

**North Ryde**  
**Community Finance Limited**

**Financial Statements**

**as at**

**30 June 2013**

## **Chairman's Report**

This year has been another outstanding success for North Ryde Community Finance Limited (NRCFL). Our **Community Bank®** branch's performance is reflected not only in the excellent financial results, but also the community engagement achieved and the increased levels of support provided to community groups in our local area.

### **Financial results**

During the reporting period:

- revenues increased by 5% to \$1.022 million
- profit before income tax was \$430,020 (42% of total revenue)
- after tax profit increased by 4% to \$303,418 (19% of total equity)
- net assets increased from \$1.39 million to \$1.609 million
- total equity now stands at \$1.609 million
- cash at end of period was \$1.303 million
- earnings per share increased to 28.66c
- net tangible asset backing per share increased from \$1.28 to \$1.50.

### **Operational and financial review**

This is a new requirement from ASIC and is reported in detail in the financial statements. This is the first time that this statement has been included and gives an overview of the business, its drivers of performance and some insights into the strategy adopted by your Board.

### **Dividend announcement**

As a result of the strong financial performance, your Board, at its September meeting, determined a dividend of 8c per share (fully franked) be paid. This was officially announced on the National Stock Exchange on 4 October 2013. The ex-dividend date is 12 November 2013 and the record date is 20 November 2013. It is expected that the dividend will be paid on 2 December 2013.

### **National Stock Exchange**

The transfer to the NSX and remain a listed company, complying with the listing rules and associated requirements has proved to be successful. It has resulted in a more liquid and transparent market for NRCFL shares with substantial trades occurring over the period. Shareholders are encouraged to engage with an approved stockbroker should they wish to purchase further shares or sell shares. A list of these is provided in the Company Secretary's report. The NSX can be found at <http://www.nsx.com.au>.

### **Annual general meeting**

The AGM this year will be held on Wednesday 20 November at 10.00am. The venue will be the same as last year – the Holy Spirit School Hall in Cox's Road, North Ryde. Information and procedural matters for the AGM will be made available to shareholders on a separate mail out basis containing the formal notes of meeting, statutory accounts and proxy forms.

Shareholders may attend the AGM and register their votes on resolutions at the meeting. For the shareholders who have difficulty attending the meeting, you may vote via a proxy or choose to vote electronically. Electronic voting will again be conducted by Elections Australia.



### **Remuneration report**

The Remuneration report is a requirement of the Corporations Law and reporting to ASIC of the annual accounts for a listed company. This report is outlined on page 2 of the financial statements and states that "no Director or Secretary of the company receives payment for services as a Director or committee member". Accordingly, no disclosures are required on this matter.

I encourage all shareholders to attend the AGM, after which morning tea is provided.

### **Our Directors**

My thanks go to the entire Board of Directors for their active participation over the past 12 months. As we report to ASIC under Corporations Law, all our Directors are subject to the required diligences and responsibility of the conduct of the business which, these days, is quite an onerous task. They also have to shoulder the responsibility of the listing rules of the National Stock Exchange and the overall governance and business focus of the **Community Bank®** branch. Our Directors continue to participate on a voluntary basis.

This year three Directors retire by rotation. These Directors are: Mrs Helen Patricia Perrin, Mr Robert Talbot and Mr Ivan Petch. Each Director is offering themselves for re-election for a further period of service.

During the year, Matt Walker resigned from the Board and moved interstate. Matt was a foundation Director of the Board and I thank him for his valuable contribution over the years.

### **Our partner – Bendigo and Adelaide Bank**

Bendigo and Adelaide Bank continue to go from strength to strength as a quality alternative in the Australian banking market. It remains one of the few banks globally to be awarded an upgraded credit rating since the onset of the Global Financial Crisis and Bendigo and Adelaide Bank continues to be rated "A-" by Standard & Poor's. We have a good working relationship with Bendigo and Adelaide Bank and we thank Phil Jones (State Manager), Alex Hughes (Regional Manager) and their team for their help and support during the year.

### **Restoring the Balance and Project Horizon**

During 2011 the revenue sharing arrangements set out in the Franchise Agreement were reviewed. Certain adjustments to commissions on some products were made. These adjustments moved **Community Bank®** branches' revenue share back towards a 50/50 split with Bendigo and Adelaide Bank. This resulted in a decrease for NRCFL in revenue allocation in 2011/12 financial year. This program was known as "Restoring the Balance". A further change to the commission structure was announced and commenced in April 2013. Our estimate of the impact of these changes is in the order of \$100,000 in revenue and hence, profit. The latter change affected only fixed home loans and term deposits greater than 90 days.

Your Board continues to monitor the impact of these changes and the challenges that they present in the shorter term.

The **Community Bank®** model was commenced some 15 years ago and has proved to be very successful. However, the operating environment for banking businesses continues to evolve with many changes that are challenging banking systems and banking models. Accordingly, a strategic program has been initiated by Bendigo and Adelaide Bank together with the Strategic Advisory Board and representatives of community banks to set a shared vision for the **Community Bank®** branch to be as successful in the next 15 years by accommodating anticipated future challenges and changes. This project is known as "Project Horizon".

### **Congratulations to our staff**

Business success often depends on the quality of personnel managing a business. We have an outstanding team most ably led by our General Manager, Pat Italiano. To Pat and all his staff we say thank you in appreciation for their positive attitudes and outstanding customer service.

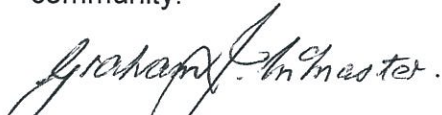
### **Our customers**

Without our long standing and loyal customers and our relatively new customers, we also say thank you for your business and welcome any feedback you may have which will improve your banking experience into the future.

### **In conclusion**

As we move into our 9<sup>th</sup> year of operation, your Board of Directors are continually looking to the future of your **Community Bank®** branch. They are identifying the critical success factors in developing and growing the business and are also focussing on future strategic issues in order that the **Community Bank®** branch can readily adjust to meet future challenges. We are confident of the future and feel that we can build on the platform that has already been established and which has an excellent track record in recent years.

To all our shareholders, customers big and small who are a part of our banking family, our Board of Directors and staff thank you for your continued support and business custom. I believe we all have the necessary enthusiasm and desire for future success in our own community.



Dr Graham McMaster  
October 2013



## ***General Manager's Report***

It is hard to believe that we have just completed our 9<sup>th</sup> year of operation. It is with great pride that we are able to celebrate this milestone. Although there is still a general lack of confidence in the wider economy, our business continues to grow and we are pleased to report another good performance for the 2012/2013 financial year.

### **Community Engagement**

The strength of our business has meant that we have again been able to share our success with the local community. This year your **Community Bank®** branch has supported several local organisations, schools and sporting clubs. We have also provided financial support to:

- North Ryde Rotary (Carols By Candlelight)
- Ryde Eastwood Touch Football
- Holy Spirit School
- Kent Road Public School
- North Ryde Spirits Netball Club
- North Ryde Hawks Junior Rugby League
- North Ryde Junior Rugby Union
- North Ryde Junior Baseball
- Saints United Soccer Club
- North Ryde Community Aid
- The Ryde Eisteddfod
- Ryde Sports Foundation

We have also set aside an additional amount of \$25,000.00 with the Community Enterprise Foundation™ which will be used to fund Community projects in the future. We now have over \$60,000 set aside for this purpose.

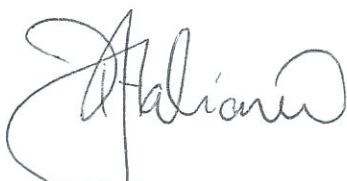
### **Staff**

The key to success for our business remains its people, and the contribution from our staff remains outstanding. We are very fortunate to have retained the service of Gina, Karen and Michelle, Jodi and Alison throughout the year. The stability of our staff is one of the key factors underlining the success of the business and is much appreciated by all our regular customers

I again would also like to thank all our Directors, who give their time on a voluntary basis to ensure that the business is run in a professional and prudent manner. Their contribution to the success of our business should not be underestimated.

### **Our Commitment to Service and Community**

The **Community Bank®** concept has proven to be of great benefit to the Ryde are, and continues to provide a quality face to face banking service. Our success has also meant that we are able to engage with the community in a meaningful way, as well as a solid return to our shareholders. We can only continue to be successful with ongoing support from the community and we would encourage all of you to be a part of your **Community Bank®** branch and appreciate the great service we provide.



Pat Italiano  
October 2013

## ***Company Secretary's report FY2012-2013***

Dear Shareholders

It is with great pleasure that I provide the following Secretary's report for financial year 2012/2013. As you are aware, the Company Secretary is responsible for the overall governance of the company and also for compliance and reporting to the relevant bodies such as ASIC (Australian Securities and Investment Commission). All necessary reports and returns have been made to ensure full corporate compliance has been maintained for North Ryde Community Finance Limited (NRCFL).

### **National Stock Exchange**

You may recall that last year we transferred from Bendigo Stock Exchange and relisted NRCF Ltd shares on the National Stock Exchange. This has proved to be a good move and the Company has seen more active trading of our shares. Trades have been made at values up to \$1.12 per security showing a significant premium to the original issue price.

Your Directors have held 10 general meetings this year on a monthly basis commencing at 7.00am, the venue being our registered office at NRCFL, Cox's Road, North Ryde. No extraordinary meetings have been held as the Company's business has been adequately dealt with at the monthly Directors' meetings.

### **Share registry**

AFS & Associates continue to maintain the share register of our Company and provide new share certificates as required.

### **Trading shares in North Ryde Community Finance Ltd**

In order to trade shares, shareholders will need to contact brokers that are approved/registered with the National Stock Exchange. Once you are registered, it is a relatively easy matter to sell or buy shares on the National Stock Exchange.

A list of the brokers who are approved by the National Stock Exchange is attached for your reference.



Pat Perrin

**October 2013**



## APPROVED LIST OF NSX BROKERS

(October 2013)

### Affinity Wealth Services

Level 5  
10 Barrack Street  
Sydney New South Wales 2000  
Phone: (02) 8078 0888  
Fax: (02) 8078 0899  
Email: [info@affinitywealth.com.au](mailto:info@affinitywealth.com.au)  
Web: <http://www.affinitywealth.com.au>

### Baillieu Holst Ltd

Level 26  
360 Collins Street  
Melbourne VIC 3000  
Phone: 1800 339 521 (toll free)  
Fax: (03) 9602-2350  
Email: [baillieu@baillieu.com.au](mailto:baillieu@baillieu.com.au)  
Web: <http://www.baillieuholst.com.au>

### Bell Potter Securities Limited

Level 29  
101 Collins Street  
Melbourne VIC 3000  
Phone: 1300 023 557  
Fax: (03) 9256-8787  
Email: [info@bellpotter.com.au](mailto:info@bellpotter.com.au)  
Web: <http://www.bellpotter.com.au>

### Burrell Stockbroking Pty Ltd

Level 4  
24 Little Edward Street  
Spring Hill QLD 4000  
Phone: (07) 3006-7200  
Fax: (07) 3839-6964  
Web: <http://www.burrell.com.au>

### Ord Minnett Limited

Level 8  
255 George Street  
Sydney NSW 2000  
Phone: (02) 8216-6300  
Fax: (02) 8216-6311  
Email: [sydney@ords.com.au](mailto:sydney@ords.com.au)  
Web: <http://www.ords.com.au>

### Patersons Securities Limited

Level 23  
2 The Esplanade  
Perth WA 6000  
Phone: (08) 9263-1111  
Fax: (08) 9325-6452  
Email: [patersons@psl.com.au](mailto:patersons@psl.com.au)  
Web: <http://www.psl.com.au>

### Pritchard & Partners Pty Ltd

10 Murray Street  
Hamilton NSW 2303  
Phone: 1800 134 234 (toll free)  
(02) 4920-2877  
Fax: (02) 4920-2878  
Email: [broking@reespritchard.com.au](mailto:broking@reespritchard.com.au)  
Web: <http://www.pritchards.com.au>

### RBS Morgans Limited

Level 29  
123 Eagle Street  
Brisbane QLD 4000  
Phone: 1800 777 946 (toll free)  
Fax: (07) 3831-9946  
Email: [info@rbsmorgans.com](mailto:info@rbsmorgans.com)  
Web: <http://www.rbsmorgans.com>

### Shaw Stockbroking

Level 15  
60 Castlereagh Street  
Sydney NSW 2000  
Phone: 1800 636 625 (toll free)  
(02) 9238-1238  
Fax: (02) 9232-1296  
Email: [broking@shawstock.com.au](mailto:broking@shawstock.com.au)  
Web: <http://www.shawstock.com.au>

### Strategem Investment Services Pty Ltd

35 Mundy Street  
Bendigo VIC 3550  
Phone: (03) 5445-4777  
Fax: (03) 5441-5264  
Email: [info@strategem.com.au](mailto:info@strategem.com.au)  
Web: <http://www.strategem.com.au>

### Taylor Collison Limited

Level 16  
211 Victoria Square  
Adelaide SA 5000  
Phone: (08) 8217-3900  
Fax: (08) 8231-3506  
Email: [broker@taylorcollison.com.au](mailto:broker@taylorcollison.com.au)  
Web: <http://www.taylorcollison.com.au>

### Triple C Consulting Pty Ltd

5 Lindsay Street  
Perth WA 6000  
Phone: (08) 9228-5999  
Fax: (08) 9227-7158  
Email: [admin@tripleccc.com.au](mailto:admin@tripleccc.com.au)  
Web: <http://www.tripleccc.com.au>

**North Ryde Community Finance Limited**  
**ABN 74 112 673 506**  
**Directors' Report**

Your directors' submit the financial statements of the company for the financial year ended 30 June 2013.

**Directors**

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

**Graham John McMaster**

Chairman  
Occupation: Company Director  
Experience and expertise:  
Broad experience in grains and food industries, and research management. Chairman, Rosewood Research Limited. Fellow of Institute of Company Directors. BScAgr. MSc Agr. PhD. FAICD, FAIST.  
Other current directorships: Nil  
Former Directorships in last 3 years: Nil  
Special Responsibilities: Chairman  
Interests in shares: 73,502

**Helen Patricia Perrin**

Secretary  
Occupation: Retired Health Care  
Experience and expertise:  
Board member of New Horizons Enterprises, North Ryde Community Aid and Holy Spirit Church. Strong involvement in local community associations including North Ryde Rotary Club.  
Other current directorships: Nil  
Former Directorships in last 3 years: Nil  
Special Responsibilities: Nil  
Interests in shares: 48,752

**Phillip Warren Perrin ("Steve")**

Director  
Occupation: Retired Developer/Company Director  
Experience and expertise:  
Local resident for over 20 years. Lifetime experience in the building and construction industry. Past President of North Ryde Rotary Club, NSW Chairman of ROMAC and Ryde Citizen of the year 2002.  
Other current directorships: Nil  
Former Directorships in last 3 years: Nil  
Special Responsibilities: Marketing Committee  
Interests in shares: 48,752

**Ivan John Petch**

Director  
Occupation: Ryde City Councillor  
Experience and expertise:  
Mayor. Long career in Local and State politics. Strong involvement in Lions Club, Red Cross and Legacy. Honorary member North Ryde Rotary and ROMAC patron.  
Other current directorships: Nil  
Former Directorships in last 3 years: Nil  
Special Responsibilities: Nil  
Interests in shares: 1,001

**Robert John Talbot**

Deputy Chairman  
Occupation: Property Consultant  
Experience and expertise:  
Background in wool broking/agriculture. Since 2000 has run own property consulting business servicing the commercial and industrial property market.  
Other current directorships: Nil  
Former Directorships in last 3 years: Nil  
Special Responsibilities: Facilities Committee  
Interests in shares: 26,000

**Thomas Gordon MacAulay**

Director  
Occupation: Economist  
Experience and expertise:  
Experience on Boards, Councils and an Authority; Deputy Chair Greening Aust. Ltd. (NSW), Council of Research Institute for Asia and the Pacific, University of Sydney; Wheat Export Authority; Professor of Agricultural Economics, University Degrees; BAgricSc, MAgricSc, PhD.  
Other current directorships: Greening Australia Ltd (NSW) Deputy Chair.  
Former Directorships in last 3 years: Nil  
Special Responsibilities: Audit Committee  
Interests in shares: 1,000

**Harold Anthony Wise**

Treasurer  
Occupation: Consultant  
Experience and expertise:  
Diploma Commerce, Justice of the Peace.  
Other current directorships: Nil  
Former Directorships in last 3 years: Nil  
Special Responsibilities: Treasurer; Audit, Remuneration, Franchise Renewal.  
Interests in shares: 5,000

**Matthew Phillip Walker (Resigned 17 April 2013)**

Director  
Occupation: Retailer (Butchery)  
Experience and expertise:  
Proprietor of Butchery in North Ryde. Active  
Other current directorships: Nil  
Former Directorships in last 3 years: Nil  
Special Responsibilities: Market Development Committee.  
Interests in shares: 15,001

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

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



**North Ryde Community Finance Limited**  
**ABN 74 112 673 506**  
**Directors' Report**

**Company Secretary**

The company secretary is Mrs Helen Patricia Perrin. Pat was appointed to the position of secretary on 27 January 2005. Pat is now retired after a career in Health Care Professional Management. She is also a Board Member of New Horizons Enterprises, a well known health facility in the Ryde area. She has been involved in a number of community associations, including North Ryde Rotary Club.

**Principal Activities**

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

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

**Operating Results**

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

Year ended 30 June 2013	Year ended 30 June 2012
\$	\$
303,418	291,890

**Operating and Financial Review**

**Operating**

North Ryde Community Finance Ltd (NRCF) is a banking franchise of Bendigo & Adelaide Bank Ltd (BABL). The banking licence is held by Bendigo & Adelaide Bank and NRCF operate within a franchise agreement framework established by BABL. This agreement is for a term of 60 months, after which the agreement has to be resigned. The company's operations are localised to the North Ryde precinct in Sydney and neighbouring suburbs. NRCF was established in May 2005 and has developed a strong presence in providing a full range of banking services over the ensuing years.

NRCF operates from rented premises, Shop 14, 203-213 Cox's Road, North Ryde and has street frontage at Cox's Road Mall. This is the registered office of NRCF.

The business is subject to the operations of a profit sharing model with BABL. This model forms a part of the Franchise Agreement and has been recently reviewed and the profit sharing has been "rebalanced" twice over the past 24 months in favour of BABL to achieve an equitable split in revenues between the franchisor and NRCF.

NRCF has two full-time and three part-time staff. Some staff are secondees from BABL and are located with the community bank.

As a community bank, NRCF discharges its responsibilities to Australian society by paying taxes on profits, to shareholders by paying dividends and to the local community in terms of providing support and improving facilities and generally increasing social capital within the community.

**Financial**

NRCF is in a strong financial position. This is evidenced by the cash position of the business, now exceeding the original par value of each security. This is also reflected in the track record of profitability and the favourable EBITs reported in recent years, including the current period.

A relatively minor proportion of the balance sheet is allocated to equity investments (predominantly blue chip stocks). These investments have provided good returns and a strong contribution to the overall cash reserves of the company.

The Board's policy has been to build a strong, stable and sustained financial position to insulate the Company from future external shocks.

## Operating and Financial Review (*continued*)

### Discussion of Business Strategies

NCRF is committed to first class customer service and to developing long term customer relationships. To achieve this, our key strategy has been to employ and retain first class staff and further, the Company is committed to continued training of our staff.

Your Board is committed to building a wider and more inclusive footprint in our local areas to secure our future business. This includes improving our communication and community engagement into the future and to continue to encourage shareholders to provide a greater proportion of their banking business with NRCF.

### Prospects for Future Years

Your Board is confident that the Community Bank has achieved a solid platform from which to conduct and expand its business within our local communities in future years. The business has a number of key dependencies as a franchisee of a relatively significant bank in Bendigo Bank. The franchise system has now been in operation for a period of 15 years and has operated with good success over this period with approximately 300 community banks established.

However, your Board is conscious that we operate on a rolling five year franchise agreement within which we are subject to the profit share model which has, and continues to be, under review.

The business operates in rented premises with a five year lease term and an option for a further five years. Longer term, your Board is considering the strategic significance of acquiring our own premises should that be possible.

### Remuneration Report

No Director or secretary of the company receives payment for services as a Director or committee member. There are no employees

There are therefore no specified executives whose remuneration requires disclosure.

### Dividends

	Year Ended 30 June 2013	
	Cents	\$
Franked dividends paid in the year:	8	84,700

### Significant Changes in the State of Affairs

In the opinion of the directors there were no significant changes in the state of affairs of the company that occurred during the financial year under review not otherwise disclosed in this report or the financial statements.

### Matters Subsequent to the End of the Financial Year

There are no matters or circumstances that have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company, in future years.



**North Ryde Community Finance Limited**  
**ABN 74 112 673 506**  
**Directors' Report**

**Likely Developments**

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

**Environmental Regulation**

The company is not subject to any significant environmental regulation.

**Directors' Benefits**

No director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a director, a firm which a director is a member or an entity in which a director has a substantial financial interest.

**Indemnification and Insurance of Directors' and Officers**

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

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

**Directors' Meetings**

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

	<b>Board Meetings Attended</b>	
	<u>Eligible</u>	<u>Attended</u>
Graham John McMaster	10	10
Helen Patricia Perrin	10	9
Phillip Warren Perrin ("Steve")	10	10
Ivan John Petch	10	7
Robert John Talbot	10	8
Thomas Gordon MacAulay	10	9
Harold Anthony Wise	10	9
Matthew Phillip Walker ( <i>Resigned 17 April 2013</i> )	9	1

The company has a marketing sub committee, however no meetings were held during the year.

**North Ryde Community Finance Limited**  
**ABN 74 112 673 506**  
**Directors' Report**

**Non Audit Services**

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

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

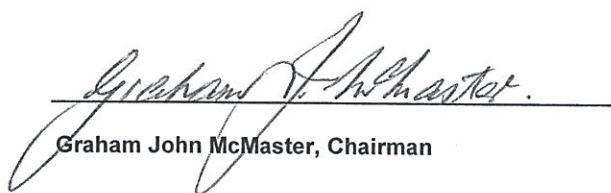
The directors are satisfied that the provision of non-audit services by the auditor, as set out in the notes did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

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

**Auditors' Independence Declaration**

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 6.

Signed in accordance with a resolution of the board of directors at North Ryde, New South Wales on 16 September 2013.

  
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**Graham John McMaster, Chairman**



**Lead auditor's independence declaration under section 307C of the *Corporations Act 2001* to the directors of North Ryde Community Finance Limited**

I declare, that to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2013 there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit
- any applicable code of professional conduct in relation to the audit.



**Graeme Stewart**  
**Andrew Frewin Stewart**  
61 Bull Street, Bendigo Vic 3550

Dated: 16 September 2013

**North Ryde Community Finance Limited**  
**ABN 74 112 673 506**  
**Statement of Comprehensive Income**  
**for the Year Ended 30 June 2013**

	<u>Notes</u>	2013 \$	2012 \$
Revenues from ordinary activities	4	1,021,993	975,705
Employee benefits expense		(340,278)	(322,326)
Charitable donations, sponsorship, advertising and promotion		(38,461)	(30,417)
Occupancy and associated costs		(89,049)	(88,406)
Systems costs		(16,253)	(17,509)
Depreciation and amortisation expense	5	(31,172)	(34,282)
General administration expenses		(76,760)	(75,188)
<b>Profit before income tax expense</b>		<b>430,020</b>	<b>407,577</b>
Income tax expense	6	(126,602)	(115,687)
<b>Profit after income tax expense</b>		<b>303,418</b>	<b>291,890</b>
<b>Total comprehensive income for the year</b>		<b>303,418</b>	<b>291,890</b>
<b>Earnings per share (cents per share)</b>		<u>c</u>	<u>c</u>
- basic for profit for the year	22	28.66	27.57

The accompanying notes form part of these financial statements



North Ryde Community Finance Limited  
 ABN 74 112 673 506  
 Balance Sheet  
 as at 30 June 2013

	<u>Notes</u>	2013 \$	2012 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	7	1,303,174	1,071,299
Financial assets	8	155,887	115,747
Trade and other receivables	9	62,172	73,308
<b>Total Current Assets</b>		<u><b>1,521,233</b></u>	<u><b>1,260,354</b></u>
<b>Non-Current Assets</b>			
Property, plant and equipment	10	139,840	157,062
Intangible assets	11	26,738	40,688
<b>Total Non-Current Assets</b>		<u><b>166,578</b></u>	<u><b>197,750</b></u>
<b>Total Assets</b>		<u><b>1,687,811</b></u>	<u><b>1,458,104</b></u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	13	12,763	16,028
Current tax liabilities	12	48,717	38,835
Provisions	14	7,695	6,644
<b>Total Current Liabilities</b>		<u><b>69,175</b></u>	<u><b>61,507</b></u>
<b>Non-Current Liabilities</b>			
Provisions	14	5,745	3,446
Deferred tax liabilities	12	4,186	3,164
<b>Total Non-Current Liabilities</b>		<u><b>9,931</b></u>	<u><b>6,610</b></u>
<b>Total Liabilities</b>		<u><b>79,106</b></u>	<u><b>68,117</b></u>
<b>Net Assets</b>		<u><b>1,608,705</b></u>	<u><b>1,389,987</b></u>
<b>Equity</b>			
Issued capital	15	1,012,038	1,012,038
Retained earnings	16	596,667	377,949
<b>Total Equity</b>		<u><b>1,608,705</b></u>	<u><b>1,389,987</b></u>

The accompanying notes form part of these financial statements

North Ryde Community Finance Limited  
 ABN 74 112 673 506  
 Statement of Changes in Equity  
 for the Year Ended 30 June 2013

	Issued Capital \$	Retained Earnings \$	Total Equity \$
<b>Balance at 1 July 2011</b>	<u>1,012,038</u>	<u>170,760</u>	<u>1,182,798</u>
<b>Total comprehensive income for the year</b>	<u>-</u>	<u>291,890</u>	<u>291,890</u>
<b>Transactions with owners in their capacity as owners:</b>			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	(84,701)	(84,701)
<b>Balance at 30 June 2012</b>	<u><u>1,012,038</u></u>	<u><u>377,949</u></u>	<u><u>1,389,987</u></u>
<b>Balance at 1 July 2012</b>	<u>1,012,038</u>	<u>377,949</u>	<u>1,389,987</u>
<b>Total comprehensive income for the year</b>	<u>-</u>	<u>303,418</u>	<u>303,418</u>
<b>Transactions with owners in their capacity as owners:</b>			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	(84,700)	(84,700)
<b>Balance at 30 June 2013</b>	<u><u>1,012,038</u></u>	<u><u>596,667</u></u>	<u><u>1,608,705</u></u>

The accompanying notes form part of these financial statements



North Ryde Community Finance Limited  
 ABN 74 112 673 506  
 Statement of Cashflows  
 for the Year Ended 30 June 2013

	<u>Notes</u>	2013 \$	2012 \$
<b>Cash Flows From Operating Activities</b>			
Receipts from customers		1,017,995	983,555
Payments to suppliers and employees		(653,080)	(622,420)
Interest received		59,346	53,689
Income taxes paid		(115,699)	(119,329)
Dividend received		8,013	6,840
<b>Net cash provided by operating activities</b>	17	<u>316,575</u>	<u>302,335</u>
<b>Cash Flows From Investing Activities</b>			
Payments for property, plant and equipment		-	(8,680)
Payments for financial assets		-	(115,747)
<b>Net cash used in investing activities</b>		<u>-</u>	<u>(124,427)</u>
<b>Cash Flows From Financing Activities</b>			
Dividends paid		(84,700)	(84,701)
<b>Net cash used in financing activities</b>		<u>(84,700)</u>	<u>(84,701)</u>
<b>Net increase in cash held</b>		231,875	93,207
Cash and cash equivalents at the beginning of the financial year		1,071,299	978,092
<b>Cash and cash equivalents at the end of the financial year</b>	7(a)	<u>1,303,174</u>	<u>1,071,299</u>

The accompanying notes form part of these financial statements

**North Ryde Community Finance Limited**  
**ABN 74 112 673 506**  
**Notes to the Financial Statements**  
**for the Year Ended 30 June 2013**

**Note 1. Summary of Significant Accounting Policies**

**a) Basis of Preparation**

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

Compliance with IFRS

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

Critical accounting estimates

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

Historical cost convention

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

Comparative figures

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

Adoption of new and revised Accounting Standards

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2012 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods. Amendments made to AASB 101 Presentation of Financial Statements effective 1 July 2012 now require the statement of comprehensive income to show the items of comprehensive income grouped into those that are not permitted to be reclassified to profit or loss in a future period and those that may have to be reclassified if certain conditions are met. This amendment has not affected the presentation of the statement of comprehensive income of the company in the current period and is not likely to affect future periods.

The company has not elected to apply any pronouncements before their mandatory operative date in the annual reporting period beginning 1 July 2012.

Economic dependency - Bendigo and Adelaide Bank Limited

The company has entered into a franchise agreement with Bendigo and Adelaide Bank Limited that governs the management of the **Community Bank®** branch at North Ryde, New South Wales.

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

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



**Note 1. Summary of Significant Accounting Policies (continued)**

**a) Basis of Preparation (continued)**

Economic dependency - Bendigo and Adelaide Bank Limited (continued)

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

- advice and assistance in relation to the design, layout and fit out of the **Community Bank®** branch;
- 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; and
- sales techniques and proper customer relations.

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

**b) Revenue**

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

Revenue calculation

The franchise agreement with Bendigo and Adelaide Bank Limited provides for three types of revenue earned by the company. First, the company is entitled to 50% of the monthly gross margin earned by Bendigo and Adelaide Bank Limited on products and services provided through the company that are regarded as "day to day" banking business (ie 'margin business'). This arrangement also means that if the gross margin reflects a loss (that is, the gross margin is a negative amount), the company effectively incurs, and must bear, 50% of that loss.

The second source of revenue is commission paid by Bendigo and Adelaide Bank Limited on the other products and services provided through the company (i.e. 'commission business'). The commission is currently payable on various specified products and services, including insurance, financial planning, common fund, Sandhurst Select, superannuation, commercial loan referrals, products referred by Rural Bank, leasing referrals, fixed loans and certain term deposits (>90 days). The amount of commission payable can be varied in accordance with the Franchise Agreement (which, in some cases, permits commissions to be varied at the discretion of Bendigo and Adelaide Bank Limited). This discretion has been exercised on several occasions previously. For example in February 2011 and February 2013 Bendigo and Adelaide Bank Limited reduced commissions on two core banking products to ensure a more even distribution of income between Bendigo and Adelaide Bank Limited and its **Community Bank®** partners. The revenue share model is subject to regular review to ensure that the interests of Bendigo and Adelaide Bank Limited and **Community Bank®** companies remain balanced.

The third source of revenue is a proportion of the fees and charges (ie, what are commonly referred to as 'bank fees and charges') charged to customers. This proportion, determined by Bendigo and Adelaide Bank Limited, may vary between products and services and may be amended by Bendigo and Adelaide Bank Limited from time to time.

**c) Income Tax**

Current tax

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

**Note 1. Summary of Significant Accounting Policies (*continued*)**

**c) Income Tax (*continued*)**

Deferred tax

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

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

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

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

Current and deferred tax for the period

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

**d) Employee Entitlements**

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

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

**e) Cash and Cash Equivalents**

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

**f) Trade Receivables and Payables**

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



**Note 1. Summary of Significant Accounting Policies (continued)**

**g) Property, Plant and Equipment**

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

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

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

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

**h) Intangibles**

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

**i) Payment Terms**

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

**j) Borrowings**

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

**k) Financial Instruments**

Recognition and initial measurement

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

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

Derecognition

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

Classification and subsequent measurement

- (i) *Loans and receivables*  
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.
- (ii) *Held-to-maturity investments*  
Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the entity's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.
- (iii) *Financial liabilities*  
Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

**Note 1. Summary of Significant Accounting Policies (continued)**

**k) Financial Instruments (continued)**

Impairment

At each reporting date, the entity assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the statement of comprehensive income.

**l) Leases**

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

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

**m) Provisions**

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

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

**n) Contributed Equity**

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

**o) Earnings Per Share**

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

**p) Goods and Services Tax**

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

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

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

**Note 2. Financial Risk Management**

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

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

**(i) Market risk**



**North Ryde Community Finance Limited**  
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**Notes to the Financial Statements**  
**for the Year Ended 30 June 2013**

**Note 2. Financial Risk Management (continued)**

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

(ii) 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.

(iii) Credit risk

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

(iv) Liquidity risk

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

(v) Cash flow and fair value interest rate risk

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

(vi) Capital management

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

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

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

The board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the year ended 30 June 2013 can be seen in the statement of comprehensive income.

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



**Note 3. Critical Accounting Estimates and Judgements**

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

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

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

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

Taxation

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

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

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

Estimation of useful lives of assets

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

The calculations require the use of assumptions.

North Ryde Community Finance Limited  
 ABN 74 112 673 506  
 Notes to the Financial Statements  
 for the Year Ended 30 June 2013

**Note 3. Critical Accounting Estimates and Judgements (continued)**

Impairment of assets

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

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

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

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

<b>Note 4. Revenue from Ordinary Activities</b>	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
Operating activities:		
- services commissions	920,084	913,854
Total revenue from operating activities	<u>920,084</u>	<u>913,854</u>
Non-operating activities:		
- interest received	53,756	53,014
- unrealised gain on investments	40,140	1,997
- dividends received on investments	8,013	6,840
Total revenue from non-operating activities	<u>101,909</u>	<u>61,851</u>
Total revenues from ordinary activities	<u><u>1,021,993</u></u>	<u><u>975,705</u></u>

**Note 5. Expenses**

Depreciation of non-current assets:		
- plant and equipment	5,079	5,381
- leasehold improvements	3,896	6,682
- motor vehicle	8,247	8,269
Amortisation of non-current assets:		
- franchise agreement	2,325	11,625
- franchise renewal fee	11,625	2,325
	<u>31,172</u>	<u>34,282</u>
Bad debts	<u>1,731</u>	<u>3,289</u>

**North Ryde Community Finance Limited**  
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**Notes to the Financial Statements**  
**for the Year Ended 30 June 2013**

	2013	2012
	\$	\$
<b>Note 6. Income Tax Expense</b>		
The components of tax expense comprise:		
- Current tax	125,580	117,921
- Movement in deferred tax	1,022	2,300
- Adjustments to tax expense of prior periods	-	(4,534)
	<u>126,602</u>	<u>115,687</u>
 The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Operating profit	430,020	407,577
Prima facie tax on profit from ordinary activities at 30%	129,006	122,273
Add tax effect of:		
- non-deductible expenses	-	-
- timing difference expenses	(1,022)	(2,299)
- tax offset for fully franked dividends received	(2,404)	(2,052)
	<u>125,580</u>	<u>117,922</u>
 Movement in deferred tax	12 1,022	2,299
Adjustments to tax expense of prior periods	-	(4,534)
	<u>126,602</u>	<u>115,687</u>
 <b>Note 7. Cash and Cash Equivalents</b>		
Cash at bank and on hand	103,174	71,299
Term deposits	1,200,000	1,000,000
	<u>1,303,174</u>	<u>1,071,299</u>
 The above figures are reconciled to cash at the end of the financial year as shown in the statement of cashflows as follows:		
<b>Note 7.(a) Reconciliation of cash</b>		
Cash at bank and on hand	103,174	71,299
Term deposits	1,200,000	1,000,000
	<u>1,303,174</u>	<u>1,071,299</u>
 <b>Note 8. Financial assets</b>		
<i>Current:</i>		
Available-for-sale financial assets	8(a) <u>155,887</u>	<u>115,747</u>
<b>8(a) Available-for-sale financial assets comprise:</b>		
Current		
Listed investments, at fair value		
- Shares in listed corporations	<u>155,887</u>	<u>115,747</u>
 <b>Note 9. Trade and Other Receivables</b>		
Trade receivables	47,213	53,114
Other receivables and accruals	13,050	18,640
Prepayments	1,909	1,554
	<u>62,172</u>	<u>73,308</u>



North Ryde Community Finance Limited  
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 Notes to the Financial Statements  
 for the Year Ended 30 June 2013

	2013	2012
	\$	\$
<b>Note 10. Property, Plant and Equipment</b>		
<u>Plant and equipment</u>		
At cost	88,413	88,413
Less accumulated depreciation	(47,764)	(42,685)
	<u>40,649</u>	<u>45,728</u>
 <u>Motor Vehicles</u>		
At cost	32,987	32,987
Less accumulated depreciation	(29,553)	(21,306)
	<u>3,434</u>	<u>11,681</u>
 <u>Leasehold improvements</u>		
At cost	151,436	151,436
Less accumulated depreciation	(55,679)	(51,783)
	<u>95,757</u>	<u>99,653</u>
Total written down amount	<u>139,840</u>	<u>157,062</u>
 <b>Movements in carrying amounts:</b>		
<u>Plant and equipment</u>		
Carrying amount at beginning	45,728	42,429
Additions	-	8,680
Less: depreciation expense	(5,079)	(5,381)
Carrying amount at end	<u>40,649</u>	<u>45,728</u>
 <u>Motor Vehicles</u>		
Carrying amount at beginning	11,681	19,950
Additions	-	-
Less: depreciation expense	(8,247)	(8,269)
Carrying amount at end	<u>3,434</u>	<u>11,681</u>
 <u>Leasehold improvements</u>		
Carrying amount at beginning	99,653	106,335
Additions	-	-
Less: depreciation expense	(3,896)	(6,682)
Carrying amount at end	<u>95,757</u>	<u>99,653</u>
Total written down amount	<u>139,840</u>	<u>157,062</u>
 <b>Note 11. Intangible Assets</b>		
<u>Franchise fee</u>		
At cost	71,625	71,625
Less: accumulated amortisation	(67,169)	(64,844)
	<u>4,456</u>	<u>6,781</u>
 <u>Renewal processing fee</u>		
At cost	58,126	58,126
Less: accumulated amortisation	(35,844)	(24,219)
	<u>22,282</u>	<u>33,907</u>
Total written down amount	<u>26,738</u>	<u>40,688</u>

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<b>Note 12. Tax</b>	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
<b>Current:</b>		
Income tax payable	<u>48,717</u>	<u>38,835</u>
<b>Non-Current:</b>		
<u>Deferred tax assets</u>		
- employee provisions	4,032	3,027
- accruals	94	-
	<u>4,126</u>	<u>3,027</u>
<u>Deferred tax liability</u>		
- accruals	3,915	5,592
- deductible prepayments	4,397	599
	<u>8,312</u>	<u>6,191</u>
Net deferred tax liability	<u>(4,186)</u>	<u>(3,164)</u>
Movement in deferred tax charged to statement of comprehensive income	<u>1,022</u>	<u>2,299</u>
 <b>Note 13. Trade and Other Payables</b>		
Trade creditors	10,313	12,728
Other creditors and accruals	2,450	3,300
	<u>12,763</u>	<u>16,028</u>
 <b>Note 14. Provisions</b>		
<b>Current:</b>		
Provision for annual leave	<u>7,695</u>	<u>6,644</u>
<b>Non-Current:</b>		
Provision for long service leave	<u>5,745</u>	<u>3,446</u>
 <b>Note 15. Contributed Equity</b>	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
1,058,759 Ordinary shares fully paid (2012: 1,058,759)	1,058,759	1,058,759
Less: equity raising expenses	(46,721)	(46,721)
	<u>1,012,038</u>	<u>1,012,038</u>

**Note 15. Contributed Equity (continued)**

Rights attached to shares

(a) *Voting rights*

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

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

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

(b) *Dividends*

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

(c) *Transfer*

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

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

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").

As with voting rights, the purpose of this prohibited shareholding provision is to reflect the community-based nature of the company.

Where a person has a prohibited shareholding interest, the voting and dividend rights attaching to the shares in which the person (and his or her associates) have a prohibited shareholding interest, are suspended.

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

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



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<b>Note 16. Retained Earnings</b>	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
Balance at the beginning of the financial year	377,949	170,760
Net profit from ordinary activities after income tax	303,418	291,890
Dividends paid or provided for	(84,700)	(84,701)
Balance at the end of the financial year	<u>596,667</u>	<u>377,949</u>

**Note 17. Statement of Cashflows**

Reconciliation of profit from ordinary activities after tax to net cash provided by operating activities

Profit from ordinary activities after income tax	303,418	291,890
Non cash items:		
- depreciation	17,222	20,332
- amortisation	13,950	13,950
Changes in assets and liabilities:		
- (increase)/decrease in receivables	11,137	(38,470)
- increase/(decrease) in payables	(3,265)	2,727
- increase/(decrease) in provisions	3,350	(6,344)
- increase in other assets	(40,140)	-
- increase in tax liability	10,903	18,250
Net cashflows provided by operating activities	<u>316,575</u>	<u>302,335</u>

**Note 18. Leases**

Operating lease commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements

Payable - minimum lease payments

- not later than 12 months	73,672	70,050
- between 12 months and 5 years	60,591	134,263
- greater than 5 years	-	-
	<u>134,263</u>	<u>204,313</u>

The business premises lease is a non-cancellable lease with rent payable monthly in advance. The option for a 2nd 5 year term commenced on 10 June 2010.

**Note 19. Auditor's Remuneration**

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

- audit and review services	4,700	5,500
- share registry services	2,738	3,104
- non audit services	2,968	2,476
	<u>10,406</u>	<u>11,080</u>

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**Note 20. Director and Related Party Disclosures**

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

Graham John McMaster  
 Helen Patricia Perrin  
 Phillip Warren Perrin ("Steve")  
 Ivan John Petch  
 Robert John Talbot  
 Thomas Gordon MacAulay  
 Harold Anthony Wise  
 Matthew Phillip Walker (*Resigned 17 April 2013*)

No director or related entity has entered into a material contract with the company. No director's fees have been paid as the positions are held on a voluntary basis.

**Note 20. Director and Related Party Disclosures (continued)**

<b>Directors' Shareholdings</b>	<b><u>2013</u></b>	<b><u>2012</u></b>
Graham John McMaster	73,502	73,501
Helen Patricia Perrin	48,752	48,752
Phillip Warren Perrin ("Steve")	48,752	48,752
Ivan John Petch	1,001	1,001
Robert John Talbot	26,000	26,000
Thomas Gordon MacAulay	1,000	1,000
Harold Anthony Wise	5,000	5,000
Matthew Phillip Walker ( <i>Resigned 17 April 2013</i> )	15,001	15,001

**Note 21. Dividends Paid or Provided**

	<b><u>2013</u></b>	<b><u>2012</u></b>
	<b><u>\$</u></b>	<b><u>\$</u></b>
<b>a. Dividends paid during the year</b>		
100% (2012: 100%) franked dividend - 8 cents (2012: 8 cents) per share	<u>84,700</u>	<u>84,701</u>
<b>b. Franking account balance</b>		
Franking credits available for subsequent reporting periods are:		
- franking account balance as at the end of the financial year	279,149	163,102
- franking credits that will arise from payment of income tax payable as at the end of the financial year	48,717	38,835
- franking debits that will arise from the payment of dividends recognised as a liability at the end of the financial year	<u>-</u>	<u>-</u>
Franking credits available for future financial reporting periods:	327,866	201,937
- franking debits that will arise from payment of dividends proposed or declared before the financial report was authorised for use but not recognised as a distribution to equity holders during the period	<u>-</u>	<u>-</u>
Net franking credits available	<u><u>327,866</u></u>	<u><u>201,937</u></u>

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**Note 22. Earnings Per Share**

(a) Profit attributable to the ordinary equity holders of the company used in calculating earnings per share	303,418	291,890
	<u>Number</u>	<u>Number</u>
(b) Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	1,058,759	1,058,759

**Note 23. Events Occurring After the Balance Sheet Date**

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

**Note 24. Contingent Liabilities**

There were no contingent liabilities at the date of this report to affect the financial statements.

**Note 25. Segment Reporting**

The economic entity operates in the service sector where it facilitates **Community Bank®** services in North Ryde, New South Wales pursuant to a franchise agreement with Bendigo and Adelaide Bank Limited.

**Note 26. Registered Office/Principal Place of Business**

The registered office and principal place of business is:

Registered Office  
Shop 14/203-213 Coxs Road  
North Ryde NSW 2113

Principal Place of Business  
Shop 14/203-213 Coxs Road  
North Ryde NSW 2113



**North Ryde Community Finance Limited**  
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**Note 27. Financial Instruments**

Net Fair Values

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

Credit Risk

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

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

Interest Rate Risk

Financial instrument	Floating interest rate		Fixed interest rate maturing in				Non interest bearing		Weighted average effective interest rate	
	2013	2012	1 year or less	Over 1 to 5 years	Over 5 years	2013	2012	2013	2012	
	\$	\$	\$	\$	\$	\$	\$	%	%	
<b>Financial Assets</b>										
Cash and cash equivalents	103,174	71,299	1,200,000	1,000,000	-	-	-	-	-	4.45
Receivables	-	-	-	-	-	-	53,115	N/A	N/A	5.29
<b>Financial Liabilities</b>										
Payables	-	-	-	-	-	-	12,726	N/A	N/A	N/A


**North Ryde Community Finance Limited**  
**ABN 74 112 673 506**  
**Directors' Declaration**

In accordance with a resolution of the directors of North Ryde Community Finance Limited, we state that:

In the opinion of the directors:

- (a) the financial statements and notes of the company are in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the company's financial position as at 30 June 2013 and of its performance for the financial year ended on that date; and
  - (ii) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
- (c) the audited remuneration disclosures set out in the remuneration report section of the directors' report comply with Accounting Standard AASB124 Related Party Disclosures and the Corporations Regulations 2001.

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

  
\_\_\_\_\_  
**Graham John McMaster, Chairman**

Signed on the 16th of September 2013.



## **Independent auditor's report to the members of North Ryde Community Finance Limited**

### **Report on the financial report**

We have audited the accompanying financial report of North Ryde Community Finance Limited, which comprises the balance sheet as at 30 June 2013, statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes and the directors' declaration.

### **Directors' responsibility for the financial report**

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

### **Auditor's responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

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

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



## **Independence**

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

## **Auditor's opinion on the financial report**

In our opinion:

- 1) The financial report of North Ryde Community Finance Limited is in accordance with the *Corporations Act 2001* including giving a true and fair view of the company's financial position as at 30 June 2013 and of its financial performance and its cash flows for the year then ended and complying with Australian Accounting Standards and the Corporations Regulations 2001.
- 2) The financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

## **Report on the remuneration report**

We have audited the remuneration report included in the directors' report for the year ended 30 June 2013. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

## **Auditor's opinion**

In our opinion, the remuneration report of North Ryde Community Finance Limited for the year ended 30 June 2013, complies with section 300A of the *Corporations Act 2001*.



**Graeme Stewart**  
**Andrew Frewin Stewart**  
61 Bull Street Bendigo Vic 3550

Dated: 16 September 2013