

# Annual Report 2024

RWM Community Financial  
Services Limited

Community Bank  
Victoria Point and Wynnum Manly  
ABN 52 116 190 875

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# Chairman's report

For year ending 30 June 2024

On behalf of the Board of Directors and our whole Community Banking team, it is my pleasure to provide our annual report for the 2023-24 Financial Year.

This period has seen some great results but also considerable change to our business. In October 2023 our long serving Director and Chair, Garry White, stood down from the board, and I was privileged to take over as Chair. I would like to formally and publicly acknowledge the massive contribution that Garry has made to the business and the board. He was first invited to become a Director at the end of 2006, and since then he has been an integral part of the company, serving as Director, Treasurer and Chair for extended periods. Garry's values and vision have steered the company for much of its life and he has been instrumental in its growth and successes. While I have only known Garry for a small portion of that time, I admire the dedication that he gave to the company and how his philosophy, genuine care for people and support of the Community Bank model remained firm throughout his tenure. The whole team gratefully acknowledges the part he played to get us to where we are today and we wish him all the best for the future.

During the year our banking business grew substantially – but the seeds for this growth were planted over many years and the results come from all of the effort that the team has put in through difficult years. While higher interest rates at present mean that the margin on loan products has increased, the true driver that has increased the profitability of the business has been the growth in the total business on book – the number of loans written and the number of deposit accounts held. This is all testament to the continuous effort put in by all of the staff at both branches.

The two key points of difference in the Community Bank model that fundamentally set us apart from others are:

1. The business is owned by local shareholders. Without local bank branches we don't have a business, so we are here to stay! We need to make the branches profitable, so we value the highest quality of customer service in order to keep people coming in the door. Customer service is paramount, and we will always have a physical presence in our community.

2. The profit that our company makes all comes back to the community, some as dividends to the locally based shareholders but at least 80 % is directly given back as grants, donations, sponsorship and support to local organisations. Our profit is for purpose, and goes back to the community.

These two differences underpin everything that we do, and make community banking a fantastic choice for our customers.

To better support the increased scale of our business and the growing opportunities that we have to give back to our local communities – we engaged a full time Community Development Manager during the year, JJ Cowley. JJ has been a director on the board for around four years and has worked in not for profit and volunteer support roles for many years, so he has a deep understanding of what we are trying to do. We are confident that he will make a valuable addition to our team and considerably increase the impact that we can make and the value that we can add.

Over the coming year we want to become more visible in our communities, increase the support that we can provide and grow with our local organisations – and we hope that we can demonstrate to more and more people the value of the Community Bank model, and why banking with us can be so beneficial to all.

The board thank the team for another year of fantastic effort and support, we have a great group of people, a great model and we are well positioned to make great contributions. We look forward to sharing more success stories over the coming year.



**Alasdair Noble**  
**Chairman**

# Senior Branch Manager's report

For year ending 30 June 2024

I'd like to kick off with a little history of how it all started!

In the 1850's in Victoria, and particularly in Bendigo, there was a Gold Rush, and the local community was growing quickly with the influx from local and migrant populations, and was struggling to establish the homes and businesses that were needed. In this environment the Bendigo Mutual Permanent Land and Building Society was established.

One of the ways that the new Bendigo Building Society decided to help their community was with a loan lottery. People within the community were allocated a number and these numbers were loaded into a barrel. (This barrel still exists today in the Bendigo Bank Head Office). Winners drawn out of the barrel were given an approved loan. There was no hierarchy or favouritism given – it was purely luck of the draw and everyone in the community had the chance to win. The loans were for the purpose of building permanent homes, farms or businesses to enable the community of Bendigo to continue to grow.

Bendigo Bank was the first Australian bank to introduce both Visa credit and debit cards, and the first to introduce green loans and home loan offset accounts. Bendigo Bank was also the first lender globally to offer a digital home loan application in partnership with online fintech, Timely Pty Ltd.

Bendigo Bank introduced the concept of Community Banking in the late 1990's as a response to the massive closure of bank branches, particularly in rural areas. This is now an internationally recognised value share initiative. Community Banking is based on a 'profit-with-purpose' model, which means that profits are returned directly to the community that has generated them.

From its origins, Bendigo Bank was established to support its local communities and to help them to grow, and over the years this has continued. Our Community Bank company opened Community Bank Victoria Point in December 2005, after the last of the other banks closed there in 2003. Community Bank Wynnum Manly opened in December 2017. For our own Community Bank business, 2023-2024 has been another year of solid growth, growth which now puts us in our strongest position ever to give back and support our local communities.

In 2023-2024 we had a growth budget of \$4.5M, but we grew by an incredible \$35M to now have total business on book of around \$309M. Our staff of 17 have given over 530 volunteer hours into supporting community organisations and events. And we were able to contribute \$167,000 directly to the community, while also putting aside funds to ensure that future support can continue.

I want to take a moment to thank our incredible staff, board members and our families. Without these people we couldn't possibly achieve these amazing results year after year.

Our staff are committed, loyal and dedicated to the Community Bank model. They show up each day not only to work for our customers and community but to support each other. Many will focus on our amazing results (and they truly are amazing!) but I will always focus on our people as they are and will always be our greatest assets. It is only because of our staff that we can deliver fantastic outcomes for our customers and communities.

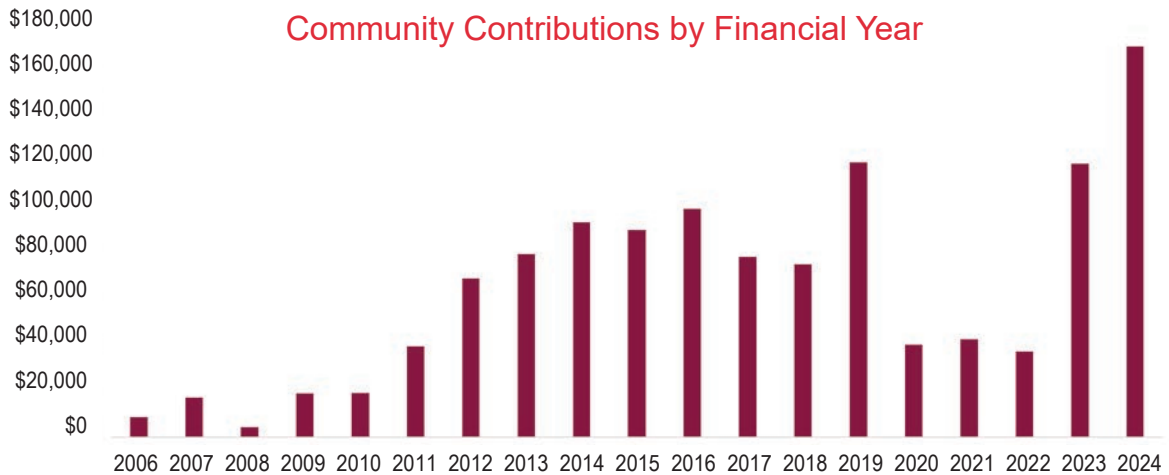
While we continue to witness the closure of other bank branches in our local communities, we are committed to staying, I am also committed to keep working with our team and our business. Our shared history of the Bendigo Community Bank model has been great, but our future promises to be even greater – and that is exciting!



**Justine Kennedy**  
Senior Branch Manager

# Community contributions

2024 was a record year for giving back to the community, on the back of the strengthening business. With more support for our banking business and an increase in customer numbers, we in turn were able to pay a dividend to shareholders and provide more support to the community.



**\$1.2M**

Contributions to the Community to date



**\$167K**

Contributions to the Community in 2024



**58**

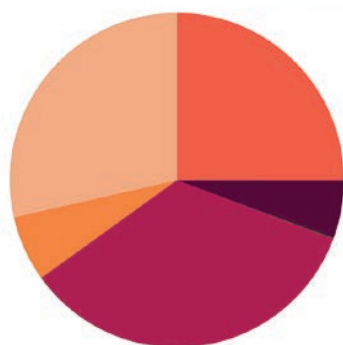
Local organisations supported in 2024



**19**

Years of providing a community banking service

## 2024 Community Contributions by Sector



- Arts, Culture & Heritage
- Education and Research
- Sport & Recreation
- Community Facilities & Infrastructure
- Health & Wellbeing



**273**

Local Shareholders



**17**

Local Staff



**5,884**

Local Customers



**3**

Local Directors

# 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:	Alasdair Douglas Noble
Title:	Non-executive director (appointed 24 August 2023)
Experience and expertise:	Alasdair is a professional engineer and has worked extensively in the mining industry within Australia and overseas over a period of around 30 years, holding a range of senior technical and operational roles. Alasdair is now the Managing Director of his own consultancy business and is a member of the Australian Institute of Company Directors. Alasdair has a range of interests in community groups including Group Leader of the Manly-Lota Scout Group, Vice Commodore of the Multihull Yacht Club of Queensland and Race Director for the Brisbane to Gladstone Multihull Yacht Race.
Special responsibilities:	Chair, Audit and Marketing Subcommittees
Name:	Christopher Francis Webster
Title:	Non-executive director
Experience and expertise:	Christopher worked as a Technical Officer with Telstra until 1998 (30 years), a Retail Sales Assistant from 1998 to 2003 and Admin/Bookkeeping part time from 2003 to 2021. Christopher retired from paid employment in July 2021. Christopher is currently a volunteer with the Aged Care Volunteer Visitors Scheme since 2010 and the Redland Community Centre since 2017. Christopher is the Chairperson of the United Community Services Inc. Board and Vice President of the BABI Board. Christopher is a Life Member of the Capalaba State College Amateur Swimming Club and a Life Member of Tennis Officials Australia.
Special responsibilities:	Secretary
Name:	David Stewart Tanti
Title:	Non-executive director (appointed 6 July 2023)
Experience and expertise:	David is a senior project manager at Boeing Defence Australia (BDA). He has more than 20 years experience working across various project and operational roles including operations management, procurement management, contract management, business development, product development, market strategy analysis and marketing and communications. David is also P&C President at Coolnwynpin State School and an Associate Director at Project Management Institute Queensland (PMIQ). Prior to BDA, David worked in marketing and communications roles for multidisciplinary engineering and finance firms. He has a degree in communications and a diploma of leadership and development.
Special responsibilities:	Nil

## Directors' report (continued)

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Name: Jonathon James Cowley  
Title: Non-executive director (resigned 31 May 2024)  
Experience and expertise: After 18 years as a youth member in the Scout movement Jonathon is into his 16th year as a volunteer Leader and currently holds the positions of Assistant Group Leader and Group Support Committee Chairman with the Manly-Lota Scout Group. It is through scouting his passion for community and helping other people was born. Dedicating a decade to the registered charity and community volunteer organisation Crime Stoppers Queensland where he managed 600 volunteers on 32 area committees around the state including our local Brisbane Bayside Volunteer Area Committee he witnessed how individuals coming together can make a difference to local communities. He spent time here training committees on how to operate as a collective for the benefit of the community, how to learn from the past, live in the present and focus on the future. As the General Manager Jonathon learned business acumen especially in financial management. Using his Certificate IVs in Frontline Management, Coordination of Volunteer Programs and Training & Assessment his current role has him as the Project Officer (jack of all trades) for an organisation that provides care for aged persons.  
Special responsibilities: Treasurer (January to May)

Name: Garry Francis White  
Title: Non-executive director (resigned 26 October 2023)  
Experience and expertise: Garry is retired. Garry has been a volunteer of the company since November 2006. Director of the company since February 2007. Acting Treasurer for most of the financial year and Chairman. Garry is President of Victoria Point Redland Bay Meals on Wheels. Member and Coach with Red City Basketball Association. Long Serving volunteer including 31 years at Redlands Netball Association and foundation life member. Garry was formerly a Director of the Redlands Angels Ltd.  
Special responsibilities: Nil

### Company secretary

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

### Principal activity

The principal activity of the company during the financial year was facilitating Community Bank services under management rights of Bendigo and Adelaide Bank Limited (Bendigo Bank).

There have been no significant changes in the nature of this activity during the financial year.

### Review of operations

The profit for the company after providing for income tax amounted to \$252,532 (30 June 2023: \$648,062).

Operations have continued to perform in line with expectations.

### Dividends

During the financial year, the following dividends were declared.

	2024	2023
	\$	\$
Fully franked dividend of 5 cents per share (2023: 5 cents)	<u>33,966</u>	<u>33,966</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.

# Directors' report (continued)

## 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 and expected results of operations

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
Alasdair Douglas Noble	10	10
Christopher Francis Webster	12	12
David Stewart Tanti	11	8
Jonathon James Cowley	10	9
Garry Francis White	3	2

## Directors' benefits

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

## Directors' interests

The interest in company shareholdings for each director are:

	Balance at the start of the year	Changes	Balance at the end of the year
Alasdair Douglas Noble	-	-	-
Christopher Francis Webster	10,500	-	10,500
David Stewart Tanti	-	-	-
Jonathon James Cowley	-	-	-
Garry Francis White	10,003	-	10,003

## 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.



## Directors' report (continued)

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### 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 24 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



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Alasdair Douglas Noble  
Chair

26<sup>th</sup> September 2024

# Auditor's independence declaration



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

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

As lead auditor for the audit of RWM Community Financial Services Limited for the year ended 30 June 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', written in a cursive style.

**Andrew Frewin Stewart**  
61 Bull Street, Bendigo, Vic, 3550  
Dated: 26 September 2024

A handwritten signature in black ink, appearing to read 'Lachlan Tatt', written in a cursive style.

**Lachlan Tatt**  
Lead Auditor

# Financial statements

## RWM 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	2,514,645	2,341,603
Other revenue		4,364	10,000
Finance revenue		62,105	7,121
Total revenue		<u>2,581,114</u>	<u>2,358,724</u>
Employee benefits expense	8	(1,326,148)	(1,091,766)
Advertising and marketing costs		(78,748)	(6,728)
Occupancy and associated costs		(24,675)	(19,310)
System costs		(46,353)	(34,164)
Depreciation and amortisation expense	8	(125,502)	(116,920)
Finance costs	8	(52,960)	(50,468)
General administration expenses		(109,304)	(97,549)
Total expenses before community contributions and income tax		<u>(1,763,690)</u>	<u>(1,416,905)</u>
<b>Profit before community contributions and income tax expense</b>		817,424	941,819
Charitable donations and sponsorships expense	8	<u>(469,172)</u>	<u>(70,595)</u>
<b>Profit before income tax expense</b>		348,252	871,224
Income tax expense	9	<u>(95,720)</u>	<u>(223,162)</u>
<b>Profit after income tax expense for the year</b>		252,532	648,062
Other comprehensive income for the year, net of tax		-	-
<b>Total comprehensive income for the year</b>		<u>252,532</u>	<u>648,062</u>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	26	37.17	95.40
Diluted earnings per share	26	37.17	95.40

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

## Financial statements (continued)

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

	Note	2024 \$	2023 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	10	975,579	780,061
Trade and other receivables	11	135,269	162,950
Investments	12	212,265	203,905
Total current assets		<u>1,323,113</u>	<u>1,146,916</u>
<b>Non-current assets</b>			
Property, plant and equipment	13	268,725	208,745
Right-of-use assets	14	553,794	563,718
Intangible assets	15	101,493	146,168
Deferred tax assets	9	43,130	47,296
Total non-current assets		<u>967,142</u>	<u>965,927</u>
<b>Total assets</b>		<u>2,290,255</u>	<u>2,112,843</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	16	41,243	59,923
Borrowings		1	1
Lease liabilities	17	95,002	47,815
Current tax liabilities	9	286,246	267,387
Total current liabilities		<u>422,492</u>	<u>375,126</u>
<b>Non-current liabilities</b>			
Trade and other payables	16	-	29,423
Lease liabilities	17	625,319	685,687
Lease make good provision		16,178	14,907
Total non-current liabilities		<u>641,497</u>	<u>730,017</u>
<b>Total liabilities</b>		<u>1,063,989</u>	<u>1,105,143</u>
<b>Net assets</b>		<u>1,226,266</u>	<u>1,007,700</u>
<b>Equity</b>			
Issued capital	18	642,560	642,560
Retained earnings		583,706	365,140
<b>Total equity</b>		<u>1,226,266</u>	<u>1,007,700</u>

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

## Financial statements (continued)

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

	Note	Issued capital \$	Retained earnings \$	Total equity \$
<b>Balance at 1 July 2022</b>		642,560	(248,956)	393,604
Profit after income tax expense		-	648,062	648,062
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	648,062	648,062
<i>Transactions with owners in their capacity as owners:</i>				
Dividends provided for or paid	20	-	(33,966)	(33,966)
<b>Balance at 30 June 2023</b>		<u>642,560</u>	<u>365,140</u>	<u>1,007,700</u>
<b>Balance at 1 July 2023</b>		642,560	365,140	1,007,700
Profit after income tax expense		-	252,532	252,532
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	252,532	252,532
<i>Transactions with owners in their capacity as owners:</i>				
Dividends provided for or paid	20	-	(33,966)	(33,966)
<b>Balance at 30 June 2024</b>		<u>642,560</u>	<u>583,706</u>	<u>1,226,266</u>

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

## Financial statements (continued)

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

	Note	2024 \$	2023 \$
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		2,789,577	2,505,106
Payments to suppliers and employees (inclusive of GST)		(2,309,895)	(1,549,116)
Interest received		47,029	7,121
Interest and other finance costs paid		(5,488)	-
Income taxes paid		(63,398)	-
Net cash provided by operating activities	25	<u>457,825</u>	<u>963,111</u>
<b>Cash flows from investing activities</b>			
Investment in term deposits		(8,360)	(203,905)
Payments for property, plant and equipment		(95,963)	(49,999)
Payments for intangible assets		(26,748)	(26,748)
Net cash used in investing activities		<u>(131,071)</u>	<u>(280,652)</u>
<b>Cash flows from financing activities</b>			
Interest and other finance costs paid		(46,462)	(49,513)
Repayment of lease liabilities		(50,808)	(44,444)
Dividends paid	20	<u>(33,966)</u>	<u>(33,966)</u>
Net cash used in financing activities		<u>(131,236)</u>	<u>(127,923)</u>
Net increase in cash and cash equivalents		195,518	554,536
Cash and cash equivalents at the beginning of the financial year		<u>780,061</u>	<u>225,525</u>
Cash and cash equivalents at the end of the financial year	10	<u><u>975,579</u></u>	<u><u>780,061</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 RWM Community Financial Services Limited (the company) as an individual entity, which is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The company is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is Shop 5/127-131 Colburn Avenue, Victoria Point QLD 4165.

A description of the nature of the company's operations and its principal activity is included in the directors' report, which is not part of the financial statements.

## **Note 2. Basis of preparation and statement of compliance**

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards and Interpretations adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The financial statements comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB). The financial statements have been prepared on an accrual and historical cost basis and are presented in Australian dollars, which is the company's functional and presentation currency.

The 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 26 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.

# Notes to the financial statements (continued)

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## 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.



## Notes to the financial statements (continued)

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### 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 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 2025.

The company operates as a franchise of Bendigo Bank, using the name "Bendigo Bank" and the logo and system of operations of Bendigo Bank. The company manages the Community Bank on behalf of Bendigo Bank, however all transactions with customers conducted through the Community Bank are effectively conducted between the customers and Bendigo Bank.

All deposits are made with Bendigo Bank, and all personal and investment products are products of Bendigo Bank, with the company facilitating the provision of those products. All loans, leases or hire purchase transactions, issues of new credit or debit cards, temporary or bridging finance and any other transaction that involves creating a new debt, or increasing or changing the terms of an existing debt owed to Bendigo Bank, must be approved by Bendigo Bank. All credit transactions are made with Bendigo Bank, and all credit products are products of Bendigo Bank.

The company promotes and sells the products and services, but is not a party to the transaction.

## Notes to the financial statements (continued)

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### 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

#### *Classification of managed funds*

During the year the directors reviewed the requirements of AASB 107 *Statement of Cash Flows* and noted managed funds 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 managed funds 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 managed funds 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 \$203,905 at 30 June 2023 as reported in the Statement of financial position.
- Opening and closing cash balances were reduced to exclude managed funds with initial investment periods greater than three months as reported in the Statement of cash flows.
- Investments in and redemptions of managed funds 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.

#### *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 \$268,641.

## Notes to the financial statements (continued)

### Note 7. Revenue from contracts with customers

	2024 \$	2023 \$
Margin income	2,288,021	2,103,104
Fee income	107,074	104,095
Commission income	119,550	134,404
	<u>2,514,645</u>	<u>2,341,603</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
<b>plus:</b>	any deposit returns i.e. interest return applied by Bendigo Bank for a deposit
<b>minus:</b>	any costs of funds i.e. interest applied by Bendigo Bank to fund a loan.

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

#### *Commission 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.

## Notes to the financial statements (continued)

### Note 7. Revenue from contracts with customers (continued)

#### 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	1,032,809	856,986
Superannuation contributions	120,203	98,364
Expenses related to long service leave	774	17,009
Other expenses	172,362	119,407
	<u>1,326,148</u>	<u>1,091,766</u>

#### Accounting policy for employee benefits

The company seconded employees from Bendigo Bank. The total cost of these employees, including an allowance for accrued annual and long service leave, is charged to the company by Bendigo Bank by offsetting against the monthly profit share arrangement. The company recognises these costs as an expense on a monthly basis.

#### Depreciation and amortisation expense

	2024 \$	2023 \$
<i>Depreciation of non-current assets</i>		
Leasehold improvements	728	732
Plant and equipment	17,395	18,663
Motor vehicles	12,467	5,741
	<u>30,590</u>	<u>25,136</u>
<i>Depreciation of right-of-use assets</i>		
Leased land and buildings	50,237	47,808
<i>Amortisation of intangible assets</i>		
Franchise fee	4,443	4,220
Franchise renewal fee	21,660	21,184
Rights to revenue share	18,572	18,572
	<u>44,675</u>	<u>43,976</u>
	<u>125,502</u>	<u>116,920</u>

## Notes to the financial statements (continued)

### Note 8. Expenses (continued)

#### Finance costs

	2024 \$	2023 \$
Lease interest expense	46,462	49,513
Unwinding of make-good provision	1,010	955
Other	5,488	-
	<u>52,960</u>	<u>50,468</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	169,172	70,595
Contribution to the Community Enterprise Foundation™	300,000	-
	<u>469,172</u>	<u>70,595</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.

### Note 9. Income tax

	2024 \$	2023 \$
<i>Income tax expense</i>		
Current tax	88,195	224,242
Movement in deferred tax	4,165	(1,080)
Under/over provision in respect to prior years	3,360	-
	<u>95,720</u>	<u>223,162</u>
<i>Prima facie income tax reconciliation</i>		
Profit before income tax expense	348,252	871,224
Tax at the statutory tax rate of 25%	87,063	217,806
Tax effect of:		
Non-deductible expenses	5,297	5,356
Under/over provision in respect to prior years	3,360	-
	<u>95,720</u>	<u>223,162</u>

## Notes to the financial statements (continued)

### Note 9. Income tax (continued)

	2024 \$	2023 \$
<i>Deferred tax assets/(liabilities)</i>		
Provision for lease make good	4,045	3,727
Accrued expenses	1,225	1,125
Income accruals	(3,772)	(2)
Lease liabilities	180,080	183,376
Right-of-use assets	(138,448)	(140,930)
	<u>43,130</u>	<u>47,296</u>
Deferred tax asset	<u>43,130</u>	<u>47,296</u>
	<b>2024</b> \$	<b>2023</b> \$
Provision for income tax	<u>286,246</u>	<u>267,387</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.

### Note 10. Cash and cash equivalents

	2024 \$	2023 \$
Cash at bank and on hand	<u>975,579</u>	<u>780,061</u>

### Note 11. Trade and other receivables

	2024 \$	2023 \$
Trade receivables	<u>109,685</u>	<u>129,941</u>
Other receivables and accruals	10,500	10,500
Accrued income	15,084	8
Prepayments	-	22,501
	<u>25,584</u>	<u>33,009</u>
	<u>135,269</u>	<u>162,950</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.

## Notes to the financial statements (continued)

### Note 12. Investments

	2024 \$	2023 \$
<i>Current assets</i>		
Sandhurst Investment Term Fund	212,265	203,905

### Note 13. Property, plant and equipment

	2024 \$	2023 \$
Leasehold improvements - at cost	29,217	29,217
Less: Accumulated depreciation	(13,504)	(12,776)
	<u>15,713</u>	<u>16,441</u>
Plant and equipment - at cost	323,913	303,790
Less: Accumulated depreciation	(179,100)	(150,412)
	<u>144,813</u>	<u>153,378</u>
Motor vehicles - at cost	123,649	65,674
Less: Accumulated depreciation	(15,450)	(26,748)
	<u>108,199</u>	<u>38,926</u>
	<u>268,725</u>	<u>208,745</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 \$	Motor Vehicles \$	Total \$
Balance at 1 July 2022	17,173	160,388	6,321	183,882
Additions	-	11,653	38,346	49,999
Depreciation	(732)	(18,663)	(5,741)	(25,136)
	<u>16,441</u>	<u>153,378</u>	<u>38,926</u>	<u>208,745</u>
Balance at 30 June 2023	16,441	153,378	38,926	208,745
Additions	-	10,660	85,303	95,963
Disposals	-	(1,830)	(3,563)	(5,393)
Depreciation	(728)	(17,395)	(12,467)	(30,590)
	<u>15,713</u>	<u>144,813</u>	<u>108,199</u>	<u>268,725</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 diminishing value and straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

Leasehold improvements	40 years
Plant and equipment	1 to 10 years
Motor vehicles	4 years

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

## Notes to the financial statements (continued)

### Note 13. Property, plant and equipment (continued)

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

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

### Note 14. Right-of-use assets

	2024 \$	2023 \$
Land and buildings - right-of-use	786,694	746,381
Less: Accumulated depreciation	<u>(232,900)</u>	<u>(182,663)</u>
	<u>553,794</u>	<u>563,718</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	574,671
Remeasurement adjustments	36,855
Depreciation expense	<u>(47,808)</u>
Balance at 30 June 2023	563,718
Remeasurement adjustments	40,313
Depreciation expense	<u>(50,237)</u>
Balance at 30 June 2024	<u>553,794</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.



## Notes to the financial statements (continued)

### Note 15. Intangible assets

	2024 \$	2023 \$
Rights to revenue share	191,075	191,075
Less: Accumulated amortisation	<u>(126,075)</u>	<u>(107,503)</u>
	65,000	83,572
Franchise fee	60,123	60,123
Less: Accumulated amortisation	<u>(54,119)</u>	<u>(49,676)</u>
	6,004	10,447
Franchise renewal fee	220,288	220,288
Less: Accumulated amortisation	<u>(189,799)</u>	<u>(168,139)</u>
	30,489	52,149
	<u>101,493</u>	<u>146,168</u>

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

	Rights to revenue share \$	Franchise fee \$	Franchise renewal fee \$	Total \$
Balance at 1 July 2022	102,144	14,667	73,333	190,144
Amortisation expense	<u>(18,572)</u>	<u>(4,220)</u>	<u>(21,184)</u>	<u>(43,976)</u>
Balance at 30 June 2023	83,572	10,447	52,149	146,168
Amortisation expense	<u>(18,572)</u>	<u>(4,443)</u>	<u>(21,660)</u>	<u>(44,675)</u>
Balance at 30 June 2024	<u>65,000</u>	<u>6,004</u>	<u>30,489</u>	<u>101,493</u>

#### Accounting policy for intangible assets

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

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

The franchise fees paid and rights to rights to revenue share purchased 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 2025
Franchise renewal fee	Straight-line	Over the franchise term (5 years)	December 2025
Rights to revenue share	Straight-line	7 years	January 2028

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

## Notes to the financial statements (continued)

### Note 16. Trade and other payables

	2024 \$	2023 \$
<i>Current liabilities</i>		
Trade payables	5,078	2,471
Other payables and accruals	36,165	57,452
	<u>41,243</u>	<u>59,923</u>
<i>Non-current liabilities</i>		
Other payables and accruals	-	29,423
	<u>-</u>	<u>29,423</u>
	2024 \$	2023 \$
<i>Financial liabilities at amortised cost classified as trade and other payables</i>		
Total trade and other payables	41,243	89,346
Less: other payables and accruals (net GST refundable from/(payable to) the ATO)	2,165	(22,718)
	<u>43,408</u>	<u>66,628</u>

### Note 17. Lease liabilities

	2024 \$	2023 \$
<i>Current liabilities</i>		
Land and buildings lease liabilities	95,002	47,815
	<u>95,002</u>	<u>47,815</u>
<i>Non-current liabilities</i>		
Land and buildings lease liabilities	625,319	685,687
	<u>625,319</u>	<u>685,687</u>
<i>Reconciliation of lease liabilities</i>		
	2024 \$	2023 \$
Opening balance	733,502	741,091
Remeasurement adjustments	37,627	36,855
Lease interest expense	46,462	49,513
Lease payments - total cash outflow	(97,270)	(93,957)
	<u>720,321</u>	<u>733,502</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.

## Notes to the financial statements (continued)

### Note 17. Lease liabilities (continued)

The company's lease portfolio includes:

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

### Note 18. Issued capital

	2024 Shares	2023 Shares	2024 \$	2023 \$
Ordinary shares - fully paid	679,310	679,310	679,310	679,310
Less: Equity raising costs	-	-	(36,750)	(36,750)
	<u>679,310</u>	<u>679,310</u>	<u>642,560</u>	<u>642,560</u>

#### Accounting policy for issued capital

Ordinary shares are recognised at the fair value of the consideration received by the company being \$1 per share. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

#### Rights attached to issued capital

##### Ordinary shares

##### Voting rights

Subject to some limited exceptions, each member has the right to vote at a general meeting.

On a show of hands or a poll, each member attending the meeting (whether they are attending the meeting in person or by attorney, corporate representative or proxy) has one vote, regardless of the number of shares held. However, where a person attends a meeting in person and is entitled to vote in more than one capacity (for example, the person is a member and has also been appointed as proxy for another member) that person may only exercise one vote on a show of hands. On a poll, that person may exercise one vote as a member and one vote for each other member that person represents as duly appointed attorney, corporate representative or proxy.

The purpose of giving each member only one vote, regardless of the number of shares held, is to reflect the nature of the company as a community based company, by providing that all members of the community who have contributed to the establishment and ongoing operation of the Community Bank branch have the same ability to influence the operation of the company.

##### Dividends

Generally, dividends are payable to members in proportion to the amount of the share capital paid up on the shares held by them, subject to any special rights and restrictions for the time being attaching to shares. The franchise agreement with Bendigo Bank contains a limit on the level of profits or funds that may be distributed to shareholders. There is also a restriction on the payment of dividends to certain shareholders if they have a prohibited shareholding interest (see below).

##### Transfer

Generally, ordinary shares are freely transferable. However, the directors have a discretion to refuse to register a transfer of shares.

Subject to the foregoing, shareholders may transfer shares by a proper transfer effected in accordance with the company's constitution and the *Corporations Act 2001*.

##### Prohibited shareholding interest

A person must not have a prohibited shareholding interest in the company.

## Notes to the financial statements (continued)

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### Note 18. Issued capital (continued)

In summary, a person has a prohibited shareholding interest if any of the following applies:

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the Board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").
- Where the person is a shareholder, after the transfer of shares in the company to that person the number of shareholders in the company is (or would be) lower than the base number (the "base number test"). The base number is 266. As at the date of this report, the company had 281 shareholders (2023: 284 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 19. 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.

## Notes to the financial statements (continued)

### Note 20. Dividends

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

	2024 \$	2023 \$
Fully franked dividend of 5 cents per share (2023: 5 cents)	<u>33,966</u>	<u>33,966</u>

#### Accounting policy for dividends

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

### Franking credits

	2024 \$	2023 \$
Franking account balance at the beginning of the financial year	1,748	13,070
Franking credits (debits) arising from income taxes paid (refunded)	63,398	-
Franking debits from the payment of franked distributions	<u>(11,322)</u>	<u>(11,322)</u>
	53,824	1,748
<i>Franking transactions that will arise subsequent to the financial year end:</i>		
Balance at the end of the financial year	53,824	1,748
Franking credits (debits) that will arise from payment (refund) of income tax	<u>286,246</u>	<u>267,386</u>
Franking credits available for future reporting periods	340,070	269,134

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

### Note 21. Financial risk management

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 BBB+ 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 minimal borrowings.

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

## Notes to the financial statements (continued)

### Note 21. Financial risk management (continued)

	2024 \$	2023 \$
<b>Financial assets at amortised cost</b>		
Trade and other receivables (note 11)	135,269	140,449
Cash and cash equivalents (note 10)	975,579	780,061
Investments (note 12)	212,265	203,905
	<u>1,323,113</u>	<u>1,124,415</u>
<b>Financial liabilities</b>		
Trade and other payables (note 16)	43,408	66,628
Lease liabilities (note 17)	720,321	733,502
Bank loans	1	1
	<u>763,730</u>	<u>800,131</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, cash and cash equivalents and investments in managed funds.

##### *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.

#### **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 subject to movements in market interest rates. The company held cash and cash equivalents of \$975,579 and managed funds of \$212,265 at 30 June 2024 (2023: \$780,061 and \$203,905).

## Notes to the financial statements (continued)

### Note 21. Financial risk management (continued)

#### 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 \$
<b>2024</b>				
Bank loans	1	-	-	1
Trade and other payables	43,408	-	-	43,408
Lease liabilities	97,839	391,355	519,717	1,008,911
Total non-derivatives	<u>141,248</u>	<u>391,355</u>	<u>519,717</u>	<u>1,052,320</u>
	1 year or less \$	Between 1 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
<b>2023</b>				
Bank loans	1	-	-	1
Trade and other payables	37,205	29,423	-	66,628
Lease liabilities	95,082	380,328	592,054	1,067,464
Total non-derivatives	<u>132,288</u>	<u>409,751</u>	<u>592,054</u>	<u>1,134,093</u>

### Note 22. Key management personnel disclosures

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

Alasdair Douglas Noble  
David Stewart Tanti  
Garry Francis White

Christopher Francis Webster  
Jonathon James Cowley

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 23. Related party transactions

#### Key management personnel

Disclosures relating to key management personnel are set out in note 22.

#### 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.

## Notes to the financial statements (continued)

### Note 23. Related party transactions (continued)

#### *Transactions with related parties*

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

During the financial year, Jonathon James Cowley, previously a Director of the Company, resigned from his Directorship effective 31 May 2024. Following his resignation, Jonathon assumed the role of Community Development Manager on a full-time basis. This change in position is not considered a related party transaction as his involvement with the company is now in an employee capacity rather than as a key management personnel.

### Note 24. 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	8,095	5,900
<i>Other services</i>		
Taxation advice and tax compliance services	420	-
General advisory services	3,540	4,070
Share registry services	3,861	3,679
	<u>7,821</u>	<u>7,749</u>
	<u>15,916</u>	<u>13,649</u>

### Note 25. Reconciliation of profit after income tax to net cash provided by operating activities

	2024 \$	2023 \$
Profit after income tax expense for the year	252,532	648,062
Adjustments for:		
Depreciation and amortisation	125,502	116,920
Net gain on disposal of non-current assets	(1,880)	-
Lease liabilities interest	46,462	49,513
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	27,681	(77,348)
Decrease/(increase) in deferred tax assets	4,166	(1,080)
Increase/(decrease) in trade and other payables	(16,507)	1,847
Increase in current tax liabilities	18,859	224,242
Increase in provisions	1,010	955
Net cash provided by operating activities	<u>457,825</u>	<u>963,111</u>

### Note 26. Earnings per share

	2024 \$	2023 \$
Profit after income tax	<u>252,532</u>	<u>648,062</u>



## Notes to the financial statements (continued)

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### Note 26. Earnings per share (continued)

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>679,310</u>	<u>679,310</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>679,310</u>	<u>679,310</u>
	Cents	Cents
Basic earnings per share	37.17	95.40
Diluted earnings per share	37.17	95.40

### Note 27. Commitments

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

### Note 28. Contingencies

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

### Note 29. 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



Alasdair Douglas Noble  
Chair

26<sup>th</sup> September 2024

# Independent audit report



Andrew Frewin Stewart  
61 Bull Street Bendigo VIC 3550  
ABN: 65 684 604 390  
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03 5443 0344

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

### Report on the Audit of the Financial Report

#### Opinion

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

- Statement of financial position as at 30 June 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 RWM Community Financial Services Limited, is in accordance with the *Corporations Act 2001*, including:

- i. giving a true and fair view of the company's financial position as at 30 June 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  
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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'.

**Andrew Frewin Stewart**  
61 Bull Street, Bendigo, Vic, 3550  
Dated: 26 September 2024

A handwritten signature in black ink, appearing to read 'Lachlan Tatt'.

**Lachlan Tatt**  
Lead Auditor

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 **Bendigo Bank**