

**NORTH RYDE COMMUNITY
FINANCE LIMITED**

ABN 74 112 673 506

ANNUAL REPORT 2019

Chairman's Report

Dear Shareholders,

The past year has seen the banking industry highlighted by the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry. Four key observations were made by the Commissioner which are pertinent to reflect on as a Community Bank:

- 1. Providing a service to customers was relegated to second place.*

North Ryde Community Finance Ltd and the broader Bendigo Community Banks have always, and will continue, to place our customers first. This is why Bendigo Bank's Community Banking model fared so well through the Royal Commission. Here at North Ryde Community Finance, we have seen an increase in customers joining us because they trust us and the way we do business.
- 2. Consumers often had little detailed knowledge or understanding of the transaction and consumers had next to no power to negotiate the terms.*

North Ryde Community Finance has always and continues to offer personalised friendly service. Our staff are always willing to assist with enquiries. Our Branch Manager, Pat Italiano, is extremely experienced and knows how to help our customers with their banking business.
- 3. Consumers often dealt with a financial services entity through an intermediary.*

The nature of our Community Banking model is such that the person you talk to at North Ryde Community Finance is the person who looks after you!
- 4. Those that broke the law were not properly held to account.*

Community Banking is all about accountability. Without our local shareholders and local customers, we would not have a Community Bank. The benefit of being with a Community Bank such as North Ryde Community Finance is that being local brings familiarity, trust and accountability.

Once again, we have enjoyed a successful year for North Ryde Community Finance. As of 30 June 2019, profit after tax was \$245,241 and we are pleased to announce a fully franked dividend of 10 cents per share for this financial year.

This achievement is not possible without a strong team of Directors and staff. I would like to thank the Directors for their effort and contributions throughout the year. The Board has seen some change with Ivan Gavran leaving the Board last November and Ian Ackland appointed to the Board in July.

I wish to thank our long-term staff, Gina, Alison and Lorraine, who continue to be our front line interacting with our customers. Anita Allen, our most recent staff member has been doing a great job developing social media portals to interact with the community and keep our information timely and relevant. Our Branch Manager, Pat Italiano continues to provide our customers with expert advice.

Finally, thank you to our shareholders who took the opportunity 14 years ago to invest in a community need. Without your initial and ongoing support, North Ryde Community Finance would not exist.



Michael Southan
Chairman

General Manager's Report

North Ryde Community Bank Branch, now in its 14th year of operation, has had another successful year. This year The Banking Royal Commission dominated the talk within the industry. Whilst our performance, particularly in lending, was positive, it was impacted by a falling real estate market and tighter regulations. With the Reserve Bank cutting interest rates in the latter half of the year, we anticipate an increase in consumer confidence and demand for lending, however, this is a double-edged sword as low rates on deposits may have an impact on our Deposit Book as depositors seek better returns via non-cash investments.

Our underlying business performance is still sound, with new accounts and consumer loan activity growing year on year. Our overall Banking Business fell by \$8 million as a result of run-off in our Deposit Book, however our Loan Book grew by \$1.2M in a difficult climate. Although our Banking Book receded, it is pleasing to note that our overall revenue did increase, reflecting solid management of our interest margins. Overall our Banking Business now stands at \$114 million.

Community Engagement

We have again been able to share our success with the local community. This year your Community Bank branch has supported several local organisations, sporting clubs, and schools. Major financial support was provided to:

- North Ryde Rotary (Christmas Carols)
- North Ryde Community Aid
- Ryde Rugby
- Ryde Saints United Soccer
- Ryde Hawks Junior Rugby League
- North Ryde Public School
- Kent Rd Public School
- Truscott Street School
- Eastwood Ryde Netball Association (ERNA)
- Light Up East Ryde
- Ryde Hawks Touch Football
- Ryde Art Society
- Ryde Panthers Soccer Club

Demand for our support continues to grow and we are very proud that we are able to support a diverse range of local organisations. Given this increased demand and the importance of marketing our business locally, this year we appointed Anita Allen as our Community Engagement Co-Ordinator. Anita comes to us with a wealth of experience in Marketing and Communications and is already well engaged with the local community.

Staff

The key to success for any business is its people, and the contribution from our staff is nothing short of outstanding. I would like to thank Gina, Alison, Lorraine and of course Anita for their hard work over the year. The service the team provides is second to none, and our customers appreciate the familiar faces when they call into the branch.

I would also like to thank our Directors, who give their time on a voluntary basis to ensure that the business is run in a professional and prudent manner. This year we welcomed Ian Ackland to the Board. Ian has extensive business skills that will prove invaluable to the ongoing success of our business.

Our Commitment to Service

Our service proposition and community engagement remain our major points of difference to our competitors. The ability to continue to provide face-to-face banking services is appreciated by our customers. The Community Bank concept ensures that we can run a profitable business and provide banking services which not only benefit our shareholders, but the community at large. Our profits are shared locally by our 300 plus shareholders and several local organisations. We would encourage all of you to be a part of your Community Bank branch and experience first-hand the outstanding service we provide.

We continue to encourage our shareholders who do not currently have business with us to consider Bendigo Bank for their banking, investment, lending and insurance needs. Our business will only remain strong with your support.

Pat Italiano

Bendigo and Adelaide Bank Limited

Report to Community Bank Companies

As a bank of 160-plus years, we're proud to hold the mantle of Australia's fifth biggest bank. In today's banking environment it's time to take full advantage of this opportunity and for even more people to experience banking with Bendigo Bank and our way of banking, and with our Community Bank® partners.

In promoting our point of difference it's sometimes lost that although we're different, we're represented in more than 500 communities across Australia and offer a full suite of banking and financial products and services. In many ways we're also a leader in digital technology and meeting the needs of our growing online customer base, many of whom may never set foot in a traditional bank branch.

At the centre of our point of difference is the business model you chose to support as a shareholder that supports local communities. Whether you're a shareholder of our most recent Community Bank® branch which opened in Smithton, Tasmania, in June 2019, or you're a long-time shareholder who, from more than 20 years ago, you all play an important role. Your support has enabled your branch, and this banking model, to prosper and grow. You're one of more than 75,000 Community Bank® company shareholders across Australia who are the reason today, we're Australia's only bank truly committed to the communities it operates in.

And for that, we thank you. For the trust you've not only put in Bendigo and Adelaide Bank, but the faith you've put in your community and your Community Bank® company local board of directors.

Bendigo and Adelaide Bank continues to rank at the top of industry and banking and finance sector awards. We have awards for our customer service, we have award winning products and we have a customer base that of 1.7 million-plus that not only trusts us with their money, but which respects our 'difference'.

As a Bank, we're working hard to ensure that those who are not banking with us, and not banking with your Community Bank® branch, make the change. It really is a unique model and we see you, the shareholder, as playing a key role in helping us grow your local Community Bank® business. All it takes is a referral to your local branch manager. They'll do the rest.

We find that our customer base is a very loyal group. It's getting people to make the change that's the challenge. In today's environment, we've never had a better chance to convince people to make the change and your support in achieving this is critical.

From Bendigo and Adelaide Bank, once again, thank you for your ongoing support of your Community Bank® branch and your community.

We would also like to thank and acknowledge the amazing work of your branch staff and directors in developing your business and supporting the communities that you live and work in.

Mark Cunneen

Head of Community Support Bendigo and Adelaide Bank

North Ryde Community Finance Limited

Directors' Report

Your directors submit the financial statements of the company for the financial year ended 30 June 2019.

Directors

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

Michael David Southan

Chair

Occupation: Agricultural Business

Qualifications, experience and expertise: Twenty years in agricultural research, currently running farming business. Previously CEO of Graingrowers Ltd. PhD in Agriculture, Graduate of Australian Institute of Company Directors.

Special responsibilities: Chair, Member of Audit and Risk Committee.

Interest in shares: 1,000

Robert John Talbot

Deputy Chairman

Occupation: Company Director

Qualifications, experience and expertise: Background in wool broking and livestock industry for over 30 years. Since 2000 has run own property consulting business servicing the commercial and industrial property market. Elected to the Community Bank National Council as NSW/ACT Representative December 2016, Retired June 2019 from the position.

Special Responsibilities: Property Committee, Governance, Audit & Remuneration Committee and Franchise Agreement Committee, Finance and Investment Committee.

Interests in shares: 26,000

Anthony Harold Wise

Treasurer

Occupation: Manager

Qualifications, experience and expertise: Diploma Commerce, Justice of the Peace.

Special responsibilities: Treasurer; Audit, Remuneration Committee, Franchise Agreement Committee.

Interest in shares: 8,000

Helen Patricia Perrin

Director

Occupation: Retired Health Care Professional Management

Qualifications, experience and expertise: Board member of New Horizons Enterprises for 14 years, North Ryde Community Aid for 11 years and Holy Spirit Church Board member. Board member of North Ryde Rotary Club for 23 years and have held positions of Club President, Assistant District Governor and Community Service Director for the past 10 years. Strong involvement in local community associations including North Ryde Rotary Club.

Special Responsibilities: Franchise Agreement Committee, Stock Exchange Delisting Committee.

Interests in shares: 48,752

North Ryde Community Finance Limited

Directors' Report

Directors (continued)

Phillip Warren Perrin ("Steve")

Director

Occupation: Retired Developer/Company Director

Qualifications, experience and expertise: Local resident for 32 years. Lifetime experience in the building and construction industry. Past President of Sigatoka Fiji, North Ryde Rotary Club, Eastern Region Chairman NSW ROMAC and Ryde Citizen of the year 2002. Volunteer North Ryde Community Aid.

Special Responsibilities: Marketing Committee, Franchise Agreement Committee, Property & Lease Committee

Interests in shares: 48,752

Thomas Gordon MacAulay

Director

Occupation: Economist

Qualifications, experience and expertise: Experience on Boards, Councils and a Statutory Authorities. Senior Lecturer, University of New England and Professor, University of Sydney; Chief Research Economist, Australian Bureau of Agricultural Economics; President of Greening Australia (NSW) Ltd; Member of the Council of Research Institute for Asia and the Pacific, University of Sydney; Deputy Chair of the Wheat Export Authority; Acting Chair of the Academic Forum, University of Sydney; Head of Department of Agricultural Economics, University of Sydney; Principal Economist, BRI Australia and Grain Growers; Emeritus Professor-r of Agricultural Economics, University of Sydney; dairy and beef cattle farmer. University degrees: BAgricSc, MAgricSc (Melb), PhD (Guelph).

Special Responsibilities: Franchise Agreement Committee, Low Volume Market Committee

Interests in shares: 1,000

Darryl Geoffrey Tutton

Director

Occupation: Retired

Qualifications, experience and expertise: Insurance Officer for many years with 2 companies. Licensed Real Estate agent in Family Business for 20 years. NSW Justice of the Peace since 1970. Life Member of the North Sydney Bowling Club and was a committee member for 15 years and President for 3 years. Volunteer work at Monte Fiore Jewish Home and Hunters Hill Public School.

Special responsibilities: Marketing Committee and Property Committee.

Interest in shares: 25,000

Paul Moujalli

Director

Occupation: Retired

Qualifications, experience and expertise: Paul is a retired Banking & Finance professional of 40 years' experience, mainly tier 1 banking and last 10 years with tier 2. He is a Director at Australian Wheelchair Rugby League and Ryde Eastwood Leagues Club, part of the Risk & Governance Committee. Hon Treasurer of Ryde Sports Foundation Inc. He has been a Community Representative Member at Ryde City Council's Economic Development Advisory Committee and also the Sport & Recreation, Wheel Sports Advisory Committee. He ia also an Associate Member of FINSIA (Financial Services Institute of Australasia). He holds an Advance Diploma of Management and Advance Diploma of Marketing.

Special responsibilities: Nil

Interest in shares: Nil

North Ryde Community Finance Limited

Directors' Report

Directors (*continued*)

Ian Ross Ackland

Director (*Appointed 25 July 2019*)

Occupation: Management Systems Consultant

Qualifications, experience and expertise: BE DipEnvEng MBA FIEAust CPEng NER APAC Engineer IntPE (Aus) FEIANZ CEnvP MAIHS MNSCA. Ian is a sole trader Management Systems Consultant, with qualifications in chemical and environmental engineering, an MBA and a Fellow of Engineers Australia (EA) and a Fellow of the Environmental Institute of Australia and New Zealand (EIANZ). Employment has included Senior Investigation Officer in NSW EPA; Audit and Investigations Officer in NSW Rail Infrastructure Corporation; contract management systems work with Energy Australia, UGL and Railcorp, and management systems auditor with NCSI and BSI. Ian served over 10 years on EA Sydney Division Committee and was President in 2010; 14 years up until 2018 as Board member and Treasurer of the Board for Certification of Environmental Practitioners; over 32 years as a Lions Club member and in this time undertaken all Board roles and is currently Secretary of City of Ryde Lions Club, and with more than 35 years of experience in amateur theatre is now Property Manager on the Pymble Players Committee of Management.

Special responsibilities:

Interest in shares: Nil

Ivan Gavran

Director (*Resigned 29 November 2018*)

Occupation: Consultant

Qualifications, experience and expertise: Extensive experience in business coaching and strategy. Also held roles with CBA, Macquarie and Westpac banks. Currently a Director of the Australian Croatian Chamber of Commerce.

Special responsibilities: Marketing Committee

Interest in shares: Nil

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

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

Company Secretary

The company secretary is Ian Greentree. Ian was appointed to the position of secretary on 29 November 2018. Mrs Helen Patricia Perrin was the previous secretary and she was held the position from 27 January 2005 to 28 November 2018.

Ian holds a Diploma of Law, Associate Diploma Accounting. He is a Retired Solicitor, Accountant and Company Secretary. Ian worked within the Banking and Financial Services, Automotive and Health Industries.

Principal Activities

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

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

Operating results

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

Year ended 30 June 2019	Year ended 30 June 2018
\$	\$
245,241	223,830

North Ryde Community Finance Limited

Directors' Report

Dividends

	Year ended 30 June 2019	
	Cents	\$
Special dividends paid in the year:	15	158,814
Dividends paid in the year	10	105,876

Significant changes in the state of affairs

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

Events since the end of the financial year

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

Likely developments

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

Environmental regulation

The company is not subject to any significant environmental regulation.

Indemnification and insurance of directors and officers

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

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

Directors' meetings

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

	Board Meetings	
	<u>Eligible</u>	<u>Attended</u>
Michael David Southan	11	10
Robert John Talbot	11	10
Harold Anthony Wise	11	10
Helen Patricia Perrin	11	8
Phillip Warren Perrin ("Steve")	11	10
Thomas Gordon MacAulay	11	9
Darryl Geoffrey Tutton	11	10
Paul Moujalli	11	11
Ian Ross Ackland (<i>Appointed 25 July 2019</i>)	-	-
Ivan Gavran (<i>Resigned 29 November 2018</i>)	5	2

North Ryde Community Finance Limited

Directors' Report

Proceedings on behalf of the company

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

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

Non audit services

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

The board of directors has considered the position 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 board to ensure they do not impact on the impartiality and objectivity of the auditor.
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risk and rewards.

Auditor's independence declaration

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

Signed in accordance with a resolution of the board of directors at North Ryde, New South Wales on 6 September 2019.



Michael David Southan, Chair



Partners in success

Chartered Accountants

61 Bull Street, Bendigo 3550
PO Box 454, Bendigo 3552
03 5443 0344
afsbendigo.com.au

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

As lead auditor for the audit of North Ryde Community Finance Limited for the year ended 30 June 2019, 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: 6 September 2019

Joshua Griffin
Lead Auditor

North Ryde Community Finance Limited
Statement of Profit or Loss and Other
Comprehensive Income
for the year ended 30 June 2019

	Notes	2019 \$	2018 \$
Revenue from ordinary activities	4	953,761	903,006
Employee benefits expense		(339,708)	(322,999)
Charitable donations, sponsorship, advertising and promotion		(45,372)	(34,934)
Occupancy and associated costs		(113,969)	(106,570)
Systems costs		(17,827)	(18,170)
Depreciation and amortisation expense	5	(22,844)	(23,130)
General administration expenses		(89,311)	(95,897)
Profit before income tax expense		324,730	301,306
Income tax expense	6	(79,489)	(77,476)
Profit after income tax expense		245,241	223,830
Total comprehensive income for the year attributable to the ordinary shareholders of the company:		245,241	223,830
Earnings per share		¢	¢
Basic earnings per share	24	23.16	21.14

The accompanying notes form part of these financial statements

North Ryde Community Finance Limited

Balance Sheet

as at 30 June 2019

	Notes	2019 \$	2018 \$
ASSETS			
Current assets			
Cash and cash equivalents	7	1,437,377	1,506,323
Financial assets	8	486,487	444,649
Trade and other receivables	9	143,780	104,767
Total current assets		2,067,644	2,055,739
Non-current assets			
Property, plant and equipment	10	123,731	132,625
Intangible assets	11	12,594	26,544
Total non-current assets		136,325	159,169
Total assets		2,203,969	2,214,908
LIABILITIES			
Current liabilities			
Trade and other payables	13	26,616	179,085
Current tax liabilities	12	7,415	22,276
Provisions	14	19,169	16,642
Total current liabilities		53,200	218,003
Non-current liabilities			
Provisions	14	12,326	7,636
Deferred tax liabilities	12	29,997	20,188
Total non-current liabilities		42,323	27,824
Total liabilities		95,523	245,827
Net assets		2,108,446	1,969,081
EQUITY			
Issued capital	15	1,012,038	1,012,038
Retained earnings	16	1,096,408	957,043
Total equity		2,108,446	1,969,081

The accompanying notes form part of these financial statements

North Ryde Community Finance Limited
Statement of Changes in Equity
for the year ended 30 June 2019

	Notes	Issued capital \$	Retained earnings \$	Total equity \$
Balance at 1 July 2017		1,012,038	976,728	1,988,766
Total comprehensive income for the year		-	223,830	223,830
Transactions with owners in their capacity as owners:				
Shares issued during period		-	-	-
Costs of issuing shares		-	-	-
Dividends provided for or paid	22	-	(243,515)	(243,515)
Balance at 30 June 2018		1,012,038	957,043	1,969,081
Balance at 1 July 2018		1,012,038	957,043	1,969,081
Total comprehensive income for the year		-	245,241	245,241
Transactions with owners in their capacity as owners:				
Shares issued during period		-	-	-
Costs of issuing shares		-	-	-
Dividends provided for or paid	22	-	(105,876)	(105,876)
Balance at 30 June 2019		1,012,038	1,096,408	2,108,446

The accompanying notes form part of these financial statements

North Ryde Community Finance Limited
Statement of Cash Flows
for the year ended 30 June 2019

	Notes	2019 \$	2018 \$
Cash flows from operating activities			
Receipts from customers		935,539	904,371
Payments to suppliers and employees		(680,067)	(638,133)
Interest received		24,656	32,887
Income taxes refunded		-	-
Income taxes paid		(99,443)	(61,867)
Net cash provided by operating activities	17	180,685	237,258
Cash flows from investing activities			
Payments for property, plant and equipment		-	(818)
Payments for intangible assets		-	(68,056)
Dividend received		15,059	13,919
Purchase for financial assets		-	(61,651)
Proceeds from sale of financial assets		-	51,889
Net cash provided by/(used in) investing activities		15,059	(64,717)
Cash flows from financing activities			
Dividends paid	22	(264,690)	(84,701)
Net cash used in financing activities		(264,690)	(84,701)
Net increase/(decrease) in cash held		(68,946)	87,840
Cash and cash equivalents at the beginning of the financial year		1,506,323	1,418,483
Cash and cash equivalents at the end of the financial year	7(a)	1,437,377	1,506,323

The accompanying notes form part of these financial statements

North Ryde Community Finance Limited

Notes to the Financial Statements

for the year ended 30 June 2019

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 Standards Board (AASB) 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 which are significant to the financial statements are disclosed in note 3.

Historical cost convention

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

Comparative figures

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

Application of new and amended accounting standards

There are two new accounting standards which have been issued by the AASB that became mandatorily effective for accounting periods beginning on or after 1 January 2018, and are therefore relevant for the current financial year.

AASB 15 Revenue from Contracts with Customers

AASB 15 replaces *AASB 111 Construction Contracts*, *AASB 118 Revenue* and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. AASB 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

AASB 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The existing revenue recognition through the monthly Bendigo and Adelaide Bank Limited profit share provides an accurate reflection of consideration received in exchange for the transfer of services to the customer. Therefore based on our assessment this accounting standard has not materially affected any of the amounts recognised in the current period and is not likely to affect future periods.

North Ryde Community Finance Limited

Notes to the Financial Statements

for the year ended 30 June 2019

Note 1. Summary of significant accounting policies (continued)

a) Basis of preparation (continued)

Application of new and amended accounting standards (continued)

AASB 9 Financial Instruments

AASB 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces *AASB 139 Financial Instruments: Recognition and Measurement*.

Based on our assessment this accounting standard has not had any impact on the carrying amounts of financial assets or liabilities at 1 July 2018. For additional information about accounting policies relating to financial instruments, see Note 1 k).

There are also a number of accounting standards and interpretations issued by the AASB that become effective in future accounting periods.

The company has elected not to apply any accounting standards or interpretations before their mandatory operative date for the annual reporting period beginning 1 July 2018. These future accounting standards and interpretations therefore have no impact on amounts recognised in the current period or any prior period.

AASB 16 Leases

Only AASB 16, effective for the annual reporting period beginning on or after 1 January 2019 is likely to impact the company. AASB 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

AASB 16 replaces existing leases guidance, including *AASB 117 Leases* and related Interpretations. This standard is mandatory for annual reporting periods beginning on or after 1 January 2019.

The company plans to apply AASB 16 initially on 1 July 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting AASB 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 July 2019, with no restatement of comparative information.

The company has assessed the estimated impact that initial application of AASB 16 will have on its financial statements. The actual impacts of adopting the standard on 1 July 2019 may change.

The company will recognise new assets and liabilities for operating leases of its branch. The nature of expenses related to these leases will now change as the company will recognise a depreciation charge for right-of-use assets and interest expense on lease liabilities. Previously, the company recognised operating lease expense on a straight-line basis over the term of the lease.

No significant impact is expected for the company's finance leases.

Based on the information currently available, the company estimates that it will recognise additional lease liabilities and new right-of-use assets of \$93,843.

North Ryde Community Finance Limited

Notes to the Financial Statements

for the year ended 30 June 2019

Note 1. Summary of significant accounting policies (continued)

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, NSW.

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®** branch 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.

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

The credit risk (i.e. the risk that a customer will not make repayments) is for the relevant Bendigo and Adelaide Bank Limited entity to bear as long as the company has complied with the appropriate procedures and relevant obligations and has not exercised a discretion in granting or extending credit.

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
- 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.

North Ryde Community Finance Limited

Notes to the Financial Statements

for the year ended 30 June 2019

Note 1. Summary of significant accounting policies (*continued*)

b) Revenue

Revenue arises from the rendering of services through its franchise agreement with the Bendigo and Adelaide Bank Limited. The revenue recognised is measured by reference to the fair value of consideration received or receivable, excluding sales taxes, rebates, and trade discounts.

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

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

Core banking products

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

Margin

Margin is arrived at through the following calculation:

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

Margin is paid on all core banking products. A funds transfer pricing model is used for the method of calculation of the cost of funds, deposit return and margin.

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

Commission

Commission is a fee paid for products and services sold. It may be paid on the initial sale or on an ongoing basis. Commission is payable on the sale of an insurance product such as home contents. Examples of products and services on which ongoing commissions are paid include leasing and Sandhurst Trustees Limited products.

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.

North Ryde Community Finance Limited

Notes to the Financial Statements

for the year ended 30 June 2019

Note 1. Summary of significant accounting policies (continued)

b) Revenue (continued)*Discretionary financial contributions*

In addition to margin, commission and fee income, and separate from the franchise agreement, Bendigo and Adelaide Bank Limited has also made discretionary financial payments to the company. These are referred to by Bendigo and Adelaide Bank Limited as a "Market Development Fund" (MDF).

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

The payments from Bendigo and Adelaide Bank Limited are discretionary and Bendigo and Adelaide Bank Limited may change the amount or stop making them at any time.

Ability to change financial return

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

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

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

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

Monitoring and changing financial return

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

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

North Ryde Community Finance Limited

Notes to the Financial Statements

for the year ended 30 June 2019

Note 1. Summary of significant accounting policies (*continued*)

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 payable (or

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

Current and deferred tax for the period

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

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.

North Ryde Community Finance Limited

Notes to the Financial Statements

for the year ended 30 June 2019

Note 1. Summary of significant accounting policies (continued)

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.

g) Property, plant and equipment

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

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

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

- leasehold improvements	5 - 15	years
- plant and equipment	2.5 - 40	years

h) Intangibles

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

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

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 (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified at fair value through profit or loss, in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in AASB 15.63.

North Ryde Community Finance Limited

Notes to the Financial Statements

for the year ended 30 June 2019

Note 1. Summary of significant accounting policies (continued)

k) Financial instruments (continued)*Classification and subsequent measurement**(i) Financial liabilities*

Financial liabilities include borrowings, trade and other payables and non-derivative financial liabilities (excluding financial guarantees). They are subsequently measured at amortised cost using the effective interest rate method.

The effective interest rate is the internal rate of return of the financial asset or liability, that is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

(ii) Financial assets

Financial assets are subsequently measured at:

- amortised cost;
- fair value through other comprehensive income (FVOCI); or
- fair value through profit and loss (FVTPL).

A financial asset is subsequently measured at amortised cost if it meets the following conditions:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principle amount outstanding on specified dates.

The company's trade and most other receivables are measured at amortised cost as well as deposits that were previously classified as held-to-maturity under AASB 139.

A financial asset is subsequently measured at FVOCI if it meets the following conditions:

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principle amount outstanding on specified dates; and
- the business model for managing the financial assets comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the conditions of amortised cost and FVOCI's measurement condition are subsequently measured at FVTPL.

The company's investments in equity instruments are measured at FVTPL unless the company irrevocably elects at inception to measure at FVOCI.

*Derecognition**(i) Derecognition of financial liabilities*

A liability is derecognised when it is extinguished (ie when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability, is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(ii) Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

North Ryde Community Finance Limited

Notes to the Financial Statements

for the year ended 30 June 2019

Note 1. Summary of significant accounting policies (*continued*)

k) Financial instruments (*continued*)

Impairment

The company recognises a loss allowance for expected credit losses on:

- financial assets that are measured at fair value through other comprehensive income;
- lease receivables;
- loan commitments that are not measured at fair value through profit or loss; and
- financial guarantee contracts that are not measured at fair value through profit or loss.

Loss allowance is not recognised for:

- financial assets measured at fair value through profit of loss; or
- equity instruments measured at fair value through other comprehensive income.

Expected credit losses 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, all discounted at the original effective interest rate of the financial instrument.

The company uses the simplified approach to impairment, as applicable under AASB 9. The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times.

This approach is applicable to:

- trade receivables that result from transactions that are within the scope of AASB 15, that contain a significant financing component; and
- lease receivables.

In measuring the expected credit loss, a provision matrix for trade receivables is used, taking into consideration various data to get to an expected credit loss, (ie diversity of its customer base, appropriate groupings of its historical loss experience etc.).

Recognition of expected credit losses in financial statements

At each reporting date, the entity recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

Assets measured at fair value through other comprehensive income are recognised at fair value with changes in fair value recognised in other comprehensive income. The amount in relation to change in credit risk is transferred from other comprehensive income to profit or loss at every reporting period.

North Ryde Community Finance Limited

Notes to the Financial Statements

for the year ended 30 June 2019

Note 1. Summary of significant accounting policies (continued)

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) Issued capital

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

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.

North Ryde Community Finance Limited

Notes to the Financial Statements

for the year ended 30 June 2019

Note 2. Financial risk management

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

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

(i) Market risk

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

(ii) Price risk

The company 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.

Expected credit loss assessment for Bendigo and Adelaide Bank Limited

The company's franchise agreement limits the company's credit exposure to one financial institution, being Bendigo and Adelaide Bank Limited. Due to the reliance on Bendigo and Adelaide Bank Limited the company has reviewed the credit ratings provided by Standard & Poors, Moody's and Fitch Ratings to determine the level of credit risk exposure of the company. The most recent credit rating provided by the ratings agencies is as follows:

Ratings Agency	Long-Term	Short-Term	Outlook
Standard & Poor's	BBB+	A-2	Stable
Fitch Ratings	A-	F2	Stable
Moody's	A3	P-2	Stable

Based on the above risk ratings the company has classified Bendigo and Adelaide Bank Limited as low risk.

The company has performed a historical assessment of receivables from Bendigo and Adelaide Bank Limited and found no instances of default. As a result no impairment loss allowance has been made in relation to the Bendigo & Adelaide Bank Limited receivable as at 30 June 2019.

Expected credit loss assessment for other customers

The company has performed a historical assessment of the revenue collected from other customers and found no instances of default. As a result no impairment loss allowance has been made in relation to other customers as at 30 June 2019.

(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.

North Ryde Community Finance Limited

Notes to the Financial Statements

for the year ended 30 June 2019

Note 2. Financial risk management (continued)

(v) Cash flow and fair value interest rate risk

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

(vi) Capital management

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

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

The distribution limit is the greater of:

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

The board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the year ended 30 June 2019 can be seen in the Statement of Profit or Loss and Other Comprehensive Income.

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

Note 3. Critical accounting estimates and judgements

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

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

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

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

North Ryde Community Finance Limited

Notes to the Financial Statements

for the year ended 30 June 2019

Note 3. Critical accounting estimates and judgements (*continued*)

Taxation

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

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

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

Estimation of useful lives of assets

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

Impairment of assets

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

North Ryde Community Finance Limited

Notes to the Financial Statements

for the year ended 30 June 2019

Note 3. Critical accounting estimates and judgements (*continued*)

Fair value measurement

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

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

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

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

Note 4. Revenue from ordinary activities	2019	2018
	\$	\$
Operating activities:		
- gross margin	730,384	703,587
- services commissions	43,474	48,472
- fee income	49,484	49,858
- market development fund	25,000	25,000
Total revenue from operating activities	<u>848,342</u>	<u>826,917</u>
Non-operating activities:		
- interest received	32,102	32,887
- dividends received	31,480	13,919
- increase in net market valued of financial assets (FVTPL)	41,837	29,283
Total revenue from non-operating activities	<u>105,419</u>	<u>76,089</u>
Total revenues from ordinary activities	<u>953,761</u>	<u>903,006</u>

Note 5. Expenses

Depreciation of non-current assets:		
- plant and equipment	3,977	4,081
- leasehold improvements	4,917	5,099
Amortisation of non-current assets:		
- franchise agreement	2,325	2,325
- franchise renewal fee	11,625	11,625
	<u>22,844</u>	<u>23,130</u>
Bad debts	<u>(478)</u>	<u>185</u>

North Ryde Community Finance Limited
Notes to the Financial Statements
for the year ended 30 June 2019

Note 6. Income tax expense	2019	2018
	\$	\$
The components of tax expense comprise:		
- Current tax	81,319	76,824
- Movement in deferred tax	9,808	7,633
- Net benefit from franking credits on franked dividends received	(11,495)	(5,656)
- Over provision of tax in the prior period	(143)	(1,325)
	<u>79,489</u>	<u>77,476</u>
The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows		
Operating profit	324,730	301,306
Prima facie tax on profit from ordinary activities at 27.5% (2018: 27.5%)	89,301	82,859
Add tax effect of:		
- non-deductible expenses	3,161	43
- timing difference expenses	(9,808)	(7,633)
-other assessable income	(1,335)	1,555
	<u>81,319</u>	<u>76,824</u>
Movement in deferred tax	9,808	7,633
Net benefit from franking credits on franked dividends received	(11,495)	(5,656)
Over provision of income tax in the prior year	(143)	(1,325)
	<u>79,489</u>	<u>77,476</u>

Note 7. Cash and cash equivalents

Cash at bank and on hand	67,377	106,323
Term deposits	1,370,000	1,400,000
	<u>1,437,377</u>	<u>1,506,323</u>

Note 7.(a) Reconciliation to cash flow statement

The above figures reconcile to the amount of cash shown in the statement of cash flows at the end of the financial year as follows:

Cash at bank and on hand	67,377	106,323
Term deposits	1,370,000	1,400,000
	<u>1,437,377</u>	<u>1,506,323</u>

North Ryde Community Finance Limited
Notes to the Financial Statements
for the year ended 30 June 2019

Note 8. Financial assets	Note	2019	2018
		\$	\$
Current:			
Available-for-sale financial assets		<u>486,487</u>	<u>444,649</u>

Note 8.(a) Available-for-sale financial assets comprise:

Current

Listed investments, at fair value

- Shares in listed corporations	18	<u>486,487</u>	<u>444,649</u>
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Note 9. Trade and other receivables

Trade receivables	60,628	62,041
Prepayments	8,511	6,855
Other receivables and accruals	74,641	35,871
	<u>143,780</u>	<u>104,767</u>

Note 10. Property, plant and equipment

Leasehold improvements		
At cost	187,124	187,124
Less accumulated depreciation	(86,295)	(81,378)
	<u>100,829</u>	<u>105,746</u>
Plant and equipment		
At cost	95,294	95,294
Less accumulated depreciation	(72,392)	(68,415)
	<u>22,902</u>	<u>26,879</u>
Total written down amount	<u>123,731</u>	<u>132,625</u>

North Ryde Community Finance Limited
Notes to the Financial Statements
for the year ended 30 June 2019

Note 10. Property, plant and equipment (continued)	2019	2018
	\$	\$
Movements in carrying amounts:		
Leasehold improvements		
Carrying amount at beginning	105,746	110,845
Additions	-	-
Disposals	-	-
Less: depreciation expense	(4,917)	(5,099)
Carrying amount at end	<u>100,829</u>	<u>105,746</u>
Plant and equipment		
Carrying amount at beginning	26,879	30,142
Additions		818
Disposals	-	-
Less: depreciation expense	(3,977)	(4,081)
Carrying amount at end	<u>22,902</u>	<u>26,879</u>
Total written down amount	<u>123,731</u>	<u>132,625</u>
Note 11. Intangible assets		
Franchise fee		
At cost	82,968	82,968
Less: accumulated amortisation	(80,869)	(78,544)
	<u>2,099</u>	<u>4,424</u>
Franchise renewal fee		
At cost	114,839	114,839
Less: accumulated amortisation	(104,344)	(92,719)
	<u>10,495</u>	<u>22,120</u>
Total written down amount	<u>12,594</u>	<u>26,544</u>

North Ryde Community Finance Limited
Notes to the Financial Statements
for the year ended 30 June 2019

Note 12. Tax	2019	2018
	\$	\$
Current:		
Income tax payable	<u>7,415</u>	<u>22,276</u>
Non-current:		
Deferred tax assets		
- accruals	1,515	1,320
- employee provisions	8,661	6,676
	<u>10,176</u>	<u>7,996</u>
Deferred tax liability		
- accruals	3,378	1,329
- deductible prepayments	27,348	15,842
- property, plant and equipment	9,447	11,013
	<u>40,173</u>	<u>28,184</u>
Net deferred tax liability	<u>(29,997)</u>	<u>(20,188)</u>
Movement in deferred tax charged to Statement of Profit or Loss and Other Comprehensive Income	<u>9,809</u>	<u>2,990</u>

Note 13. Trade and other payables

Current:		
Other creditors and accruals	<u>26,616</u>	<u>179,085</u>

Note 14. Provisions

Current:		
Provision for annual leave	<u>19,169</u>	<u>16,642</u>
Non-current:		
Provision for long service leave	<u>12,326</u>	<u>7,636</u>

North Ryde Community Finance Limited

Notes to the Financial Statements

for the year ended 30 June 2019

Note 15. Issued capital	2019	2018
	\$	\$
1,058,759 ordinary shares fully paid (2018: 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>

Rights attached to shares

(a) *Voting rights*

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

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

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

(b) *Dividends*

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

(c) *Transfer*

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

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

North Ryde Community Finance Limited

Notes to the Financial Statements

for the year ended 30 June 2019

Note 15. Issued capital (continued)

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 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.

Note 16. Retained earnings	2019	2018
	\$	\$
Balance at the beginning of the financial year	957,043	976,728
Net profit from ordinary activities after income tax	245,241	223,830
Dividends provided for or paid	(105,876)	(243,515)
Balance at the end of the financial year	<u>1,096,408</u>	<u>957,043</u>

North Ryde Community Finance Limited
Notes to the Financial Statements
for the year ended 30 June 2019

Note 17. Statement of cash flows	2019	2018
	\$	\$
Reconciliation of profit from ordinary activities after tax to net cash provided by operating activities		
Profit from ordinary activities after income tax	245,241	223,830
Non cash items:		
- depreciation	8,894	9,180
- amortisation	13,950	13,950
- increase in net market value of financial assets	41,838	29,283
- dividends received	(15,059)	(13,919)
Changes in assets and liabilities:		
- (increase)/decrease in receivables	(39,013)	20,079
- (increase)/decrease in other assets	(83,676)	(58,566)
- increase/(decrease) in payables	6,345	(8,884)
- increase/(decrease) in provisions	7,217	6,696
- increase/(decrease) in current tax liabilities	(5,052)	15,609
Net cash flows provided by operating activities	<u>180,685</u>	<u>237,258</u>

Note 18. Fair value measurement

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

At 30 June 2019	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Recurring fair value measurements:				
FVTPL financial assets				
Listed investments:				
- shares in listed corporations	486,487	-	-	486,487
	<u>486,487</u>	<u>-</u>	<u>-</u>	<u>486,487</u>
Total assets at fair value	<u>486,487</u>	<u>-</u>	<u>-</u>	<u>486,487</u>

North Ryde Community Finance Limited

Notes to the Financial Statements

for the year ended 30 June 2019

Note 18. Fair value measurement (continued)

At 30 June 2018	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Recurring fair value measurements:				
FVTPL financial assets				
Listed investments:				
- shares in listed corporations	444,649	-	-	444,649
	<u>444,649</u>	<u>-</u>	<u>-</u>	<u>444,649</u>
Total assets at fair value	<u>444,649</u>	<u>-</u>	<u>-</u>	<u>444,649</u>

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

- Level 1: The fair value of FVTPL financial assets traded in active markets is based on the quoted market price at the close of business at the end of the reporting period.
- Level 2: The fair value of property, plant and equipment is based on a valuation performed by a third party qualified valuer using quoted prices for similar assets in an active market.
- Level 3: There were no fair value measurements by the Level 3 fair value hierarchy.

Note 19. Leases

	2019 \$	2018 \$
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	93,843	90,588
- between 12 months and 5 years	-	90,588
	<u>93,843</u>	<u>181,176</u>

The branch lease is a non-cancellable lease with a five-year term, with rent payable monthly in advance. The lease commenced on 10 June 2015 and currently there are no options to renew available.

Note 20. Auditor's remuneration

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

- audit and review services	4,600	5,600
- share registry services	4,964	3,939
- non audit services	4,520	4,770
	<u>14,084</u>	<u>14,309</u>

North Ryde Community Finance Limited
Notes to the Financial Statements
for the year ended 30 June 2019

Note 21. Director and related party disclosures

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

Michael David Southan
Robert John Talbot
Harold Anthony Wise
Helen Patricia Perrin
Phillip Warren Perrin ("Steve")
Thomas Gordon MacAulay
Darryl Geoffrey Tutton
Paul Moujalli
Ian Ross Ackland (*Appointed 25 July 2019*)
Ivan Gavran (*Resigned 29 November 2018*)

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

Directors Shareholdings	<u>2019</u>	<u>2018</u>
Michael David Southan	1,000	1,000
Robert John Talbot	26,000	26,000
Harold Anthony Wise	8,000	8,000
Helen Patricia Perrin	48,752	48,752
Phillip Warren Perrin ("Steve")	48,752	48,752
Thomas Gordon MacAulay	1,000	1,000
Darryl Geoffrey Tutton	25,000	25,000
Paul Moujalli	.	.
Ian Ross Ackland (<i>Appointed 25 July 2019</i>)	.	.
Ivan Gavran (<i>Resigned 29 November 2018</i>)	.	.

There was no movement in directors shareholdings during the year.

Note 22. Dividends provided for or paid	<u>2019</u>	<u>2018</u>
	\$	\$
<i>a. Dividends paid during the year</i>		
Current year dividend		
100% (2018: 100%) franked dividend - 10 cents (2018: 8 cents) per share	<u>105,876</u>	<u>84,701</u>
<i>b. Dividends proposed and recognised as a liability</i>		
Current year final dividend		
100% (2018: 100%) franked dividend - Nil cents (2018: 15 cents) per share	<u>-</u>	<u>158,814</u>

The tax rate at which dividends have been franked is 27.5% (2018: 27.5%).

Dividends proposed will be franked at a rate of 27.5% (2018: 27.5%).

North Ryde Community Finance Limited

Notes to the Financial Statements

for the year ended 30 June 2019

Note 22. Dividends provided for or paid (continued)	2019	2018
	\$	\$
c. Franking account balance		
Franking credits available for subsequent reporting periods are:		
- franking account balance as at the end of the financial year	518,592	472,124
- franking credits that will arise from payment of income tax as at the end of the financial year	7,415	22,275
- franking debits that will arise from the payment of dividends recognised as a liability at the end of the financial year	-	60,240
	<u>526,007</u>	<u>554,639</u>
Franking credits available for future financial reporting periods:		
- 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	-	-
Net franking credits available	<u><u>526,007</u></u>	<u><u>554,639</u></u>

Note 23. Key management personnel disclosures

The directors received remuneration including superannuation, as follows:

Michael David Southan	-	-
Robert John Talbot	6,000	6,000
Harold Anthony Wise	6,000	6,000
Helen Patricia Perrin	2,000	2,000
Phillip Warren Perrin ("Steve")	2,000	2,000
Thomas Gordon MacAulay	2,000	2,000
Darryl Geoffrey Tutton	-	-
Paul Moujalli	-	-
Ian Ross Ackland (<i>Appointed 25 July 2019</i>)	-	-
Ivan Gavran (<i>Resigned 29 November 2018</i>)	-	-
	<u>18,000</u>	<u>18,000</u>

Note 24. Earnings per share	2019	2018
	\$	\$
(a) Profit attributable to the ordinary equity holders of the company used in calculating earnings per share	245,241	223,830
	Number	Number
(b) Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	1,058,759	1,058,759

North Ryde Community Finance Limited

Notes to the Financial Statements

for the year ended 30 June 2019

Note 25. Events occurring after the reporting date

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

Note 26. Contingent liabilities and contingent assets

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

Note 27. 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 28. Registered office/Principal place of business

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

Registered Office
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
Notes to the Financial Statements
for the year ended 30 June 2019

Note 29. Financial instruments

Financial Instrument Composition and Maturity Analysis

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

Financial instrument	Floating interest		Fixed interest rate maturing in						Non interest bearing		Weighted average	
			1 year or less		Over 1 to 5 years		Over 5 years					
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%
Financial assets												
Cash and cash equivalents	67,377	106,323	1,370,000	1,400,000	-	-	-	-	-	-	2.28	2.32
Receivables	-	-	-	-	-	-	-	-	60,628	62,041	N/A	N/A
Financial liabilities												
Payables	-	-	-	-	-	-	-	-	-	-	N/A	N/A

Net Fair Values

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

Credit Risk

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

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

Interest Rate Risk

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

Sensitivity Analysis

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

As at 30 June 2019, the effect on profit and equity as a result of changes in interest rate, with all other variables remaining constant would be as follows:

	2019	2018
	\$	\$
Change in profit/(loss)		
Increase in interest rate by 1%	14,374	15,063
Decrease in interest rate by 1%	(14,374)	(15,063)
Change in equity		
Increase in interest rate by 1%	14,374	15,063
Decrease in interest rate by 1%	(14,374)	(15,063)

North Ryde Community Finance Limited

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 2019 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.



Michael David Southan, Chair

Signed on the 6th of September 2019.

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

Report on the audit of the financial report

Our opinion

In our opinion, the accompanying financial report of North Ryde Community Finance 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 2019 and of its financial performance for the year ended; and
- ii. complying with Australian Accounting Standards.

What we have audited

North Ryde Community Finance Limited's (the company) financial report comprises the:

- ✓ Statement of profit or loss and other comprehensive income
- ✓ Balance sheet
- ✓ Statement of changes in equity
- ✓ Statement of cash flows
- ✓ Notes comprising a summary of significant accounting policies and other explanatory notes
- ✓ The directors' declaration of the company.

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.

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. 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* (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.

Other information

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

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

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

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

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

Directors' responsibility for the financial report

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

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

Auditor's responsibility for the audit of the financial report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/home.aspx>. This description forms part of our auditor's report.



Andrew Frewin Stewart
61 Bull Street, Bendigo, 3550
Dated: 6 September 2019



Joshua Griffin
Lead Auditor

North Ryde Community Bank Branch

203 -213 Cox's Road, North Ryde NSW 2113

Phone (02) 9878 5559 Fax: (02) 9878 3714

Email: northryde@bendigoadelaide.com.au

Web: www.bendigobank.com.au/branch/nsw/north-ryde-community-bank-branch/Franchisee:

North Ryde Community Finance Limited

ABN 74 112 673 506

Phone (02) 9878 5559 Fax: (02) 9878 3714

203 – 213 Cox's Road North Ryde NSW 2113

Email: northryde@bendigoadelaide.com.au

Share Registry

AFS & Associates Pty Ltd

61-65 Bull Street

Bendigo Vic 3550

Postal Address:

PO Box 454

Bendigo Vic 3552

Phone: (03) 5443 0344 Fax: (03) 5443 5304

Email Shareregistry@afsbendigo.com.au

Web www.afsbendigo.com.au

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Branch Details

Backed by Australia's fifth biggest retail bank, North Ryde **Community Bank**® Branch not only gives you access to award-winning financial products and services, we're also committed to returning profits to our local communities.

Address:

203-213 Cox's Road
North Ryde NSW
2113

Ph: (02) 9878 5559

Fax: (02) 9878 3714

Operating Hours:

Mon-Fri 09:00-17:00

BSB: 633-000

Branch manager:

Pat Italiano

Services:

ATM (can change PIN)

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