Annual Report 2016

Rye & District Community Financial Services Limited

ABN 67 095 766 895

Rye & District **Community Bank**® Branch
Dromana **Community Bank**® Branch
Rosebud **Community Bank**® Branch

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Chairman's report

For year ending 30 June 2016

It is with great pleasure that I present this report, my first as Chairman of your company, Rye & District Community Financial Services Limited.

I have been privileged to accept the mantle of Chairmanship afforded to me by my fellow Directors after the retirement of our previous Chairman, Shane McCarthy.

Shane had been Chairman for a period of seven years and during that time, has led the company to a position of strength, in terms of both balance sheet and trading growth. We are indebted to Shane for the legacy he has left us and I am equally as indebted for the mentoring he has provided me since taking over the role.

I am particularly pleased to report a return to after-tax profit of $188,284 for the financial year ending 30 June 2016 after the disappointing loss of $152,904 the year before. This profit result has been achieved after recording an impairment loss of $195,645 on the revaluation of land and buildings.

This turnaround of over $340,000 is a remarkable achievement given the extremely tight market conditions in which we operate.

Your company now owns all premises from which it operates, relieving it of any rental expense and our balance sheet has continued to strengthen with net assets as at 30 June of $3.419 million compared with $2.726 million at the start of the year – an increase of $692,160 over the course of one year.

As all of Australia would be aware, we are operating in an environment of extremely low interest rates, the lowest of all time, with the official cash rate standing at 1.5% after falling from a rate of 2.0% at the start of the review period.

Bank profitability is driven by margin, the margin between the cost of funds and the interest rate received or paid out.

Whilst low interest rates are attractive for borrowing consumers, they present our **Community Bank**® branch with unique challenges. One would be excused for thinking that a low interest rate environment would lead to an increase in lending, with borrowers taking advantage of the low cost of funds.

Ironically, banks in Australia, including our own company, are experiencing unprecedented levels of loan pay downs with borrowers taking the opportunity to increase the equity they hold in their assets. And in this environment, in order for us to grow, every loan that is paid down or paid out, requires replacement loans to bolster the book.

Similarly, low interest rates on deposits are causing investors to seek better returns for their funds by moving to other forms of higher-yielding securities such as managed funds or the domestic and international share markets.

These low interest rate levels have a real impact on our ability to increase our revenue, yet despite these adverse circumstances, our revenue at $3,571 million stands as an all-time record for our company.

This achievement has been delivered by the growth in our book from $527.473 million as at 1 July 2015 to $556.379 million at 30 June 2016, an increase of 5.5% or almost $29 million.

We continue to be at the forefront of **Community Bank**® branches throughout Australia and credit for this goes to our Senior Manager, Gary Sanford and his staff for their untiring efforts in driving our business growth.

On behalf of all shareholders, I thank Gary for his unswerving dedication, his zeal for business growth and his unwavering commitment to the **Community Bank**® model.

I also thank and commend all our staff for their relentless pursuit of customer satisfaction. I regularly receive comment about the high level of customer service delivered by our staff and these are comments which make me justifiably proud of the role our company plays within our community.

The other source of pride is the knowledge that, through the support we receive from our customers, we have been able to return over $647,000 to our community in the form of sponsorships, grants and donations during the past financial year.

Chairman's report (continued)

How good is that?

What a remarkable contribution to the sense of community and the community spirit displayed on the southern Mornington Peninsula. As shareholders, you have every right to be proud of the contribution your company makes to this community.

A list of organisations who have benefitted from our financial support is provided elsewhere in this report but I would like to make mention of a commitment made by your board to a special project launched during the year.

The 'Cloverleaf' project involves the construction of supported residential accommodations for intellectually disabled residents in the Rosebud area. It is a joint initiative of the Southern Mornington Peninsula Uniting Church and Community Lifestyle Accommodation, the latter being a group of parents, all over 60 years of age, concerned about the quality of life available to their disabled children after they become to old or frail to look after them themselves.

With land for the purpose being provided by the Uniting Church of Australia, and services being provided by the Mornington Peninsula Shire, funds to the order of $3.1 million were required to complete the project.

Your company committed to provide the project with the amount of $50,000 per year for a five-year period which, together with a financial commitment from each family group, enabled a successful approach to both State and Federal governments, each of whom provided $1 million towards the project. 'Cloverleaf' has become a reality and building work on this development commences in 2017.

The involvement of our company in such a project is an excellent example of the leverage available to community groups with the support of a Bendigo Bank **Community Bank**® company.

The convenors of 'Cloverleaf' are in no doubt that, without the commitment of $250,000 by Rye & District Community Financial Services Limited, the project would have been unable to attract government funding and the project would, in all likelihood, have been doomed. This is a real example of how the Rye & District, Dromana and Rosebud **Community Bank**® branches can make a real difference to our community.

Our continuing success would not have been possible without the ongoing assistance of our partner, Bendigo and Adelaide Bank Limited. In many ways, this has been a difficult year for both Bendigo Bank and your company as both parties come to grips with a new revenue sharing model, which has proven to be quite difficult to comprehend and just as difficult to implement.

The new model is designed to formalise the revenue sharing formula of all products issued by **Community Bank**® branches and is a significant change to the method previously used.

As with any change, there has been resistance and some confusion but in the true spirit of partnership, Bendigo Bank has worked with us to ensure that the science now used to calculate revenue share is transparent and understood. Early indications of the new model at work reveal that your company has not been disadvantaged in terms of income earned.

We appreciate the efforts our Regional Manager, Simon Sponza, has made on our behalf and thank him for his efforts. I am also thankful for the efforts of your Board who continue to perform their governance duties with the utmost care and diligence.

It is a privilege to be counted amongst their number and you, as shareholders, can rest assured that your interests are at the forefront of their deliberations and decisions.

My final, pleasant duty in providing this report to you is to declare that, following another successful year of operations, your Board has approved an increased dividend for the year to 6.25 cents ($0.0625) per share, an increase from the 6.0 cents per share paid last year.

This dividend is fully-franked and is available to all shareholders on our register as at 28 October 2016. Dividend payment will be made on 25 November 2016.

Chairman's report (continued)

Thank you for entrusting the care of your company to our Board of Directors. Our business will continue to grow if you are able to share the trust you have in our company with your family, friends and colleagues who may not yet support our company with their banking business.

It is universally acknowledged that the best referral for any business comes from 'word of mouth' referrals. We need all our customers to become advocates for the great banking services we provide and for the generous support we provide to our community.

I remain confident that, with your support, with the systems and strategies in place and with fair market conditions, your company will enjoy yet another successful year of growth and profitability.

Vin Cheers,
Chairman

Senior Manager's report

For year ending 30 June 2016

The 2015/16 financial year has seen growth across all three branches at varying levels, which is a very pleasing result considering the competitive environment during the financial year and the size of each branch's "footings" at the start of the financial year. Having existing large loan balances means we have a lot of run off with repayment arrangements in place on loans, along with our customers selling assets and reducing loans.

As at 30 June 2016, we experienced strong growth in deposits, medium growth in loans and a small increase in Financial Planning on a consolidated basis. Our Rye & District **Community Bank**® Branch decreased total accounts from 9,149 to 9,113 (36), Dromana **Community Bank**® Branch increased from 4,926 to 4,977 (+51), Rosebud **Community Bank**® Branch accounts grew from 1,675 to 2,277 (+602), which meant consolidated growth in new accounts of 617, taking the combined total to 16,367. In 2015 we grew our total accounts by 562!

Our consolidated footings totalled $556.37 million, which included total deposits at $298.60 million and total lending at $245.00 million. This still represents a very strong mix of business. Reported financial planning products under management at $12.77 million, assisted to make up the $556.37 million. These balances reflect an 8.01% increase in deposits and a 2.72% growth in lending across the company. The balances also reflect a 2.14% increase in financial planning products under management over the year.

Rye & District **Community Bank**® Branch footings as at 30 June 2016 were $170.67 million in deposits and $119.96 million in lending and financial planning under management at $8.32 million. Combined balances stood at $298.95 million.

Dromana **Community Bank**® Branch footings as at 30 June 2016 were $77.14 million in deposits and $89.83 million in lending and financial planning under management at $4.23 million. Combined balances stood at $171.20 million.

Rosebud **Community Bank**® Branch footings as at 30 June 2016 were $50.80 million in deposits and $35.21 million in lending and financial planning under management at $0.21 million. Combined balances stood at $86.22 million.

The consolidated business growth of $28.91 million against consolidated budgeted growth of $26.05 was a solid result in a very competitive and difficult banking environment. Deposits grew by $22.15 million against a budget of $12.02 million, lending grew by $6.49 million against a budget of $12.97 million and financial planning grew by $0.27 million against a budget of $1.00 million.

The 2015/16 growth results are again satisfying considering the maturity of the footings at all three of our branches

Board support

The strength of our Board has continued during the 2015/16 financial year.

In his first year as Chairman, Vin Cheers has continued the strong leadership I have enjoyed with our Board for over 15 years. I congratulate Vin on how he has grown into his new leadership role with total commitment to our continued success. Taking over from our long term previous Chairman, Shane McCarthy was always going to be challenging as he left big shoes to fill.

I also thank Tony Harford our Board Administration Officer. Not only does he provide support and guidance to the Board, he is a continual sounding board for me on many issues related to the management of our company.

Staff

After a huge amount of staffing changes in the 2014/15 financial year we have had a more stable staffing year, which has enabled the growth and development of all our staff. That does not mean there hasn't been considerable change and movement of staff between the three branches.

Two staff resigned during the year: James Baldam (Customer Service Officer - CSO) and Kate Moloney (Customer Relationship Officer - CRO).

Senior Manager's report (continued)

This enabled the appointment of Luke Sweet to the CRO position at Rye, and I congratulate Luke on his promotion. This also meant we needed a new CSO, for which we welcomed Molly-Jean Farnham (CSO) to our Rosebud branch. Molly moved from QLD where she was employed with Bendigo Bank.

Caroline Norman commenced as a full time CSO on 21 September 2015 at our Rosebud **Community Bank**® Branch. I welcome Caroline to our Group.

Vanessa Curtis commenced Full Time as a CSO at our Rye **Community Bank**® & District Branch on 18 January 2016. I welcome Vanessa to our Group.

With the growth of our company and our business banking connections, the workflows in my area of our operations have grown dramatically. During the 2015/16 financial year, Mary Hallett was moved upstairs at Dromana **Community Bank**® Branch to assist Gemma Hodgson and learn our administration and commercial lending processes. Initially a lot of Mary's time was also needed to cover staffing issues in our branches, which made this process very difficult. I wish to thank and congratulate Mary on how she has handled these challenges, which now sees her working full time upstairs with the new staff we have taken on in the branches.

We have recently also moved Luke Sweet upstairs to my area to begin training him as a Business Banking Officer, which now means I have three staff working and supporting me with my daily responsibilities.

To assist with our growing consumer lending at all three branches we employed a new Customer Relationship Manager to join Liz Clark (CRM) and help with her over flowing workload. Rachel Ward joined us (CRM) on 2 May 2016 and has been based at our Dromana **Community Bank**® Branch. I welcome Rachel to our management team.

To cover the move of Luke Sweet from Rye & District **Community Bank**® Branch, we have recruited a new full time CSO officer in Michael Johnson who commenced at our Rye & District **Community Bank**® Branch in August. I welcome Michael to our Group.

We were so impressed with another CSO applicant during the process of appointing Michael Johnson that we offered Kirra Foena a Casual position with a view that when a full time CSO position arises, she will be able to take up the position. Kirra started at our Rosebud **Community Bank**® Branch in August too.

We now have 23 staff!

The three branches have continued to rotate staff to best meet the needs of each branch but to also maintain a "one team" atmosphere across the group.

Julie Nolo completes three years as Rosebud **Community Bank**® Branch Manager on 21 October 2016 and has had 15 years' service with our company. Julie is to be congratulated on Rosebud's performance since opening, in particular the fantastic atmosphere at all times in her branch. Julie is a member of the Rosebud Chamber of Commerce and continues to be active in our local community and our community engagement initiatives.

Diane Kennedy, took control of the Dromana **Community Bank**® Branch as its Manager on 1 July 2014 and has continued as its Manager during the 2015/16 financial year. I wish to thank Di and her team for how Dromana has operated over the financial year.

Penelope Leonard joined us on 4 May 2015 as a Business Development Manager and was appointed Manager of our Rye & District **Community Bank**® Branch on 4 November 2015. I wish to congratulate Penny on how she has managed our largest branch, particularly her involvement in our staff development and training.

On 5 September 2015 Elizabeth Clark celebrated 10 years' service with our company, which I again acknowledge and thank her for being part of our achievements for over 10 years.

I would like to thank Gemma Hodgson who has been my Personal Assistant since early 2011 for the support she has provided me. Gemma has also provided ongoing support for some of the Board administration functions and has worked very closely with our company Treasurer, Pat Tonks. I congratulate her on her positive attitude to all her tasks and responsibilities.

Senior Manager's report (continued)

I would like to thank all our new staff and Elizabeth Clark, Christine Gray, Melissa Bosomworth, Elizabeth Cairns, Luke Sweet, Heather Williams, Renae Dunston, Tara Del Grosso, Judy Blake, Fiona Sanford, Mary Hallett and Hollie Wilkin for their support and commitment to our success.

We have continued to receive strong support from our partners Bendigo and Adelaide Bank through primarily our Regional Manager. During the 2015/16 financial year we had the support of Regional Manager, Simon Sponza and I wish to thank him for his ongoing support of our Board, Managers and me. Through Bendigo Bank's State Support structures for Lending and Operations, our branches have received ongoing assistance which has been greatly appreciated.

Summary

The 2015/16 financial year has again been very challenging with historic low interest rates and a very competitive banking environment. With low interest rates one might think deposits would be difficult to attract and lending would be taken up to make the most of low loan costs. Our Growth indicates otherwise, with above budget deposit growth and lower than budget lending growth.

On most loans, our borrowers continue to pay down their loans quicker than scheduled repayment arrangements, preferring to reduce their debts while rates are low. The fact that our lending balances grew at all is an indication that our lending activity across all three branches remains constant and provides great opportunities for us to build strong and long-term relationships with our customers.

I continued to be proud and very satisfied of what our Group is able to achieve year in year out with the **Community Bank**® concept of 80% of our profits going back to support our community. That's our customers helping to build strength and stability right across the Southern Peninsula area. Last year alone we expensed $647,000 as sponsorship and grant funding, which has taken our contribution back to our community to over $5.5 million since 2001. This is an amazing achievement from a locally owned company.

We will continue to strive to be the best **Community Bank**® branches in the network, by providing the highest levels of customer service and we remain committed to continuing our increasing engagement with the local community.

Gary Sanford
Senior Manager

Directors' report

For the financial year ended 30 June 2016

Your directors submit the financial statements of the company for the financial year ended 30 June 2016.

Directors

The names and details of the company's directors who held office during or since the end of the financial year:

Vincent de Paul Cheers

Chairman & Director

Occupation: Managing Director

Qualifications, experience and expertise: Currently runs a successful waste and recycling business on the Mornington Peninsula, employing over 40 staff. President of Sister Francois Foundation, a voluntary not-for-profit NGO serving medical and educational needs in Papua New Guinea.

Special responsibilities: Sponsorship & Marketing Committee

Interest in shares: 28,000

Stephen Bernard Edmund

Deputy Chairman & Director

Occupation: Real Estate Agent

Qualifications, experience and expertise: 30 years experience Retail Hardware and Property Management. Past President of Rotary Club of Dromana and Paul Harris Fellowship. Past President of Dromana Chamber of Commerce.

Special responsibilities: Deputy Chairman

Interest in shares: 7,200

Patricia Tonks

Treasurer & Director

Occupation: Retiree

Qualifications, experience and expertise: Former Councillor Flinders Shire, 36 years experience Business Administration and President Rye Community Centre.

Special responsibilities: Finance Committee

Interest in shares: 42,236

Dorothy Mortlock

Secretary & Director

Occupation: Retiree

Qualifications, experience and expertise: President Golf Peninsula Vic, Secretary Southern Peninsula Community Fund Inc., Former President Rosebud Country Club and Committee of Handle with Care.

Special responsibilities: Audit & Governance Committee

Interest in shares: 2,890

Directors' report (continued)

Directors (continued)

Amber Britt Earles

Director

Occupation: Manager

Qualifications, experience and expertise: BA (Melbourne), Grad. Dip. Ed (Melbourne); Master of Intl. and Community, Devpt. (Deakin), Grad. Cert Social Impact (Swinburne); Manager, Learning & Devpt. Services of an international NGO. Worked in the field of community development for over a decade and currently undertaking research into social enterprise in Australia.

Special responsibilities: Sponsorship & Marketing Committee

Interest in shares: 2,000

Barry Leonard Irving

Director

Occupation: Retiree

Qualifications, experience and expertise: Photography, Past President of Rye Rotary Club & Paul Harris Fellow double Sapphire, Honorary Member Woodworkers of the Southern Peninsula, Member Rye RSL and 17 years experience Senior Laboratory Craftsman with C.S.I.R.O.

Special responsibilities: Marketing, Promotion & Advertising

Interest in shares: 3,600

Andrew Ross Emerson

Director

Occupation: Home Furnishing Industry

Qualifications, experience and expertise: 50 years experience Furnishing Industry, Member Dromana Lions Club & Dromana Primary School Council.

Special responsibilities: Property Maintenance

Interest in shares: 4,000

Gary Michael Cain

Director

Occupation: Accountant, CPA

Qualifications, experience and expertise: CPA Qualified with 36 years in Public Practice.

Special responsibilities: Finance Committee

Interest in shares: 5,000

Janet Iris Hall

Director

Occupation: Interior Decorator

Qualifications, experience and expertise: 30 years experience and Sole Operator of Interior Decorating, Chairperson Southern Mornington Peninsula Uniting Church and Member Church Council.

Special responsibilities: Audit & Governance and Sponsorship Committee

Interest in shares: 8,800

Stephen Robin

Director (Appointed 27th January 2016)

Occupation: Event Manager

Qualifications, experience and expertise: Masters Degree in Public Policy, 30+ years experience in Public Relations and marketing and 15 years member of Tourism Organisations.

Special responsibilities: Marketing Committee

Shane Christopher McCarthy Llb GAICD

Chairman & Director (Resigned 18th November 2015)

Occupation: Solicitor & Notary Public

Qualifications, experience and expertise: Chair, Sponsorship & Marketing Committee, 39 years experience as Legal Practitioner.

Special responsibilities: Chair of Sponsorship & Marketing

Interest in shares: 7,404

Directors were in office for this entire year unless otherwise stated.

No directors have material interests in contracts or proposed contracts with the company.

Company Secretary

The company secretary is Dorothy Mortlock. Dorothy was appointed to the position of secretary on 22nd April 2014.

Dorothy has extensive experience as a Personal Assistant to a number of senior executives and is Past President of the Rosebud Country Club.

Principal Activities

The principal activities of the company during the course of the financial year were in facilitating **Community Bank®** services under management rights to operate a franchised branches of Bendigo and Adelaide Bank Limited.

There have been no significant changes in the nature of these activities during the year.

Operating results

Operations have continued to perform in line with expectations. The profit/(loss) of the company for the financial year after provision for income tax was:

Year ended 30 June 2016 $	Year ended 30 June 2015 $
188,284	(152,904)

Operating and financial review

Operations

Rye & District Community Financial Services Limited is a public company listed on the National Stock Exchange of Australia (NSX) and is a franchisee of the Bendigo and Adelaide Bank Limited (BBL), operating Bendigo Bank **Community Bank®** branches in Rye, Rosebud and Dromana on Victoria's Mornington Peninsula.

Established in 2001 in Rye, the company has continued to grow into a pre-eminent position among Bendigo Bank **Community Bank®** branches in Australia, opening its Dromana Branch in 2007 – the 200th **Community Bank®** Branch in the Bendigo Bank network.

The company opened its third branch at 1087 Point Nepean Road in Rosebud in October 2013 being the 299th branch in the **Community Bank®** network.

Operating and financial review (continued)

Operations (continued)

The branches of the Bendigo Bank **Community Bank**® operated by the company offer an extensive range of Bendigo Bank products and derive income in six ways:

- Fees
- Margin Income
- Up Front Commissions
- Trailer Commissions
- Interest
- Market Development Fund contributions from BBL

The rates of fees, margins and commissions are determined by BBL as specified in the Franchise Agreement and its various amendments issued from time to time, existing between BBL and the company. It is the objective of this agreement to share margin products equally between the company and BBL. income from eligible products equally between the company and BBL.

During the year, new Franchise Agreements were signed for both the Rye and Dromana Bendigo Bank **Community Bank**® branches for a further five-year term, the new agreements extending the term until 2021. A new Agreement was also entered into for the Rosebud **Community Bank**® Branch, aligning its renewal date with the renewal date for both Rye and Dromana, namely 1st May 2021. All three Franchise Agreements now share the same renewal date. Subject to the conditions outlined in the Franchise Agreement, there is an option for the terms of the franchise to be extended by two further five-year terms, taking the holding of the franchise for all three branches through to 2031.

The year under review continued the trend of recent years of offering difficult trading conditions.

Whilst loan growth and deposit growth were significant, consumer sentiment has been such that the value of new loans being written has been diminished by the pay down of existing loans at unprecedented levels. Shrinking term deposit rates resulting from the RBA's decision to drop the wholesale cash rate to 1.75% in May 2016 (and its subsequent cut to 1.5% in August 2016), have seen investors looking for options other than traditional term deposits to maximise the return on their investments.

Nevertheless, the total of funds under management (FUM) rose from $527,473,033 as at 1 July 2015 to $556,379,758 at 30 June 2016 – an increase of 5.4% for the year.

To hold the balance of funds under management to over $500 million for two years running, continues to place the company in rare space in the **Community Bank**® network, becoming one of the very few companies to achieve this milestone – an achievement duly recognised by the senior management of Bendigo and Adelaide Bank Limited.

Given the economic environment in which it operates, this growth in total FUM was both satisfying and significant.

Loan funds recorded an increase of $5,768,047 whilst deposit funds increased by a very satisfactory amount of $20,647,794

Further to advice in last year's annual report, the company is pleased to advise the second retail premises at its Rosebud development has been let on a commercial basis for the entire financial year, providing the company with an additional revenue stream to its normal banking operations. This arrangement has been sanctioned by Bendigo and Adelaide Bank Limited.

The company is proud of its ability to support over 140 community organisations by way of its grants, donations and sponsorships which, this year, amounted to $647,970. This brings total donations to the community since the inception of the business to an amount in excess of $5.6 million.

Operating and Financial Review (continued)

Financial

The company's revenue at $3,571,717 showed a slight increase over the 2015 result - a positive result given the changing environment in which the company operates.

Whilst this result is a positive one, it is worth noting the impact upon this result by the squeeze in margins capable of being earned as a result of falling interest rates and changes to the revenue sharing model employed by Bendigo and Adelaide Bank Limited with its **Community Bank**® partners. As was previously mentioned, the total Funds Under Management of the company grew by 5.4% but revenue grew by less than 1%.

The company reversed last years loss result by returning to a profit (after income tax) of $188,285 - a result assisted by the revaluation of the Rosebud property.

The after tax profit performance of the company over recent years is shown in the table below:

After Tax Profit Performance 2016 - 2009								
	2016	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**
After-tax profit/(loss)	$188,284	($152,904)	$309,196	$610,389	$592,419	$543,969	$445,806	$169,150

The company's Balance Sheet, however, still remains healthy, recording a total equity of $3,419,118 compared to last year's figure of $2,726,958, the change being largely due to the revaluation of the Rosebud properties. Shareholder contributed equity remained at $1,340,732.

Retained earnings stood at $1.440 million.

Given the growth in the business and despite the ongoing squeeze on margin, directors are pleased to be able to declare a dividend for the 2016 year of $0.0625 per share, fully franked.

The rate of fully franked dividend payments over recent years is shown on the table below:

Dividends Declared 2016 - 2009								
	2016	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**
Dividend per share	6.25c	6.0c	6.0c	7.75c	7.1c	6.7c	6.5c	4.5c
Total dividends paid	$183,225	$175,896	$175,896	$227,199	$208,144	$196,417	$190,554	$131,922

Business Strategies

Our Franchise partner, Bendigo and Adelaide Bank Limited, have introduced a new revenue sharing model for its business partners with effect from 1 July 2016.

The model, which uses the Funds Transfer Pricing (FTP) methodology deployed in the banking industry through much of the western world, requires significant adjustment to the manner in which income has been delivered since the **Community Bank**® model was first developed.

The early modelling results of this FTP methodology indicate that the income of our company will not be disadvantaged and, in fact, may be slightly more advantageous, based on our current mix of business. A clearer indication of the impact of FTP on our business revenue is unlikely to be available until the end of the first quarter of the new financial year.

The company has enjoyed strong community support as a result of its grants, sponsorships and donations program over past years.

Operating and Financial Review (continued)

Business Strategies (continued)

The process involved in considering and approving sponsorship and grant requests was overhauled during the year and applied to funding applications in September 2015 and April 2016. The results have been encouraging in that the process has been streamlined and has become more user-friendly for our local community groups.

At the direction of our partner, Bendigo Bank, our company will continue to develop its skills in ensuring that it can meet all the financial requirements of our customers, including the provision of insurance services, wealth protection products and financial planning.

The company will also work with Bendigo Bank to continue its program of staff development to ensure that appropriate succession capability is in place.

Prospects for Future Financial Years

Recent reports from Bendigo Bank indicate that the revenue share achieved by the implementation of its current margin sharing practice remains within the targeted range and it is unlikely that there will be a need to implement any further change to the FTP model until, at least, the new system is bedded down.

Accordingly, income streams from the provision of BBL products and services will become much more predictable and make budgeting much more realistic.

The board expects the current low interest rate environment to continue, with indications being that a further reduction in the official cash rate is a distinct possibility before the end of 2016. It is likely that increased revenue will only be achieved on the back of increased deposit and lending business.

Your board and Bendigo Bank have approved budgets for 2016-2017 year which, when achieved, will deliver a significantly more profitable outcome than the year under review.

It is believed that there are still growth opportunities in business lending within our catchment area and that these opportunities will fuel future growth. Whilst not ignoring home or consumer lending, it is business lending that will continue to attract most management focus during the coming year.

Remuneration report

Remuneration Policy

The remuneration policy of Rye & District Community Financial Services Limited has been designed to align to key management personnel objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the company's financial results. The Board believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel to run and manage the company, as well as create goal congruence between directors, executives and shareholders.

Key Management Personnel Remuneration Policy

Key management personnel receive a base salary (which is based on factors such as length of service and experience), superannuation and performance incentives.

The performance of key management personnel is measured against criteria agreed annually with each executive and is based predominantly on the forecast growth of the company's profits and shareholders' value. All bonuses and incentives must be linked to predetermined performance criteria. The Board may, however, exercise its discretion in relation to approving incentives, bonuses and options, and can recommend changes to the board's recommendations. Any changes must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of executives and reward them for performance results leading to long-term growth in shareholders wealth.

Remuneration report (continued)

Key Management Personnel Remuneration Policy (continued)

Key management personnel also receive a superannuation guarantee contribution required by the government, which is currently 9.5%, and do not receive any other retirement benefits. Some individuals, however, have chosen to sacrifice part of their salary to increase payments towards superannuation.

The contracts for service between the company and key management personnel are on a continuing basis, the terms of which are not expected to change in the immediate future. Upon retirement key management personnel are paid employee benefit entitlements accrued to date of retirement.

Employment agreements were entered into with key management personnel.

Remuneration Structure

All directors are independent non-executive Directors and are paid Directors' fees as disclosed below.

Non-executive director remuneration policy

The Board's policy is to remunerate non-executive directors at market rates for time, commitment and responsibilities. The Board determines payments to the non-executive directors and regularly reviews the amount of fees paid, based on market practices, duties and accountability.

The maximum aggregate amount of fees that can be paid to non-executive Directors requires approval by shareholders as required by the Corporations Act 2001 and NSX listing rules.

Fees for non-executive Directors are not linked to the performance of the company.

Performance based remuneration

The key performance indicators (KPIs) are set annually, with a certain level of consultation with key management personnel to ensure buy-in. The measures are specifically tailored to the area each individual is involved in and has a level of control over. The KPIs target areas the Board believes hold greater potential for expansion and profit, covering financial and non-financial as well as short and long-term goals. The level set for each KPI is based on budgeted figures for the company and respective industry standards.

Performance in relation to the KPIs is assessed annually, with bonuses being awarded depending on the number and deemed difficulty of the KPIs achieved. Following the assessment, the KPIs are reviewed by the board in light of the desired and actual outcomes, and their efficiency is assessed in relation to the company's goals and shareholder wealth, before the KPIs are set for the following year.

The company does not pay performance based remuneration to any Director.

Relationship between Remuneration Policy and Company Performance

The remuneration policy has been tailored to increase goal congruence between shareholders, directors and executives. Performance-based bonus is based on the achievement of KPIs as disclosed above.

The Senior Manager is paid a base salary, which is between $160,000 and $180,000 plus the use of a company car. In addition the Senior Manager receives a bonus if the company exceeds the performance criteria established by the Board. The bonus is subject to the board's review of performance and will be in the range of $10,000 to $15,000.

Remuneration report (continued)

Company performance, shareholder wealth and director's and executives' remuneration

The following table shows the gross revenue, profits and dividends for the last six years of the entity, as well as the share price at the end of the respective financial years. Analysis of the actual figures shows excellent growth in revenue, increased payments to community groups and projects as well as consistent returns to shareholders. The company share price at the end of the 2015/2016 financial year is a reflection of the company performance and growth, as well as recognition of the strengthening of the company's balance sheet. The board is of the opinion that these results can be attributed, in part, to the previously described remuneration policy and is satisfied with the overall trend in shareholder wealth over the past five years.

	2016	2015	2014	2013	2012	2011
Revenue	3,571,717	3,522,478	3,402,658	3,486,168	3,459,053	3,218,264
Net Profit/(Loss)	188,284	(152,904)	309,196	610,389	592,419	543,969
Share price at Year End	1	1.15	1.15	1.05	1.1	0.8
Dividend paid per share	6.0c	6.0c	6.0c	7.75c	7.1c	6.7c
Gross dividend paid	175,896	175,896	175,896	227,199	208,144	196,418

For the year ended 30 June 2016 the directors received total remuneration including superannuation, as follows:

	$
Vincent de Paul Cheers	13,750
Stephen Bernard Edmund	7,500
Patricia Tonks	15,000
Dorothy Mortlock	10,000
Amber Britt Earles	7,500
Barry Leonard Irving	7,500
Andrew Ross Emerson	7,500
Gary Michael Cain	7,500
Janet Iris Hall	7,500
Stephen Robin	3,750
Shane Christopher McCarthy Llb GAICD	5,000
	92,500

Fees and payments to non executive directors reflect the demands which are made on and the responsibilities of the directors. Non executive directors' fees are reviewed annually by the Board. The Chairman's, Secretary's and Treasurer's fees are determined independently to the fees of non executive directors. All directors' remunerations are inclusive of committee fees.

Options issued as part of remuneration for the year ended 30 June 2016

No options have been issued as part of remuneration for the year ended 30 June 2016.

Employment Contracts for Directors

There are no employment contracts for Directors.

Remuneration report (continued)

Directors' shareholdings

	Balance at start of the year	Changes during the year	Balance at end of the year
Vincent de Paul Cheers	20,000	8,000	28,000
Stephen Bernard Edmund	7,200	-	7,200
Patricia Tonks	42,236	-	42,236
Dorothy Mortlock	2,890	-	2,890
Amber Britt Earles	2,000	-	2,000
Barry Leonard Irving	3,600	-	3,600
Andrew Ross Emerson	4,000	-	4,000
Gary Michael Cain	5,000	-	5,000
Janet Iris Hall	8,800	-	8,800
Stephen Robin	-	-	-
Shane Christopher McCarthy Llb GAICD	7,404	-	7,404

Dividends

	Year ended 30 June 2016	
	Cents	**$**
Final dividends recommended:	6.25c	183,225
Dividends paid in the year:		
- As recommended in the prior year report	6.0c	175,896

Significant changes in the 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 year under review not otherwise disclosed in this report or the financial statements.

Events since the end of the financial year

There are no matters or circumstances that have arisen since the end of the financial year 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, in future years.

Likely developments

The company will continue its policy of facilitating banking services to the community.

Environmental regulation

The company is not subject to any significant environmental regulation.

Indemnification and insurance of directors and officers

The company has indemnified all directors and the manager in respect of liabilities to other persons (other than the company or related body corporate) that may arise from their position as directors or manager of the company except where the liability arises out of conduct involving the lack of good faith.

Directors' report (continued)

Indemnification and insurance of directors and officers (continued)

Disclosure of the nature of the liability and the amount of the premium is prohibited by the confidentiality clause of the contract of insurance. The company has not provided any insurance for an auditor of the company or a related body corporate.

Directors' meetings

The number of directors' meetings attended by each of the directors of the company during the year were:

	Board Meetings Attended		Committee Meetings Attended					
			Audit & Governance		Sponsorship & Marketing		Finance	
	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended
Vincent de Paul Cheers	14	13	-	-	5	4	-	-
Stephen Bernard Edmund	14	12	-	-	-	-	-	-
Patricia Tonks	14	12	-	-	-	-	2	2
Dorothy Mortlock	14	13	3	3	-	-	-	-
Amber Britt Earles	14	14	-	-	2	2	-	-
Barry Leonard Irving	14	11	-	-	-	-	-	-
Andrew Ross Emerson	14	12	-	-	-	-	-	-
Gary Michael Cain	14	11	-	-	-	-	2	2
Janet Iris Hall	14	13	3	3	5	4	-	-
Stephen Robin	7	6	-	-	-	-	-	-
Shane Christopher McCarthy Llb GAICD	6	5	-	-	4	3	-	-

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.

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 the notes to the accounts.

The board of directors has considered the position, in accordance with the advice received from the audit & governance committee and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

Directors' report (continued)

Non audit services (continued)

The directors are satisfied that the provision of non-audit services by the auditor, as set out in the notes 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 audit & governance committee to ensure they do not impact on the impartiality and objectivity of the auditor
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risk 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 on page 19.

Signed in accordance with a resolution of the board of directors at Dromana, on 26th September 2016.

Vincent de Paul Cheers,
Chairman

Auditor's independence declaration

Partners in success

Chartered Accountants

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

As lead auditor for the audit of Rye & District Community Financial Services Limited for the year ended 30 June 2016, 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.

Andrew Frewin Stewart
61 Bull Street, Bendigo Vic 3550
Dated: 26 September 2016

David Hutchings
Lead Auditor

Liability limited by a scheme approved under Professional Standards Legislation. ABN: 51 061 795 337.

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TAXATION • AUDIT • BUSINESS SERVICES • FINANCIAL PLANNING

Financial statements

Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2016

	Notes	2016 $	2015 $
Revenue from ordinary activities	4	3,571,717	3,522,478
Revaluation increment on investment property	4	199,696	-
Loss on sale of non current assets	5	-	(521,691)
Employee benefits expense		(1,750,206)	(1,591,768)
Charitable donations, sponsorship, advertising and promotion		(704,319)	(704,459)
Occupancy and associated costs		(132,170)	(207,935)
Systems costs		(197,372)	(190,004)
Depreciation and amortisation expense	5	(160,735)	(159,982)
Finance costs	5	(100,601)	(100,802)
Impairment loss on revaluation of land and buildings	5	(195,645)	-
General administration expenses		(247,706)	(255,695)
Profit/(loss) before income tax		**282,659**	**(209,858)**
Income tax (expense)/credit	6	(94,375)	56,954
Profit/(loss) after income tax		**188,284**	**(152,904)**
Total comprehensive income for the year		**188,284**	**(152,904)**

Earnings per share for profit/(loss) attributable to the ordinary shareholders of the company:		**¢**	**¢**
Basic earnings per share	26	6.42	(5.22)

The accompanying notes form part of these financial statements.

Balance Sheet
as at 30 June 2016

	Notes	2016 $	2015 $
ASSETS			
Current Assets			
Cash and cash equivalents	7	250,535	136,183
Trade and other receivables	8	301,944	303,027
Current tax asset	13	-	91,083
Total Current Assets		**552,479**	**530,293**
Non-Current Assets			
Property, plant and equipment	9	4,044,021	3,660,952
Investment Property	10	832,031	649,739
Financial assets	11	10,000	10,000
Intangible assets	12	159,554	72,538
Deferred tax asset	13	199,138	191,006
Total Non-Current Assets		**5,244,744**	**4,584,235**
Total Assets		**5,797,223**	**5,114,528**
LIABILITIES			
Current Liabilities			
Trade and other payables	14	225,114	107,291
Current tax liabilities	13	4,363	-
Borrowings	15	254,982	277,265
Provisions	16	135,633	126,290
Total Current Liabilities		**620,092**	**510,846**
Non-Current Liabilities			
Borrowings	15	1,699,496	1,834,138
Provisions	16	58,517	42,586
Total Non-Current Liabilities		**1,758,013**	**1,876,724**
Total Liabilities		**2,378,105**	**2,387,570**
Net Assets		**3,419,118**	**2,726,958**
Equity			
Issued capital	17	1,299,400	1,299,400
Reserves	18	679,772	-
Retained earnings	19	1,439,946	1,427,558
Total Equity		**3,419,118**	**2,726,958**

The accompanying notes form part of these financial statements.

Statement of Changes in Equity
for the year ended 30 June 2016

	Issued capital $	Reserves $	Retained earnings $	Total equity $
Balance at 1 July 2014	**1,299,400**	**-**	**1,756,358**	**3,055,758**
Total comprehensive income for the year	**-**	**-**	**(152,904)**	**(152,904)**
Transactions with owners in their capacity as owners:				
Shares issued during period	-	-	-	-
Costs of issuing shares	-	-	-	-
Dividends provided for or paid	-	-	(175,896)	(175,896)
Balance at 30 June 2015	**1,299,400**	**-**	**1,427,558**	**2,726,958**
Balance at 1 July 2015	**1,299,400**	**-**	**1,427,558**	**2,726,958**
Total comprehensive income for the year	**-**	**-**	**188,284**	**188,284**
Transactions with owners in their capacity as owners:				
Revaluation increment on land and buildings	-	679,772	-	679,772
Shares issued during period	-	-	-	-
Costs of issuing shares	-	-	-	-
Dividends provided for or paid	-	-	(175,896)	(175,896)
Balance at 30 June 2016	**1,299,400**	**679,772**	**1,439,946**	**3,419,118**

The accompanying notes form part of these financial statements.

Statement of Cash Flows
for the year ended 30 June 2016

	Notes	2016 $	2015 $
Cash flows from operating activities			
Receipts from customers		3,787,069	3,535,672 a
Payments to suppliers and employees		(3,154,066)	(2,953,738)
Interest received		2,577	4,298
Interest paid		(98,684)	(99,041)
Income taxes paid		(28,573)	(139,443)
Net cash provided by operating activities	**20**	**508,323**	**347,748**
Cash flows from investing activities			
Payments for property, plant and equipment		-	(1,530,059)
Payments for office furniture and equipment		(2,225)	(1,869)
Proceeds from sale of property, plant and equipment		-	1,194,329
Payments for intangible assets		(59,284)	-
Net cash used in investing activities		**(61,509)**	**(337,599)**
Cash flows from financing activities			
Proceeds from borrowings		570,620	2,028,560
Repayment of borrowings		(727,186)	(1,881,594)
Dividends paid		(175,896)	(175,896)
Net cash used in investing activities		**(332,462)**	**(28,930)**
Net increase/(decrease) in cash held		**114,352**	**(18,781)**
Cash and cash equivalents at the beginning of the financial year		136,183	154,964
Cash and cash equivalents at the end of the financial year	**7(a)**	**250,535**	**136,183**

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2016

Note 1. Summary of significant accounting policies

a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standard Boards and the Corporations Act 2001. The company is a for-profit entity for the purpose of preparing the financial statements.

Compliance with IFRS

These financial statements and notes comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. These areas involving a higher degree of judgement or complexities, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

Historical cost convention

The financial statements have been prepared under the historical cost convention on an accruals basis as modified by the revaluation of financial assets and liabilities at fair value through profit or loss and where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

Comparative figures

Where required by Australian Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

Application of new and amended accounting standards

The following amendments to accounting standards issued by the Australian Accounting Standards Board (AASB) became mandatorily effective for accounting periods beginning on or after 1 July 2015, and are therefore relevant for the current financial year.

- AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality.
- AASB 2015-4 Amendments to Australian Accounting Standards – Financial Reporting Requirements for Australian Groups with a Foreign Parent.

None of the amendments to accounting standards issued by the Australian Accounting Standards Board (AASB) that became mandatorily effective for accounting periods beginning on or after 1 July 2015, materially affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

The following accounting standards and interpretations issued by the Australian Accounting Standards Board (AASB) become effective in future accounting periods.

Note 1. Summary of significant accounting policies (continued)

a) Basis of preparation (continued)

Application of new and amended accounting standards (continued)

	Effective for annual reporting periods beginning on or after
AASB 9 Financial Instruments, and the relevant amending standards.	1 January 2018
AASB 15 Revenue from Contracts with Customers and AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15.	1 January 2018
AASB 16 Leases	1 January 2019
AASB 2014-3 Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations.	1 January 2016
AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation.	1 January 2016
AASB 2014-6 Amendments to Australian Accounting Standards – Agriculture: Bearer Plants.	1 January 2016
AASB 2014-9 Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements.	1 January 2016
AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.	1 January 2018
AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle.	1 January 2016
AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101.	1 January 2016
AASB 2015-5 Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception.	1 January 2016
AASB 2016-1 Amendments to Australian Accounting Standards - Recognition of Deferred Tax Assets for Unrealised Losses.	1 January 2017
AASB 2016-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107.	1 January 2017

The company has not elected to apply any accounting standards or interpretations before their mandatory operative date for the annual reporting period beginning 1 July 2015. Therefore the abovementioned accounting standards or interpretations have no impact on amounts recognised in the current period or any prior period.

Economic dependency - Bendigo and Adelaide Bank Limited

The company has entered into a franchise agreement with Bendigo and Adelaide Bank Limited that governs the management of the **Community Bank**® branches at Rye, Dromana & Rosebud.

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

Note 1. Summary of significant accounting policies (continued)

a) Basis of preparation (continued)

Economic dependency - Bendigo and Adelaide Bank Limited (continued)

All deposits are made with Bendigo and Adelaide Bank Limited, and all personal and investment products are products of Bendigo and Adelaide Bank Limited, 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 and Adelaide Bank Limited, must be approved by Bendigo and Adelaide Bank Limited. All credit transactions are made with Bendigo and Adelaide Bank Limited, and all credit products are products of Bendigo and Adelaide Bank Limited.

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

The credit risk (i.e. the risk that a customer will not make repayments) is for the relevant Bendigo and Adelaide Bank Limited entity 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.

Economic dependency - Bendigo and Adelaide Bank Limited (continued)

Bendigo and Adelaide Bank Limited provides significant assistance in establishing and maintaining the **Community Bank®** branches 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 in relation to:

- advice and assistance in relation to the design, layout and fit out of the **Community Bank®** branches
- 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.

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

b) Revenue

Revenue is recognised when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the company and any specific criteria have been met. Interest and fee revenue is recognised when earned. The gain or loss on disposal of property, plant and equipment is recognised on a net basis and is classified as income rather than revenue. All revenue is stated net of the amount of Goods and Services Tax (GST).

Revenue calculation

Over the period from September 2013 to February 2015, Bendigo and Adelaide Bank Limited conducted a review of the **Community Bank®** model, known as 'Project Horizon'. This was conducted in consultation with the **Community Bank®** network. The objective of the review was to develop a shared vision of the **Community Bank®** model that positions it for success now and for the future.

Note 1. Summary of significant accounting policies (continued)

b) Revenue (continued)

Revenue calculation (continued)

The outcome of that review is that the fundamental franchise model and community participation remain unchanged. Changes to be implemented over a three year period reflect a number of themes, including a culture of innovation, agility and flexibility, network collaboration, director and staff development and a sustainable financial model. This will include changes to the financial return for **Community Bank**® companies from 1 July 2016. A funds transfer pricing model will be used for the method of calculation of the cost of funds, deposit return and margin. All revenue paid on core banking products will be through margin share. Margin on core banking products will be shared on a 50/50 basis.

The franchise agreement provides that three forms of revenue may be earned by the company – margin, commission and fee income. Bendigo and Adelaide Bank Limited 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. It may also be affected by other factors, such as economic and local conditions, for example, interest rates.

Core banking products

Bendigo and Adelaide Bank Limited has identified some Bendigo Bank Group 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.

Margin

Margin is arrived at through the following calculation:

> Interest paid by customers on loans less interest paid to customers on deposits
>
> plus any deposit returns i.e. interest return applied by Bendigo and Adelaide Bank Limited for a deposit,
>
> minus any costs of funds i.e. interest applied by Bendigo and Adelaide Bank Limited to fund a loan.

Note: In very simplified terms, currently, deposit return means the interest Bendigo and Adelaide Bank Limited gets when it invests the money the customer deposits with it. The cost of funds means the interest Bendigo and Adelaide Bank Limited pays when it borrows the money to give a customer a loan. From 1 July 2016, both will mean the cost for Bendigo and Adelaide Bank Limited to borrow the money in the market.

Products and services on which margin is paid include variable rate deposits and variable rate home loans. From 1 July 2016, examples include Bendigo Bank branded at call deposits, term deposits and home loans.

For those products and services on which margin is paid, the company is entitled to a share of the margin earned by Bendigo and Adelaide Bank Limited (i.e. income adjusted for Bendigo and Adelaide Bank Limited's interest expense and interest income return). However, if this reflects a loss, the company incurs a share of that loss.

Commission

Commission is a fee paid for products and services sold. It may be paid on the initial sale or on an ongoing basis. Commission is payable on the sale of an insurance product such as home contents. Examples of products and services on which ongoing commissions are paid include leasing and Sandhurst Trustees Limited products. This currently also includes Bendigo Bank branded fixed rate home loans and term deposits of more than 90 days, but these will become margin products from 1 July 2016.

Note 1. Summary of significant accounting policies (continued)

b) Revenue (continued)

Fee income

Fee income is a share of what is commonly referred to as 'bank fees and charges' charged to customers by Bendigo Bank Group entities including fees for loan applications and account transactions.

Ability to change financial return

Under the franchise agreement, Bendigo and Adelaide Bank Limited may change the form and amount of financial return that the company receives. The reasons it may make a change include changes in industry or economic conditions or changes in the way Bendigo and Adelaide Bank Limited 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. The effect of the change on the revenue earned by the company is entirely dependent on the change.

If Bendigo and Adelaide Bank Limited makes a change to the margin or commission on core banking products and services, it must not reduce the margin and commission the company receives on core banking products and services Bendigo and Adelaide Bank Limited attributes to the company to less than 50% (on an aggregate basis) of Bendigo and Adelaide Bank Limited's margin at that time. For other products and services, there is no restriction on the change Bendigo and Adelaide Bank Limited may make.

Bendigo and Adelaide Bank Limited must give the company 30 days' notice before it changes the products and services on which margin, commission or fee income is paid, the method of calculation of margin and the amount of margin, commission or fee income.

Monitoring and changing financial return

Bendigo and Adelaide Bank Limited monitors the distribution of financial return between **Community Bank**® companies and Bendigo and Adelaide Bank Limited on an ongoing basis.

Overall, Bendigo and Adelaide Bank Limited has made it clear that the **Community Bank**® model is based on the principle of shared reward for shared effort. In particular, in relation to core banking products and services, the aim is to achieve an equal share of Bendigo and Adelaide Bank Limited's margin.

As discussed above in relation to Project Horizon, among other things, there will be changes in the financial return for **Community Bank**® companies from 1 July 2016. This includes 50% share of margin on core banking products, all core banking products become margin products and a funds transfer pricing model will be used for the method of calculation of the cost of funds, deposit return and margin.

The Board is yet to appreciate the full impact of the above changes on our revenue moving forward. We would anticipate that by the time of this year's AGM we will be able to inform our shareholders of the likely outcomes of the new model.

The Board is continuing to work with Bendigo and Adelaide Bank Ltd to understand any potential changes to revenue and will provide further details as appropriate in due course.

c) Income tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Note 1. Summary of significant accounting policies (continued)

c) Income tax (continued)

Deferred tax

Deferred tax is accounted for using the balance sheet liability method on temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities other than as a result of a business combination (which affects neither taxable income nor accounting profit). Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities reflects the tax consequences that would follow from the manner in which the consolidated entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax and when the balances relate to taxes levied by the same taxation authority and the company entity intends to settle its tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the Statement of Profit or Loss and Other Comprehensive Income, except when it relates to items credited or debited to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

d) Employee entitlements

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

The company contributes to a defined contribution plan. Contributions to employee superannuation funds are charged against income as incurred.

e) Cash and cash equivalents

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 overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the Balance Sheet.

f) Trade receivables and payables

Receivables are carried at their amounts due. The collectability of debts is assessed at balance date and specific provision is made for any doubtful accounts. Liabilities for trade creditors and other amounts are carried at cost that is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the company.

Note 1. Summary of significant accounting policies (continued)

g) Property, plant and equipment

Plant and equipment, leasehold improvements and equipment under finance lease are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land. Depreciation is calculated on a straight line basis so as to write off the net cost of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated at the rate equivalent to the available building allowance using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

The following estimated useful lives are used in the calculation of depreciation:

• leasehold improvements	40 years
• plant and equipment	2.5 - 40 years
• furniture and fittings	4 - 40 years

h) Intangibles

The franchise fee paid to Bendigo and Adelaide Bank Limited has been recorded at cost and is amortised on a straight line basis over the life of the franchise agreement.

The renewal processing fee paid to Bendigo and Adelaide Bank Limited when renewing the franchise agreement has also been recorded at cost and is amortised on a straight line basis over the life of the franchise agreement.

The in house software developed and paid for in relation to sponsorships has been recorded at cost and is amortised on a straight line basis over 5 years.

i) Payment terms

Receivables and payables are non interest bearing and generally have payment terms of between 30 and 90 days.

j) Borrowings

All loans are initially measured at the principal amount. Interest is recognised as an expense as it accrues.

k) Financial instruments

Recognition and initial measurement

Financial instruments, incorporating financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument.

Financial instruments are initially measured at fair value plus transaction costs. Financial instruments are classified and measured as set out below.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset.

Note 1. Summary of significant accounting policies (continued)

k) Financial instruments (continued)

Classification and subsequent measurement

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

(ii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the entity's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

(iii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with changes in such fair value (i.e. gains or losses) recognised in the Statement of Profit or Loss and Other Comprehensive Income. Available-for-sale financial assets are included in non-current assets except where they are expected to be sold within 12 months after the end of the reporting period. All other financial assets are classified as current assets.

(iv) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Impairment

At each reporting date, the entity assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

l) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership are transferred to the company are classified as finance leases. Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term. Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred. Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

m) Provisions

Provisions are recognised when the economic entity has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions of other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

Note 1. Summary of significant accounting policies (continued)

m) Provisions (continued)

A provision for dividends is not recognised as a liability unless the dividends are declared, determined or publicly recommended on or before the reporting date.

n) Contributed equity

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

o) Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

p) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Balance Sheet. Cash flows are included in the Statement of Cash Flows on a gross basis.

The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Note 2. Financial risk management

The company's activities expose it to a limited variety of financial risks: market risk (including currency risk, fair value interest risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the entity. The entity does not use derivative instruments.

Risk management is carried out directly by the board of directors.

(i) Market risk

The company has no exposure to any transactions denominated in a currency other than Australian dollars.

(ii) Price risk

The company holds the land and buildings for the Dromana, Rosebud and Rye branches as part of the day to day operations. The company also holds the land and buildings located at Shop 1 1087 - 1089 Point Nepean Road, Rosebud as an investment property. The directors have determined to represent the assets at the fair value obtained from independent valuations. The independent valuations were obtained on 3 February 2015 (Rye), 17 June 2015 (Rosebud & investment property) and 17 December 2015 (Dromana).

(iii) Credit risk

The company has no significant concentrations of credit risk. It has policies in place to ensure that customers have an appropriate credit history. The company's franchise agreement limits the company's credit exposure to one financial institution, being Bendigo and Adelaide Bank Limited.

Note 2. Financial risk management (continued)

(iv) Liquidity risk

Prudent liquidity management implies maintaining sufficient cash and marketable securities and the availability of funding from credit facilities. The company believes that its sound relationship with Bendigo and Adelaide Bank Limited mitigates this risk significantly.

(v) Cash flow and fair value interest rate risk

Interest-bearing assets are held with Bendigo and Adelaide Bank Limited and subject to movements in market interest. Interest-rate risk could also arise from long-term borrowings. Borrowings issued at variable rates expose the company to cash flow interest-rate risk. The company believes that its sound relationship with Bendigo and Adelaide Bank Limited mitigates this risk significantly.

(vi) Capital management

The board's policy is to maintain a strong capital base so as to sustain future development of the company. The board of directors monitor the return on capital and the level of dividends to shareholders. Capital is represented by total equity as recorded in the Balance Sheet.

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:

(a) 20% of the profit or funds of the franchisee otherwise available for distribution to shareholders in that 12 month period; and

(b) subject to the availability of distributable profits, the relevant rate of return multiplied by the average level of share capital of the franchisee 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 year ended 30 June 2016 can be seen in the Statement of Profit or Loss and Other Comprehensive Income.

There were no changes in the company's approach to capital management during the year.

Note 3. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

Note 3. Critical accounting estimates and judgements (continued)

Taxation

Judgement is required in assessing whether deferred tax assets and certain tax liabilities are recognised on the balance sheet. Deferred tax assets, including those arising from un-recouped tax losses, capital losses and temporary differences, are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits.

Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future sales volumes, operating costs, capital expenditure, dividends and other capital management transactions. Judgements are also required about the application of income tax legislation.

These judgements and assumptions are subject to risk and uncertainty. There is therefore a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognised on the balance sheet and the amount of other tax losses and temporary differences not yet recognised. In such circumstances, some or all of the carrying amount of recognised deferred tax assets and liabilities may require adjustment, resulting in corresponding credit or charge to the Statement of Profit or Loss and Other Comprehensive Income.

Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience and the condition of the asset is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

Impairment of assets

At each reporting date, the company reviews the carrying amounts of its tangible and intangible assets that have an indefinite useful life to determine whether there is any indication that 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 the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

Fair value measurement

Some of the company's assets and liabilities are measured at fair value for financial reporting purposes. The board of directors determine the appropriate valuation techniques and inputs for fair value measurements.

Note 3. Critical accounting estimates and judgements (continued)

Fair value measurement (continued)

Fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly
- Level 3 inputs are unobservable inputs for the asset or liability.

In estimating the fair value of an asset or a liability, the company uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the company engages third party qualified values to perform the valuation.

Note 4. Revenue from ordinary activities

	2016 $	2015 $
Operating activities:		
- services commissions	3,529,140	3,511,111
Total revenue from operating activities	**3,529,140**	**3,511,111**
Non-operating activities:		
- interest received	2,577	4,298
- rental revenue	40,000	3,636
- other revenue	-	3,433
- revaluation increment on investment property	199,696	-
Total revenue from non-operating activities	**242,273**	**11,367**
Total revenues from ordinary activities	**3,771,413**	**3,522,478**

Note 5. Expenses

	2016 $	2015 $
Depreciation of non-current assets:		
- buildings	68,555	75,026
- investment property	17,403	-
- motor vehicles	19,128	21,939
- office furniture and equipment	5,782	5,316
- leasehold improvements	9,818	17,816

	2016 $	2015 $
Note 5. Expenses (continued)		
Amortisation of non-current assets:		
- franchise agreement	6,347	6,314
- franchise renewal fee	19,687	19,571
- in house software	15	-
- establishment fee	14,000	14,000
	160,735	**159,982**
Finance costs:		
- interest paid	**100,601**	**100,802**
Bad debts	**3,661**	**2,562**
Loss on disposal of non current assets	**-**	**521,691**
Impairment loss on revaluation of land and buildings	**195,645**	**-**

Note 6. Income tax expense/(credit)

The components of tax expense/(credit) comprise:		
- Current tax	102,505	84,879
- Movement in deferred tax	(8,130)	(141,833)
	94,375	**(56,954)**
The prima facie tax on profit/(loss) from ordinary activities before income tax is reconciled to the income tax expense/(credit) as follows		
Operating profit/(loss)	282,659	(209,858)
Prima facie tax on profit/(loss) from ordinary activities at 30%	84,798	(62,957)
Add tax effect of:		
- non-deductible expenses	65,003	5,996
- timing difference expenses	9,346	(5,560)
- other deductible expenses	(56,642)	147,400
	102,505	**84,879**
Movement in deferred tax	(8,130)	(141,833)
	94,375	**(56,954)**

Notes to the financial statements (continued)

	2016 $	2015 $

Note 7. Cash and cash equivalents

Cash at bank and on hand	149,235	33,918
Term deposits	101,300	102,265
	250,535	**136,183**
Note 7.(a) Reconciliation to cash flow statement		
The above figures reconcile to the amount of cash shown in the statement of cash flows at the end of the financial year as follows:		
Cash at bank and on hand	149,235	33,918
Term deposits	101,300	102,265
	250,535	**136,183**

Note 8. Trade and other receivables

Trade receivables	249,585	267,817
Prepayments	52,359	35,210
	301,944	**303,027**

Note 9. Property, plant and equipment

Land and buildings		
At cost	3,940,001	3,538,214
Less accumulated depreciation	(66,332)	(298,887)
	3,873,669	**3,239,327**
Leasehold improvements		
At cost	135,973	384,004
Less accumulated depreciation	(63,998)	(84,941)
	71,975	**299,063**
Office furniture and equipment		
At cost	86,833	86,108
Less accumulated depreciation	(54,465)	(48,683)
	32,368	**37,425**
Motor vehicles		
At cost	126,944	126,944
Less accumulated depreciation	(60,935)	(41,807)
	66,009	85,137
Total written down amount	**4,044,021**	**3,660,952**

	2016 $	2015 $

Note 9. Property, plant and equipment (continued)

Movements in carrying amounts:

	2016 $	2015 $
Land and buildings		
Carrying amount at beginning	3,239,327	3,441,502
Transfer from leasehold improvements	218,770	-
Revaluation of assets	484,127	-
Additions	-	1,488,952
Disposals	-	(1,631,783)
Less: buildings depreciation expense	(68,555)	(59,344)
Carrying amount at end	**3,873,669**	**3,239,327**
Leasehold improvements		
Carrying amount at beginning	299,063	307,765
Transfer to land and buildings	(218,770)	-
Additions	1,500	9,114
Disposals	-	-
Less: depreciation expense	(9,818)	(17,816)
Carrying amount at end	**71,975**	**299,063**
Office furniture and equipment		
Carrying amount at beginning	37,425	36,277
Additions	725	6,464
Disposals	-	-
Less: depreciation expense	(5,782)	(5,316)
Carrying amount at end	**32,368**	**37,425**
Motor vehicles		
Carrying amount at beginning	85,137	75,426
Additions	-	31,650
Disposals	-	-
Less: depreciation expense	(19,128)	(21,939)
Carrying amount at end	**66,009**	**85,137**
Total written down amount	**4,044,021**	**3,660,952**

Notes to the financial statements (continued)

	2016 $	2015 $

Note 10. Investment Property

	2016 $	2015 $
Land and buildings		
At cost	850,000	679,746
Less accumulated depreciation	(17,969)	(30,007)
	832,031	**649,739**
Movements in carrying amounts:		
Land and buildings		
Carrying amount at beginning	649,739	665,297
Revaluation of assets	199,695	-
Additions	-	304
Disposals	-	-
Less: depreciation expense	(17,403)	(15,862)
Carrying amount at end	**832,031**	**649,739**

Note 11. Financial assets

	2016 $	2015 $
Loan - Edenhope & District Financial Services Limited	**10,000**	**10,000**

The loan is an interest free loan with repayment of the principal originally due five years from the date of the loan agreement, being 27 March 2017. The Rye & District Community Financial Services Limited Board offered an extension on the loan and Edenhope & District Financial Services Limited have accepted resolving that payment of the loan will be made by the end of the calendar year.

Note 12. Intangible assets

	2016 $	2015 $
Franchise fee		
At cost	162,164	139,570
Less: accumulated amortisation	(135,743)	(129,396)
	26,421	**10,174**
Establishment fee		
At cost	70,000	70,000
Less: accumulated amortisation	(37,934)	(23,934)
	32,066	**46,066**

	2016 $	2015 $

Note 12. Intangible assets (continued)

	2016 $	2015 $
Renewal processing fee		
At cost	199,524	97,853
Less: accumulated amortisation	(101,242)	(81,555)
	98,282	**16,298**
In House Software		
At cost	2,800	-
Less: accumulated amortisation	(15)	-
	2,785	**-**
Total written down amount	**159,554**	**72,538**

Note 13. Tax

	2016 $	2015 $
Current:		
Income tax payable/(refundable)	**4,363**	**(91,083)**
Non-Current:		
Deferred tax assets		
- employee provisions	59,486	50,663
- capital losses carried forward	147,392	147,392
- revaluation loss	58,694	-
	265,572	**198,055**
Deferred tax liability		
- deductible prepayments	6,525	7,049
- revaluation surplus	59,909	-
	66,434	**7,049**
Net deferred tax asset	**199,138**	**191,006**
Movement in deferred tax charged to Statement of Profit or Loss and Other Comprehensive Income	**(8,132)**	**(141,832)**

Note 14. Trade and other payables

	2016 $	2015 $
Current:		
Trade creditors	38,086	6,870
Other creditors and accruals	187,028	100,421
	225,114	**107,291**

Note 15. Borrowings

	Note	2016 $	2015 $
Current:			
Chattel mortgage	22	23,659	36,120
Bank loans		231,323	241,145
		254,982	**277,265**
Non-Current:			
Chattel mortgage	22	9,259	32,918
Bank loans		1,690,237	1,801,220
		1,699,496	**1,834,138**

Bank loans are repayable monthly. Interest is recognised at an average rate of 5.72% (2015: 4.77%). The loans are secured by a fixed and floating charge over the company's assets.

The Honda Civic's x 2 chattel mortgage, which commenced in 2013, are 4-year contracts. Interest is recognised at an average rate of 5.65% . The Ford chattel mortgage, which commenced in 2014, is a 3-year contract. Interest is recognised at an average rate of 5.65%. The Toyota Hi Ace chattel mortgage, which commenced in 2015, is a 3-year contract. Interest is recognised at an average rate of 5.85%

Note 16. Provisions

	2016 $	2015 $
Current:		
Provision for annual leave	53,524	58,362
Provision for long service leave	82,109	67,928
	135,633	**126,290**
Non-Current:		
Provision for long service leave	**58,517**	**42,586**

Note 17. Contributed equity

	2016 $	2015 $
2,931,605 ordinary shares fully paid (2015: 2,931,605)	1,340,732	1,340,732
Less: equity raising expenses	(41,332)	(41,332)
	1,299,400	**1,299,400**

Note 17. Contributed equity (continued)

Rights attached to shares

(a) 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.

(b) 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 and Adelaide Bank Limited 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).

(c) Transfer

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

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

Prohibited shareholding interest

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

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

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").
- Where the person is a shareholder, after the transfer of shares in the company to that person the number of shareholders in the company is (or would be) lower than the base number (the "base number test"). The base number is 270. As at the date of this report, the company had 505 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 his or her associates) have a prohibited shareholding interest, are suspended.

Note 17. Contributed equity (continued)

Prohibited shareholding interest (continued)

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.

The National Stock Exchange (NSX) has advised that in its view the prohibited shareholding provisions are appropriate and equitable but the 'base number test' is not, as a result the base number clause does not operate whilst the company remains listed on the NSX.

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.

	2016 **$**	**2015** **$**

Note 18. Reserves

Asset Revaluation Reserve	**679,772**	**-**

Note 19. Retained earnings

Balance at the beginning of the financial year	1,427,558	1,756,358
Net profit/(loss) from ordinary activities after income tax	188,284	(152,904)
Dividends paid or provided for	(175,896)	(175,896)
Balance at the end of the financial year	**1,439,946**	**1,427,558**

Note 20. Statement of cash flows

Reconciliation of profit/(loss) from ordinary activities after tax to net cash provided by operating activities

Profit/(loss) from ordinary activities after income tax	188,284	(152,904)
Non cash items:		
- depreciation	120,686	120,097
- amortisation	40,049	39,885
- revaluation of assets net impact	(4,051)	-
- loss on sale of assets	-	521,691

	2016 $	2015 $
Note 20. Statement of cash flows (continued)		
Changes in assets and liabilities:		
- (increase)/decrease in receivables	18,233	17,491
- (increase)/decrease in other assets	65,802	(196,395)
- increase/(decrease) in payables	49,683	10,396
- increase/(decrease) in provisions	25,274	(12,513)
- increase/(decrease) in current tax liabilities	4,363	-
Net cash flows provided by operating activities	**508,323**	**347,748**

Note 21. Fair value measurement

This section explains the judgements and estimates made in determining the fair values of the company's assets that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the applicable assets have been classified into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

At 30 June 2016	Level 1 $	Level 2 $	Level 3 $	Total $
Recurring fair value measurements:				
Investment property	-	850,000	-	850,000
Property, plant and equipment	-	-	-	-
Freehold land and buildings	-	3,940,000	-	3,940,000
Total assets at fair value	**-**	**4,790,000**	**-**	**4,790,000**

At 30 June 2015	Level 1 $	Level 2 $	Level 3 $	Total $
Recurring fair value measurements:				
Investment property	-	-	-	-
Property, plant and equipment	-	-	-	-
Freehold land and buildings	-	-	-	-
Total assets at fair value	**-**	**-**	**-**	**-**

There were no transfers between Level 1 and Level 2 during the reporting period. The company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

	2016 $	2015 $

Note 22. Leases

Finance lease commitments

	2016 $	2015 $
Payable - minimum lease payments:		
- not later than 12 months	24,680	39,139
- between 12 months and 5 years	9,486	34,166
- greater than 5 years	-	-
Minimum lease payments	**34,166**	**73,305**
Less future finance charges	(1,248)	(4,267)
Present value of minimum lease payments	**32,918**	**69,038**

The Honda Civic's x 2 chattel mortgage, which commenced in 2013, are 4-year contracts. Interest is recognised at an average rate of 5.65% . The Ford chattel mortgage, which commenced in 2014, is a 3-year contract. Interest is recognised at an average rate of 5.65%. The Toyota Hi Ace chattel mortgage, which commenced in 2015, is a 3-year contract. Interest is recognised at an average rate of 5.85%

Note 23. Auditor's remuneration

Amounts received or due and receivable by the auditor of the company for:

	2016 $	2015 $
- audit and review services	**7,605**	**6,152**

Note 24. Director and related party disclosures

The names of directors who have held office during the financial year are:

Vincent de Paul Cheers
Stephen Bernard Edmund
Patricia Tonks
Dorothy Mortlock
Amber Britt Earles
Barry Leonard Irving
Andrew Ross Emerson
Gary Michael Cain
Janet Iris Hall
Stephen Robin
Shane Christopher McCarthy Llb GAICD

The Board has adopted a policy in respect to director fees with the following objectives:

- To attract and retain appropriately qualified and experienced directors; and
- To remunerate directors in regard to their responsibilities.

In accordance with Board policy, director remuneration comprises a base fee together with a 9.5% superannuation guarantee charge.

Notes to the financial statements (continued)

Note 24. Director and related party disclosures (continued)

Directors fees are determined by the Board and are not to exceed $100,000 in aggregate, the allocation of which is determined at the discretion of the Board. This policy was approved by the shareholders at the 2007 Annual General Meeting held 31 October 2008.

During the normal course of business operations, Rye & District Community Financial Services Limited utilised services offered by local community business. Some of these transactions included businesses which some Directors have direct or indirect interest. These transactions are considered to be made at an arms length basis and are on normal commercial terms and are outlined below:

Shane McCarthy is a director of McCarthy Partners Solicitors which supplies the company with legal services. During the financial year the total benefit received by McCarthy Partners Solicitors was Nil (2015: $11,361).

No director or related entity has entered into a material contract with the company.

	2016 $	2015 $
Directors Shareholdings		
Vincent de Paul Cheers	28,000	20,000
Stephen Bernard Edmund	7,200	7,200
Patricia Tonks	42,236	42,236
Dorothy Mortlock	2,890	2,890
Amber Britt Earles	2,000	2,000
Barry Leonard Irving	3,600	3,600
Andrew Ross Emerson	4,000	4,000
Gary Michael Cain	5,000	5,000
Janet Iris Hall	8,800	8,800
Stephen Robin	-	-
Shane Christopher McCarthy Llb GAICD	7,404	7,404

There was movement in directors shareholdings during the year.

Note 25. Dividends paid or provided

a. Dividends paid during the year		
Prior year proposed final		
100% (2015: 100%) franked dividend - 6.0 cents (2015: 6.0 cents) per share	**175,896**	**175,896**
b. Dividends proposed and not recognised as a liability		
Current year final dividend		
100% (2015: 100%) franked dividend - 6.25 cents (2015: 6.0 cents) per share	**183,225**	**175,896**

The tax rate at which dividends have been franked is 30% (2015: 30%).

Dividends proposed will be franked at a rate of 30% (2015: 30%).

	2016 $	2015 $
Note 25. Dividends paid or provided (continued)		
c. Franking account balance		
Franking credits available for subsequent reporting periods are:		
- franking account balance as at the end of the financial year	926,707	995,031
- franking credits/(debits) that will arise from payment/(refund) of income tax as at the end of the financial year	16,493	(81,504)
- franking debits that will arise from the payment of dividends recognised as a liability at the end of the financial year	-	-
Franking credits available for future financial reporting periods:	**943,200**	**913,527**
- franking debits that will arise from payment of dividends proposed or declared before the financial report was authorised for use but not recognised as a distribution to equity holders during the period	(78,525)	(75,384)
Net franking credits available	**864,675**	**838,143**

Note 26. Earnings per share

	2016 $	2015 $
(a) Profit/(loss) attributable to the ordinary equity holders of the company used in calculating earnings per share	188,284	(152,904)

	Number	Number
(b) Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	2,931,605	2,931,605

Note 27. Events occurring after the reporting date

There have been no events after the end of the financial year that would materially affect the financial statements.

Note 28. Contingent liabilities and contingent assets

Rye & District CFSL have committed to support South Mornington Peninsula Uniting Church ‘Cloverleaf’ project for a period of five years. An amount of $50,000 will be provided per year beginning in the 2016/17 period. This funding is subject to sufficient government funding being secured. Rye & District CFSL are also committed to the Victorian YMCA Community Programming Pty Ltd for a 2 year period providing $50,000 per year beginning in 2016/17 period. This funding is also subject to terms within the agreement being met.

Note 29. Segment reporting

The economic entity operates in the service sector where it facilitates **Community Bank**® services in Rye District pursuant to a franchise agreement with Bendigo and Adelaide Bank Limited.

Note 30. Registered office/Principal place of business

The entity is a company limited by shares, incorporated and domiciled in Australia. The registered office and principal place of business is:

Registered Office

Rye & District Community Financial Services Ltd
2271 Point Nepean Road
Rye Vic 3941

Principal Place of Business

Rye & District Community Financial Services Ltd
2271 Point Nepean Road
Rye Vic 3941

Rye & District Community Financial Services Ltd
239 Point Nepean Road
Dromana Vic 3936

Rye & District Community Financial Services Ltd
1087-1089 Point Nepean Road
Rosebud Vic 3939

Note 31. Financial instruments

Financial Instrument Composition and Maturity Analysis

The table below reflects the undiscounted contractual settlement terms for all financial instruments, as well as the settlement period for instruments with a fixed period of maturity and interest rate.

	Floating interest		Fixed interest rate maturing in						Non interest bearing		Weighted average	
			1 year or less		Over 1 to 5 years		Over 5 years					
Financial instrument	**2016 $**	**2015 $**	**2016 $**	**2015 $**	**2016 $**	**2015 $**	**2016 $**	**2015 $**	**2016 $**	**2015 $**	**2016 %**	**2015 %**
Financial assets												
Cash and cash equivalents	148,560	136,183	101,300	-	-	-	-	-	675	475	0.69	3.17
Receivables	-	-	-	-	-	-	-	-	249,585	267,817	N/A	N/A
Financial liabilities												
Interest bearing liabilities	-	-	231,323	277,265	34,166	32,918	1,690,237	1,801,220	-	-	4.71	4.77
Payables	-	-	-	-	-	-	-	-	125,104	6,870	N/A	N/A

Net Fair Values

The net fair values of financial assets and liabilities approximate the carrying values as disclosed in the balance sheet. The company does not have any unrecognised financial instruments at the year end.

Note 31. Financial instruments (continued)

Credit Risk

The maximum exposure to credit risk at balance date to recognised financial assets is the carrying amount of those assets as disclosed in the balance sheet and notes to the financial statements.

There are no material credit risk exposures to any single debtor or group of debtors under financial instruments entered into by the economic entity.

Interest Rate Risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from the interest bearing financial assets and liabilities in place subject to variable interest rates, as outlined above.

Sensitivity Analysis

The company has performed sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in interest rates.

As at 30 June 2016, the effect on profit and equity as a result of changes in interest rate, with all other variables remaining constant would be as follows:

	2016 $	**2015 $**
Change in profit/(loss)		
Increase in interest rate by 1%	(17,059)	(19,752)
Decrease in interest rate by 1%	17,059	19,752
Change in equity		
Increase in interest rate by 1%	(17,059)	(19,752)
Decrease in interest rate by 1%	17,059	19,752

Directors' declaration

In accordance with a resolution of the directors of Rye & District Community Financial Services Limited, we state

that:

In the opinion of the directors:

(a) the financial statements and notes of the company are 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 2016 and of its performance for the financial year ended on that date; and

    (ii) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

(c) the audited remuneration disclosures set out in the remuneration report section of the directors' report comply with Accounting Standard AASB124 Related Party Disclosures and the Corporations Regulations 2001.

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

Vincent de Paul Cheers,
Chairman

Signed on the 26th of September 2016.

AFS
Partners in success
Chartered Accountants

Independent auditor's report to the members of Rye & District Community Financial Services Limited

Report on the financial report

We have audited the accompanying financial report of Rye & District Community Financial Services Limited, which comprises the balance sheet as at 30 June 2016, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes and the directors' declaration.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and presentation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making fair accounting estimates that are reasonable in the circumstances. In note 1, the directors also state in accordance with Accounting Standard AASB 101 Presentation of Financial Statements that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the company's financial position and of its performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Liability limited by a scheme approved under Professional Standards Legislation. ABN: 51 061 795 337.

P: (03) 5443 0344 | F: (03) 5443 5304 | 61-65 Bull St./PO Box 454 Bendigo Vic. 3552 | afs@afsbendigo.com.au | www.afsbendigo.com.au

TAXATION • AUDIT • BUSINESS SERVICES • FINANCIAL PLANNING

Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written auditor's independence declaration, a copy of which is included in the directors' report.

Auditor's opinion on the financial report

In our opinion:

1. The financial report of Rye & District Community Financial Services Limited is in accordance with the *Corporations Act 2001* including giving a true and fair view of the company's financial position as at 30 June 2016 and of its financial performance and its cash flows for the year then ended and complying with Australian Accounting Standards and the Corporations Regulations 2001.
2. The financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Report on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion on the remuneration report

In our opinion, the remuneration report of Rye & District Community Financial Services Limited for the year ended 30 June 2016, complies with section 300A of the *Corporations Act 2001*.

Andrew Frewin Stewart
61 Bull Street, Bendigo Vic 3550
Dated: 26 September 2016

David Hutchings
Lead Auditor

NSX report

Share Information

In accordance with National Stock Exchange of Australia listing rules, the company provides the following information as at 27 September 2016, which is within six weeks of this report being sent to shareholders.

The following table shows the number of shareholders, broken into various categories showing the total number of shares held.

Number of shares held	Number of shareholders
1 to 1,000	85
1,001 to 5,000	294
5,001 to 10,000	64
10,001 to 100,000	58
100,001 and over	1
Total shareholders	**502**

Each of the above shareholders is entitled to 1 vote, irrespective of the number of shares held.

There are no substantial shareholders (holding more than 5% of voting rights) as each shareholder is entitled to 1 vote. Normally holding more than 5% of total issued shares would create a substantial shareholder, but this is not applicable due to the voting restrictions for the company.

There are two shareholders holding less than a marketable parcel of shares ($500 in value).

There are no restricted securities on issue.

All shares on issue are ordinary shares fully paid to $1 per share. There are no unquoted equity securities.

The following table shows the 11 largest shareholders.

Shareholder	Number of Shares	Percentage of capital
Planned Living Pty Ltd <Superannuation Fund A/C>	101,000	3.45
Egp Fund No.1 Pty Ltd	64,810	2.21
Thomas Leigh Atf The Waring Superannuation Fund	64,400	2.20
John Leonard Seeber	60,000	2.04
Fund Raising Management Services Pty Ltd As Trustee For <Trevorrow Superannuation Fund A/C>	46,003	1.57
Bernard Wilfred & Patricia Tonks	42,236	1.44
Kadan Superannuation Pty Ltd	39,199	1.33
Louise Rose Whitehead	35,088	1.20
Richard Gorman & Marilla Gorman As Trustee For <Gorman Super Fund A/C>	34,000	1.16
Kenneth Jack Spunner	32,000	1.09
Est Of The Late Pamela Ann Lloyd	32,000	1.09
	550,696	**18.78**

NSX report (continued)

Registered Office and principal administrative office

The registered office of the company is located at:

2271 Point Nepean Road,
Rye VIC 3941
Phone: (03) 5985 9755

The principal administrative office of the company is located at:

239 Point Nepean Road,
Dromana VIC 3936
Phone: (03) 5987 0754

Security Register

The security register (share register) is kept at:

Richmond Sinnott Delahunty Pty Ltd
Level 2
10-16 Forest Street,
Bendigo VIC 3552
Phone: (03) 5443 1177

Company Secretary

The Company Secretary is Dorothy Mortlock who was appointed to the position of Secretary on 1 April 2014.

Corporate Governance

The company has implemented various corporate governance practices, which include:

(a) The establishment of an Audit & Governance Committee

(b) Director approval of operating budgets and monitoring of progress against these budgets;

(c) Ongoing Director training; and

(d) Monthly Director meetings to discuss performance and strategic plans.

Annexure 3A

There are no material differences between the information in the company's Annexure 3A and the information in the financial documents in its annual report.

Sponsorship allocations 2015/16

Community group/recipient	Total investment
3940 Women's Art Group	$500
Australian Volunteer Coast Guard Association	$7,300
Bird Life Mornington Peninsula	$500
Blairgowrie Tennis Club	$500
Boneo Baseball & Softball Club Incorporated	$1,000
Boneo Community Market	$500
Boneo Rural Fire Brigade	$8,000
Caroline Chisholm Education Foundation	$10,000
Carrington Park Club	$2,000
Carrington Park Ladies' Golf Club	$500
Cheviot Day Club	$429
Clothes4U Incorporated	$5,000
Community Enterprise Foundation	$125,000
Dromana Bay Life Saving Club	$2,500
Dromana Bowls Club	$3,000
Dromana College	$1,000
Dromana College Parents and Friends	$2,000
Dromana Community House	$2,500
Dromana Cricket Club	$1,000
Dromana Football & Netball Club	$10,000
Dromana Junior Football/Netball Club	$3,000
Dromana Potters Group Inc	$500
Dromana Primary School	$8,000
Dromana Tennis Club	$1,000
Dromana Valley Probus Club	$560
Eastbourne Primary School	$8,000
Fight 4 Life Inc	$500
Fit2Drive	$4,500
Flinders and District Lions Club Inc	$2,000
Flinders Bowls Division Inc	$3,000
Food for All	$4,800
Friday Club - St Andrews Anglican Church RYE	$1,000
Hands on Health Dromana and Rosebud	$2,000
Ingham Growers Assocaition	$1,500
Janice Earth Community	$500

Community group/recipient	Total investment
Light Up Autism Foundation	$10,000
Lions Club of Rye Inc	$5,000
Main Ridge Bowls and Petanque Club Inc	$3,000
Main Ridge Men's Shed Inc	$2,000
Main Ridge Tennis Club	$1,000
Mary's Van	$2,800
Mornington Peninsula Art Show	$5,000
Mornington Peninsula Shire	$21,000
Mornington Peninsula TPI Social Club	$500
Mornington Peninsula Veterans Golf Association Inc	$500
Morninton Peninsula Hinterland Tourisn Association	$500
National Servicemen's Association	$500
Nepean Friends of Hospice	$2,000
Nepean Netball Association	$5,000
Peninsula Craft and Patchwork	$500
Peninsula Hot Trotters	$500
Peninsula Magpies Suporters Club	$500
Peninsula Speaks Inc	$500
Portsea/Sorrento RSL Bowls Club	$500
Probus Club of Arthurs Seat	$1,895
Red Hill Consolidated School	$4,000
Red Hill Consolidated School/ Art Red Hill	$1,000
Red Hill Cricket Club	$1,000
Red Hill District Lions Club	$950
Red Hill Football Netball Club	$10,000
Red Hill Gardening Society	$1,500
Red Hill Junior Football Club	$3,000
Rosebud & McCrae Lifesaving Club	$2,500
Rosebud Bowls Club Inc	$3,000
Rosebud Chamber of Commerce	$5,000
Rosebud Country Club Bowls Division	$3,000
Rosebud Cricket Club Inc	$1,000
Rosebud Football Netball Club	$10,000
Rosebud Girl Guides	$300
Rosebud Heart Soccer Club	$1,000

Sponsorship allocations 2015/16 (continued)

Community group/recipient	Total investment
Rosebud Hospital Auxiliary	$5,500
Rosebud Italian Club Inc	$2,000
Rosebud Junior Football Club	$3,000
Rosebud Netball Club Inc	$1,000
Rosebud Police Senior Citizens Register	$2,500
Rosebud Primary School	$8,000
Rosebud Raiders Basketball Club	$1,000
Rosebud Rock n’ Rod Festival	$500
Rosebud Secondary College School Council	$8,000
Rosebud Scout Group	$500
Rosebud Soccer Club	$1,000
Rosebud Tennis Club	$935
Rosebud Toy Library	$2,000
Rotary Club of Dromana	$2,000
Rotary Club of Sorrento	$2,000
Royal District Nursing Service	$17,600
Rye Beach Business Association	$1,000
Rye Beach Community Centre	$500
Rye Bowls Club	$3,000
Rye Cricket Club	$1,000
Rye Football Netball Club	$10,000
Rye Junior Football Club	$3,000
Rye Netball Club	$1,000
Rye Primary School	$16,000
Rye Sports and Social Club	$5,000
Rye Tennis Club	$1,000
Rye Yacht Club	$2,500
Rye Youth Services (YMCA)	$50,000
Safety Beach Golf Club	$2,000
Safety Beach Sailing Club	$2,500
Safety Beach-Dromana Men’s Shed Inc	$2,000
Seawinds Community Hub	$2,500
Singing for Wellness - Rosebud	$500
Sorrento Bowls Club	$3,000
Sorrento Community Centre	$2,500

Community group/recipient	Total investment
Sorrento Cricket Club	$1,000
Sorrento Croquet Club	$500
Sorrento Football Netball Club Inc	$10,000
Sorrento Junior Football Club	$3,000
Sorrento Portsea Chamber of Commerce Inc.	$5,000
Sorrento Portsea Senior Citizens Centre	$500
Sorrento Pre-School	$2,500
Sorrento Watertowers Inc	$1,000
Southern Mornington Peninsula Uniting Church - Playgroups	$1,500
Southern Peninsula Cancer Support Centre	$12,000
Southern Peninsula Classic & Historic Car Club	$500
Southern Peninsula Community Support & Information Centre	$10,000
Southern Peninsula Indoor Bias Bowls Association	$400
Southern Peninsula Rescue Squad Inc	$5,000
Southern Peninsula Trim and Slim Club	$500
Spark Youth Dance Company	$1,000
St Andrews Beach Playgroup	$2,000
St Mark’s Anglican Church	$500
The Dunes Golf Club	$1,000
The Lions Club of McCrae & District	$1,000
The Lions Club of Red Hill District	$1,000
The Portsea Camp	$10,000
The Studio @ Flinders Gallery	$500
The Village Glen Croquet Club	$500
The Village Glen Fidelity Club	$500
Tootgarook Primary School	$30,000
Village Glen Fidelity Club	$500
Village Glen Golf Club	$2,500
Vinnies Kitchen	$4,800
West Rosebud Bowls and Croquet Club	$3,000
Woodworkers of the Southern Peninsula	$2,000

Rye & District **Community Bank**® Branch
2271 Point Nepean Road, Rye VIC 3941
Phone: (03) 5985 9755
www.bendigobank.com.au/rye

Dromana **Community Bank**® Branch
239 Point Nepean Road, Dromana VIC 3936
Phone: (03) 5981 0106
www.bendigobank.com.au/dromana

Rosebud **Community Bank**® Branch
1087 Point Nepean Road, Rosebud VIC 3939
Phone: (03) 5982 0499
www.bendigobank.com.au/rosebud

Franchisee: Rye & District Community Financial Services Limited
PO Box 301, Rye VIC 3941
Phone: (03) 5987 0754
ABN: 67 095 766 895

Share Registry:
Richmond Sinnott & Delahunty
Attention: Di Brooks
10-16 Forest Street, Bendigo VIC 3550
Postal Address:
PO Box 30, Bendigo VIC 3552
Phone: (03) 5445 4200 Fax: (03) 5444 4344
Email: shareregistry@rsdadvisors.com.au
www.rsdadvisors.com.au

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