The company has noted 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.

#### **Environmental regulation**

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

**RWM Community Financial Services Limited**  
**Directors' report**  
**30 June 2022**

**Meetings of directors**

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

	Board Eligible	Board Attended
Garry Francis White	11	11
Christopher Francis Webster	11	11
Jonathon James Cowley	11	9
Ronan Wicks	11	6
Arnal Pravikash Chand	11	5
Darren McKenzie	10	3

**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
Garry Francis White	10,003	-	10,003
Christopher Francis Webster	10,500	-	10,500
Jonathon James Cowley	-	-	-
Ronan Wicks	-	-	-
Arnal Pravikash Chand	-	-	-
Darren McKenzie	-	-	-

**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*.

**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.

**RWM Community Financial Services Limited**  
**Directors' report**  
**30 June 2022**

**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:

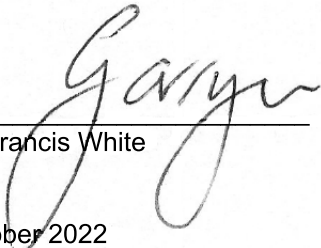
- all non-audit services have been reviewed by the Board to ensure they do not impact on the impartiality, integrity and objectivity of the auditor
- none of the services undermine the general principles relating to auditor independence as set out in *APES 110 Code of Ethics for Professional Accountants*, 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

  
\_\_\_\_\_  
Garry Francis White  
Chair

10 October 2022



## Independent auditor's independence declaration under section 307C of the *Corporations Act 2001* to the Directors of RWM Community Financial Services Limited

As lead auditor for the audit of RWM 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.



**Andrew Frewin Stewart**  
61 Bull Street, Bendigo, Vic, 3550  
Dated: 10 October 2022



**Joshua Griffin**  
Lead Auditor

**RWM 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	7	1,447,880	1,546,310
Other revenue	8	27,500	49,730
Finance revenue		69	20
Employee benefits expense	10	(1,071,641)	(1,077,987)
Advertising and marketing costs		(21,425)	(10,157)
Occupancy and associated costs		(14,100)	(22,848)
System costs		(37,974)	(44,995)
Depreciation and amortisation expense	10	(113,756)	(112,002)
Finance costs	10	(50,966)	(53,631)
General administration expenses		(99,887)	(125,378)
Net loss on disposal of assets	9	(82)	(60,775)
<b>Profit before community contributions and income tax expense</b>		65,618	88,287
Charitable donations and sponsorships expense		(18,579)	(37,478)
<b>Profit before income tax expense</b>		47,039	50,809
Income tax expense	11	(16,654)	(19,554)
<b>Profit after income tax expense for the year</b>	22	30,385	31,255
Other comprehensive income for the year, net of tax		-	-
<b>Total comprehensive income for the year</b>		<u>30,385</u>	<u>31,255</u>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	30	4.47	4.60
Diluted earnings per share	30	4.47	4.60

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

**RWM 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	12	225,525	162,805
Trade and other receivables	13	<u>85,602</u>	<u>50,770</u>
Total current assets		<u>311,127</u>	<u>213,575</u>
<b>Non-current assets</b>			
Property, plant and equipment	14	183,882	210,810
Right-of-use assets	15	574,671	591,035
Intangibles	16	190,144	234,139
Deferred tax assets	11	<u>46,216</u>	<u>44,520</u>
Total non-current assets		<u>994,913</u>	<u>1,080,504</u>
<b>Total assets</b>		<u>1,306,040</u>	<u>1,294,079</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	17	55,401	45,689
Borrowings	18	1	1
Lease liabilities	19	43,293	38,992
Current tax liabilities	11	<u>43,145</u>	<u>31,844</u>
Total current liabilities		<u>141,840</u>	<u>116,526</u>
<b>Non-current liabilities</b>			
Trade and other payables	17	58,846	88,269
Lease liabilities	19	697,798	713,007
Provisions	20	<u>13,952</u>	<u>13,058</u>
Total non-current liabilities		<u>770,596</u>	<u>814,334</u>
<b>Total liabilities</b>		<u>912,436</u>	<u>930,860</u>
<b>Net assets</b>		<u>393,604</u>	<u>363,219</u>
<b>Equity</b>			
Issued capital	21	642,560	642,560
Accumulated losses	22	<u>(248,956)</u>	<u>(279,341)</u>
<b>Total equity</b>		<u>393,604</u>	<u>363,219</u>

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

**RWM Community Financial Services Limited**  
**Statement of changes in equity**  
**For the year ended 30 June 2022**

	<b>Issued capital \$</b>	<b>Accumulated losses \$</b>	<b>Total equity \$</b>
<b>Balance at 1 July 2020</b>	642,560	(310,596)	331,964
Profit after income tax expense	-	31,255	31,255
Other comprehensive income, net of tax	-	-	-
Total comprehensive income	-	31,255	31,255
<b>Balance at 30 June 2021</b>	<u>642,560</u>	<u>(279,341)</u>	<u>363,219</u>
<b>Balance at 1 July 2021</b>	642,560	(279,341)	363,219
Profit after income tax expense	-	30,385	30,385
Other comprehensive income, net of tax	-	-	-
Total comprehensive income	-	30,385	30,385
<b>Balance at 30 June 2022</b>	<u>642,560</u>	<u>(248,956)</u>	<u>393,604</u>

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

**RWM 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)		1,563,551	1,736,505
Payments to suppliers and employees (inclusive of GST)		<u>(1,379,564)</u>	<u>(1,447,351)</u>
		183,987	289,154
Interest received		61	20
Interest and other finance costs paid		-	(1,029)
Income taxes paid		<u>(7,049)</u>	<u>-</u>
Net cash provided by operating activities	29	<u>176,999</u>	<u>288,145</u>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(5,713)	(8,619)
Payments for intangibles		(26,748)	(40,397)
Proceeds from disposal of property, plant and equipment		<u>8,182</u>	<u>-</u>
Net cash used in investing activities		<u>(24,279)</u>	<u>(49,016)</u>
<b>Cash flows from financing activities</b>			
Repayment of lease liabilities	19	(90,000)	(90,404)
Repayment of borrowings		<u>-</u>	<u>(97,999)</u>
Net cash used in financing activities		<u>(90,000)</u>	<u>(188,403)</u>
Net increase in cash and cash equivalents		62,720	50,726
Cash and cash equivalents at the beginning of the financial year		<u>162,805</u>	<u>112,079</u>
Cash and cash equivalents at the end of the financial year	12	<u><u>225,525</u></u>	<u><u>162,805</u></u>

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

# **RWM Community Financial Services Limited**

## **Notes to the financial statements**

### **30 June 2022**

#### **Note 1. Reporting entity**

The financial statements cover RWM 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 5/127-131 Colburn Avenue, Victoria Point QLD 4165.

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 10 October 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. Reclassification of comparatives**

During the financial year the company noted the prior period loss on disposal of non-current assets expense was incorrectly included in the general administration expense. This has been moved into a separate line item in statement of profit or loss and other comprehensive income. This has had no impact on the net profit amount disclosed.

#### **Note 4. 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.

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

**Note 4. Significant accounting policies (continued)**

**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.

*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 5. 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.

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

**Note 5. Critical accounting judgements, estimates and assumptions (continued)**

*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.

*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.

*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 6. 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.



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

**Note 6. 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 7. Revenue from contracts with customers**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Margin income	1,224,026	1,328,601
Fee income	102,209	102,815
Commission income	<u>121,645</u>	<u>114,894</u>
Revenue from contracts with customers	<u><u>1,447,880</u></u>	<u><u>1,546,310</u></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.

## **RWM Community Financial Services Limited**

### **Notes to the financial statements**

#### **30 June 2022**

#### **Note 7. 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
<b>plus:</b>	any deposit returns i.e. interest return applied by Bendigo Bank for a deposit
<b>minus:</b>	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.

**RWM Community Financial Services Limited**  
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**Note 8. Other revenue**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Market development fund	27,500	48,542
Other income	-	1,188
	<hr/>	<hr/>
Other revenue	<u>27,500</u>	<u>49,730</u>

The company's activities include the generation of income from sources other than the core products under the franchise agreement. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and can be reliably measured.

<u>Revenue stream</u>	<u>Revenue recognition policy</u>
Discretionary financial contributions (also "Market development fund" or "MDF" income)	MDF income is recognised when the right to receive the payment is established. MDF income is discretionary and provided and receivable at month-end and paid within 14 days after month-end.
Other income	All other revenues that did not contain contracts with customers are recognised as goods and services are provided.
Gain on sale of property, plant and equipment	Revenue from the sale of property, plant and equipment is recognised when the buyer obtains control of the asset. Control is transferred when the buyer has the ability to direct the use of and substantially obtain the economic benefits from the asset.

All revenue is stated net of the amount of GST.

*Discretionary financial contributions*

In addition to margin, commission and fee income, and separate from the franchise agreement, Bendigo Bank has also made MDF payments to the company.

The amount has been based on the volume of business attributed to a branch. The purpose of the discretionary payments is to assist with local market development activities, including community sponsorships and grants. It is for the Board to decide how to use the MDF.

The payments from Bendigo Bank are discretionary and may change the amount or stop making them at any time. The company retains control over the funds, the funds are not refundable to Bendigo Bank.

**Note 9. Net loss on disposal of assets**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Loss on disposal of non-current assets	1,883	60,775
Gain on disposal of non-current assets	(1,801)	-
	<hr/>	<hr/>
	<u>82</u>	<u>60,775</u>

The gain and losses relate to the disposal of assets. This amount is greater in the prior year as the company disposed of a variety of assets due to the closure of the Cleveland branch resulting in a loss on disposal of \$60,775.

**RWM Community Financial Services Limited**  
**Notes to the financial statements**  
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**Note 10. Expenses**

**Depreciation and amortisation expense**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<i>Depreciation of non-current assets</i>		
Leasehold improvements	730	764
Plant and equipment	18,848	21,513
Furniture and fittings	1,019	1,136
Motor vehicles	3,781	5,497
	<u>24,378</u>	<u>28,910</u>
<i>Depreciation of right-of-use assets</i>		
Leased land and buildings	<u>45,383</u>	<u>46,401</u>
<i>Amortisation of intangible assets</i>		
Franchise fee	4,237	4,331
Franchise establishment fee	-	6,407
Franchise renewal fee	21,187	16,668
Cash-generating unit	18,571	9,285
	<u>43,995</u>	<u>36,691</u>
	<u><u>113,756</u></u>	<u><u>112,002</u></u>

**Finance costs**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Bank loan interest paid or accrued	-	1,034
Lease interest expense	50,073	51,656
Unwinding of make-good provision	893	941
	<u>50,966</u>	<u>53,631</u>

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

**Employee benefits expense**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Wages and salaries	835,001	840,832
Expenses related to long service leave	3,527	10,620
Other expenses	233,113	226,535
	<u>1,071,641</u>	<u>1,077,987</u>

**Leases recognition exemption**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Expenses relating to low-value leases	<u>14,073</u>	<u>15,814</u>

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.

**RWM Community Financial Services Limited**  
**Notes to the financial statements**  
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**Note 11. Income tax**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<i>Income tax expense</i>		
Current tax	18,351	18,822
Movement in deferred tax	(1,697)	(1,049)
Reduction in company tax rate	-	1,781
	<u>16,654</u>	<u>19,554</u>
<i>Prima facie income tax reconciliation</i>		
Profit before income tax expense	47,039	50,809
Tax at the statutory tax rate of 25% (2021: 26%)	11,760	13,210
Tax effect of:		
Non-deductible expenses	4,894	4,563
Reduction in company tax rate	-	1,781
Income tax expense	<u>16,654</u>	<u>19,554</u>
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<i>Deferred tax assets/(liabilities)</i>		
Provision for lease make good	3,488	3,265
Accrued expenses	1,123	1,014
Lease liabilities	185,273	188,000
Right-of-use assets	(143,668)	(147,759)
Deferred tax asset	<u>46,216</u>	<u>44,520</u>
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Provision for income tax	<u>43,145</u>	<u>31,844</u>

*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.

**RWM Community Financial Services Limited**  
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**Note 11. Income tax (continued)**

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 12. Cash and cash equivalents**

	2022 \$	2021 \$
Cash at bank and on hand	<u>225,525</u>	<u>162,805</u>

*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.

**Note 13. Trade and other receivables**

	2022 \$	2021 \$
Trade receivables	<u>53,391</u>	<u>30,784</u>
Other receivables and accruals	10,500	10,500
Accrued income	8	-
Prepayments	<u>21,703</u>	<u>9,486</u>
	<u>32,211</u>	<u>19,986</u>
	<u>85,602</u>	<u>50,770</u>

*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.

**RWM Community Financial Services Limited**  
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**Note 14. Property, plant and equipment**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Leasehold improvements - at cost	29,217	29,217
Less: Accumulated depreciation	<u>(12,044)</u>	<u>(11,314)</u>
	<u>17,173</u>	<u>17,903</u>
Plant and equipment - at cost	297,663	293,573
Less: Accumulated depreciation	<u>(150,131)</u>	<u>(131,979)</u>
	<u>147,532</u>	<u>161,594</u>
Fixtures and fittings - at cost	22,776	24,403
Less: Accumulated depreciation	<u>(9,920)</u>	<u>(9,584)</u>
	<u>12,856</u>	<u>14,819</u>
Motor vehicles - at cost	27,328	44,362
Less: Accumulated depreciation	<u>(21,007)</u>	<u>(27,868)</u>
	<u>6,321</u>	<u>16,494</u>
	<u><u>183,882</u></u>	<u><u>210,810</u></u>

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 \$	Furniture and fittings \$	Motor Vehicles \$	Total \$
Balance at 1 July 2020	21,743	235,242	13,455	21,991	292,431
Additions	-	5,264	3,724	-	8,988
Disposals	(3,076)	(57,399)	(1,224)	-	(61,699)
Depreciation	<u>(764)</u>	<u>(21,513)</u>	<u>(1,136)</u>	<u>(5,497)</u>	<u>(28,910)</u>
Balance at 30 June 2021	17,903	161,594	14,819	16,494	210,810
Additions	-	5,713	-	-	5,713
Disposals	-	(927)	(944)	(6,392)	(8,263)
Depreciation	<u>(730)</u>	<u>(18,848)</u>	<u>(1,019)</u>	<u>(3,781)</u>	<u>(24,378)</u>
Balance at 30 June 2022	<u><u>17,173</u></u>	<u><u>147,532</u></u>	<u><u>12,856</u></u>	<u><u>6,321</u></u>	<u><u>183,882</u></u>

*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 diminishing value and 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	40 years
Plant and equipment	1 to 10 years
Furniture, fixtures and fittings	2 to 50 years
Motor vehicles	4 years

**RWM Community Financial Services Limited**  
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**Note 14. Property, plant and equipment (continued)**

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	978,168	949,149
Less: Accumulated depreciation	<u>(403,497)</u>	<u>(358,114)</u>
	<u><u>574,671</u></u>	<u><u>591,035</u></u>

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 \$	Total \$
Balance at 1 July 2020	652,667	652,667
Remeasurement adjustments	(15,231)	(15,231)
Depreciation expense	<u>(46,401)</u>	<u>(46,401)</u>
Balance at 30 June 2021	591,035	591,035
Remeasurement adjustments	29,019	29,019
Depreciation expense	<u>(45,383)</u>	<u>(45,383)</u>
Balance at 30 June 2022	<u><u>574,671</u></u>	<u><u>574,671</u></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.



**RWM Community Financial Services Limited**  
**Notes to the financial statements**  
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**Note 16. Intangibles**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Cash-generating unit	191,075	191,075
Less: Accumulated amortisation	<u>(88,931)</u>	<u>(70,360)</u>
	<u>102,144</u>	<u>120,715</u>
Franchise fee	60,123	60,123
Less: Accumulated amortisation	<u>(45,456)</u>	<u>(41,219)</u>
	<u>14,667</u>	<u>18,904</u>
Franchise renewal fee	220,288	220,288
Less: Accumulated amortisation	<u>(146,955)</u>	<u>(125,768)</u>
	<u>73,333</u>	<u>94,520</u>
Establishment fee	42,465	42,465
Less: Impairment	<u>(42,465)</u>	<u>(42,465)</u>
	<u>-</u>	<u>-</u>
	<u><u>190,144</u></u>	<u><u>234,139</u></u>

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

	Cash- generating unit \$	Franchise fee \$	Establishment fee \$	Franchise renewal fee \$	Total \$
Balance at 1 July 2020	130,000	2,045	6,407	5,237	143,689
Additions	-	21,190	-	105,951	127,141
Amortisation expense	<u>(9,285)</u>	<u>(4,331)</u>	<u>(6,407)</u>	<u>(16,668)</u>	<u>(36,691)</u>
Balance at 30 June 2021	120,715	18,904	-	94,520	234,139
Amortisation expense	<u>(18,571)</u>	<u>(4,237)</u>	<u>-</u>	<u>(21,187)</u>	<u>(43,995)</u>
Balance at 30 June 2022	<u><u>102,144</u></u>	<u><u>14,667</u></u>	<u><u>-</u></u>	<u><u>73,333</u></u>	<u><u>190,144</u></u>

*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 and rights to domiciled accounts purchased (cash-generating unit) by the company are amortised over their useful life and assessed for impairment whenever impairment indicators are present.

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

<u>Asset class</u>	<u>Method</u>	<u>Useful life</u>	<u>Expiry/renewal date</u>
Franchise establishment fee	Straight-line	Over the franchise term (5 years)	December 2021
Franchise fee	Straight-line	Over the franchise term (5 years)	December 2025
Franchise renewal fee	Straight-line	Over the franchise term (5 years)	December 2025
Cash-generating unit	Straight-line	7 years	2028

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

**RWM Community Financial Services Limited**  
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**Note 16. Intangibles (continued)**

*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.

**Note 17. Trade and other payables**

	<b>2022</b>	<b>2021</b>
	\$	\$
<i>Current liabilities</i>		
Trade payables	2,865	6,217
Other payables and accruals	<u>52,536</u>	<u>39,472</u>
	<u>55,401</u>	<u>45,689</u>
<i>Non-current liabilities</i>		
Other payables and accruals	<u>58,846</u>	<u>88,269</u>

*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**

	<b>2022</b>	<b>2021</b>
	\$	\$
<i>Current liabilities</i>		
Bank loans	<u>1</u>	<u>1</u>

*Bank loans*

The company maintains a \$200,000 commercial loan with available redraw of \$199,999 at the end of the financial year. Interest is recognised at rate of nil (2021: 7.79%). The loans are secured by a fixed and floating charge over the company's assets.

*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.

**RWM Community Financial Services Limited**  
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**Note 19. Lease liabilities**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<i>Current liabilities</i>		
Land and buildings lease liabilities	91,200	87,752
Unexpired interest	(47,907)	(48,760)
	<u>43,293</u>	<u>38,992</u>
<i>Non-current liabilities</i>		
Land and buildings lease liabilities	1,012,152	1,061,484
Unexpired interest	(314,354)	(348,477)
	<u>697,798</u>	<u>713,007</u>
<i>Reconciliation of lease liabilities</i>		
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Opening balance	751,999	804,791
Remeasurement adjustments	29,019	(14,044)
Lease interest expense	50,073	51,656
Lease payments - total cash outflow	(90,000)	(90,404)
	<u>741,091</u>	<u>751,999</u>
<i>Maturity analysis</i>		
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Not later than 12 months	91,200	87,752
Between 12 months and 5 years	364,801	351,009
Greater than 5 years	647,351	710,475
	<u>1,103,352</u>	<u>1,149,236</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 **not to / 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.

**RWM Community Financial Services Limited**  
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**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:

Victoria Point branch	The lease agreement commenced in December 2005. A 5 year renewal option was exercised in December 2020. 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 November 2030. The discount rate used in calculations is 6.64%.
Wynnum branch	The lease agreement commenced in October 2017 for 10 years. The company has 2 x 5 year renewal options 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 September 2037. The discount rate used in calculations is 6.64%.

**Note 20. Provisions**

	2022 \$	2021 \$
Lease make good	<u>13,952</u>	<u>13,058</u>

*Lease make good*

In accordance with the branch lease agreements, the company must restore the leased premises to their original condition before the expiry of the lease term. The company has estimated the provision based on experience and consideration of the expected future costs to remove all fittings as well as cost to remedy any damages caused during the removal process. The leases are due to expire per below at which time it is expected the face-value costs to restore the premises will fall due.

<u>Lease</u>	<u>Lease term expiry date per AASB 16</u>	<u>Estimated provisions</u>
Victoria Point	30 November 2030	\$18,000
Wynnum Manly	30 September 2037	\$10,000

*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 21. Issued capital**

	2022 Shares	2021 Shares	2022 \$	2021 \$
Ordinary shares - fully paid	679,310	679,310	679,310	679,310
Less: Equity raising costs	-	-	(36,750)	(36,750)
	<u>679,310</u>	<u>679,310</u>	<u>642,560</u>	<u>642,560</u>

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

**Note 21. Issued capital (continued)**

*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.

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 266. As at the date of this report, the company had 288 shareholders (2021: 294 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.

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

**Note 21. Issued capital (continued)**

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 22. Accumulated losses**

	2022 \$	2021 \$
Accumulated losses at the beginning of the financial year	(279,341)	(310,596)
Profit after income tax expense for the year	<u>30,385</u>	<u>31,255</u>
Accumulated losses at the end of the financial year	<u><u>(248,956)</u></u>	<u><u>(279,341)</u></u>

**Note 23. 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 24. Dividends**

There were no dividends paid, recommended or declared during the current or previous financial year.

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

**Note 24. Dividends (continued)**

**Franking credits**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Franking account balance at the beginning of the financial year	6,020	6,020
Franking credits (debits) arising from income taxes paid (refunded)	7,050	-
	<u>13,070</u>	<u>6,020</u>
<i>Franking transactions that will arise subsequent to the financial year end:</i>		
Balance at the end of the financial year	13,070	6,020
Franking credits (debits) that will arise from payment (refund) of income tax	43,145	31,844
Franking credits available for future reporting periods	<u>56,215</u>	<u>37,864</u>

The ability to utilise franking credits is dependent upon the company's ability to declare dividends. The tax rate at which future dividends will be franked is 25%.

**Note 25. Financial instruments**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<b>Financial assets</b>		
Trade and other receivables	63,899	41,284
Cash and cash equivalents	225,525	162,805
	<u>289,424</u>	<u>204,089</u>
<b>Financial liabilities</b>		
Trade and other payables	114,247	133,958
Lease liabilities	741,091	751,999
Bank loans	1	1
	<u>855,339</u>	<u>885,958</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.

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.

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

**Note 25. Financial instruments (continued)**

**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 \$225,525 at 30 June 2022 (2021: \$162,805). The cash and cash equivalents are held with Bendigo Bank, which are rated BBB+ on Standard & Poor's credit ratings.

**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.

**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	1	-	-	1
Trade and other payables	55,401	58,846	-	114,247
Lease liabilities	91,200	364,801	647,351	1,103,352
Total non-derivatives	146,602	423,647	647,351	1,217,600
	1 year or less \$	Between 1 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
<b>2021</b>				
<b>Non-derivatives</b>				
Bank loans	1	-	-	1
Trade and other payables	45,689	88,269	-	133,958
Lease liabilities	87,752	351,009	710,475	1,149,236
Total non-derivatives	133,442	439,278	710,475	1,283,195



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

**Note 26. Key management personnel disclosures**

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

Garry Francis White	Jonathon James Cowley
Christopher Francis Webster	Arnal Pravikash Chand
Ronan Wicks	Darren McKenzie

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.

**Note 27. Related party transactions**

There were no transactions with related parties during the current and previous financial year.

**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:

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<i>Audit services</i>		
Audit or review of the financial statements	5,200	5,000
<i>Other services</i>		
General advisory services	2,920	1,900
Share registry services	2,000	1,900
	<u>4,920</u>	<u>3,800</u>
	<u>10,120</u>	<u>8,800</u>

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

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Profit after income tax expense for the year	30,385	31,255
Adjustments for:		
Depreciation and amortisation	113,756	112,002
Net loss on disposal of non-current assets	-	60,775
Lease liabilities interest	50,073	51,656
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(34,832)	12,615
Decrease/(increase) in deferred tax assets	(1,696)	18,822
Decrease in other operating assets	-	3,124
Increase in trade and other payables	7,118	2,946
Increase in provision for income tax	11,301	-
Increase/(decrease) in other provisions	894	(5,050)
Net cash provided by operating activities	<u>176,999</u>	<u>288,145</u>

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

**Note 30. Earnings per share**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Profit after income tax	<u>30,385</u>	<u>31,255</u>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>679,310</u>	<u>679,310</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>679,310</u>	<u>679,310</u>
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	4.47	4.60
Diluted earnings per share	4.47	4.60

*Accounting policy for earnings per share*

Basic and diluted earnings per share is calculated by dividing the profit attributable to the owners of RWM 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 1.75 basis points moving from 0.85% at 30 June 2022 to 2.60% 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. The company has noted 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.

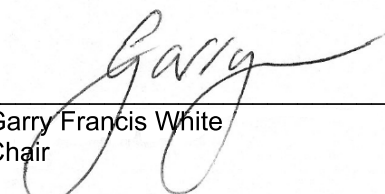
**RWM Community Financial Services Limited**  
**Directors' declaration**  
**30 June 2022**

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



Garry Francis White  
Chair

10 October 2022

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

## Report on the Audit of the Financial Report

### Opinion

We have audited the financial report of RWM 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 RWM 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.

## 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  
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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.

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

**Andrew Frewin Stewart**  
61 Bull Street, Bendigo, Vic, 3550  
Dated: 10 October 2022

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

**Joshua Griffin**  
Lead Auditor

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Franchisee: RWM Community Financial Services Ltd  
Shop 5, 127 Colburn Avenue, Victoria Point, QLD 4165  
Email: [Secretary – websterc@gmail.com](mailto:Secretary-websterc@gmail.com)  
ABN: 52 116 190 875  
DATE: November 2022