Annual Report 2021

Rye & District Community Financial Services Ltd

Community Bank
Rye, Dromana, and Rosebud

ABN 67 095 766 895

Contents

Chair's report

Rye & District Community Financial Services Limited and Community Bank Rye, both shared a significant milestone this year—the 20th anniversary of their inception. What does 20 years mean?

- 20 years of providing local customers with excellent banking services.
- 20 years of enjoying a mutually rewarding relationship with our shareholders.
- 20 years of supporting local clubs and organisations to thrive and do great things in our local community.

Although celebrations have been modest due to COVID-19, the demonstration of the growth and investment in the Rye group culminated in the opening of the Rosebud Business Centre (adjacent to Community Bank Rosebud) in March 2021. This is a very exciting step in our strategic future and one we are proud of, particularly given the instability of the previous 18 months.

This financial year has been another challenging one. The board of directors is carefully implementing a growth strategy with a focus on building the loan book through the delivery of tailored services and recruitment of lending personnel. This includes the appointment of our first Mobile Relationship Manager (mobile lender) to reach out to previously untapped markets and deliver a flexible and responsive service to that target audience. The opening of our Rosebud Business Centre as mentioned above, also caters to a burgeoning group of small to medium businesses in the area, who require a dedicated and tailored approach to their business banking.

Our board has witnessed change this year with the retirement of Tony Harford. Many of you will know Tony from AGMs and presentation nights as he served over a decade as our board's Administration Officer, followed by several years as a director. We will miss his contribution and wish him well in his next chapter. I also took an extended period of leave due to ill-health, but have recommenced duties. I thank my fellow board members, and particularly Steve Edmund as Acting Chair, for their stewardship during that time.

The company has returned $443,648 in donations, sponsorships and grants to the region this year (this figure is adjusted down and does not include promotions, advertising and marketing costs as referenced in the Profit & Loss Statement on page 13). One of the many community funding highlights was the commencement of construction of the Wellness Centre at Rosebud Secondary College in mid-March. Our $250,000 seed funding commitment provided impetus for two tiers of government and other donors to invest in this worthwhile project. We look forward to seeing the finished product and hope many of our younger community members find this centre to be of value to them in the coming years.

The total funding that the company has invested back in to our local community in 20 years of operation is $8,838,352. I hope that you take a moment to reflect on this, and the countless organisations, clubs and individuals that all have a fantastic story to share off the back of this remarkable community investment.

Your support as a shareholder and customer of our local company has never been so important. So we are pleased to pay a dividend of 4.0 cents per share fully franked, on 19 November 2021—a total payment to shareholders of $117.264. The amount of dividend payable in any year is limited under the Community Bank Franchise Agreement to 20% of net profit attributable to shareholders, after adding back community contributions through the year. Therefore the cap on dividends for the year ending 30 June 2021 was $120,798 (20% of $160,345 + $443,648). The proposed dividend is just inside the cap.

The company reported a net profit after tax of $160,345 for the financial year ending 30 June 2021. This was down significantly from the prior year result of $564,115. The underlying cause was a reduction in revenue by $489,003 (-13.1%) as a result of the lower margin environment and lower loan footings across the branches. The board has implemented actions to address the decline in loan footings and are optimistic of the growth opportunities once our communities emerge from an extended period of lockdown.

After 20 years of operation, we are proud of the commitment of our staff, board, shareholders and customers—all of whom play an important role in helping local people to shape the community they want to live in. We hope you will continue to support us in sharing the message of feeding into community prosperity through encouraging your friends, family, and colleagues to bank with Community Bank Rye, Community Bank Rosebud or Community Bank Dromana. Here's to another 20 years of service and success.

Vin Cheers
Chairman

Senior Manager's report

It is with great pleasure that I submit my report to the shareholders from the financial year ended 30 June 2021.

The year saw ongoing challenges with COVID-19 and associated lockdowns which impacted our business in many ways. The uncertainty across our communities and local businesses, along with more stringent lending policy and criteria being introduced, impacted the way we would usually do business.

Community engagement and activities were negatively impacted which in turn reduced the opportunity to benefit from relationship development and networking. There were fewer opportunities for our branch network to generate conversations about products due to the decrease in branch activity and enormous pressure on our staff in navigating through the disruptive environment.

While noting these challenges (which persist) our branches have demonstrated great resilience and shown such positive unity. An example of this is the relatively small decrease in home loan settlements across our three branches with Community Bank Rye decreasing from 47 previous year to 43 (-4), Community Bank Dromana dropping from 29 previous year to 19 (-10) and Community Bank Rosebud increasing from 50 previous year to 59 (+9). This was satisfying given the challenging climate.

Our consolidated footings at 30 June 2021 totalled $664 million, which included total deposits of $436.63 million, total lending of $205.58 million along with $21.8 million in financial planning products under management. These balances represent a $64.44 million (10.7%) increase in footings over the financial year driven by strong growth in deposit footings.

Community Bank Rye footings as of 30 June 2021 were $275.82 million (up 1.8%), which included $188.84 million in deposits, $80.95 million in lending and $6.03 million in financial planning products under management.

Community Bank Dromana footings as of 30 June 2021 were $199.33 million (up 12.3%), which included $130.05 million in deposits, $59.55 million in lending and $9.69 million in financial planning products under management.

Community Bank Rosebud footings as of 30 June 2021 were $188.85 million (up 22.3%), which included $117.71 million in deposits, $65.07 million in lending and $6.06 million in financial planning products under management.

Our group holds 19,513 accounts from 12,416 customers, an increase of 739 accounts and an increase of 286 customers from the previous year. We've seen an increase in products per customer of 1.3%.

Support for the Bendigo Bank brand has come from all sectors of our community, including personal and business.

We have seen our competitors scale back their operations over the past year, both in terms of physical presence and/or service offerings including opening hours. This presents us with an opportunity to further grow our market share. We are continually focussing our efforts on the local population and customers of other banks who have either closed branches or reduced hours, offering our services and convenient locations and opening hours.

While noting the negative impacts of COVID-19, I can confidently say that our branches are well positioned to grow.

We have adopted a strong focus on growth demonstrated by the opening of our new Rosebud Business Centre earlier this year to accommodate and support our small to medium businesses. This is located next door to Community Bank Rosebud and is positioned centrally to our three branches and within easy access for our business customers across the southern peninsula. We have housed our local Business Manager and team at this office along with our first Mobile Relationship Officer who offers out-of-hours lending services and will travel to see customers at a time and venue convenient to them.

We are tapping into these two new business streams to create a new way of doing business by accommodating customers with a dedicated and tailored approach to meet their needs. We have had some staff movement as part of our strategic focus on having the right people in the right roles, responding to the shift in banking habits and to promote lending growth as community and businesses emerge from lockdown.

We recently appointed our new Community Bank Dromana Branch Manager, Laura Nestoriwskyj, so we are well placed across all three branches to respond to the needs of our communities. I would also like to note that Community Bank Rosebud took out the regional 'Rising Stars' award for their branch growth and performance in 2020–21, a huge achievement for the team.

Senior Manager's report (continued)

We continue to see existing customers become our advocates and promote the benefits of supporting our branches. This advocacy is being led particularly by the many not-for-profit groups that we have partnered with since opening. These organisations are already seeing the rewards that banking with a Community Bank branch can bring them.

Over the next 12 months we remain committed to strengthening our partnerships with these customers, so that we can all continue to build a stronger and more financially secure local community. With the support of these groups and our existing customers, I am confident that we can continue to grow our business for the benefit of all stakeholders.

The leadership team now consists of myself as Senior Business Manager, Branch Managers Julie Nolo (Rye), Laura Nestoriwskyj (Dromana), and Elizabeth Norton (Rosebud). Kristy McRae (previously Community Bank Rosebud Branch Manager) has recently taken up the role of Local Business Manager based at the Rosebud Business Centre. I would like to recognise and thank our managers for their excellent support, leadership, and management of their teams during these uncertain and unprecedented times.

Thank you to all our staff at the three branches. You have all shown resilience and commitment to our customers and to one another.

I would also like to thank our board of directors who have worked tirelessly in promoting our branches along with Bendigo Bank's regional support team, including the bank's specialist business bankers and financial planners. They have all supported both the staff and I in our efforts to continue to grow our business.

Finally, I would like to thank all our customers and shareholders who have supported us this year and in previous years. Without your support we would not have been able to achieve the results we have.

Our charitable sponsorships this financial year amounted to $422,048 along with $21,600 in donations, totalling a contribution of $443,648 back into our local community.

I continue to ask that you be advocates for your local Community Bank and encourage your family, friends, and associates to also support our branches to grow. I congratulate every stakeholder involved in the company and thank every customer we have banking with Bendigo Bank. It is your support that makes these contributions possible.

I look forward to the year ahead and the many challenges I am sure it will bring. We will continue to strive to be the best branches in the network by providing the highest levels of customer service and we will remain resilient and committed to our customers and local community.

Please feel free to contact us anytime at Community Bank Rye, Community Bank Rosebud or Community Bank Dromana.

Fiona Somjee
Senior Branch Manager

Bendigo and Adelaide Bank report

For year ending 30 June 2021

On behalf of Bendigo and Adelaide Bank, thank you! As a shareholder of your local Community Bank company, you are playing an important role in supporting your community.

It has been a tumultuous year for every community across Australia, and across the world. For our business, recognition that banking is an essential service has meant that we've kept the doors open, albeit with conditions that none of us could ever imagine having to work with.

Face masks, perspex screens, signed documents to cross state borders, checking in customers with QR codes and ensuring hand sanitiser stations are filled aren't what you would expect as a bank employee.

Then there's the fact that while communities have been, and continue to go in and out of lockdown, digital and online banking has become the norm.

So, what does that mean for Bendigo Bank and the Community Bank that you are invested in both as a shareholder, and a customer?

What we're seeing is that your Community Bank is still as important, if not more so, than when you first invested as a shareholder. If the pandemic has taught us anything, it has taught us the importance of place, of our local community, our local economy, our community-based organisations, the importance of social connection and the importance or your local Community Enterprise—your Community Bank in providing, leadership, support, and assistance in these difficult times.

As we continue to adapt to this rapidly changing world one thing that continues to be important to us all is supporting each other and our strong sense of community.

Your continued support as a shareholder is essential to the success of your local community. Thank you for continuing to back your Community Bank company and your community.

Collin Brady
Head of Community Development
Bendigo and Adelaide Bank

Directors' report

The Directors submit the financial statements of the company for the financial year ended 30 June 2021.

The directors of the company who held office during or since the end of the financial year are:

Vincent de Paul Cheers

Chairman & Non-executive director

Occupation: Managing Director

Qualifications, experience and expertise: Owns and operates Vinsbins Pty Ltd. A waste management company on the Mornington Peninsula, employing 50–60 staff.

Special responsibilities: Sponsorship Committee

Interest in shares: 73,834 ordinary shares

Stephen Bernard Edmund

Deputy Chairman & Non-executive director

Occupation: Real Estate Agent

Qualifications, experience and expertise: Sales and marketing background with 35 years experience operating retail and property management business on the peninsula. Currently working in real estate in the Safety Beach to Rye area. 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 ordinary shares

Dorothy Mortlock

Non-executive director

Occupation: Retired

Qualifications, experience and expertise: Secretary, Southern Peninsula Community Fund. President, Golf Peninsula Vic. Committee of Handle with Care (local charity working with Indonesia). Past President of Rosebud Country Club.

Special responsibilities: Audit & Governance Committee

Interest in shares: 2,890 ordinary shares

Amber Britt Earles

Non-executive director

Occupation: Business Consultant

Qualifications, experience and expertise: BA (Melbourne), Grad. Dip. Ed (Melbourne); Master of International and Community Development (Deakin); Grad. Cert Social Impact (Swinburne); PhD (Swinburne). Throughout her career, Amber has worked across Asia, the Pacific and the Middle East as well as in remote Australian Aboriginal communities to support individuals and organisations to achieve their goals. She is now applying her expertise closer to home. Amber supports small businesses to document, operationalise and evaluate social and environmental impact plans, achieving founders' goals of caring for people and the planet while allowing them to concentrate their efforts on the day-to-day running of their business.

Special responsibilities: Sponsorship Committee and Marketing Committee

Interest in shares: 2,000 ordinary shares

Barry Leonard Irving OAM

Non-executive director

Occupation: Retired

Qualifications, experience and expertise: Member of Rotary Club of Rosebud–Rye and past President of Paul Harris Fellow 3 Sapphires. Secretary of Rotary District 9820 Conference Ride, Member Rye RSL, Senior Laboratory Craftsman with CSIRO with 17 years' experience (now retired). Professional photography business in Rye (now retired). Photography & Journalism for local community groups and associations (voluntary basis), Member of Rye Cemetery Trust (voluntary basis).

Special responsibilities: Marketing, Promotion & Youth

Interest in shares: 3,600 ordinary shares

Gary Michael Cain

Non-executive director

Occupation: Accountant, CPA

Qualifications, experience and expertise: CPA-qualified with 37 years in public practice.

Special responsibilities: Finance Committee

Interest in shares: 5,000 ordinary shares

Janet Hall

Non-executive director

Occupation: Retired

Qualifications, experience and expertise: Business owner of Jan's Window Décor. Southern Mornington Peninsula Uniting Church – Church Council – Property Officer. Steering Committee – building of Murray Anderson Place – disability accommodation for people with high needs.

Special responsibilities: Audit Committee and Sponsorship & Grants Committee

Interest in shares: 8,800 ordinary shares

Stephen De Quetteville Robin

Non-executive director

Occupation: Retired

Qualifications, experience and expertise: Master's Degree in Public Policy, over 30 years' experience in public relations and marketing, expertise in sponsorship raising, trade exhibitions and conference organising. Past membership of multiple tourism organisations on the Mornington Peninsula.

Special responsibilities: Marketing Committee

Interest in shares: 1,500 ordinary shares

Renee Christiana Bowker

Non-executive director

Occupation: Director

Qualifications, experience and expertise: Renee has a Bachelor of Commerce. Over 20 years as an experienced strategic marketer in the telecommunications industry in Australia, Ireland and USA, and has been working in corporate philanthropy and community investment since co-founding Telco Together Foundation in 2011. Other current directorship includes Telco Together Foundation.

Special responsibilities: Marketing Committee Chair and Member of Sponsorship Committee

Interest in shares: nil share interest held

Craig Lawrence Dowsing

Non-executive director

Occupation: Project Manager (Business Development) and business consultant

Qualifications, experience and expertise: Craig has a Bachelor of Business (Accounting). He worked for over a decade in commercial and consumer banking with the NAB and has now spent the last 12 years involved in business, accounting, financial management and strategic planning and development roles for both private and not-for-profit organisations. Member of the finance sub-committee for the Mornington Golf Club and currently the coach of two junior basketball teams in the Mornington District Basketball Association.

Special responsibilities: Treasurer

Interest in shares: 600 ordinary shares

Anthony Patrick Harford

Non-executive director (resigned 31 March 2021)

Occupation: Management Consultant

Qualifications, experience and expertise: 11 years Board Administration Officer for Rye & District Community Financial Services Ltd. Graduate of Company Directors Course, Australian Institute of Company Directors (AICD). Victorian Manager, AICD 2002–05. Facilitator, AICD governance programs 2006–Present. Past Commercial Manager Victoria, Qantas Airways. Past General Manager, Customer loyalty programs, Qantas Airways Ltd. Past CEO, Service Partners Pty Ltd. Past Customer service and IT executive, Diners Club International. Member, RACV. Member, Sorrento Golf Club.

Special responsibilities: Community Impact Committee, Finance Committee

Interest in shares: nil share interest held

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

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

Company Secretary

The company secretary is Sarah Marshall.

Sarah was appointed to the position of secretary on 1 December 2016.

Qualifications, experience and expertise: Sarah's qualifications include BA/LLB(Hons) from the University of Melbourne. Sarah has a background in corporate and commercial law in city law firms for eight years. Sarah's special responsibilities include the Sponsorship and Marketing Committees.

Principal activity

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

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

Operating results

The profit of the company for the financial year after provision for income tax was:

Year ended 30 June 2021 $	Year ended 30 June 2020 $
160,345	**564,115**

Directors' report (continued)

Directors' interests

	Fully paid ordinary shares		
	Balance at the start of the year	**Changes during the year**	**Balance at the end of the year**
Vincent de Paul Cheers	46,500	27,334	73,834
Stephen Bernard Edmund	7,200	–	7,200
Dorothy Mortlock	2,890	–	2,890
Amber Britt Earles	2,000	–	2,000
Barry Leonard Irving OAM	3,600	–	3,600
Gary Michael Cain	5,000	–	5,000
Janet Hall	8,800	–	8,800
Stephen De Quetteville Robin	1,500	–	1,500
Renee Christiana Bowker	–	–	–
Craig Lawrence Dowsing	–	600	600
Anthony Patrick Harford	–	–	–

Dividends

During the financial year, the following dividends were provided for and paid. The dividends have been provided for in the financial statements.

	Cents per share	Total amount $
Final fully franked dividend	5.00	146,580

Significant changes in the state of affairs

Since January 2020, COVID-19 has developed and spread globally. In response, the Commonwealth and State Government introduced a range of social isolation measures to limit the spread of the virus. Such measures have been revised, as appropriate, based on case numbers and the level of community transmission. Whilst there has been no significant changes on the company's financial performance so far, uncertainty remains on the future impact of COVID-19 to the company's operations.

With a strategic focus on business growth through building the loan book, the Board took the opportunity at the cessation of a commercial lease arrangement, to re-purpose the premises at 1/1089 Point Nepean Road (adjacent to the Community Bank Rosebud Branch). In late March 2021, the Rosebud Business Centre was officially opened as a dedicated space to provide tailored business banking services to existing and new business customers. Simultaneous to the opening, was the appointment of a dedicated Local Business Manager to complement the existing business banking staff and support.

In the opinion of the directors there were no other 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

Since the end of the financial year, the board of directors has proposed to pay a fully franked dividend of 4 cents per share, to be paid on 19 November 2021. The financial impact of the dividend, amounting to $117,264, has not been recognised in the financial statements for the financial year ended 30 June 2021, and will be recognised in the subsequent financial statements.

Directors' report (continued)

There are no other 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.

Directors' benefits

No director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a director, a firm which a director is a member or an entity in which a director has a substantial financial interest except as disclosed in note 28 to the financial statements. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the company's accounts, or the fixed salary of a full-time employee of the company, controlled entity or related body corporate.

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.

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 (including meetings of committees of directors) attended by each of the directors of the company during the financial year were:

			Committee meetings attended							
	Board meetings attended		Audit & Governance		Budget, Finance & Asset Management		Sponsorship		Marketing	
	E	A	E	A	E	A	E	A	E	A
Vincent de Paul Cheers	5	5	–	–	–	–	3	1	3	2
Stephen Bernard Edmund	14	14	–	–	1	1	–	–	–	–
Dorothy Mortlock	14	13	2	2	–	–	–	–	–	–
Amber Britt Earles	14	12	–	–	–	–	5	5	4	4
Barry Leonard Irving OAM	14	9	–	–	–	–	5	2	2	2
Gary Michael Cain	14	14	–	–	1	1	–	–	–	–
Janet Hall	14	14	2	2	–	–	5	4	–	–
Stephen De Quetteville Robin	14	13	–	–	–	–	4	4	4	4
Renee Christiana Bowker	14	14	–	–	–	–	5	4	4	3
Craig Lawrence Dowsing	14	13	–	–	1	1	–	–	–	–
Anthony Patrick Harford	6	6	–	–	–	–	3	3	3	2

E – eligible to attend
A – number attended

Directors' report (continued)

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 note 27 to the accounts.

The board of directors has considered the non-audit services provided during the year by the auditor and, in accordance with the advice received from the Audit and Governance Committee, is satisfied that the provision of the non-audit services is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Audit and Governance Committee to ensure they do not impact on the impartiality, integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the company, acting as an advocate for the company or jointly sharing risks and rewards.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 12.

Signed in accordance with a resolution of the directors at Dromana, Victoria.

Stephen Bernard Edmund, Director
Dated this 28th day of September 2021

Auditor's independence declaration

61 Bull Street
Bendigo VIC 3550
afs@afsbendigo.com.au
03 5443 0344

Independent 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 2021, 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: 28 September 2021

Joshua Griffin
Lead Auditor

afsbendigo.com.au

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

Financial statements

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2021

	Notes	2021 $	2020 $
Revenue from contracts with customers	8	3,236,686	3,725,719
Other revenue	9	52,290	209,094
Finance income	10	–	126
Employee benefit expenses	11c	(1,893,712)	(1,867,293)
Charitable donations, sponsorship, advertising and promotion		(476,738)	(567,460)
Occupancy and associated costs		(151,075)	(146,067)
Systems costs		(180,795)	(180,219)
Depreciation and amortisation expense	11a	(144,918)	(133,390)
Finance costs	11b	(30,835)	(43,212)
General administration expenses		(198,965)	(221,203)
Profit before income tax expense		**211,938**	**776,095**
Income tax expense	12a	(51,593)	(211,980)
Profit after income tax expense		**160,345**	**564,115**
Total comprehensive income for the year attributable to the ordinary shareholders of the company:		**160,345**	**564,115**
Earnings per share		¢	¢
Basic and diluted earnings per share	30a	5.47	19.24

The accompanying notes form part of these financial statements.

Statement of Financial Position

As at 30 June 2021

	Notes	2021 $	2020 $
ASSETS			
Current assets			
Cash and cash equivalents	13	133,016	392,719
Trade and other receivables	15a	271,280	382,011
Current tax assets	18a	44,794	–
Total current assets		**449,090**	**774,730**
Non-current assets			
Investment property	14a	–	940,091
Property, plant and equipment	16a	5,467,650	4,502,985
Intangible assets	17a	183,954	43,636
Deferred tax asset	18b	126,759	128,453
Total non-current assets		**5,778,363**	**5,615,165**
Total assets		**6,227,453**	**6,389,895**
LIABILITIES			
Current liabilities			
Trade and other payables	19a	172,670	172,622
Current tax liabilities	18a	–	106,726
Loans and borrowings	20a	219,882	230,914
Employee benefits	21a	111,399	97,248
Total current liabilities		**503,951**	**607,510**
Non-current liabilities			
Trade and other payables	19a	126,818	–
Loans and borrowings	20b	719,014	913,720
Employee benefits	21b	86,874	91,634
Total non-current liabilities		**932,706**	**1,005,354**
Total liabilities		**1,436,657**	**1,612,864**
Net assets		**4,790,796**	**4,777,031**
EQUITY			
Issued capital	22a	1,299,400	1,299,400
Reserves	23	1,306,515	1,306,515
Retained earnings	24	2,184,881	2,171,116
Total equity		**4,790,796**	**4,777,031**

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of Changes in Equity

For the year ended 30 June 2021

	Notes	Issued capital $	Revaluation reserve $	Retained earnings $	Total equity $
Balance at 1 July 2019		1,299,400	1,306,515	1,834,200	4,440,115
Total comprehensive income for the year		–	–	564,115	564,115
Transactions with owners in their capacity as owners:					
Dividends provided for or paid	29a	–	–	(227,199)	(227,199)
Balance at 30 June 2020		**1,299,400**	**1,306,515**	**2,171,116**	**4,777,031**
Balance at 1 July 2020		1,299,400	1,306,515	2,171,116	4,777,031
Total comprehensive income for the year		–	–	160,345	160,345
Transactions with owners in their capacity as owners:					
Dividends provided for or paid	29a	–	–	(146,580)	(146,580)
Balance at 30 June 2021		**1,299,400**	**1,306,515**	**2,184,881**	**4,790,796**

The accompanying notes form part of these financial statements.

Statement of Cash Flows

For the year ending 30 June 2021

	Notes	2021 $	2020 $
Cash flows from operating activities			
Receipts from customers		3,648,127	4,366,738
Payments to suppliers and employees		(3,092,336)	(3,394,175)
Interest received		–	126
Interest paid		(30,835)	(43,212)
Lease payments not included in the measurement of lease liabilities	11d	(75,287)	(68,331)
Income taxes paid		(201,420)	(148,419)
Net cash provided by operating activities	25	**248,249**	**712,727**
Cash flows from investing activities			
Payment for property, plant and equipment		(27,056)	(7,220)
Proceeds from sale of property, plant and equipment		7,233	–
Payments for intangible assets		(38,430)	–
Payments for investment property		(97,381)	–
Net cash used in investing activities		**(155,634)**	**(7,220)**
Cash flows from financing activities			
Repayment of loans and borrowings		(205,738)	(221,065)
Dividends paid	29a	(146,580)	(227,199)
Net cash used in financing activities		**(352,318)**	**(448,264)**
Net cash increase/(decrease) in cash held		**(259,703)**	**257,243**
Cash and cash equivalents at the beginning of the financial year		392,719	135,476
Cash and cash equivalents at the end of the financial year	13	**133,016**	**392,719**

The accompanying notes form part of these financial statements.

Notes to the financial statements

For the year ending 30 June 2021

Note 1. Reporting entity

This is the financial report for Rye & District Community Financial Services Limited (the company). The company is a for profit entity limited by shares, and incorporated and domiciled in Australia. The registered office and principal place of business is:

- Registered office: 1/1087–1089 Point Nepean Road, Rosebud VIC 3939
- Principal places of business:
  239 Point Nepean Road Dromana VIC 3936
  2271 Point Nepean Road Rye VIC 3941
  1/1087–1089 Point Nepean Road Rosebud VIC 3939

Further information on the nature of the operations and principal activity of the company is provided in the directors' report. Information on the company's related party relationships is provided in note 28.

Note 2. Basis of preparation and statement of compliance

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards and Interpretations adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The financial statements comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB).

The financial statements have been prepared on an accrual and historical cost basis, except for certain properties, financial instruments, and equity financial assets that are measured at revalued amounts or fair values at the end of each reporting period. The financial report is presented in Australian dollars and all values are rounded to the nearest dollar, unless otherwise stated.

These financial statements for the year ended 30 June 2021 were authorised for issue in accordance with a resolution of the directors on 28 September 2021.

Note 3. Changes in accounting policies, standards and interpretations

There are a number of amendments to accounting standards issued by the AASB that became mandatorily effective for accounting periods beginning on or after 1 July 2020, and are therefore relevant for the current financial year. The amendments did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

Note 4. Summary of significant accounting policies

The company has consistently applied the following accounting policies to all periods presented in these financial statements.

a) Revenue from contracts with customers

The company has entered into a franchise agreement with Bendigo Bank. The company delivers banking and financial services of Bendigo Bank to its community. The franchise agreement provides for a share of interest, fee, and commission revenue earned by the company. Interest margin share is based on a funds transfer pricing methodology which recognises that income is derived from deposits held, and that loans granted incur a funding cost. Fees are based on the company's current fee schedule and commissions are based on the agreements in place. All margin revenue is recorded as non-interest income when the company's right to receive the payment is established. The company acts as an agent under the franchise agreement and revenue arises from the rendering of services through its franchise agreement.

The company acts as an agent under the franchise agreement and revenue arises from the rendering of services through its franchise agreement.

Revenue is recognised on an accruals basis, at the fair value of consideration specified in the franchise agreement. Under AASB 15 *Revenue from Contracts with Customers* (AASB 15), revenue recognition for the company's revenue stream is as follows:

Revenue	Includes	Performance obligation	Timing of recognition
Franchise agreement profit share	Margin, commission, and fee income	When the company satisfies its obligation to arrange for the services to be provided to the customer by the supplier (Bendigo Bank as franchisor).	On completion of the provision of the relevant service. Revenue is accrued monthly and paid within 10 business days after the end of each month.

All revenue is stated net of the amount of Goods and Services Tax (GST). There was no revenue from contracts with customers recognised over time during the financial year.

Revenue calculation

The franchise agreement provides that three forms of revenue may be earned by the company—margin, commission and fee income. Bendigo Bank decides the form of revenue the company earns on different types of products and services.

The revenue earned by the company is dependent on the business that it generates. It may also be affected by other factors, such as economic and local conditions, for example, interest rates.

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 Bank for a deposit,
- *minus* any costs of funds i.e. interest applied by to fund a loan.

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

Notes to the financial statements (continued)

Note 4. Summary of significant accounting policies (continued)
a) Revenue from contracts with customers (continued)

Commission

Commission revenue is in the form of commission generated for products and services sold. This commission is recognised at a point in time which reflects when the company has fulfilled its performance obligation.

The company receives trailing commission for products and services sold. Ongoing trailing commission payments are recognised on receipt as there is insufficient detail readily available to estimate the most likely amount of income without a high probability of significant reversal in a subsequent reporting period. The receipt of ongoing trailing commission income is outside the control of the company, and is a significant judgement area.

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.

Core banking products

Bendigo Bank has identified some products and services as 'core banking products'. It may change the products and services which are identified as core banking products by giving the company at least 30 days notice. Core banking products currently include Bendigo Bank branded home loans, term deposits and at call deposits.

Ability to change financial return

Under the franchise agreement, Bendigo Bank may change the form and amount of financial return the company receives. The reasons it may make a change include changes in industry or economic conditions or changes in the way Bendigo Bank earns revenue.

The change may be to the method of calculation of margin, the amount of margin, commission and fee income or a change of a margin to a commission or vice versa. This may affect the amount of revenue the company receives on a particular product or service.

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

b) Other revenue

The company's activities include the generation of income from sources other than the core products under the franchise agreement. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and can be reliably measured.

Revenue	Revenue recognition policy
Rental income	Rental income from investment properties, including property owned and right-of-use assets leased, is accounted for on a straight-line basis over the lease term. If not received at balance date, revenue is reflected on the balance sheet as a receivable and carried at its recoverable amount.
Discretionary financial contributions (also 'Market Development Fund' or 'MDF' income)	MDF income is recognised when the right to receive the payment is established. MDF income is discretionary and provided and receivable at month-end and paid within 14 days after month-end.
Cash flow boost	Cash flow boost income is recognised when the right to the payment is established (e.g. monthly or quarterly in the activity statement).
Other income	All other revenues that did not contain contracts with customers are recognised as goods and services are provided.

All revenue is stated net of the amount of Goods and Services Tax (GST).

Notes to the financial statements (continued)

Note 4. Summary of significant accounting policies (continued)
b) Other revenue (continued)

Discretionary financial contributions

In addition to margin, commission and fee income, and separate from the franchise agreement, Bendigo Bank has also made MDF payments to the company.

The amount has been based on the volume of business attributed to a branch. The purpose of the discretionary payments is to assist with local market development activities, including community sponsorships and grants. It is for the board to decide how to use the MDF.

The payments from Bendigo Bank are discretionary and may change the amount or stop making them at any time. The company retains control over the funds, the funds are not refundable to Bendigo Bank.

Cash flow boost

In response to the COVID-19 outbreak, *Boosting Cash Flow for Employers (Coronavirus Economic Response Package) Act 2020* (CFB Act) was enacted. The purpose was to provide temporary cash flow to small and medium sized businesses that employ staff and have been affected by the economic downturn associated with COVID-19.

The amounts received are in relation to amounts withheld as withholding tax reported in the activity statement. This essentially subsidises the company's obligation to remit withholding tax to the Australian Taxation Office. For reporting purposes, the amounts subsidised are recognised as revenue.

The amounts are not assessable for tax purposes and there is no obligation to repay the amounts.

c) Economic dependency—Bendigo Bank

The company has entered into a franchise agreement with Bendigo Bank that governs the management of the Community Bank.

The company is economically dependent on the ongoing receipt of income under the franchise agreement with Bendigo Bank. The directors have no reason to believe a new franchise arrangement under mutually acceptable terms will not be forthcoming following expiry.

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

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

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

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

Bendigo Bank provides significant assistance in establishing and maintaining the Community Bank franchise operations. It also continues to provide ongoing management and operational support and other assistance and guidance in relation to all aspects of the franchise operation, including advice and assistance in relation to:

- the design, layout and fit out of the Community Bank premises
- training for the branch manager and other employees in banking, management systems and interface protocol
- methods and procedures for the sale of products and provision of services

Note 4. Summary of significant accounting policies (continued)
c) Economic dependency – Bendigo Ban (continued)

- security and cash logistic controls
- calculation of company revenue and payment of many operating and administrative expenses
- the formulation and implementation of advertising and promotional programs
- sales techniques and proper customer relations
- providing payroll services.

d) Employee benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for salary and wages where the employee has provided the service but payment has not yet occurred at the reporting date. They are measured at amounts expected to be paid, plus related on-costs. Non-accumulating sick leave is expensed when the leave is taken and measured at the rates paid or payable.

An annual leave liability is recognised for the amount expected to be paid if the company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be reliably estimated. The company's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as part of current trade and other payables in the statement of financial position. The company's obligations for employees' annual leave and long service leave entitlements are recognised in employee benefits in the statement of financial position.

Defined superannuation contribution plans

The company contributes to a defined contribution plan. Obligations for superannuation contributions to defined contribution plans are expensed as the related service is provided.

Other long-term employee benefits

The company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior reporting periods.

That benefit is discounted to determine its present value. Consideration is given to expected future wage and salary levels plus related on-costs, experience of employee departures, and years of service achieved. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

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

e) Taxes

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income.

Current income tax

Current tax assets and liabilities are measured at amounts expected to be recovered from or paid to the taxation authorities. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Deferred tax

Deferred tax assets are recognised for all deductible temporary differences, carried-forward tax losses, and unused tax credits to the extent that it is probable that future taxable profits will be available against which they can be used.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Note 4. Summary of significant accounting policies (continued)
e) Taxes (continued)

Deferred tax is measured at the rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any.

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 entity intends to settle its tax assets and liabilities on a net basis.

Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except when the amount of GST incurred on a sale or purchase of assets or services is not payable to or 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 revenue or expense item.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

f) Cash and cash equivalents

For the purposes of the Statement of Financial Position and Statement of Cash Flows, cash and cash equivalents comprise cash on hand and deposits held with banks.

g) Property, plant and equipment

Items of property, plant and equipment are measured at cost or fair value as applicable, less accumulated depreciation. Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the company.

Depreciation is calculated to write-off the cost of items of property, plant and equipment less their estimated residual values using straight-line and diminishing value method over their estimated useful lives, and is recognised in profit or loss. Land is not depreciated.

The estimated useful lives of property, plant and equipment for the current and comparative periods are as follows:

Asset class	Method	Useful life
Building	Nil	Nil
Leasehold improvements	Straight-line and diminishing value	5 to 15 years
Plant and equipment	Straight-line and diminishing value	2.5 to 15 years
Furniture, fixtures and fittings	Diminishing value	4 to 15 years
Motor vehicles	Diminishing value	5 years

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

Notes to the financial statements (continued)

Note 4. Summary of significant accounting policies (continued)

h) Intangible assets

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

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

The franchise fees paid by the company are amortised over their useful life and assessed for impairment whenever impairment indicators are present.

The estimated useful life and amortisation method for the current and comparative periods are as follows:

Asset class	Method	Useful life
Franchise fee	Straight-line	Over the franchise term (5 years)
Franchise renewal process fee	Straight-line	Over the franchise term (5 years)

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

i) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The company's financial instruments include trade and other debtors and creditors, cash and cash equivalents and borrowings.

Trade receivables are initially recognised at the transaction price when they originated. All other financial assets and financial liabilities are initially measured at fair value plus, transaction costs (where applicable) when the company becomes a party to the contractual provisions of the instrument. These assets and liabilities are subsequently measured at amortised cost using the effective interest method.

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the rights are transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and rewards associated with the asset. Financial liabilities are derecognised when its contractual obligations are discharged, cancelled, or expire. Any gain or loss on derecognition is recognised in profit or loss.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the company currently has a legally enforceable right to set off the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

j) Impairment

Non-derivative financial assets

Expected credit losses (ECL) are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received. At each reporting date, the entity recognises the movement in the ECL (if any) as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

The company's trade receivables are limited to the monthly profit share distribution from Bendigo Bank, which is received 10 business days post month end. Due to the reliance on Bendigo Bank the company has reviewed credit ratings provided by Standard & Poors, Moody's and Fitch Ratings to determine the level of credit exposure to the company. The company also performed a historical assessment of receivables from Bendigo Bank and found no instances of default. As a result no ECL has been made in relation to trade receivables as at 30 June 2021.

Notes to the financial statements (continued)

Non-financial 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 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).

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 is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately.

k) Issued capital

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.

l) Leases

Short-term leases and leases of low-value assets

The company has elected not to recognise right-of-use assets and lease liabilities for leases of short-term leases and low-value assets, including IT equipment. The company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

A short-term lease is a lease that, at commencement date, has a lease term of 12 months or less.

m) 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.

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 based on the quoted market price at the close of business at the end of the reporting period.
- Level 2 inputs are based on a valuation performed by a third party qualified valuer using quoted prices for similar assets in an active market.
- Level 3 inputs are unobservable inputs for the asset or liability.

Note 5. Significant accounting judgements, estimates, and assumptions

In preparing these financial statements, management has made judgements and estimates that affect the application of the company's accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

a) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at 30 June 2021 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

Note	Judgement
Note 18—recognition of deferred tax assets	Availability of future taxable profit against which deductible temporary differences and carried-forward tax losses can be utilised
Note 25—fair value	Determining the fair value less costs to sell of the disposal group on the basis valuations performed by a third party qualified valuer using quoted prices for similar assets in an active market.
Note 16—estimation of useful lives of assets	Key assumptions on historical experience and the condition of the asset
Note 21—long service leave provision	Key assumptions on attrition rate and pay increases though promotion and inflation

Note 6. Financial risk management

The company has exposure to credit, liquidity and market risk arising from financial instruments. 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 company. The company does not use derivative instruments.

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

a) Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's receivables from customers.

The company's franchise agreement limits the company's credit exposure to one financial institution, being Bendigo Bank. The company monitors credit worthiness through review of credit ratings of the bank.

b) Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

Note 6. Financial risk management (continued)
b) Liquidity risk (continued)

The following are the remaining contractual maturities of financial liabilities. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements.

		Contractual cash flows		
Non-derivative financial liability	**Carrying amount**	**Not later than 12 months**	**Between 12 months and five years**	**Greater than five years**
30 June 2021				
Bank loans	922,431	203,417	719,014	–
Chattel mortgage	16,465	16,465	–	–
Trade payables	299,488	172,670	126,818	–
	1,238,384	**392,552**	**845,832**	–
30 June 2020				
Bank loans	1,102,834	205,579	897,255	–
Chattel mortgage	41,800	25,335	16,465	–
Trade payables	172,623	172,623	–	–
	1 ,317,257	**428,872**	**913,720**	–

c) Market risk

Market risk

Market risk is the risk that changes in market prices—e.g. foreign exchange rates, interest rates, and equity prices—will affect the company's income or the value of its holdings in financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

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

Price risk

The company is not exposed to equity securities price risk as it does not hold investments for sale or at fair value. The company is not exposed to commodity price risk.

Cash flow and fair value interest rate risk

Interest-bearing assets are held with Bendigo Bank 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 held cash and cash equivalents of $133,016 at 30 June 2021 (2020: $392,719). The cash and cash equivalents are held with Bendigo Bank, which are rated BBB on Standard & Poor's credit ratings.

	2021 $	2020 $

Note 7. 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 monitors the return on capital and the level of distributions to shareholders. Capital is represented by total equity as recorded in the statement of financial position.

In accordance with the franchise agreement, in any 12 month period the funds distributed to shareholders shall not exceed the distribution limit.

The distribution limit is the greater of:

a) 20% of the profit or funds of the company 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 company over that 12 month period where the relevant rate of return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

The board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the year ended 30 June 2021 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 8. Revenue from contracts with customers

The company generates revenue primarily from facilitating community banking services under a franchise agreement with Bendigo Bank. The company is entitled to a share of the margin earned by Bendigo Bank.

Revenue from contracts with customers		
Margin income	2,731,125	3 ,126,860
Fee income	248,550	258,620
Commission income	257,011	340,239
	3,236,686	**3,725,719**

Note 9. Other revenue

Other revenue		
Rental income	–	42,281
Market development fund income	–	37,500
Cash flow boost	50,000	50,000
Sale of property, plant and equipment	2,290	–
Other income	–	79,313
	52,290	**209,094**

Notes to the financial statements (continued)

	2021 $	2020 $

Note 10. Finance income

At amortised cost:		
Other	–	126

Note 11. Expenses

a) Depreciation and amortisation expense

Depreciation of non-current assets:		
Buildings	67,906	55,581
Furniture and fittings	13,281	10,675
Motor vehicles	13,734	18,954
Investment property	–	15,234
	94,921	**100,444**
Amortisation of intangible assets:		
Franchise fee	7,689	5,531
Franchise renewal process fee	42,308	27,415
	49,997	**32,946**
Total depreciation and amortisation expense	**144,918**	**133,390**

b) Finance costs

Finance costs:		
Bank loan interest paid or accrued	30,531	42,429
Recurring borrowing costs paid	304	783
	30,835	**43,212**

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

c) Employee benefit expenses

Wages and salaries	1,450,920	1,532,487
Non-cash benefits	15,457	21,297
Contributions to defined contribution plans	145,459	145,352
Expenses related to long service leave	(7,570)	(25,276)
Other expenses	289,446	193,433
	1,893,712	**1,867,293**

Notes to the financial statements (continued)

	2021 $	2020 $

Note 11. Expenses (continued)

d) Recognition exemption

The company pays for the right to use information technology equipment. The underlying assets have been assessed as low value and exempted from recognition under AASB 16 accounting. Expenses relating to low-value exempt leases are included in system costs expenses.

	2021 $	2020 $
Expenses relating to low-value leases	75,287	68,331

Note 12. Income tax expense

a) Amounts recognised in profit or loss

Current tax expense/credit

	2021 $	2020 $
Current tax	49,901	193,475
Movement in deferred tax	(3,378)	11,094
Reduction in company tax rate	5,070	7,411
	51,593	**211,980**

b) *Prima facie* income tax reconciliation

	2021 $	2020 $
Operating profit before taxation	211,938	776,095
Prima facie tax on profit from ordinary activities at 26% (2020: 27.5%)	55,104	213,426
Tax effect of:		
Non-deductible expenses	1,186	1,483
Temporary differences	6,611	(7,684)
Other assessable income	(13,000)	(13,750)
Movement in deferred tax	(3,378)	11,094
Reduction in company tax rate	5,070	7,411
	51,593	**211,980**

Note 13. Cash and cash equivalents

a) Cash and cash equivalents

	2021 $	2020 $
Cash at bank and on hand	133,016	392,719

	2021 $	2020 $

Note 14. Investment property

Investment properties are held to generate long-term rental yields and capital appreciation. All tenant leases are on an arm's length basis.

1/1089 Nepean Hwy, Rosebud was leased to Wise Employment until June 2020. Following them vacating the property, it was determined that the premises would be occupied by Rye & District CFSL as a Business Banking office. As such, the property previously classified as an investment property has now been allocated to buildings.

a) Carrying amounts

Investment properties

	2021 $	2020 $
At fair value	–	975,000
Less: accumulated depreciation	–	(34,909)
	–	**940,091**

b) Reconciliation of carrying amounts

Investment properties

	2021 $	2020 $
Carrying amount at beginning	940,091	955,325
Disposals	(940,091)	–
Depreciation	–	(15,234)
Carrying amount at end	–	**940,091**

Note 15. Trade and other receivables

a) Current assets

	2021 $	2020 $
Trade receivables	241,075	278,120
Prepayments	24,104	24,578
Other receivables and accruals	6,101	79,313
	271,280	**382,011**

	2021 $	2020 $

Note 16. Property, plant and equipment

a) Carrying amounts

Land and buildings		
At fair value	5,567,194	4,494,813
Less: accumulated depreciation	(230,248)	(127,433)
	5,336,946	**4,367,380**
Furniture and fittings		
At cost	285,484	258,388
Less: accumulated depreciation	(192,925)	(179,644)
	92,559	**78,744**
Motor vehicles		
At cost	73,850	110,134
Less: accumulated depreciation	(35,705)	(53,272)
	38,145	**56,862**
Total written down amount	**5,467,650**	**4,502,985**

b) Reconciliation of carrying amounts

Land and buildings		
Carrying amount at beginning	4,367,380	4,422,962
Additions	1,037,472	–
Depreciation	(67,906)	(55,581)
Carrying amount at end	**5,336,946**	**4,367,380**
Furniture and fittings		
Carrying amount at beginning	78,744	82,198
Additions	27,096	7,221
Depreciation	(13,281)	(10,675)
Carrying amount at end	**92,559**	**78,744**
Motor vehicles		
Carrying amount at beginning	56,862	75,816
Disposals	(4,983)	–
Depreciation	(13,734)	(18,954)
Carrying amount at end	**38,145**	**56,862**
Total written down amount	**5,467,650**	**4,502,985**

	2021 $	2020 $

Note 16. Property, plant and equipment (continued)

c) Changes in estimates

During the financial year, the company assessed estimates used for property, plant and equipment including useful lives, residual values, and depreciation methods. There were no changes in estimates for the current reporting period.

d) Fair value

The fair value of investment property was determined by external, independent property valuers, having recognised professional qualifications and recent experience in the location and category of the property being valued. Independent valuers provide the fair value of the company's investment property portfolio every 3 to 5 years.

The company's properties were independently valued during 2018.

Note 17. Intangible assets

a) Carrying amounts

	2021 $	2020 $
Franchise fee		
At cost	198,941	167,221
Less: accumulated amortisation	(168,280)	(160,591)
	30,661	**6,630**
Franchise establishment fee		
At cost	70,000	70,000
Less: accumulated amortisation	(70,000)	(70,000)
	–	–
Franchise renewal process fee		
At cost	393,526	234,931
Less: accumulated amortisation	(240,233)	(197,925)
	153,293	**37,006**
Total written down amount	**183,954**	**43,636**

Notes to the financial statements (continued)

	2021 $	2020 $

Note 17. Intangible assets (continued)

b) Reconciliation of carrying amounts

Franchise fee		
Carrying amount at beginning	6,630	12,161
Additions	31,720	–
Amortisation	(7,689)	(5,531)
Carrying amount at end	**30,661**	**6,630**
Franchise renewal process fee		
Carrying amount at beginning	37,006	64,421
Additions	158,595	–
Amortisation	(42,308)	(27,415)
Carrying amount at end	**153,293**	**37,006**
Total written down amount	**183,954**	**43,636**

c) Changes in estimates

During the financial year, the company assessed estimates used for intangible assets including useful lives, residual values, and amortisation methods. There were no changes in estimates for the current reporting period.

The company renewed the franchise fees during the period. All are being amortised over the next 5 years until 2026.

Note 18. Tax assets and liabilities

a) Current tax

Income tax payable / (refundable)	(44,794)	106,726

b) Deferred tax

Deferred tax assets		
Expense accruals	1,736	362
Employee provisions	49,568	49,110
Carried-forward capital losses	122,827	127,740
Total deferred tax assets	**174,131**	**177,212**
Deferred tax liabilities		
Deductible prepayments	4,835	4,521
Revaluation surplus	42,537	44,238
Total deferred tax liabilities	**47,372**	**48,759**
Net deferred tax assets (liabilities)	**126,759**	**128,453**
Movement in deferred tax charged to Statement of Profit or Loss and Other Comprehensive Income	**(1,694)**	**(18,504)**

	2021 $	2020 $

Note 19. Trade creditors and other payables

Where the company is liable to settle an amount within 12 months of reporting date, the liability is classified as current. All other obligations are classified as non-current.

a) Current liabilities

	2021 $	2020 $
Trade creditors	17,204	6,730
Other creditors and accruals	155,466	165,892
	172,670	**172,622**

b) Non-current liabilities

	2021 $	2020 $
Other creditors and accruals	126,818	–

Note 20. Loans and borrowings

a) Current liabilities

	2021 $	2020 $
Secured bank loans	203,417	205,579
Chattel mortgage	16,465	25,335
	219,882	**230,914**

b) Non-current liabilities

	2021 $	2020 $
Secured bank loans	719,014	897,255
Chattel mortgage	–	16,465
	719,014	**913,720**

c) Terms and repayment schedule

			30 June 2021		30 June 2020	
	Nominal interest rate	**Year of maturity**	**Face value**	**Carrying value**	**Face value**	**Carrying value**
Secured bank loans	2.57%	Floating	922,431	922,431	1,102,834	1,102,834
Chattel mortgage	4.22%	2021	16,465	16,465	41,800	41,800

Note 21. Employee benefits

a) Current liabilities

	2021 $	2020 $
Provision for annual leave	57,592	40,631
Provision for long service leave	53,807	56,617
	111,399	**97,248**

Notes to the financial statements (continued)

	2021 $	2020 $

Note 21. Employee benefits (continued)

b) Non-current liabilities

Provision for long service leave	86,874	91,634

c) Key judgement and assumptions

The company uses historical employee attrition rates in determining the probability of an employee, at a given date, achieving continuous employment eligible for entitlement in accordance with long service leave legislation.

In the absence of sufficient historical employee attrition rates, the company applies a benchmark probability rate from across the Community Bank network to factor in estimating the probability of an employee, at a given date, achieving continuous employment eligible for entitlement in accordance with legislation.

Note 22. Issued capital

	2021		2020	
a) Issued capital	Number	$	Number	$
Ordinary shares—fully paid	2,931,605	1,340,732	2,931,605	1,340,732
Less: equity raising costs	–	(41,332)	–	(41,332)
	2,931,605	**1,299,400**	**2,931,605**	**1,299,400**

b) Rights attached to issued capital

Ordinary shares

Voting rights

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

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

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

Dividends

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

	2021 $	2020 $

Note 22. Issued capital (continued)

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 466 shareholders (2020: 469 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.

The board has the power to request information from a person who has (or is suspected by the board of having) a legal or beneficial interest in any shares in the company or any voting power in the company, for the purpose of determining whether a person has a prohibited shareholding interest. If the board becomes aware that a member has a prohibited shareholding interest, it must serve a notice requiring the member (or the member's associate) to dispose of the number of shares the board considers necessary to remedy the breach. If a person fails to comply with such a notice within a specified period (that must be between three and six months), the board is authorised to sell the specified shares on behalf of that person. The holder will be entitled to the consideration from the sale of the shares, less any expenses incurred by the board in selling or otherwise dealing with those shares.

In the constitution, members acknowledge and recognise that the exercise of the powers given to the board may cause considerable disadvantage to individual members, but that such a result may be necessary to enforce the prohibition.

Note 23. Reserves

a) Nature and purpose of reserves

The revaluation reserve relates to the revaluation of property, plant and equipment and investment properties.

Asset revaluation reserve	1,306,515	1,306,515

Notes to the financial statements (continued)

	Note	2021 $	2020 $

Note 24. Retained earnings

	Note	2021 $	2020 $
Balance at beginning of reporting period		2,171,116	1,834,200
Net profit after tax from ordinary activities		160,345	564,115
Dividends provided for or paid	29a	(146,580)	(227,199)
Balance at end of reporting period		**2,184,881**	**2,171,116**

Note 25. Reconciliation of cash flows from operating activities

	2021 $	2020 $
Net profit after tax from ordinary activities	160,345	564,115
Adjustments for:		
Depreciation	94,921	100,444
Amortisation	49,997	32,946
(Increase)/decrease in fair value of investment property	(97,382)	–
(Profit)/loss on disposal of non-current assets	(2,290)	–
Changes in assets and liabilities:		
(Increase)/decrease in trade and other receivables	110,733	(23,155)
(Increase)/decrease in other assets	54,279	18,505
Increase/(decrease) in trade and other payables	(25,019)	12,876
Increase/(decrease) in employee benefits	9,391	(38,060)
Increase/(decrease) in tax liabilities	(106,726)	45,056
Net cash flows provided by operating activities	**248,249**	**712,727**

Note 26. Financial instruments

The following shows the carrying amounts for all financial instruments at amortised costs. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Note	2021 $	2020 $
Financial assets			
Cash and cash equivalents	13	133,016	392,719
Trade and other receivables	15	247,176	357,433
		380,192	**750,152**
Financial liabilities			
Trade and other payables	19	299,488	172,623
Secured bank loans	20	922,431	1,102,834
Chattel Mortgage	20	16,465	41,800
		1,238,384	**1,317,257**

Notes to the financial statements (continued)

	2021 $	2020 $

Note 27. Auditor's remuneration

Amount received or due and receivable by the auditor of the company for the financial year.

Audit and review services		
Audit and review of financial statements	7,100	7,000
Non audit services		
General advisory services	1,280	500
Valuation services	–	3,500
Total auditor's remuneration	**8,380**	**11,000**

Note 28. Related parties

a) Details of key management personnel

The directors of the company during the financial year were:

Vincent de Paul Cheers
Stephen Bernard Edmund
Anthony Patrick Harford
Dorothy Mortlock
Amber Britt Earles
Barry Leonard Irving OAM
Gary Michael Cain
Janet Hall
Stephen De Quetteville Robin
Renee Christiana Bowker
Craig Lawrence Dowsing

b) Key management personnel compensation

Key management personnel compensation comprised the following.

Short-term employee benefits	74,999	79,187
Post-employment benefits	9,476	8,313
	84,475	**87,500**

Compensation of the company's key management personnel includes salaries and contributions to a post-employment defined contribution plan.

c) Related party transactions

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

Notes to the financial statements (continued)

	2021 $	2020 $

Note 29. Dividends provided for or paid

a) Dividends provided for and paid during the period

The following dividends were provided for and paid to shareholders during the reporting period as presented in the statement of changes in equity and statement of cash flows.

	30 June 2021		30 June 2020	
	Cents	$	Cents	$
Fully franked dividend	**5.00**	**146,580**	**7.75**	**227,199**

The tax rate at which dividends have been franked is 26% (2020: 27.5%).

b) Dividends proposed not recognised at balance date

Fully franked dividend	–	–	**5.00**	**146,580**

The tax rate at which future dividends will be franked is 25% (2022: 25%).

c) Franking account balance

Franking credits available for subsequent reporting periods		
Franking account balance at the beginning of the financial year	1,086,441	1,024,201
Franking transactions during the financial year:		
Franking credits/(debits) from the payment/(refund) of income tax following lodgement of annual income tax return	74,337	35,591
Franking credits from the payment of income tax installments during the financial year	127,083	112,828
Franking debits from the payment of franked dividends	(51,501)	(86,179)
Franking account balance at the end of the financial year	**1,236,360**	**1,086,441**
Franking transactions that will arise subsequent to the financial year end:		
Franking credits (debits) that will arise from payment (refund) of income tax	(44,794)	106,726
Franking debits that will arise from payment of dividends subsequent to financial year end	–	(55,599)
Franking credits available for future reporting periods	**1,191,566**	**1,137,568**

The ability to utilise franking credits is dependent upon the company's ability to declare dividends.

		2021 $	2020 $

Note 30. Earnings per share

a) Basic and diluted earnings per share

The calculation of basic and diluted earnings per share has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding.

Profit attributable to ordinary shareholders	$	160,345	564,115
Weighted-average number of ordinary shares	Number	2,931,602	2,931,602
Basic and diluted earnings per share	Cents	5.47	19.24

Note 31. Commitments

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

Note 32. Contingencies

Contingent liabilities at reporting date

Not otherwise provided for or disclosed in the financial statements:

Contingent liabilities	255,000	255,000

Contingent liabilities related predominantly to actual or potential claims on the company for which amounts are reasonably estimated but the liability is not probable and therefore the company has not provided for such amount in these financial statements.

Assessing the amount or liabilities that are not probable is highly judgemental. Contingent liabilities are disclosed on the basis of the known maximum exposure.

Note 33. Subsequent events

There have been no significant events occurring after the reporting period which may affect either the company's operations or the results of those operations or the company's state of affairs.

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 2021 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.

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

Signed in accordance with a resolution of the directors at Dromana, Victoria.

Stephen Bernard Edmund, Director
Dated this 28th day of September 2021

Independent audit report

Partners in success
Chartered Accountants

61 Bull Street
Bendigo VIC 3550

afs@afsbendigo.com.au
03 5443 0344

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Rye & District Community Financial Services Limited's (the company), which comprises:

- Statement of financial position as at 30 June 2021
- Statement of profit or loss and other comprehensive income
- Statement of changes in equity
- Statement of cash flows
- Notes to the financial statements, including a summary of significant accounting policies
- The directors' declaration of the company.

In our opinion, the accompanying financial report of Rye & District Community Financial Services Limited, is in accordance with the *Corporations Act 2001*, including:

i. giving a true and fair view of the company's financial position as at 30 June 2021 and of its financial performance for the year ended on that date; and
ii. complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report.

We are independent of the company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

61 Bull Street
Bendigo VIC 3550
afs@afsbendigo.com.au
03 5443 0344

Other Information

The company usually prepares an annual report that will include the financial statements, directors' report and declaration and our independence declaration and audit report (the financial report). The annual report may also include "other information" on the entity's operations and financial results and financial position as set out in the financial report, typically in a Chairman's report and Manager's report, and reports covering governance and shareholder matters.

The directors are responsible for the other information. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and accordingly we will not express any form of assurance conclusion thereon.

Our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If we identify that a material inconsistency appears to exist when we read the annual report (or become aware that the other information appears to be materially misstated), we will discuss the matter with the directors and where we believe that a material misstatement of the other information exists, we will request management to correct the other information.

Responsibilities of the Directors for the Financial Report

The directors of the company are responsible for the preparation of the financial report that it gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatement can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

61 Bull Street
Bendigo VIC 3550
afs@afsbendigo.com.au
03 5443 0344

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 28 September 2021

Joshua Griffin
Lead Auditor

Community funding 2020–21

Organisations who have received donations, sponsorships or grants this year

Bendigo Bank Youth Leadership Program 2021 (Mornington Peninsula)
Boneo Adult Riders Club
Boneo Baseball & Softball Club
Boneo Primary School
Boneo Rural Fire Brigade
Caroline Chisholm Education Foundation
Carrington Park Ladies' Golf
Dreamhouse Theatre Company
Dromana College
Dromana Bowls Club
Dromana College Parents & Friends Association
Dromana Cricket Club
Dromana Fire Brigade
Dromana Football & Netball Club
Dromana Foreshore Committee of Management
Dromana Valley Probus
Food For All
Girl Guides Association of Victoria (Rosebud Branch)
Hands on Health
Janice Earth
Lions Club of McCrae & District
Living Culture
Main Ridge Bowls and Petanque
Main Ridge Cricket Club
Main Ridge Pony Club
Mornington District Basketball Association
Mornington Peninsula Bowls Region
Mornington Peninsula Bowmen
Mornington Peninsula Foundation
Mornington Peninsula Hockey Club
Mornington Peninsula Koala Conservation Landcare Group
Mornington Peninsula Landcare Network
Mornington Peninsula Veteran Golfer's Association
National Serviceman's Association (Mornington Peninsula Sub Branch)
Nepean Conservation Group
Our Lady of Fatima School Rosebud—Parent Association
Oz Assist
Peninsula Chamber Musicians
Peninsula Studio Trail
Peninsula Writers' Club
Red Hill Consolidated School
Red Hill Football Netball Club
Rosebud and District Motorcycling Club
Rosebud and Districts Mens Shed
Rosebud Beach Community Bowls Club
Rosebud Christmas Carols
Rosebud Country Club—Bowls Section
Rosebud Cricket Club
Rosebud Football Netball Club Incorporated
Rosebud Junior Football Club
Rosebud Secondary College
Rosebud Soccer Club
Rosebud Toy Library
Rotary Club of Dromana
Rotary Club of Sorrento
Rye Bowls Club
Rye Cemetery Trust
Rye Community House
Rye Football Club
Rye Tennis Club
Rye Yacht Club
Safety Beach Dromana Men's Shed
Safety Beach Golf Club
Sorrento Beachside Visitor's Centre
Sorrento Bowls Club
Sorrento Community Centre
Sorrento Cricket Club
Sorrento Junior Netball Club
Sorrento Portsea RSL Bowls
Sorrento Primary School
South West Mornington Peninsula (SWaMP) Landcare
Southern Mornington Peninsula Uniting Church
Southern Peninsula Cancer Support
Southern Peninsula Classic and Historic Car Club
Southern Peninsula Community Support
Southern Peninsula Indoor Bias Bowls
Southern Peninsula Little Athletics Centre
Southern Peninsula View Club
St George's Anglican Church Red Hill
The Dunes Golf Club
Tootgarook Netball Club
Tootgarook Primary School
Village Glen Bowls Club
Village Glen Croquet Club
Village Glen Fidelity Club
Village Glen Golf Club
Vinnie's Kitchen
Waterfall Gully Preschool
West Rosebud Bowling and Croquet Club
Woodworkers of the Southern Peninsula

Community Bank · Rye & District
2271 Point Nepean Road
Rye VIC 3941
Phone: (03) 5985 9755 Fax: (03) 5985 9299
Email: RyeMailbox@bendigoadelaide.com.au
Web: www.bendigobank.com.au/branch/vic/community-bank-rye-district/

Community Bank · Dromana
239 Point Nepean Road
Dromana VIC 3936
Phone: (03) 5981 0106 Fax: (03) 5987 3172
Email: DromanaMailbox@bendigoadelaide.com.au
Web: www.bendigobank.com.au/branch/vic/community-bank-dromana/

Community Bank · Rosebud
1087 Point Nepean Road
Rosebud VIC 3939
Phone: (03) 5982 0499 Fax: (03) 5986 6535
Email: RosebudMailbox@bendigoadelaide.com.au
Web: www.bendigobank.com.au/branch/vic/community-bank-rosebud/

Rosebud Business Centre
1/1089 Point Nepean Road
Rosebud VIC 3939
Phone: (03) 5981 0556 Fax: (03) 5986 6535
Email: RosebudMailbox@bendigoadelaide.com.au

Franchisee: Rye & District Community Financial Services Ltd
ABN: 67 095 766 895
1/1089 Point Nepean Road, Rosebud VIC 3939
Phone: (03) 5981 0556 Fax: (03) 5986 6535
Email: admin@ryedistrict.com.au

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

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Bendigo Bank

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