Annual Report 2022

Rye & District Community Financial Services Limited

Community Bank · Southern Peninsula

ABN 67 095 766 895

Contents

Chair's report

After seven years proudly serving as Chairman of Rye & District Community Financial Services Limited, I am proud to present this report for the year ending 30 June 2022.

At the heart of our company's existence is the relationship we have with the local Southern Peninsula community. As we reflect on the financial year of 2021–2022, we are delighted to reveal that since opening our first branch in Rye in 2001, we have returned over $9.1 million in funding to organisations and groups in our region. This is an amazing achievement. This financial result is achieved with the guidance from our board of directors who have the interests of both shareholders and the local community at heart.

Organisations such as the CFA, Volunteer Coastguard, schools and sporting clubs, to name but a few, have been the appreciative recipients of our community funding program. Of course, we are achieving these impressive results with our partner Bendigo and Adelaide Bank.

I would like to thank Director Dot Mortlock who resigned in November 2021 after a long tenure. Her deep connection and care for the local community will be missed. Of note, was Dot's particular involvement in establishing and strengthening the partnership with the Southern Peninsula Youth Service over a number of years.

Our board is committed to engendering change and creating meaningful impact in the place we live and work, to deliver our company's purpose of inspiring a thriving community. This past year, the company has spent time engaging with stakeholders to understand the unique challenges faced by young people, particularly in relation to educational attainment. Due to this important work, we are investing $100,000 into literacy programs for primary-aged children on the Southern Peninsula. We are very excited to see progress in this area and hope to provide more updates throughout the coming year.

Turning to the company's performance, we reported a net profit after tax of $300,157 (30 June 2021: $160,345), a significant increase of approximately 87%, much of which can be attributed to re-valuations of property assets (+$74,492). Yet again, revenue gains were hard won due to a weak margin environment on the back of continued low interest rates. Total revenue was up slightly (by 1.8%), sitting at $3,295,267. The board anticipates the current year will see further growth. As the Reserve Bank has taken a more aggressive approach to increasing rates, margins will likewise rise, however, loan activity may slow as lending criteria tighten and consumers assess the market and proceed with a higher degree of caution.

I would like to thank our Senior Manager, Fiona Somjee for her agile leadership over another difficult period marked by disruption due to covid and staff shortages. She has led her team with professionalism and is never afraid to embrace change. Her enthusiasm for banking is evident and is reflected in the values that our wonderful staff demonstrate every day – providing exemplary service to our customers and wider community.

While we are seeing trends in reduced foot traffic across branches, we also recognise that our unique difference as a Community Bank is the importance of maintaining a local presence. As part of the company's strategic planning and the commitment to bricks and mortar we are excited to announce the commencement of a full re-fit of Community Bank Rosebud, slated for early 2023. We hope that this exciting new space will further promote our full-service banking capabilities to attract new customers as well as demonstrate our commitment to existing customers. We anticipate being able to fund this project with cash reserves.

Considering this future investment, the board has declared a 3.5 cent per share fully franked dividend, to be paid out on 18 November.

On behalf of the board, I would like to thank you, our shareholders, for your continued support of Rye & District Community Financial Services Limited. Your belief in the profit for purpose model enables us to provide critical banking services and contribute in a truly meaningful way, to our local Southern Peninsula community.

Vin Cheers
Chairman

Senior Manager's report

It is with immense pleasure that I submit my report to the shareholders of Rye & District Community Financial Services Limited for the financial year ended 30th June 2022.

The year of 2021–22 has seen ongoing challenges and uncertainty with the aftermath of the covid pandemic coupled with tighter lending conditions and more oversight on both policy and execution of policy, less over-the-counter transactions and an increase in digital banking. However, we have also seen a strong growth in housing prices, employment and low interest rates in the earlier part of the financial year which encouraged improvement in the household sector.

While noting the above changes to our banking and lending conditions our Community Bank Southern Peninsula branches have demonstrated great resilience and shown such positive unity and growth. An example of this is the increase in home lending settlements across all three of our branches with Rye increasing from 43 in the previous year to 70 (+27), Dromana increasing from 19 in the previous year to 41 (+22) and Rosebud increasing from 59 in the previous year to 69 (+10). This was satisfying given the challenging climate.

Our consolidated footings as of the 30th of June 2022 totalled $771.3 million (up 16%), which included total deposits of $493 million, total lending of $237.5 million along with $40.7 million in Financial Planning products under management. These balances represent a $107.3 million increase in footings over the fiscal year (see table below).

Community Bank Rye, Dromana and Rosebud holds 20,406 accounts from our 12,768 customers, an increase of 893 accounts and an increase of 352 customers from the previous year which shows an increase in product number per customer of 1.6%. Support for our unique Bendigo Bank Community Bank brand has come from all sectors of our community, including personal and business.

While we have seen more of our competitors in the area scale back their operations both in terms of physical presence and/or service offerings (including opening times) we have taken the opportunity to re-design the operations of our business to allow for a dedicated focus on lending with the creation and the implementation of our Lending Hub based in Rosebud. This sets us up for greater success with significant opportunity to leverage lending growth and wider banking solutions. Our team of experienced lenders in the Hub allows for a dedicated focus on lending. We recognise that customers' buying habits are changing and we need to adapt to be sustainable. This is a new way of working to allow us to deliver better lending outcomes, customer service levels and meet the changing needs of our customers. In this suite of lenders we also offer our Mobile Relationship Manager who works out of hours and is mobile in order to visit any of our customers who cannot get to branch or navigate our digital lending option.

While we have introduced the lending hub to strengthen our lending growth we have also undertaken a new approach by switching out the role of Branch Managers to Branch Operation Managers for the benefit of building high performing teams. Branch Operation Managers can direct their focus to staff coaching and development to ensure our people are having deeper customer conversations, in turn leading to generation of more lending opportunities. The change in management role also allows more resourcing dedicated to branch operations and compliance and for deeper local community engagement. This new structure at branch ensures that all our customers are experiencing excellent customer service with the branch now solely focussing on the 'customer experience'.

We consistently see existing customers acting as our advocates and promoting the benefits of supporting our Community Bank branches. This advocacy is

Branch	Total footings ($ million)	Deposit footings ($ million)	Lending footings ($ million)	Financial planning products under management ($ million)	Change (%)
Rye	327.97	210	92	26	+ 18.9%
Rosebud	231	146	74.5	10.27	+ 22.3%
Dromana	212.21	137	59.55	4.3	+ 6.0%

being led particularly by the many not-for-profit groups that we have partnered with since opening. These organisations continue to see the rewards that banking with the Community Bank can bring to them. Over the next 12 months we remain committed to developing our partnerships with these not-for-profit customers, so that we can all share in the building of a stronger and more financially secure local community. We have also taken on a new Community Liaison Officer, Hollie Wilkin, who is working with many of our local groups and businesses. I am confident that we can continue to grow our business to a level that enables us to record consistent month-on-month profits.

The leadership team now consists of myself as Senior Manager along with our Branch Operation Managers: Craig Casey (Rye) and Renae Dunston (Rosebud). We are currently seeking a candidate to fill the role at Dromana. Rounding out the management group, is Local Business Manager Kristy McRae, Mobile Relationship Manager Peta Dodson and our New Lending Hub Team Leader, Laura Nestoriwskyj. I would like to recognise and thank our managers for their excellent support, leadership, and management of their staff/teams during these uncertain and unprecedented times. Thank you to all our staff at all three branches, you have all shown amazing resilience and commitment to our customers and to one another. I would also like to acknowledge the 20 years of service that Julie Nolo gave to Community Bank Southern Peninsula. Julie resigned at the start of 2022, but her commitment to the community and her belief in the Community Bank model was extremely influential in the success of Rye & District. We wish Julie all the best in her retirement.

I would also like to thank our board of directors who have worked tirelessly in promoting Community Bank Southern Peninsula along with our Regional Support team including our 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 that thank all our customers and shareholders for your continued support of Community Bank Southern Peninsula. Without your belief in the Community Bank model, we would not have been able to achieve the results we have to date. I congratulate every stakeholder involved in our company and thank every customer because it is with your continued support that these outstanding community funding contributions are possible. I continue to ask that you be advocates for our Community Bank branches and encourage your family, friends, and associates to bank with us.

We will continue to strive to be the best Community Bank in the network by providing the highest levels of customer service possible. We will remain resilient and committed to our customers and local community. Please feel free to contact us anytime at Community Bank Southern Peninsula.

Fiona Somjee
Senior Branch Manager
Fiona.Somjee@bendigoadelaide.com.au

Bendigo and Adelaide Bank report

Community continues to be core to who we are at Bendigo and Adelaide Bank.

With your support, we are enabling community infrastructure to be built, strengthening the arts and culturally diverse communities, improving educational outcomes, and growing healthy places for Australians to live and work. On behalf of the Bank, thank you for continuing to play a vital role in supporting your community.

As we emerge from the pandemic and navigate a shifting economic landscape, the investments our Community Banks make in the future of the communities in which they operate has never been more important.

We are proud that more Australians are choosing to do their banking with Bendigo and Adelaide Bank – and importantly trust us with their financial needs. We are Australia's most trusted bank (Roy Morgan, May 2022), an outcome that you have all contributed to and should feel proud of.

Our purpose has never been more important; we remain committed to continuing to feed into the prosperity of our customers and communities, and not off them.

Your ongoing support as a shareholder is essential to the success of your local community. Together, we will continue to grow sustainably and make a positive impact for generations to come.

Warmest regards,

Justine Minne
Bendigo and Adelaide Bank

CBNC report

OUR VOICE COMMUNITY BANK NATIONAL COUNCIL

As a shareholder in your local Community Bank, you are part of this incredible social network that is playing an increasingly important role in the Australian economy.

The Community Bank network was a first mover in Australia with its unique social enterprise model. The first Community Bank opened its doors in 1998, and since then, the network has grown to 307 Community Bank branches.

The network represents a diverse cross-section of Australia with 240 social enterprises, 70,000+ shareholders, 1600+ volunteer directors, 1600+ staff and 905,000 customers located in metro, regional, rural and remote locations across the country. It's not uncommon to visit a country town and see the Community Bank logo affixed to public amenities; at the front of schools, and on the perimeter of sporting clubs – such is the breadth and depth of our investments over the years.

The Community Bank network invests via grants, donations and sponsorships that connect with and care for generations of Australians. Funding programs range from sport, scholarships and school programs, through to community groups, cultural organisations and local councils. The Community Bank influence further extends to facilitating and attracting other partners to help subsidise much needed community projects.

The relationship with the Bank, which has been fashioned out of shared effort, risk and reward, is clearly a philosophy that works. Also supporting the network, is the Community Bank National Council (CBNC), which advocates and influences on behalf of the 240 community enterprises with its partners.

The three strategic pillars of the 22-23 CBNC strategy are to: ·

- Develop a community network strategy to ensure the ongoing sustainability of our community enterprises
- Advocate for and champion the uniqueness and value of our social enterprises
- Unite the network to leverage our community presence and amplify our community impact.

All directors and shareholders should feel proud of the network which has collectively delivered enormous impact in our local communities.

We are community builders and investors with a national presence, whilst still retaining grass roots community connections. It's through this unique point of difference, and the commitment of our directors and shareholders, that we are well positioned to embrace the change that is upon us.

Next year our Community Bank network celebrates 25 years, but in many respects, it's only the beginning for our collective of social enterprises.

Warm regards

Sarah Franklyn
CBNC Chair

Directors' report

The directors present their report, together with the financial statements, on the company for the year ended 30 June 2022.

Directors

The following persons were directors of the company during the whole of the financial year and up to the date of this report, unless otherwise stated:

Name: **Vincent de Paul Cheers**

Title: Chairman & Non-executive director

Experience and expertise: Consultant to Vinsbins Pty Ltd. A waste management company on the Mornington Peninsula, employing 50-60 staff.

Special responsibilities: Funding & Marketing Committee

Name: **Stephen Bernard Edmund**

Title: Deputy Chairman & Non-executive director

Experience and expertise: Sales & marketing background with 35 years experience operating retail & 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

Name: **Amber Britt Earles**

Title: Non-executive director

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.

Special responsibilities: Co-Chair Funding and Marketing Committee

Name: **Barry Leonard Irving OAM**

Title: Non-executive director

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 C.S.I.R.O. 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: Funding & Marketing Committee and promotions

Name: **Gary Michael Cain**

Title: Non-executive director

Experience and expertise: Gary is an Accountant with CPA qualification and 37 years in Public Practice.

Special responsibilities: Budget, Finance & Asset Management Committee

Name: **Jan Hall**

Title: Non-executive director

Experience and expertise: Former Small Business Owner. 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: Funding & Marketing Committee

Name: **Stephen De Quetteville Robin**

Title: Non-executive director

Experience and expertise: Stephen is currently retired with a 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: Funding & Marketing Committee

Name: **Renee Christiana Bowker**

Title: Non-executive director

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: Co-Chair Funding & Marketing Committee

Name: **Craig Lawrence Dowsing**

Title: Non-executive director

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 15 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 coach of junior basketball teams in the Mornington District Basketball Association and Victorian Junior Basketball League.

Special responsibilities: Treasurer

Name: **Dorothy Mortlock**

Title: Non-executive director (resigned 17 November 2021)

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

Special responsibilities: Nil

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 Company Secretary on 1 December 2016.

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 Funding & Marketing Committee.

Directors' report (continued)

Principal activity

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

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

Review of operations

The profit for the company after providing for income tax amounted to $300,157 (30 June 2021: $160,345).

Operations have continued to perform in line with expectations.

Dividends

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

	2022 $
Fully franked dividend of 4 cents per share (2021: 5 cents)	117,264

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the company during the financial year.

Matters subsequent to the end of the financial year

Since the end of the year, the Reserve Bank of Australia (RBA) has increased the cash rate by 1.75 basis points moving from 0.85% at 30 June 2022 to 2.60% as at the date of signing these accounts. The increase in the cash rate has a direct impact on the revenue received by the company on its products (deposits and loans) offered to its customers. The company has noted a material increase in the revenue streams for the first couple of months July – August 2022.

No other matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Likely developments

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 under Australian Commonwealth or State law.

Meetings of directors

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:

	Board		Funding & Marketing Committee		Budget, Finance and Asset Management Committee	
	Eligible	Attended	Eligible	Attended	Eligible	Attended
Vincent de Paul Cheers*	8	7	5	1	1	1
Stephen Bernard Edmund	11	10	5	3	–	–
Amber Britt Earles	11	8	10	8	–	–
Barry Leonard Irving	11	8	10	7	–	–
Gary Michael Cain	11	11	–	–	1	1
Janet Hall	11	10	10	8	–	–
Stephen De Quetteville Robin	11	10	10	9	–	–
Renee Christiana Bowker	11	9	10	9	–	–
Craig Lawrence Dowsing	11	11	–	–	1	1
Dorothy Mortlock	4	4	–	–	–	–

* Leave of absence from July 2021 - October 2021

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 25 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.

Directors' interests

The interest in company shareholdings for each director are:

	Balance at the start of the year	Changes	Balance at the end of the year
Vincent de Paul Cheers	73,834	32,800	106,634
Stephen Bernard Edmund	7,200	–	7,200
Amber Britt Earles	2,000	–	2,000
Barry Leonard Irving	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	13,800	14,400
Dorothy Mortlock	2,890	–	2,890

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.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the *Corporations Act 2001*.

Indemnity and insurance of auditor

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Non audit services

The company may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the company are important. Details of the amounts paid or payable to the auditor (Andrew Frewin Stewart) for audit and non-audit services provided during the year are set out in note 27 to the accounts.

The Board has considered the non-audit services provided during the year by the auditor and is satisfied that the provision of the non-audit services is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the board to ensure they do not impact on the impartiality, integrity and objectivity of the auditor
- 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 immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

On behalf of the directors

Vincent de Paul Cheers
Chair

11 October 2022

Auditor's independence declaration

Andrew Frewin Stewart
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 2022, 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: 11 October 2022

Joshua Griffin
Lead Auditor

afsbendigo.com.au

Liability limited by a scheme approved under Professional Standards Legislation. ABN: 65 684 604 390

Financial statements

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2022

	Note	2022 $	2021 $
Revenue from contracts with customers	6	3,295,267	3,236,686
Other revenue	7	17,401	52,290
Net gain on revaluation of property, plant and equipment	8	74,492	–
Employee benefit expenses	9	(2,038,967)	(1,893,712)
Advertising and marketing costs		(21,731)	(33,090)
Occupancy and associated costs		(160,438)	(151,075)
Systems costs		(162,492)	(180,795)
Depreciation and amortisation expense	9	(133,768)	(144,918)
Finance costs	9	(18,054)	(30,835)
General administration expenses		(172,258)	(198,965)
Profit before community contributions and income tax expense		**679,452**	**655,586**
Charitable donations and sponsorships expense		(309,900)	(443,648)
Profit before income tax expense		**369,552**	**211,938**
Income tax expense	10	(69,395)	(51,593)
Profit after income tax expense	20	**300,157**	**160,345**
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss Gain on the revaluation of land and buildings, net of tax	19	98,027	–
Other comprehensive income for the year, net of tax		98,027	–
Total comprehensive income for the year		**398,184**	**160,345**
		¢	¢
Basic earnings per share	29	10.24	5.47
Diluted earnings per share	29	10.24	5.47

The accompanying notes form part of these financial statements.

Statement of Financial Position

As at 30 June 2022

	Note	2022 $	2021 $
ASSETS			
Current assets			
Cash and cash equivalents	11	130,571	133,016
Trade and other receivables	12	354,106	271,280
Current tax assets	10	14,115	44,794
Total current assets		**498,792**	**449,090**
Non-current assets			
Property, plant and equipment	13	5,598,757	5,467,650
Intangibles	14	145,891	183,954
Deferred tax assets	10	91,847	126,759
Total non-current assets		**5,836,495**	**5,778,363**
Total assets		**6,335,287**	**6,227,453**
LIABILITIES			
Current liabilities			
Trade and other payables	15	229,256	172,670
Borrowings	16	207,528	219,882
Employee benefits	17	92,815	111,399
Total current liabilities		**529,599**	**503,951**
Non-current liabilities			
Trade and other payables	15	84,545	126,818
Borrowings	16	587,257	719,014
Employee benefits	17	62,170	86,874
Total non-current liabilities		**733,972**	**932,706**
Total liabilities		**1,263,571**	**1,436,657**
Net assets		**5,071,716**	**4,790,796**
EQUITY			
Issued capital	18	1,299,400	1,299,400
Reserves	19	1,404,542	1,306,515
Retained earnings	20	2,367,774	2,184,881
Total equity		**5,071,716**	**4,790,796**

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the year ended 30 June 2022

	Note	Issued capital $	Revaluation reserve $	Retained earnings $	Total equity $
Balance at 1 July 2020		1,299,400	1,306,515	2,171,116	4,777,031
Profit after income tax expense		–	–	160,345	160,345
Other comprehensive income, net of tax		–	–	–	–
Total comprehensive income		–	–	160,345	160,345
Transactions with owners in their capacity as owners:					
Dividends provided for	22	–	–	(146,580)	(146,580)
Balance at 30 June 2021		**1,299,400**	**1,306,515**	**2,184,881**	**4,790,796**
Balance at 1 July 2021		1,299,400	1,306,515	2,184,881	4,790,796
Profit after income tax expense		–	–	300,157	300,157
Other comprehensive income, net of tax		–	98,027	–	98,027
Total comprehensive income		–	98,027	300,157	398,184
Transactions with owners in their capacity as owners:					
Dividends provided for	22	–	–	(117,264)	(117,264)
Balance at 30 June 2022		**1,299,400**	**1,404,542**	**2,367,774**	**5,071,716**

The accompanying notes form part of these financial statements.

Statement of Cash Flows

For the year ending 30 June 2022

	Note	2022 $	2021 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		3,534,222	3,648,127
Payments to suppliers and employees (inclusive of GST)		(3,172,531)	(3,092,336)
		361,691	**480,504**
Interest and other finance costs paid		(23,636)	(30,835)
Income taxes paid		(36,480)	(201,420)
Net cash provided by operating activities	28	**301,575**	**248,249**
Cash flows from investing activities			
Payments for property, plant and equipment		(32,397)	(124,437)
Payments for intangible assets		(38,430)	(38,430)
Proceeds from disposal of property, plant and equipment		28,182	7,233
Net cash used in investing activities		**(42,645)**	**(155,634)**
Cash flows from financing activities			
Dividends paid	22	(117,264)	(146,580)
Repayment of borrowings		(144,111)	(205,738)
Net cash used in financing activities		(261,375)	(352,318)
Net decrease in cash and cash equivalents		(2,445)	(259,703)
Cash and cash equivalents at the beginning of the financial year		133,016	392,719
Cash and cash equivalents at the end of the financial year	11	**130,571**	**133,016**

The accompanying notes form part of these financial statements.

Notes to the financial statements

For the year ending 30 June 2022

Note 1. Reporting entity

The financial statements cover Rye & District Community Financial Services Limited (the company) as an individual entity. The financial statements are presented in Australian dollars, which is the company's functional and presentation currency.

The company is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

- Registered office: 239 Point Nepean Road, Dromana VIC 3936
- Principal places of business: Unit 1, 1089 Point Nepean Road, Rosebud VIC 3939

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 11 October 2022. The directors have the power to amend and reissue the financial statements.

Note 2. Basis of preparation and statement of compliance

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

Note 3. Significant accounting policies

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

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 2021, 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.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when, it is expected to be realised or intended to be sold or consumed in the company's normal operating cycle, it is held primarily for the purpose of trading, it is expected to be realised within 12 months after the reporting period or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when, it is either expected to be settled in the company's normal operating cycle, it is held primarily for the purpose of trading, it is due to be settled within 12 months after the reporting period or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

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 2022.

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 any impairment loss.

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.

Goods and Services Tax (GST)

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.

Note 4. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the company based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the company operates. There does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the company unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Fair value measurement hierarchy

The company is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

- 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: unobservable inputs for the asset or liability.

Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

Estimation of useful lives of assets

The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives or non-strategic assets that have been abandoned or sold will be written off or written down.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The company assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the company considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Employee benefits provision

The liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and inflation have been taken into account.

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.

Note 4. Critical accounting judgements, estimates and assumptions (continued)

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 5. Economic dependency

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

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

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

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

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
- 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.

	2022 $	2021 $

Note 6. Revenue from contracts with customers

	2022 $	2021 $
Margin income	2,795,818	2,731,125
Fee income	253,990	248,550
Commission income	245,459	257,011
Revenue from contracts with customers	**3,295,267**	**3,236,686**

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 noninterest income when the company's right to receive the payment is established.

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

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

Revenue stream	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 GST. There was no revenue from contracts with customers recognised over time during the financial year.

Revenue calculation

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

	2022 $	2021 $

Note 6. 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.

Note 7. Other revenue

	2022 $	2021 $
Net gain on disposal of property, plant and equipment	17,401	2,290
Cash flow boost	–	50,000
Other revenue	**17,401**	**52,290**

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 stream	Revenue recognition policy
Net gain on disposal of property, plant and equipment	Revenue from the sale of property, plant and equipment is recognised when the buyer obtains control of the asset. Control is transferred when the buyer has the ability to direct the use of and substantially obtain the economic benefits from the asset
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).

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

Notes to the financial statements (continued)

	2022 $	2021 $

Note 7. Other revenue (continued)

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.

Note 8. Net gain on revaluation of property, plant and equipment

	2022 $	2021 $
Reversal of revaluation losses	105,154	–
Revaluation losses	(30,662)	–
	74,492	–

These revaluation amounts related to the revaluation of property, plant and equipment. Further details are outlined in note 13 'Property, plant and equipment'.

Note 9. Expenses

Depreciation and amortisation expense

Depreciation of non-current assets	2022 $	2021 $
Buildings	67,142	67,906
Furniture and fittings	19,115	13,281
Motor vehicles	9,448	13,734
	95,705	**94,921**
Amortisation of intangible assets		
Franchise fee	6,345	7,689
Franchise renewal fee	31,718	42,308
	38,063	**49,997**
Total depreciation and amortisation expense	**133,768**	**144,918**

Notes to the financial statements (continued)

	2022 $	2021 $
Note 9. Expenses (continued)		
Finance costs		
Bank loan interest paid or accrued	17,854	30,531
Recurring borrowing costs paid	200	304
	18,054	**30,835**

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

Employee benefit expenses		
Wages and salaries	1,422,494	1,450,920
Non-cash benefits	9,486	15,457
Superannuation contributions	150,949	145,459
Expenses related to long service leave	(44,163)	(7,570)
Other expenses	500,201	289,446
	2,038,967	**1,893,712**

Leases recognition exemption		
Expenses relating to low-value leases	67,201	75,287

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.

Note 10. Income tax

Income tax expense		
Current tax	67,158	49,901
Movement in deferred tax	34,913	(3,378)
Reduction in company tax rate	–	5,070
Deferred tax recognised at FVTOCI	(32,676)	–
	69,395	**51,593**

	2022 $	2021 $
Note 10. Income tax (continued)		
***Prima facie* income tax reconciliation**		
Profit before income tax expense	369,552	211,938
Tax at the statutory tax rate of 25% (2021: 26%)	92,388	55,104
Tax effect of:		
Non-deductible expenses	3,296	1,186
Non-assessable income	(26,289)	(13,000)
Reduction in company tax rate	–	5,070
Income tax expense	**69,395**	**51,593**
Deferred tax assets/(liabilities)		
Employee benefits	40,806	49,568
Revaluation loss of property, plant and equipment through profit or loss	7,666	–
Accrued expenses	341	1,736
Carried-forward capital losses	122,827	122,827
Prepayments	(4,581)	(42,537)
Revaluation gain of property, plant and equipment through profit or loss	(42,536)	(42,537)
	124,523	**126,759**
Amounts recognised in equity:		
Revaluation decrease of property, plant and equipment through other comprehensive income	2,288	–
Revaluation increment of property, plant and equipment through other comprehensive income	(34,964)	–
	(32,676)	–
Deferred tax asset	**91,847**	**126,759**
Income tax refund due	**14,115**	**44,794**

Accounting policy for income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

	2022 $	2021 $

Note 10. Income tax (continued)

Accounting policy for current tax

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

Accounting policy for deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

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.

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.

Note 11. Cash and cash equivalents

	2022 $	2021 $
Cash on hand	670	670
Cash at bank and on hand	129,901	132,346
	130,571	**133,016**

Accounting policy for 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.

Notes to the financial statements (continued)

	2022 $	2021 $

Note 12. Trade and other receivables

	2022 $	2021 $
Trade receivables	334,464	241,075
Other receivables and accruals	–	6,101
Prepayments	19,642	24,104
	19,642	**30,205**
	354,106	**271,280**

Accounting policy for trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Note 13. Property, plant and equipment

	2022 $	2021 $
Land - at fair value	3,282,154	3,138,888
Buildings - at fair value	2,192,846	2,428,306
Less: accumulated depreciation	–	(230,248)
	2,192,846	**2,198,058**
Furniture and fittings - at cost	317,881	285,484
Less: accumulated depreciation	(212,040)	(192,925)
	105,841	**92,559**
Motor vehicles - at cost	43,910	73,850
Less: accumulated depreciation	(25,994)	(35,705)
	17,916	**38,145**
	5,598,757	**5,467,650**

	2022 $	2021 $

Note 13. Property, plant and equipment (continued)

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

	Land and buildings $	Furniture and fittings $	Motor vehicles $	Total $
Balance at 1 July 2020	**4,367,380**	**78,744**	**56,862**	**4,502,986**
Additions	–	27,096	(4,983)	22,113
Transfers in	1,037,472	–	–	1,037,472
Depreciation	(67,906)	(13,281)	(13,734)	(94,921)
Balance at 1 July 2021	**5,336,946**	**92,559**	**38,145**	**5,467,650**
Additions	–	32,397	–	32,397
Disposals	–	–	(10,781)	(10,781)
Revaluation increments	245,010	–	–	245,010
Revaluation decrements	(39,814)	–	–	(39,814)
Depreciation	(67,142)	(19,115)	(9,448)	(95,705)
Balance at 30 June 2022	**5,475,000**	**105,841**	**17,916**	**5,598,757**

Fair value

The fair value of land and buildings 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 property portfolio every 3 to 5 years.

The company's properties were independently valued effective 30 June 2022 by Knight Frank Valuation & Advisory Victoria on 22 August 2022. The valuations resulted in an increment and decrement to the carrying amount of the properties resulting in a revaluation loss of $30,662, a reversal of prior period revaluation losses of $105,154 and a net revaluation gain of $98,027 in the statement of profit or loss and other comprehensive income.

Accounting policy for 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.

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a diminishing value and straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

- Buildings 40 years
- Furniture and fittings 2 to 40 years
- Motor vehicles 4 years

	2022 $	2021 $

Note 13. Property, plant and equipment (continued)

Land is not depreciated. The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

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

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Anyrevaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

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.

Transfers in

This related to the reclassification of one of the owned properties in the prior period from an 'investment property' to a 'property, plant and equipment' disclosure. This was based on a change in the way the property was used.

Note 14. Intangibles

Franchise fee	198,941	198,941
Less: accumulated amortisation	(174,625)	(168,280)
	24,316	**30,661**
Franchise renewal fee	393,526	393,526
Less: accumulated amortisation	(271,951)	(240,233)
	121,575	**153,293**
	145,891	**183,954**

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

	Franchise fee $	Franchise renewal fee $	Total $
Balance at 1 July 2020	**6,630**	**37,006**	**43,636**
Additions	31,720	158,595	190,315
Amortisation expense	(7,689)	(42,308)	(49,997)
Balance at 30 June 2021	**30,661**	**153,293**	**183,954**
Amortisation expense	(6,345)	(31,718)	(38,063)
Balance at 30 June 2022	**24,316**	**121,575**	**145,891**

	2022 $	2021 $

Note 14. Intangibles (continued)

Additions

During the previous financial year, franchise fees were renewed for all branches. They are being amortised over five years to April 2026.

Accounting policy for intangible assets

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

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

The franchise fees paid 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	Expiry/renewal date
Franchise fee	Straight-line	Over the franchise term (5 years)	April 2026
Franchise renewal fee	Straight-line	Over the franchise term (5 years)	April 2026

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

Change 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.

Note 15. Trade and other payables

	2022 $	2021 $
Current liabilities		
Trade payables	23,399	17,204
Other payables and accruals	205,857	155,466
	229,256	**172,670**
Non-current liabilities		
Other payables and accruals	**84,545**	126,818

Accounting policy for trade and other payables

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

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

	2022 $	2021 $

Note 16. Borrowings

Current liabilities		
Bank loans	207,528	203,417
Chattel mortgage	–	16,465
	207,528	**219,882**
Non-current liabilities		
Bank loans	587,257	719,014

Bank loans

Bank loans are repayable monthly. Interest is recognised at rate of 3.327% (2021: 2.57%). The loans are secured by a fixed and floating charge over the company's assets.

Accounting policy for borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Note 17. Employee benefits

Current liabilities		
Annual leave	58,466	57,592
Long service leave	34,349	53,807
	92,815	**111,399**
Non-current liabilities		
Long service leave	62,170	86,874

Accounting policy for 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 salaries and wages 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.

Superannuation contributions

Contributions to superannuation plans are expensed in the period in which they are incurred.

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

	2022 $	2021 $

Note 17. Employee benefits (continued)

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.

Note 18. Issued capital

	2022 shares	2021 shares	2022 $	2021 $
Ordinary shares - fully paid	1,340,732	1,340,732	1,340,732	1,340,732
Bonus shares - fully paid (3:1)	1,590,873	1,590,873	–	–
Less: equity raising costs	–	–	(41,332)	(41,332)
	2,931,605	**2,931,605**	**1,299,400**	**1,299,400**

Accounting policy for issued capital

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

Rights attached to issued capital

Ordinary shares

Voting rights

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

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

On a poll, that person may exercise one vote as a member and one vote for each other member that person represents as duly appointed attorney, corporate representative or proxy.

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

	2022 $	2021 $

Note 18. Issued capital (continued)

Dividends

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

Transfer

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

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

Prohibited shareholding interest

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

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 461 shareholders (2021: 466 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.

	2022 $	2021 $

Note 19. Reserves

	2022 $	2021 $
Revaluation reserve	1,404,542	1,306,515

Revaluation reserve

The reserve is used to recognise increments and decrements in the fair value of land and buildings.

Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

	Revaluation reserve
Balance at 1 July 2020	**1,306,515**
Balance at 30 June 2021	**1,306,515**
Revaluation - gross	130,703
Deferred tax	(32,676)
Balance at 30 June 2022	**1,404,542**

Note 20. Retained earnings

	2022 $	2021 $
Retained earnings at the beginning of the financial year	2,184,881	2,171,116
Profit after income tax expense for the year	300,157	160,345
Dividends paid (note 22)	(117,264)	(146,580)
Retained earnings at the end of the financial year	**2,367,774**	**2,184,881**

Note 21. Capital management

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

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

The distribution limit is the greater of:

- 20% of the profit or funds of the company otherwise available for distribution to shareholders in that 12 month period; and
- subject to the availability of distributable profits, the relevant rate of return multiplied by the average level of share capital of the company over that 12 month period where the relevant rate of return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

The board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the financial year can be seen in the statement of profit or loss and other comprehensive Income.

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

	2022 $	2021 $

Note 22. Dividends

Dividends provided for and paid during the period

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

	2022 $	2021 $
Fully franked dividend of 4 cents per share (2021: 5 cents)	117,264	146,580
Franking credits		
Franking account balance at the beginning of the financial year	1,236,360	1,024,201
Franking credits (debits) arising from income taxes paid (refunded)	36,479	201,420
Franking debits from the payment of franked distributions	(39,088)	(51,501)
Franking credits from the payment of income tax installments during the financial year	127,083	112,828
Annual income tax return	**1,233,751**	**1,236,360**
Franking transactions that will arise subsequent to the financial year end:		
Balance at the end of the financial year	1,233,751	1,236,360
Franking credits (debits) that will arise from payment (refund) of income tax	(14,114)	(44,794)
Franking credits available for future reporting periods	**1,219,637**	**1,191,566**

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

Accounting policy for dividends

Dividends are recognised in the financial year they are declared.

Note 23. Financial instruments

	2022 $	2021 $
Financial assets		
Trade and other receivables	334,464	247,176
Cash and cash equivalents	130,571	133,016
	465,035	**380,192**
Financial liabilities		
Trade and other payables	313,801	299,488
Bank loans	794,785	922,431
Chattel mortgage	–	16,465
	1,108,586	**1,238,384**

	2022 $	2021 $

Note 23. Financial instruments (continued)

Accounting policy for 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 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.

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.

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 and liabilities are held with Bendigo Bank and subject to movements in market interest. Interestrate 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 $130,571 at 30 June 2022 (2021: $133,016). The cash and cash equivalents are held with Bendigo Bank, which are rated BBB+ on Standard & Poor's credit ratings.

As at the reporting date, the company had the following variable rate borrowings outstanding:

	2022		2021	
	Nominal interest rate %	Balance $	Nominal interest rate %	Balance $
Chattel mortgage	–	–	4.22%	16,465
Bank loans	3.33%	794,785	2.57%	922,431
Net exposure to cash flow interest rate risk		**794,785**		**938,896**

An analysis by remaining contractual maturities is shown in 'liquidity risk' below.

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.

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.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities. The contractual cash flow amounts are gross and undiscounted and therefore may differ from their carrying amount in the statement of financial position.

2022	1 year or less $	Between 1 and 5 years $	Over 5 years %	Remaining contractual maturities $
Non-derivatives				
Bank loans	207,528	587,257	–	794,785
Trade and other payables	229,256	84,545	–	313,801
Total non-derivatives	**436,784**	**671,802**	**–**	**1,108,586**
2021				
Non-derivatives				
Chattel mortgage	16,465	–	–	16,465
Bank loans	203,417	719,014	–	922,431
Trade and other payables	172,670	126,818	–	299,488
Total non-derivatives	**392,552**	**845,832**	–	**1,238,384**

Note 24. Fair value measurement

Fair value hierarchy

The following tables detail the company's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

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

2022	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Land and buildings	–	5,475,000	–	5,475,000
Total assets	**–**	**5,475,000**	**–**	**5,475,000**
2021				
Assets				
Land and buildings	–	5,375,000	–	5,375,000
Total assets	**–**	**5,375,000**	**–**	**5,375,000**

There were no transfers between levels during the financial year.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

	2022 $	2021 $

Note 25. Key management personnel disclosures

The following persons were directors of Rye & District Community Financial Services Limited during the financial year:

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

No director of the company receives remuneration for services as a company director or committee member.

There are no executives within the company whose remuneration is required to be disclosed.

Compensation

Key management personnel compensation comprised the following.

	2022 $	2021 $
Short-term employee benefits	71,515	74,999
Post-employment benefits	7,135	9,476
	78,650	**84,475**

Compensation of the company's key management personnel includes salaries and contributions to a post-employment superannuation fund.

Note 26. Related party transactions

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

Note 27. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Andrew Frewin Stewart, the auditor of the company:

	2022 $	2021 $
Audit services		
Audit and review of financial statements	7,300	7,100
Other services		
General advisory services	1,715	1,280
	9,015	**8,380**

	2022 $	2021 $

Note 28. Reconciliation of profit after income tax to net cash provided by operating activities

Profit after income tax expense for the year	300,157	160,345
Adjustments for:		
Depreciation and amortisation	133,768	144,918
Net gain on disposal of non-current assets	(17,401)	(2,290)
Net fair value gain on property, plant and equipment	(74,492)	–
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(82,826)	110,731
Decrease/(increase) in income tax refund due	30,679	(44,794)
Decrease in deferred tax assets	2,236	1,694
Increase/(decrease) in trade and other payables	52,742	(25,020)
Decrease in provision for income tax	–	(106,726)
Increase/(decrease) in employee benefits	(43,288)	9,391
Net cash provided by operating activities	**301,575**	**248,249**

Note 29. Earnings per share

Profit after income tax	**300,157**	**160,345**
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	2,931,605	2,931,605
Weighted average number of ordinary shares used in calculating diluted earnings per share	2,931,605	2,931,605
	Cents	**Cents**
Basic earnings per share	10.24	5.47
Diluted earnings per share	10.24	5.47

Accounting policy for earnings per share

Basic and diluted earnings per share is calculated by dividing the profit attributable to the owners of Rye & District Community Financial Services Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year.

Note 30. Commitments

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

Notes to the financial statements (continued)

	2022 $	2021 $

Note 31. Contingencies

Contingent liabilities at reporting date		
Contingent liabilities not otherwise provided for or disclosed in the financial statements	–	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.

In the prior period a personal injury claim was brought against the company. The financial settlement was estimated at $255,000. During the current period the matter was settled and covered by the company's insurance provider. Other than the insurance excess, no amounts were paid by the company for the claim.

Note 32. Events after the reporting period

Since the end of the year, the Reserve Bank of Australia (RBA) has increased the cash rate by 1.75 basis points moving from 0.85% at 30 June 2022 to 2.60% as at the date of signing these accounts. The increase in the cash rate has a direct impact on the revenue received by the company on its products (deposits and loans) offered to its customers. The company has noted a material increase in the revenue streams for the first couple of months July – August 2022.

No other matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Directors' declaration

In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in the notes to the financial statements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the *Corporations Act 2001*.

On behalf of the directors

Vincent de Paul Cheers
Chair

11 October 2022

Independent audit report

Andrew Frewin Stewart
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 (the company), which comprises:

- Statement of financial position as at 30 June 2022
- 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 2022 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.

Liability limited by a scheme approved under Professional Standards Legislation. ABN: 65 684 604 390

Andrew Frewin Stewart
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.

Andrew Frewin Stewart
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: 11 October 2022

Joshua Griffin
Lead Auditor

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Community funding 2021–22

Organisations who have received donations, sponsorships or grants this year

Arthurs Seat Challenge (Fit 2 Drive)
Australian Volunteer Coast Guard
Boneo Cricket Club
Boneo Rural Fire Brigade
Crystal Ocean Wildlife Shelter
Dreamhouse Theatre Company Inc.
Dromana Association Inc.
Dromana Bay Life Saving Club
Dromana Football Netball Club
Dromana Foreshore Committee of Management
Dromana Secondary College
Light Up Autism Foundation
Main Ridge Bowls and Petanque Club Inc.
Manna Gum Wildlife Shelter
Martha Cove Community Garden
Mornington District Basketball Association
Mornington Peninsula Koala Conservation
Mornington Peninsula Youth Leadership Camp
Mornington Youth Club Inc. trading as MYC Gymnastics
Mount Martha Valley Probus Club
Oz Assist
Peninsula Community Housing
Red Hill Consolidated School
Red Hill District Lions Club Inc.
Red Hill Football Netball Club
Red Hill Junior Netball Club
Red Hill Scout Group
Rosebud & McCrae Surf Lifesaving Club
Rosebud Beach Community Bowls Club Inc.
Rosebud Christmas Carols
Rosebud Christmas Dinner
Rosebud Football Netball Club
Rosebud Italian Club
Rosebud Junior Football Club
Rosebud Sea Scouts (Scouts Australia)
Rosebud Toy Library
Rotary Club of Dromana
Rye Bowls Club
Rye Cricket Club
Rye Junior Football Club
Rye Tennis Club Inc.
Rye Yacht Club Inc.
Safety Beach Dromana Mens' Shed
Sorrento Bowls Club Inc.
Sorrento Cricket Club
Sorrento Football Netball Club
Sorrento Primary School
Sorrento Surf Live Saving Club (Sorrento Swim)
Southern Peninsula Basketball Association
Southern Peninsula Cancer Support Group
Southern Peninsula Classic and Historic Car Club
Southern Peninsula Community Support
Southern Peninsula Little Athletics Centre
Southern Peninsula View Club
The Probus Club of Safety Beach
The Probus Club of the Southern Peninsula
The Rosebud Italian Club
The Southern Peninsula Food For All Inc.
The Village Glen Bowls Club
The Village Glen Fidelity Club
Tootgarook Cricket Club
Tootgarook Primary School
Victorian Farmers Federation - Peninsula Branch
Vinnie's Kitchen
West Rosebud Bowling and Croquet Club Inc.
Woodworkers of the Southern Peninsula

Community Bank · Rye
2271 Point Nepean Road,
Rye VIC 3941
Phone: 5985 9755
Email: ryemailbox@bendigoadelaide.com.au
Web: bendigobank.com.au/rye

Community Bank · Rosebud
1087 Point Nepean Road,
Rosebud VIC 3939
Phone: 5982 0499
Email: rosebudmailbox@bendigoadelaide.com.au
Web: bendigobank.com.au/rosebud

Community Bank · Dromana
239 Point Nepean Road,
Dromana VIC 3936
Phone: 5981 0106
Email: dromanamailbox@bendigoadelaide.com.au
Web: bendigobank.com.au/dromana

Rosebud Lending Hub
1/1089 Point Nepean Road,
Rosebud VIC 3939
Phone: 5981 0556
Email: rosebudmailbox@bendigoadelaide.com.au
Web: bendigobank.com.au/rosebud

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

RSD Registry
PO Box 30, Bendigo, Victoria 3552
32 Garsed Street, Bendigo, Victoria 3550
Ph: 03 5445 4222 | Fax: 03 5444 4344

www.leadgroup.com.au| shares@rsdregistry.com.au

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Bendigo Bank