Annual Report 2023

Rye & District Community Financial Services Limited

Community Bank · Southern Peninsula

ABN 67 095 766 895

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Rye & District Community Financial Services Limited proudly acknowledges the Bunurong people of the Kulin Nation and the Aboriginal and Torres Strait Islander peoples as the first peoples of this nation and the traditional custodians of the land where we live, learn and work.

We pay our respects to elders past and present as it is their knowledge and experience that holds the key to the success of future generations.

Chair's report

Once again, I report a pleasing performance for Rye & District Community Financial Services Limited, (Community Bank Southern Peninsula) with a strong end of 2022/2023 financial year result.

At Community Bank Southern Peninsula, it is our mission to be leaders who feed into the prosperity of our community, by operating a successful franchise of the Community Bank. We support community-led initiatives that empower local organisations to drive solutions. We encourage collaboration and build long-term relationships within our community that aim to create meaningful impact.

I encourage you to read about our Community Impact Report in more detail, on page 8. It is the first time we've reported in greater detail on the important contributions we make in our community – it's a fantastic read and I hope you come away with more knowledge and certainly more pride in the company of which you are invested as a shareholder!

Financial performance

The RBA's commitment to returning interest rates back to "normal" levels, (and the income from growing footings) have impacted our revenue positively. This material ongoing benefit has added significantly to our revenue and operating profits in the financial year which is the subject of this Report. Due to the sharp increase in margin revenue and income in the reporting period, the company recorded a record profit of $1,924,371. This exceptional figure remains somewhat of an outlier and not one anticipated to be matched in future reporting periods.

As custodians of the business and its success, be rest assured that the Board spends considerable time planning and managing for future investment back into the franchise, as well as into our community, through the funding program, community impact strategy and dividend distributions.

Board of Directors

In the current corporate and economic environment, the role and duties of the Board have significantly expanded to meet ever increasing regulatory compliance requirements. I want to acknowledge the dedication and time the Board of Directors provide in guiding this Company for the benefit of all stakeholders and working with our business partner Bendigo & Adelaide Bank to achieve these outcomes.

More than ever, it is a privilege to lead a Board which is committed to our purpose of inspiring a thriving community. The support of both the Board and executive has been essential to the achievement of our objectives. I would like to thank Director, Gary Cain who resigned from the Board in November 2022 after 14 years of service, and Jan Hall, who retired in June 2023 after 18.5 years with the Company. We thank Gary and Jan for their dedication and stewardship of and passion for the Community Bank Southern Peninsula from its infancy to the established franchise it is now.

2023 also saw the Company welcome two outstanding new directors, being Helen Murphy and Oriana Tessari. Both bring a wealth of knowledge and experience to the board table, and we have already tangibly benefited from their expertise and drive.

Major community investment

We thank our business partner Bendigo and Adelaide Bank for their support and guidance. Through this collaboration, our community investment program has been enormously successful. Our Company has invested $9.5 million into our local region, by way of sponsorships and donations since our establishment in 2001 and over $500,000 ($416,524 in direct community funding and an additional $100,000 being a distribution from the Community Enterprise Foundation on the Company's behalf) for the financial year in question. As one of the biggest social enterprises on the Southern Peninsula, this is an achievement of which we are justifiably proud.

Chair’s report (continued)

Of significance this year has been the continuing financial support of student literacy programs in local primary schools in the Southern Peninsula region, under the auspices of the Mornington Peninsula Foundation. The Company has invested $200,000 into this program to date (as part of the commitment to educational attainment under our Community Impact Strategy). More information on this important initiative can be found on page 15.

Under the Community Impact Strategy, we are also forging deeper links with community stakeholders around social housing and food security as we look to find localised solutions to these matters which deeply affect the most vulnerable in our community. As a Community Bank, we exist to feed into, not off the prosperity of our local community.

Our staff

The ongoing success of our business is fundamentally linked to the quality of our people. Our Group (consisting of the three branches and the Lending Hub at Rosebud) led by Fiona Somjee has demonstrated a continued commitment to creating great outcomes for our customers. The Senior Manager’s report will highlight the banking performances for the last 12 months I hope that you read Fiona’s report with interest.

Updates to our branches

A highlight of the financial year was the successful refurbishment of Community Bank Rosebud. The re-opening in April was a great success and I know our staff are excited to be working in a contemporary, functional space. We have some further updates to the sites at Rye and Dromana in the planning phase and will share more information as they become a reality.

Dividend

Considering the future investment into our freehold sites through planned refurbishment activity, the paying down of the loan account and a considerable deposit ($283,250 as shown in Note 8 of the Financial Statements inclusive of 5% management fee and GST) into the Community Enterprise Foundation for future investment into the Company’s community impact work, the Board is delighted to declare an 8.0 cent per share fully franked dividend, to be paid on 17 November 2023.

We find ourselves in a strong financial position that enables us to carefully plan our next phase of growth and investment into our local community. On behalf of the board of Rye & District Community Financial Services Limited, I want to thank you, as shareholders. You have played a significant role in creating a powerful company that has a real impact on your community. I want to further extend my thanks to those of you who are also supporting Community Bank Southern Peninsula with your banking business and look forward to that support continuing in the future.

Vin Cheers
Chairman
October 2023

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 30 June 2023.

The year of 2022/23 has seen ongoing challenges with rising interest rates coupled with increased living costs. This has slowed down the property market due to hefty increases in mortgage repayments which in turn leads to tighter lending conditions, servicing restrictions and more oversight on both policy and execution of policy. These higher borrowing costs play into lower margins as well as prohibiting growth which can be see in our home lending statistics and growth below.

The decrease in home lending settlements impacted two of our branches with Rye decreasing from 70 in the previous year to 63 (-7) and Rosebud decreasing from 69 in the previous year to 37 (-32). Dromana slightly increased from 41 in the previous year to 47 (+6). These settlement figures demonstrate the negative impact on lending due to the challenging climate.

While noting the above challenges to banking and lending conditions, our Community Bank Southern Peninsula branches have remained resilient and continue to explore all avenues to create opportunities for growth. Our staff are readily available to assist customers with rate reviews, financial hardship support and to continue to offer excellent service on a day-to-day basis.

Our consolidated footings as of the 30 June 2023 totalled $790 million (up 2.46%), which included total deposits of $491.2 million, total lending of $244.9 million and $53.93 million in Financial Planning Products under Management. These balances represent a $18.97 million increase in footings over the fiscal year.

Our Group holds 21,549 accounts across 12,919 customers. This is an increase of 1,143 accounts and 151 customers from the previous year and shows a rise in product number per customer of 3.2%. Support for our unique Bendigo Bank Community Bank brand has come from all sectors of our community, including personal and business. It reflects the commitment our staff have made to increase product number per customer by building relationships to ensure we are the customer's main bank.

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 renovate Community Bank Rosebud to a highly functional modern space and we will be following through on further renovations at Dromana and Rye later this year/early next year – this feeds into the prosperity of the community and shows that we are here to stay.

Our Lending Hub based in Rosebud also 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 allows us to deliver better lending outcomes, customer service levels and meet the changing needs of our customers. This structure ensures that all our customers are experiencing excellent customer service with the branch now solely focussing on the 'customer experience'. In this suite of lenders, we also offer our Mobile Relationship Manager who works out of hours and is mobile to visit any of our customers who cannot get to branch or navigate our digital lending option.

Branch	Total footings ($ million)	Deposit footings ($ million)	Lending footings ($ million)	Financial planning products under management ($ million)	Change (%)
Rye	337.4	195.58	99.4	42.42	+ 2.76
Rosebud	233.98	150.84	75.25	7.89	+ 1.29
Dromana	218.65	144.77	70.26	3.62	+ 3.04

Senior Manager's report (continued)

We consistently see existing customers acting as our advocates and promoting the benefits of supporting our Community Bank branches. This advocacy is 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. Our Community Liaison Officer, Hollie Wilkin, works collaboratively 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: Vanessa Curtis (Rye) who has been newly appointed to role but has been with us for 8.5 years in various positions, Renae Dunston (Rosebud) and Kristy McRae (Dromana). Rounding out the management group, is Mobile Relationship Manager Judy Dixon our Lending Hub Manager, Laura Nestoriwskyj and our part-time Business Development Manager, Craig Casey. I would like to recognise and thank our managers for their excellent support, leadership, and management of their staff/teams during these uncertain times. Thank you to 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 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 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 and customers will always be at the heart of what we do at Bendigo and Adelaide Bank.

Together, we're setting up Community Banking for the future – growing our impact as a leading social impact movement to transform communities across Australia.

As we continue to evolve to meet the needs of our customers, we should feel proud that more Australians are choosing to do their banking with us and trust us with their financial goals. Our position as Australia's most trusted bank (Roy Morgan) reflects the esteem we are held in by our customers, and communities.

This year has been particularly significant for us. Afer five years apart, we had the opportunity to come together in person and connect through our State Connect program and in Bendigo at our National Conference in September. It has also been a record-breaking year for Community Bank with more than $32 million invested into local communities nationwide. This is our highest year on record and underscores our ongoing commitment to our customers and communities.

Reflecting on the 25 years since we opened our first Community Bank, I'm so grateful to the hard work of many passionate directors (past and present). Everything we have done and continue to do is focused on our purpose to feed into the prosperity of our customers and communities, not off it.

On behalf of Bendigo Bank, thank you for continuing to play an essential role in supporting your community. I look forward to seeing us grow together 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 belong to an incredible social enterprise network that to date has reinvested more than $300 million in our local communities.

And now, as we celebrate our 25th anniversary milestone, we are evolving even further by sharpening our focus on our community enterprises – separate to the banking side of the business. We are uniting our Community Bank companies through a shared vision of being the most influential network of social enterprises in Australia. This means we'll have a bigger and better story to tell about how we collectively deliver impact.

Our future is together because of our extraordinary strength and aligned partnership with each other, and with our partner, Bendigo and Adelaide Bank. Our partnership with the bank has been fashioned out of shared effort, risk and reward and it continues to serve us well.

And now even with the digital evolution upon us, the foundation of our future still relies on the guiding principles of the Community Bank model. We are community enterprises and the custodians of this incredible model that collaborates with local communities for social good. The objective of our Community Bank network remains the same. Our evolution will be evidenced by the channels that we use to connect with our customers and communities, digital by design and human where it matters.

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.

The Community Bank network creates impact though grants, donations and sponsorships that connect with and care for generations of Australians. Network investment ranges from sport, scholarships and school programs, through to community groups, cultural organisations and local councils. We also facilitate and attract partnerships to help support much needed community projects.

The Community Bank National Council (CBNC) is the voice of the Community Bank network. The role of the CBNC is to advocate and influence on behalf of the 240 community enterprises with its partner. It has also been the role of the CBNC to oversee the development of the Community Network Strategy which exists to ensure the ongoing sustainability of this unique collective of social enterprises.

In September this year our Community Bank network celebrates 25 years. It's a tremendous milestone and one which we're hugely proud of achieving. We have never been stronger and we look forward to continuing to serve our shareholders, customers and communities as we embrace our exciting future.

Warm regards

Sarah Franklyn
CBNC Chair

2023 Community Impact Report

A MESSAGE FROM OUR CHAIRMAN

It is with immense pride, that we launch the inaugural Community Bank Southern Peninsula Community Impact Report, commencing with the FY 22-23. We hope that you find the information to be engaging and thought-provoking and if you are a shareholder or customer, that you feel genuine pride.

OUR COMMUNITY BANKING MODEL

Community banking is based on a 'profit-with-purpose' model, which means most of our profits are returned directly to the community that has generated them.

When you bank with your local Community Bank you make a difference in your community.

Behind the numbers are real stories and real branches, making a real difference for real people.

9.5 Million

Reinvested back into the local Southern Peninsula community

4 locations

With 3 branches at Rye Rosebud & Dromana, as well as a Lending Hub - we're here for you

Most Trusted

We're part of Bendigo Bank, one of Australia's biggest banks and most trusted brands*

*Roy Morgan Risk Monitor 2022.

Community Bank · Southern Peninsula

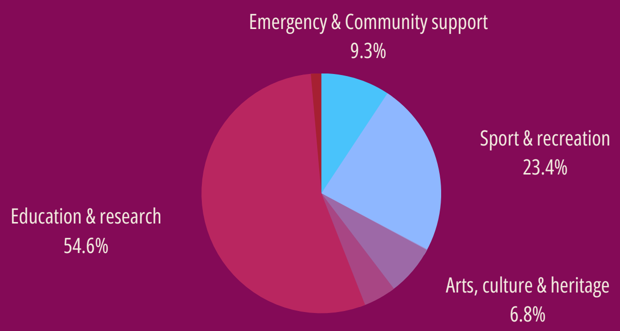
Bendigo Bank

COMMUNITY FUNDING

Our support categories align with those used by Bendigo Bank in their national impact reporting.

$9,500,000

- Emergency and community support
- Sport and recreation
- Environment and animal welfare
- Arts, culture and heritage
- Health and wellbeing
- Education and research
- Facilities & infrastructure.



Vision

To be the bank of choice on the Southern Peninsula

Purpose

To feed into the prosperity of our local Southern Peninsula Community, and not off it

Mission

To focus on building and improving the prospects of our customers, communities, shareholders and community partners

Emergency & community support

Boneo Fire Brigade joined us once again for our Community Funding Awards night in June 2023, and were recipients of **$8000** to assist with the commission of an electronic sign out the front of the station.

This brings our Community Funding of Boneo Rural Fire Brigade to $60,500 since 2016.

We are proud to support our local Emergency services and thank them for what they do in our community

The **$10,500** awarded to Dromana Community House this year is helping them provide freshly cooked take away meals on Thursdays for those in need.

This program has been hugely popular and is helping our local families who are doing it tough at the moment.

You can phone and register your interest in this meal service confidentially on
0417 467 734

We awarded another **$25,000** to aid Southern Peninsula Community Support in their fight against food poverty in our community.

The funds will go a long way in assisting the SPCS's Fresh Food Program which is delivered in 2 streams - Firstly, a walk up program every Monday providing fresh food, bread & other items to 70 -80 community members weekly.
The Second stream provides around 100 people a more detailed support through the main center

Sport & recreation

We have supported local sporting clubs on the Southern Peninsula for many years. Featured here are some of the sporting clubs we have a relationship with in 2023.

The first round of Community Funding in 2023 saw nine local Junior sporting clubs being awarded community funding.

An overwhelming amount of junior sporting groups are struggling with the costs associated with maintaining junior sports. Our funding will help the junior teams subsidize annual fees, update equipment and give the juniors access to qualified coaches

Environment & animal welfare

Our Community Bank operations are certified carbon neutral. We are proud to have been certified carbon neutral as an organisation since 2021. This means that we purchase and retire carbon offsets against emissions from our operations as part of Bendigo and Adelaide Bank. We are certified through Climate Active which is a partnership between the Australian Government and Australian businesses to drive voluntary climate action. The certification is awarded to businesses that have achieved a state of carbon neutrality – just like ours.

Our certification empowers the community to support organisations taking positive action on climate change. While we know that offsetting won't solve climate change, it is an important step as we continue work to reduce our own emissions. For more information, please refer to our most recent Climate Active Public Disclosure Statement or Bendigo and Adelaide Bank's Climate & Nature Action Plan

Climate Active
Carbon Neutral
ORGANISATION

We are making a conscious effort as a business to be more mindful on our environmental impact.

This includes the reduction of printed materials and careful consideration of the promotional items we use. We have been cutting down on the plastic items we use in our hampers and promotional merchandise.

While promotional materials are still being used as a way of contributing to community events, we are encouraging you to invite us to attend your events instead.

We offer a range of support to our clubs & groups when planning events such as :

• Marquees
• Social media advertising
• Pull up banners
• Digital assistance

What is Carbon Offsetting?

Carbon offsetting is a way for organisations to cancel out carbon emissions they are not able to eliminate, by investing in projects that reduce or remove emissions.

Arts, culture & heritage

Peninsula Studio Trail Inc were recipients of funding this year to assist with the costs associated in running their art show. Held in September, the PST showcased a diverse range of contemporary art from painting, drawing to sculpture and ceramics

As 2023 Supporters of the **International Cool Climate Wine Show**, we were honored to support 4 of their 2023 events. We were also particularly happy to have the opportunity to present one of their awards to a local Peninsula winery

Our relationship with **RPP 98.7 FM** continues to be a highlight for sharing community stories and news on the Peninsula.

We appreciate the team covering our Rosebud branch refurbishment outside the branch in April.

Taste Sorrento was back after a 7 year hiatus! As sponsors of this month-long event in June, we were happy we could promote the township of Sorrento and the local businesses there.

Health & wellbeing

The Portsea Camp were recipients of **$5000** funding this year for their 'Camp Happy Vibes" mission to increase self-esteem, self-awareness, resilience and empowerment for young girls through a transformative wellness camp

The Happy Vibes Mentor program and adventure 3 day camps catered for 100 girls between the ages of 8-12 and 13-17.

The program commenced during Women's health week in September 2023 and focused on embracing, mentoring and empowering our young women of tomorrow

Sorrento Pre-School were awarded **$5000** to go towards the construction of a Stephanie Alexander Early Childhood Kitchen Garden at the Kindergarten.

The aim of the Kitchen Garden program is to engage and educate young children in the growing, harvesting, preparing, and sharing of delicious and healthy food

Aligned with the Early Childhood Curriculum and our own goals of increasing Food Security within the Southern Peninsula, the program intends to involve children in pleasurable, sustainability-focused learning experiences and develop lifelong joyful and healthy food habits

Mornington Peninsula Foundation

$200,000 Invested

Community Bank Southern Peninsula have donated **$200,000** directly to the Mornington Peninsula Foundation to support their work in educational attainment.

Place based research conducted by the MPF in 2017 across 15 schools and 25 community organisations shows that an alarming number of children are falling through the cracks in our educational system and are not getting the support they need to learn basic reading and writing skills.

Therefore, by the time they progress up the educational system into secondary school, they are unable to learn to their full potential, because they do not have the basic foundations of reading and writing to support them in absorbing the learning content being provided by their educators.

The funds donated to the **Mornington Peninsula Foundation**, will aid them in their mission to support communities on the Mornington Peninsula to break the cycle of disadvantage by focusing on effective education for children and young people.

Facilities & infrastructure

Referral partners

Our referral partnership with **Rye Football Netball Club** is enabling the club to make upgrades to the Club facilities at RJ Rowley reserve.

This is not only benefiting the club itself, but all the other sporting clubs that use the grounds.

The Rye Gift is held here annually. As supporters of this event in Jan 2023, we understand the importance of ensuring the grounds are kept in good condition for the benefit of the whole community.

The **Red Hill Memorial Pre-School** were recipients of **$5000** this year to purchase essential equipment that will help develop the children's fine motor skills & promote exploratory play and imagination.

The equipment will provide a safe and stimulating environment for the children to grow and develop whilst engaging in healthy physical activity and learning.

The initiative aims to encourage healthy habits among children. With our support, they can create a healthier and more active generation.

We couldn't have done it without your generous *support.*

Thank you

to all our customers, staff, directors and shareholders.

Our community funding is only made possible when our community supports us in return with their banking facilities.

Rosebud@bendigoadelaide.com.au

www.bendigobank.com.au/rosebud

1087 Point Nepean Road, Rosebud

03 5982 0499

Directors' report

The directors present their report, together with the financial statements, on the company for the year ended 30 June 2023.

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: 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: Chairman, Community Impact & Marketing Committee

Name: **Stephen Bernard Edmund**

Title: 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 Community Impact & 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: Community Impact & Marketing Committee and promotions

Name: **Stephen De Quetteville Robin**

Title: Non-executive director

Experience and expertise: Stephen is an experienced marketing executive with over 30 years in public relations-based positions, including; 12 years PR with Mornington Peninsula Shire and 20 years with an Australia-wide locally based events management company. Stephen has a master's degree in Public Policy.

Special responsibilities: Member of Audit Risk and Governance Committee, Member of Community Impact & Marketing Committee

Directors' report (continued)

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 Community Impact & 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. Coach of junior basketball teams in the Mornington District Basketball Association.

Special responsibilities: Treasurer, Chair of Finance & Asset Committee

Name: **Helen Mary Murphy**

Title: Non-executive director (appointed 18 April 2023)

Experience and expertise: BSc, MSc (Env Eng), PhD. Over 35 years experience in the public and private sectors within Australia and internationally. She is an experienced Non-Executive Director having previously worked on boards within the tertiary education sector as well as those involved in promoting renewable technologies. Currently, Director and Board Secretary for Rye Community House and Managing Director Helix Environmental.

Special responsibilities: Member Audit, Risk and Governance Committee, Member Community Impact & Marketing Committee

Name: **Oriana Maria Tessari**

Title: Non-executive director (appointed 18 April 2023)

Experience and expertise: Oriana has a Bachelor of Commerce and Master of International Business from The University of Melbourne and is a graduate of the Australian Institute of Company Directors. With over 17 years of international financial services experience spanning banking, payments and financial technology, she currently leads product and industry partnerships for Stripe across Australia and New Zealand.

Special responsibilities: Chair of Audit Risk and Governance Committee, Member of Community Impact & Marketing Committee

Name: **Jan Hall**

Title: Non-executive director (resigned 30 June 2023)

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: Community Impact & Marketing Committee

Name: **Gary Michael Cain**

Title: Non-executive director (resigned 16 November 2022)

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

Special responsibilities: Budget, Finance & Asset Management Committee

Directors' report (continued)

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 8 years. Sarah's special responsibilities include the Community Impact & Marketing Committee and Audit Risk and Governance Committee.

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 $1,924,371 (30 June 2022: $300,157).

The company has seen a significant increase in its revenue during the financial year. This is a result of the Reserve Bank of Australia (RBA) increasing the cash rate by 3.25% during the financial year moving from 0.85% to 4.10% as at 30 June 2023. The increased cash rate has had a direct impact on the revenue received by the company, increasing the net interest margin income received under the revenue share arrangement the company has with Bendigo Bank.

Dividends

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

	2023 $
Fully franked dividend of 3.5 cents per share (2022: 4 cents)	102,606

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

No matter or circumstance has arisen since 30 June 2023 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		Community Impact & Marketing Committee Committee		Budget, Finance and Asset Management Committee		Audit, Risk & Governance Committee	
	Eligible	Attended	Eligible	Attended	Eligible	Attended		
Vincent de Paul Cheers	12	9	5	2	1	1	1	-
Stephen Bernard Edmund	12	11	-	-	1	1	-	-
Amber Britt Earles*	9	9	3	3	-	-	-	-
Barry Leonard Irving OAM	12	9	5	2	-	-	-	-
Stephen De Quetteville Robin	12	11	5	3	-	-	1	-
Renee Christiana Bowker	12	9	5	5	-	-	-	-
Craig Lawrence Dowsing	12	11	-	-	1	1	-	-
Helen Mary Murphy	3	3	2	2	-	-	1	1
Oriana Maria Tessari	3	3	2	2	-	-	1	1
Jan Hall	12	12	5	3	-	-	-	-
Gary Michael Cain	5	4	-	-	-	-	-	-

* Leave of Absence from 7 April 2023 – 2 October 2023

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 23 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	106,634	24,500	131,134
Stephen Bernard Edmund	7,200	–	7,200
Amber Britt Earles	2,000	–	2,000
Barry Leonard Irving OAM	3,600	–	3,600
Stephen De Quetteville Robin	1,500	–	1,500
Renee Christiana Bowker	–	1,000	1,000
Craig Lawrence Dowsing	14,400	16,100	30,500
Helen Mary Murphy	1,985	-	1,985
Oriana Maria Tessari	-	-	-
Jan Hall	8,800	–	8,800
Gary Michael Cain	5,000	–	5,000

Directors' report (continued)

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 25 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

Stephen Bernard Edmund
Deputy Chair

26 September 2023

Auditor's independence declaration

Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550
ABN: 65 684 604 390
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 2023, I declare that, to the best of my knowledge and belief, there have been:

i) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 26 September 2023

Joshua Griffin
Lead Auditor

afsbendigo.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

Financial statements

Statement of profit or loss and other comprehensive income

For the year ended 30 June 2023

	Note	2023 $	2022 $
Revenue from contracts with customers	6	6,245,131	3,295,267
Other revenue		–	17,401
Net gain on revaluation of property, plant and equipment	7	–	74,492
Total revenue		**6,245,131**	**3,387,160**
Employee benefit expenses	8	(2,324,271)	(2,038,967)
Advertising and marketing costs		(10,934)	(21,731)
Occupancy and associated costs		(165,543)	(160,438)
Systems costs		(169,062)	(162,492)
Depreciation and amortisation expense	8	(121,003)	(133,768)
Finance costs	8	(17,863)	(18,054)
General administration expenses		(167,299)	(172,258)
Total expenses before community contributions and income tax expense		**(2,975,975)**	**(2,707,708)**
Profit before community contributions and income tax expense		**3,269,156**	**679,452**
Charitable donations and sponsorships expense	8	(699,774)	(309,900)
Profit before income tax expense		**2,569,382**	**369,552**
Income tax expense	9	(645,011)	(69,395)
Profit after income tax expense	18	**1,924,371**	**300,157**
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		–	98,027
Other comprehensive income for the year, net of tax		–	98,027
Total comprehensive income for the year		**1,924,371**	**398,184**
		¢	¢
Basic earnings per share	27	65.64	10.24
Diluted earnings per share	27	65.64	10.24

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Statement of financial position

As at 30 June 2023

	Note	2023 $	2022 $
ASSETS			
Current assets			
Cash and cash equivalents	10	1,594,904	130,571
Trade and other receivables	11	557,302	354,106
Current tax assets	9	–	14,115
Total current assets		**2,152,206**	**498,792**
Non-current assets			
Property, plant and equipment	12	5,729,993	5,598,757
Intangible assets	13	107,828	145,891
Deferred tax assets	9	95,575	91,847
Total non-current assets		**5,933,396**	**5,836,495**
Total assets		**8,085,602**	**6,335,287**
LIABILITIES			
Current liabilities			
Trade and other payables	14	247,201	229,256
Borrowings	15	48,871	207,528
Current tax liabilities	9	572,611	–
Employee benefits	16	159,976	92,815
Total current liabilities		**1,028,659**	**529,599**
Non-current liabilities			
Trade and other payables	14	42,271	84,545
Borrowings	15	98,028	587,257
Employee benefits	16	23,163	62,170
Total non-current liabilities		**163,462**	**733,972**
Total liabilities		**1,192,121**	**1,263,571**
Net assets		**6,893,481**	**5,071,716**
EQUITY			
Issued capital	17	1,299,400	1,299,400
Reserves		1,404,542	1,404,542
Retained earnings	18	4,189,539	2,367,774
Total equity		**6,893,481**	**5,071,716**

The above statement of financial position should be read in conjunction with the accompanying notes.

Statement of changes in equity

For the year ended 30 June 2023

	Note	Issued capital $	Revaluation reserve $	Retained earnings $	Total equity $
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	20	–	–	(117,264)	(117,264)
Balance at 30 June 2022		**1,299,400**	**1,404,542**	**2,367,774**	**5,071,716**
Balance at 1 July 2022		1,299,400	1,404,542	2,367,774	5,071,716
Profit after income tax expense		–	–	1,924,371	1,924,371
Other comprehensive income, net of tax		–	–	–	–
Total comprehensive income		–	–	1,924,371	1,924,371
Transactions with owners in their capacity as owners:					
Dividends provided for	20	–	–	(102,606)	(102,606)
Balance at 30 June 2023		**1,299,400**	**1,404,542**	**4,189,539**	**6,893,481**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Statement of cash flows

For the year ending 30 June 2023

	Note	2023 $	2022 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		6,669,728	3,534,222
Payments to suppliers and employees (inclusive of GST)		(4,122,421)	(3,172,531)
Interest and other finance costs paid		(17,863)	(23,636)
Income taxes paid		(62,013)	(36,480)
Net cash provided by operating activities	26	**2,467,431**	**301,575**
Cash flows from investing activities			
Payments for property, plant and equipment	12	(214,176)	(32,397)
Payments for intangible assets		(38,430)	(38,430)
Proceeds from disposal of property, plant and equipment		–	28,182
Net cash used in investing activities		**(252,606)**	**(42,645)**
Cash flows from financing activities			
Dividends paid	20	(102,606)	(117,264)
Repayment of borrowings		(647,886)	(144,111)
Net cash used in financing activities		(750,492)	(261,375)
Net decrease in cash and cash equivalents		1,464,333	(2,445)
Cash and cash equivalents at the beginning of the financial year		130,571	133,016
Cash and cash equivalents at the end of the financial year	10	**1,594,904**	**130,571**

The above statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the financial statements

Note 1. Reporting entity

The financial statements cover Rye & District Community Financial Services Limited (the company) as an individual entity, which is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

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.

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.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 26 September 2023. The directors have the power to amend and reissue the financial statements.

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 2022, 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 2023.

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 that it believes to be reasonable under the circumstances. Differences between the accounting judgements and estimates and actual results and outcomes are accounted for in future reporting periods. 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.

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 assets that have been abandoned or sold will be written off or written down.

Impairment of non-financial 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.

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.

Notes to the financial statements (continued)

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.

Note 6. Revenue from contracts with customers

Margin income	5,714,169	2,795,818
Fee income	260,688	253,990
Commission income	270,274	245,459
Revenue from contracts with customers	**6,245,131**	**3,295,267**

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.

	2023 $	2022 $

Note 6. Revenue from contracts with customers (continued)

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, interest rates and funds transfer pricing and other factors, such as economic and local conditions.

Margin income

Margin income on core banking products 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.

Commission income

Commission income 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.

	2023 $	2022 $

Note 6. Revenue from contracts with customers (continued)

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. Net gain on revaluation of property, plant and equipment

	2023 $	2022 $
Reversal of revaluation losses	–	105,154
Revaluation losses	–	(30,662)
	–	**74,492**

These revaluation amounts related to the revaluation of property, plant and equipment, which occurred in the previous financial year. Further details are outlined in note 12 'Property, plant and equipment'.

Note 8. Expenses

	2023 $	2022 $
Employee benefits expense		
Wages and salaries	1,613,537	1,422,494
Non-cash benefits	9,087	9,486
Superannuation contributions	179,529	150,949
Expenses related to long service leave	11,660	(44,163)
Other expenses	510,458	500,201
	2,324,271	**2,038,967**
Depreciation and amortisation expense		
Depreciation of non-current assets		
Buildings	61,109	67,142
Furniture and fittings	16,854	19,115
Motor vehicles	4,977	9,448
	82,940	**95,705**

	2023 $	2022 $
Note 8. Expenses (continued)		
Amortisation of intangible assets		
Franchise fee	6,345	6,345
Franchise renewal fee	31,718	31,718
	38,063	**38,063**
	121,003	**133,768**
Finance costs		
Bank loan interest paid or accrued	17,863	17,854
Recurring borrowing costs paid	–	200
	17,863	**18,054**

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

Leases recognition exemption		
Expenses relating to low-value leases	47,727	67,201

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 Leases*. Expenses relating to low-value exempt leases are included in system costs expenses.

Charitable donations, sponsorships and grants		
Direct donation, sponsorship and grant payments	416,524	309,900
Contribution to the Community Enterprise Foundation™	283,250	–
	699,774	**309,900**

The overarching philosophy of the Community Bank model, is to support the local community in which the company operates. This is achieved by circulating the flow of financial capital into the local economy through community contributions (such as donations, sponsorships and grants).

The funds contributed to and held by the Community Enterprise Foundation™ (CEF) are available for distribution as grants to eligible applicants for a specific purpose in consultation with the directors.

When the company pays a contribution in to the CEF, the company loses control over the funds at that point. While the directors are involved in the payment of grants, the funds are not refundable to the company.

Note 9. Income tax

	2023 $	2022 $
Income tax expense		
Current tax	648,740	67,158
Movement in deferred tax	(3,729)	34,913
Deferred tax recognised at FVTOCI	–	(32,676)
Aggregate income tax expense	**645,011**	**69,395**
***Prima facie* income tax reconciliation**		
Profit before income tax expense	2,569,382	369,552
Tax at the statutory tax rate of 25%	642,346	92,388
Tax effect of:		
Non-deductible expenses	952	3,296
Non-assessable income	–	(26,289)
	643,298	**69,395**
Current year temporary differences not recognised	1,713	–
Income tax expense	**645,011**	**69,395**
Deferred tax assets/(liabilities)		
Employee benefits	45,857	40,806
Revaluation loss of property, plant and equipment through profit or loss	–	7,666
Accrued expenses	168	341
Income accruals	(5,731)	–
Lease liabilities	7,666	–
Carried-forward capital losses	122,827	122,827
Prepayments	–	(4,581)
Revaluation gain of property, plant and equipment through profit or loss	–	(42,536)
	173,075	**124,523**
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	(77,500)	(34,964)
	(77,500)	**(32,676)**
Deferred tax asset	**95,575**	**91,847**
Income tax refund due	–	**14,115**
Provision for income tax	**572,611**	–

	2023 $	2022 $

Note 9. Income tax (continued)

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 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.

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 10. Cash and cash equivalents

Cash on hand	670	670
Cash at bank and on hand	1,594,234	129,901
	1,594,904	**130,571**

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)

	2023 $	2022 $

Note 11. Trade and other receivables

Trade receivables	534,380	334,464
Prepayments	22,922	19,642
	557,302	**354,106**

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.

Note 12. Property, plant and equipment

Land – at fair value	3,282,154	3,282,154
Buildings – at fair value	2,312,553	2,192,846
Less: accumulated depreciation	(61,109)	–
	2,251,444	**2,192,846**
Furniture and fittings – at cost	383,254	317,881
Less: accumulated depreciation	(228,894)	(212,040)
	154,360	**105,841**
Motor vehicles – at cost	73,006	43,910
Less: accumulated depreciation	(30,971)	(25,994)
	42,035	**17,916**
	5,729,993	**5,598,757**

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

	Land $	Buildings $	Furniture and fittings $	Motor vehicles $	Total $
Balance at 1 July 2021	**3,138,888**	**2,198,058**	**92,559**	**38,145**	**5,467,650**
Additions	–	–	32,397	–	32,397
Disposals	–	–	–	(10,781)	(10,781)
Revaluation increments	143,266	101,744	–	–	245,010
Revaluation decrements	–	(39,814)	–	–	(39,814)
Depreciation	–	(67,142)	(19,115)	(9,448)	(95,705)
Balance at 30 June 2022	**3,282,154**	**2,192,846**	**105,841**	**17,916**	**5,598,757**
Additions	–	119,707	65,373	29,096	214,176
Depreciation	–	(61,109)	(16,854)	(4,977)	(82,940)
Balance at 30 June 2023	**3,282,154**	**2,251,444**	**154,360**	**42,035**	**5,729,993**

	2023 $	2022 $

Note 12. Property, plant and equipment (continued)

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.

Additions

During the current financial year the company completed a refit of the Rosebud branch.

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

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.

Note 13. Intangibles

	2023 $	2022 $
Franchise fee	198,941	198,941
Less: accumulated amortisation	(180,970)	(174,625)
	17,971	**24,316**
Franchise renewal fee	393,526	393,526
Less: accumulated amortisation	(303,669)	(271,951)
	89,857	**121,575**
	107,828	**145,891**

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 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**
Amortisation expense	(6,345)	(31,718)	(38,063)
Balance at 30 June 2023	**17,971**	**89,857**	**107,828**

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 and adjusted, if appropriate, at each reporting date.

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.

Notes to the financial statements (continued)

	2023 $	2022 $

Note 14. Trade and other payables

Current liabilities		
Trade payables	6,702	23,399
Other payables and accruals	240,499	205,857
	247,201	**229,256**
Non-current liabilities		
Other payables and accruals	**42,271**	**84,545**

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.

Note 15. Borrowings

Current liabilities		
Bank loans	**48,871**	**207,528**
Non-current liabilities		
Bank loans	**98,028**	**587,257**

Bank loans

Bank loans are repayable monthly. Interest is recognised at rate of 6.413% (2022: 3.327%). 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 16. Employee benefits

Current liabilities		
Annual leave	74,960	58,466
Long service leave	85,016	34,349
	159,976	**92,815**
Non-current liabilities		
Long service leave	**23,163**	**62,170**

	2023 $	2022 $

Note 16. Employee benefits (continued)

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.

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 17. Issued capital

	2023 shares	2022 shares	2023 $	2022 $
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.

	2023 $	2022 $

Note 17. Issued capital (continued)

Rights attached to issued capital

Ordinary shares

Voting rights

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

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

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

Dividends

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

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 456 shareholders (2022: 461 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 their associates) has a prohibited shareholding interest in are suspended.

	2023 $	2022 $

Note 17. Issued capital (continued)

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

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

Note 18. Retained earnings

	2023 $	2022 $
Retained earnings at the beginning of the financial year	2,367,774	2,184,881
Profit after income tax expense for the year	1,924,371	300,157
Dividends paid (note 20)	(102,606)	(117,264)
Retained earnings at the end of the financial year	**4,189,539**	**2,367,774**

Note 19. 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.

	2023 $	2022 $

Note 20. 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.

Fully franked dividend of 3.5 cents per share (2022: 4 cents)	**102,606**	**117,264**
Franking credits		
Franking account balance at the beginning of the financial year	1,233,751	1,236,360
Franking credits (debits) arising from income taxes paid (refunded)	62,014	36,479
Franking debits from the payment of franked distributions	(34,202)	(39,088)
Annual income tax return	**1,261,563**	**1,233,751**
Franking transactions that will arise subsequent to the financial year end:		
Balance at the end of the financial year	1,261,563	1,233,751
Franking credits (debits) that will arise from payment (refund) of income tax	572,612	(14,114)
Franking credits available for future reporting periods	**1,834,175**	**1,219,637**

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 21. Financial instruments

Financial assets		
Trade and other receivables	534,380	334,464
Cash and cash equivalents	1,594,904	130,571
	2,129,284	**465,035**
Financial liabilities		
Trade and other payables	289,472	313,801
Bank loans	146,899	794,785
	436,371	**1,108,586**

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.

	2023 $	2022 $

Note 21. Financial instruments (continued)

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.

Interest-bearing assets and liabilities are held with Bendigo Bank and earnings on these are subject to movements in market interest rates. The company held cash and cash equivalents of $1,594,904 at 30 June 2023 (2022: $130,571).

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.

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

	2023		2022	
	Nominal interest rate %	Balance $	Nominal interest rate %	Balance $
Bank loans	6.41%	146,899	3.33%	794,785
Net exposure to cash flow interest rate risk		**146,899**		**794,785**

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, Bendigo Bank is rated BBB+ on Standard & Poor's credit ratings.

	2023 $	2022 $

Note 21. Financial instruments (continued)

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.

2023	1 year or less $	Between 1 and 5 years $	Over 5 years %	Remaining contractual maturities $
Non-derivatives				
Bank loans	48,871	98,028	–	146,899
Trade and other payables	247,201	42,271	–	289,472
Total non-derivatives	**296,072**	**140,299**	–	**436,371**
2022				
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**

Note 22. Fair value measurement

2023	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	–	5,475,000	–	5,475,000
Total assets	–	**5,475,000**	–	**5,475,000**

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.

	2023 $	2022 $

Note 22. Fair value measurement (continued)

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.

Note 23. Key management personnel disclosures

The following persons were directors of Rye & District Community Financial Services Limited during the financial year and/or up to the date of signing of these Financial Statements:

Vincent de Paul Cheers	Craig Lawrence Dowsing
Stephen Bernard Edmund	Helen Mary Murphy
Amber Britt Earles	Oriana Maria Tessari
Barry Leonard Irving OAM	Jan Hall
Stephen De Quetteville Robin	Gary Michael Cain
Renee Christiana Bowker	

Compensation

Key management personnel compensation comprised the following.

	2023 $	2022 $
Short-term employee benefits	77,006	71,515
Post-employment benefits	8,086	7,135
	85,092	**78,650**

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

Note 24. Related party transactions

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

Note 25. 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:

	2023 $	2022 $
Audit services		
Audit and review of financial statements	7,500	7,300
Other services		
General advisory services	2,110	1,715
	9,610	**9,015**

Note 26. Reconciliation of profit after income tax to net cash provided by operating activities

	2023 $	2022 $
Profit after income tax expense for the year	1,924,371	300,157
Adjustments for:		
Depreciation and amortisation	121,003	133,768
Net gain on disposal of non-current assets	–	(17,401)
Net fair value gain on property, plant and equipment	–	(74,492)
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(203,196)	(82,826)
Decrease/(increase) in income tax refund due	14,115	30,679
Decrease in deferred tax assets	(3,728)	2,236
Increase/(decrease) in trade and other payables	14,101	52,742
Increase in provision for income tax	572,611	–
Increase/(decrease) in employee benefits	28,154	(43,288)
Net cash provided by operating activities	**2,467,431**	**301,575**

Note 27. Earnings per share

	2023 $	2022 $
Profit after income tax	**1,924,371**	**300,157**
	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	65.64	10.24
Diluted earnings per share	65.64	10.24

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.

	2023 $	2022 $

Note 28. Commitments

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

Note 29. Contingencies

There were no contingent liabilities or contingent assets at the date of this report.

Note 30. Events after the reporting period

No matter or circumstance has arisen since 30 June 2023 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 2023 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

Stephen Bernard Edmund
Deputy Chair

26 September 2023

Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550
ABN: 65 684 604 390
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 2023
- 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 2023 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.

Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550
ABN: 65 684 604 390
afs@afsbendigo.com.au
(03) 5443 0344

Other Information

The other information comprises the information included in the company's annual report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon. The annual report may also include "other information" on the company'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. We have nothing to report in this regard.

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.

The directors are responsible for overseeing the company's financial reporting process.

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.

Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550
ABN: 65 684 604 390
afs@afsbendigo.com.au
(03) 5443 0344

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.

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: 26 September 2023

Joshua Griffin
Lead Auditor

Reflect Reconciliation Action Plan

As a way to commemorate the launch of the Bendigo and Adelaide Bank's inaugural Reflect Reconciliation Action Plan 2023, they engaged with Yorta Yorta and Dja Dja Wurrung artist and educator, Troy Firebrace, to create a piece of art that symbolised the importance of and the start of the Bank's journey towards reconciliation.

This Reconciliation Action Plan will support the Bank in understanding, exploring and measuring, where and how we can have the most meaningful impact, and lay firm foundations for Reconciliation across the Group in the years to come.

Learn more about the Reconciliation Action Plan and learn more about the artwork here

Artist: Troy Firebrace
Country: Yorta Yorta and Dja Dja Wurrung
Year Created: 2023

THE ARTIST

Troy Firebrace is a proud Yorta Yorta and Dja Dja Wurrung artist and educator. Born in Shepparton, Troy was always drawn to art and painting at school, but an absence of Aboriginal history and education in his schooling lead him on a path to becoming an educator too. Troy has a Bachelor in Creative Arts, Major in Fine Arts and a Masters of Teaching Secondary. He has exhibited at Kaiela Arts Shepparton, Dudley House Bendigo and Melbourne Museum. Troy lives in Bendigo with his family.

Official artist statement

The artwork focuses on three elements of Bendigo and Adelaide Bank. Community, Impact and Journey.

As an Aboriginal person, it's my interpretation of the Bank's ambitions and commitments, and feeling the truth in their words, which has let me step forward with trust in my creation.

Community is the connection the Bank is forming by learning about community and country. Ensuring the Bank's choices align with the beliefs, ambitions and respect of the community in which the Bank embeds itself. An authentic connection.

Impact is the result of the good, honest work the Bank strives for. The importance of relationships and quality service not only creates an open dialogue with the community, but also has a positive impact on the sustainability of the places they serve. The commitment of honest change for better impact.

Journey is the path of collective learning as a whole community. There is no one side benefiting from the other. The direction of the pathway is open to the whole community and that leads to prosperity. The truest form of partnership.

The Bank's ambitions are not solely of profit or just talk of finance. They are the model in which real communities are formed; where a simple "hello" becomes "how are you?" A question of investment in someone's life, free from creed, race or status. A question grounded in country.

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
239 Point Nepean Road,
Dromana VIC 3936
Phone: 5981 0106
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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This Annual Report will not be printed

Bendigo Bank