
North Ryde

Community Finance Limited

ABN: 74 112 673 506

Financial Report

For the year ended

30 June 2021

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Chairman's Report

Dear Shareholders,

The 2021 Financial Year has been remarkable not only because of the ongoing impact of the COVID-19 pandemic, but again, North Ryde Community Finance Ltd (NRCF) has had a tremendous result in the face of economic uncertainty.

As of 30 June 2021, profit after tax was \$232,689 (\$95,433 in 2020) – a fantastic result! In recognition of this outcome and of our 16th year in business, we are pleased to announce a fully franked dividend of 16 cents per share for this financial year.

This result could not be possible without our loyal front line staff who effectively kept doing business while keeping both themselves and our customers safe from COVID-19. It is here that I wish to convey my sincere thanks to all our staff for their commitment in keeping our doors open and providing face to face banking services for our North Ryde Community. On behalf of the NRCF board, I wish to thank our Branch Manager Pat Italiano whose significant experience and dedication has kept the business not only performing but thriving during the 2021 Financial Year, as well as our staff Gina, Alison (who celebrated 10 years with NRCF in June), Lorraine and Anita who all so cheerfully interact with our customers and the community on a daily basis.

The directors have been busy this last year in renewing our Franchise Agreement with Bendigo Adelaide Bank. The board had two options to consider in renewing the Franchise Agreement: i) exercise the last, and final, 5 year option on the current Franchise Agreement (this option would result in the business winding up by June 2025, in the absence of a new Franchise Agreement), or ii) enter a new version of the Franchise Agreement offered by Bendigo with a 5 year initial term and a further 5 year renewal term.

As required by the Franchising Code of Conduct and in practising good governance, the directors obtained advice from an independent legal adviser about the two options available for renewing the Franchise Agreement. After significant due diligence and legal advice, the board explored with Bendigo the option of the new version of the Franchise Agreement with some modifications to deal with some of the provisions that were not consistent with the way the current franchise operates. In addition, the directors were concerned to be entering into any personal liabilities over and above the statutory liabilities in the current Franchise Agreement.

During negotiations Bendigo provided a further iteration of the new version Franchise Agreement which included additional requirements. After seeking further legal advice the directors considered the additional requirements as fundamentally inappropriate for good governance.

Accordingly, the directors elected to exercise the last, and final, 5 year option on the current Franchise Agreement with the understanding that the renewed agreement would be for a further 5 years (expiring 9 June 2025) and will not contain a further 5 year option. The directors will continue to explore all avenues again with Bendigo in seeking options to have a Franchise Agreement beyond 2025 so that NRCF can have the opportunity to provide continuing banking services to the North Ryde Community, support community activities and initiatives, and provide returns on shareholders investments under the Bendigo banner. All of this work is not possible without a strong board, and I would like to thank all the directors for their effort and contribution throughout the year.

Finally, to you our shareholders, thank you for continuing to support us and the North Ryde community.



Michael Southan

Chairman

General Managers Report

This year was again an interesting and challenging to say the least. Just when we thought the worst of the COVID-19 pandemic was behind us we were introduced to the Delta strain which again threw the country into further lockdowns and uncertainty. We saw continued strong growth in the property market and again produced some outstanding growth in our Banking book. Our team of Gina, Alison, Lorraine and Anita as always continued to provide local banking services, still deemed by the Government to be essential in these uncertain times. This year we were better prepared for the perils associated with the pandemic and once again our Board were always there for us providing support and ensuring that staff safety was the number one priority. Bendigo Bank also ensured that processes and protocols were introduced to ensure staff and customer safety and provided great support during one local "COVID scare".

Branch Performance

In dollar terms our branch grew by an impressive **\$17million**, largely due to an increase in our lending base of around \$11 million. This was supported by deposit growth of just over \$6 million. Whilst our business again recorded strong growth, our revenue was largely unchanged due to the effects of margin squeeze in this low interest rate environment. Our revenue was up **\$22,000** on 2019-2020. Other income and expenditure lines were largely on budget resulting in an operating profit of **\$232,000**. This was an increase on the previous year and was largely due to the increase in our Loan portfolio, so all in all a good result.

Community Engagement

This year, our Community Engagement activities were again modified due to the pandemic, however we were able to continue to support the many Community organisations financially which was very well received in these difficult times. We look forward to again engaging with our community in a meaningful way over the coming months

Staff

Our strong performance can only be achieved by the individuals that continue to provide outstanding customer service. Our customer service team of Gina, Alison Lorraine and Anita are now institutions in the area and highly regarded by all who come in to contact with them. They are and continue to be the backbone of and key to the success of our business. This year Alison (September) celebrated 10 years with North Ryde Community Finance which is a great milestone in her career. Well, done Alison!

As always, a thank you to our Directors who give their time on a volunteer basis for all their efforts this year. In many ways it has been a trying year with much work done behind the scenes in relation to the renewal of our Franchise Agreement with Bendigo Bank. As always, we thank them for their ongoing support.

Our Commitment to Service

As always, customer service remains our key focus and major points of difference to our competitors. We continue to prove that the provision of a face to face Banking service is something that is still valued by the community we serve. More importantly we have also demonstrated that we can continue to maintain relationships and provide a quality service with our clients even on a remote basis. In addition to all the new technologies, the simple fact that our customers could speak to a familiar voice at the Branch continues to provide comfort and support to those who needed it. In fact, many people who would not otherwise engage directly with the branch were pleasantly surprised at how simple and efficient dealing with the branch is.

Pat Italiano

General Manager

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

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

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

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

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

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

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

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



Collin Brady
Head of Community Development

North Ryde Community Finance Limited

Directors' Report

The directors present their report together with the financial statements of the company for the financial year ended 30 June 2021.

Directors

The directors of the company who held office during the financial year and to the date of this report are:

Michael David Southan

Non-executive director

Occupation: CEO Australian Olive Association

Qualifications, experience and expertise: Twenty years in agricultural research, currently also 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, Member of Franchise Agreement Committee.

Interest in shares: 1,000 ordinary shares

Robert John Talbot

Non-executive director

Occupation: Retired

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.

Interest in shares: 26,000 ordinary shares

Harold Anthony Wise

Non-executive director

Occupation: Manager

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

Special responsibilities: Treasurer; Audit Committee.

Interest in shares: 8,000 ordinary shares

Phillip Warren Perrin ("Steve")

Non-executive 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

Interest in shares: 48,752 ordinary shares

Thomas Gordon MacAulay

Non-executive director

Occupation: Retired/Farmer

Qualifications, experience and expertise: Experience on Boards, Councils and a Statutory Authority. 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 and Emeritus Professor of Agricultural Economics, University of Sydney; dairy and beef cattle farmer. University degrees: BAgricSc, MAgricSc (Melb) and PhD (Guelph).

Special Responsibilities: Audit and Risk Committee and Franchise Agreement Committee

Interest in shares: 1,000 ordinary shares

North Ryde Community Finance Limited

Directors' Report

Directors (*continued*)

Darryl Geoffrey Tutton

Non-executive 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 ordinary shares

Paul Moujalli

Non-executive 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 is 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: 500 ordinary shares

Helen Patricia Perrin

Non-executive 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.

Interest in shares: 48,752 ordinary shares

Ian Ross Ackland

Non-executive director

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: Nil

Interest in shares: 1,500 ordinary shares

North Ryde Community Finance Limited

Directors' Report

Directors (continued)

Graham John McMaster

Non-executive director

Occupation: Retired

Qualifications, experience and expertise: Broad experience as a Company Director, Research Management, International Marketing. Knowledge of Grain & Food Industries, Hospitality, Farming and Grazing. Fellow of the Australian Institute of Company Directors, Fellow of the Academy of Technological Sciences and Engineering. Former Chairman of North Ryde Community Finance Limited.

Special responsibilities: Marketing Committee

Interest in shares: 74,502 ordinary shares

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

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

Company Secretary

The company secretary is Ian Greentree. Ian was appointed to the position of secretary on 29 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 activity

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

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

Operating results

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

Year ended 30 June 2021	Year ended 30 June 2020
\$	\$
232,689	95,433

Directors' interests

	Fully paid ordinary shares		
	Balance at start of the year	Changes during the year	Balance at end of the year
Michael David Southan	1,000	-	1,000
Robert John Talbot	26,000	-	26,000
Harold Anthony Wise	8,000	-	8,000
Phillip Warren Perrin ("Steve")	48,752	-	48,752
Thomas Gordon MacAulay	1,000	-	1,000
Darryl Geoffrey Tutton	25,000	-	25,000
Paul Moujalli	500	-	500
Helen Patricia Perrin	48,752	-	48,752
Ian Ross Ackland	1,500	-	1,500
Graham John McMaster	74,502	-	74,502

* Phillip and Helen Perrin jointly own 48,752 shares.

North Ryde Community Finance Limited

Directors' Report

Dividends

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

	Cents per share	Total amount (\$)
Final fully franked dividend	8	84,701
Special dividend - fully franked	15	158,814
Total amount	<u>23</u>	<u>243,515</u>

Significant changes in the state of affairs

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

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

Events since the end of the financial year

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.

Directors' benefits

No director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a director, a firm which a director is a member or an entity in which a director has a substantial financial interest except as disclosed in note 30 to the financial statements. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the company's accounts, or the fixed salary of a full-time employee of the company, controlled entity or related body corporate.

North Ryde Community Finance Limited

Directors' Report

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 financial year were:

	Board Meetings Attended	
	<u>Eligible</u>	<u>Attended</u>
Michael David Southan	10	10
Robert John Talbot	10	10
Harold Anthony Wise	10	9
Phillip Warren Perrin ("Steve")	10	10
Thomas Gordon MacAulay	10	10
Darryl Geoffrey Tutton	10	7
Paul Moujalli	10	7
Helen Patricia Perrin	10	6
Ian Ross Ackland	10	9
Graham John McMaster	10	10

Proceedings on behalf of the company

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

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

Non audit services

The company may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the company are important. Details of the amounts paid or payable to the auditor (Andrew Frewin Stewart) for audit and non audit services provided during the year are set out in note 29 to the accounts.

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

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

North Ryde Community Finance Limited

Directors' Report

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 7.

Signed in accordance with a resolution of the directors at North Ryde, New South Wales.



Michael David Southan, Chair

Dated this 13th day of September 2021

Independent 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 2021, I declare that, to the best of my knowledge and belief, there have been:

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



Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 13 September 2021



Joshua Griffin
Lead Auditor

North Ryde Community Finance Limited
Statement of Profit or Loss and Other
Comprehensive Income
for the year ended 30 June 2021

	Notes	2021 \$	2020 \$
Revenue from contracts with customers	8	796,166	774,815
Other revenue	9	41,736	81,672
Finance income	10	16,055	33,199
Employee benefit expenses	11c)	(376,357)	(401,895)
Charitable donations, sponsorship, advertising and promotion		(57,009)	(62,474)
Occupancy and associated costs		(13,879)	(16,767)
Systems costs		(17,338)	(17,578)
Depreciation and amortisation expense	11a)	(92,675)	(106,194)
Finance costs	11b)	(25,256)	(4,198)
General administration expenses		(71,994)	(75,427)
Fair value gains/(losses) on investments	13	100,062	(95,016)
Profit before income tax expense		299,511	110,137
Income tax expense	12a)	(66,822)	(14,704)
Profit after income tax expense		232,689	95,433
Total comprehensive income for the year attributable to the ordinary shareholders of the company:		232,689	95,433
Earnings per share		¢	¢
- Basic and diluted earnings per share:	32a)	21.98	9.01

The accompanying notes form part of these financial statements

North Ryde Community Finance Limited
Statement of Financial Position
as at 30 June 2021

	Notes	2021 \$	2020 \$
ASSETS			
Current assets			
Cash and cash equivalents	14	1,527,842	1,551,271
Trade and other receivables	16a)	104,553	79,437
Current tax assets	20a)	-	11,137
Other investments	15a)	506,533	406,471
Total current assets		2,138,928	2,048,316
Non-current assets			
Property, plant and equipment	17a)	108,033	116,522
Right-of-use assets	18a)	592,330	905,902
Intangible assets	19a)	50,373	64,323
Deferred tax asset	20b)	-	10,645
Total non-current assets		750,736	1,097,392
Total assets		2,889,664	3,145,708
LIABILITIES			
Current liabilities			
Trade and other payables	21a)	104,868	90,450
Current tax liabilities	20a)	17,405	-
Lease liabilities	22a)	51,280	65,075
Employee benefits	24a)	30,773	29,254
Total current liabilities		204,326	184,779
Non-current liabilities			
Lease liabilities	22b)	567,301	844,915
Employee benefits	24b)	22,369	17,526
Provisions	23a)	29,099	28,088
Deferred tax liability	20b)	7,008	-
Total non-current liabilities		625,777	890,529
Total liabilities		830,103	1,075,308
Net assets		2,059,561	2,070,400
EQUITY			
Issued capital	25a)	1,012,038	1,012,038
Retained earnings	26	1,047,523	1,058,362
Total equity		2,059,561	2,070,400

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 2021

	Notes	Issued capital \$	Retained earnings \$	Total equity \$
Balance at 1 July 2019		1,012,038	1,068,805	2,080,843
Total comprehensive income for the year		-	95,433	95,433
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	31a)	-	(105,876)	(105,876)
Balance at 30 June 2020		1,012,038	1,058,362	2,070,400
Balance at 1 July 2020		1,012,038	1,058,362	2,070,400
Total comprehensive income for the year		-	232,689	232,689
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	31a)	-	(243,528)	(243,528)
Balance at 30 June 2021		1,012,038	1,047,523	2,059,561

The accompanying notes form part of these financial statements

North Ryde Community Finance Limited
Statement of Cash Flows
for the year ended 30 June 2021

	Notes	2021 \$	2020 \$
Cash flows from operating activities			
Receipts from customers		893,423	915,887
Payments to suppliers and employees		(606,499)	(569,025)
Interest received		16,055	33,199
Lease payments (interest component)	11b)	(24,100)	(2,274)
Lease payments not included in the measurement of lease liabilities	11d)	(5,696)	(5,764)
Dividends received		15,604	19,369
Income taxes paid		(20,627)	(63,428)
Net cash provided by operating activities	27	268,160	327,964
Cash flows from investing activities			
Payments for property, plant and equipment		-	(1,625)
Payments for investments		-	(15,000)
Net cash used in investing activities		-	(16,625)
Cash flows from financing activities			
Lease payments (principal component)		(48,074)	(91,569)
Dividends paid	31a)	(243,515)	(105,876)
Net cash used in financing activities		(291,589)	(197,445)
Net cash increase/(decrease) in cash held		(23,429)	113,894
Cash and cash equivalents at the beginning of the financial year		1,551,271	1,437,377
Cash and cash equivalents at the end of the financial year	14	1,527,842	1,551,271

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 2021

Note 1 Reporting entity

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

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

Further information on the nature of the operations and principal activity of the company is provided in the directors' report. Information on the company's related party relationships is provided in Note 30.

Note 2 Basis of preparation and statement of compliance

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

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

These financial statements for the year ended 30 June 2021 were authorised for issue in accordance with a resolution of the directors on 13 September 2021.

Note 3 Changes in accounting policies, standards and interpretations

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

Note 4 Summary of significant accounting policies

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

a) Revenue from contracts with customers

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

North Ryde Community Finance Limited

Notes to the Financial Statements

for the year ended 30 June 2021

Note 4 Summary of significant accounting policies (*continued*)

a) Revenue from contracts with customers (*continued*)

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

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

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

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

Revenue calculation

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

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

Margin

Margin is arrived at through the following calculation:

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

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

Commission

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

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

Fee income

Fee income is a share of what is commonly referred to as 'bank fees and charges' charged to customers by Bendigo Bank Group entities including fees for loan applications and account transactions.

Core banking products

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

North Ryde Community Finance Limited

Notes to the Financial Statements

for the year ended 30 June 2021

Note 4 Summary of significant accounting policies (continued)

a) Revenue from contracts with customers (continued)*Ability to change financial return*

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

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

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

b) Other revenue

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

<u>Revenue</u>	<u>Revenue recognition policy</u>
Dividend and distribution income	Dividend and distribution income is recognised when the right to receive the payment is established.
Discretionary financial contributions (also "Market Development Fund" or "MDF" income)	MDF income is recognised when the right to receive the payment is established. MDF income is discretionary and provided and receivable at month-end and paid within 14 days after month-end.
Cash flow boost	Cash flow boost income is recognised when the right to the payment is established (e.g. monthly or quarterly in the activity statement).

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

Discretionary financial contributions

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

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

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

North Ryde Community Finance Limited

Notes to the Financial Statements

for the year ended 30 June 2021

Note 4 Summary of significant accounting policies (continued)

b) Other revenue (continued)*Cash flow boost*

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

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

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

c) Economic dependency - Bendigo Bank

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

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

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

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

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

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

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

- the design, layout and fit out of the Community Bank premises
- training for the branch manager and other employees in banking, management systems and interface protocol
- methods and procedures for the sale of products and provision of services
- security and cash logistic controls
- calculation of company revenue and payment of many operating and administrative expenses
- the formulation and implementation of advertising and promotional programs
- sales techniques and proper customer relations
- providing payroll services.

North Ryde Community Finance Limited

Notes to the Financial Statements

for the year ended 30 June 2021

Note 4 Summary of significant accounting policies (continued)

d) Employee benefits*Short-term employee benefits*

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

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

Defined superannuation contribution plans

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

Other long-term employee benefits

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

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

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

e) Taxes

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

Current income tax

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

Deferred tax

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

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

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

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

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

North Ryde Community Finance Limited

Notes to the Financial Statements

for the year ended 30 June 2021

Note 4 Summary of significant accounting policies *(continued)*

e) Taxes *(continued)*

Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except when the amount of GST incurred on a sale or purchase of assets or services is not payable to or recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the revenue or expense item.

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

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

f) Cash and cash equivalents

For the purposes of the statement of financial position and statement of cash flows, cash and cash equivalents comprise cash on hand and deposits held with banks.

g) Property, plant and equipment

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

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

Depreciation is calculated to write-off the cost of items of property, plant and equipment less their estimated residual values using straight-line method over their estimated useful lives, and is recognised in profit or loss.

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

<u>Asset class</u>	<u>Method</u>	<u>Useful life</u>
Leasehold improvements	Straight-line	7 to 40 years
Plant and equipment	Straight-line	1 to 40 years

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

h) Intangible assets

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

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

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

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

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

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

North Ryde Community Finance Limited

Notes to the Financial Statements

for the year ended 30 June 2021

Note 4 Summary of significant accounting policies (*continued*)

i) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The company's financial instruments include trade and other debtors and creditors, cash and cash equivalents, equity securities (shares, managed funds, ETFs) and lease liabilities.

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

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

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

j) Impairment

Non-derivative financial assets

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

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

Non-financial assets

At each reporting date, the company reviews the carrying amounts of its tangible and intangible assets that have an indefinite useful life to determine whether there is any indication those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately.

k) Issued capital

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

l) 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.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

North Ryde Community Finance Limited

Notes to the Financial Statements

for the year ended 30 June 2021

Note 4 Summary of significant accounting policies (*continued*)

m) Leases

At inception of a contract, the company assesses whether a contract contains or is a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration and obtain substantially all the economic benefits from the use of that asset.

As a lessee

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the company's incremental borrowing rate.

The company determines its incremental borrowing rate by obtaining interest rates from funding sources and where necessary makes certain adjustments to reflect the terms of the lease and type of asset leased.

Lease payments included in the measurement of the lease liability comprise fixed or variable lease payments that depend on an index or rate and lease payments in a renewal option if the company is reasonably certain to exercise that option. For leases of property the company has elected not to separate lease and non-lease components when calculating the lease liability.

The company assesses at the lease commencement date whether it is reasonably certain to exercise extension options. The company reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

Where the company is a lessee for the premises to conduct its business, extension options are included in the lease term except when the company is reasonably certain not to exercise the extension option. This is due to the significant disruption of relocating premises and the loss on disposal of leasehold improvements fitted out in the demised leased premises.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Short-term leases and leases of low-value assets

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

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

North Ryde Community Finance Limited

Notes to the Financial Statements

for the year ended 30 June 2021

Note 4 Summary of significant accounting policies (*continued*)

n) Fair value measurement

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

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

- Level 1 inputs are based on the quoted market price at the close of business at the end of the reporting period.
- Level 2 inputs are based on a valuation performed by a third party qualified valuer using quoted prices for similar assets in an active market.
- Level 3 inputs are unobservable inputs for the asset or liability.

Note 5 Significant accounting judgements, estimates, and assumptions

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

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

a) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

<u>Note</u>	<u>Judgement</u>
- Note 22 - leases:	
a) control	a) whether a contract is or contains a lease at inception by assessing whether the company has the right to direct the use of the identified asset and obtain substantially all the economic benefits from the use of that asset;
b) lease term	b) whether the company is reasonably certain to exercise extension options, termination periods, and purchase options;
c) discount rates	c) judgement is required to determine the discount rate, where the discount rate is the company's incremental borrowing rate if the rate implicit in the lease cannot be readily determined. The incremental borrowing rate is determined with reference to factors specific to the company and underlying asset including the amount, the lease term, economic environment and other relevant factors.

North Ryde Community Finance Limited

Notes to the Financial Statements

for the year ended 30 June 2021

Note 5 Significant accounting judgements, estimates, and assumptions (continued)

b) Assumptions and estimation uncertainties

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

<u>Note</u>	<u>Assumptions</u>
- Note 20 - recognition of deferred tax assets	availability of future taxable profit against which deductible temporary differences and carried-forward tax losses can be utilised;
- Note 28 - fair value	determining the fair value less costs to sell of the disposal group on the basis of quoted market price at the close of business at the end of the reporting period.
- Note 17 - estimation of useful lives of assets	key assumptions on historical experience and the condition of the asset;
- Note 24 - long service leave provision	key assumptions on attrition rate and pay increases through promotion and inflation;
- Note 23 - make-good provision	key assumptions on future cost estimates in restoring the leased premises in accordance with the lease agreement;

Note 6 Financial risk management

The company has exposure to credit, liquidity and market risk arising from financial instruments. The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the company. The company does not use derivative instruments.

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

a) Credit risk

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

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

b) Liquidity risk

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

The following are the remaining contractual maturities of financial liabilities. The contractual cash flows amounts are gross and undiscounted.

30 June 2021

<u>Non-derivative financial liability</u>	<u>Carrying amount</u>	<u>Not later than 12 months</u>	<u>Contractual cash flows</u>	
			<u>Between 12 months and five years</u>	<u>Greater than five years</u>
Lease liabilities	727,202	72,354	311,782	343,066
Trade and other payables	104,868	104,868	-	-
	<u>832,070</u>	<u>177,222</u>	<u>311,782</u>	<u>343,066</u>

North Ryde Community Finance Limited
Notes to the Financial Statements
for the year ended 30 June 2021

Note 6 Financial risk management (continued)

b) Liquidity risk (continued)

30 June 2020

<u>Non-derivative financial liability</u>	<u>Carrying amount</u>	<u>Not later than 12 months</u>	<u>Contractual cash flows</u>	
			<u>Between 12 months and five years</u>	<u>Greater than five years</u>
Lease liabilities	1,092,819	96,240	414,711	581,868
Trade and other payables	90,450	90,450	-	-
	<u>1,183,269</u>	<u>186,690</u>	<u>414,711</u>	<u>581,868</u>

c) Market risk

Market risk

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

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

Price risk

The primary goal of the company's investment in equity securities is to hold the investments for the long term for strategic purposes.

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

Sensitivity analysis - equity price risk

All of the company's listed equity investments are listed on the Australian Stock Exchange (ASX). Changes in equity securities value is recognise through profit or loss.

	2021		2020	
	\$	\$	\$	\$
	10% increase	10% decrease	10% increase	10% decrease
Equity securities	<u>50,653</u>	<u>(50,653)</u>	<u>40,647</u>	<u>(40,647)</u>

Cash flow and fair value interest rate risk

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

The company held cash and cash equivalents of \$1,527,842 at 30 June 2021 (2020: \$1,551,271). The cash and cash equivalents are held with Bendigo Bank, which are rated BBB on Standard & Poor's credit ratings.

North Ryde Community Finance Limited

Notes to the Financial Statements

for the year ended 30 June 2021

Note 7 Capital management

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

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

The distribution limit is the greater of:

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

The board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the year ended 30 June 2021 can be seen in the statement of profit or loss and other comprehensive Income.

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

Note 8 Revenue from contracts with customers

	2021	2020
	\$	\$
- Margin income	702,816	678,966
- Fee income	55,896	55,644
- Commission income	37,454	40,205
	<u>796,166</u>	<u>774,815</u>

Note 9 Other revenue

	2021	2020
	\$	\$
- Dividend and distribution income	15,604	19,369
- Market development fund income	3,750	25,000
- Cash flow boost	22,382	37,303
	<u>41,736</u>	<u>81,672</u>

Note 10 Finance income

	2021	2020
	\$	\$
- Term deposits	<u>16,055</u>	<u>33,199</u>

Finance income is recognised when earned using the effective interest rate method.

North Ryde Community Finance Limited
Notes to the Financial Statements
for the year ended 30 June 2021

Note 11 Expenses

a) Depreciation and amortisation expense	2021	2020
	\$	\$
<i>Depreciation of non-current assets:</i>		
- Leasehold improvements	4,591	4,917
- Plant and equipment	3,898	3,917
	<u>8,489</u>	<u>8,834</u>
<i>Depreciation of right-of-use assets</i>		
- Leased land and buildings	<u>70,236</u>	<u>83,749</u>
<i>Amortisation of intangible assets:</i>		
- Franchise fee	2,325	2,268
- Franchise renewal process fee	11,625	11,343
	<u>13,950</u>	<u>13,611</u>
Total depreciation and amortisation expense	<u>92,675</u>	<u>106,194</u>
b) Finance costs		
- Lease interest expense	24,100	2,274
- Unwinding of make-good provision	1,011	1,924
- Other	145	-
	<u>25,256</u>	<u>4,198</u>
Finance costs are recognised as expenses when incurred using the effective interest rate.		
c) Employee benefit expenses		
Wages and salaries	304,801	301,892
Contributions to defined contribution plans	28,786	27,977
Expenses related to long service leave	3,769	9,206
Other expenses	39,001	62,820
	<u>376,357</u>	<u>401,895</u>
d) Recognition exemption		
The company pays for the right to use information technology equipment. The underlying assets have been assessed as low value and exempted from recognition under AASB 16 accounting. Expenses relating to low-value exempt leases are included in system costs expenses.		
	2021	2020
	\$	\$
Expenses relating to low-value leases	<u>5,696</u>	<u>5,764</u>

North Ryde Community Finance Limited
Notes to the Financial Statements
for the year ended 30 June 2021

Note 12 Income tax expense

a) Amounts recognised in profit or loss	2021 \$	2020 \$
<i>Current tax expense</i>		
- Current tax	55,855	53,093
- Net benefit of franking credits on dividends received	(6,687)	(8,301)
- Movement in deferred tax	17,934	(41,255)
- Adjustment to deferred tax on AASB 16 retrospective application	-	10,470
- Reduction in company tax rate	(280)	614
- Changes in estimates related to prior years	-	83
	<u>66,822</u>	<u>14,704</u>
b) <i>Prima facie</i> income tax reconciliation		
Operating profit before taxation	299,511	110,137
Prima facie tax on loss from ordinary activities at 26% (2020: 27.5%)	77,873	30,288
Tax effect of:		
- Temporary differences	(17,934)	30,781
- Other assessable income	(4,084)	(7,976)
- Movement in deferred tax	17,934	(41,255)
- Net benefit of franking credits on distributions received	(6,687)	(8,301)
- Adjustment to deferred tax to reflect reduction of tax rate in future periods	(280)	614
- Leases initial recognition	-	10,470
- Under/(over) provision of income tax in the prior year	-	83
	<u>66,822</u>	<u>14,704</u>

Note 13 Fair value gains/(losses) on investments

	2021 \$	2020 \$
At FVTPL - equity instruments	<u>100,062</u>	<u>(95,016)</u>

These amounts relate to the increase/(decrease) in the market value of investments held by the company.

Note 14 Cash and cash equivalents

	2021 \$	2020 \$
- Cash at bank and on hand	327,842	81,271
- Term deposits	1,200,000	1,470,000
	<u>1,527,842</u>	<u>1,551,271</u>

North Ryde Community Finance Limited
Notes to the Financial Statements
for the year ended 30 June 2021

Note 15 Other investments

a) Current investments	2021 \$	2020 \$
Equity securities - at FVTPL	506,533	406,471

Note 16 Trade and other receivables

a) Current assets	2021 \$	2020 \$
Trade receivables	63,803	62,094
Prepayments	11,866	8,534
Other receivables and accruals	28,884	8,809
	<u>104,553</u>	<u>79,437</u>

Note 17 Property, plant and equipment

a) Carrying amounts	2021 \$	2020 \$
<i>Leasehold improvements</i>		
At cost	187,124	187,124
Less: accumulated depreciation	(95,803)	(91,212)
	<u>91,321</u>	<u>95,912</u>
<i>Plant and equipment</i>		
At cost	96,919	96,919
Less: accumulated depreciation	(80,207)	(76,309)
	<u>16,712</u>	<u>20,610</u>
<i>Motor vehicles</i>		
At cost	32,987	32,987
Less: accumulated depreciation	(32,987)	(32,987)
	<u>-</u>	<u>-</u>
Total written down amount	<u>108,033</u>	<u>116,522</u>

North Ryde Community Finance Limited
Notes to the Financial Statements
for the year ended 30 June 2021

Note 17 Property, plant and equipment (continued)

b) Reconciliation of carrying amounts

	2021 \$	2020 \$
<i>Leasehold improvements</i>		
Carrying amount at beginning	95,912	100,829
Depreciation	(4,591)	(4,917)
	<u>91,321</u>	<u>95,912</u>
<i>Plant and equipment</i>		
Carrying amount at beginning	20,610	22,902
Additions	-	1,625
Depreciation	(3,898)	(3,917)
	<u>16,712</u>	<u>20,610</u>
Total written down amount	<u>108,033</u>	<u>116,522</u>

c) Changes in estimates

During the financial year, the company assessed estimates used for property, plant and equipment including useful lives, residual values, and depreciation methods.

There were no changes in estimates for the current reporting period.

Note 18 Right-of-use assets

a) Carrying amounts

	2021 \$	2020 \$
<i>Leased land and buildings</i>		
At cost	746,315	989,651
Less: accumulated depreciation	(153,985)	(83,749)
	<u>592,330</u>	<u>905,902</u>

b) Reconciliation of carrying amounts

<i>Leased land and buildings</i>		
Carrying amount at beginning	905,902	-
Initial recognition on transition	-	83,749
Remeasurement adjustments	(243,336)	905,902
Depreciation	(70,236)	(83,749)
Total written down amount	<u>592,330</u>	<u>905,902</u>

See note 22 lease liabilities for information on remeasurement adjustment.

North Ryde Community Finance Limited
Notes to the Financial Statements
for the year ended 30 June 2021

Note 19 Intangible assets

a) Carrying amounts	2021	2020
	\$	\$
<i>Franchise fee</i>		
At cost	93,858	93,858
Less: accumulated amortisation	(85,462)	(83,137)
	<u>8,396</u>	<u>10,721</u>
<i>Franchise renewal process fee</i>		
At cost	169,289	169,289
Less: accumulated amortisation	(127,312)	(115,687)
	<u>41,977</u>	<u>53,602</u>
Total written down amount	<u>50,373</u>	<u>64,323</u>

b) Reconciliation of carrying amounts

<i>Franchise fee</i>		
Carrying amount at beginning	10,721	2,099
Additions	-	10,890
Amortisation	(2,325)	(2,268)
	<u>8,396</u>	<u>10,721</u>
<i>Franchise renewal process fee</i>		
Carrying amount at beginning	53,602	10,495
Additions	-	54,450
Amortisation	(11,625)	(11,343)
	<u>41,977</u>	<u>53,602</u>
Total written down amount	<u>50,373</u>	<u>64,323</u>

c) Changes in estimates

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

Note 20 Tax assets and liabilities

a) Current tax	2021	2020
	\$	\$
Income tax payable/(refundable)	<u>17,405</u>	<u>(11,137)</u>

North Ryde Community Finance Limited
Notes to the Financial Statements
for the year ended 30 June 2021

Note 20 Tax assets and liabilities (continued)

b) Deferred tax	2021	2020
	\$	\$
<i>Deferred tax assets</i>		
- expense accruals	1,346	1,146
- employee provisions	13,999	12,826
- make-good provision	7,275	7,303
- lease liability	154,645	236,598
Total deferred tax assets	<u>177,265</u>	<u>257,873</u>
<i>Deferred tax liabilities</i>		
- income accruals	3,801	2,649
- fair value of investments	26,123	1,152
- property, plant and equipment	6,266	7,892
- right-of-use assets	148,083	235,535
Total deferred tax liabilities	<u>184,273</u>	<u>247,228</u>
Net deferred tax assets (liabilities)	<u>(7,008)</u>	<u>10,645</u>
Movement in deferred tax charged to Statement of Profit or Loss and Other Comprehensive Income	<u>17,653</u>	<u>30,172</u>
Movement in deferred tax charged to Statement of Changes in Equity	<u>-</u>	<u>10,470</u>

Note 21 Trade creditors and other payables

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

a) Current liabilities	2021	2020
	\$	\$
Trade creditors	4,314	6,288
Other creditors and accruals	100,554	84,162
	<u>104,868</u>	<u>90,450</u>

Note 22 Lease liabilities

Lease liabilities were measured at amounts equal to the present value of enforceable future payments of the term reasonably expected to be exercised, discounted at the appropriate incremental borrowing rate on the adoption date. The discount rate used on recognition was 4.79%. Subsequent lease arrangements entered into were discounted at 3.54%.

The company has applied judgement in estimating the remaining lease term including the effects of any extension options reasonably expected to be exercised, applying hindsight where appropriate.

The company's lease portfolio includes:

- North Ryde branch The lease agreement commenced in June 2005. A 5 year renewal option was exercised in June 2020. The company has an additional 5 year renewal option available in the current lease agreement. As such, the lease term end date used in the calculation of the lease liability is June 2030.

North Ryde Community Finance Limited
Notes to the Financial Statements
for the year ended 30 June 2021

Note 22 Lease liabilities (continued)

a) Current lease liabilities	2021	2020
	\$	\$
Property lease liabilities	72,354	96,240
Unexpired interest	(21,074)	(31,165)
	<u>51,280</u>	<u>65,075</u>
 b) Non-current lease liabilities		
Property lease liabilities	654,848	996,579
Unexpired interest	(87,547)	(151,664)
	<u>567,301</u>	<u>844,915</u>
 c) Lease liability measurement		
<i>Lease liabilities on transition</i>		
Balance at the beginning (finance lease liabilities)	909,990	-
Initial recognition on AASB 16 transition	-	83,749
Remeasurement adjustments	(243,335)	917,810
Lease interest expense	24,100	2,274
Lease payments - total cash outflow	(72,174)	(93,843)
	<u>618,581</u>	<u>909,990</u>

The remeasurement adjustment in the comparative period was due signing a new agreement to extend the lease from 30 June 2020 to 30 June 2030. Whilst the remeasurement adjustment in this financial year is due to a change in the monthly rent amount from \$8,020 to \$6,014.

d) Maturity analysis	2021	2020
	\$	\$
- Not later than 12 months	72,354	96,240
- Between 12 months and 5 years	311,782	414,711
- Greater than 5 years	343,066	581,868
Total undiscounted lease payments	<u>727,202</u>	<u>1,092,819</u>
Unexpired interest	(108,621)	(182,829)
Present value of lease liabilities	<u>618,581</u>	<u>909,990</u>

Note 23 Provisions

a) Non-current liabilities	2021	2020
	\$	\$
Make-good on leased premises	<u>29,099</u>	<u>28,088</u>

In accordance with the branch lease agreement, the company must restore the leased premises to the original condition before the expiry of the lease term. The company has estimated the provision as at \$40,000 based on experience and consideration of the expected future costs to remove all fittings and the ATM as well as cost to remedy any damages caused during the removal process. The lease is due to expire on 31 May 2030 at which time it is expected the face-value costs to restore the premises will fall due.

North Ryde Community Finance Limited
Notes to the Financial Statements
for the year ended 30 June 2021

Note 24 Employee benefits

a) Current liabilities	2021 \$	2020 \$
Provision for annual leave	30,773	29,254
b) Non-current liabilities		
Provision for long service leave	22,369	17,526
c) Key judgement and assumptions		

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

Note 25 Issued capital

a) Issued capital	2021		2020	
	Number	\$	Number	\$
Ordinary shares - fully paid	1,058,759	1,058,759	1,058,759	1,058,759
Less: equity raising costs	-	(46,721)	-	(46,721)
	<u>1,058,759</u>	<u>1,012,038</u>	<u>1,058,759</u>	<u>1,012,038</u>

b) Rights attached to issued capital

Ordinary shares

Voting rights

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

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

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

Dividends

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

North Ryde Community Finance Limited

Notes to the Financial Statements

for the year ended 30 June 2021

Note 25 Issued capital (*continued*)

b) Rights attached to issued capital (*continued*)

Transfer

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

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

Prohibited shareholding interest

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

In summary, a person has a prohibited shareholding interest if 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 26 Retained earnings

	Note	2021 \$	2020 \$
Balance at beginning of reporting period		1,058,362	1,096,408
Adjustment for transition to AASB 16		-	(27,603)
Net profit after tax from ordinary activities		232,689	95,433
Dividends provided for or paid	31a)	(243,528)	(105,876)
Balance at end of reporting period		<u>1,047,523</u>	<u>1,058,362</u>

North Ryde Community Finance Limited
Notes to the Financial Statements
for the year ended 30 June 2021

Note 27 Reconciliation of cash flows from operating activities

	2021 \$	2020 \$
Net profit after tax from ordinary activities	232,689	95,433
Adjustments for:		
- Depreciation	78,725	92,583
- Amortisation	13,950	13,611
- (Increase)/decrease in fair value of equity instruments designated at FVTPL	(100,062)	95,016
Changes in assets and liabilities:		
- (Increase)/decrease in trade and other receivables	(25,115)	64,343
- (Increase)/decrease in other assets	21,782	3,688
- Increase/(decrease) in trade and other payables	14,404	(4,599)
- Increase/(decrease) in employee benefits	6,362	(8,533)
- Increase/(decrease) in provisions	1,011	13,833
- Increase/(decrease) in tax liabilities	24,414	(37,411)
Net cash flows provided by operating activities	<u>268,160</u>	<u>327,964</u>

Note 28 Financial instruments - fair value

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Note	Carrying amount				Fair value level	
		2021 \$ FVTPL	2021 \$ At amortised cost	2020 \$ FVTPL	2020 \$ At amortised cost	2021 \$ Level 1	2020 \$ Level 1
Financial assets measured at fair value:							
Equity securities	15	506,533	-	406,471	-	506,533	406,471
Financial assets not measured at fair value:							
Cash and cash	14	-	327,842	-	81,271	-	-
Term deposits	14	-	1,200,000	-	1,470,000	-	-
Trade and other receivables	16	-	104,553	-	79,437	-	-
		-	1,527,842	-	1,551,271	-	-
Financial liabilities not measured at fair value:							
Trade and other payables	21	-	104,868	-	90,450	-	-
Lease liabilities	22	-	618,581	-	909,990	-	-
		-	723,449	-	1,000,440	-	-

North Ryde Community Finance Limited
Notes to the Financial Statements
for the year ended 30 June 2021

Note 29 Auditor's remuneration

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

	2021 \$	2020 \$
<i>Audit and review services</i>		
- Audit and review of financial statements	5,000	4,800
<i>Non audit services</i>		
- Taxation advice and tax compliance services	600	600
- General advisory services	4,755	3,540
- Share registry services	3,701	3,500
Total auditor's remuneration	<u>14,056</u>	<u>12,440</u>

Note 30 Related parties

a) Details of key management personnel

The directors of the company during the financial year were:

Michael David Southan
Robert John Talbot
Harold Anthony Wise
Phillip Warren Perrin ("Steve")
Thomas Gordon MacAulay
Darryl Geoffrey Tutton
Paul Moujalli
Helen Patricia Perrin
Ian Ross Ackland
Graham John McMaster

b) Key management personnel compensation

	2021 \$	2020 \$
Key management personnel compensation comprised the following.		
Short-term employee benefits	-	<u>20,000</u>

Compensation of the company's key management personnel includes salaries, non-cash benefits and long service leave entitlements.

Note 31 Dividends provided for or paid

a) Dividends provided for and paid during the period

The following dividends were provided for and paid during the reporting period as presented in the Statement of Changes in Equity and Statement of Cash Flows.

	30 June 2021		30 June 2020	
	Cents	\$	Cents	\$
Fully franked dividend	8	84,705	10	105,876
Fully franked special dividend	15	158,823	-	-
Total dividends provided for during the financial year	<u>23</u>	<u>243,528</u>	<u>10</u>	<u>105,876</u>

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

North Ryde Community Finance Limited

Notes to the Financial Statements

for the year ended 30 June 2021

Note 31 Dividends provided for or paid (*continued*)

b) Franking account balance	2021	2020
	\$	\$
<i>Franking credits available for subsequent reporting periods</i>		
Franking account balance at the beginning of the financial year	567,518	530,003
Franking transactions during the financial year:		
- Franking credits (debits) arising from income taxes paid (refunded)	20,629	69,374
- Franking credits from franked distributions received	6,687	8,301
- Franking debits from the payment of franked distributions	(85,559)	(40,160)
Franking account balance at the end of the financial year	<u>509,275</u>	<u>567,518</u>
Franking transactions that will arise subsequent to the financial year end:		
- Franking credits (debits) that will arise from payment (refund) of income tax	17,405	(11,137)
Franking credits available for future reporting periods	<u>526,680</u>	<u>556,381</u>

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

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

Note 32 Earnings per share

a) Basic and diluted earnings per share

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

	2021	2020
	\$	\$
Profit attributable to ordinary shareholders	<u>232,689</u>	<u>95,433</u>
	Number	Number
Weighted-average number of ordinary shares	<u>1,058,759</u>	<u>1,058,759</u>
	Cents	Cents
Basic and diluted earnings per share	<u>21.98</u>	<u>9.01</u>

Note 33 Commitments

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

Note 34 Contingencies

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

Note 35 Subsequent events

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

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 2021 and of its performance for the financial year ended on that date; and
 - (ii) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
- (c) the audited remuneration disclosures set out in the remuneration report section of the directors' report comply with Accounting Standard AASB 124 *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

Dated this 13th day of September 2021

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of North Ryde Community Finance Limited's (the company), which comprises:

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

In our opinion, the accompanying financial report of 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 2021 and of its financial performance for the year ended on that date; and
- ii. complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

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

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

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

Other Information

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

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

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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



Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 13 September 2021



Joshua Griffin
Lead Auditor

