



Rye & District
Community Financial Services Limited
Financial Statements
for the half-year ended
31 December 2014

Rye & District Community Financial Services Limited
ABN 67 095 766 895
Directors' Report

Your directors submit the financial report of the company for the half-year ended 31 December 2014.

Directors

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

Shane Christopher McCarthy

Patricia Tonks

Barry Irving

Andrew Ross Emerson

Janet Iris Hall

Stephen Bernard Edmund

Gary Michael Cain

Dorothy Mortlock

Vincent De Paul Cheers

Amber Earles

Eileen Naylor (*resigned 20th November 2014*)

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 franchised branches 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: \$134,959 [2013: \$239,356] against a budgeted outcome of \$275,979.

Whilst revenue from normal operations was largely in line with budget, total revenue was impacted by \$15,123 as a result of the company's inability to finalise a tenancy agreement for the vacant shop at the Rosebud development.

Total expenditure for the period was \$1,601,764 against a budget of \$1,498,005 – an adverse impact of \$103,759. These increased costs were largely attributable to one-off items related to staff costs associated with the payment of entitlements to long-serving staff members who have resigned from the company and the increased costs associated with the Rosebud development.

As was forecast in the 2014 Annual Report, the sale of the first unit at Rosebud was settled in October 2014.

The sale of the second unit is under contract with settlement scheduled by the end of February 2015.

The sale of these two units will allow the company to proceed with the purchase of the current banking premises at Rye under terms negotiated in 2011. It is expected that the purchase of the Rye property will be completed by 31st March 2015.

The purchase of the Rye property will complete the company's strategy of owning all three properties (Rye, Dromana and Rosebud), significantly strengthening the company's balance sheet and enhancing the value of the company for our shareholders.

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 3.

Signed in accordance with a resolution of the directors at RYE, Victoria on 12/3/2015
March 2015.



Shane Christopher McCarthy, Chairman

Lead auditor's independence declaration under section 307C of the *Corporations Act 2001* to the directors of Rye & District Community Financial Services Limited

We declare that, to the best of our knowledge and belief, for the half-year ended 31 December 2014 there have been no contraventions of:

- the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review
- any applicable code of professional conduct in relation to the review.



Andrew Frewin Stewart
61 Bull Street, Bendigo Vic 3550



David Hutchings
Lead Auditor

Dated: 12 March 2015

Rye & District Community Financial Services Limited
ABN 67 095 766 895
Statement of Profit or Loss and Other Comprehensive Income
for the half-year ended 31 December 2014

	2014	2013
	\$	\$
Revenue from ordinary activities	1,798,931	1,698,811
Employee benefits expense	(852,371)	(767,326)
Charitable donations, sponsorship, advertising and promotion	(292,683)	(211,639)
Occupancy and associated costs	(104,356)	(88,714)
Systems costs	(93,073)	(74,174)
Depreciation and amortisation expense	(82,182)	(54,320)
Finance costs	(52,271)	(52,259)
General administration expenses	(124,828)	(114,263)
	<hr/>	<hr/>
Profit before income tax expense	197,167	336,116
Income tax expense	(62,208)	(96,760)
	<hr/>	<hr/>
Profit after income tax expense	134,959	239,356
	<hr/>	<hr/>
Total comprehensive income for the year attributable to members	134,959	239,356
	<hr/> <hr/>	<hr/> <hr/>
Earnings per Share	c	c
Basic from profit for the period:	4.60	8.16

The accompanying notes form part of these financial statements.

Rye & District Community Financial Services Limited
ABN 67 095 766 895
Balance Sheet
as at 31 December 2014

	31-Dec 2014 \$	30-Jun 2014 \$
ASSETS		
Current Assets		
Cash assets	321,381	154,964
Trade and other receivables	319,361	316,529
Current tax assets	399	40,508
Total Current Assets	<u>641,141</u>	<u>512,001</u>
Non-Current Assets		
Property, plant and equipment	3,688,124	4,526,267
Financial assets	10,000	10,000
Intangible assets	92,315	112,423
Deferred tax asset	50,125	49,174
Realised Capital Losses	255,957	-
Total Non-Current Assets	<u>4,096,521</u>	<u>4,697,864</u>
Total Assets	<u>4,737,662</u>	<u>5,209,865</u>
LIABILITIES		
Current Liabilities		
Trade and other payables	106,835	97,612
Borrowings	253,059	201,870
Provisions	148,713	142,353
Total Current Liabilities	<u>508,607</u>	<u>441,835</u>
Non-Current Liabilities		
Borrowings	1,177,882	1,673,236
Provisions	36,353	39,036
Total Non-Current Liabilities	<u>1,214,235</u>	<u>1,712,272</u>
Total Liabilities	<u>1,722,842</u>	<u>2,154,107</u>
Net Assets	<u>3,014,820</u>	<u>3,055,758</u>
Equity		
Issued capital	1,299,400	1,299,400
Retained earnings/Accumulated losses	1,715,420	1,756,358
Total Equity	<u>3,014,820</u>	<u>3,055,758</u>

The accompanying notes form part of these financial statements.

Rye & District Community Financial Services Limited
ABN 67 095 766 895
Statement of Changes in Equity
for the half-year ended 31 December 2014

	Issued Capital \$	Retained Earnings \$	Total Equity \$
Balance at 1 July 2013	1,299,400	1,674,362	2,973,762
Total comprehensive income for the year	<u>-</u>	<u>239,356</u>	<u>239,356</u>
	1,299,400	1,913,718	3,213,118
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	<u>-</u>	<u>(227,200)</u>	<u>(227,200)</u>
Balance at 31 December 2013	<u>1,299,400</u>	<u>1,686,518</u>	<u>2,985,918</u>
Balance at 1 July 2014	1,299,400	1,756,357	3,055,757
Total comprehensive income for the year	<u>-</u>	<u>134,959</u>	<u>134,959</u>
	1,299,400	1,891,316	3,190,716
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	<u>-</u>	<u>(175,896)</u>	<u>(175,896)</u>
Balance at 31 December 2014	<u>1,299,400</u>	<u>1,715,420</u>	<u>3,014,820</u>

The accompanying notes form part of these financial statements.

Rye & District Community Financial Services Limited
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Statement of Cash Flows
for the half-year ended 31 December 2014

	2014	2013
	\$	\$
Cash Flows From Operating Activities		
Receipts from customers	1,791,449	1,682,371
Payments to suppliers and employees	(1,456,583)	(1,279,615)
Interest paid	(52,271)	(52,259)
Interest received	1,679	5,054
Income taxes paid	(20,078)	(102,251)
Net cash provided by operating activities	<u>264,196</u>	<u>253,300</u>
Cash Flows From Investing Activities		
Payments for property, plant and equipment	(1,463)	(966,946)
Payments for motor vehicles	(31,650)	-
Payments for intangible assets	-	(80,000)
Payments for leasehold improvements	(9,114)	-
Proceeds from sale of property & buildings	600,000	-
Net cash provided by/(used in) investing activities	<u>557,773</u>	<u>(1,046,946)</u>
Cash Flows From Financing Activities		
Proceeds from borrowings	89,842	701,955
Repayment of borrowings	(569,497)	(66,553)
Dividends paid	(175,896)	(227,200)
Net cash provided by/(used in) financing activities	<u>(655,551)</u>	<u>408,202</u>
Net increase/(decrease) in cash held	166,418	(385,444)
Cash at the beginning of the financial year	154,964	761,224
Cash at the end of the half-year	<u>321,382</u>	<u>375,780</u>

The accompanying notes form part of these financial statements.

Rye & District Community Financial Services Limited
ABN 67 095 766 895
Notes to the financial statements
for the half-year ended 31 December 2014

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 2014 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.

Amendments to Accounting Standards and the new Interpretation that are mandatorily effective for the current reporting period

The following Australian Accounting Standards, amendments to Australian Accounting Standards and Interpretation have become mandatory for adoption for the financial year commencing on 1 July 2014:

- AASB 1031 - Materiality (2013)
- AASB 2012-3 - Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities
- AASB 2013-3 - Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets
- AASB 2013-4 - Amendments to Australian Accounting Standards - Novation of Derivatives and Continuation of Hedge Accounting
- AASB 2013-5 - Amendments to Australian Accounting Standards - Investment Entities
- AASB 2013-9 - Amendments to Australian Accounting Standards - Part B: Materiality
- AASB 2014-1 - Amendments to Australian Accounting Standards -
 - Part A: Annual Improvements 2010-2012 and 2011-2013 Cycles
 - Part B: Defined Benefit Plans - Employee Contributions (Amendments to AASB 119)
 - Part C: Materiality
- Interpretation 21 - Levies

Rye & District Community Financial Services Limited
ABN 67 095 766 895
Notes to the financial statements
for the half-year ended 31 December 2014

Note 1. Summary of Significant Accounting Policies (continued)

Amendments to Accounting Standards and the new Interpretation that are mandatorily effective for the current reporting period (continued)

None of the new standards, amendments to standards or interpretation that are mandatory for the first time for the financial year beginning 1 July 2014 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods. There were no other new or revised Accounting Standards 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 2014.

The company has not elected to apply any pronouncements before their mandatory operative date in the annual reporting period beginning 1 July 2014.

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 Rye District, Victoria pursuant to a franchise agreement with Bendigo and Adelaide

Note 5. Related Parties

Arrangements with related parties continue to be in place. For details on these arrangements, refer to the 30 June 2014 annual financial report.

Note 6. Dividends Paid/Provided

	<u>2014</u> <u>Cents</u>	<u>2014</u> <u>\$</u>	<u>2013</u> <u>Cents</u>	<u>2013</u> <u>\$</u>
Dividend paid in the period as recommended in the annual report:	6.0	175,896	7.75	227,199
100% fully franked (2013: 100%)				

The tax rate at which dividends have been franked is 30% (2013: 30%).

Rye & District Community Financial Services Limited
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Notes to the financial statements
for the half-year ended 31 December 2014

	2014 Dec \$	2014 Jun \$
Note 7. Movement in Property, Plant & Equipment		
Carrying amount at beginning	4,526,267	3,508,084
Additions	42,221	1,141,285
Disposals	(818,290)	(10,852)
Less: depreciation expense	(62,074)	(112,250)
Carrying amount at end	<u><u>3,688,124</u></u>	<u><u>4,526,267</u></u>

The sale of one of the residential units in Rosebud took place during the period. After receiving proceeds of \$577,903 net of GST and allowing for costs on sale, there was a total capital loss of \$255,957, which is reflected in the balance under Realised Capital Losses and will continue to carry forward until such time that there is a Capital Gain which will be used to absorb the losses.

Rye & District Community Financial Services Limited
ABN 67 095 766 895
Directors' Declaration

In the opinion of the directors of Rye & District Community Financial Services 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 2014 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.



Shane Christopher McCarthy, Chairman

Dated this 12th day of March 2015.

Independent auditor's review report to the members of Rye & District Community Financial Services Limited

Report on the half-year financial report

We have reviewed the accompanying half-year financial report of Rye & District Community Financial Services Limited, which comprises the balance sheet as at 31 December 2014, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary 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 controls 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 2014 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 Rye & District Community Financial Services 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 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.

Liability limited by a scheme approved under Professional Standards Legislation. ABN: 51 061 795 337.

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 Rye & District Community Financial Services 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 2014 and of its performance for the half-year ended on that date
- b) complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.



Andrew Frewin Stewart
61 Bull Street, Bendigo Vic 3550



David Hutchings
Lead Auditor

Dated: 12 March 2015