



Community Bank
Rockingham

 **Bendigo Bank**

Annual Report 2024

Rockingham Community
Financial Services Limited

ABN 69 102 349 655

ANNUAL REPORT 2024

CONTENTS

Chairperson's Report
inc Sponsorships & Contributions
Manager's Report
Bendigo Corporate Report
Auditor's Report
Director's Report & Declaration
2024 Audited Financial Statements
& Notes

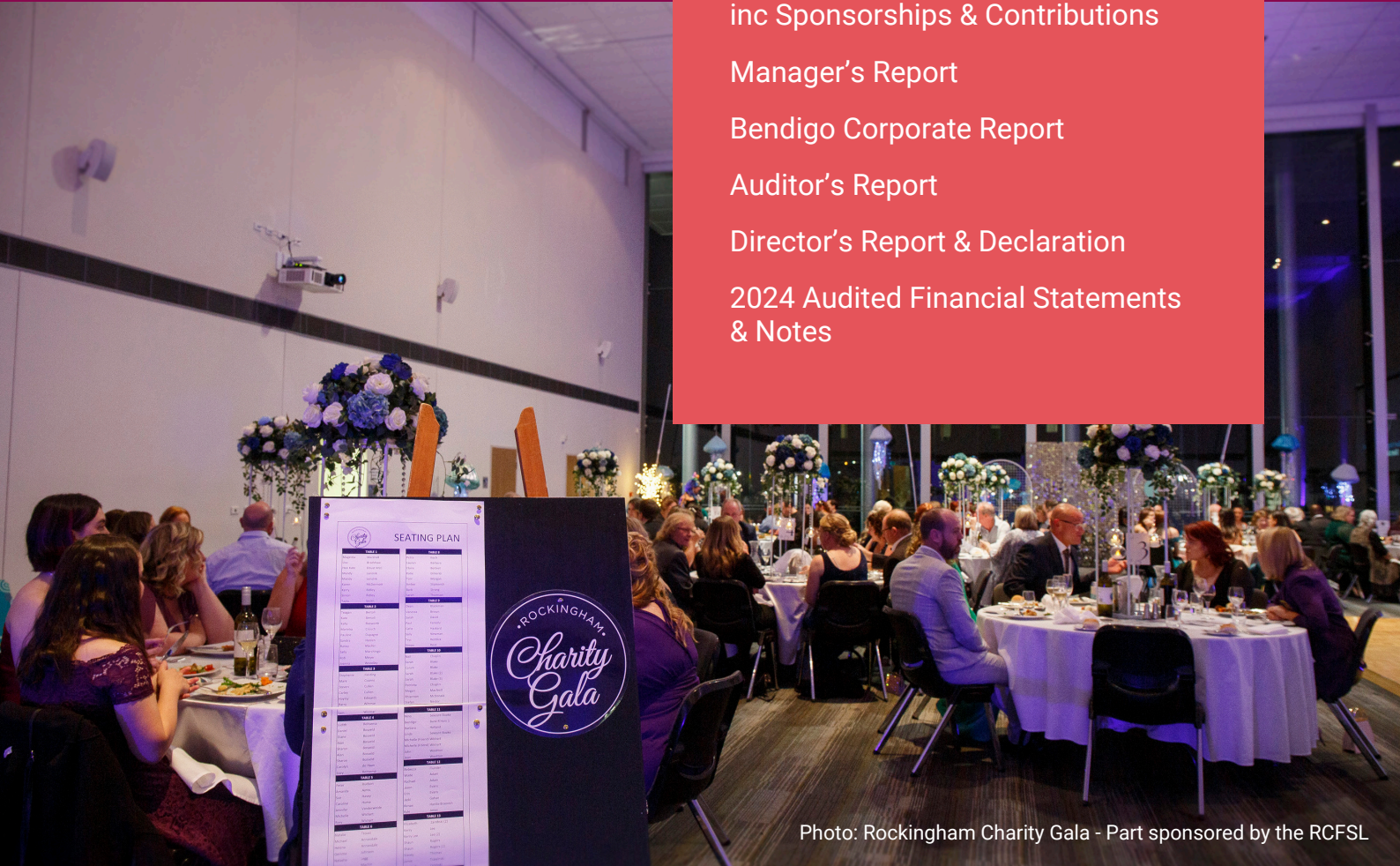


Photo: Rockingham Charity Gala - Part sponsored by the RCFSL

Accountants & Audit
AFS Bendigo

Directors - Board

Donna Bates (Director - Chair)
Sue Hasey (Director - Deputy Chair)
Stephenie Fielding (Director - Company Secretary)
John Wootton (Director - Treasurer)
Nino Sekyere-Boakye (Director)

100%
LOCAL

Annual Report
Created
Produced
Printed in
Rockingham

Legacy Advisory Team

Len Sheedy
Barbara Holland
Brad Dean

Download this annual
report online at:



Chairperson's Report

I am proud to present on behalf of the Rockingham Community Financial Services Limited (RCFSL) Board, the 2024 Annual Report. Firstly, I'd like to take this opportunity to thank Barbara Holland who retired from her role as Chair of RCFSL in January 2024 after nine years. Barbara's contribution to the Rockingham Community Bank has been significant and her legacy will continue on, having invested so much of her time into ensuring its success. On behalf of our customers, shareholders and, local community we formally thanked Barbara at a farewell event attended by our Mayor, Board, Branch Staff and, members of the Bendigo Corporate Team in Rockingham. Thank you also to Brad Dean our Treasurer who stepped down to take up the Chair's role at Peel Football Club. Best wishes to both Barb on your retirement from the Board and Brad on your new role. We also welcomed some new Board members this year, whose contributions have been greatly appreciated.

FINANCIAL PERFORMANCE

We experienced another year of solid performance of the community bank with profit sitting at \$557,192. Whilst down on FY23 this is due to revenue softening with a shift in interest rates, and an increase in employee costs bringing the company employee salaries in line with the market and succession planning expectations. System costs also increased slightly, with occupancy and finance costs declining year on year due to the completion of the lease at Kent Street. Our Net Assets grew by 49%, year on year with our total equity increasing due to retained earnings of \$311,854, heralding another dividend sometime in FY25.

COMMUNITY SPONSORSHIPS & CONTRIBUTIONS

Our community contributions were doubled year on year providing \$67,568 for some much needed community support & initiatives. These included:

- \$20,000 contribution to the Salvation Army Rockingham providing 16,500 meals and food parcels for the homeless and local community. They'd noted a shortfall in their annual budget providing for a 300+% increase in demand for their services, and we were happy to assist this initiative;
- \$11,000 Rockingham Beach Cup - Palm Beach Rotary;
- \$6,200 start-up support to a local association called 'Partnerships with Purpose' who will provide governance support, training and development support as well as events and fundraising for local charities and not for profits;
- Other smaller contributions were made to sporting and community clubs like Rockingham RAMS Football Club, Secret Harbour Volunteer Fire brigade, various school programs, RKCC, the Catalpa Festival and many others.

Our dedicated Board and Branch Teams are continuing to working towards our Strategic focus for FY25, of increasing revenue, cost rationalisation and strongly aligned and targeted sponsorships & contributions to support building a strong community. The implementation of the new Community Hub Smartygrants software will help us manage and report on our grants and sponsorships moving forward.

I would also like to thank Bendigo Bank Corporate for their ongoing support and to our branch manager Gary Condon whose solid leadership of our talented branch team is continuing to grow our business

On behalf of our entire Board & branch team, thank you for supporting us and we look forward to a continued prosperous FY25.

Yours sincerely



DONNA BATES
CHAIRPERSON - RCFSL



Newly appointed Chair Elect
Donna Bates FGIA MAICD BBus



Barbara Holland's Farewell dinner with Rockingham's Mayor, Deb Hamlin, and Board members Steph Fielding & outgoing treasurer Brad Dean



Our team with the 'BEN' Trike sponsored by Community Bank Rockingham



Our branch in Secret Harbour Shopping Centre

Manager's Report

for year ending 30 June 2024

This last financial year has seen significant positivity for Community Bank Rockingham, both in terms of business growth and our people development.

The business has demonstrated significant improvement across all key areas, with deposit and lending growth surpassing a combined 126% of our annual target. While customer numbers had grown at a marginal rate over the prior 3 years, last year saw us increase our customer base by a considerable 5.30%. As a result, we closed our book at the end of the financial year having grown by over \$10,000,000. Highlights include a year-on-year increase of 160% in home loan settlements and 144% in personal lending settlements.

This year, we had a lot to celebrate as a team. With a customer satisfaction score of 4.92 out of 5.00, we ranked number 1 in our region for happy customers. In addition, our team helped more customers with a digital solution than any other branch in our region and ranked among the top 3 branches for identifying home loan and insurance opportunities. We were even recognised at a national level, with a nomination and win in the network's annual awards. To cap it all off, we ended the financial year as a finalist in the Rockingham Kwinana Chamber of Commerce Business Awards.

None of this would be possible without the branch team you've all come to know and love. Special thanks to Bree, who has been promoted to Assistant Branch Manager; as well as Ann, Natasha, Madi and Niki – all of whom are a force to be reckoned with. By working together, they constantly and consistently go above and beyond to ensure our customers financial needs, requirements and well-being are looked after. By having a full roster of staff for the first time in a long time, we've demonstrated what can be achieved when we work together with a common goal of benefiting the community.

On that note, last year we broaden our community involvement to include significant support for the Salvation Army and Partnerships with Purpose, as well as continued donations and grants for local sporting and volunteer groups. You may even have seen our name as a sponsor at prominent events such as the Rockingham Beach Cup and The Catalpa Irish Festival, all of which are events designed to promote local tourism and commerce.

Our difference continues to be the personalised face-to-face service we provide to our customers in an increasingly online world. That's not to say we aren't moving with the times. With some significant technological improvements in the pipeline, we are digital by design, yet there when you need us.

I would also like to take this time to thank our volunteer board members for their countless hours of support, as they have been instrumental in our success. Finally, I urge our shareholders, customers, and the local community to continue to support us, as doing so will only increase the strength of Rockingham Community Bank and enable us to continue to give back when it matters.

Gary Condon

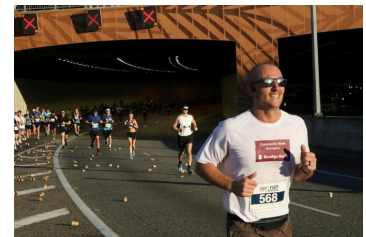
Gary Condon
Branch Manager



Finalists in the Rockingham Kwinana Chamber of Commerce Business Awards. Former Chair Barbara Holland & Branch Manager Gary Condon to the right, along with the small business winners 'Drip Hunters Plumbing & Gas' of our sponsored category.



10 year work anniversary morning tea for Bree Thompson



RCFSL donated to fundraising for a local student who was seriously injured after a motorcross accident. Here's Alex Winning Safety Bay Senior High school chaplain completing a half marathon.

Bendigo Bank Report

Community Bank Report 2024
BEN Message

This past year has been particularly significant for Bendigo Bank and the Community Bank network. After five years apart, we had the opportunity to come together in person and connect in Bendigo at our National Conference in September.

It was lovely to see so many familiar faces and to meet many directors who haven't attended previously. We feel proud to support such an amazing network. We are committed to our strategy and the qualities that make Bendigo Bank unique, by staying true to our connection with communities, our regional roots, and our position as Australia's most trusted bank.

As Bendigo Bank adapts to the evolving digital landscape and changing customer expectations, the Community Bank Network is organically evolving in response. Over the past 12 months, we have seen Community Bank companies seek to enhance their presence within their communities more than ever. This has been through expanding or consolidating branch sites, collaborating with local, state, and national governments to support community initiatives, or by prioritising social value alongside financial performance through Social Trader accreditation.

The anniversary of the Community Bank model, along with changing environmental factors, provides an opportunity to reset and establish a clear pathway towards the next 25 years. Bendigo Bank's purpose, to feed into the prosperity of communities, and our willingness to ensure our purpose is relevant to the needs of communities in which we are present, is a key contributor to our commercial success.

When we utilise our combined strengths, exercise our imaginations and have the courage to commit to creating our own opportunities, we will be the partner of choice for customers and communities regardless of location or cause.

Community, regional presence, and trust are the distinctive attributes of Bendigo Bank that we have maintained and plan to uphold in the future.

While Bendigo Bank emphasises commercial success, our foundation remains in community values. Our aim is to generate mutual value by providing solutions to local challenges. On behalf of Bendigo Bank, thank you for being a shareholder in your local Community Bank. Your contribution helps foster economic growth, creates employment opportunities, and provides essential financial services to the members of your community. Your dedication and support is making a positive impact on your community.



Justine Minne
Head of Community Banking.

Rockingham Community Financial Services Limited

ABN 69 102 349 655

Financial Report - 30 June 2024

Rockingham Community Financial Services Limited

Directors' report

30 June 2024

The directors present their report, together with the financial statements, on the company for the year ended 30 June 2024.

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: Donna Leanne Bates
Title: Non-executive director
Experience and expertise: Donna has worked in Senior Executive for several Corporate positions over the last 25 years, and currently owns and operates her own Strategic Planning Consultancy. She is the Chairperson for the Not for Profit, Partnerships with Purpose WA, and up until September 2024 was also the Vice-President of the Rockingham Kwinana Chamber of Commerce. She is currently studying her Masters of Business Administration and has a Bachelor of Business, and several other formal qualifications pertaining to her industry. She is also an Accredited Leadership Executive Coach for the John Maxwell Group, and a 20+ year serving member of the Australian Defence Force (Army Reserves).
Special responsibilities: Chair and Governance Committee

Name: Nino Sekyere-Boakye
Title: Non-executive director
Experience and expertise: Nino is a Researcher/Migration Agent. Marketing academic, marketing consultant, marketing researcher. Past lecturer in consumer behaviour and strategic marketing planning. B.A. (Hons), M.A. (Professional Marketing), Diploma in Migration Law. Nino is a Fellow of the Australian Institute of Marketing, Migration Consultant and Market Researcher.
Special responsibilities: Marketing Committee

Name: Stephenie Fielding
Title: Non-executive director
Experience and expertise: Stephenie has lived in Rockingham for over 50 years and has a strong connection to many local clubs, groups and organisations within the City of Rockingham. Stephenie's experience is in the Disability Employment Services and is the current Team Coordinator at BIZLINK Rockingham, which is a not for profit that helps people with disability find employment. Within the community, Stephenie volunteers on a number of boards including, the Rockingham Senior High School Education Support Centre, the Rockingham Kwinana Chamber of Commerce and the City of Rockingham's Disability Access and Inclusion Advisory Committee. Stephenie is a proud member of the Mangles Bay Fishing Club, the Cruising Yacht Club of WA, the Perth Racing Club and is the Team Manager of the BIZLINK Flames All Abilities Basketball team. Stephenie's passion for giving back to the community aligns with Bendigo Bank and the values it represents.
Special responsibilities: Company Secretary

Name: Susan Jayne Hasey
Title: Non-executive director
Experience and expertise: Susan has 28 year's experience at Wesfarmers Chemicals, Energy and Fertilisers (WesCEF), 3 years Operations Manager at Rockingham Kwinana Chamber of Commerce, Board Member at three Arts & Culture not for profit companies (Maverick Theatre Productions, Old Mill Theatre and Rockingham Entertainers Inc.) Susan has qualifications in Business Management, IT & Project Management.
Special responsibilities: Deputy Chair, Events Committee

Rockingham Community Financial Services Limited

Directors' report

30 June 2024

Name: John Wootton
Title: Non-executive director
Experience and expertise: Prior to retirement in 2021, John was the General Manager at Morgan Advanced Materials Furnace Industries for 9 years, responsible for Manufacturing, Financial Performance, Global sales and Asia development. John has also held several management positions including 15 years as CEO of his own company, Operations Manager at Schutz DSL. and Manager at Craig Mostyn Company. John previously worked at Murdoch University Business school, lecturing in Management and Supply Chain management to both under and post graduate students. John holds an MBA from Murdoch University and is a Graduate of the Institute of Company Directors. John is the current president of the Australian Foundry Institute WA Branch.

Special responsibilities: Treasurer

Name: Barbara Lorraine Holland
Title: Non-executive director (resigned 31 January 2024)
Experience and expertise: Business Owner, Office Manager and Project Manager at Satterley Property Group. Barbara is Chairperson for Rockingham Education Development Group. All office bearer positions with local P & C and Cricket Club.

Special responsibilities: Chair

Name: Bradley Charles Dean
Title: Non-executive director (resigned 26 February 2024)
Experience and expertise: Bachelor of Business, CPA with 28 years experience. Partner in BDR Business Accountants. Director/Vice President Peel Thunder Football Club. Director/ President Variety WA. Treasurer and Life Member of Rockingham Kwinana Chamber of Commerce.

Special responsibilities: Company Secretary

Company secretary

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

- Stephenie Fielding was appointed company secretary on 26 February 2024.
- Bradley Dean was appointed company secretary on 5 May 2021 and ceased on 26 February 2024.

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 \$368,738 (30 June 2023: \$599,791).

Operations have continued to perform in line with expectations.

Dividends

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

	2024	2023
	\$	\$
Fully franked dividend of 5 cents per share (2023: 5 cents)	<u>35,151</u>	<u>35,151</u>

Significant changes in the state of affairs

On 1 July 2023, Bendigo Bank updated the Funds Transfer Pricing (FTP) base rate on certain deposits which has reduced the income earned on these products.

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

Rockingham Community Financial Services Limited
Directors' report
30 June 2024

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2024 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

No matter, circumstance or likely development in operations has arisen during or since the end of the financial year that has significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company.

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
Donna Leanne Bates	12	12
Nino Sekyere-Boakye	12	12
Stephenie Fielding	12	11
Susan Jayne Hasey	12	12
John Wootton	12	11
Barbara Lorraine Holland	6	6
Bradley Charles Dean	6	5

Directors' benefits

No director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a director, a firm which a director is a member or an entity in which a director has a substantial financial interest.

Directors' interests

The interest in company shareholdings for each director are:

	Balance at the start of the year	Changes	Balance at the end of the year
Donna Leanne Bates	-	-	-
Nino Sekyere-Boakye	-	-	-
Stephenie Fielding	-	-	-
Susan Jayne Hasey	-	-	-
John Wootton	-	-	-
Barbara Lorraine Holland	-	-	-
Bradley Charles Dean	251	-	251

Shares under option

There were no unissued ordinary shares of the company under option outstanding at the date of this report.

Shares issued on the exercise of options

There were no ordinary shares of the company issued on the exercise of options during the year ended 30 June 2024 and up to the date of this report.

Rockingham Community Financial Services Limited
Directors' report
30 June 2024

Indemnity and insurance of directors and officers

The company has indemnified all directors and management in respect of liabilities to other persons (other than the company or related body corporate) that may arise from their position as directors or management 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 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



Donna Leanne Bates
Chair

25 September 2024



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 Rockingham Community Financial Services Limited

As lead auditor for the audit of Rockingham Community Financial Services Limited for the year ended 30 June 2024, I declare that, to the best of my knowledge and belief, there have been:

- i) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- ii) no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink, appearing to read 'Andrew Frewin Stewart', with a horizontal line extending to the right.

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 25 September 2024

A handwritten signature in black ink, appearing to read 'A. Downing', with a horizontal line extending to the right.

Adrian Downing
Lead Auditor

Rockingham Community Financial Services Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2024

	Note	2024 \$	2023 \$
Revenue from contracts with customers	7	1,256,802	1,445,694
Other revenue		-	48,105
Finance revenue		4,376	324
Total revenue		<u>1,261,178</u>	<u>1,494,123</u>
Employee benefits expense	8	(454,704)	(356,736)
Advertising and marketing costs		(1,454)	(3,833)
Occupancy and associated costs		(25,137)	(39,467)
System costs		(27,973)	(25,924)
Depreciation and amortisation expense	8	(108,459)	(142,125)
Finance costs	8	(6,025)	(14,886)
General administration expenses		(80,234)	(76,892)
Total expenses before community contributions and income tax expense		<u>(703,986)</u>	<u>(659,863)</u>
Profit before community contributions and income tax expense		557,192	834,260
Charitable donations and sponsorships expense		(67,568)	(33,976)
Profit before income tax expense		489,624	800,284
Income tax expense	9	(120,886)	(200,493)
Profit after income tax expense for the year		368,738	599,791
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		<u>368,738</u>	<u>599,791</u>
		Cents	Cents
Basic earnings per share	25	52.45	85.32
Diluted earnings per share	25	52.45	85.32

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

Rockingham Community Financial Services Limited
Statement of financial position
As at 30 June 2024

	Note	2024 \$	2023 \$
Assets			
Current assets			
Cash and cash equivalents	10	1,108,686	699,455
Trade and other receivables	11	119,605	139,480
Total current assets		<u>1,228,291</u>	<u>838,935</u>
Non-current assets			
Property, plant and equipment	12	6,475	7,098
Right-of-use assets	13	54,036	144,657
Intangible assets	14	-	13,068
Deferred tax assets	9	20,012	18,761
Total non-current assets		<u>80,523</u>	<u>183,584</u>
Total assets		<u>1,308,814</u>	<u>1,022,519</u>
Liabilities			
Current liabilities			
Trade and other payables	15	83,817	48,930
Lease liabilities	16	60,295	96,524
Current tax liabilities	9	71,906	67,847
Employee benefits		25,051	17,102
Total current liabilities		<u>241,069</u>	<u>230,403</u>
Non-current liabilities			
Lease liabilities	16	-	60,093
Employee benefits		4,008	3,802
Provisions		48,863	46,934
Total non-current liabilities		<u>52,871</u>	<u>110,829</u>
Total liabilities		<u>293,940</u>	<u>341,232</u>
Net assets		<u>1,014,874</u>	<u>681,287</u>
Equity			
Issued capital	17	703,020	703,020
Retained earnings/(accumulated losses)		<u>311,854</u>	<u>(21,733)</u>
Total equity		<u>1,014,874</u>	<u>681,287</u>

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

Rockingham Community Financial Services Limited
Statement of changes in equity
For the year ended 30 June 2024

		Issued capital \$	Retained earnings \$	Total equity \$
Balance at 1 July 2022		703,020	(586,373)	116,647
Profit after income tax expense		-	599,791	599,791
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	599,791	599,791
<i>Transactions with owners in their capacity as owners:</i>				
Dividends provided for or paid	19	-	(35,151)	(35,151)
Balance at 30 June 2023		<u>703,020</u>	<u>(21,733)</u>	<u>681,287</u>
Balance at 1 July 2023		703,020	(21,733)	681,287
Profit after income tax expense		-	368,738	368,738
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	368,738	368,738
<i>Transactions with owners in their capacity as owners:</i>				
Dividends provided for or paid	19	-	(35,151)	(35,151)
Balance at 30 June 2024		<u>703,020</u>	<u>311,854</u>	<u>1,014,874</u>

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

Rockingham Community Financial Services Limited
Statement of cash flows
For the year ended 30 June 2024

	Note	2024	2023
		\$	\$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		1,402,268	1,594,860
Payments to suppliers and employees (inclusive of GST)		(778,918)	(691,303)
Interest received		4,376	324
Interest and other finance costs paid		-	(4,077)
Income taxes paid		(65,901)	-
		<u> </u>	<u> </u>
Net cash provided by operating activities	24	<u>561,825</u>	<u>899,804</u>
Cash flows from investing activities			
Payments for property, plant and equipment		(2,782)	(4,476)
Payments for intangible assets		(13,618)	(13,618)
		<u> </u>	<u> </u>
Net cash used in investing activities		<u>(16,400)</u>	<u>(18,094)</u>
Cash flows from financing activities			
Repayment of borrowings		-	(156,530)
Interest and other finance costs paid		(4,141)	(8,972)
Dividends paid	19	(35,151)	(35,151)
Repayment of lease liabilities		(96,902)	(127,059)
		<u> </u>	<u> </u>
Net cash used in financing activities		<u>(136,194)</u>	<u>(327,712)</u>
Net increase in cash and cash equivalents		409,231	553,998
Cash and cash equivalents at the beginning of the financial year		<u>699,455</u>	<u>145,457</u>
		<u> </u>	<u> </u>
Cash and cash equivalents at the end of the financial year	10	<u><u>1,108,686</u></u>	<u><u>699,455</u></u>

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

Rockingham Community Financial Services Limited

Notes to the financial statements

30 June 2024

Note 1. Reporting entity

The financial statements cover Rockingham 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 132, 420 Secret Harbour Boulevard, Secret Harbour WA 6173.

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

The directors have a reasonable expectation that the company has adequate resources to pay its debts as and when they fall due for the foreseeable future. For these reasons, the directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 25 September 2024. The directors have the power to amend and reissue the financial statements.

Note 3. Material accounting policy information

The accounting policies that are material to the company are set out either in the respective notes or below. The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

Adoption of new and revised accounting standards

The company has adopted all of the new or amended Accounting Standards and Interpretations issued by the AASB that are mandatory for the current financial year. A description of the impact of new or amended Accounting Standards and Interpretations that have had a material impact on the company during the current financial year is outlined below:

AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates is mandatory for annual reporting periods beginning on or after 1 January 2023 and was adopted by the company in the preparation of the 30 June 2024 financial statements.

AASB 2021-2 includes amendments to AASB 101 *Presentation of Financial Statements*, requiring the company to disclose material accounting policy information in its financial statements rather than significant accounting policies which was required in previous financial years. Accounting policy information is material if it, when considered with other information, could reasonably be expected to influence decisions of primary users based on the financial statements.

Adoption of AASB 2021-2 has had no impact on the numerical information disclosed in the company's financial statements. Rather, adoption has required the company to remove significant accounting policy information from the notes to the financial statements that is not considered material.

Accounting standards issued but not yet effective

An assessment of accounting standards and interpretations issued by the AASB that are not yet mandatorily applicable to the company has been performed. No new or amended Accounting Standards or Interpretations that are not mandatory have been early adopted, nor are they expected to have a material impact on the company in future financial years.

Current and non-current classification

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

Rockingham Community Financial Services Limited

Notes to the financial statements

30 June 2024

Note 3. Material accounting policy information (continued)

Impairment of 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.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Note 4. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires the directors to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. The directors continually evaluate their judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses.

The directors base their 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.

Judgements

Timing of revenue recognition associated with trail commission

The company receives trailing commission from Bendigo Bank for products and services sold. Ongoing trailing commission payments are recognised on a monthly basis when earned as there is insufficient detail readily available to estimate the most likely amount of revenue without a high probability of significant reversal in a subsequent reporting period. The receipt of ongoing trailing commission revenue is outside the control of the company.

Allowance for expected credit losses on trade and other receivables

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

The company has not recognised an allowance for expected credit losses in relation to trade and other receivables for the following reasons:

- 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.
- 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. The directors are not aware of any such non-compliance at balance date.
- 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 has not experienced any instances of default in relation to receivables owed to the company from Bendigo Bank.

Impairment of non-financial 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. The directors did not identify any impairment indications during the financial year.

Rockingham Community Financial Services Limited

Notes to the financial statements

30 June 2024

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

Recovery of deferred tax assets

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

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term.

In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the company's operations, comparison of terms and conditions to prevailing market rates, incurrence of significant penalties, existence of significant leasehold improvements and the costs and disruption to replace the asset. The company reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

The company includes extension options applicable to the lease of branch premises in its calculations of both the right-of-use asset and lease liability except where the company is reasonably certain it will not 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.

Estimates and assumptions

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

Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, which is generally the case for the company's lease agreements, 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. This 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.

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 2024.

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.

Rockingham Community Financial Services Limited
Notes to the financial statements
30 June 2024

Note 5. Economic dependency (continued)

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.

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. Change to comparative figures

Calculation of right-of-use asset cost and accumulated depreciation

On adoption of AASB 16 *Leases* on 1 July 2019, the company previously recognised the right-of-use asset cost and accumulated depreciation on a gross basis from the commencement of the lease as if AASB 16 had always been applied by the company.

During the financial year the company recorded a change in accounting policy, whereby it elected to recognise the right-of-use asset net of accumulated depreciation on initial adoption of AASB 16. The change in accounting policy had no impact on the company's net profit or net asset position, however it did reduce the company's right-of-use asset cost and accumulated depreciation at 30 June 2023 by \$1,496.

Note 7. Revenue from contracts with customers

	2024 \$	2023 \$
Margin income	1,135,277	1,319,472
Fee income	70,805	67,061
Commission income	50,720	59,161
	<u>1,256,802</u>	<u>1,445,694</u>

Accounting policy for revenue from contracts with customers

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, as follows:

Rockingham Community Financial Services Limited
Notes to the financial statements
30 June 2024

Note 7. Revenue from contracts with customers (continued)

<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.

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.

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 generated from the sale of products and services. This commission is recognised at a point in time which reflects when the company has fulfilled its performance obligation. Refer to Note 4 for further information regarding key judgements applied by the directors in relation to the timing of revenue recognition from trail commission.

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.

Rockingham Community Financial Services Limited
Notes to the financial statements
30 June 2024

Note 8. Expenses

Employee benefits expense

	2024	2023
	\$	\$
Wages and salaries	390,620	306,293
Superannuation contributions	42,036	32,339
Expenses related to long service leave	1,412	741
Other expenses	20,636	17,363
	<u>454,704</u>	<u>356,736</u>

Depreciation and amortisation expense

	2024	2023
	\$	\$
<i>Depreciation of non-current assets</i>		
Leasehold improvements	13	6
Plant and equipment	3,390	1,200
Low Value Pool	2	1
	<u>3,405</u>	<u>1,207</u>
<i>Depreciation of right-of-use assets</i>		
Leased land and buildings	91,986	127,850
<i>Amortisation of intangible assets</i>		
Franchise fee	2,178	2,178
Franchise renewal fee	10,890	10,890
	<u>13,068</u>	<u>13,068</u>
	<u>108,459</u>	<u>142,125</u>

Finance costs

	2024	2023
	\$	\$
Bank loan interest paid or accrued	-	4,077
Lease interest expense	4,141	8,972
Unwinding of make-good provision	1,884	1,837
	<u>6,025</u>	<u>14,886</u>

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

Rockingham Community Financial Services Limited
Notes to the financial statements
30 June 2024

Note 9. Income tax

	2024	2023
	\$	\$
<i>Income tax expense</i>		
Current tax	124,084	67,846
Movement in deferred tax	(1,252)	1,650
Under/over provision in respect to prior years	(1,946)	-
Recoupment of prior year tax losses	-	130,997
	<u>120,886</u>	<u>200,493</u>
<i>Aggregate income tax expense</i>		
	<u>120,886</u>	<u>200,493</u>
<i>Prima facie income tax reconciliation</i>		
Profit before income tax expense	489,624	800,284
Tax at the statutory tax rate of 25%	122,406	200,071
Tax effect of:		
Non-deductible expenses	426	422
	<u>122,832</u>	<u>200,493</u>
Under/over provision in respect to prior years	(1,946)	-
Income tax expense	<u>120,886</u>	<u>200,493</u>
	2024	2023
	\$	\$
<i>Deferred tax assets/(liabilities)</i>		
Employee benefits	7,265	5,226
Provision for lease make good	12,216	11,734
Accrued expenses	674	675
Lease liabilities	15,074	39,154
Income accruals	(89)	(89)
Right-of-use assets	(13,509)	(36,164)
Property, plant and equipment	(1,619)	(1,775)
	<u>20,012</u>	<u>18,761</u>
Deferred tax asset	<u>20,012</u>	<u>18,761</u>
	2024	2023
	\$	\$
Provision for income tax	<u>71,906</u>	<u>67,847</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 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

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.

Rockingham Community Financial Services Limited
Notes to the financial statements
30 June 2024

Note 10. Cash and cash equivalents

	2024	2023
	\$	\$
Cash on hand	200	200
Cash at bank	1,108,486	699,255
	<u>1,108,686</u>	<u>699,455</u>

Note 11. Trade and other receivables

	2024	2023
	\$	\$
Trade receivables	109,684	129,559
Accrued income	356	356
Prepayments	9,565	9,565
	<u>9,921</u>	<u>9,921</u>
	<u>119,605</u>	<u>139,480</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. 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.

Note 12. Property, plant and equipment

	2024	2023
	\$	\$
Leasehold improvements - at cost	204,970	204,970
Less: Accumulated depreciation	(204,953)	(204,940)
	<u>17</u>	<u>30</u>
Plant and equipment - at cost	55,169	52,388
Less: Accumulated depreciation	(48,714)	(45,325)
	<u>6,455</u>	<u>7,063</u>
Low value pool - at cost	115	115
Less: Accumulated depreciation	(112)	(110)
	<u>3</u>	<u>5</u>
	<u>6,475</u>	<u>7,098</u>

Rockingham Community Financial Services Limited
Notes to the financial statements
30 June 2024

Note 12. Property, plant and equipment (continued)

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 \$	Low value pool \$	Total \$
Balance at 1 July 2022	36	3,787	6	3,829
Additions	-	4,476	-	4,476
Depreciation	(6)	(1,200)	(1)	(1,207)
Balance at 30 June 2023	30	7,063	5	7,098
Additions	-	2,782	-	2,782
Depreciation	(13)	(3,390)	(2)	(3,405)
Balance at 30 June 2024	<u>17</u>	<u>6,455</u>	<u>3</u>	<u>6,475</u>

Accounting policy for property, plant and equipment

Property, plant and equipment are measured at cost or fair value as applicable, less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Leasehold improvements	3 to 5 years
Plant and equipment	2 to 40 years

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

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

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

Note 13. Right-of-use assets

	2024 \$	2023 \$
Land and buildings - right-of-use	515,407	514,041
Less: Accumulated depreciation	(461,371)	(369,384)
	<u>54,036</u>	<u>144,657</u>

Rockingham Community Financial Services Limited
Notes to the financial statements
30 June 2024

Note 13. Right-of-use assets (continued)

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

	Land and buildings \$
Balance at 1 July 2022	272,507
Depreciation expense	<u>(127,850)</u>
Balance at 30 June 2023	144,657
Remeasurement adjustments	1,365
Depreciation expense	<u>(91,986)</u>
Balance at 30 June 2024	<u><u>54,036</u></u>

Accounting policy for right-of-use assets

Right-of-use assets are 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. Right-of-use assets are subject to impairment and are adjusted for any remeasurement of lease liabilities.

Refer to note 16 for more information on lease arrangements.

Note 14. Intangible assets

	2024 \$	2023 \$
Franchise fee	79,687	58,344
Less: Accumulated amortisation	<u>(79,687)</u>	<u>(56,166)</u>
	-	2,178
Franchise renewal fee	298,434	241,721
Less: Accumulated amortisation	<u>(298,434)</u>	<u>(230,831)</u>
	-	10,890
	<u><u>-</u></u>	<u><u>13,068</u></u>

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

	Franchise fee \$	Franchise renewal fee \$	Total \$
Balance at 1 July 2022	4,356	21,780	26,136
Amortisation expense	<u>(2,178)</u>	<u>(10,890)</u>	<u>(13,068)</u>
Balance at 30 June 2023	2,178	10,890	13,068
Amortisation expense	<u>(2,178)</u>	<u>(10,890)</u>	<u>(13,068)</u>
Balance at 30 June 2024	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

Rockingham Community Financial Services Limited
Notes to the financial statements
30 June 2024

Note 14. Intangible assets (continued)

Accounting policy for intangible assets

Intangible assets of the company relate to the franchise fees paid to Bendigo Bank which conveys the right to operate the Community Bank franchise.

Intangible assets are measured on initial recognition at cost. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

The franchise fees paid by the company are amortised over their useful life and assessed for impairment whenever impairment indicators are present.

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 fee	Straight-line	Over the franchise term (5 years)	December 2024
Franchise renewal fee	Straight-line	Over the franchise term (5 years)	December 2024

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

Note 15. Trade and other payables

	2024	2023
	\$	\$
<i>Current liabilities</i>		
Trade payables	2,470	5,617
Other payables and accruals	81,347	43,313
	<u>83,817</u>	<u>48,930</u>
	2024	2023
	\$	\$
<i>Financial liabilities at amortised cost classified as trade and other payables</i>		
Total trade and other payables	83,817	48,930
less other payables and accruals (net GST payable to the ATO)	(7,778)	(8,209)
	<u>76,039</u>	<u>40,721</u>

Note 16. Lease liabilities

	2024	2023
	\$	\$
<i>Current liabilities</i>		
Land and buildings lease liabilities	<u>60,295</u>	<u>96,524</u>
<i>Non-current liabilities</i>		
Land and buildings lease liabilities	<u>-</u>	<u>60,093</u>

Rockingham Community Financial Services Limited
Notes to the financial statements
30 June 2024

Note 16. Lease liabilities (continued)

Reconciliation of lease liabilities

	2024	2023
	\$	\$
Opening balance	156,617	283,676
Remeasurement adjustments	580	-
Lease interest expense	4,141	8,972
Lease payments - total cash outflow	<u>(101,043)</u>	<u>(136,031)</u>
	<u>60,295</u>	<u>156,617</u>

Accounting policy for lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially measured at the present value of the lease payments to be made over the term of the lease, including renewal options if the company is reasonably certain to exercise such options, discounted using the company's incremental borrowing rate.

The company has applied the following accounting policy choices in relation to lease liabilities:

- The company has elected not to separate lease and non-lease components when calculating the lease liability for property leases.
- The company has elected not to recognise right-of-use assets and lease liabilities for short-term leases and low-value assets, which include the company's lease of information technology equipment. The company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The company's lease portfolio includes:

Lease	Discount rate	Non-cancellable term	Renewal options available	Reasonably certain to exercise options	Lease term end date used in calculations
Secret Harbour Branch	4.00%	8 years	Nil	N/A	January 2025

Note 17. Issued capital

	2024	2023	2024	2023
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>703,020</u>	<u>703,020</u>	<u>703,020</u>	<u>703,020</u>

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.

Rockingham Community Financial Services Limited

Notes to the financial statements

30 June 2024

Note 17. Issued capital (continued)

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 385. As at the date of this report, the company had 428 shareholders (2023: 429 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.

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 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.

Rockingham Community Financial Services Limited
Notes to the financial statements
30 June 2024

Note 18. Capital management (continued)

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

Dividends provided for and paid during the period

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.

	2024 \$	2023 \$
Fully franked dividend of 5 cents per share (2023: 5 cents)	35,151	35,151

Franking credits

	2024 \$	2023 \$
Franking account balance at the beginning of the financial year	36,094	48,444
Franking credits (debits) arising from income taxes paid (refunded)	65,901	-
Franking debits from the payment of franked distributions	(11,717)	(12,350)
	<u>90,278</u>	<u>36,094</u>

Franking transactions that will arise subsequent to the financial year end:

Balance at the end of the financial year	90,278	36,094
Franking credits (debits) that will arise from payment (refund) of income tax	71,906	67,847
Franking credits available for future reporting periods	<u>162,184</u>	<u>103,941</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%.

Accounting policy for dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the company.

Note 20. Financial risk management

Financial risk management objectives

The company's financial instruments include trade receivables and payables, cash and cash equivalents and lease liabilities. The company does not have any derivatives.

The directors are responsible for monitoring and managing the financial risk exposure of the company, to which end it monitors the financial risk management policies and exposures and approves financial transactions within the scope of its authority.

The directors have identified that the only significant financial risk exposures of the company are liquidity and market (price) risk. Other financial risks are not significant to the company due to the following factors:

Rockingham Community Financial Services Limited
Notes to the financial statements
30 June 2024

Note 20. Financial risk management (continued)

- The company has no foreign exchange risk as all of its account balances and transactions are in Australian Dollars.
- 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, Bendigo Bank is rated A- on Standard & Poor's credit ratings.
- The company has no direct exposure to movements in commodity prices.
- The company's interest-bearing instruments are held at amortised cost which have fair values that approximate their carrying value since all cash and payables have maturity dates within 12 months.
- The company has no borrowings.

Further details regarding the categories of financial instruments held by the company that hold such exposure are detailed below.

	2024	2023
	\$	\$
Financial assets at amortised cost		
Trade and other receivables (note 11)	110,040	129,915
Cash and cash equivalents (note 10)	1,108,686	699,455
	<u>1,218,726</u>	<u>829,370</u>
Financial liabilities		
Trade and other payables (note 15)	76,039	40,721
Lease liabilities (note 16)	60,295	156,617
	<u>136,334</u>	<u>197,338</u>

At balance date, the fair value of financial instruments approximated their carrying values.

Accounting policy for financial instruments

Financial assets

Classification

The company classifies its financial assets at amortised cost.

Financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial asset.

The company's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents

Derecognition

A financial asset is derecognised when the company's contractual right to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

Impairment of trade and other receivables

Impairment of trade receivables is determined using the simplified approach which uses an estimation of lifetime expected credit losses. The company has not recognised an allowance for expected credit losses in relation to trade and other receivables. Refer to note 4 for further information.

Financial liabilities

Classification

The company classifies its financial liabilities at amortised cost.

Derecognition

A financial liability is derecognised when it is extinguished, cancelled or expires.

Rockingham Community Financial Services Limited
Notes to the financial statements
30 June 2024

Note 20. Financial risk management (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.

Interest-bearing assets and liabilities are held with Bendigo Bank and earnings on those are 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 \$1,108,686 at 30 June 2024 (2023: \$699,455).

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.

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.

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 \$
2024				
Trade and other payables	76,039	-	-	76,039
Lease liabilities	60,893	-	-	60,893
Total non-derivatives	136,932	-	-	136,932
	1 year or less \$	Between 1 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
2023				
Trade and other payables	40,721	-	-	40,721
Lease liabilities	101,043	60,893	-	161,936
Total non-derivatives	141,764	60,893	-	202,657

Note 21. Key management personnel disclosures

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

Donna Leanne Bates
Nino Sekyere-Boakye
Susan Jayne Hasey
Stephenie Fielding

John Wootton
Barbara Lorraine Holland
Bradley Charles Dean

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.

Rockingham Community Financial Services Limited
Notes to the financial statements
30 June 2024

Note 22. Related party transactions

Key management personnel

Disclosures relating to key management personnel are set out in note 21.

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Terms and conditions of transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Transactions with related parties

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

The following transactions occurred with related parties:

	2024	2023
	\$	\$
The company donated to Partnerships with Purpose during the period. The total benefit received was:	6,200	-

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:

	2024	2023
	\$	\$
<i>Audit services</i>		
Audit or review of the financial statements	6,650	5,400
<i>Other services</i>		
Taxation advice and tax compliance services	700	660
General advisory services	3,760	4,060
Share registry services	7,072	6,102
	<u>11,532</u>	<u>10,822</u>
	<u><u>18,182</u></u>	<u><u>16,222</u></u>

Rockingham Community Financial Services Limited
Notes to the financial statements
30 June 2024

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

	2024	2023
	\$	\$
Profit after income tax expense for the year	368,738	599,791
Adjustments for:		
Depreciation and amortisation	108,459	142,125
Lease liabilities interest	4,141	8,972
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	19,875	(48,312)
Decrease/(increase) in deferred tax assets	(1,251)	132,646
Increase in trade and other payables	47,765	856
Increase in provision for income tax	4,059	67,847
Increase/(decrease) in employee benefits	8,155	(5,958)
Increase in other provisions	1,884	1,837
Net cash provided by operating activities	<u>561,825</u>	<u>899,804</u>

Note 25. Earnings per share

	2024	2023
	\$	\$
Profit after income tax	<u>368,738</u>	<u>599,791</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>703,020</u>	<u>703,020</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>703,020</u>	<u>703,020</u>
	Cents	Cents
Basic earnings per share	52.45	85.32
Diluted earnings per share	52.45	85.32

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 2024 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.

Rockingham Community Financial Services Limited
Directors' declaration
30 June 2024

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 2024 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- the company does not have any controlled entities and is not required by the Accounting Standards to prepare consolidated financial statements. Therefore, a consolidated entity disclosure statement has not been included as section 295(3A)(a) of the *Corporations Act 2001* does not apply to the entity.

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



Donna Leanne Bates
Chair

25 September 2024



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

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

Report on the Audit of the Financial Report

Opinion

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

- Statement of financial position as at 30 June 2024
- Statement of profit or loss and other comprehensive income for the year then ended
- Statement of changes in equity for the year then ended
- Statement of cash flows for the year then ended
- Notes to the financial statements, including material accounting policies
- The directors' declaration.

In our opinion, the accompanying financial report of Rockingham 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 2024 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.



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Other Information

The directors are responsible for the other information. The other information comprises the information included in the company's annual report for the year ended 30 June 2024, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. 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.

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.



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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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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: 25 September 2024

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

Adrian Downing
Lead Auditor

Rockingham Community Bank®

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