

North Ryde
Community Finance Limited

Financial Statements

for the half-year ended

31 December 2011

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

Your directors submit the financial report of the company for the half-year ended 31 December 2011.

Directors

The names of directors who held office during the half year and until the date of this report are as below:

Graham John McMaster

Helen Patricia Perrin

Phillip Warren Perrin ("Steve")

Ivan John Petch

Robert John Talbot

Thomas Gordon MacAulay

Matthew Phillip Walker

Harold Anthony Wise

Principal Activities

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

Review and Results of Operations

Operations have continued to perform in line with expectations. The net profit of the company for the financial period after the provision of income tax was: \$148,530 [2010: \$96,313].

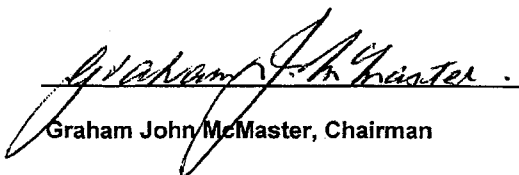
Matters Subsequent to the End of the Reporting Period

There are no matters or circumstances that have arisen since the end of the half year reporting period that have significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company.

Auditors' Independence Declaration

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 2.

Signed in accordance with a resolution of the directors at North Ryde, New South Wales on 8 March 2012.



Graham John McMaster, Chairman

**Lead Auditor's Independence Declaration under section 307C of the Corporations Act 2001
to the directors of North Ryde Community Finance Limited**

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2011 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.



GRAEME STEWART
ANDREW FREWIN & STEWART
61-65 Bull Street Bendigo 3550

Dated this 8th day of March 2012

North Ryde Community Finance Limited
ABN 74 112 673 506
Statement of Comprehensive Income
for the half-year ended 31 December 2011

	<u>Notes</u>	2011 \$	2010 \$
Revenue from ordinary activities		488,921	433,007
Employee benefits expense		(168,170)	(170,401)
Charitable donations, sponsorship, advertising and promotion		(8,851)	(11,246)
Occupancy and associated costs		(40,511)	(37,852)
Systems costs		(8,727)	(9,079)
Depreciation and amortisation expense		(17,946)	(17,740)
General administration expenses		(39,007)	(46,110)
Profit before income tax expense		205,709	140,579
Income tax expense	5	(57,179)	(44,266)
Profit after income tax expense		148,530	96,313
Total comprehensive income for the year attributable to members		148,530	96,313
Earnings per Share		<u>c</u>	<u>c</u>
Basic from profit for the period:		14.03	9.10

The accompanying notes form part of these financial statements.

North Ryde Community Finance Limited
ABN 74 112 673 506
Balance Sheet
as at 31 December 2011

	<u>Notes</u>	31-Dec 2011 \$	30-Jun 2011 \$
ASSETS			
Current Assets			
Cash assets		960,776	978,092
Trade and other receivables		56,422	56,730
Total Current Assets		<u>1,017,198</u>	<u>1,034,822</u>
Non-Current Assets			
Property, plant and equipment		166,423	168,714
Intangible assets		47,663	54,638
Deferred tax asset		1,439	-
Financial assets	6	106,750	-
Total Non-Current Assets		<u>322,275</u>	<u>223,352</u>
Total Assets		<u>1,339,473</u>	<u>1,258,174</u>
LIABILITIES			
Current Liabilities			
Trade and other payables		17,205	13,301
Current tax liabilities		66,495	44,776
Provisions		5,034	9,173
Total Current Liabilities		<u>88,734</u>	<u>67,250</u>
Non-Current Liabilities			
Provisions		4,111	7,261
Deferred tax liabilities		-	865
Total Non-Current Liabilities		<u>4,111</u>	<u>8,126</u>
Total Liabilities		<u>92,845</u>	<u>75,376</u>
Net Assets		<u>1,246,628</u>	<u>1,182,798</u>
Equity			
Issued capital		1,012,038	1,012,038
Retained earnings		234,590	170,760
Total Equity		<u>1,246,628</u>	<u>1,182,798</u>

The accompanying notes form part of these financial statements.

North Ryde Community Finance Limited
ABN 74 112 673 506
Statement of Changes in Equity
for the half-year ended 31 December 2011

	Issued Capital \$	Retained Earnings \$	Total Equity \$
Balance at 1 July 2010	1,012,038	39,383	1,051,421
Total comprehensive income for the year	<u>-</u>	<u>96,313</u>	<u>96,313</u>
	1,012,038	135,696	1,147,734
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	<u>-</u>	<u>(84,701)</u>	<u>(84,701)</u>
Balance at 31 December 2010	<u>1,012,038</u>	<u>50,995</u>	<u>1,063,033</u>
Balance at 1 July 2011	1,012,038	170,760	1,182,798
Total comprehensive income for the year	<u>-</u>	<u>148,530</u>	<u>148,530</u>
	1,012,038	319,290	1,331,328
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	<u>-</u>	<u>(84,700)</u>	<u>(84,700)</u>
Balance at 31 December 2011	<u>1,012,038</u>	<u>234,590</u>	<u>1,246,628</u>

The accompanying notes form part of these financial statements.

North Ryde Community Finance Limited
ABN 74 112 673 506
Cash Flow Statement
for the half-year ended 31 December 2011

	2011	2010
	\$	\$
Cash Flows From Operating Activities		
Receipts from customers	487,605	450,504
Payments to suppliers and employees	(311,986)	(293,004)
Interest received	40,739	24,183
Dividends received	4,220	-
Income taxes paid	(37,764)	(44,340)
Net cash provided by operating activities	<u>182,814</u>	<u>137,343</u>
Cash Flows From Investing Activities		
Payments for property, plant and equipment	(8,680)	(4,812)
Payments for financial assets	(106,750)	-
Net cash used in investing activities	<u>(115,430)</u>	<u>(4,812)</u>
Cash Flows From Financing Activities		
Dividends paid	(84,700)	(84,701)
Net cash used in financing activities	<u>(84,700)</u>	<u>(84,701)</u>
Net increase/(decrease) in cash held	(17,316)	47,830
Cash at the beginning of the financial year	978,092	805,758
Cash at the end of the half-year	<u><u>960,776</u></u>	<u><u>853,588</u></u>

The accompanying notes form part of these financial statements.

North Ryde Community Finance Limited
ABN 74 112 673 506
Notes to the financial statements
for the half-year ended 31 December 2011

Note 1. Summary of Significant Accounting Policies

Statement of Compliance

The half-year financial statements are a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard *AASB 134: Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard *IAS 34: Interim Financial Reporting*.

Basis of Preparation

The half-year financial report is intended to provide users with an update on the latest annual financial statements and does not include all the notes of the type normally included in an annual financial report. Accordingly the report shall be read in conjunction with the annual financial report for the year ended 30 June 2011 and any public announcements made by the company during the period.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements and the previous corresponding interim period.

The half-year financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

The company has elected not to early adopt the new and amended Accounting Standards and Interpretations, as outlined in the annual financial report for the year ended 30 June 2011, that have mandatory application dates during future reporting periods.

There are no new and revised Standards and amendments thereof and Interpretations effective for the current reporting period relevant to the company that were not disclosed in the annual financial report for the year ended 30 June 2011.

Financial Instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

The investment portfolio relates to holdings of securities which the Directors intend to retain on a long-term basis for the income they generate.

These Securities are classified as 'financial assets measured at fair value through other comprehensive income', and are designated as such upon initial recognition.

North Ryde Community Finance Limited
ABN 74 112 673 506
Notes to the financial statements
for the half-year ended 31 December 2011

Note 1. Summary of Significant Accounting Policies (continued)

Financial Instruments (continued)

Valuation of portfolio

Listed securities are initially brought to account at market value, which is the cost of acquisition, and are revalued to market values continuously. Movements in carrying values of securities are recognized as Other Comprehensive Income and taken to the Revaluation Reserve.

Where disposal of and investment occurs, any revaluation increment or decrement relating to it is transferred from the Revaluation Reserve to the Realised Capital Gains Reserve.

Fair value

Fair value is determined based on current bid prices for all quoted investments.

Note 2. Events Subsequent to Reporting Date

There have been no events subsequent to reporting date that would materially effect the financial statements at the reporting date.

Note 3. Contingent Assets and Liabilities

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

Note 4. Segment Reporting

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

North Ryde Community Finance Limited
ABN 74 112 673 506
Notes to the financial statements
for the half-year ended 31 December 2011

Note 5. Income Tax Expense	2011	2010
	\$	\$
The components of tax expense comprise:		
- Current tax	64,016	47,622
- Future income tax benefit attributed to losses	-	-
- Movement in deferred tax	(2,303)	(3,356)
- Recoupment of prior year tax losses	-	-
- Adjustments to tax expense of prior periods	(4,534)	-
	<u>57,179</u>	<u>44,266</u>
The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Operating profit	205,709	140,579
Prima facie tax on profit from ordinary activities at 30%	61,713	42,173
Add tax effect of:		
- non-deductible expenses	-	2,093
- timing difference expenses	2,303	3,356
- other deductible expenses	-	-
	<u>64,016</u>	<u>47,622</u>
Movement in deferred tax	(2,303)	(3,356)
Adjustments to tax expense of prior periods	(4,534)	-
	<u>57,179</u>	<u>44,266</u>

Adjustments to tax expense of prior periods relates to the tax deductibility of amortisation on the renewal franchise fee and renewal processing fee. A tax deduction was not initially claimed for the amortisation on these items, pending the outcome of a private tax ruling by the Commissioner of Taxation. While the original private tax ruling held that these items were in fact not tax deductible, the ruling was overturned by Administrative Appeals Tribunal decision 607 handed down on 31 August 2011. Therefore amortisation on the renewal franchise fee and renewal processing fee can now be claimed as a tax deduction. Amendment to the applicable income tax returns will be undertaken, with the overall tax effect of the change outlined below:

Year	Franchise Fee	Amortisation Process Fee	Total	Tax effect @ 30%
2010	194	969	1,163	349
2011	2,325	11,625	13,950	4,185
	<u>2,519</u>	<u>12,594</u>	<u>15,113</u>	<u>4,534</u>

North Ryde Community Finance Limited
ABN 74 112 673 506
Notes to the financial statements
for the half-year ended 31 December 2011

	2011	2010
	\$	\$
Note 6. Financial Assets		
Shares in listed companies	<u>106,750</u>	<u>-</u>

Note 7. Dividends Paid

	2011	2010
	\$	\$
Current year interim dividend		
100% (2010: 100%) franked dividend - 8 cents (2010: 8 cents) per share	<u>84,700</u>	<u>84,700</u>

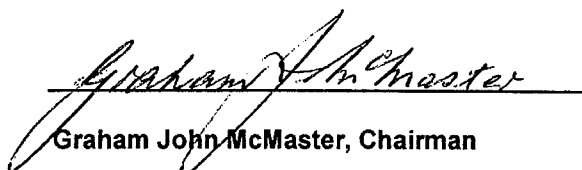
North Ryde Community Finance Limited
ABN 74 112 673 506
Directors' Declaration

In the opinion of the directors of North Ryde Community Finance Limited ("the company"):

- 1 The financial statements and notes thereto are in accordance with the *Corporations Act 2001* including:
 - (a) giving a true and fair view of the financial position of the entity as at 31 December 2011 and of its performance, as represented by the results of its operations and cash flows for the half-year ended on that date;
 - (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- 2 There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the *Corporations Act 2001*.

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


Graham John McMaster, Chairman

Dated this 8th day of March 2012.

Independent Auditor's Review Report to the Members of North Ryde Community Finance Limited

Report on the Half-year Financial Report

We have reviewed the accompanying half-year financial report of North Ryde Community Finance Limited, which comprises the balance sheet as at 31 December 2011, the statement of comprehensive income, statement of changes in equity and cash flow statement for the half-year ended on that date, a statement of significant accounting policies and other explanatory information and the directors' declaration.

Directors' Responsibility for the Half-year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410: Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the company's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of North Ryde Community Finance Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

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

Independence

In conducting our review we have complied with the independence requirements of the Corporations Act 2001.

Auditor's Opinion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of North Ryde Community Finance Limited is not in accordance with the Corporations Act 2001 including:

- a) Giving a true and fair view of the company's financial position at 31 December 2011 and of its performance for the half-year ended on that date; and
- b) Complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.



GRAEME STEWART

ANDREW FREWIN & STEWART

61-65 Bull Street, Bendigo, 3550

Dated this 8th day of March 2012