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# Chairman's report 30 June 2005

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The Rockingham Community Bank® Branch continued its strong growth through the year and at the time of this report had a portfolio of around \$40 million. This has resulted in a profitable monthly trading position which is helping to build our cash reserves.

During this year John Stacey, the original Manager, retired and we were sorry to see him go, knowing the tremendous effort and contribution he gave in the establishment of our Community Bank® branch. Steve Crotty has taken the reins and has already made his mark in continuing the upward profit trend, and becoming known in the community. The Board is very appreciative and recognises the hard work and dedication our staff provide to their customers, which is the key to the ultimate success of our branch.

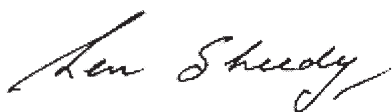
Community involvement and recognition has increased over the year and a number of contributions have been made to various associations. With the growth of our Community Bank® branch we will have a greater provision to community welfare in the future. It should be noted that a carefully weighed process is under taken to establish both the bona fide of those selected, and the benefits to the branch and community.

The Board has received inquiries from the Port Kennedy and Kwinana areas for the provision of a banking service and we are undertaking surveys to assess the viability and costs involved. Shareholders will be informed prior to any major venture of expansion.

In regard to the payment of a dividend, your Board has discussed this possibility and can say that assuming growth and profits continue then it is most likely a dividend on shares will be paid in the forthcoming year. This is on target as indicated in the bank formation prospectus.

Whilst the future of the Rockingham Community Bank® Branch is looking bright, I again urge all Shareholders to give their support and invite friends and associates to contact our friendly staff in regard to their banking and financial needs.

Finally I thank all the Directors and Associates, both past and present, for the time and effort they give freely in ensuring the professional management of our Community Bank® branch. There is without doubt a strong future ahead which must benefit the Rockingham area and it's community.



**L.J. Sheedy**  
**Chairman**

# Manager's report 30 June 2005

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A second year of strong growth has seen our Community Bank® branch total business assets of deposits and loans increase to \$37,826,000 as at 30 June 2005.

An increase of \$12.8 million over the tremendous first year growth of \$25 million.

The growth in assets has also been replicated in the growth of accounts, with a net increase in accounts of 1,137 accounts resulting in a total of 3,563. This continuing growth is supported over a wide spectrum of accounts, from savings and business trading accounts to home loans, business lending and foreign transactional banking. For the second straight year Rockingham Community Bank® branch topped the WA state for the most EFTPOS merchants opened, a great indication small business is coming on board.

A great deal of the branch growth can be attributed to our ex Branch Manager, John Stacey who retired to the sunny confines of Cairns in North Queensland. John retired on 28 February 2005.

However, all the above would not have been achieved without loyal staff providing excellent and friendly customer service. During this time Kelly Chatfield and Erin Posik took maternity leave (since returned), and in support of Merit Pettersson and Lauren Spilsbury and the continued growth, the branch has also employed Sheiranne Townshend.

The outlook for 2005/06 is one of increasing growth and hopefully good profits.

Please continue to support the Rockingham Community Bank® Branch with your banking, which in turn means the community benefits.



**Steve Crotty**  
**Branch Manager**

# Director's report 30 June 2005

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Your Directors present their report together with the financial report of the Company for the year ended 30 June 2005.

## **Directors**

The names and qualifications of Directors in office at any time during or since the end of the year are:

### *Lennard John Sheedy*

Date of Birth: 15 August 1938  
Occupation: Business Consultant  
Background information: Managing Director of Marketing & Logistics Company.  
Former Director of a Multinational Company.

### *Bradley Charles Dean*

Date of Birth: 16 April 1972  
Occupation: CPA and partner in the local accounting practice BDR Business Accountants  
Background information: Executive member of the South Coastal Regional Chamber of Commerce. Brad has resided in the Rockingham area for over 12 years.

### *Graeme Coleman*

Date of Birth: 21 September 1956  
Occupation: Business Development Consultant  
Background information: 30 years of experience in Senior Management and Consultancy, specialising in agribusiness, horticulture, heavy bulk haulage transport and business development. Member of Rotary in Kwinana. Resident of Baldvis for 23 years.

### *Roland John Logue*

Date of Birth: 7 April 1944  
Occupation: Timber Merchant  
Background information: Worked in timber industry for 46 years, the past 32 years in his own business.

### *Robert Lewtas*

Date of Birth: 22 October 1958  
Occupation: Small Business Operator  
Background information: Past President of the South Coast Regional Chamber of Commerce. Deputy Chairman of the South Coast Business Development Organisation. Resident for past 16 years.

## Director's report continued

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### *Gaybrielle May Edis*

Date of Birth: 13 May 1963

Occupation: Customer Service Representative at Australian Taxation Office

Background Information: Personal assistant to the Director of Finance at Homewest.

Head of administration at Slee & Stockden Chartered Accountants.

### *David Vernon Oliver*

Date of Birth: 3 May 1952

Occupation: David is a qualified Accountant and Bachelor of Business. He is also a Director of a Real Estate Practice

Background Information: David has worked in the new home building and real estate industry all of his working life as an Accountant, Financial Controller and business owner. His specialities are financial reporting, budgeting and cash control.

### *Michael Terrance Moriarty*

Date of Birth: 27 February 1938

Occupation: Retired

### *Robert Brown*

Date of Birth: 9 April 1950

Occupation: Business Development Consultant

*Robert Anthony Overington (Resigned 4 April 2005)*

*Paul John Ogilvie (Resigned 16 December 2004)*

# Director's report continued

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## Meetings of Directors

During the financial year, 10 meetings of Directors were held. Attendances by each Director during the year were:

	Directors' meetings	
	Number eligible to attend	Number attended
Lennard John Sheedy	10	9
Bradley Charles Dean	10	6
Paul John Ogilvie	5	2
Graeme Coleman	10	6
Roland John Logue	10	8
Robert Lewtas	10	9
Robert Anthony Overington	7	4
Gaybrielle May Edis	10	7
Terry Moriarty	3	3
David Oliver	3	2
Robert Brown	3	1

## Remuneration report

### *Remuneration of Directors*

No income, was paid or was payable or otherwise made available to the specified Directors of the Company during the years ended 30 June 2004 and 30 June 2005.

### *Options*

No options over issued shares or interests in the Company were granted to specified Directors or Executive during or since the end of the financial year and there were no options outstanding at the date of this report.

The specified Directors and Executive do not own any options over issued shares or interests in the Company at the date of this report.

## Remuneration practices

The Company's policy for determining the nature and amount of emoluments of Board members and senior executives of the Company is as follows:

It is current policy of the Company that Board members are not remunerated for the services performed.

# Director's report continued

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## **Operational and financial review**

The principal activity and focus of the Company's operations during the year was the operations of a branch of the Bendigo Bank at Rockingham, Western Australia pursuant to a franchise agreement.

The amount of the loss from ordinary activities of the Company after income tax was \$26,668 for the year ended 30 June 2005. (2004: loss of \$197,542)

The Company will continue to pursue its main objective of providing a core of banking products and services pursuant to its franchise agreement with Bendigo Bank.

## **Dividends**

No recommendation has been made for the payment of dividend.

## **Significant changes in state of affairs**

In the opinion of the Directors, there were no significant changes in the state of affairs of the Company that occurred during the financial period under review, not otherwise disclosed in these financial statements.

## **Events subsequent to the end of the financial year**

No matters or circumstances have arisen since the end of the financial period, that significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial years.

## **Future developments**

Likely developments in the operations of the Company and the expected results of those operations in future financial years have not been included in this report, as the inclusion of such information is likely to result in unreasonable prejudice to the Company.

# Director's report continued

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## **Indemnifying Officer or Auditor**

Indemnities have been given, during and since the end of the financial period, for any persons who are or have been a Director or an Officer, but not an Auditor, of the Company. A Directors' and Officers' liability insurance policy for \$5,000,000 cover has been taken out for an annual premium cost of \$5,142.

## **Share options**

No options, over issued shares or interests in the Company were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

## **Environmental regulation**

The Company's operations are not regulated by any significant environmental regulation under a Law of the Commonwealth or of a State or Territory.

## **Proceedings on behalf of Company**

No person has applied for leave of Court to bring proceedings on behalf of the Company or 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 any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Signed in accordance with a resolution of Directors



**Bradley Dean**  
**Director**

Dated this 27th day of September 2005



# Financial statements 30 June 2005

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## Statement of financial performance

For the year ended 30 June 2005

	Note	2005 \$	2004 \$
Revenue from ordinary activities	2	388,281	196,186
Employee benefits expense		(195,406)	(188,693)
Depreciation and amortisation expenses		(46,241)	(46,123)
Borrowing costs		(319)	(50)
Other expenses from ordinary activities	3	(172,983)	(158,862)
Loss from ordinary activities before income tax		(26,668)	(197,542)
Income tax expense relating to ordinary activities	4		-
-			
Loss after income tax expense attributable to members		(26,668)	(197,542)
Total revenue expenses and valuation adjustments attributable to members and recognised directly in equity		-	-
Total change in equity other than those resulting from transactions with owners as owners		(26,668)	(197,542)
Basic loss per share (cents)		3.8	28.1
Diluted loss per share (cents)		3.8	28.1

# Financial statements 30 June 2005

## Statement of financial position

As at 30 June 2005

	Note	2005 \$	2004 \$
CURRENT ASSETS			
Cash assets	13(a)	219,140	210,289
Receivables	5	32,977	17,649
Other	6	11,825	9,529
TOTAL CURRENT ASSETS		263,942	237,467
NON CURRENT ASSETS			
Property, plant and equipment	7	100,193	130,870
Intangible assets	8	35,000	47,000
Other	6	6,000	12,000
TOTAL NON CURRENT ASSETS		141,193	189,870
<b>TOTAL ASSETS</b>		<b>405,135</b>	<b>427,337</b>
CURRENT LIABILITIES			
Payables	9	29,745	26,438
Provisions	10	7,397	6,238
TOTAL CURRENT LIABILITIES		37,142	32,676
<b>TOTAL LIABILITIES</b>		<b>37,142</b>	<b>32,676</b>
<b>NET ASSETS</b>		<b>367,993</b>	<b>394,661</b>
EQUITY			
Contributed equity	11	703,020	703,020
Accumulated losses	12	(335,027)	(308,359)
<b>TOTAL EQUITY</b>		<b>367,993</b>	<b>394,661</b>

# Financial statements 30 June 2005

## Statement of cash flows

For the year ended 30 June 2005

	<b>Note</b>	<b>2005 \$</b>	<b>2004 \$</b>
Cash flows from operating activities			
Receipts from customers		365,257	167,861
Interest received		7,695	10,914
Payments to suppliers and employees		(360,219)	325,251)
Borrowing costs		(319)	(50)
Net cash used in operating activities	13(b)	12,415	(146,526)
Cash flows from investing activities			
Payments for plant and equipment		(3,564)	(161,897)
Payments for intangibles		-	-
Net cash used in investing activities		(3,564)	(161,897)
Cash flows from financing activities			
Proceeds from issue of shares		-	2,400
Net cash provided by financing activities		-	2,400
Net increase / (decrease) in cash held		8,851	(306,023)
Cash balance at the beginning of the financial year		210,289	516,312
Cash balance at the end of the financial year	13(a)	219,140	210,289

# Notes to the financial statements

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## Note 1: Statement of accounting policies

### **a) Basis of preparation**

The financial report is also a general purpose financial report that has been prepared in accordance with applicable Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non current assets. Cost is based on the fair values of the consideration given in exchange for assets. The accounting policies have been consistently applied, unless otherwise stated.

Rockingham Community Financial Services Limited is an unlisted public Company, incorporated and domiciled in Australia.

### **b) Income tax**

The Company adopts the liability method of tax effect accounting whereby the income tax expense shown in the statement of financial performance is based on the operating profit before income tax adjusted for any permanent differences.

Timing differences which arise due to the different accounting periods in which items of revenue and expense are included in the determination of operating profit before income tax and taxable income, are brought to account as either provision for deferred income tax or an asset described as future income tax benefit at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond any reasonable doubt. Future income tax benefits in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefit.

The amount of these benefits is based on the assumption that no adverse change will occur in income tax legislation and the anticipation that the Company will derive sufficient future assessable income and comply with the conditions of deductibility imposed by the law to permit a future income tax benefit to be obtained.

# Notes to the financial statements continued

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## Note 1: Statement of accounting policies continued

### c) Property, plant and equipment

Property, plant and equipment are brought to account at cost, less, where applicable, any accumulated depreciation.

The carrying amount of property, plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employed and subsequent disposal. The expected net cash flows have not been discounted to present values in determining recoverable amount.

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, are depreciated over their useful lives commencing from the time the asset is held ready for use. Properties held for investment purposes are not subject to a depreciation charge. Leasehold improvements are amortised over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of fixed asset	Depreciation rate
Plant and equipment	20 – 37.50%

### d) Intangible asset

The franchise fee paid by the Company pursuant to a Franchise Agreement with Bendigo Bank (Note 8) is being amortised over the initial five (5) year period of the agreement, being the period of expected economic benefits of the franchise fee.

### e) Statement of cash flows

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdraft.

### f) Revenue

Revenue from the provision of banking services is recognised upon the delivery of the services to customers.

Interest income is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

# Notes to the financial statements continued

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## Note 1: Statement of accounting policies continued

### **g) Employee entitlements**

Provision is made for the Company's liability for employee entitlements arising from services rendered by employees to balance date. Employee entitlements expected to be settled within one year together with entitlements arising from wages and salaries, annual leave and sick leave which will be settled after one year, have been measured at their nominal amount. Other employee entitlements payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those entitlements.

Contributions are made by the Company to the employee superannuation funds and are charged as expenses when incurred.

### **h) Goods and Services Tax ("GST")**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

### **i) Comparative figures**

Where required by Accounting Standards, comparative figures are adjusted to conform with changes in presentation in the current financial year.

## Notes to the financial statements continued

	<b>2005</b>	<b>2004</b>
	<b>\$</b>	<b>\$</b>

### Note 2: Revenue from ordinary activities

#### Operating activities

Franchise margin income	380,586	184,114
Interest revenue	7,695	10,914
Other revenue	-	1,158
	<b>388,281</b>	<b>196,186</b>

### Note 3: Other expenses from ordinary activities

Rental expense on operating lease	27,846	26,703
IT leasing and running costs	25,741	31,185
Other operating expenses	119,396	100,974
	172,983	158,862

#### Auditor's remuneration

Remuneration of the Auditor of the Company		
- Audit services	3,000	3,000

## Notes to the financial statements continued

### Note 4: Income tax expense

No income tax is payable by the Company as it incurred losses for the period for income tax purposes.

	2005	2004
	\$	\$

#### a) Reconciliation of income tax expense

The prime facie income tax benefit on the loss from ordinary activities is reconciled to the income tax expense as follows:

Prima facie tax benefit on the loss from ordinary activities before income tax at 30%	(8,000)	(59,263)
Tax effect of :		
- Permanent differences	3,600	3,600
- Tax loss not brought to account	4,400	55,663
Income tax expense	-	-

#### b) Tax losses

Balance at the beginning of the year	238,966	38,560
Tax losses incurred in the financial year	14,667	200,406
	253,633	238,966

At balance date, the Company had tax losses of \$253,633 (2004: \$238,966) which are available to offset future years' taxable income.

The future income tax benefit of these tax losses is \$76,090 (2004: \$71,690). This benefit has not been recognised as an asset in the statement of financial position as its realisation is not virtually certain. The benefits will only be obtained if:

- the Company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the loss to be realised;
- the Company continues to comply with the conditions for deductibility imposed by the law; and
- no changes in tax legislation adversely affect the Company in realising the benefit from the deductions for the losses.



## Notes to the financial statements continued

	2005 \$	2004 \$
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### Note 5: Receivables

Trade debtor	32,977	17,649
GST receivable		-
	32,977	17,649

### Note 6: Other

Current		
Prepayments	11,825	9,529
Non current		
Prepayments	6,000	12,000

### Note 7: Property, plant and equipment

Plant and equipment		
Cost	167,808	166,799
Accumulated depreciation	(67,615)	(35,929)
	<b>100,193</b>	<b>130,870</b>

#### *Movement in carrying amount*

Balance at the beginning of the year	130,870	141,308
Additions	3,564	23,685
Depreciation	(34,241)	(34,123)
<b>Balance at the end of the year</b>	<b>100,193</b>	<b>130,870</b>

## Notes to the financial statements continued

	<b>2005</b> \$	<b>2004</b> \$
<b>Note 8: Intangible assets</b>		
Franchise fee		
Cost	60,000	60,000
Accumulated amortisation	(25,000)	(13,000)
	<b>35,000</b>	<b>47,000</b>

Pursuant to a five year franchise agreement with Bendigo Bank, the Company operates a Community Bank® branch of Bendigo Bank at Rockingham, trading as “Rockingham Community Bank® Branch – Bendigo Bank”, providing a core range of banking products and services. The Company entered into the franchise agreement at a cost of \$60,000 that is being amortised on the basis disclosed in Note 1(d).

## Note 9: Payables

Trade creditors and accruals	23,643	24,212
GST payable	6,102	2,226
	<b>29,745</b>	<b>26,438</b>

## Note 10: Provisions

Provision for employee entitlements	7,397	6,238
Number of employees at year end	7	6

## Note 11: Contributed equity

703,020 (2004: 703,020) fully paid ordinary shares	703,020	703,020
<i>Movement in share capital</i>		
Balance at the beginning of the year	703,020	700,620
Subscriber shares issued	-	-
Allotment of shares pursuant to prospectus	-	2,400
<b>Balance at the end of the year</b>	<b>703,020</b>	<b>703,020</b>

# Notes to the financial statements continued

	<b>2005</b>	<b>2004</b>
	<b>\$</b>	<b>\$</b>

## Note 12: Accumulated losses

Balance at the beginning of the financial year	308,359	(110,817)
Loss attributable to members of the Company	(26,668)	(197,542)
Balance at the end of the financial year	335,027	308,359

## Note 13: Notes to the statement of cash flows

### a) Reconciliation of cash

For the purpose of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

Cash on hand	275	1,395
Cash at bank	218,865	208,894
	<b>219,140</b>	<b>210,289</b>

### b) Reconciliation of net cash used in operating activities to operating loss

Loss from ordinary activities	(26,668)	(197,542)
Depreciation and amortisation	52,241	46,123
Payables for fixed assets	-	138,212

#### *Movement in assets and liabilities*

Receivables	(15,328)	(229)
Other	(2,296)	11,230
Payables	3,306	(150,558)
Provisions	1,160	6,238

<b>Net cash used in operating activities</b>	<b>12,415</b>	<b>(146,526)</b>
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## Notes to the financial statements continued

	2005 \$	2004 \$
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### Note 14: Leasing commitment

Non cancellable operating lease commitment contracted for but not capitalised in the financial statements

Payable

- Not longer than 1 year	18,000	18,000
- Longer than 1 year but not longer than 5 years	36,000	54,000
	<b>54,000</b>	<b>72,000</b>

### Note 15: Directors' and Executives' remuneration

**a) The names and positions of Directors and Executive in office at any time during the financial year are:**

*Specified Directors:*

Lennard John Sheedy	Chairman
Bradley Charles Dean	Non-Executive Director
Graeme Coleman	Non-Executive Director
Roland John Logue	Non-Executive Director
Robert Lewtas	Non-Executive Director
Gaybrielle May Edis	Non-Executive Director
Terry Moriarty (Appointed 4 April 2005)	Non-Executive Director
Robert Brown (Appointed 4 April 2005)	Non-Executive Director
David Oliver (Appointed 4 April 2005)	Non-Executive Director
Paul John Ogilvie (Resigned 16 December 2004)	Non-Executive Director
Robert Anthony Overington (Resigned 4 April 2005)	Non-Executive Director

*Specified Executive*

No person met the definition of specified executive of the Company during the financial years ended 30 June 2004 and 30 June 2005.

#### **b) Remuneration of Directors**

No income was paid or was payable or otherwise made available, to the specified Directors of the Company during the years ended 30 June 2004 and 30 June 2005.

# Notes to the financial statements continued

## Note 16: Directors' and Executives' remuneration continued

### c) Options

No options over issued shares or interests in the Company were granted to specified Directors or Executive during or since the end of the financial period and there were no options outstanding at the date of this report

The specified Directors and Executive do not own any options over issued shares or interests in the Company at the date of this report.

### d) Shareholdings

	<b>Balance 1 July 2004</b>	<b>Received as remuneration</b>	<b>Options exercised</b>	<b>Net change Others *</b>	<b>Balance 30 June 2005</b>
<i>Specified Directors</i>					
Lennard John Sheedy	5,001	-	-	-	5,001
Bradley Charles Dean	1	-	-	-	1
Graeme Coleman	2,001	-	-	-	2,001
Roland John Logue	10,001	-	-	-	10,001
Robert Lewtas	1	-	-	-	1
Gaybrielle May Edis	1,200	-	-	-	1,200
Robert Brown	-	-	-	-	-
David Oliver	2,000	-	-	-	2,000
Michael Terrance Moriarty	2,000	-	-	-	2,000
<b>TOTAL</b>	<b>22,205</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>22,205</b>

\* Net change other refers to return of capital and dividend reinvested during the financial year

### e) Remuneration practices

The Company's policy for determining the nature and amount of emoluments of Board members and senior executives of the Company is as follows:

It is current policy of the Company that Board members are not remunerated for the services performed.

## Note 17: Related party transaction

The related parties have not entered into a transaction with the Company during the financial years ended 30 June 2004 and 30 June 2005.

# Notes to the financial statements continued

## Note 18: Financial instruments

### a) Interest rate risk

2005	Rates	Variable	Fixed 1 year	1 to 5 years	Non-interest	Total
Financial Assets						
Cash	3.82%	86,283	-	-	132,857	219,140
Receivables		-	-	-	32,977	32,977
		86,283	-	-	165,834	252,117
Financial Liabilities						
Payables		-	-	-	(29,745)	(29,745)
Provisions		-	-	-	(7,398)	(7,398)
		-	-	-	(37,143)	(37,143)
Net financial assets / (liabilities)		86,283	-	-	128,691	214,974

2004	Rates	Variable	Fixed 1 year	1 to 5 years	Non-interest	Total
Financial Assets						
Cash	3.19%	208,894	-	-	1,395	210,289
Receivables		-	-	-	17,649	17,649
		208,894	-	-	19,044	227,938
Financial Liabilities						
Payables		-	-	-	(26,438)	(26,438)
Provisions		-	-	-	(6,238)	(6,238)
					(32,676)	(32,676)
Net financial assets / (liabilities)		208,894	-	-	(13,632)	195,262

### b) Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount net of any provisions for doubtful debts, as disclosed in the statement of financial position and notes to the financial statements.

# Notes to the financial statements continued

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## Note 18: Financial instruments continued

### **c) Net fair values**

The net fair value of financial assets and liabilities of the Company approximates their carrying amount.

The Company has no financial assets and liabilities where the carrying amount exceeds the net fair value at balance date.

No financial assets and financial liabilities are readily traded on organised markets in standardised form.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to the financial statements.

## Note 19. Segment reporting

The Company operates in the financial services sector as a Community Bank“ branch of Bendigo Bank at Rockingham in Western Australia.

## Note 20: Events subsequent to the reporting date

No matters or circumstances have arisen since the end of the financial period that significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial years.

## Note 21: Contingent liabilities

There were no contingent liabilities at the reporting date.

# Notes to the financial statements continued

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## Note 22: Impact of adopting Australian equivalents to IFRS

The Company is in the process of transitioning its accounting policies and financial reporting from current Australian Accounting Standards (AGAAP) to Australian equivalents of International Financial Reporting Standards (AIFRS) which will be applicable for the financial year ended 30 June 2006. During the year, the Directors of the Company conducted impact assessments to identify key areas that would be impacted by the transition to AIFRS.

The Directors have identified that the key differences in the Company's accounting policies which will arise from the adoption of IFRS to be:

### **Taxation**

Currently, the Company adopts the liability method of tax-effect accounting whereby the income tax expense is based on the accounting profit adjusted for any permanent differences. Timing differences are currently brought to account as either a provision for deferred income tax or future income tax benefit. Under the Australian equivalent to IAS 12, the Company will be required to adopt a balance sheet approach under which temporary differences are identified for each asset and liability rather than the effects of the timing and permanent differences between taxable income and accounting profit.

### **Intangible Assets**

Under the Australian equivalent to IAS 38 "Intangible Assets", formation costs and franchise fees must be expensed. This will result in a change in the Company's current accounting policy which allows for the capitalisation of formation costs and franchise fees. Under the new policy, all formation costs and franchise fees will be written off as incurred. On transition, all currently recognised formation costs and franchise fees will be adjusted against opening accumulated profits/losses as they will not meet the recognition requirements under IFRS.

At the present time, the Company's management is still completing its transition to AIFRS and will be fully compliant by 30 June 2006. No material differences in the Company's accounting policies or balances on conversion to AIFRS are expected.

The actual effects of transition to AIFRS however may differ due to:

- a) ongoing work being undertaken by the Directors of the Company;
- b) potential amendments to AIFRSs and Interpretations thereof being issued by the standard-setters and IFRIC; and
- c) merging accepted practice in the interpretation and application of AIFRS and UIG Interpretations.

## Note 23: COMPANY DETAILS

The registered office of the Company is:

Unit 1, 46 Read Street  
Rockingham, WA 6168

The principal place of business of the Company is:

Shop 1, 1-3 Kent Street  
Rockingham, WA 6168



# Director's declaration 30 June 2005

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In the Director's opinion:

1. The financial statements and notes, as set out on pages 7 to 22, are in accordance with the Corporations Act 2001, including:
  - a) complying with Accounting Standards and the Corporations Regulations 2001; and
  - b) giving a true and fair view of the financial position as at 30 June 2005 and of its' performance as represented by the results of the operations and the cash flows for the financial year ended on that date.
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.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer as required by S295A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors by:



Director

Dated this 29 day of September 2005

# RSM Bird Cameron Partners

Chartered Accountants

8 St Georges Terrace Perth WA 6000  
GPO Box R1253 Perth WA 6844  
T +61 8 9261 9100 F +61 8 9261 9101  
www.rsmi.com.au

## INDEPENDENT AUDIT REPORT

### TO THE MEMBERS OF

### ROCKINGHAM COMMUNITY FINANCIAL SERVICES LIMITED

#### Scope

##### *The financial report and directors' responsibility*

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements and the Directors' declaration for Rockingham Community Financial Services Limited (the Company) for the year ended 30 June 2005.

The Directors of the Company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the Company and that complies with Accounting Standards in Australia, in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error and for the accounting policies and accounting estimates inherent in the financial report.

##### *Audit Approach*

We conducted an independent audit of the financial report in order to express an opinion on it to the members of the Company. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, including compliance with Accounting Standards in Australia and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Company's financial position and of their performance as represented by the results of their operations and cash flows.

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Major Offices in:  
Perth, Sydney, Melbourne,  
Adelaide and Canberra  
ABN 36 965 185 036

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# RSM Bird Cameron Partners

Chartered Accountants

We formed our audit opinion on the basis of these procedures, which included:-

- ♦ examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report; and
- ♦ assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the Directors.

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

We performed procedures to assess whether the substance of business transactions was accurately reflected in the financial report. These and our other procedures did not include consideration or judgement of the appropriateness or reasonableness of the business plans or strategies adopted by the directors and management of the Company.

## Independence

We are independent of the Company and have met the independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001. In addition to our audit of the financial report, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

## Audit Opinion

In our opinion, the financial report of Rockingham Community Financial Services Limited is in accordance with:

- (a) the Corporations Act 2001, including:
  - (i) giving a true and fair view of the financial position of Rockingham Community Financial Services Limited at 30 June 2005 and of its performance for the year ended on that date; and
  - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- (b) other mandatory financial reporting requirements in Australia.

Perth, WA

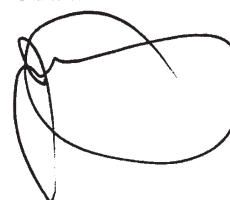
Dated: 27 September 2005

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*RSM Bird Cameron Partners*  
RSM BIRD CAMERON PARTNERS  
Chartered Accountants



JAMES KOMNINOS  
Partner

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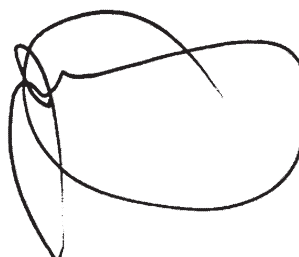
## AUDITOR'S INDEPENDENCE DECLARATION

### TO THE DIRECTORS OF

### ROCKINGHAM COMMUNITY FINANCIAL SERVICES LIMITED

In relation to our audit of the financial report of Rockingham Community Financial Services Limited for the year ended 30 June 2005, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

*RSM Bird Cameron Partners*  
RSM BIRD CAMERON PARTNERS  
Chartered Accountants



JAMES KOMNINOS  
Partner

Perth, WA  
Dated: 27 September 2005

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