

Rye & District Community Financial Services Limited

ABN: 67 095 766 895

Financial Statements

For the half-year ended

31 December 2017

Rye & District Community Financial Services Limited

Directors' Report

Your directors submit the financial report of the company for the half-year ended 31 December 2017.

Directors

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

Vincent de Paul Cheers
Anthony Patrick Harford
Stephen Bernard Edmund
Dorothy Mortlock
Barry Leonard Irving
Gary Michael Cain
Janet Iris Hall
Amber Britt Earles
Stephen Robin
Andrew Ross Emerson (*Resigned 15 Nov 2017*)

Principal activities

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

Review 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:

Half-year ended 31 December 2017	Half-year ended 31 December 2016
\$ 228,041	\$ 198,917

Events after 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.

Auditor's independence declaration

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

Signed in accordance with a resolution of the directors at _____
on 3rd March 2018.

Fingal Victoria

Chairman



Vincent de Paul Cheers


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 2017 there have been no contraventions of:

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



Andrew Frewin Stewart
61 Bull Street, Bendigo Vic 3550
Dated: 3 March 2018



Graeme Stewart
Lead Auditor

Rye & District Community Financial Services Limited

Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 31 December 2017

	2017 \$	2016 \$
Revenue from ordinary activities	2,031,766	1,864,330
Loss on sale of non current assets	(8,445)	-
Employee benefits expense	(1,041,900)	(936,631)
Charitable donations, sponsorship, advertising and promotion	(288,772)	(241,694)
Occupancy and associated costs	(58,083)	(56,704)
Systems costs	(92,981)	(97,524)
Depreciation and amortisation expense	(70,781)	(77,198)
Finance costs	(31,521)	(40,010)
General administration expenses	(118,853)	(124,711)
Profit before income tax	320,430	289,858
Income tax expense	(92,389)	(90,941)
Profit after income tax	228,041	198,917
Total other comprehensive income for the half-year attributable to the ordinary shareholders of the company:	228,041	198,917
Earnings per Share	¢	¢
Basic earnings per share:	7.78	6.79

Rye & District Community Financial Services Limited

Balance Sheet

As at 31 December 2017

	31-Dec-17 \$	30-Jun-17 \$
ASSETS		
Current assets		
Cash and cash equivalents	155,457	144,981
Trade and other receivables	366,492	365,972
Total current assets	521,949	510,953
Non-current assets		
Property, plant and equipment	3,910,530	3,951,166
Investment Property	808,835	816,236
Intangible assets	95,321	115,916
Deferred tax assets	197,397	187,418
Total non-current assets	5,012,083	5,070,736
TOTAL ASSETS	5,534,032	5,581,689
LIABILITIES		
Current liabilities		
Trade and other payables	168,370	146,819
Current tax liabilities	102,675	53,466
Borrowings	226,018	236,693
Provisions	169,079	147,037
Total current liabilities	666,142	584,015
Non-current liabilities		
Borrowings	1,257,460	1,418,134
Provisions	66,353	58,291
Total non-current liabilities	1,323,813	1,476,425
TOTAL LIABILITIES	1,989,955	2,060,440
NET ASSETS	3,544,077	3,521,249
EQUITY		
Issued capital	1,299,400	1,299,400
Reserves	679,772	679,772
Retained earnings	1,564,905	1,542,077
TOTAL EQUITY	3,544,077	3,521,249

The accompanying notes form part of these financial statements

Rye & District Community Financial Services Limited

Statement of Changes in Equity

For the half-year ended 31 December 2017

	Note	Issued Capital \$	Reserves \$	Retained Earnings \$	Total Equity \$
Balance at 1 July 2016		1,299,400	679,772	1,439,946	3,419,118
Total comprehensive income for the half-year		-		198,917	198,917
Transactions with owners in their capacity as owners:					
Shares issued during period		-		-	-
Costs of issuing shares		-		-	-
Dividends provided for or paid	6	-		(183,224)	(183,224)
Balance at 31 December 2016		1,299,400	679,772	1,455,639	3,434,811
Balance at 1 July 2017		1,299,400	679,772	1,542,077	3,521,249
Total comprehensive income for the half-year		-		228,041	228,041
Transactions with owners in their capacity as owners:					
Shares issued during period		-		-	-
Costs of issuing shares		-		-	-
Dividends provided for or paid	6	-		(205,213)	(205,213)
Balance at 31 December 2017		1,299,400	679,772	1,564,905	3,544,077

Rye & District Community Financial Services Limited

Statement of Cash Flows

For the half-year ended 31 December 2017

	Note	2017 \$	2016 \$
Cash flows from operating activities			
Receipts from customers		2,222,077	1,973,571
Payments to suppliers and employees		(1,733,465)	(1,647,898)
Interest paid		(31,521)	(40,010)
Interest received		153	1,334
Income taxes paid		(53,159)	(26,507)
Net cash provided by operating activities		404,085	260,490
Cash flows from investing activities			
Purchase of property, plant and equipment		(17,045)	(6,959)
Net cash used in investing activities		(17,045)	(6,959)
Cash flows from financing activities			
Proceeds from borrowings		-	185,000
Repayment of borrowings		(171,351)	(342,921)
Dividends paid	6	(205,213)	(183,224)
Net cash used in financing activities		(376,564)	(341,145)
Net increase/(decrease) in cash held		10,476	(87,614)
Cash and cash equivalents at the beginning of the financial year		144,981	250,535
Cash and cash equivalents at the end of the half-year		155,457	162,921

Rye & District Community Financial Services Limited

Notes to the Financial Statements

For the half-year ended 31 December 2017

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 2017 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.

There are no new and revised Accounting Standards or 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 2017.

Note 2. Events subsequent to reporting date

There have been no events subsequent to reporting date that would materially affect 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 Bank Limited.

Note 5. Related parties

Arrangements with related parties continue to be in place. For details on these arrangements, refer to the 30 June 2017 annual financial report.

Note 6. Dividends paid/provided	2017		2016	
	Cents	\$	Cents	\$

Dividend paid in the period as recommended in the annual report:

7.00	205,212	6.25	183,224
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100% fully franked (2016: 100%)

The tax rate at which dividends have been franked is 27.5% (2016: 27.5%).

Rye & District Community Financial Services Limited

Notes to the Financial Statements

For the half-year ended 31 December 2017

Note 7. Fair value measurement

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

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly
- Level 3 inputs are unobservable inputs for the asset or liability.

In estimating the fair value of an asset or a liability, the company uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the company engages third party qualified valuers to perform the valuation.

To provide an indication about the reliability of the inputs used in determining fair value, the applicable assets and liabilities have been classified into the three levels prescribed under the accounting standards, as outlined above.

At 31 December 2017	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Recurring fair value measurements:				
Investment property	-	850,000	-	850,000
Freehold land and buildings	-	3,940,000	-	3,940,000
Total assets at fair value	-	4,790,000	-	4,790,000
At 30 June 2017	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Recurring fair value measurements:				
Investment property	-	850,000	-	850,000
Freehold land and buildings	-	3,940,000	-	3,940,000
Total assets at fair value	-	4,790,000	-	4,790,000

There were no transfers between Level 1 and Level 2 during the reporting period. The company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Rye & District Community Financial Services Limited

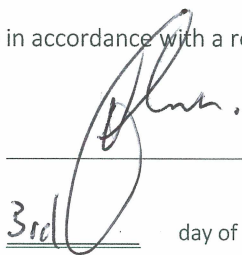
Directors' Declaration

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 2017 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.

This declaration is made in accordance with a resolution of the Board of Directors.

Chairman



Vincent de Paul Cheers

Dated this

3rd

day of

March

2018.

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 2017, 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 2017 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.

Independence

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

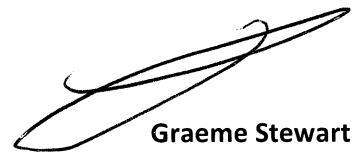
Auditor's opinion

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 2017 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
Dated: 3 March 2018



Graeme Stewart
Lead Auditor

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Business Services

Community Banking

Audit

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in success



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