

Annual Report 2022

North Ryde Community Finance
Limited

Community Bank
North Ryde

ABN 74 112 673 506

Table of Contents

Chairman's Report.....	i
General Manager's Report	iii
BEN Message	v
 Financial Reports	
Director's Report	1
Independent Auditor's Declaration	5
Statement of Profit or Loss	7
Statement of Financial Position	8
Statement of Changes in Equity	9
Statement of Cash Flows	10
Notes to Financial Statements	11
Director's Declaration	35
Independent Auditor's Report	36

Chairman's Report

Dear Shareholders,

The 2022 Financial Year has been one of change for North Ryde Community Finance Ltd (NRCF). In January, we farewelled Branch Manager Pat Italiano who pursued a sea change, taking up a new role within Bendigo and Adelaide Bank at Community Bank Ettalong Beach, and we said goodbye to Customer Service Officer Lorraine Briggs, who is enjoying retirement. We wish Pat and Lorraine all the best in their new pursuits and thank them for their service which has been so important for the past success of our bank. At the end of June, the Board also farewelled Pat Perrin, a Founding Director, who worked tirelessly towards the launch of North Ryde Community Finance Ltd and served as company secretary for many years. Thank you Pat for your leadership and governance – we wish you an enjoyable retirement.

New staff joined us in March when James Hole took up the role as Branch Manager and Narine Khosrovyan as Customer Service Officer. Both James and Narine bring enthusiasm and new energy to the branch and love to hear from all our customers and shareholders alike. I encourage you to visit the branch and meet James and Narine if you have not already done so. James has significant banking business experience and brings a new perspective to our community bank business.

It is my pleasure to report that North Ryde Community Finance Ltd has, yet again, had a great result in the face of all this change and economic uncertainty. As of 30 June 2022, profit after tax was \$101,181 (\$232,689 in 2021). Following the same trend as last year and in recognition of this result and of our 17th year in business, we are pleased to announce a fully franked dividend of 17 cents per share for this financial year.

This result could not be possible without our loyal and experienced frontline staff who kept NRCF functioning seamlessly through the significant changes experienced this year. I would like to acknowledge and convey my sincere thanks particularly to Gina, Alison and Anita who kept the doors open and kept doing business when we were searching for a new Branch Manager and Customer Service Officer. Without these three ladies, NRCF would not have been able to provide a banking service to the community of North Ryde during the early months of 2022. A big thank you Gina, Alison and Anita!

As I mentioned in last year's report, we are operating the business with the last, and final, 5-year option on the current Franchise Agreement. This situation resulted after the Board considered two options in renewing the Franchise Agreement. The two options were

- 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 and Adelaide Bank with a 5-year initial term and a further 5-year renewal term.

The Franchising Code of Conduct requires directors to practise good governance by obtaining 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 and Adelaide Bank the option of the new version of the Franchise Agreement with 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 and Adelaide Bank 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 option i) 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 have requested Bendigo and Adelaide Bank to re-enter negotiations so that all avenues can be explored for a Franchise Agreement beyond 2025 giving NRCF the opportunity to provide continuing banking services to the North Ryde Community, support community activities and initiatives, and provide returns on shareholder investments under the Bendigo and Adelaide Bank banner. The Board notes that there have also been significant changes in personnel at Bendigo and Adelaide Bank and that future Franchise Agreement negotiations will involve fresh faces from Bendigo and Adelaide Bank.

Your Board of Directors is a strong and stable group of experienced business and community people who fully understand their fiduciary responsibilities under corporations law. We thank you, our shareholders, for continuing to support Community Bank North Ryde and the North Ryde community.

A handwritten signature in cursive script that reads "Michael Southan".

Michael Southan

General Manager's Report

The market, having been fairly subdued waiting to see what actions the Reserve Bank of Australia (RBA) would take, finally started to show more activity in the last few months of the year. Interest rates started their upwards move in the last two months, which had a small beneficial flow-on to Branch revenue, mainly through deposit products, as over 60% of our loan book is on fixed term. The rate movements have however meant that the retail market has become much more price sensitive for both lending and deposit products.

Branch Performance

Community Bank North Ryde has continued to grow, with a modest increase of 1.7% for our total core business book, and a 3% overall growth to \$159.9m. This was underpinned by a \$12m growth in our deposit book to \$106.6m, and although term deposits fell as a proportion of total deposits, this was offset by an almost 50% growth in our call deposits. Residential lending continues to make up the bulk of the loan book, and although the proportion of fixed rate loans has increased slightly to 62%, total size of the loan book reduced to \$53.2m. This is attributed to a one-off redomiciling of \$4.5m of customer accounts towards the end of the 2021 calendar year, and the increased pressure from rising interest rates and market competition from the Big 4 Banks to retain lending business, as loans came off their fixed rate terms.

Gross revenue showed a small increase due to a rise in margin income, with interest rates starting their move upwards in the last 2 months of the year. This increase in margin income will continue in 2022/23 reflecting the following 4 rate rises in this financial year, predominantly from deposit products. Operating costs were essentially on budget and on par with last year, notable exceptions being a decrease in salary costs due to 3 months of reduced FTE and the impact of leave provisions, offset by the increase in community grants, and a jump in insurance costs.

Community Engagement

Community activities and events have increased again since the worst periods of Covid-19, enabling Community Bank North Ryde to continue to support a diverse array of community groups, sporting associations and schools. With a balanced spread over community welfare and events, the arts, sports, and education, this year we continued our support of over a dozen groups, with a growth in dollar terms of over 50% of contributions back to the local Community. This included a new multi-year association with North West Sydney Football Association, which is also expected to bring commercial benefit to the Branch.

This approach allows the Branch to broaden its endeavours of local support in a meaningful way, while continuing to support community associations and events, support that is so well received and appreciated by our local community. Heartfelt thanks to Anita for her continued effort and commitment to excellence in managing these engagements.

Branch Personnel

As our Chairman has noted, 2021/22 has been a year of material change for Branch staff, with the relocation of Pat Italiano, and the retirement of Lorraine Briggs, and I also add my thanks to the mainstay of our awesome customer service team of Alison and Gina for their efforts this year, and especially for the three months at the start of the year, with the loss of half of the Branch customer team. Personally, I would like to add my thanks to Pat for his ongoing support of both myself and the Branch since his move to the Central Coast, it has been much appreciated.

Narine and I both started within two weeks of each other and have been warmly welcomed and supported by the Board, the whole team and our loyal customers. The Board continues to actively support the Branch and our endeavours on a volunteer basis. Their efforts are very much appreciated and it has been a pleasure to work with them this last 6 months.

Service Commitment

Our commitment at Community Bank North Ryde is to continue to provide our customers with a high level of service and a friendly face over the counter or voice on the phone, each time, every time. Whilst our commitment to face-to-face service and community support may sometimes curtail our ability to match every price, it is our major point of difference to our competitors, highly valued by our existing customers, and we will continue to strive to do our best on both fronts. I actively encourage those shareholders that do not already bank with us to give it a try, and enjoy both the benefits of what we have to offer, and what we can offer the local community in return.



James Hole

Community Bank Report 2022
BEN Message

July 2022

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

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

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

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

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

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

Warmest regards,

A handwritten signature in black ink, appearing to read 'Justine Minne', with a large, stylized circular flourish at the end.

Justine Minne
Bendigo and Adelaide Bank

North Ryde Community Finance Limited

ABN 74 112 673 506

Financial Report - 30 June 2022

North Ryde Community Finance Limited

Directors' report

30 June 2022

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

Directors

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

Name: Michael David Southan
Title: Non-executive director
Experience and expertise: Michael is the CEO of Australian Olive Association. 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.

Name: Robert John Talbot
Title: Non-executive director
Experience and expertise: Robert is retired. 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: Deputy Chair, Member of Property Committee, Governance, Audit & Risk Committee and Franchise Agreement Committee, Chair Finance and Investment Committee.

Name: Harold Anthony Wise
Title: Non-executive director
Experience and expertise: Harold is a manager. Diploma Commerce, Justice of the Peace.
Special responsibilities: Treasurer, Audit and Risk Committee.

Name: Phillip Warren Perrin ("Steve")
Title: Non-executive director
Experience and expertise: Phillip is a retired Developer/Company Director. 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.

Name: Thomas Gordon MacAulay
Title: Non-executive director
Experience and expertise: Thomas is retired and has an interest in farming. 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

Name: Darryl Geoffrey Tutton
Title: Non-executive director
Experience and expertise: Darryl is retired. 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.

North Ryde Community Finance Limited

Directors' report

30 June 2022

Name: Paul Moujalli
Title: Non-executive director
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: Chair of Marketing Committee.

Name: Ian Ross Ackland
Title: Non-executive director
Experience and expertise: Ian is a Management Systems Consultant. 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.

Name: Graham John McMaster
Title: Non-executive director
Experience and expertise: Graham is retired. 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.

Name: Helen Patricia Perrin
Title: Non-executive director (resigned 1 July 2022)
Experience and expertise: Helen is a retired Health Care Professional Management. 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: Nil.

Company secretary

There have been two company secretaries holding the position during the financial year:

- Ian Greentree was appointed company secretary on 29 November 2018.
- Ian Ross Ackland was appointed company secretary on 1 July 2022.

Experience and expertise: Ian Greentree holds a Diploma of Law, Associate Diploma Accounting. Is a Retired Solicitor, Accountant and Company Secretary. Ian worked within the Banking and Financial Services, Automotive and Health Industries. He is the Company Secretary for two other Community Bank Companies.

North Ryde Community Finance Limited
Directors' report
30 June 2022

Principal activity

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

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

Review of operations

The profit for the company after providing for income tax amounted to \$101,881 (30 June 2021: \$232,689).

Operations have continued to perform in line with expectations.

Dividends

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

	2022 \$
Fully franked dividend of 16 cents per share	<u>169,401</u>

Significant changes in the state of affairs

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

Matters subsequent to the end of the financial year

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

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

Likely developments

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

Environmental regulation

The company is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Meetings of directors

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

	Board	
	Eligible	Attended
Michael David Southan	11	11
Robert John Talbot	11	10
Harold Anthony Wise	11	10
Phillip Warren Perrin ("Steve")	11	10
Thomas Gordon MacAulay	11	11
Darryl Geoffrey Tutton	11	11
Paul Moujalli	11	10
Ian Ross Ackland	11	9
Graham John McMaster	11	11
Helen Patricia Perrin	6	6

North Ryde Community Finance Limited
Directors' report
30 June 2022

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.

Directors' interests

The interest in company shareholdings for each director are:

	Balance at the start of the year	Changes	Balance at the end of the year
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
Ian Ross Ackland	1,500	-	1,500
Graham John McMaster	74,502	-	74,502
Helen Patricia Perrin	48,752	-	48,752

Indemnity and insurance of directors and officers

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

Disclosure of the nature of the liability and the amount of the premium is prohibited by the confidentiality clause of the contract of insurance.

Proceedings on behalf of the company

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

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

Indemnity and insurance of auditor

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

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

Non-audit services

The company may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the company are important. Details of the amounts paid or payable to the auditor (Andrew Frewin Stewart) for audit and non-audit services provided during the year are set out in note 30 to the accounts.

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

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 2022, I declare that, to the best of my knowledge and belief, there have been:

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



Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 10 October 2022



Joshua Griffin
Lead Auditor

North Ryde Community Finance Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2022

	Note	2022 \$	2021 \$
Revenue from contracts with customers	6	800,156	796,166
Other revenue	7	34,674	41,736
Finance revenue	8	14,405	16,055
Fair value gains/(losses) on financial assets	9	(41,795)	100,062
Employee benefits expense	10	(374,969)	(376,357)
Advertising and marketing costs		(11,583)	(27,894)
Occupancy and associated costs		(17,622)	(13,879)
System costs		(16,500)	(17,338)
Depreciation and amortisation expense	10	(94,713)	(92,675)
Finance costs	10	(22,070)	(25,256)
General administration expenses		(100,483)	(71,994)
Profit before community contributions and income tax expense		169,500	328,626
Charitable donations and sponsorships expense		(47,572)	(29,115)
Profit before income tax expense		121,928	299,511
Income tax expense	11	(20,047)	(66,822)
Profit after income tax expense for the year	23	101,881	232,689
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		<u>101,881</u>	<u>232,689</u>
		Cents	Cents
Basic earnings per share	32	9.62	21.98
Diluted earnings per share	32	9.62	21.98

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

North Ryde Community Finance Limited
Statement of financial position
As at 30 June 2022

	Note	2022 \$	2021 \$
Assets			
Current assets			
Cash and cash equivalents	12	1,429,274	1,527,842
Trade and other receivables	13	86,690	104,553
Total current assets		<u>1,515,964</u>	<u>1,632,395</u>
Non-current assets			
Financial assets	14	475,482	506,533
Property, plant and equipment	15	93,519	108,033
Right-of-use assets	16	508,743	592,330
Intangibles	17	36,423	50,373
Deferred tax assets	11	6,102	-
Total non-current assets		<u>1,120,269</u>	<u>1,257,269</u>
Total assets		<u>2,636,233</u>	<u>2,889,664</u>
Liabilities			
Current liabilities			
Trade and other payables	18	38,705	104,868
Lease liabilities	19	55,250	51,280
Current tax liabilities	11	2,618	17,405
Employee benefits	20	21,802	30,773
Total current liabilities		<u>118,375</u>	<u>204,326</u>
Non-current liabilities			
Lease liabilities	19	494,842	567,301
Deferred tax liabilities	11	-	7,008
Employee benefits	20	829	22,369
Provisions	21	30,146	29,099
Total non-current liabilities		<u>525,817</u>	<u>625,777</u>
Total liabilities		<u>644,192</u>	<u>830,103</u>
Net assets		<u>1,992,041</u>	<u>2,059,561</u>
Equity			
Issued capital	22	1,012,038	1,012,038
Retained earnings	23	980,003	1,047,523
Total equity		<u>1,992,041</u>	<u>2,059,561</u>

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

North Ryde Community Finance Limited
Statement of changes in equity
For the year ended 30 June 2022

	Note	Issued capital \$	Retained earnings \$	Total equity \$
Balance at 1 July 2020		1,012,038	1,058,362	2,070,400
Profit after income tax expense		-	232,689	232,689
<i>Transactions with owners in their capacity as owners:</i>				
Dividends provided for or paid	25	-	(243,528)	(243,528)
Balance at 30 June 2021		<u>1,012,038</u>	<u>1,047,523</u>	<u>2,059,561</u>
Balance at 1 July 2021		1,012,038	1,047,523	2,059,561
Profit after income tax expense		-	101,881	101,881
<i>Transactions with owners in their capacity as owners:</i>				
Dividends provided for or paid	25	-	(169,401)	(169,401)
Balance at 30 June 2022		<u>1,012,038</u>	<u>980,003</u>	<u>1,992,041</u>

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

North Ryde Community Finance Limited
Statement of cash flows
For the year ended 30 June 2022

	Note	2022 \$	2021 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		845,029	893,423
Payments to suppliers and employees (inclusive of GST)		<u>(625,984)</u>	<u>(612,195)</u>
		219,045	281,228
Dividends received		34,674	15,604
Interest received		13,316	16,055
Income taxes paid		<u>(47,944)</u>	<u>(20,627)</u>
Net cash provided by operating activities	31	<u>219,091</u>	<u>292,260</u>
Cash flows from investing activities			
Payments for financial assets		(10,744)	-
Payments for intangibles		<u>(65,340)</u>	<u>-</u>
Net cash used in investing activities		<u>(76,084)</u>	<u>-</u>
Cash flows from financing activities			
Dividends paid	25	(169,401)	(243,515)
Repayment of lease liabilities	19	<u>(72,174)</u>	<u>(72,174)</u>
Net cash used in financing activities		<u>(241,575)</u>	<u>(315,689)</u>
Net decrease in cash and cash equivalents		(98,568)	(23,429)
Cash and cash equivalents at the beginning of the financial year		<u>1,527,842</u>	<u>1,551,271</u>
Cash and cash equivalents at the end of the financial year	12	<u><u>1,429,274</u></u>	<u><u>1,527,842</u></u>

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

North Ryde Community Finance Limited

Notes to the financial statements

30 June 2022

Note 1. Reporting entity

The financial statements cover North Ryde Community Finance Limited (the company) as an individual entity. The financial statements are presented in Australian dollars, which is the company's functional and presentation currency.

The company is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is Shop 14/203-213 Coxs Road, North Ryde NSW 2113.

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 10 October 2022. The directors have the power to amend and reissue the financial statements.

Note 2. Basis of preparation and statement of compliance

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

Note 3. Significant accounting policies

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

Changes in accounting policies, standards and interpretations

There are a number of amendments to accounting standards issued by the AASB that became mandatorily effective for accounting periods beginning on or after 1 July 2021, and are therefore relevant for the current financial year. The amendments did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

Current and non-current classification

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

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

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

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

Impairment

Non-derivative financial assets

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

North Ryde Community Finance Limited

Notes to the financial statements

30 June 2022

Note 3. Significant accounting policies (continued)

The company's trade receivables are limited to the monthly profit share distribution from Bendigo Bank, which is received 10 business days post month end. Due to the reliance on Bendigo Bank the company has reviewed credit ratings provided by Standard & Poors, Moody's and Fitch Ratings to determine the level of credit exposure to the company. The company also performed a historical assessment of receivables from Bendigo Bank and found no instances of default. As a result no ECL has been made in relation to trade receivables as at 30 June 2022.

Non-financial assets

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

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

Goods and Services Tax (GST)

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

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

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

Note 4. Critical accounting judgements, estimates and assumptions

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

Coronavirus (COVID-19) pandemic

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

Fair value measurement hierarchy

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

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

North Ryde Community Finance Limited
Notes to the financial statements
30 June 2022

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

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

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

Estimation of useful lives of assets

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

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

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

Recovery of deferred tax assets

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

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the company's operations, comparison of terms and conditions to prevailing market rates, incurrence of significant penalties, existence of significant leasehold improvements and the costs and disruption to replace the asset. The company reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the company estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Employee benefits provision

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

The company uses historical employee attrition rates in determining the probability of an employee, at a given date, achieving continuous employment eligible for entitlement in accordance with long service leave legislation.

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

North Ryde Community Finance Limited
Notes to the financial statements
30 June 2022

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

Lease make good provision

A provision has been made for the present value of anticipated costs for future restoration of leased premises. The provision includes future cost estimates associated with closure of the premises. The calculation of this provision requires assumptions such as application of closure dates and cost estimates. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting the asset and the provision. Reductions in the provision that exceed the carrying amount of the asset will be recognised in profit or loss.

Note 5. Economic dependency

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

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

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

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

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

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

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

Note 6. Revenue from contracts with customers

	2022	2021
	\$	\$
Margin income	715,444	702,816
Fee income	47,898	55,896
Commission income	36,814	37,454
	<hr/>	<hr/>
Revenue from contracts with customers	<u>800,156</u>	<u>796,166</u>

North Ryde Community Finance Limited
Notes to the financial statements
30 June 2022

Note 6. Revenue from contracts with customers (continued)

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.

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

Revenue calculation

The franchise agreement provides that three forms of revenue may be earned by the company which are margin, commission and fee income. Bendigo Bank decides the form of revenue the company earns on different types of products and services. The revenue earned by the company is dependent on the business that it generates. It may also be affected by other factors, such as economic and local conditions, for example, interest rates.

Margin

Margin is arrived at through the following calculation:

	Interest paid by customers on loans less interest paid to customers on deposits
plus:	any deposit returns i.e. interest return applied by Bendigo Bank for a deposit
minus:	any costs of funds i.e. interest applied by Bendigo Bank 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
30 June 2022

Note 6. Revenue from contracts with customers (continued)

Ability to change financial return

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

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

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

Note 7. Other revenue

	2022 \$	2021 \$
Market development fund	-	3,750
Cash flow boost	-	22,382
Dividend and distribution income	<u>34,674</u>	<u>15,604</u>
Other revenue	<u><u>34,674</u></u>	<u><u>41,736</u></u>

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

Revenue stream

Discretionary financial contributions (also "Market development fund" or "MDF" income)

Cash flow boost

Dividend and distribution income

Revenue recognition policy

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 income is recognised when the right to the payment is established (e.g. monthly or quarterly in the activity statement).

Dividend and distribution income is recognised when the right to receive the payment is established.

All revenue is stated net of the amount of 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.

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.

North Ryde Community Finance Limited
Notes to the financial statements
30 June 2022

Note 7. Other revenue (continued)

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

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

Note 8. Finance revenue

	2022	2021
	\$	\$
Term deposits	<u>14,405</u>	<u>16,055</u>

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

Note 9. Fair value gains/(losses) on financial assets

	2022	2021
	\$	\$
Fair value gains/(losses) on financial assets	<u>(41,795)</u>	<u>100,062</u>

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

Note 10. Expenses

Depreciation and amortisation expense

	2022	2021
	\$	\$
<i>Depreciation of non-current assets</i>		
Leasehold improvements	10,974	4,591
Plant and equipment	<u>3,540</u>	<u>3,898</u>
	<u>14,514</u>	<u>8,489</u>
<i>Depreciation of right-of-use assets</i>		
Leased land and buildings	<u>66,249</u>	<u>70,236</u>
<i>Amortisation of intangible assets</i>		
Franchise fee	2,325	2,325
Franchise renewal fee	<u>11,625</u>	<u>11,625</u>
	<u>13,950</u>	<u>13,950</u>
	<u>94,713</u>	<u>92,675</u>

Finance costs

	2022	2021
	\$	\$
Lease interest expense	21,023	24,100
Unwinding of make-good provision	1,047	1,011
Other	<u>-</u>	<u>145</u>
	<u>22,070</u>	<u>25,256</u>

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

North Ryde Community Finance Limited
Notes to the financial statements
30 June 2022

Note 10. Expenses (continued)

Employee benefits expense

	2022	2021
	\$	\$
Wages and salaries	315,635	304,801
Superannuation contributions	29,066	28,786
Expenses related to long service leave	(11,074)	3,769
Other expenses	41,342	39,001
	<u>374,969</u>	<u>376,357</u>

Leases recognition exemption

	2022	2021
	\$	\$
Expenses relating to low-value leases	<u>6,277</u>	<u>5,696</u>

The company pays for the right to use information technology equipment. The underlying assets have been assessed as low value and exempted from recognition under AASB 16 accounting. Expenses relating to low-value exempt leases are included in system costs expenses.

Note 11. Income tax

	2022	2021
	\$	\$
<i>Income tax expense</i>		
Current tax	47,863	55,855
Movement in deferred tax	(13,110)	17,934
Reduction in company tax rate	-	(280)
Net benefit of franking credits on dividends received	(14,706)	(6,687)
	<u>20,047</u>	<u>66,822</u>
<i>Prima facie income tax reconciliation</i>		
Profit before income tax expense	<u>121,928</u>	<u>299,511</u>
Tax at the statutory tax rate of 25% (2021: 26%)	30,482	77,873
Tax effect of:		
Non-deductible expenses	594	-
Non-assessable income	-	(4,084)
Reduction in company tax rate	-	(280)
Other assessable income	3,677	-
Net benefit of franking credits on dividends received	(14,706)	(6,687)
Income tax expense	<u>20,047</u>	<u>66,822</u>

North Ryde Community Finance Limited
Notes to the financial statements
30 June 2022

Note 11. Income tax (continued)

	2022	2021
	\$	\$
<i>Deferred tax attributable to:</i>		
Expense accruals	1,643	1,346
Employee provisions	6,169	13,999
Make-good provision	7,537	7,275
Lease liabilities	137,523	154,645
Income accruals	(474)	(3,801)
Fair value of investments	(15,672)	(26,123)
Property, plant and equipment	(3,438)	(6,266)
Right-of-use assets	(127,186)	(148,083)
	<u>6,102</u>	<u>(7,008)</u>
	2022	2021
	\$	\$
Provision for income tax	<u>2,618</u>	<u>17,405</u>

Accounting policy for income tax

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

Accounting policy for current tax

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

Accounting policy for deferred tax

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

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

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

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

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

North Ryde Community Finance Limited
Notes to the financial statements
30 June 2022

Note 12. Cash and cash equivalents

	2022	2021
	\$	\$
Cash at bank and on hand	427,762	327,842
Term deposits	<u>1,001,512</u>	<u>1,200,000</u>
	<u><u>1,429,274</u></u>	<u><u>1,527,842</u></u>

Accounting policy for cash and cash equivalents

For the purposes of the Statement of Financial Position and Statement of Cash Flows, cash and cash equivalents comprise cash on hand and deposits held with banks.

Note 13. Trade and other receivables

	2022	2021
	\$	\$
Trade receivables	<u>71,558</u>	<u>63,803</u>
Accrued income	1,886	15,202
Prepayments	<u>13,246</u>	<u>25,548</u>
	<u><u>86,690</u></u>	<u><u>104,553</u></u>

Accounting policy for trade and other receivables

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

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

Note 14. Financial assets

	2022	2021
	\$	\$
<i>Non-current assets</i>		
Equity securities - designated at fair value through profit or loss	<u><u>475,482</u></u>	<u><u>506,533</u></u>

The company classifies financial assets as a current asset when it expects to realise the asset, or intends to sell or consume it, no more than 12 months after the reporting period. All other investments are classified as non-current.

North Ryde Community Finance Limited
Notes to the financial statements
30 June 2022

Note 15. Property, plant and equipment

	2022	2021
	\$	\$
Leasehold improvements - at cost	187,124	187,124
Less: Accumulated depreciation	<u>(106,777)</u>	<u>(95,803)</u>
	<u>80,347</u>	<u>91,321</u>
Plant and equipment - at cost	96,919	96,919
Less: Accumulated depreciation	<u>(83,747)</u>	<u>(80,207)</u>
	<u>13,172</u>	<u>16,712</u>
	<u><u>93,519</u></u>	<u><u>108,033</u></u>

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

	Leasehold improvements \$	Plant and equipment \$	Total \$
Balance at 1 July 2020	95,912	20,610	116,522
Depreciation	<u>(4,591)</u>	<u>(3,898)</u>	<u>(8,489)</u>
Balance at 30 June 2021	91,321	16,712	108,033
Depreciation	<u>(10,974)</u>	<u>(3,540)</u>	<u>(14,514)</u>
Balance at 30 June 2022	<u><u>80,347</u></u>	<u><u>13,172</u></u>	<u><u>93,519</u></u>

Accounting policy for property, plant and equipment

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

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

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

Leasehold improvements	7 to 20 years
Plant and equipment	5 to 40 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

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

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Change in estimates

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

North Ryde Community Finance Limited
Notes to the financial statements
30 June 2022

Note 15. Property, plant and equipment (continued)

The company's review of estimates resulted in change in the useful life of some of the branches leasehold improvements. The useful life's had previously been assessed as 40 years from their respective depreciation commencement dates which resulted in useful life end dates ranging from 2045 to 2050. These have now been aligned with the applicable lease terms of each Branch lease which has accelerated depreciation. The revised useful life end dates are now 2030. The effect of these changes on actual and expected depreciation expense was as follows:

	2022 \$	2023 \$	2024 \$	2025 \$	2026+ \$
(Decrease) increase in depreciation expense	6,384	6,384	6,384	6,384	(25,536)

Note 16. Right-of-use assets

	2022 \$	2021 \$
Land and buildings - right-of-use	728,977	746,315
Less: Accumulated depreciation	<u>(220,234)</u>	<u>(153,985)</u>
	<u>508,743</u>	<u>592,330</u>

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

	Land and buildings \$	Total \$
Balance at 1 July 2020	905,902	905,902
Remeasurement adjustments	(243,336)	(243,336)
Depreciation expense	<u>(70,236)</u>	<u>(70,236)</u>
Balance at 30 June 2021	592,330	592,330
Remeasurement adjustments	(17,338)	(17,338)
Depreciation expense	<u>(66,249)</u>	<u>(66,249)</u>
Balance at 30 June 2022	<u>508,743</u>	<u>508,743</u>

Accounting policy for right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. 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.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

Refer to note 19 for more information on lease arrangements.

North Ryde Community Finance Limited
Notes to the financial statements
30 June 2022

Note 17. Intangibles

	2022 \$	2021 \$
Franchise fee	93,858	93,858
Less: Accumulated amortisation	<u>(87,787)</u>	<u>(85,462)</u>
	6,071	8,396
Franchise renewal fee	169,289	169,289
Less: Accumulated amortisation	<u>(138,937)</u>	<u>(127,312)</u>
	30,352	41,977
	<u>36,423</u>	<u>50,373</u>

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

	Franchise fee \$	Franchise renewal fee \$	Total \$
Balance at 1 July 2020	10,721	53,602	64,323
Amortisation expense	<u>(2,325)</u>	<u>(11,625)</u>	<u>(13,950)</u>
Balance at 30 June 2021	8,396	41,977	50,373
Amortisation expense	<u>(2,325)</u>	<u>(11,625)</u>	<u>(13,950)</u>
Balance at 30 June 2022	<u>6,071</u>	<u>30,352</u>	<u>36,423</u>

Accounting policy for intangible assets

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

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

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

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

<u>Asset class</u>	<u>Method</u>	<u>Useful life</u>	<u>Expiry/renewal date</u>
Franchise fee	Straight-line	Over the franchise term (5 years)	June 2025
Franchise renewal fee	Straight-line	Over the franchise term (5 years)	June 2025

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

Change in estimates

During the financial year, the company assessed estimates used for intangible assets including useful lives, residual values, and amortisation methods. There were no changes in estimates for the current reporting period.

North Ryde Community Finance Limited
Notes to the financial statements
30 June 2022

Note 18. Trade and other payables

	2022	2021
	\$	\$
<i>Current liabilities</i>		
Trade payables	137	4,314
Other payables and accruals	38,568	100,554
	<u>38,705</u>	<u>104,868</u>

Accounting policy for trade and other payables

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

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

Note 19. Lease liabilities

	2022	2021
	\$	\$
<i>Current liabilities</i>		
Land and buildings lease liabilities	73,833	72,354
Unexpired interest	(18,583)	(21,074)
	<u>55,250</u>	<u>51,280</u>

Non-current liabilities

Land and buildings lease liabilities	560,431	654,848
Unexpired interest	(65,589)	(87,547)
	<u>494,842</u>	<u>567,301</u>

Reconciliation of lease liabilities

	2022	2021
	\$	\$
Opening balance	618,581	909,990
Remeasurement adjustments	(17,338)	(243,335)
Lease interest expense	21,023	24,100
Lease payments - total cash outflow	(72,174)	(72,174)
	<u>550,092</u>	<u>618,581</u>

Maturity analysis

	2022	2021
	\$	\$
Not later than 12 months	73,833	72,354
Between 12 months and 5 years	312,946	311,782
Greater than 5 years	247,485	343,066
	<u>634,264</u>	<u>727,202</u>

North Ryde Community Finance Limited
Notes to the financial statements
30 June 2022

Note 19. Lease liabilities (continued)

Accounting policy for 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.

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 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 lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if the company changes its assessment of whether it will exercise an extension option or if there is a revised in-substance fixed lease payment.

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 nil.

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 1 x 5 year renewal option available which for AASB 16: Leases purposes they are reasonably certain to exercise. As such, the lease term end date used in the calculation of the lease liability is June 2030. The discount rate used in calculations is 3.54%.

Note 20. Employee benefits

	2022 \$	2021 \$
<i>Current liabilities</i>		
Annual leave	13,508	30,773
Long service leave	8,294	-
	<u>21,802</u>	<u>30,773</u>
<i>Non-current liabilities</i>		
Long service leave	<u>829</u>	<u>22,369</u>

Accounting policy for employee benefits

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

North Ryde Community Finance Limited
Notes to the financial statements
30 June 2022

Note 20. Employee benefits (continued)

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

Superannuation contributions

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

Short-term employee benefits

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

Other long-term employee benefits

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

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

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

Note 21. Provisions

	2022 \$	2021 \$
Lease make good	30,146	29,099

Lease make good

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 to be \$40,000 for the North Ryde Branch lease, 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 June 2030 at which time it is expected the face-value costs to restore the premises will fall due.

Accounting policy for provisions

Provisions are recognised when the company has a present (legal or constructive) obligation as a result of a past event, it is probable the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Note 22. Issued capital

	2022 Shares	2021 Shares	2022 \$	2021 \$
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>1,058,759</u>	<u>1,012,038</u>	<u>1,012,038</u>

North Ryde Community Finance Limited
Notes to the financial statements
30 June 2022

Note 22. Issued capital (continued)

Accounting policy for issued capital

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

Rights attached to issued capital

Ordinary shares

Voting rights

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

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

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

Dividends

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

Transfer

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

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

Prohibited shareholding interest

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

In summary, a person has a prohibited shareholding interest if any of the following applies:

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the Board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").

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.

North Ryde Community Finance Limited
Notes to the financial statements
30 June 2022

Note 22. Issued capital (continued)

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

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

Note 23. Retained earnings

	2022 \$	2021 \$
Retained earnings at the beginning of the financial year	1,047,523	1,058,362
Profit after income tax expense for the year	101,881	232,689
Dividends paid (note 25)	<u>(169,401)</u>	<u>(243,528)</u>
Retained earnings at the end of the financial year	<u><u>980,003</u></u>	<u><u>1,047,523</u></u>

Note 24. Capital management

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

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

The distribution limit is the greater of:

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

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

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

North Ryde Community Finance Limited
Notes to the financial statements
30 June 2022

Note 25. Dividends

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

	2022 \$	2021 \$
Fully franked dividend of 16 cents per share (2021: 8 cents)	169,401	84,705
Fully franked special dividend of nil cents per share (2021: 15 cents)	-	158,823
	<u>169,401</u>	<u>243,528</u>

Franking credits

	2022 \$	2021 \$
Franking account balance at the beginning of the financial year	509,275	567,518
Franking credits (debits) arising from income taxes paid (refunded)	47,945	20,629
Franking debits from the payment of franked distributions	(56,467)	(85,559)
Franking credits from franked distributions received	14,706	6,687
	<u>515,459</u>	<u>509,275</u>
<i>Franking transactions that will arise subsequent to the financial year end:</i>		
Balance at the end of the financial year	515,459	509,275
Franking credits (debits) that will arise from payment (refund) of income tax	2,618	17,405
Franking credits available for future reporting periods	<u>518,077</u>	<u>526,680</u>

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

Accounting policy for dividends

Dividends are recognised in the financial year they are declared.

Note 26. Financial instruments

	2022 \$	2021 \$
Financial assets		
Trade and other receivables	73,444	104,868
Cash and cash equivalents	1,429,274	1,527,842
Financial assets	<u>475,482</u>	<u>506,533</u>
	<u>1,978,200</u>	<u>2,139,243</u>
Financial liabilities		
Trade and other payables	38,705	104,868
Lease liabilities	550,092	618,581
	<u>588,797</u>	<u>723,449</u>

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

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).

North Ryde Community Finance Limited
Notes to the financial statements
30 June 2022

Note 26. Financial instruments (continued)

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

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

Financial risk management

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

Market risk

Market risk is the risk that changes in market prices - e.g. foreign exchange rates, interest rates, and equity prices - will affect the company's income or the value of its holdings in financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The company has no exposure to any transactions denominated in a currency other than Australian dollars.

Price risk

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

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 recognised through profit or loss or other comprehensive income.

		Effect on profit before tax	Effect on equity		Effect on profit before tax	Effect on equity
2022	% change increase			% change decrease		
Equity securities	10%	<u>47,548</u>	<u>35,661</u>	10%	<u>(47,548)</u>	<u>(35,661)</u>
2021	% change increase			% change decrease		
Equity securities	10%	<u>50,563</u>	<u>37,922</u>	10%	<u>(50,653)</u>	<u>(37,922)</u>

Cash flow and fair value interest rate risk

Interest-bearing assets and liabilities are held with Bendigo Bank and subject to movements in market interest.

The company held cash and cash equivalents of \$1,429,274 at 30 June 2022 (2021: \$1,527,842). The cash and cash equivalents are held with Bendigo Bank, which are rated BBB+ on Standard & Poor's credit ratings.

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.

North Ryde Community Finance Limited
Notes to the financial statements
30 June 2022

Note 26. Financial instruments (continued)

Liquidity risk

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

Exposure to liquidity risk

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

	1 year or less \$	Between 1 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
2022				
Non-derivatives				
Trade and other payables	38,705	-	-	38,705
Lease liabilities	73,833	312,946	247,485	634,264
Total non-derivatives	112,538	312,946	247,485	672,969
	1 year or less \$	Between 1 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
2021				
Non-derivatives				
Trade and other payables	104,868	-	-	104,868
Lease liabilities	72,354	311,782	343,066	727,202
Total non-derivatives	177,222	311,782	343,066	832,070

Note 27. Fair value measurement

Fair value hierarchy

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
2022				
Assets				
Equity securities	475,482	-	-	475,482
Total assets	475,482	-	-	475,482
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
2021				
Assets				
Equity securities	506,533	-	-	506,533
Total assets	506,533	-	-	506,533

There were no transfers between levels during the financial year.

North Ryde Community Finance Limited
Notes to the financial statements
30 June 2022

Note 27. Fair value measurement (continued)

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

Note 28. Key management personnel disclosures

The following persons were directors of North Ryde Community Finance Limited during the financial year:

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

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

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

Note 29. Related party transactions

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

Note 30. Remuneration of auditors

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

	2022 \$	2021 \$
<i>Audit services</i>		
Audit or review of the financial statements	5,200	5,000
<i>Other services</i>		
Taxation advice and tax compliance services	600	600
General advisory services	4,230	4,755
Share registry services	4,735	3,701
	9,565	9,056
	<u>14,765</u>	<u>14,056</u>

North Ryde Community Finance Limited
Notes to the financial statements
30 June 2022

Note 31. Reconciliation of profit after income tax to net cash provided by operating activities

	2022	2021
	\$	\$
Profit after income tax expense for the year	101,881	232,689
Adjustments for:		
Depreciation and amortisation	94,713	92,675
Net fair value of equity instruments designated through FVTPL	41,795	(100,062)
Lease liabilities interest	21,023	24,100
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	17,863	(25,115)
Increase in deferred tax assets	(6,102)	-
Decrease in other operating assets	-	21,782
Increase/(decrease) in trade and other payables	(823)	14,404
Decrease in provision for income tax	(14,787)	-
Increase/(decrease) in deferred tax liabilities	(7,008)	24,414
Increase/(decrease) in employee benefits	(30,511)	6,362
Increase in other provisions	1,047	1,011
Net cash provided by operating activities	<u>219,091</u>	<u>292,260</u>

Note 32. Earnings per share

	2022	2021
	\$	\$
Profit after income tax	<u>101,881</u>	<u>232,689</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>1,058,759</u>	<u>1,058,759</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>1,058,759</u>	<u>1,058,759</u>
	Cents	Cents
Basic earnings per share	9.62	21.98
Diluted earnings per share	9.62	21.98

Accounting policy for earnings per share

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

Note 33. Commitments

The company has no 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.

North Ryde Community Finance Limited
Notes to the financial statements
30 June 2022

Note 35. Events after the reporting period

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

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

North Ryde Community Finance Limited
Directors' declaration
30 June 2022

In the directors' opinion:

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

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

On behalf of the directors



Michael David Southan
Chair

10 October 2022



Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550

afs@afsbendigo.com.au
03 5443 0344

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 (the company), which comprises:

- Statement of financial position as at 30 June 2022
- Statement of profit or loss and other comprehensive income
- Statement of changes in equity
- Statement of cash flows
- Notes to the financial statements, including a summary of significant accounting policies
- The directors' declaration of the company.

In our opinion, the accompanying financial report of 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 2022 and of its financial performance for the year ended on that date; and
- ii. complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

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

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

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

Other Information

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

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

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's responsibilities for the Audit of the Financial Report

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



Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550

afs@afsbendigo.com.au
03 5443 0344

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

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

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

A handwritten signature in black ink, appearing to read 'Andrew Frewin Stewart', is positioned above the printed name.

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 10 October 2022

A handwritten signature in black ink, appearing to read 'Joshua Griffin', is positioned above the printed name.

Joshua Griffin
Lead Auditor

Franchisee: North Ryde Community Finance Limited
ABN: 74 112 673 506
Shop 14, 203-213 Cox's Road
North Ryde NSW 2113
Phone: 9878 5559
Email: northryde@bendigoadelaide.com.au

Share Registry:
AFS & Associates Pty Ltd
PO Box 454, Bendigo VIC 3552
Phone: 5443 0344
Fax: 5443 5304
Email: shareregistry@afsbendigo.com.au

 <https://www.facebook.com/communitybanknorthryde>

This Annual Report has been printed on 100% Recycled Paper

 **Bendigo Bank**