

Annual Report 2024

Roleystone-Karragullen Financial
Services Ltd

Roleystone-Karragullen

ABN 66 121 609 390

Contents

Chair's report	3
Directors' report	4
Auditor's independence declaration	8
Giving back to shareholders and the community	9
Bendigo and Adelaide Bank report	10
CBNC chair's message	11
Financial statements	12
Notes to the financial statements	16
Directors' declaration	35
Independent audit report	36

Chair's Report

On behalf of the Board of Directors, our Branch Manager for 2023-24, Stephen Chapman and his team, I thank you for your ongoing support of your Community Bank.

I would first like to record my appreciation to all Board members, including Kaisa Freeman, Mike Cirillo, Gail Sampson, Margitta Docters van Leeuwen, and Srikrishnan Vaidyanathan. You may be aware that Board Directors are volunteers from our local community and without the significant amount of time they invest, we would not be in the strong position we are in today.

After a dedicated 6+ years as our local Branch Manager, Stephen (Steve) Chapman recently departed. During his tenure, Steve has helped countless locals with their banking, including his excellence in helping customers with home loan needs. Since taking on the role, Steve has delivered outstanding results in customer growth, unprecedented giving back to the local community through sponsorships and grants and delivered shareholder value. Steve has led the team in our local branch, commendably supporting local jobs and services to the local community.

We're excited to introduce Jessamin (Jess) Pain as the new Branch Manager. With over twelve years of experience in the banking sector, Jess brings a wealth of knowledge and a passion for community-focused service. Jess looks forward to meeting you and helping Roleystone Karragullen community continue to thrive.

As a community-owned and operated bank, our success can be attributed to the profit-for-a-purpose model. Our Community Bank, in its 17th year, is pleased to have achieved an 80% community investment target, with a total contribution of over \$420,000 this financial year. This return on investment is only possible through growing our business and encouraging the community to move their banking to a locally owned and operated bank, providing competitive services, very much the better big bank. We are also pleased to deliver a ten-cent dividend to our Shareholders this financial year.

In 2024, Tom moved into another role within the Bendigo Bank network and we thank him for his service to the local community. We also welcomed Nicole into a Board support role and have been grateful for her professional expertise. We also thank Mel Anstey and her team at Innovative Accounting for their work providing high-quality financial services and advice. The Board continues to provide solid financial management of the business.

Finally, on behalf of the Board of Directors, I wish to acknowledge and sincerely thank Stephen and the team, Tom, Deborah and Kelly, for their hard work and dedication throughout the year.



Kate Mills

Chair - Roleystone-Karragullen Financial Services Limited

Directors' report

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: Kate Mills
Title: Non-executive director
Experience and expertise: BComm, BSocSci, GAICD. Kate has operated her consultancy business for over a decade, providing strategic and management advice, stakeholder engagement, project management, governance and research expertise. Specialising in business case development and securing project funding, Kate has secured over \$70m in funding for a range of projects. Kate is active in her local communities, having serving on several boards. Most recently, she served as Deputy Chair of the State Government Goldfields-Esperance Development Commission. Kate has broad policy experience and knowledge across a range of private, government and not-for-profit sectors.
Special responsibilities: Chair

Name: Michael Frank Cirillo
Title: Non-executive director
Experience and expertise: Business owner of 'Muffler Mike's Exhaust Shop' for 17 years. Bachelor of Business - Economics of Finance. Leasing and Finance Officer - Bankwest. Mortgage and Housing Loan Officer - Challenge Bank. Thornlie TAFE Cert 2 and 3 Welding and Fabrication.
Special responsibilities: Share registry.

Name: Kaisa Maaria Freeman
Title: Non-executive director
Experience and expertise: 30 years of global, regional and local experience in corporate strategy, strategic marketing, ESG and stakeholder relations in agriculture, engineering, mining, marine and transport sectors. A global Chief Marketing Officer and executive leadership team member at MEI Group Pty Ltd. MBA (ANU), MPoSc (Econ., HU), Post Graduate Diploma in International Trade and Diploma in Sustainability. Completed Wesfarmers' Certificate in Strategic Leadership in 2023, AusIMM's Professional Certificate in ESG and Social Performance in 2021, TECOA's Certificate in Financial Management and Project Investment Analysis (FMPIA) in 2021, AICD's Director Pipeline Programme in 2013 and Company Director's Course in 2014. Former director for IMP Industrial Marketing Ltd.
Special responsibilities: Company Secretary (2019-2023). Elected member of Bendigo Bank's WA State Marketing Committee from 2021-2023. Appointed member of Bendigo Bank's National Marketing Forum since 2023.

Name: Gail Beverley Sampson
Title: Non-executive director
Experience and expertise: Graduate of Graylands Teachers College and holds a Bachelor of Arts Social Sciences degree from Curtin University. 22 years' experience in primary school administration. Before retirement in 2021, Gail was Principal of Cooloongup Primary School. She was instrumental in the presentation to the Department of Education in 2015 to secure independent status for this school. In 2018, Gail accepted the invitation for the school to become part of the DoE Specialised program for students with autism spectrum disorder. As a member of the Rotary Club of Armadale, Gail has held the roles of President, Secretary, Youth Director and International/Foundation Director which included oversight of two international projects in South-East Asia and an ongoing community project with the Fathering Project working with schools, mainly in the City of Armadale. In 2024, Gail became a volunteer with The Smith Family and in term 2 commenced work as a part time Learning Club Coordinator.
Special responsibilities: Company Secretary

Roleystone-Karragullen Financial Services Limited

Directors' report

Name: Margitta Sybil Docters Van Leeuwen
Title: Non-executive director
Experience and expertise: BA Communications and Cultural Studies, APMG Change Practitioner and PRINCE2 Practitioner accreditations. Margitta is an accomplished communications specialist with over 18 years in leadership roles specialising in strategic communications, issues management, organisational transformation, and stakeholder engagement and consultation in the state government. She has significant experience in governance, project management and policy development.
Special responsibilities: Nil

Name: Vaidyanathan Srikrishnan Chelakkara
Title: Non-executive director
Experience and expertise: B.COM, MBA, CMA, FCMA, FIPA, MAICD. Sri has over 30 years' experience in growth, control, and financial management of companies in a range of industries, including almost ten years as Asia Pacific CFO with Altrad Services – a leader in services to the oil & gas, mining, minerals, and power sectors. Now as a CFO Advisor, Sri works for various clients to help them see the big picture, the pieces that make it up, and to implement the solutions that will transform and tie it all together.
Special responsibilities: Treasurer

Name: Veronica Mary Hansen
Title: Non-executive director (resigned 7 August 2023)
Experience and expertise: BBusiness Administration, Dip Accounting, Management Effectiveness and Leadership programs. Over 25 years of experience in Buying, Financial Analysis & Merchandise Management at State level, Training & Development and Store Operations Management roles with major Supermarket and Discount Retail Chains. Involved in the local community on several committees including the Roleystone Markets, the newly formed Waterwheel Community Shed and former Treasurer for the Roleystone Country Club for nearly 2 years to July 2022.
Special responsibilities: Nil

Company secretary

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

- Gail Sampson was appointed company secretary on 31 December 2023.
- Kaisa Freeman was appointed as company secretary on 20 November 2019 and ceased on 31 December 2023.

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 \$105,890 (30 June 2023: \$419,418).

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.

Fully franked dividend of 20 cents per share

2024
\$

131,772

Roleystone-Karragullen Financial Services Limited

Directors' report

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.

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
Kate Mills	12	10
Michael Frank Cirillo	12	11
Kaisa Maaria Freeman	12	9
Vaidyanathan Srikrishnan Chelakkara	12	9
Gail Beverley Sampson	12	11
Margitta Sybil Docters Van Leeuwen	12	11
Veronica Mary Hansen	2	1

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 except as disclosed in note 24 to the financial statements. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the company's accounts, or the fixed salary of a full-time employee of the company, controlled entity or related body corporate.

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
Kate Mills	-	-	-
Michael Frank Cirillo	1,000	-	1,000
Kaisa Maaria Freeman	-	-	-
Vaidyanathan Srikrishnan Chelakkara	-	-	-
Gail Beverley Sampson	-	-	-
Margitta Sybil Docters Van Leeuwen	-	-	-
Veronica Mary Hansen	-	-	-

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.

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 25 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



Kate Mills
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 Roleystone-Karragullen Financial Services Limited

As lead auditor for the audit of Roleystone-Karragullen 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', 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 'Joshua Griffin', is positioned above the printed name.

Joshua Griffin
Lead Auditor

Giving back to shareholders and the community

Roleystone-Karragullen Financial Services Limited

Financial Year 2023/2024

Contribution Totals by Type

Donation	\$ 0
Grant	\$ 12,000
Scholarship	\$ 2,500
Sponsorship	\$ 185,738
Total	\$ 200,238

National Contribution

FY24	\$40,457,751
Projects funded	8021

\$360 million reinvested back into local communities

Contribution Totals by Sector

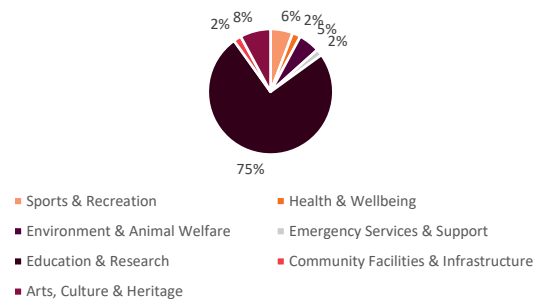
Sports & Recreation	\$11,500
Health & Wellbeing	\$ 4,265
Environment & Animal Welfare	\$ 11,000
Emergency Services & Support	\$ 3,323
Education & Research	\$ 150,350
Community Facilities & Infrastructure	\$ 4,000
Arts, Culture & Heritage	\$ 15,800
Total	\$ 200,238



Contribution Split by Sector



Contribution Split



Bendigo and Adelaide 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.

CBNC Chair's message



Community Bank network: celebrating 26 years of empowering communities

This year our Community Bank network celebrated 26 years of providing grassroots support to metro, regional, rural and remote communities across Australia. It's a milestone that has been widely applauded by our customers and partners who recognise the significant role we play in the lives of everyday Australians. We're there when it matters – whether that be as second responders in times of natural disaster, crisis and need; or as community builders, providing resources and support; help and hope.

In the 2022-23 financial year, our Community Bank network gave back more than \$32 million in grants, sponsorships and donations to local community projects and initiatives. Over 26 years, we have returned more than \$324 million to local communities for emergency services; facilities and infrastructure; sport and recreation; education and research; health and wellbeing; art, culture and heritage as well as environment and animal welfare.

As a shareholder in your local Community Bank, you are part of this incredible social enterprise network that is playing an ever-important role in the Australian economy. With close working relationships with local, state and federal government, peak governing bodies, clubs and community organisations, we are integrally connected and in tune with the needs of everyday Australians.

Our Community Bank network is a first mover in Australia with our unique social enterprise model. The first Community Bank opened its doors in 1998, and since then, the network has grown to 305 Community Bank branches. Today we represent a diverse cross-section of Australia with more than 215 community enterprises, 70,000+ shareholders, 1500+ volunteer directors, 1700 staff and 950,000 customers.

Our Community Bank National Council (CBNC) plays a pivotal role in these relationships. The CBNC consists of both elected and appointed members from every state and territory. The role of council is to represent the network with its partners and to engage in strategic planning that delivers positive outcomes for our business and our communities.

The *2024 - 2026 Community Bank National Council Strategic Plan* has four key focus areas:

- Impact – a planned, deliberate approach with investments that enhance community prosperity.
- Leadership and advocacy – to ensure the long-term sustainability of our enterprises.
- Network alignment – enabling us to develop and nurture partnerships that align with our defined areas of social impact.
- Commercial prosperity – supporting the commercial success of our enterprises.

It is through this strategic plan, which has a foundation built on connection and collaboration, that we will deliver a strong, and secure future for our directors, shareholders, staff and the communities we serve.

Warm regards

Lauren Bean
General Manager
Community Bank National Council

Financial statements

Roleystone-Karragullen 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	1,150,136	1,258,778
Finance revenue		20,178	11,326
Total revenue		<u>1,170,314</u>	<u>1,270,104</u>
Employee benefits expense	8	(408,256)	(395,482)
Advertising and marketing costs		(10,668)	(13,021)
Occupancy and associated costs		(24,973)	(27,050)
System costs		(16,870)	(15,873)
Depreciation and amortisation expense	8	(48,704)	(48,457)
Finance costs	8	(5,980)	(5,779)
General administration expenses		(92,977)	(83,646)
Total expenses before community contributions and income tax expense		<u>(608,428)</u>	<u>(589,308)</u>
Profit before community contributions and income tax expense		561,886	680,796
Charitable donations and sponsorships expense	8	<u>(422,081)</u>	<u>(121,449)</u>
Profit before income tax expense		139,805	559,347
Income tax expense	9	<u>(33,915)</u>	<u>(139,929)</u>
Profit after income tax expense for the year		105,890	419,418
Other comprehensive income for the year, net of tax		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u><u>105,890</u></u>	<u><u>419,418</u></u>
		Cents	Cents
Basic earnings per share	27	16.07	63.66
Diluted earnings per share	27	16.07	63.66

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

Roleystone-Karragullen Financial Services Limited
Statement of financial position
As at 30 June 2024

	Note	2024 \$	2023 \$
Assets			
Current assets			
Cash and cash equivalents	10	222,632	182,860
Trade and other receivables	11	114,239	127,800
Investments	12	787,758	822,755
Total current assets		<u>1,124,629</u>	<u>1,133,415</u>
Non-current assets			
Property, plant and equipment	13	61,699	44,569
Right-of-use assets	14	84,507	114,818
Intangible assets	15	34,780	48,208
Deferred tax assets	9	23,541	20,620
Total non-current assets		<u>204,527</u>	<u>228,215</u>
Total assets		<u>1,329,156</u>	<u>1,361,630</u>
Liabilities			
Current liabilities			
Trade and other payables	16	200,014	68,425
Lease liabilities	17	35,722	28,184
Current tax liabilities	9	21,828	126,964
Employee benefits	18	52,021	45,822
Total current liabilities		<u>309,585</u>	<u>269,395</u>
Non-current liabilities			
Trade and other payables	16	14,501	29,001
Lease liabilities	17	61,168	96,542
Employee benefits	18	11,105	8,838
Lease make good provision		22,721	21,896
Total non-current liabilities		<u>109,495</u>	<u>156,277</u>
Total liabilities		<u>419,080</u>	<u>425,672</u>
Net assets		<u>910,076</u>	<u>935,958</u>
Equity			
Issued capital	19	658,861	658,861
Retained earnings		<u>251,215</u>	<u>277,097</u>
Total equity		<u>910,076</u>	<u>935,958</u>

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

Roleystone-Karragullen Financial Services Limited
Statement of changes in equity
For the year ended 30 June 2024

	Note	Issued capital \$	Retained earnings \$	Total equity \$
Balance at 1 July 2022		658,861	(109,378)	549,483
Profit after income tax expense		-	419,418	419,418
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	419,418	419,418
<i>Transactions with owners in their capacity as owners:</i>				
Dividends provided for or paid	21	-	(32,943)	(32,943)
Balance at 30 June 2023		<u>658,861</u>	<u>277,097</u>	<u>935,958</u>
Balance at 1 July 2023		658,861	277,097	935,958
Profit after income tax expense		-	105,890	105,890
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	105,890	105,890
<i>Transactions with owners in their capacity as owners:</i>				
Dividends provided for or paid	21	-	(131,772)	(131,772)
Balance at 30 June 2024		<u>658,861</u>	<u>251,215</u>	<u>910,076</u>

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

Roleystone-Karragullen 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)		1,289,294	1,317,324
Payments to suppliers and employees (inclusive of GST)		(955,918)	(752,606)
Interest received		16,484	1,944
Interest and other finance costs paid		(1,340)	-
Income taxes paid		(141,972)	(8,760)
		<u>206,548</u>	<u>557,902</u>
Net cash provided by operating activities	26		
Cash flows from investing activities			
Redemption/(investment) in term deposit		34,997	(466,944)
Payments for property, plant and equipment	13	(21,599)	(359)
Payments for intangible assets		(13,182)	(13,182)
		<u>216</u>	<u>(480,485)</u>
Net cash provided by/(used in) investing activities			
Cash flows from financing activities			
Interest and other finance costs paid		(3,861)	(5,018)
Dividends paid	21	(131,772)	(32,943)
Repayment of lease liabilities		(31,359)	(29,318)
		<u>(166,992)</u>	<u>(67,279)</u>
Net cash used in financing activities			
Net increase in cash and cash equivalents		39,772	10,138
Cash and cash equivalents at the beginning of the financial year		<u>182,860</u>	<u>172,722</u>
Cash and cash equivalents at the end of the financial year	10	<u><u>222,632</u></u>	<u><u>182,860</u></u>

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

Notes to the financial statements

30 June 2024

Note 1. Reporting entity

The financial statements cover Roleystone-Karragullen 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:

Registered office

1 Kalamunda Road, Kalamunda WA 6076

Principal place of business

Shop 8/21 Jarrah Road, Roleystone WA 6111

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 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.

Roleystone-Karragullen Financial Services Limited

Notes to the financial statements

30 June 2024

Note 3. Material accounting policy information (continued)

Current and non-current classification

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

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.

Roleystone-Karragullen Financial Services Limited

Notes to the financial statements

30 June 2024

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 April 2027.

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.

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

Classification of term deposits

During the year the directors reviewed the requirements of AASB 107 Statement of Cash Flows and noted term deposits normally qualify as a cash and cash equivalent only when they have initial investment periods of three months or less. In previous financial years the company classified all term deposits as cash and cash equivalents in the preparation of the financial statements even if they had initial investment periods greater than three months.

In the preparation of the financial statements for the current financial year, the directors updated its accounting policy to align to the requirements of AASB 107, restating comparative figures to reclassify term deposits with initial investment periods greater than three months as current investments instead of cash and cash equivalents in the Statement of financial position.

The change in classification had the following impacts on comparative figures:

- Cash and cash equivalents decreased and investments increased by \$822,755 at 30 June 2023 as reported in the Statement of financial position.
- Opening and closing cash balances were reduced to exclude term deposits with initial investment periods greater than three months as reported in the Statement of cash flows.
- Investments in and redemptions of term deposits with initial investment periods greater than three months are now classified within investment activities as reported in the Statement of cash flows.

The change in classification had no impact on the company's net profit or net asset position.

Roleystone-Karragullen Financial Services Limited

Notes to the financial statements

30 June 2024

Note 6. Change to comparative figures (continued)

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 \$291,513.

Note 7. Revenue from contracts with customers

	2024 \$	2023 \$
Margin income	1,029,886	1,116,751
Fee income	43,865	44,115
Commission income	76,385	97,912
	<u>1,150,136</u>	<u>1,258,778</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:

<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.

Roleystone-Karragullen Financial Services Limited

Notes to the financial statements

30 June 2024

Note 7. Revenue from contracts with customers (continued)

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.

Note 8. Expenses

Employee benefits expense

	2024	2023
	\$	\$
Wages and salaries	346,541	346,437
Superannuation contributions	38,540	39,363
Expenses related to long service leave	2,267	(2,371)
Other expenses	20,908	12,053
	<u>408,256</u>	<u>395,482</u>

Leases recognition exemption

	2024	2023
	\$	\$
Expenses relating to low-value leases	<u>5,194</u>	<u>5,741</u>

Roleystone-Karragullen Financial Services Limited

Notes to the financial statements

30 June 2024

Note 8. Expenses (continued)

Depreciation and amortisation expense

	2024 \$	2023 \$
<i>Depreciation of non-current assets</i>		
Leasehold improvements	2,372	3,000
Plant and equipment	2,097	1,712
	<u>4,469</u>	<u>4,712</u>
<i>Depreciation of right-of-use assets</i>		
Leased land and buildings	<u>30,807</u>	<u>30,314</u>
<i>Amortisation of intangible assets</i>		
Franchise fee	2,239	2,238
Franchise renewal fee	11,189	11,193
	<u>13,428</u>	<u>13,431</u>
	<u><u>48,704</u></u>	<u><u>48,457</u></u>

Finance costs

	2024 \$	2023 \$
Lease interest expense	3,861	5,018
Unwinding of make-good provision	779	761
General interest on income tax	1,340	-
	<u>5,980</u>	<u>5,779</u>

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

Charitable donations, sponsorships and grants

	2024 \$	2023 \$
Direct donation, sponsorship and grant payments	190,502	21,449
Contribution to the Community Enterprise Foundation™	231,579	100,000
	<u>422,081</u>	<u>121,449</u>

The overarching philosophy of the Community Bank model, is to support the local community in which the company operates. This is achieved by circulating the flow of financial capital into the local economy through community contributions (such as donations, sponsorships and grants).

The funds contributed are held by the Community Enterprise Foundation™ (CEF) and are available for distribution as grants to eligible applicants for a specific purpose in consultation with the directors.

When the company pays a contribution in to the CEF, the company loses control over the funds at that point. While the directors are involved in the payment of grants, the funds are not refundable to the company.

Roleystone-Karragullen Financial Services Limited

Notes to the financial statements

30 June 2024

Note 9. Income tax

	2024 \$	2023 \$
<i>Income tax expense</i>		
Current tax	37,872	141,094
Movement in deferred tax	(2,921)	(1,165)
Under/over adjustment	(1,036)	-
Aggregate income tax expense	<u>33,915</u>	<u>139,929</u>
<i>Prima facie income tax reconciliation</i>		
Profit before income tax expense	139,805	559,347
Tax at the statutory tax rate of 25%	34,951	139,837
Tax effect of:		
Non-deductible expenses	-	92
Under/over adjustment	(1,036)	-
Income tax expense	<u>33,915</u>	<u>139,929</u>
	2024 \$	2023 \$
<i>Deferred tax assets/(liabilities)</i>		
Employee benefits	15,781	13,665
Provision for lease make good	5,680	5,474
Accrued expenses	2,350	1,350
Income accruals	(3,269)	(2,346)
Lease liabilities	24,222	31,182
Right-of-use assets	(21,127)	(28,705)
Property, plant and equipment	(96)	-
Deferred tax asset	<u>23,541</u>	<u>20,620</u>
	2024 \$	2023 \$
Provision for income tax	<u>21,828</u>	<u>126,964</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.

Roleystone-Karragullen Financial Services Limited

Notes to the financial statements

30 June 2024

Note 10. Cash and cash equivalents

	2024 \$	2023 \$
Cash at bank and on hand	222,632	182,860

Note 11. Trade and other receivables

	2024 \$	2023 \$
Trade receivables	94,174	118,320
Accrued income	13,076	9,382
Prepayments	6,989	98
	<u>20,065</u>	<u>9,480</u>
	<u>114,239</u>	<u>127,800</u>

Note 12. Investments

	2024 \$	2023 \$
<i>Current assets</i>		
Term deposit	787,758	822,755

Note 13. Property, plant and equipment

	2024 \$	2023 \$
Leasehold improvements - at cost	269,840	248,241
Less: Accumulated depreciation	<u>(210,607)</u>	<u>(208,235)</u>
	59,233	40,006
Plant and equipment - at cost	31,018	31,018
Less: Accumulated depreciation	<u>(28,552)</u>	<u>(26,455)</u>
	2,466	4,563
	<u>61,699</u>	<u>44,569</u>

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 \$	Total \$
Balance at 1 July 2022	43,006	5,916	48,922
Additions	-	359	359
Depreciation	<u>(3,000)</u>	<u>(1,712)</u>	<u>(4,712)</u>
Balance at 30 June 2023	40,006	4,563	44,569
Additions	21,599	-	21,599
Depreciation	<u>(2,372)</u>	<u>(2,097)</u>	<u>(4,469)</u>
Balance at 30 June 2024	<u>59,233</u>	<u>2,466</u>	<u>61,699</u>

Roleystone-Karragullen Financial Services Limited

Notes to the financial statements

30 June 2024

Note 13. Property, plant and equipment (continued)

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 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	1 to 40 years
Plant and equipment	5 to 10 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 14. Right-of-use assets

	2024 \$	2023 \$
Land and buildings - right-of-use	203,026	202,530
Less: Accumulated depreciation	<u>(118,519)</u>	<u>(87,712)</u>
	<u>84,507</u>	<u>114,818</u>

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	141,516
Remeasurement adjustments	3,616
Depreciation expense	<u>(30,314)</u>
Balance at 30 June 2023	114,818
Remeasurement adjustments	496
Depreciation expense	<u>(30,807)</u>
Balance at 30 June 2024	<u>84,507</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 17 for more information on lease arrangements.

Roleystone-Karragullen Financial Services Limited

Notes to the financial statements

30 June 2024

Note 15. Intangible assets

	2024 \$	2023 \$
Franchise fee	43,579	43,578
Less: Accumulated amortisation	<u>(37,780)</u>	<u>(35,540)</u>
	<u>5,799</u>	<u>8,038</u>
Franchise renewal fee	167,892	167,892
Less: Accumulated amortisation	<u>(138,911)</u>	<u>(127,722)</u>
	<u>28,981</u>	<u>40,170</u>
	<u><u>34,780</u></u>	<u><u>48,208</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	10,276	51,363	61,639
Amortisation expense	<u>(2,238)</u>	<u>(11,193)</u>	<u>(13,431)</u>
Balance at 30 June 2023	8,038	40,170	48,208
Amortisation expense	<u>(2,239)</u>	<u>(11,189)</u>	<u>(13,428)</u>
Balance at 30 June 2024	<u><u>5,799</u></u>	<u><u>28,981</u></u>	<u><u>34,780</u></u>

Accounting policy for intangible assets

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

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

The franchise fees paid 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)	April 2027
Franchise renewal fee	Straight-line	Over the franchise term (5 years)	April 2027

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.

Roleystone-Karragullen Financial Services Limited

Notes to the financial statements

30 June 2024

Note 16. Trade and other payables

	2024 \$	2023 \$
<i>Current liabilities</i>		
Trade payables	142,482	291
Other payables and accruals	57,532	68,134
	<u>200,014</u>	<u>68,425</u>
<i>Non-current liabilities</i>		
Other payables and accruals	14,501	29,001
	<u>14,501</u>	<u>29,001</u>
	2024 \$	2023 \$
Financial liabilities at amortised cost classified as trade and other payables		
Total trade and other payables	214,515	97,426
less other payables and accruals (net GST payable to the ATO)	(15,216)	(28,012)
	<u>199,299</u>	<u>69,414</u>

Note 17. Lease liabilities

	2024 \$	2023 \$
<i>Current liabilities</i>		
Land and buildings lease liabilities	35,722	28,184
	<u>35,722</u>	<u>28,184</u>
<i>Non-current liabilities</i>		
Land and buildings lease liabilities	61,168	96,542
	<u>61,168</u>	<u>96,542</u>
<i>Reconciliation of lease liabilities</i>		
	2024 \$	2023 \$
Opening balance	124,726	150,428
Remeasurement adjustments	3,523	3,616
Lease interest expense	3,861	5,018
Lease payments - total cash outflow	(35,220)	(34,336)
	<u>96,890</u>	<u>124,726</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.

Roleystone-Karragullen Financial Services Limited

Notes to the financial statements

30 June 2024

Note 17. Lease liabilities (continued)

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
Roleystone & Karragullen branch	3.54%	5 years	N/A	N/A	31 March 2027

Note 18. Employee benefits

	2024 \$	2023 \$
<i>Current liabilities</i>		
Annual leave	52,021	45,822
<i>Non-current liabilities</i>		
Long service leave	11,105	8,838

Accounting policy for short-term employee benefits

Liabilities for annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled. Non-accumulating non-vesting sick leave is expensed when the leave is taken and is measured at the rates paid or payable.

Accounting policy for other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Remeasurements are recognised in profit or loss in the period in which they arise.

Note 19. Issued capital

	2024 Shares	2023 Shares	2024 \$	2023 \$
Ordinary shares - fully paid	658,861	658,861	658,861	658,861

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.

Roleystone-Karragullen Financial Services Limited

Notes to the financial statements

30 June 2024

Note 19. Issued capital (continued)

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 300. As at the date of this report, the company had 322 shareholders (2023: 333 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.

Roleystone-Karragullen Financial Services Limited

Notes to the financial statements

30 June 2024

Note 20. 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 21. 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 20 cents per share (2023: nil cents)	131,772	-
Unfranked dividend of nil cents per share (2023: 5 cents)	-	32,943
	<u>131,772</u>	<u>32,943</u>

Franking credits

	2024 \$	2023 \$
Franking account balance at the beginning of the financial year	71,644	62,884
Franking credits (debits) arising from income taxes paid (refunded)	141,972	8,760
Franking debits from the payment of franked distributions	(43,924)	-
	<u>169,692</u>	<u>71,644</u>

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

Balance at the end of the financial year	169,692	71,644
Franking credits (debits) that will arise from payment (refund) of income tax	21,828	126,964
Franking credits available for future reporting periods	<u>191,520</u>	<u>198,608</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.

Roleystone-Karragullen Financial Services Limited

Notes to the financial statements

30 June 2024

Note 22. Financial risk management

Financial risk management objectives

The company's financial instruments include trade receivables and payables, cash and cash equivalents, investments 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:

- 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.

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

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)	107,250	127,702
Cash and cash equivalents (note 10)	222,632	182,860
Investments (note 12)	787,758	822,755
	<u>1,117,640</u>	<u>1,133,317</u>
Financial liabilities		
Trade and other payables (note 16)	199,299	69,414
Lease liabilities (note 17)	96,890	124,726
	<u>296,189</u>	<u>194,140</u>

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, cash and cash equivalents and investments in term deposits.

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.

Roleystone-Karragullen Financial Services Limited

Notes to the financial statements

30 June 2024

Note 22. Financial risk management (continued)

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.

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. The company held cash and cash equivalents of \$222,632 and term deposits of \$787,758 at 30 June 2024 (2023: \$182,860 and \$822,755).

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 company's 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	184,798	14,501	-	199,299
Lease liabilities	36,277	65,127	-	101,404
Total non-derivatives	221,075	79,628	-	300,703
	1 year or less \$	Between 1 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
2023				
Trade and other payables	40,413	29,001	-	69,414
Lease liabilities	32,184	101,404	-	133,588
Total non-derivatives	72,597	130,405	-	203,002

Roleystone-Karragullen Financial Services Limited

Notes to the financial statements

30 June 2024

Note 23. Key management personnel disclosures

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

Kate Mills	Gail Beverley Sampson
Michael Frank Cirillo	Margitta Sybil Docters Van Leeuwen
Kaisa Maaria Freeman	Veronica Mary Hansen
Vaidyanathan Srikrishnan Chelakkara	

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 24. Related party transactions

Key management personnel

Disclosures relating to key management personnel are set out in note 23.

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

The following transactions occurred with related parties:

	2024	2023
	\$	\$
During the period, one of the Board Members daughter in law performed Board support services on a casual basis.	2,500	-

Note 25. 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	3,370	3,550
Share registry services	6,652	4,437
	<u>10,722</u>	<u>8,647</u>
	<u>17,372</u>	<u>14,047</u>

Roleystone-Karragullen Financial Services Limited

Notes to the financial statements

30 June 2024

Note 26. Reconciliation of profit after income tax to net cash provided by operating activities

	2024 \$	2023 \$
Profit after income tax expense for the year	105,890	419,418
Adjustments for:		
Depreciation and amortisation	48,704	48,457
Lease liabilities interest	3,861	5,018
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	13,561	(76,811)
Decrease in income tax refund due	-	5,370
Increase in deferred tax assets	(2,921)	(1,165)
Increase in trade and other payables	133,344	19,002
Increase/(decrease) in provision for income tax	(105,136)	126,964
Increase in employee benefits	8,466	10,888
Increase in other provisions	779	761
Net cash provided by operating activities	<u>206,548</u>	<u>557,902</u>

Note 27. Earnings per share

	2024 \$	2023 \$
Profit after income tax	<u>105,890</u>	<u>419,418</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>658,861</u>	<u>658,861</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>658,861</u>	<u>658,861</u>
	Cents	Cents
Basic earnings per share	16.07	63.66
Diluted earnings per share	16.07	63.66

Accounting policy for earnings per share

Basic and diluted earnings per share is calculated by dividing the profit attributable to the owners of Roleystone-Karragullen Financial Services Limited, by the weighted average number of ordinary shares outstanding during the financial year.

Note 28. Commitments

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

Note 29. Contingencies

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

Note 30. 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.

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



Kate Mills
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 Roleystone-Karragullen Financial Services Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Roleystone-Karragullen 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 Roleystone-Karragullen 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.



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

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.



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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

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.

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

Joshua Griffin
Lead Auditor

Community Bank - Roleystone Karragullen
Shop 2, 21 Jarrah Road,
Roleystone WA 6111
Phone: 08 9397 7466
Email: Roleystone-KarragullenMailbox@bendigoadelaide.com.au
Web: bendigobank.com.au/roleystonekarragullen

Franchisee: Roleystone-Karragullen Financial Services Ltd
ABN: 66 121 609 390
Suite 1, 1 Kalamunda Road,
Kalamunda WA 6076
Email: gail@rkfs.com.au

Share Registry:
AFS & Associates Pty Ltd
PO Box 454, Bendigo VIC 3552
Phone: 5443 0344
Fax: 5443 5304
Email: shareregistry@afsbendigo.com.au

 @communitybankroleystonekarragullen

 /instagram

 **Bendigo Bank**