

Rockingham Community Financial Services Limited

Financial Statements
for the half-year ended 31 December 2015

Rockingham Community Financial Services Limited
ABN 69 102 349 655
Directors' Report

Your directors submit the financial report of the company for the half-year ended 31 December 2015.

Directors

The names of directors who held office during the half year and until the date of this report are as below:

Bradley Charles Dean (*Resigned 18 February 2016*)

Leonard John Sheedy

David Warren Cashman

Barbara Lorraine Holland

Kelly-Marie Savin

Anthony Solin

Paul Flannery (*Appointed 27 July 2015*)

Principal Activities

The principal activity of the company during the financial period was facilitating **Community Bank®** services under management rights to operate franchised branches of Bendigo and Adelaide Bank Limited.

Review and Results of Operations

Operations have continued to perform in line with expectations. The net loss of the company for the financial period after the provision of income tax was: \$118,019 [2014: \$115,448].

During the financial period the company passed a motion to move to a Low Value Market and be removed from being listed on the NSX. The company plans on advising and delisting from the NSX once the appropriate training has been completed. This is estimated to be completed prior to year end.

Matters Subsequent to the End of the Reporting Period

There are no matters or circumstances that have arisen since the end of the half year reporting period that have significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company.

Auditors' Independence Declaration

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 2.

Signed in accordance with a resolution of the directors at Rockingham, Western Australia on 4 March 2016.



David Warren Cashman, Company Secretary and Treasurer

Lead auditor's independence declaration under section 307C of the *Corporations Act 2001* to the directors of Rockingham Community Financial Services Limited

We declare that, to the best of our knowledge and belief, for the half-year ended 31 December 2015 there have been no contraventions of:

- the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review
- any applicable code of professional conduct in relation to the review.



Andrew Frewin Stewart
61 Bull Street, Bendigo Vic 3550
Dated: 4 March 2016



David Hutchings
Lead Auditor

Rockingham Community Financial Services Limited
ABN 69 102 349 655
Statement of Profit or Loss and Other Comprehensive Income
for the half-year ended 31 December 2015

	2015	2014
	\$	\$
Revenue from ordinary activities	503,806	510,775
Employee benefits expense	(331,140)	(335,416)
Charitable donations, sponsorship, advertising and promotion	(52,300)	(41,242)
Occupancy and associated costs	(88,522)	(89,529)
Systems costs	(30,420)	(32,031)
Depreciation and amortisation expense	(21,030)	(23,946)
Finance costs	(9,788)	(6,725)
General administration expenses	(88,625)	(97,334)
	<hr/>	<hr/>
Loss before income tax credit	(118,019)	(115,448)
Income tax credit	-	-
	<hr/>	<hr/>
Loss after income tax credit	(118,019)	(115,448)
	<hr/>	<hr/>
Total comprehensive income for the year attributable to members	(118,019)	(115,448)
	<hr/>	<hr/>
Earnings/(loss) per Share	c	c
Basic from loss for the period:	(16.79)	(16.42)

The accompanying notes form part of these financial statements.

Rockingham Community Financial Services Limited
ABN 69 102 349 655
Balance Sheet
as at 31 December 2015

	31-Dec 2015 \$	30-Jun 2015 \$
ASSETS		
Current Assets		
Cash assets	17,127	16,832
Trade and other receivables	78,206	58,797
Total Current Assets	<u>95,333</u>	<u>75,629</u>
Non-Current Assets		
Property, plant and equipment	75,806	81,257
Intangible assets	108,553	95,052
Total Non-Current Assets	<u>184,359</u>	<u>176,309</u>
Total Assets	<u>279,692</u>	<u>251,938</u>
LIABILITIES		
Current Liabilities		
Trade and other payables	78,486	96,512
Borrowings	468,035	345,510
Provisions	37,899	28,859
Total Current Liabilities	<u>584,420</u>	<u>470,881</u>
Non-Current Liabilities		
Trade and other payables	51,253	15,229
Borrowings	73,484	73,484
Provisions	9,526	13,316
Total Non-Current Liabilities	<u>134,263</u>	<u>102,029</u>
Total Liabilities	<u>718,683</u>	<u>572,910</u>
Net Liabilities	<u>(438,991)</u>	<u>(320,972)</u>
Equity		
Issued capital	703,020	703,020
Accumulated losses	(1,142,011)	(1,023,992)
Total Equity	<u>(438,991)</u>	<u>(320,972)</u>

The accompanying notes form part of these financial statements.

Rockingham Community Financial Services Limited
ABN 69 102 349 655
Statement of Changes in Equity
for the half-year ended 31 December 2015

	Issued Capital \$	Accumulated Losses \$	Total Equity \$
Balance at 1 July 2014	703,020	(826,058)	(123,038)
Total comprehensive income for the year	<u>-</u>	<u>(115,446)</u>	<u>(115,446)</u>
	703,020	(941,504)	(238,484)
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	<u>-</u>	<u>-</u>	<u>-</u>
Balance at 31 December 2014	<u>703,020</u>	<u>(941,504)</u>	<u>(238,484)</u>
Balance at 1 July 2015	703,020	(1,023,992)	(320,972)
Total comprehensive income for the year	<u>-</u>	<u>(118,019)</u>	<u>(118,019)</u>
	703,020	(1,142,011)	(438,991)
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	<u>-</u>	<u>-</u>	<u>-</u>
Balance at 31 December 2015	<u>703,020</u>	<u>(1,142,011)</u>	<u>(438,991)</u>

The accompanying notes form part of these financial statements.

Rockingham Community Financial Services Limited
ABN 69 102 349 655
Statement of Cash Flows
for the half-year ended 31 December 2015

	2015	2014
	\$	\$
Cash Flows From Operating Activities		
Receipts from customers	546,123	539,309
Payments to suppliers and employees	(656,741)	(643,004)
Interest paid	(9,788)	(6,725)
Interest received	660	653
Net cash used in operating activities	<u>(119,746)</u>	<u>(109,767)</u>
Cash Flows From Investing Activities		
Payments for property, plant and equipment	(2,485)	-
Net cash used in investing activities	<u>(2,485)</u>	<u>-</u>
Cash Flows From Financing Activities		
Repayment of borrowings	(1,231)	-
Net cash used in financing activities	<u>(1,231)</u>	<u>-</u>
Net decrease in cash held	(123,462)	(109,767)
Cash at the beginning of the financial year	(327,446)	(147,290)
Cash at the end of the half-year	<u><u>(450,908)</u></u>	<u><u>(257,057)</u></u>

The accompanying notes form part of these financial statements.

Rockingham Community Financial Services Limited
ABN 69 102 349 655
Notes to the financial statements
for the half-year ended 31 December 2015

Note 1. Summary of Significant Accounting Policies

Statement of Compliance

The half-year financial statements are a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard *AASB 134: Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard *IAS 34: Interim Financial Reporting*.

Basis of Preparation

The half-year financial report is intended to provide users with an update on the latest annual financial statements and does not include all the notes of the type normally included in an annual financial report. Accordingly the report shall be read in conjunction with the annual financial report for the year ended 30 June 2015 and any public announcements made by the company during the period.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements and the previous corresponding interim period.

The half-year financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Going concern

The net liabilities of the company as at 31 December 2015 were \$438,991 and the loss made for the half-year was \$118,019, bringing accumulated losses to \$1,142,011.

In addition:	\$
Total assets	279,692
Total liabilities	718,683
Operating cash flows	(119,746)

There was a 2% increase in the loss recorded for the half-year ended 31 December 2015 when compared to the prior year comparative period.

The company meets its day to day working capital requirements through an overdraft facility. The overdraft has an approved limit of \$520,000 and was drawn to \$468,035 as at 31 December 2015. The company also has a commercial loan with a balance owing of \$73,484 as at 31 December 2015.

An interest free period of two years expired. As a result \$9,788 of interest expense was incurred during the half-year.

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' Report on page 1. The financial position of the company, its cash flows, liquidity position and borrowing facilities are described in the financial statements.

The current economic environment is difficult and while revenue continues to increase the company has again reported an operating loss for the period. The directors' consider that the outlook presents significant challenges in terms of banking business volume and pricing as well as for operating costs. Whilst the directors have instituted measures to preserve cash and secure additional finance, these circumstances create material uncertainties over future trading results and cash flows.

Rockingham Community Financial Services Limited
ABN 69 102 349 655
Notes to the financial statements
for the half-year ended 31 December 2015

Note 1. Summary of Significant Accounting Policies (continued)

Going concern (continued)

The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that it is unlikely that the company will be required to seek an increase in its overdraft facility to meet its current obligations if it is able to achieve its budget for the year.

The company has held discussions with Bendigo and Adelaide Bank Limited about its future borrowing needs. It is likely that these discussions will not be completed for some time but no matters have been drawn to its attention to suggest that renewal may not be forthcoming on acceptable terms. The company has also obtained an undertaking of support from Bendigo and Adelaide Bank Limited that it will continue to support the company and its operations for the 2015/16 financial year. This support is provided on the basis that the company continues to fulfil its obligations under the franchise agreement and continues to work closely with Bendigo and Adelaide Bank Limited to further develop its business.

The directors have concluded that the combination of the circumstances above represents a material uncertainty that casts significant doubt upon the company's ability to continue as a going concern and that, therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business.

Nevertheless, after making enquiries and considering the uncertainties described above, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

There are no new and revised Accounting Standards or amendments thereof and Interpretations effective for the current reporting period relevant to the company that were not disclosed in the annual financial report for the year ended 30 June 2015.

Note 2. Events Subsequent to Reporting Date

There have been no events subsequent to reporting date that would materially effect the financial statements at the reporting date.

Note 3. Contingent Assets and Liabilities

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

Note 4. Segment Reporting

The economic entity operates in a single service sector where it facilitates community banking services in Rockingham and Port Kennedy, Western Australia pursuant to a franchise agreement with Bendigo and Adelaide Bank Limited.

Note 5. Related Parties

Arrangements with related parties continue to be in place. For details on these arrangements, refer to the 30 June 2015 annual financial report.

Rockingham Community Financial Services Limited
ABN 69 102 349 655
Notes to the financial statements
for the half-year ended 31 December 2015

	31-Dec 2015	30-Jun 2015
	\$	\$
Note 6. Borrowings		
Current:		
Bank overdrafts - Cheque trading account	<u>468,035</u>	<u>344,279</u>
Non-Current:		
Bank loans	<u>73,484</u>	<u>73,484</u>

The bank overdraft has a limit currently at \$520,000. The overdraft is secured by a fixed and floating charge over the company's assets.

Bank loans are repayable monthly with the final instalment due on 19 May 2016. Interest is recognised at an average rate of 4.18% (2014: 4.73%). The loans are secured by a fixed and floating charge over the company's assets.

Rockingham Community Financial Services Limited
ABN 69 102 349 655
Directors' Declaration

In the opinion of the directors of Rockingham Community Financial Services Limited ("the company"):

1. The financial statements and notes thereto are in accordance with the *Corporations Act 2001* including:
 - (a) giving a true and fair view of the financial position of the entity as at 31 December 2015 and of its performance, as represented by the results of its operations and cash flows for the half-year ended on that date;
 - (b) complying with Australian Accounting Standard *AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*; and
2. There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the board of directors.



David Warren Cashman, Company Secretary and Treasurer

Dated this 4th day of March 2016.

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

Report on the half-year financial report

We have reviewed the accompanying half-year financial report of Rockingham Community Financial Services Limited, which comprises the balance sheet as at 31 December 2015, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410: Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.

As the auditor of Rockingham Community Financial Services Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by directors or management.

Independence

In conducting our review we have complied with the independence requirements of the *Corporations Act 2001*.

Emphasis of matter

Without modifying our opinion, we draw attention to Note 1 in the financial report, which indicates that the company incurred a loss before tax of \$118,019 during the half-year ended 31 December 2015, and as of that date, the company's liabilities exceeded its total assets by to \$438,991. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt over the company's ability to continue as a going concern and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business.

Auditor's opinion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Rockingham Community Financial Services Limited is not in accordance with the *Corporations Act 2001* including:

- a) giving a true and fair view of the company's financial position at 31 December 2015 and of its performance for the half-year ended on that date
- b) complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.



Andrew Frewin Stewart
61 Bull Street, Bendigo Vic 3550
Dated: 4 March 2016



David Hutchings
Lead Auditor