

Annual Report 2024

North Ryde Community Finance
Limited

Community Bank · North Ryde

ABN 74 112 673 506

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Chairman's Report

Dear Shareholders, Bendigo and Adelaide Bank representatives and guests,

Yet again, North Ryde Community Finance Ltd has had a very successful year, a year worth celebrating. The rate of change in the banking sector has been exponential. Digital services in banking (as for many services) are becoming the norm and the banking environment is very different now from when North Ryde community bank started.

It is my pleasure to report that North Ryde Community Finance Ltd.'s profit after tax as of 30 June 2024, was \$520k (\$608k in 2023 and \$101k in 2022). We are pleased to announce a fully franked dividend of 40 cents per share for this financial year in recognition of this great result and the highly valued support of our shareholders.

This financial performance and community support of our Community Bank is not possible without our loyal and experienced staff who keep North Ryde Community Bank functioning seamlessly. I would like to acknowledge and convey my sincere thanks to our branch manager James, our customer support staff Gina, Alison, and Narine and our Community Partnerships staff member Anita, who all constantly provide a smiling face for our customers and a warm presence throughout the community. Without our dedicated staff, North Ryde Community Bank would not have the success it has had, nor provided a highly valued service to the North Ryde community. Sadly, we farewelled Steve Perrin, one of our foundation directors, who retired during the year. We wish Steve all the best in retirement.

This is the last time this board will be presenting the financial results of the North Ryde Community Bank. As mentioned in my note to shareholders, the current Franchise Agreement between North Ryde Community Finance Ltd. and Bendigo and Adelaide Bank Ltd. expires on 9 June 2025. There are no rights of renewal. Bendigo and Adelaide Bank Ltd.'s franchising terms operate for three five-year terms and this expiry will be the end of North Ryde Community Finance Ltd.'s third and final term.

On 1 July 2024, Bendigo and Adelaide Bank Ltd. notified North Ryde Community Finance Ltd. that Bendigo and Adelaide Bank Ltd. has exercised its rights under the Franchising Code of Conduct not to extend the Franchise Agreement or enter into a new franchise agreement. Bendigo and Adelaide Bank Ltd. has acknowledged that North Ryde Community Finance Ltd. is not in breach of the Franchise Agreement.

North Ryde Community Finance Ltd. is investigating its options, including the sale of the revenue right from the loans, deposits and other revenue generating business under the Franchise Agreement. We will provide further material information as soon as reasonably practicable after it becomes available.

In 2005, North Ryde Community Bank opened in response to the threat that the only bank in North Ryde at the time, Commonwealth Bank, indicated they would shut the branch. The North Ryde Community, to its credit raised just over \$1 million to start North Ryde Community Bank. These generous investors from the community risked their own money so that North Ryde would continue to have a physical banking service. This is why the board greatly values our shareholders as pillars of the community in supporting North Ryde Community Bank. We celebrate you our shareholders for your success in maintaining banking competition in North Ryde - the Commonwealth Bank stayed for another 16 years after North Ryde Community Bank was born.

We celebrate over \$16 million of revenue generated by the business over the last 19 years, representing our portion of gross revenue shared equally between our franchise owner Bendigo and Adelaide Bank Ltd and North Ryde Community Bank. We also celebrate the \$3.8m of profit generated over the last 19 years. If we are not profitable, we would be unable to provide returns on our shareholders' investment. In addition, we celebrate more than \$620,000 in community investment where we make meaningful cash contributions and engage with the local schools, sports clubs and other community groups who support us.

I wish to thank my fellow directors for their strong support and tireless work – Bob Talbot (Deputy Chairman), Tony Wise (Treasurer), Ian Ackland (Company Secretary) and directors Gordon McAulay, Graham McMaster and Paul Moujalli. These directors are very experienced business and community people who have had the privilege to serve the North Ryde Community through running this Community Bank.

We thank you, our shareholders, for your support of North Ryde Community Bank over the last 19 years and invite you to celebrate with us the remarkable achievements of North Ryde Community Bank.



Michael Southan

General Manager's Report

The retention of the RBA cash rate at 4.35% across most of the financial year has sustained Branch revenue, mainly through deposit products. This stability has not diminished the competitive pressure for new business however, the market maintaining its price sensitivity for both Lending and Deposit products. On the Lending side, retention was once again the area of focus, with continued demand for repricing and loan term renegotiations, and although our discharge rates were relatively low, together with a constriction of new lending and normal amortisation shows a contraction of the overall lending book of 11%. Our retention and growth rate for Term Deposits however was good, which together with a growth in Demand deposit accounts giving an overall growth of our Deposit products of 15%.

Branch Performance

The Term Deposit book for Community Bank North Ryde continued to show positive growth through the financial year, responding to the Bendigo Term Deposit campaigns. Call deposits showed good growth with the book balance little under \$66m. Residential lending continues to make up the bulk of the Loan book, and the increasing pressure from rising living costs and market competition has made it challenging to write or retain business. The total size of the Loan book reduced to \$38.8m. This continues the pressure both on retention and new business, and Bendigo has responded with loan pricing and customer contact initiatives to address both areas. Positively, average monthly over-the-counter transaction numbers continued to increase, 7% year on last year, and contrary to industry predictions, the demand for cash transactions has remained constant.

Gross revenue reflects the consistent levels of Margin Income, predominantly from Deposit products. Operating expenses remain broadly constant and essentially comparable with last year, with moderate increases in Employment expenses (our major expense) and the moderate increase in Administrative and General costs (including Community grants) attributed to a difference in expense timing from last year. This has reflected in the consistent net profit figures.

Community Engagement

Community Bank North Ryde continues to support a diverse array of community groups, sporting associations and schools. The spread of support remains balanced over community welfare and events, the arts, sports, and education, and this year we continued our support of over a dozen groups. We have been working steadily over the year on increasing our involvement in Community activities and events, and increasing our reach into Community associations and Not-For-Profits.

Our partnership approach allows the Branch to broaden its endeavours of local support in a meaningful way, while continuing to support the community favourite associations and events, support that is very much appreciated by our local Community. Thanks must go to Anita who continues her commitment to excellence in managing these relationships, an engagement also appreciated by community partners.

Branch Personnel

High praise is deserved of our customer service team of Alison and Narine, ably lead by our supervisor Gina, for their sustained service excellence in looking after our loyal customer base. This consistent dedication is what sets Community Bank North Ryde apart from the other big banks, and their ability to find the best solutions for our customers continues to be an extremely relevant and valuable distinction. It is the mainstay of our continued success, and the Board and I are very appreciative of their continued efforts and support.

Our volunteer Board continues to actively support myself and the Branch in all our endeavours. Their commitment is very much appreciated and it has been a pleasure to work with them again this year. I'd like to sincerely thank Michael and all the directors for all their support and guidance throughout the year.

Continued Service Commitment

Our commitment at Community Bank North Ryde remains to provide our customers with a continued high level of service, a friendly face in the Branch or on the phone, and the best solution we can, every time. A commitment to face-to-face service and Community support is Bendigo's major point of difference to our competitors, and highly valued by our existing customers. I again actively encourage those shareholders that do not, to try banking with us and in doing so enjoy both the benefits of what we can offer and enjoy the support we can offer our local Community in return.

A handwritten signature in blue ink, appearing to read 'James Hole', with a stylized flourish at the end.

James Hole - Branch Manager

Community Bank network: celebrating 26 years of empowering communities

This year our Community Bank network celebrated 26 years of providing grassroots support to metro, regional, rural and remote communities across Australia. It's a milestone that has been widely applauded by our customers and partners who recognise the significant role we play in the lives of everyday Australians. We're there when it matters – whether that be as second responders in times of natural disaster, crisis and need; or as community builders, providing resources and support; help and hope.

In the 2022-23 financial year, our Community Bank network gave back more than \$32 million in grants, sponsorships and donations to local community projects and initiatives. Over 26 years, we have returned more than \$324 million to local communities for emergency services; facilities and infrastructure; sport and recreation; education and research; health and wellbeing; art, culture and heritage as well as environment and animal welfare.

As a shareholder in your local Community Bank, you are part of this incredible social enterprise network that is playing an ever-important role in the Australian economy. With close working relationships with local, state and federal government, peak governing bodies, clubs and community organisations, we are integrally connected and in tune with the needs of everyday Australians.

Our Community Bank network is a first mover in Australia with our unique social enterprise model. The first Community Bank opened its doors in 1998, and since then, the network has grown to 305 Community Bank branches. Today we represent a diverse cross-section of Australia with more than 215 community enterprises, 70,000+ shareholders, 1500+ volunteer directors, 1700 staff and 950,000 customers.

Our Community Bank National Council (CBNC) plays a pivotal role in these relationships. The CBNC consists of both elected and appointed members from every state and territory. The role of council is to represent the network with its partners and to engage in strategic planning that delivers positive outcomes for our business and our communities.

The *2024 - 2026 Community Bank National Council Strategic Plan* has four key focus areas:

- Impact – a planned, deliberate approach with investments that enhance community prosperity.
- Leadership and advocacy – to ensure the long-term sustainability of our enterprises.
- Network alignment – enabling us to develop and nurture partnerships that align with our defined areas of social impact.
- Commercial prosperity – supporting the commercial success of our enterprises.

It is through this strategic plan, which has a foundation built on connection and collaboration, that we will deliver a strong, and secure future for our directors, shareholders, staff and the communities we serve.

Warm regards

Lauren Bean
General Manager
Community Bank National Council

North Ryde Community Finance Limited

ABN 74 112 673 506

Financial Report - 30 June 2024

North Ryde Community Finance Limited

Directors' report

30 June 2024

The directors present their report, together with the financial statements, on the company for the year ended 30 June 2024.

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
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:	Thomas Gordon MacAulay
Title:	Non-executive director
Experience and expertise:	Gordon 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:	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.

North Ryde Community Finance Limited

Directors' report

30 June 2024

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: Phillip Warren Perrin ("Steve")
Title: Non-executive director (resigned 9 February 2024)
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.

Company secretary

The Company secretary is Ian Ross Ackland. Ian was appointed to the position of Company secretary on 1 July 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 \$520,766 (30 June 2023: \$608,972).

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.

	2024	2023
	\$	\$
Fully franked dividend of 30 cents per share (2023: 17 cents)	317,628	179,989

North Ryde Community Finance Limited

Directors' report

30 June 2024

Significant changes in the state of affairs

On 1 July 2023, Bendigo Bank updated the Funds Transfer Pricing (FTP) base rate on certain deposits which has reduced the income earned on these products.

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

Matters subsequent to the end of the financial year

On 1 July 2024, Bendigo Bank notified North Ryde Community Finance Limited that it will not extend the Franchise Agreement expiring 9 June 2025. North Ryde Community Finance Limited is currently exploring its options, which may include selling the business as a going concern, selling the revenue rights or winding-up operations.

Apart from the dividend declared and disclosed in note 21, no other matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Likely developments

No matter, circumstance or likely development in operations has arisen during or since the end of the financial year that has significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company.

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	10	9
Robert John Talbot	10	10
Harold Anthony Wise	10	10
Thomas Gordon MacAulay	10	10
Paul Moujalli	10	9
Ian Ross Ackland	10	10
Graham John McMaster	10	10
Phillip Warren Perrin ("Steve")	3	3

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	27,000	-	27,000
Harold Anthony Wise	8,000	-	8,000
Thomas Gordon MacAulay	1,000	-	1,000
Paul Moujalli	500	-	500
Ian Ross Ackland	2,000	-	2,000
Graham John McMaster	74,502	-	74,502
Phillip Warren Perrin ("Steve")	48,752	-	48,752

North Ryde Community Finance Limited

Directors' report

30 June 2024

Shares under option

There were no unissued ordinary shares of the company under option outstanding at the date of this report.

Shares issued on the exercise of options

There were no ordinary shares of the company issued on the exercise of options during the year ended 30 June 2024 and up to the date of this report.

Indemnity and insurance of directors and officers

The company has indemnified all directors and management in respect of liabilities to other persons (other than the company or related body corporate) that may arise from their position as directors or management 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 26 to the accounts.

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

- all non-audit services have been reviewed by the board to ensure they do not impact on the impartiality, integrity and objectivity of the auditor
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in *APES 110 Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the company, acting as an advocate for the company or jointly sharing risks and rewards.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this directors' report.

North Ryde Community Finance Limited
Directors' report
30 June 2024

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

On behalf of the directors



Michael David Southan
Chair

28 October 2024



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

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

As lead auditor for the audit of North Ryde Community Finance Limited for the year ended 30 June 2024, 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.

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: 28 October 2024

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

Adrian Downing
Lead Auditor

North Ryde Community Finance Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2024

	Note	2024 \$	2023 \$
Revenue from contracts with customers	7	1,229,595	1,334,574
Other revenue		36,082	32,965
Finance revenue		66,183	26,341
Fair value gains on financial assets		16,270	15,661
Total revenue		1,348,130	1,409,541
Employee benefits expense	8	(390,289)	(371,704)
Advertising and marketing costs		(8,314)	(7,103)
Occupancy and associated costs		(24,571)	(13,948)
System costs		(15,905)	(15,588)
Depreciation and amortisation expense	8	(94,830)	(92,686)
Finance costs	8	(17,940)	(19,629)
General administration expenses		(67,908)	(52,938)
Total expenses before community contributions and income tax expense		(619,757)	(573,596)
Profit before community contributions and income tax expense		728,373	835,945
Charitable donations, sponsorships and grants expense		(48,964)	(34,694)
Profit before income tax expense		679,409	801,251
Income tax expense	9	(158,643)	(192,279)
Profit after income tax expense for the year		520,766	608,972
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		520,766	608,972
		Cents	Cents
Basic earnings per share	28	49.19	57.52
Diluted earnings per share	28	49.19	57.52

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 2024

	Note	2024 \$	2023 \$
Assets			
Current assets			
Cash and cash equivalents	10	331,802	975,907
Trade and other receivables	11	194,371	150,397
Investments	13	1,500,000	1,008,448
Total current assets		<u>2,026,173</u>	<u>2,134,752</u>
Non-current assets			
Financial assets	12	819,165	491,143
Property, plant and equipment	14	67,260	81,250
Right-of-use assets	15	399,428	456,576
Intangible assets	16	8,522	22,473
Deferred tax assets	9	-	2,427
Total non-current assets		<u>1,294,375</u>	<u>1,053,869</u>
Total assets		<u>3,320,548</u>	<u>3,188,621</u>
Liabilities			
Current liabilities			
Trade and other payables	17	44,717	61,950
Lease liabilities	18	79,863	60,343
Current tax liabilities	9	126,163	138,323
Employee benefits		25,474	27,609
Total current liabilities		<u>276,217</u>	<u>288,225</u>
Non-current liabilities			
Lease liabilities	18	379,252	446,246
Deferred tax liabilities	9	4,681	-
Employee benefits		3,678	1,803
Provisions		32,558	31,323
Total non-current liabilities		<u>420,169</u>	<u>479,372</u>
Total liabilities		<u>696,386</u>	<u>767,597</u>
Net assets		<u>2,624,162</u>	<u>2,421,024</u>
Equity			
Issued capital	19	1,012,038	1,012,038
Retained earnings		<u>1,612,124</u>	<u>1,408,986</u>
Total equity		<u>2,624,162</u>	<u>2,421,024</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 2024

	Note	Issued capital \$	Retained earnings \$	Total equity \$
Balance at 1 July 2022		1,012,038	980,003	1,992,041
Profit after income tax expense		-	608,972	608,972
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	608,972	608,972
<i>Transactions with owners in their capacity as owners:</i>				
Dividends provided for or paid	21	-	(179,989)	(179,989)
Balance at 30 June 2023		<u>1,012,038</u>	<u>1,408,986</u>	<u>2,421,024</u>
 Balance at 1 July 2023		<u>1,012,038</u>	<u>1,408,986</u>	<u>2,421,024</u>
Profit after income tax expense		-	520,766	520,766
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	520,766	520,766
<i>Transactions with owners in their capacity as owners:</i>				
Dividends provided for or paid	21	-	(317,628)	(317,628)
Balance at 30 June 2024		<u>1,012,038</u>	<u>1,612,124</u>	<u>2,624,162</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 2024

	Note	2024 \$	2023 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		1,377,782	1,411,481
Payments to suppliers and employees (inclusive of GST)		(731,394)	(582,574)
Dividends received		36,082	28,379
Interest received		36,604	6,936
Income taxes paid		<u>(163,695)</u>	<u>(52,899)</u>
Net cash provided by operating activities	27	<u>555,379</u>	<u>811,323</u>
Cash flows from investing activities			
Payments for financial assets		(311,752)	-
Redemption of/(investment in) term deposits		(491,552)	(6,936)
Payments for property, plant and equipment		<u>-</u>	<u>(2,279)</u>
Net cash used in investing activities		<u>(803,304)</u>	<u>(9,215)</u>
Cash flows from financing activities			
Interest and other finance costs paid		(16,823)	(18,541)
Dividends paid	21	(317,628)	(179,989)
Repayment of lease liabilities		<u>(61,729)</u>	<u>(55,433)</u>
Net cash used in financing activities		<u>(396,180)</u>	<u>(253,963)</u>
Net increase/(decrease) in cash and cash equivalents		(644,105)	548,145
Cash and cash equivalents at the beginning of the financial year		<u>975,907</u>	<u>427,762</u>
Cash and cash equivalents at the end of the financial year	10	<u><u>331,802</u></u>	<u><u>975,907</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 2024

Note 1. Reporting entity

The financial statements cover North Ryde Community Finance Limited (the company) as an individual entity, which is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The company is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is 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.

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 and are presented in Australian dollars, which is the company's functional and presentation currency.

The directors have a reasonable expectation that the company has adequate resources to pay its debts as and when they fall due for the foreseeable future. For these reasons, the directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 28 October 2024. The directors have the power to amend and reissue the financial statements.

Note 3. Material accounting policy information

The accounting policies that are material to the company are set out either in the respective notes or below. The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

Adoption of new and revised accounting standards

The company has adopted all of the new or amended Accounting Standards and Interpretations issued by the AASB that are mandatory for the current financial year. A description of the impact of new or amended Accounting Standards and Interpretations that have had a material impact on the company during the current financial year is outlined below:

AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates is mandatory for annual reporting periods beginning on or after 1 January 2023 and was adopted by the company in the preparation of the 30 June 2024 financial statements.

AASB 2021-2 includes amendments to AASB 101 *Presentation of Financial Statements*, requiring the company to disclose material accounting policy information in its financial statements rather than significant accounting policies which was required in previous financial years. Accounting policy information is material if it, when considered with other information, could reasonably be expected to influence decisions of primary users based on the financial statements.

Adoption of AASB 2021-2 has had no impact on the numerical information disclosed in the company's financial statements. Rather, adoption has required the company to remove significant accounting policy information from the notes to the financial statements that is not considered material.

Accounting standards issued but not yet effective

An assessment of accounting standards and interpretations issued by the AASB that are not yet mandatorily applicable to the company has been performed. No new or amended Accounting Standards or Interpretations that are not mandatory have been early adopted, nor are they expected to have a material impact on the company in future financial years.

Current and non-current classification

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

North Ryde Community Finance Limited

Notes to the financial statements

30 June 2024

Note 3. Material accounting policy information (continued)

Impairment of non-financial assets

At each reporting date, the company reviews the carrying amounts of its tangible assets and intangible assets 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 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.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Note 4. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires the directors to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. The directors continually evaluate their judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses.

The directors base their judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events that it believes to be reasonable under the circumstances. Differences between the accounting judgements and estimates and actual results and outcomes are accounted for in future reporting periods. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Judgements

Timing of revenue recognition associated with trail commission

The company receives trailing commission from Bendigo Bank for products and services sold. Ongoing trailing commission payments are recognised on a monthly basis when earned as there is insufficient detail readily available to estimate the most likely amount of revenue without a high probability of significant reversal in a subsequent reporting period. The receipt of ongoing trailing commission revenue is outside the control of the company.

Allowance for expected credit losses on trade and other receivables

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

The company has not recognised an allowance for expected credit losses in relation to trade and other receivables for the following reasons:

- 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.
- The credit risk (i.e. the risk that a customer will not make repayments) is for Bendigo Bank 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. The directors are not aware of any such non-compliance at balance date.
- 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 has not experienced any instances of default in relation to receivables owed to the company from Bendigo Bank.

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 2024

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.

Impairment of non-financial assets

The company assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions. The directors did not identify any impairment indications during the financial year.

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.

The company includes extension options applicable to the lease of branch premises in its calculations of both the right-of-use asset and lease liability except where the company is reasonably certain it will not 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 leased premises.

Estimates and assumptions

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

Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, which is generally the case for the company's lease agreements, 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. This 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.

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 been informed a new franchise arrangement under mutually acceptable terms will not be forthcoming following expiry in June 2025. North Ryde Community Finance Limited is currently exploring its options, which may include selling the business as a going concern, selling the revenue rights or winding-up operations.

North Ryde Community Finance Limited

Notes to the financial statements

30 June 2024

Note 5. Economic dependency (continued)

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 Bendigo Bank 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. Change to comparative figures

Classification of term deposits

During the year the directors reviewed the requirements of AASB 107 *Statement of Cash Flows* and noted term deposits normally qualify as a cash and cash equivalent only when they have initial investment periods of three months or less. In previous financial years the company classified all term deposits as cash and cash equivalents in the preparation of the financial statements even if they had initial investment periods greater than three months.

In the preparation of the financial statements for the current financial year, the directors updated its accounting policy to align to the requirements of AASB 107, restating comparative figures to reclassify term deposits with initial investment periods greater than three months as current investments instead of cash and cash equivalents in the Statement of financial position.

The change in classification had the following impacts on comparative figures:

- Cash and cash equivalents decreased and investments increased by \$1,008,448 at 30 June 2023 as reported in the Statement of financial position.
- Opening and closing cash balances were reduced to exclude term deposits with initial investment periods greater than three months as reported in the Statement of cash flows.
- Investments in and redemptions of term deposits with initial investment periods greater than three months are now classified within investment activities as reported in the Statement of cash flows.

The change in classification had no impact on the company's net profit or net asset position.

Calculation of right-of-use asset cost and accumulated depreciation

On adoption of AASB 16 *Leases* on 1 July 2019, the company previously recognised the right-of-use asset cost and accumulated depreciation on a gross basis from the commencement of the lease as if AASB 16 had always been applied by the company.

North Ryde Community Finance Limited
Notes to the financial statements
30 June 2024

Note 6. Change to comparative figures (continued)

During the financial year the company recorded a change in accounting policy, whereby it elected to recognise the right-of-use asset net of accumulated depreciation on initial adoption of AASB 16. The change in accounting policy had no impact on the company's net profit or net asset position, however it did reduce the company's right-of-use asset cost and accumulated depreciation at 30 June 2023 by \$42,331.

Note 7. Revenue from contracts with customers

	2024 \$	2023 \$
Margin income	1,140,526	1,252,578
Fee income	49,408	48,579
Commission income	39,661	33,417
	1,229,595	1,334,574

Accounting policy for revenue from contracts with customers

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

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

Margin income

Margin income on core banking products is arrived at through the following calculation:

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

North Ryde Community Finance Limited
Notes to the financial statements
30 June 2024

Note 7. Revenue from contracts with customers (continued)

Commission income

Commission income is generated from the sale of products and services. This commission is recognised at a point in time which reflects when the company has fulfilled its performance obligation. Refer to Note 4 for further information regarding key judgements applied by the directors in relation to the timing of revenue recognition from trail commission.

Fee income

Fee income is a share of what is commonly referred to as 'bank fees and charges' charged to customers by Bendigo Bank 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.

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 8. Expenses

Employee benefits expense

	2024	2023
	\$	\$
Wages and salaries	316,344	306,772
Non-cash benefits	-	288
Superannuation contributions	36,711	34,468
Expenses related to long service leave	5,973	1,908
Other expenses	31,261	28,268
	<u>390,289</u>	<u>371,704</u>

North Ryde Community Finance Limited
Notes to the financial statements
30 June 2024

Note 8. Expenses (continued)

Depreciation and amortisation expense

	2024	2023
	\$	\$
<i>Depreciation of non-current assets</i>		
Leasehold improvements	10,598	11,019
Plant and equipment	3,392	3,529
	<u>13,990</u>	<u>14,548</u>
<i>Depreciation of right-of-use assets</i>		
Leased land and buildings	<u>66,889</u>	<u>64,188</u>
<i>Amortisation of intangible assets</i>		
Franchise fee	2,325	2,325
Franchise renewal fee	11,626	11,625
	<u>13,951</u>	<u>13,950</u>
	<u><u>94,830</u></u>	<u><u>92,686</u></u>

Finance costs

	2024	2023
	\$	\$
Lease interest expense	16,823	18,541
Unwinding of make-good provision	<u>1,117</u>	<u>1,088</u>
	<u><u>17,940</u></u>	<u><u>19,629</u></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 2024

Note 9. Income tax

	2024	2023
	\$	\$
<i>Income tax expense</i>		
Current tax	166,506	199,317
Movement in deferred tax	7,108	3,675
Under/over provision in respect to prior years	(985)	-
Net benefit of franking credits on dividends received	(13,986)	(10,713)
	<u>158,643</u>	<u>192,279</u>
<i>Aggregate income tax expense</i>		
<i>Prima facie income tax reconciliation</i>		
Profit before income tax expense	679,409	801,251
	<u>679,409</u>	<u>801,251</u>
Tax at the statutory tax rate of 25%	169,852	200,313
Tax effect of:		
Non-deductible expenses	266	-
Other assessable income	3,496	2,679
Net benefit of franking credits on dividends received	(13,986)	(10,713)
	<u>159,628</u>	<u>192,279</u>
Under/over provision in respect to prior years	(985)	-
	<u>158,643</u>	<u>192,279</u>
<i>Income tax expense</i>		
	<u>158,643</u>	<u>192,279</u>
	2024	2023
	\$	\$
<i>Deferred tax asset/(liability) attributable to:</i>		
Expense accruals	170	825
Employee provisions	7,288	7,353
Make-good provision	8,139	7,831
Lease liabilities	114,779	126,647
Income accruals	(13,068)	(5,323)
Fair value of investments	(23,657)	(19,590)
Property, plant and equipment	1,525	(1,172)
Right-of-use assets	(99,857)	(114,144)
	<u>(4,681)</u>	<u>2,427</u>
<i>Deferred tax asset/(liability)</i>		
	<u>(4,681)</u>	<u>2,427</u>
	2024	2023
	\$	\$
Provision for income tax	126,163	138,323
	<u>126,163</u>	<u>138,323</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 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.

North Ryde Community Finance Limited
Notes to the financial statements
30 June 2024

Note 9. Income tax (continued)

Accounting policy for deferred tax

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.

Note 10. Cash and cash equivalents

	2024	2023
	\$	\$
Cash at bank and on hand	<u>331,802</u>	<u>975,907</u>

Note 11. Trade and other receivables

	2024	2023
	\$	\$
Trade receivables	<u>98,004</u>	<u>123,232</u>
Other receivables and accruals	37,857	5,874
Accrued income	50,870	21,291
Prepayments	<u>7,640</u>	<u>-</u>
	<u>96,367</u>	<u>27,165</u>
	<u>194,371</u>	<u>150,397</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. 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.

Note 12. Financial assets

	2024	2023
	\$	\$
<i>Non-current assets</i>		
Equity securities - designated at fair value through profit or loss	<u>819,165</u>	<u>491,143</u>

Reconciliation

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

Opening fair value	491,143	475,482
Additions	311,752	-
Revaluation increments	<u>16,270</u>	<u>15,661</u>
Closing fair value	<u>819,165</u>	<u>491,143</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 2024

Note 13. Investments

	2024 \$	2023 \$
<i>Current assets</i>		
Term deposits	1,500,000	1,008,448

Note 14. Property, plant and equipment

	2024 \$	2023 \$
Leasehold improvements - at cost	187,124	187,124
Less: Accumulated depreciation	(128,394)	(117,796)
	<u>58,730</u>	<u>69,328</u>
Plant and equipment - at cost	99,200	99,200
Less: Accumulated depreciation	(90,670)	(87,278)
	<u>8,530</u>	<u>11,922</u>
	<u>67,260</u>	<u>81,250</u>

Reconciliations of the carrying 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 2022	80,347	13,172	93,519
Additions	-	2,279	2,279
Depreciation	(11,019)	(3,529)	(14,548)
Balance at 30 June 2023	69,328	11,922	81,250
Depreciation	(10,598)	(3,392)	(13,990)
Balance at 30 June 2024	<u>58,730</u>	<u>8,530</u>	<u>67,260</u>

Accounting policy for property, plant and equipment

Property, plant and equipment are measured at cost or fair value as applicable, less accumulated depreciation and accumulated impairment losses. 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.

North Ryde Community Finance Limited
Notes to the financial statements
30 June 2024

Note 15. Right-of-use assets

	2024	2023
	\$	\$
Land and buildings - right-of-use	793,068	783,328
Less: Accumulated depreciation	<u>(393,640)</u>	<u>(326,752)</u>
	<u><u>399,428</u></u>	<u><u>456,576</u></u>

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

	Land and buildings \$
Balance at 1 July 2022	508,743
Remeasurement adjustments	12,021
Depreciation expense	<u>(64,188)</u>
Balance at 30 June 2023	456,576
Remeasurement adjustments	9,741
Depreciation expense	<u>(66,889)</u>
Balance at 30 June 2024	<u><u>399,428</u></u>

Accounting policy for right-of-use assets

Right-of-use assets are 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. Right-of-use assets are subject to impairment and are adjusted for any remeasurement of lease liabilities.

Refer to note 18 for more information on lease arrangements.

Note 16. Intangible assets

	2024	2023
	\$	\$
Franchise fee	93,858	93,858
Less: Accumulated amortisation	<u>(92,437)</u>	<u>(90,112)</u>
	<u>1,421</u>	<u>3,746</u>
Franchise renewal fee	169,289	169,289
Less: Accumulated amortisation	<u>(162,188)</u>	<u>(150,562)</u>
	<u>7,101</u>	<u>18,727</u>
	<u><u>8,522</u></u>	<u><u>22,473</u></u>

North Ryde Community Finance Limited
Notes to the financial statements
30 June 2024

Note 16. Intangible assets (continued)

Reconciliations of the carrying 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 2022	6,071	30,352	36,423
Amortisation expense	(2,325)	(11,625)	(13,950)
Balance at 30 June 2023	3,746	18,727	22,473
Amortisation expense	(2,325)	(11,626)	(13,951)
Balance at 30 June 2024	<u>1,421</u>	<u>7,101</u>	<u>8,522</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 and adjusted, if appropriate, at each reporting date.

Note 17. Trade and other payables

	2024 \$	2023 \$
<i>Current liabilities</i>		
Trade payables	180	180
Other payables and accruals	44,537	61,770
	<u>44,717</u>	<u>61,950</u>
	2024 \$	2023 \$
<i>Financial liabilities at amortised cost classified as trade and other payables</i>		
Total trade and other payables	44,717	61,950
less other payables and accruals (net GST payable to the ATO)	(31,951)	(41,509)
	<u>12,766</u>	<u>20,441</u>

North Ryde Community Finance Limited
Notes to the financial statements
30 June 2024

Note 18. Lease liabilities

	2024 \$	2023 \$
<i>Current liabilities</i>		
Land and buildings lease liabilities	79,863	60,343
<i>Non-current liabilities</i>		
Land and buildings lease liabilities	379,252	446,246
<i>Reconciliation of lease liabilities</i>		
	2024 \$	2023 \$
Opening balance	506,589	550,092
Remeasurement adjustments	14,255	11,930
Lease interest expense	16,823	18,541
Lease payments - total cash outflow	(78,552)	(73,974)
	459,115	506,589

Accounting policy for lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially measured at the present value of the lease payments to be made over the term of the lease, including renewal options if the company is reasonably certain to exercise such options, discounted using the company's incremental borrowing rate.

The company has applied the following accounting policy choices in relation to lease liabilities:

- The company has elected not to separate lease and non-lease components when calculating the lease liability for property leases.
- The company has elected not to recognise right-of-use assets and lease liabilities for short-term leases and low-value assets, which include the company's lease of information technology equipment. The company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The company's lease portfolio includes:

Lease	Discount rate	Non-cancellable term	Renewal options available	Reasonably certain to exercise options	Lease term end date used in calculations
North Ryde Branch	3.54%	5 years	1 x 5 years	Yes	May 2030

Note 19. Issued capital

	2024 Shares	2023 Shares	2024 \$	2023 \$
Ordinary shares - fully paid	1,058,759	1,058,759	1,058,759	1,058,759
Less: Equity raising costs	-	-	(46,721)	(46,721)
	1,058,759	1,058,759	1,012,038	1,012,038

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

North Ryde Community Finance Limited
Notes to the financial statements
30 June 2024

Note 19. Issued capital (continued)

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 their associates) has a prohibited shareholding interest in are suspended.

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

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

North Ryde Community Finance Limited
Notes to the financial statements
30 June 2024

Note 20. 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.

Note 21. 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.

	2024 \$	2023 \$
Fully franked dividend of 30 cents per share (2023: 17 cents)	<u>317,628</u>	<u>179,989</u>

Dividends proposed but not recognised at balance date

Since the end of the financial year, the board of directors has proposed to pay a fully franked dividend of 40 cents per share, to be paid on 6 December 2024. The financial impact of the dividend, amounting to \$423,504, has not been recognised in the financial statements for the financial year ended 30 June 2024, and will be recognised in the subsequent financial statements.

Franking credits

	2024 \$	2023 \$
Franking account balance at the beginning of the financial year	504,960	515,510
Franking credits (debits) arising from the payment of income tax instalments during the financial year	26,358	52,899
Franking credits/(debits) from the payment/(refund) of income tax following the lodgement of income tax return	151,453	(14,166)
Franking debits from the payment of franked distributions	(105,876)	(59,996)
Franking credits from franked distributions received	<u>13,986</u>	<u>10,713</u>
	<u>590,881</u>	<u>504,960</u>

Franking transactions that will arise subsequent to the financial year end:

Balance at the end of the financial year	590,881	504,960
Franking credits (debits) that will arise from payment (refund) of income tax	<u>126,163</u>	<u>138,323</u>
Franking credits available for future reporting periods	<u>717,044</u>	<u>643,283</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%.

North Ryde Community Finance Limited
Notes to the financial statements
30 June 2024

Note 21. Dividends (continued)

Accounting policy for dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the company.

Note 22. Financial risk management

Financial risk management objectives

The company's financial instruments include trade receivables and payables, cash and cash equivalents, investments and lease liabilities. The company does not have any derivatives.

The directors are responsible for monitoring and managing the financial risk exposure of the company, to which end it monitors the financial risk management policies and exposures and approves financial transactions within the scope of its authority.

The directors have identified that the only significant financial risk exposures of the company are liquidity and market (price) risk. Other financial risks are not significant to the company due to the following factors:

- The company has no foreign exchange risk as all of its account balances and transactions are in Australian Dollars.
- The company's franchise agreement limits the company's credit exposure to one financial institution, being Bendigo Bank. The company monitors credit worthiness through review of credit ratings, Bendigo Bank is rated A- on Standard & Poor's credit ratings.
- The company has no direct exposure to movements in commodity prices.
- The company's interest-bearing instruments are held at amortised cost which have fair values that approximate their carrying value since all cash and payables have maturity dates within 12 months.
- The company has no borrowings.

Further details regarding the categories of financial instruments held by the company that hold such exposure are detailed below.

	2024	2023
	\$	\$
Financial assets		
Trade and other receivables (note 11)	186,731	61,950
Cash and cash equivalents (note 10)	331,802	975,907
Financial assets (note 12)	819,165	491,143
Term deposits (note 13)	1,500,000	1,008,448
	<u>2,837,698</u>	<u>2,537,448</u>
Financial liabilities		
Trade and other payables (note 17)	12,766	20,441
Lease liabilities (note 18)	459,115	506,589
	<u>471,881</u>	<u>527,030</u>

At balance date, the fair value of financial instruments approximated their carrying values.

Accounting policy for financial instruments

Financial assets

Classification

The company classifies its financial assets into the following categories:

- Amortised cost
- Fair value through profit or loss (FVTPL)

Financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial asset.

North Ryde Community Finance Limited
Notes to the financial statements
30 June 2024

Note 22. Financial risk management (continued)

The company's financial assets measured at amortised cost comprise trade and other receivables, cash and cash equivalents and investments in term deposits.

The company's financial assets measured at FVTPL comprise investments in listed entities over which the company does not have significant influence nor control.

Derecognition

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

Impairment of trade and other receivables

Impairment of trade receivables is determined using the simplified approach which uses an estimation of lifetime expected credit losses. The company has not recognised an allowance for expected credit losses in relation to trade and other receivables. Refer to note 4 for further information.

Financial liabilities

Classification

The company classifies its financial liabilities at amortised cost.

Derecognition

A financial liability is derecognised when it is extinguished, cancelled or expires.

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.

Interest-bearing assets and liabilities are held with Bendigo Bank and earnings on those subject to movements in market interest rates. The company held cash and cash equivalents of \$331,802 and term deposits of \$1,500,000 at 30 June 2024 (2023: \$975,907 and \$1,008,448).

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.

	% change increase	Effect on profit before tax	Effect on equity	% change decrease	Effect on profit before tax	Effect on equity
2024						
Equity securities	10%	<u>81,917</u>	<u>61,437</u>	(10%)	<u>(81,917)</u>	<u>(61,437)</u>
	% change increase	Effect on profit before tax	Effect on equity	% change decrease	Effect on profit before tax	Effect on equity
2023						
Equity securities	10%	<u>49,114</u>	<u>36,834</u>	(10%)	<u>(49,114)</u>	<u>(36,834)</u>

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.

North Ryde Community Finance Limited
Notes to the financial statements
30 June 2024

Note 22. Financial risk management (continued)

The following are the company's 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 \$
2024				
Trade and other payables	12,766	-	-	12,766
Lease liabilities	81,148	343,839	83,476	508,463
Total non-derivatives	93,914	343,839	83,476	521,229

	1 year or less \$	Between 1 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
2023				
Trade and other payables	20,441	-	-	20,441
Lease liabilities	77,303	327,898	168,545	573,746
Total non-derivatives	97,744	327,898	168,545	594,187

Note 23. Fair value measurement

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
2024				
<i>Assets</i>				
Equity securities	819,165	-	-	819,165
Total assets	819,165	-	-	819,165

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
2023				
<i>Assets</i>				
Equity securities	491,143	-	-	491,143
Total assets	491,143	-	-	491,143

There were no transfers between levels during the financial year.

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

Note 24. Key management personnel disclosures

The following persons were directors of North Ryde Community Finance Limited during the financial year and/or up to the date of signing of these Financial Statements.

Michael David Southan
Robert John Talbot
Harold Anthony Wise
Thomas Gordon MacAulay

Paul Moujalli
Ian Ross Ackland
Graham John McMaster
Phillip Warren Perrin ("Steve")

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.

North Ryde Community Finance Limited
Notes to the financial statements
30 June 2024

Note 25. Related party transactions

Key management personnel

Disclosures relating to key management personnel are set out in note 24.

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Terms and conditions of transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Transactions with related parties

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

Note 26. 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:

	2024 \$	2023 \$
<i>Audit services</i>		
Audit or review of the financial statements	6,650	5,600
<i>Other services</i>		
Taxation advice and tax compliance services	900	660
General advisory services	3,770	4,600
Share registry services	5,575	5,200
Valuation services	9,000	-
	19,245	10,460
	25,895	16,060

Note 27. Reconciliation of profit after income tax to net cash provided by operating activities

	2024 \$	2023 \$
Profit after income tax expense for the year	520,766	608,972
Adjustments for:		
Depreciation and amortisation	94,830	92,686
Net fair value of equity instruments designated through FVTPL	(16,270)	(15,661)
Lease liabilities interest	16,823	18,541
Change in operating assets and liabilities:		
Increase in trade and other receivables	(43,974)	(61,526)
Decrease in deferred tax assets	2,427	3,675
Increase/(decrease) in trade and other payables	(12,601)	20,973
Increase/(decrease) in provision for income tax	(12,160)	135,705
Increase in deferred tax liabilities	4,681	-
Increase/(decrease) in employee benefits	(260)	6,781
Increase in other provisions	1,117	1,177
Net cash provided by operating activities	555,379	811,323

North Ryde Community Finance Limited
Notes to the financial statements
30 June 2024

Note 28. Earnings per share

	2024 \$	2023 \$
Profit after income tax	<u>520,766</u>	<u>608,972</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	49.19	57.52
Diluted earnings per share	49.19	57.52

Note 29. Commitments

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

Note 30. Contingencies

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

Note 31. Events after the reporting period

On 1 July 2024, Bendigo Bank notified North Ryde Community Finance Limited that it will not extend the Franchise Agreement expiring 9 June 2025. North Ryde Community Finance Limited is currently exploring its options, which may include selling the business as a going concern, selling the revenue rights or winding-up operations.

Apart from the dividend declared and disclosed in note 21, no other matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may 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 2024

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 2024 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- the company does not have any controlled entities and is not required by the Accounting Standards to prepare consolidated financial statements. Therefore, a consolidated entity disclosure statement has not been included as section 295(3A)(a) of the *Corporations Act 2001* does not apply to the entity.

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

28 October 2024



Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550
ABN: 65 684 604 390
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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 2024
- Statement of profit or loss and other comprehensive income
- Statement of changes in equity
- Statement of cash flows
- Notes to the financial statements, including material accounting policies
- The directors' declaration.

In our opinion, because of the matters disclosed in the Basis for Adverse Opinion section of our report, the accompanying financial report of North Ryde Community Finance Limited, is not 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 2024 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 Adverse Opinion

North Ryde Community Finance Limited has received notice from Bendigo Bank regarding the non-renewal of its franchise agreement. North Ryde Community Finance Limited is currently exploring its options, which may include selling the business as a going concern, selling the revenue rights or winding-up operations. This situation indicates that a material uncertainty exists that casts significant doubt on North Ryde Community Finance Limited's ability to continue as a going concern. Despite this, management has prepared the financial statements for the year ended 30 June 2024 on a going concern basis.

The decision to continue preparing the financial statements on a going concern basis may result in material misstatement, and a failure to comply with Australian Accounting Standards, should the going concern basis of preparation not be appropriate. We are therefore required to issue an adverse opinion as this matter is pervasive to the financial statements.

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



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Other Information

The directors are responsible for the other information. The other information comprises the information included in the company's annual report for the year ended 30 June 2024, but does not include the financial report and our auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information 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, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

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

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

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.



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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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 28 October 2024

Adrian Downing
Lead Auditor

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