# Annual Report 2023

## RWM Community Financial Services Ltd

ABN 62 116 190 875

**Community Bank Victoria Point**

**Community Bank Wynnum Manly**

# 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 2022-23 financial year.

The 22-23 financial year began with the same challenges as the previous 3 financial years. Very small profit margins, challenges around supply chains, COVID mandates or local requirements smothering community events, housing market mostly positive with a sense of a bust around the corner and so on. As occurred last year, despite residential property prices increasing to or tapering at extraordinary high values, our team were swamped, and continue to be, by existing and new customers wanting housing loans and other products.

Later in the financial year, two things became increasingly obvious and are very positive from our perspective. Firstly, due to the very hard work and the resilience of our team the growth in customer numbers and products per customer grew which means despite small margins, our profit increased.
Add to this various RBA cash rate increases and subsequent interest rate rises which in-turn, improved margins slightly, our profits exponentially increased.

As I wrote in last year's statement, the community bank model is sound. The model and our team were tested during the tremendous difficulties of the economy over the last 3 financial years and all the while the income from the profit share sustained our team and our cash flow. The growth of deposits and loans combined with conscientious efforts of our team to find new ways to reduce costs resulted in wages and remuneration on-costs well below budget.

I cannot stress enough how extraordinary our team are. Nor can I overstate their achievements. They are truly role models in the community bank network.

The last few years have also provided opportunity for us to reshape and do things differently. We all know if you do the same, you get the same and we are obliged to our shareholders, customers, and community to ensure we do not suffer from 'group think' or from stagnation, being stuck in our ways. I think it true and fair to say that we have been so busy, it has been very difficult to find time to revisit our values, our practices, and procedures. I also know what Winston Churchill said is true; "In times of peace prepare for war and in times of war, prepare for peace". This must be applied in life and certainly to any business.

During what has essentially been a most significant 'fight', we are obliged to prepare for quieter times. In the past, I have 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 will not change. Internal Bendigo Bank surveys year-on-year have provided the feedback and comparison of our team to other teams and branches in our region, State and Nationally. Our team are consistently high achieving in the community bank network.

Do I take the internal surveys seriously? Absolutely. I can see the results and commentary are grounded, honest and encouraging. Do I have any other measures of what success is or looks like. Yes! In our industry broadly, staff retention is difficult. Not so for us. In any business in any industry, striving for a culture of respect and community internally, which then becomes the way of connecting to customers and community is difficult. Despite various team changes in terms of roles, hours worked, day-to-day duties and life outside of work, our team strive to be their best to and for each other behind the scenes.

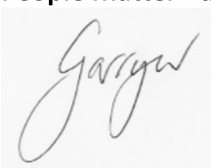
Are we different to any / many other community companies in the network? Yes, we are. Does that difference translate to best performance, better outcomes? Yes, most certainly. For example, at the time of writing this statement, 5 of our staff are on return travel from the community bank national conference, this year staged in Bendigo, Victoria. Conferences are routinely and reliably attended by Directors of community bank companies. We send our branch team because they get to meet with the people they speak to on the phone or email every day. They learn more about products, services, who is who in the structure behind the scenes and this is without doubt, far greater value than Directors attending. I believe to be able to send branch team members is a measure of, and core to our success. Our team also meet Directors from other community bank companies at the conference and can therefore reflect on our approach compared with others. A litmus test essentially.

Through the financial year, the headwinds faced by our team, turned to significant tail winds. Whilst we may have changed tack a little, the team has had to work just as hard to be servants to and for each other and our community.

Most importantly 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 ways to ensure our team are fully supported, informed, empowered, nurtured, deeply respected and are physically and mentally as healthy as can be expected. In-turn, our community bank team is equally healthy and respected.

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



**Garry White** – Chairman.

# Senior Manager Community Bank - statement

While KPIs and business growth provide valuable measures, they pale in comparison to the impact our staff have on our business. Prioritising our staff fosters an environment where individual achievement excels beyond just KPIs.

This year I want to talk to the impact of our team that drives success in ways numbers can't capture.

2022/2023 was a year that challenged us all. Personally, it has left me a little exhausted and at times overwhelmed me. With a strong team of outstanding people standing beside me it also empowered me to be and do better. I have the privilege to work with a unique team who teach each other, who can challenge each other, and who care about changing lives. I look forward to coming to work every day, even after 20 years in the industry.

The Banking world is forever changing and will continue to change and move in different directions. Over this past year we have had to implement changes directed from Bendigo Bank and like all change, it has not always been smooth sailing. I remain optimistic that Bendigo Bank can see the bigger picture.

I am so grateful to the many customers and community groups who have made our Bank part of their future. In an uncertain world this is an tremendous vote of confidence in not just what we do, but who we are.

My life outside of work is also challenging. Though it can be exhausting it is immensely fulfilling, with a husband, a couple of sons and extended family that are all my greatest cheer squad. I have the ability to do life just the way I choose.

My role has less to do with KPIs, targets and budgets and more about how I can make a positive impact with the people around me. Investing in staff well-being, growth, and empowerment harvests sustainable results that surpass the confines of KPIs.

With deep gratitude, I want to thank each and every one on of our team, collectively we are bigger than ourselves, so I want to thank our team and their families. My life is richer for having you all in it.

Another successful financial year has been wrapped up and I want to extend my sincerest appreciation to our Board members for your unwavering support that led us to remarkable achievements this year. We have collectively navigated uncertain waters and transformed challenges into opportunities. The Board’s belief in our team's capabilities fuelled our determination to excel. As we celebrate our accomplishments, we recognise that they wouldn't have been possible without your confidence in us.

What’s 2023/2024 look like for me, who knows? What I do know is that what we do today will have an impact on people and their future. To this end, I feel we are well placed to deliver positive impacts on whoever and whatever comes our way in 2023/2024.

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

**Justine Kennedy** Senior Branch Manager Community Bank.

# RWM Community Financial Services Limited

ABN 52 116 190 875

## Financial Report - 30 June 2023

# RWM Community Financial Services Limited
# Directors' report
# 30 June 2023

The directors present their report, together with the financial statements, on the company for the year ended 30 June 2023.

**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: | Non-executive director |
| 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: | Chair, Audit and Marketing sub-committees |

| | |
|---|---|
| Name: | Christopher Francis Webster |
| Title: | Non-executive director |
| Experience and expertise: | Christopher worked as a Technical Officer with Telstra until 1998 (30 years), a Retail Sales Assistant from 1998 to 2003 and in Admin/Bookkeeping part time from 2003 to 2021. Christopher retired from paid employment in July 2021. Christopher is currently a volunteer with the Aged Care Volunteer Visitors Scheme since 2010 and the Redland Community Centre since 2017. Christopher is the Chairperson at Redland Community Centre and Vice President of the BABI Board. Christopher 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: | David Tanti |
| Title: | Non-executive director (appointed 6 July 2023) |
| Experience and expertise: | David is a senior project manager at Boeing Defence Australia (BDA). He has more than 20 years experience working across various project and operational roles including operations management, procurement management, contract management, business development, product development, market strategy analysis and marketing and communications. David is also P&C President at Coolnwynpin State School and an Associate Director at Project Management Institute Queensland (PMIQ). Prior to BDA, David worked in marketing and communications roles for multidisciplinary engineering and finance firms. He has a degree in communications and a diploma of leadership and development. |

| | |
|---|---|
| Name: | Alasdair Noble |
| Title: | Non-executive director (appointed 24 August 2023) |
| Experience and expertise: | Alasdair is a professional engineer and has worked extensively in the mining industry within Australia and overseas over a period of around 30 years, holding a range of senior technical and operational roles. Alasdair is now the Managing Director of his own consultancy business and is a member of the Australian Institute of Company Directors. Alasdair has a range of interests in community groups, being Vice Commodore of the Multihull Yacht Club of Queensland and Assistant Group Leader of the Manly-Lota Scout Group. |
| Special responsibilities: | Nil |

| | |
|---|---|
| Name: | Ronan Wicks |
| Title: | Non-executive director (resigned 9 March 2023) |
| Experience and expertise: | Ronan was a Barber from 2010 to 2018. Operations Manager for the Redland Community Centre since 2018. Bachelor of Medical Science 2019 - present. |
| Special responsibilities: | Nil |

| | |
|---|---|
| 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 |

| | |
|---|---|
| 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 |

**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 $648,062 (30 June 2022: $30,385).

The company has seen a significant increase in its revenue during the financial year. This is a result of the Reserve Bank of Australia (RBA) increasing the cash rate by 3.25% during the financial year moving from 0.85% to 4.10% as at 30 June 2023. The increased cash rate has had a direct impact on the revenue received by the company, increasing the net interest margin income received under the revenue share arrangement the company has with Bendigo Bank.

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

| | 2023 $ |
|---|---|
| Fully franked dividend of 5 cents per share (2022: nil cents) | 33,966 |

**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**
No matter or circumstance has arisen since 30 June 2023 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.

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

| | Board | |
|---|---|---|
| | Eligible | Attended |
| Garry Francis White | 11 | 6 |
| Christopher Francis Webster | 11 | 11 |
| Jonathon James Cowley | 11 | 11 |
| David Tanti | - | - |
| Alasdair Noble | - | - |
| Ronan Wicks | 6 | 4 |
| Darren McKenzie | 2 | - |
| Arnal Pravikash Chand | 2 | - |

**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 | - | - | - |
| David Tanti | - | - | - |
| Alasdair Noble | - | - | - |
| Ronan Wicks | - | - | - |
| Darren McKenzie | - | - | - |
| Arnal Pravikash Chand | - | - | - |

**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.

**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 23 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
- the non-audit services provided do not 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

___________________________
Garry Francis White
Chair

10 October 2023

Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550
ABN: 65 684 604 390
afs@afsbendigo.com.au
(03) 5443 0344

# 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 2023, 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 2023

**Joshua Griffin**
**Lead Auditor**


Liability limited by a scheme approved under Professional Standards Legislation.

## RWM Community Financial Services Limited
## Statement of profit or loss and other comprehensive income
## For the year ended 30 June 2023

| | Note | 2023 $ | 2022 $ |
|---|---|---|---|
| Revenue from contracts with customers | 6 | 2,341,603 | 1,447,880 |
| Other revenue | | 10,000 | 27,500 |
| Finance revenue | | 7,121 | 69 |
| Total revenue | | 2,358,724 | 1,475,449 |
| Employee benefits expense | 7 | (1,091,766) | (1,071,641) |
| Advertising and marketing costs | | (6,728) | (21,425) |
| Occupancy and associated costs | | (19,310) | (14,100) |
| System costs | | (34,164) | (37,974) |
| Depreciation and amortisation expense | 7 | (116,920) | (113,756) |
| Finance costs | 7 | (50,468) | (50,966) |
| General administration expenses | | (97,549) | (99,887) |
| Net loss on disposal of assets | | - | (82) |
| Total expenses before community contributions and income tax | | (1,416,905) | (1,409,831) |
| **Profit before community contributions and income tax expense** | | 941,819 | 65,618 |
| Charitable donations and sponsorships expense | 7 | (70,595) | (18,579) |
| **Profit before income tax expense** | | 871,224 | 47,039 |
| Income tax expense | 8 | (223,162) | (16,654) |
| **Profit after income tax expense for the year** | 17 | 648,062 | 30,385 |
| Other comprehensive income for the year, net of tax | | - | - |
| **Total comprehensive income for the year** | | 648,062 | 30,385 |
| | | **Cents** | **Cents** |
| Basic earnings per share | 25 | 95.40 | 4.47 |
| Diluted earnings per share | 25 | 95.40 | 4.47 |

*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 2023

| | Note | 2023 $ | 2022 $ |
|---|---|---|---|
| **Assets** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | 9 | 983,966 | 225,525 |
| Trade and other receivables | 10 | 162,950 | 85,602 |
| Total current assets | | 1,146,916 | 311,127 |
| **Non-current assets** | | | |
| Property, plant and equipment | 11 | 208,745 | 183,882 |
| Right-of-use assets | 12 | 563,718 | 574,671 |
| Intangible assets | 13 | 146,168 | 190,144 |
| Deferred tax assets | 8 | 47,296 | 46,216 |
| Total non-current assets | | 965,927 | 994,913 |
| **Total assets** | | 2,112,843 | 1,306,040 |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Trade and other payables | 14 | 59,923 | 55,401 |
| Borrowings | | 1 | 1 |
| Lease liabilities | 15 | 47,815 | 43,293 |
| Current tax liabilities | 8 | 267,387 | 43,145 |
| Total current liabilities | | 375,126 | 141,840 |
| **Non-current liabilities** | | | |
| Trade and other payables | 14 | 29,423 | 58,846 |
| Lease liabilities | 15 | 685,687 | 697,798 |
| Lease make good provision | | 14,907 | 13,952 |
| Total non-current liabilities | | 730,017 | 770,596 |
| **Total liabilities** | | 1,105,143 | 912,436 |
| **Net assets** | | 1,007,700 | 393,604 |
| **Equity** | | | |
| Issued capital | 16 | 642,560 | 642,560 |
| Retained earnings/(accumulated losses) | 17 | 365,140 | (248,956) |
| **Total equity** | | 1,007,700 | 393,604 |

*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 2023

| | Note | Issued capital $ | Retained earnings $ | Total equity $ |
|---|---|---|---|---|
| **Balance at 1 July 2021** | | 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 |
| **Balance at 30 June 2022** | | 642,560 | (248,956) | 393,604 |

| | Note | Issued capital $ | Retained earnings $ | Total equity $ |
|---|---|---|---|---|
| **Balance at 1 July 2022** | | 642,560 | (248,956) | 393,604 |
| Profit after income tax expense | | - | 648,062 | 648,062 |
| Other comprehensive income, net of tax | | - | - | - |
| Total comprehensive income | | - | 648,062 | 648,062 |
| *Transactions with owners in their capacity as owners:* | | | | |
| Dividends provided for | 19 | - | (33,966) | (33,966) |
| **Balance at 30 June 2023** | | 642,560 | 365,140 | 1,007,700 |

*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 2023**

| | Note | 2023 $ | 2022 $ |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Receipts from customers (inclusive of GST) | | 2,505,106 | 1,563,551 |
| Payments to suppliers and employees (inclusive of GST) | | (1,549,116) | (1,379,564) |
| Interest received | | 7,121 | 61 |
| Income taxes paid | | - | (7,049) |
| Net cash provided by operating activities | 24 | 963,111 | 176,999 |
| **Cash flows from investing activities** | | | |
| Payments for property, plant and equipment | 11 | (49,999) | (5,713) |
| Payments for intangible assets | | (26,748) | (26,748) |
| Proceeds from disposal of property, plant and equipment | | - | 8,182 |
| Net cash used in investing activities | | (76,747) | (24,279) |
| **Cash flows from financing activities** | | | |
| Repayment of lease liabilities | 15 | (93,957) | (90,000) |
| Dividends paid | 19 | (33,966) | - |
| Net cash used in financing activities | | (127,923) | (90,000) |
| Net increase in cash and cash equivalents | | 758,441 | 62,720 |
| Cash and cash equivalents at the beginning of the financial year | | 225,525 | 162,805 |
| Cash and cash equivalents at the end of the financial year | 9 | 983,966 | 225,525 |

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

## Note 1. Reporting entity

The financial statements cover RWM Community Financial Services Limited (the company) as an individual entity, which is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

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.

## 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 and are presented in Australian dollars, which is the company's functional and presentation currency.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 10 October 2023. The directors have the power to amend and reissue the financial statements.

## Note 3. Significant accounting policies

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

### Changes in accounting policies, standards and interpretations

There are a number of amendments to accounting standards issued by the AASB that became mandatorily effective for accounting periods beginning on or after 1 July 2022, and are therefore relevant for the current financial year. The amendments did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

### Current and non-current classification

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

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

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

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

### Impairment

*Non-derivative financial assets*

Expected credit losses (ECL) are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received. At each reporting date, the entity recognises the movement in the ECL (if any) as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

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

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 2023.

*Non-financial assets*
At each reporting date, the company reviews the carrying amounts of its tangible assets and intangible assets 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 is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately.

**Goods and Services Tax (GST)**
Revenues, expenses and assets are recognised net of the amount of GST, except when the amount of GST incurred on a sale or purchase of assets or services is not payable to or recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the revenue or expense item.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

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

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events that it believes to be reasonable under the circumstances. Differences between the accounting judgements and estimates and actual results and outcomes are accounted for in future reporting periods. 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.

*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 that have been abandoned or sold will be written off or written down.

*Impairment of non-financial assets*
The company assesses impairment of non-financial 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 as the higher of its fair value less costs of disposal or value-in-use, each of 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.

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

*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 5. Economic dependency**

The company has entered into a franchise agreement with Bendigo Bank that governs the management of the Community Bank. The company is economically dependent on the ongoing receipt of income under the franchise agreement with Bendigo Bank. The directors have no reason to believe a new franchise arrangement under mutually acceptable terms will not be forthcoming following expiry in December 2025.

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.

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 Bendigo Bank 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.

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

Bendigo Bank provides significant assistance in establishing and maintaining the Community Bank franchise operations. It also continues to provide ongoing management and operational support and other assistance and guidance in relation to all aspects of the franchise operation, including advice and assistance in relation to:

- the design, layout and fit out of the Community Bank premises
- training for the branch manager and other employees in banking, management systems and interface protocol
- methods and procedures for the sale of products and provision of services
- security and cash logistic controls
- calculation of company revenue and payment of many operating and administrative expenses
- the formulation and implementation of advertising and promotional programs
- sales techniques and proper customer relations
- providing payroll services.

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

| | 2023<br>$ | 2022<br>$ |
|---|---|---|
| Margin income | 2,103,104 | 1,224,026 |
| Fee income | 104,095 | 102,209 |
| Commission income | 134,404 | 121,645 |
| | 2,341,603 | 1,447,880 |

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:

| Revenue stream | Includes | Performance obligation | Timing of recognition |
|---|---|---|---|
| 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. |

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, interest rates and funds transfer pricing and other factors, such as economic and local conditions.

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

*Margin income*
Margin on core banking products is arrived at through the following calculation:

| | |
|---|---|
| | Interest paid by customers on loans less interest paid to customers on deposits |
| **plus:** | any deposit returns i.e. interest return applied by Bendigo Bank for a deposit |
| **minus:** | any costs of funds i.e. interest applied by Bendigo Bank to fund a loan. |

The company is entitled to a share of the margin earned by Bendigo Bank. If this reflects a loss, the company incurs a share of that loss.

*Commission income*
Commission income 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 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.

**Note 7. Expenses**

**Employee benefits expense**

| | **2023** **$** | **2022** **$** |
|---|---|---|
| Wages and salaries | 856,986 | 835,001 |
| Superannuation contributions | 98,364 | 90,480 |
| Expenses related to long service leave | 17,009 | 3,527 |
| Other expenses | 119,407 | 142,633 |
| | 1,091,766 | 1,071,641 |

Bendigo Bank seconds employees to work for the company. Bendigo Bank charges the cost of these employees through the monthly profit share arrangement. The company recognises these expenses when recording the monthly invoice. No annual leave or long service leave liabilities are recognised for the company as these are Bendigo Bank employees.

**Note 7. Expenses (continued)**

**Depreciation and amortisation expense**

| | 2023<br>$ | 2022<br>$ |
|---|---|---|
| *Depreciation of non-current assets* | | |
| Leasehold improvements | 732 | 730 |
| Plant and equipment | 17,904 | 18,848 |
| Furniture and fittings | 759 | 1,019 |
| Motor vehicles | 5,741 | 3,781 |
| | 25,136 | 24,378 |
| *Depreciation of right-of-use assets* | | |
| Leased land and buildings | 47,808 | 45,383 |
| *Amortisation of intangible assets* | | |
| Franchise fee | 4,220 | 4,237 |
| Franchise renewal fee | 21,184 | 21,187 |
| Cash-generating unit | 18,572 | 18,571 |
| | 43,976 | 43,995 |
| | 116,920 | 113,756 |

**Finance costs**

| | 2023<br>$ | 2022<br>$ |
|---|---|---|
| Lease interest expense | 49,513 | 50,073 |
| Unwinding of make-good provision | 955 | 893 |
| | 50,468 | 50,966 |

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

*Accounting policy for employee benefits*
**Leases recognition exemption**

| | 2023<br>$ | 2022<br>$ |
|---|---|---|
| Expenses relating to low-value leases | 11,460 | 14,073 |

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 Leases.* Expenses relating to low-value exempt leases are included in system costs expenses.

**Note 8. Income tax**

| | 2023<br>$ | 2022<br>$ |
|---|---|---|
| *Income tax expense* | | |
| Current tax | 224,242 | 18,351 |
| Movement in deferred tax | (1,080) | (1,697) |
| Aggregate income tax expense | 223,162 | 16,654 |
| *Prima facie income tax reconciliation* | | |
| Profit before income tax expense | 871,224 | 47,039 |
| Tax at the statutory tax rate of 25% | 217,806 | 11,760 |
| Tax effect of: | | |
| Non-deductible expenses | 5,356 | 4,894 |
| Income tax expense | 223,162 | 16,654 |

| | 2023<br>$ | 2022<br>$ |
|---|---|---|
| *Deferred tax assets/(liabilities)* | | |
| Provision for lease make good | 3,727 | 3,488 |
| Accrued expenses | 1,125 | 1,123 |
| Income accruals | (2) | - |
| Lease liabilities | 183,376 | 185,273 |
| Right-of-use assets | (140,930) | (143,668) |
| Deferred tax asset | 47,296 | 46,216 |

| | 2023<br>$ | 2022<br>$ |
|---|---|---|
| Provision for income tax | 267,387 | 43,145 |

*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, 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.

### Note 8. 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 9. Cash and cash equivalents

| | 2023<br>$ | 2022<br>$ |
|---|---|---|
| Cash at bank and on hand | 177,245 | 225,525 |
| Sandhurst Managed Funds | 806,721 | - |
| | 983,966 | 225,525 |

*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 10. Trade and other receivables

| | 2023<br>$ | 2022<br>$ |
|---|---|---|
| Trade receivables | 129,941 | 53,391 |
| | | |
| Other receivables and accruals | 10,500 | 10,500 |
| Accrued income | 8 | 8 |
| Prepayments | 22,501 | 21,703 |
| | 33,009 | 32,211 |
| | 162,950 | 85,602 |

*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.

### Note 11. Property, plant and equipment

| | 2023 $ | 2022 $ |
|---|---|---|
| Leasehold improvements - at cost | 29,217 | 29,217 |
| Less: Accumulated depreciation | (12,776) | (12,044) |
| | 16,441 | 17,173 |
| Plant and equipment - at cost | 281,014 | 297,663 |
| Less: Accumulated depreciation | (139,733) | (150,131) |
| | 141,281 | 147,532 |
| Furniture and fittings - at cost | 22,776 | 22,776 |
| Less: Accumulated depreciation | (10,679) | (9,920) |
| | 12,097 | 12,856 |
| Motor vehicles - at cost | 65,674 | 27,328 |
| Less: Accumulated depreciation | (26,748) | (21,007) |
| | 38,926 | 6,321 |
| | 208,745 | 183,882 |

Reconciliations of the carrying 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 2021 | 17,903 | 161,594 | 14,819 | 16,494 | 210,810 |
| Additions | - | 5,713 | - | - | 5,713 |
| Disposals | - | (927) | (944) | (6,392) | (8,263) |
| Depreciation | (730) | (18,848) | (1,019) | (3,781) | (24,378) |
| Balance at 30 June 2022 | 17,173 | 147,532 | 12,856 | 6,321 | 183,882 |
| Additions | - | 11,653 | - | 38,346 | 49,999 |
| Depreciation | (732) | (17,904) | (759) | (5,741) | (25,136) |
| Balance at 30 June 2023 | 16,441 | 141,281 | 12,097 | 38,926 | 208,745 |

*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 and fittings | 2 to 50 years |
| Motor vehicles | 4 years |

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

### Note 11. Property, plant and equipment (continued)

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 12. Right-of-use assets

| | 2023<br>$ | 2022<br>$ |
|---|---|---|
| Land and buildings - right-of-use | 1,015,022 | 978,168 |
| Less: Accumulated depreciation | (451,304) | (403,497) |
| | 563,718 | 574,671 |

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

| | Land and buildings<br>$ |
|---|---|
| Balance at 1 July 2021 | 591,035 |
| Remeasurement adjustments | 29,019 |
| Depreciation expense | (45,383) |
| Balance at 30 June 2022 | 574,671 |
| Remeasurement adjustments | 36,855 |
| Depreciation expense | (47,808) |
| Balance at 30 June 2023 | 563,718 |

*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 15 for more information on lease arrangements.

## Note 13. Intangible assets

| | 2023 $ | 2022 $ |
|---|---|---|
| Cash-generating unit | 191,075 | 191,075 |
| Less: Accumulated amortisation | (107,503) | (88,931) |
| | 83,572 | 102,144 |
| Franchise fee | 60,123 | 60,123 |
| Less: Accumulated amortisation | (49,676) | (45,456) |
| | 10,447 | 14,667 |
| Franchise renewal fee | 220,288 | 220,288 |
| Less: Accumulated amortisation | (168,139) | (146,955) |
| | 52,149 | 73,333 |
| | 146,168 | 190,144 |

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

| | Cash-generating unit $ | Franchise fee $ | Franchise renewal fee $ | Total $ |
|---|---|---|---|---|
| Balance at 1 July 2021 | 120,715 | 18,904 | 94,520 | 234,139 |
| Amortisation expense | (18,571) | (4,237) | (21,187) | (43,995) |
| Balance at 30 June 2022 | 102,144 | 14,667 | 73,333 | 190,144 |
| Amortisation expense | (18,572) | (4,220) | (21,184) | (43,976) |
| Balance at 30 June 2023 | 83,572 | 10,447 | 52,149 | 146,168 |

*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:

| Asset class | Method | Useful life | Expiry/renewal date |
|---|---|---|---|
| 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 | January 2028 |

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

*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 14. Trade and other payables

| | 2023<br>$ | 2022<br>$ |
|---|---|---|
| *Current liabilities* | | |
| Trade payables | 2,471 | 2,865 |
| Other payables and accruals | 57,452 | 52,536 |
| | 59,923 | 55,401 |
| *Non-current liabilities* | | |
| Other payables and accruals | 29,423 | 58,846 |

*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 15. Lease liabilities

| | 2023<br>$ | 2022<br>$ |
|---|---|---|
| *Current liabilities* | | |
| Land and buildings lease liabilities | 95,082 | 91,200 |
| Unexpired interest | (47,267) | (47,907) |
| | 47,815 | 43,293 |
| *Non-current liabilities* | | |
| Land and buildings lease liabilities | 972,382 | 1,012,152 |
| Unexpired interest | (286,695) | (314,354) |
| | 685,687 | 697,798 |

*Reconciliation of lease liabilities*

| | 2023<br>$ | 2022<br>$ |
|---|---|---|
| Opening balance | 741,091 | 751,999 |
| Remeasurement adjustments | 36,855 | 29,019 |
| Lease interest expense | 49,513 | 50,073 |
| Lease payments - total cash outflow | (93,957) | (90,000) |
| | 733,502 | 741,091 |

## Note 15. Lease liabilities (continued)

*Maturity analysis*

| | 2023<br>$ | 2022<br>$ |
|---|---|---|
| Not later than 12 months | 95,082 | 91,200 |
| Between 12 months and 5 years | 380,328 | 364,801 |
| Greater than 5 years | 592,054 | 647,351 |
| | 1,067,464 | 1,103,352 |

*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 variable lease payments that depend on an index or rate and lease payments in a renewal option if the company is reasonably certain to exercise that option. For leases of property the company has elected to separate lease and non-lease components when calculating the lease liability.

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

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if the company changes its assessment of whether it will exercise an extension option or if there is a revised in-substance fixed lease payment.

The company assesses at the lease commencement date whether it is reasonably certain to exercise extension options. The company reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

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 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:

| Lease | Discount rate | Non-cancellable term | Renewal options | Reasonably certain to exercise options | Lease term end date used in calculations |
|---|---|---|---|---|---|
| Victoria Point Branch | 6.64% | 5 years | 1 x 5 years | Yes | November 2030 |
| Wynnum Branch | 6.64% | 10 years | 2 x 5 years | Yes | September 2037 |

## Note 16. Issued capital

| | 2023<br>Shares | 2022<br>Shares | 2023<br>$ | 2022<br>$ |
|---|---|---|---|---|
| Ordinary shares - fully paid | 679,310 | 679,310 | 679,310 | 679,310 |
| Less: Equity raising costs | - | - | (36,750) | (36,750) |
| | 679,310 | 679,310 | 642,560 | 642,560 |

**Note 16. 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 284 shareholders (2022: 288 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 their associates) has a prohibited shareholding interest in are suspended.

### Note 16. 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 17. Retained earnings/(accumulated losses)

| | 2023<br>$ | 2022<br>$ |
|---|---|---|
| Accumulated losses at the beginning of the financial year | (248,956) | (279,341) |
| Profit after income tax expense for the year | 648,062 | 30,385 |
| Dividends paid (note 19) | (33,966) | - |
| Retained earnings/(accumulated losses) at the end of the financial year | 365,140 | (248,956) |

### Note 18. 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 19. Dividends

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

| | 2023<br>$ | 2022<br>$ |
|---|---|---|
| Fully franked dividend of 5 cents per share (2022: nil cents) | 33,966 | - |

**Note 19. Dividends (continued)**

**Franking credits**

| | 2023<br>$ | 2022<br>$ |
|---|---|---|
| Franking account balance at the beginning of the financial year | 13,070 | 6,020 |
| Franking credits (debits) arising from income taxes paid (refunded) | - | 7,050 |
| Franking debits from the payment of franked distributions | (11,322) | - |
| | 1,748 | 13,070 |
| *Franking transactions that will arise subsequent to the financial year end:* | | |
| Balance at the end of the financial year | 1,748 | 13,070 |
| Franking credits (debits) that will arise from payment (refund) of income tax | 267,386 | 43,145 |
| Franking credits available for future reporting periods | 269,134 | 56,215 |

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%.

*Accounting policy for dividends*
Dividends are recognised in the financial year they are declared.

**Note 20. Financial instruments**

| | 2023<br>$ | 2022<br>$ |
|---|---|---|
| **Financial assets** | | |
| Trade and other receivables | 140,449 | 63,899 |
| Cash and cash equivalents | 983,966 | 225,525 |
| | 1,124,415 | 289,424 |
| **Financial liabilities** | | |
| Trade and other payables | 89,346 | 114,247 |
| Lease liabilities | 733,502 | 741,091 |
| Bank loans | 1 | 1 |
| | 822,849 | 855,339 |

*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.

**Note 20. Financial instruments (continued)**

***Financial risk management***
The company has exposure to credit, liquidity and market risk arising from financial instruments. The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the company. The company does not use derivative instruments. Risk management is carried out directly by the Board.

***Market risk***
Market risk is the risk that changes in market prices - e.g. foreign exchange rates, interest rates, and equity prices - will affect the company's income or the value of its holdings in financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The company has no exposure to any transactions denominated in a currency other than Australian dollars.

Interest-bearing assets and liabilities are held with Bendigo Bank and subject to movements in market interest rates. 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 $983,966 at 30 June 2023 (2022: $225,525). The cash and cash equivalents are held with Bendigo Bank, which are rated BBB+ on Standard & Poor's credit ratings.

***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***
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.

| **2023** | 1 year or less $ | Between 1 and 5 years $ | Over 5 years $ | Remaining contractual maturities $ |
|---|---|---|---|---|
| Bank loans | 1 | - | - | 1 |
| Trade and other payables | 59,923 | 29,423 | - | 89,346 |
| Lease liabilities | 95,082 | 380,328 | 592,054 | 1,067,464 |
| Total non-derivatives | 155,006 | 409,751 | 592,054 | 1,156,811 |

### Note 20. Financial instruments (continued)

| 2022 | 1 year or less $ | Between 1 and 5 years $ | Over 5 years $ | Remaining contractual maturities $ |
|---|---|---|---|---|
| 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 |

### Note 21. Key management personnel disclosures

The following persons were directors of RWM Community Financial Services Limited during the financial year and/or up to the date of signing of these Financial Statements.

| | |
|---|---|
| Garry Francis White | Jonathon James Cowley |
| Christopher Francis Webster | Arnal Pravikash Chand |
| Ronan Wicks | Darren McKenzie |
| David Tanti | Alasdair Noble |

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 22. Related party transactions

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

### Note 23. 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:

| | **2023 $** | **2022 $** |
|---|---|---|
| *Audit services* | | |
| Audit or review of the financial statements | 5,900 | 5,200 |
| | | |
| *Other services* | | |
| General advisory services | 4,070 | 2,920 |
| Share registry services | 3,679 | 2,000 |
| | 7,749 | 4,920 |
| | 13,649 | 10,120 |

### Note 24. Reconciliation of profit after income tax to net cash provided by operating activities

| | 2023<br>$ | 2022<br>$ |
|---|---|---|
| Profit after income tax expense for the year | 648,062 | 30,385 |
| | | |
| Adjustments for: | | |
| Depreciation and amortisation | 116,920 | 113,756 |
| Lease liabilities interest | 49,513 | 50,073 |
| | | |
| Change in operating assets and liabilities: | | |
| Increase in trade and other receivables | (77,348) | (34,832) |
| Increase in deferred tax assets | (1,080) | (1,696) |
| Increase in trade and other payables | 1,847 | 7,118 |
| Increase in provision for income tax | 224,242 | 11,301 |
| Increase in other provisions | 955 | 894 |
| | | |
| Net cash provided by operating activities | 963,111 | 176,999 |

### Note 25. Earnings per share

| | 2023<br>$ | 2022<br>$ |
|---|---|---|
| Profit after income tax | 648,062 | 30,385 |
| | **Number** | **Number** |
| Weighted average number of ordinary shares used in calculating basic earnings per share | 679,310 | 679,310 |
| Weighted average number of ordinary shares used in calculating diluted earnings per share | 679,310 | 679,310 |
| | **Cents** | **Cents** |
| Basic earnings per share | 95.40 | 4.47 |
| Diluted earnings per share | 95.40 | 4.47 |

*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, by the weighted average number of ordinary shares outstanding during the financial year.

### Note 26. Commitments

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

### Note 27. Contingencies

There were no contingent liabilities or contingent assets at the date of this report.

### Note 28. Events after the reporting period

No matter or circumstance has arisen since 30 June 2023 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 2023

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 2023 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 2023

Andrew Frewin Stewart
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# 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 2023
- 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 2023 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.


Liability limited by a scheme approved under Professional Standards Legislation.

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## Other Information

The other information comprises the information included in the company's annual report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon. The annual report may also include "other information" on the company'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. We have nothing to report in this regard.

## 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.

The directors are responsible for overseeing the company's financial reporting process.

## 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.



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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.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Andrew Frewin Stewart**
61 Bull Street, Bendigo, Vic, 3550
Dated: 10 October 2023

**Joshua Griffin**
**Lead Auditor**


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ABN: 52 116 190 875
DATE: November 2023