



**Rye & District Community  
Financial Services Ltd**  
ABN 67 095 766 895  
**Financial Statements**  
**For the Year ended 30<sup>th</sup> June 2006**

**JSP Partners Pty Ltd**  
**A.C.N. 006 957 777**  
**Unit 5, 4-6 Wheeler St Berwick Vic. 3806 Phone 03 9707 3333**  
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**Rye & District Community Financial Services Ltd**  
**ABN 67 095 766 895**  
**Statement of Directors' Report**  
**For the Year ended 30 June 2006**

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The Directors submit the Financial Accounts of the company for the half year ended 30 June 2006.

**Directors**

The names and details of the directors who held office during or since the end of the financial year:

Peter John Van Duren  
Chairperson  
Age 51  
Real Estate Agent

Guiseppe Oscar Glavici  
Director  
Age 53  
Dentist

Eileen Naylor  
Company Secretary from 24<sup>th</sup> November 2004  
Age 58  
Retiree

Janet Iris Hall  
Director  
Age: 59  
Interior Decorator  
Appointed: 24<sup>th</sup> November 2004

Patricia Tonks  
Treasurer  
Age 64  
Retiree

Brian Earles  
Director  
Age 54  
Building Designer

Shane Christopher McCarthy  
Director  
Aged 54  
Solicitor

Barry Leonard Irving  
Director  
Age: 63  
Photographer  
Appointed: 24 November 2004

Trevor William Lloyd  
Director  
Age: 54  
Builder  
Appointed: 24 November 2004

Directors were in office for this entire year unless otherwise stated.

**Rye & District Community Financial Services Ltd**  
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The directors and their associates held the following shares in the Rye & District Community Financial Services Ltd as at the 30 June 2006.

	<i><b>No. of Shares Held</b></i>
Peter J Van Duren	12,001
Patricia Tonks	10,559
Shane C McCarthy	1,251
Brian Earles	26,250
Eileen Naylor	10,500
Guiseppe Glavici	1,000
Janet Hall	1,000
Trevor Lloyd	4,000
Barry Irving	500

No directors have material interests in contracts or proposed contracts with the company.

**Company Secretary**

The company secretary is Eileen Naylor. Eileen was appointed to the position of secretary on 24<sup>th</sup> November 2004.

**Principal Activities**

The principal activities of the company during the course of the financial year were in providing community banking services under management rights to operate a franchised branch of Bendigo Bank Limited.

There has been no significant changes in the nature of these activities during the year.

**Operating Results**

Operations have continued to perform in line with expectations. The profit/(loss) of the company for the financial year after the provision for income tax was:

<b>Year ended 30 June 2006</b>	<b>Year ended 30 June 2005</b>
<b>\$</b>	<b>\$</b>
28,114	86,202

**Rye & District Community Financial Services Ltd**  
**ABN 67 095 766 895**  
**Statement of Directors' Report**  
**For the Year ended 30 June 2006**

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### **Remuneration Report**

The Board is responsible for the determination of remuneration packages and policies applicable to the Branch Manager and all the staff. The Branch Manager is invited to the Board meeting as required to discuss performance and remuneration packages.

The Branch Manager is paid a base salary, which is between \$70,000 and \$80,000 plus the use of a company car. In addition the Branch Manager receives a bonus if the company exceeds the budget estimates established by the Board.

### **Dividends**

The following dividend was paid during the year

<b>Dividends</b>	<b>Year ended 30 June 2006</b>	
	<b>Cents</b>	<b>\$</b>
Final dividends recommended	14c	74,241
Dividends paid in the year.		
- Interim for the year		
- As recommended in the prior year report	16c	84,847

The Directors have resolved that a 14 cents fully franked dividend be paid to Ordinary shareholders from the previous year profits. Dividends will be paid on the 14<sup>th</sup> November 2006 based on the shareholdings as at 31 October 2006.

### **Significant changes in the state of affairs**

In the opinion of the Directors there were no significant changes in the state of affairs of the company that occurred during the financial year under review not otherwise disclosed in this report or the financial report.

### **Matters subsequent to the end of the financial year**

There are no matters or circumstances that have arisen since the end of the financial year 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, in future years.

### **Likely Developments**

The company will continue its policy of providing banking services to the community. The company is currently working with Bendigo Bank Limited and the Dromana Community to open a second Community Bank site at Dromana.

### **Environmental Regulation**

The company is not subject to any significant environmental regulation.

### **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, other

# **Rye & District Community Financial Services Ltd**

**ABN 67 095 766 895**

## **Statement of Directors' Report For the Year ended 30 June 2006**

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than Mr. McCarthy whose company McCarthy Partners Pty Ltd provide legal services. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by Directors shown in the company's accounts, or the fixed salary of a full-time employee of the company, controlled entity or related body corporate.

### **Indemnification and Insurance of Directors and Officers**

The company has indemnified all Directors and the Manager in respect of liabilities to other persons (other than the company or related body corporate) that may arise from their position as Directors or Managers 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. The company has not provided any insurance for an auditor of the company or a related body corporate.

### **Directors Meetings**

The number of Director's meetings attended by each of the Directors of the company during the year was:

	<b><i>No. of Meetings <u>Attended</u></i></b>	<b><i>No. of Meeting <u>Held</u></i></b>
Peter J Van Duren	14	14
Eileen Naylor	11	14
Patricia Tonks	13	14
Shane C McCarthy	12	14
Brian Earles	13	14
Janet Hall	12	14
Guiseppe Glavici	13	14
Trevor Lloyd	14	14
Barry Irving	13	14

### **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 the notes to the accounts.

The board of directors has considered the position, in accordance with the advice received from the audit committee and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are satisfied that the provision of non-audit services by the auditor, as set out in the notes 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 audit committee to ensure they do not impact

**Rye & District Community Financial Services Ltd**  
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**Statement of Directors' Report**  
**For the Year ended 30 June 2006**

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on the impartiality and objectivity of the auditor;

- None of the services undermine the general principles relating to auditor independence as set out in Professional Statement F1, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risk and rewards.

A copy of the Auditors' Independence Declaration as required under section 307C of the Corporations Act 2001 is set out on page 5.

Signed in accordance with a resolution of the Board of Directors at Rye on \_\_\_\_\_.

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**Peter J Van Duren**

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**Patricia Tonks**

**Rye & District Community Financial Services Ltd**  
**ABN 67 095 766 895**  
**Statement of Directors' Declaration**  
**For Year ended 30 June 2006**

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In accordance with a resolution of the Directors of the Rye & District Community Financial Services Limited, we state that:

In the opinion of the Directors:

- a) the financial statements and notes of the company are 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 2006 and of its performance for the financial year ended on that date; and
  - (ii) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- b) 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.

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**Peter J Van Duren**

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**Patricia Tonks**

Dated this \_\_\_\_\_

**Rye & District Community Financial Services Ltd**  
**ABN 67 095 766 895**  
**Condensed Income Statement**  
**For the Year ended 30 June 2006**

	Note	2006 \$	2005 \$
Revenues from continuing operations	3	1,236,440	1,045,707
Charitable Donations and Sponsorships		(428,223)	(330,510)
Salaries and employee benefits expense		(427,547)	(295,394)
Advertising and promotion expenses		(22,952)	(26,209)
Occupancy and associated costs		(47,565)	(35,892)
Depreciation and amortisation expense	4	(58,659)	(57,871)
Finance costs		(5,943)	(1,849)
General administration expenses		(151,146)	(120,587)
System costs		(30,383)	(25,526)
<b>Profit/(Loss) from ordinary activities before income tax expense/credit</b>		<b>64,022</b>	<b>151,869</b>
Income tax expense/credit	5	35,908	65,667
<b>Profit/(Loss) from ordinary activities after income tax expense/credit</b>		<b>28,114</b>	<b>86,202</b>
<b>Profit/(Loss) attributable to members of Rye and District Community Financial Services Limited</b>		<b>28,114</b>	<b>86,202</b>
<b>Earnings per share (cents per share)</b>		<b>5.30c</b>	<b>16.26c</b>
- basic for profit for the half year			
- diluted for profit for the half year			

*The accompanying notes form part of these financial statements.  
These financial statements have been subject to audit and should be read in  
conjunction with the attached Compilation Report.*



**Rye & District Community Financial Services Ltd**  
**ABN 67 095 766 895**  
**Condensed Balance Sheet**  
**As at June 2006**

	Note	30-Jun 2006 \$	30-Jun 2005 \$
<b>CURRENT ASSETS</b>			
Cash assets	6	286,884	603,403
Trade and other receivables	7	185,093	125,163
<b>TOTAL CURRENT ASSETS</b>		<b>471,977</b>	<b>728,566</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	8	891,392	97,174
Intangibles	9		10,000
Deferred tax assets	10		
<b>TOTAL NON-CURRENT ASSETS</b>		<b>891,392</b>	<b>107,174</b>
<b>TOTAL ASSETS</b>		<b>1,363,369</b>	<b>835,740</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	11	79,144	36,324
Borrowings	12	93,078	5,451
Provisions	13	29,675	37,525
<b>TOTAL CURRENT LIABILITIES</b>		<b>201,897</b>	<b>79,301</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	12	463,234	15,798
Provisions	13	14,330	
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>477,564</b>	<b>15,798</b>
<b>TOTAL LIABILITIES</b>		<b>679,461</b>	<b>95,099</b>
<b>NET ASSETS</b>		<b>683,908</b>	<b>740,641</b>
<b>EQUITY</b>			
Contributed Equity	14	504,166	504,166
Retained profits (Accumulated losses)	15	179,742	236,475
<b>TOTAL EQUITY</b>		<b>683,908</b>	<b>740,641</b>

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conjunction with the attached Compilation Report.*

**Rye & District Community Financial Services Ltd**  
**ABN 67 095 766 895**  
**Condensed Statement of Changes in Equity**  
**For the Year Ended 30 June 2006**

	Note	30 June 2006 \$	30 June 2005 \$
Total equity at the beginning of the financial year		740,641	707,457
Net profit/(Loss) for the year		28,114	86,202
Net income/expense recognised directly in equity		<u>768,755</u>	<u>793,659</u>
Dividends provided for or paid		84,847	53,029
Shares issued during period		0	11
Total equity at the end of the financial year		<u>683,908</u>	<u>740,641</u>

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**Rye & District Community Financial Services Ltd**  
**ABN 67 095 766 895**  
**Condensed Cash Flow Statements**  
**For the Year ended 30 June 2006**

	Note	30-June 2006 \$	30-June 2005 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers		1,202,065	1,009,941
Cash paid to suppliers and employees		(1,160,939)	(997,002)
Interest received		33,481	35,766
Interest paid		(5,902)	(1,849)
<b>Net inflow/(outflows) from Operating Activities</b>	<b>16(b)</b>	<b>68,705</b>	<b>46,856</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for intangible assets			
Payments for property plant and equipment		(842,040)	(13,950)
Payments for Office Furniture & Equipment		(837)	(8,778)
<b>Net Cash inflow(outflows) Investing Activities</b>		<b>(842,877)</b>	<b>(22,728)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowings		542,500	
Payment of share issue costs			
Dividends paid		(84,847)	(53,029)
<b>Net Cash inflow(outflows) Financing Activities</b>		<b>457,653</b>	<b>(53,029)</b>
<b>Net Increase/(decrease) in Cash Held</b>		<b>(316,519)</b>	<b>(28,901)</b>
<b>Cash at the beginning of the financial year</b>		<b>603,403</b>	<b>632,304</b>
<b>Cash at the end of the financial year</b>	<b>16(a)</b>	<b>286,884</b>	<b>603,403</b>

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**Rye & District Community Financial Services Ltd**  
**ABN 67 095 766 895**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2006**

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**1. Summary of significant accounting policies**

**Basis of preparation**

This general purpose financial report has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRSs), other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Corporations Act 2001.

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

Application of AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards (AIFRS)

These financial statements are the first Rye and District Community Financial Services Limited financial statements to be prepared in accordance with AIFRSs. AASB 1 First-time adoption of Australian Equivalents to International Financial Reporting Standards has been applied in preparing these financial statements.

The Financial Statements of Rye and District Community Financial Services Limited until 30 June 2005 had been prepared in accordance with previous Australian Generally Accepted Accounting Principles (AGAAP). AGAAP differs in certain respects from AIFRS. When preparing Rye and District Community Financial Services Limited's 2006 financial statements, management amended certain accounting and valuation methods that are applied in the AGAAP financial statements to comply with AIFRS.

Reconciliations and descriptions of the effect of the transition from previous AGAAP to AIFRS's on the Company equity and its net income are given in note 21.

**Revenue**

Interest and fee revenue is recognised when earned. All revenue is stated net of the amount of Goods and Services Tax (GST). The gain or loss on disposal of property, plant and equipment is recognised on a net basis and is classified as income rather than revenue.

**Income Tax**

Current Tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred Tax

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

**Rye & District Community Financial Services Ltd**  
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**Notes to the Financial Statements**  
**For the Year Ended 30 June 2006**

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**1. Summary of significant accounting policies (continued)**

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities reflects the tax consequences that would follow from the manner in which the consolidated entity expects at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they related to income taxes levied by the same taxation authority and the company/consolidated entity intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the income statement, except when it relates to items credited or debited to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

**Goods and Services Tax**

Revenues, expenses and assets are recognised net of the amount off goods and services tax (GST), except where the amount of GST incurred is not recoverable for the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet. Cash flows are included in the statement of cash flows on a gross basis.

The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operation cash flows.

**Employee entitlements**

The provision for employee benefits to wages, salaries and annual leave represents the amount which the company has a present obligation to pay resulting from employees' services provided up to the balance date. The provision has been calculated on undiscounted amounts based on wage and salary rates expected to be paid and includes related on-costs.

The company contributes to a defined contribution plan. Contributions to employee superannuation funds are charged against income as incurred.

**Rye & District Community Financial Services Ltd**  
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**Notes to the Financial Statements**  
**For the Year Ended 30 June 2006**

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**1. Summary of significant accounting policies (continued)**

**Intangibles**

The cost of the company's franchise fee has been recorded at cost and is amortised on a straight line basis at a rate of 20% per annum.

**Cash**

For the purpose of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts.

**Comparative figures**

Where required by Accounting standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

**Property, plant and equipment**

Property, Plant and equipment, leasehold improvements and equipment under finance lease are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land. Depreciation is calculated on a straight line basis so as to write off the net cost of each asset over its expected useful life to its estimated residual value. Buildings and Leasehold improvements are depreciated at the rate equivalent to the available building allowance using the straight line method. The estimated useful lives, residual values, and depreciation method is reviewed at the end of each annual reporting period.

The following estimated useful lives are used in the calculation of depreciation:

- |                                      |             |
|--------------------------------------|-------------|
| ▪ Buildings & Leasehold improvements | 40yrs       |
| ▪ Plant & Equipment                  | 2.5 – 40yrs |
| ▪ Furniture & Fittings               | 4 - 40yrs   |

**Impairment of assets**

At each reporting date, the consolidated entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that 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 the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs. Goodwill is tested for impairment annually and whenever there is an indication that the asset may be impaired. An impairment of goodwill is not subsequently reversed.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

**Rye & District Community Financial Services Ltd**  
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**Notes to the Financial Statements**  
**For the Year Ended 30 June 2006**

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**1. Summary of significant accounting policies (continued)**

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

**Payment Terms**

Receivables and payables are non interest bearing and generally have payment terms of between 30 and 90 days.

**Receivables and Payables**

Receivables are carried at their amounts due. The collectability of debts is assessed at balance date and specific provision is made for any doubtful accounts. Liabilities for trade creditors and other amounts are carried at cost that is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the company.

**Borrowings**

All loans are measured at the principal amount. Interest is recognised as an expense as it accrues.

**Provisions**

Provisions are recognised when the economic entity has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

A provision for dividends is not recognised as a liability unless the dividends are declared, determined or publicly recommended on or before the reporting date.

**Contributed Capital**

Issued and paid up capital is recognised at the fair value of the consideration received by the company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

**2. Financial Risk Management**

The company's activities expose it to a limited variety of financial risks: market risk (including currency risk, fair value interest risk, and price risk), credit risk, liquidity risk and cash flow interest rate risk. The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the entity. The entity does not use derivative instruments.

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**Notes to the Financial Statements**  
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## **2. Financial Risk Management (continued)**

Risk management is carried out directly by the Board of Directors.

### **(i) Market Risk**

The company has no exposure to any transactions denominated in a currency other than Australian dollars.

### **(ii) Price Risk**

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

### **(iii) Credit Risk**

The company has no significant concentrations of credit risk. It has policies in place to ensure that customers have an appropriate credit history. The company's franchise agreement limits the company's credit exposure to one financial institution, being Bendigo Bank Limited.

### **(iv) Liquidity Risk**

Prudent liquidity management implies maintaining sufficient cash and marketable securities and the availability of funding from credit facilities. The company believes that its sound relationship with Bendigo Bank Limited mitigates this risk significantly.

### **(v) Cash flow and fair value interest rate risk**

Interest-bearing assets are held with Bendigo Bank Limited and subject to movements in market interest. Interest-rate risk could also arise from long-term borrowings. Borrowings issued at variable rates expose the company to cash flow interest-rate risk. The company believes that its sound relationship with Bendigo Bank Limited mitigates this risk significantly.

	<b>June</b>	<b>June</b>
	<b>2006</b>	<b>2005</b>
	\$	\$
<b>3. Revenue from ordinary activities</b>		
Operating activities:		
- services commissions	1,199,340	1,009,882
- other revenue		
<b>Total revenue from operating activities</b>	<b>1,199,340</b>	<b>1,009,882</b>
Non-operating activities:		
- interest received	33,481	35,766
- rental revenue	894	
- sundry income	2,725	59
<b>Total revenue from non-operating activities</b>	<b>37,100</b>	<b>35,825</b>
<b>Total revenues from ordinary activities</b>	<b>1,236,440</b>	<b>1,045,707</b>



**Rye & District Community Financial Services Ltd**  
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	June 2006 \$	June 2005 \$
<b>4. Revenue from ordinary activities</b>		
Depreciation of non-current assets:		
- motor vehicles	5,853	7,552
- office furniture and equipment	1,121	246
- leasehold improvements	41,685	40,073
Amortisation of non-current assets:		
- franchise agreement	10,000	10,000
Borrowing expenses:		
- interest paid	5,902	1,849
Bad debts	1,083	1,176
<b>5. Income tax expense</b>		
The prima facie tax on profit/(loss) from continuing operations before income tax is reconciled to the income tax expense as follows:		
Operating Profit/(loss)	64,022	151,869
Prima facie tax on profit/(loss) from continuing operations at 30%	19,207	45,561
Add tax effect of:		
- Different tax treatments of depreciation	5,570	17,868
- non-deductible expenses	3,000	3,000
Timing differences Deductible when incurred		
- Provision for Holiday Pay & Accrued Wages	15,087	(762)
- STS adjustments	(6,956)	
<b>Income tax expense on operating profit/(loss)</b>	<b>35,908</b>	<b>65,667</b>

**Rye & District Community Financial Services Ltd**  
**ABN 67 095 766 895**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2006**

	June 2006 \$	June 2005 \$
<b>6. Cash Assets</b>		
Cash on hand	200	200
Cash at Bank	51,917	114,905
Security Deposit	500	
Term deposits	234,267	488,298
	<b>286,884</b>	<b>603,403</b>
<b>7. Trade and other receivables</b>		
Trade receivables	116,931	90,975
Current tax assets	66,299	34,188
Prepayments	1,863	
	<b>185,093</b>	<b>125,163</b>
<b>8. Property, plant and equipment</b>		
<i>Buildings At cost</i>	837,656	
Less accumulated depreciation		
	<b>837,656</b>	-
<i>Motor Vehicles At cost</i>	36,093	36,093
Less accumulated depreciation	15,934	10,081
	<b>20,159</b>	<b>26,012</b>
<i>Office Furniture &amp; Equipment At cost</i>	12,047	11,210
Less accumulated depreciation	1,887	766
	<b>10,160</b>	<b>10,444</b>
<i>Leased Improvements At cost</i>	208,523	204,139
Less accumulated depreciation	185,106	143,421
	<b>23,417</b>	<b>60,718</b>
<b>Total written down amount</b>	<b>891,392</b>	<b>97,174</b>

**Rye & District Community Financial Services Ltd**  
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**Notes to the Financial Statements**  
**For the Year Ended 30 June 2006**

	June 2006 \$	June 2005 \$
<b>8. Property, plant and equipment (con't)</b>		
<b>Movements in carrying amounts</b>		
<i>Land &amp; Buildings</i>		
Carrying amount at beginning	-	
Additions	837,656	
Disposals		
Less: depreciation expense		
Carrying amount at end	<b>837,656</b>	-
<i>Motor Vehicles</i>		
Carrying amount at beginning	26,012	33,564
Additions		
Disposals		
Less: depreciation expense	5,853	7,552
Carrying amount at end	<b>20,159</b>	<b>26,012</b>
<i>Office Furniture and Equipment</i>		
Carrying amount at beginning	10,444	1,912
Additions	837	8,778
Disposals		-
Less depreciation expense	1,121	246
Carrying amount at end	<b>10,160</b>	<b>10,444</b>
<i>Leasehold improvements</i>		
Carrying amount at beginning	60,718	86,841
Additions	4,384	13,950
Disposals		-
Less depreciation expense	41,685	40,073
Carrying amount at end	<b>23,417</b>	<b>60,718</b>
Total written down amount	<b>891,392</b>	<b>97,174</b>

**Rye & District Community Financial Services Ltd**  
**ABN 67 095 766 895**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2006**

	June 2006 \$	June 2005 \$
<b>9. Intangible Assets</b>		
<i>Franchise Fee</i>		
At cost	50,000	50,000
Less: accumulated amortisation	(50,000)	(40,000)
	<b>-</b>	<b>10,000</b>
<b>10. Deferred Tax Benefit</b>		
Future income tax benefit		
Tax losses – revenue		
<b>11. Trade and other payables</b>		
Trade Creditors	478	9,425
Accrued Salaries & Wages	57,432	13,621
Superannuation Payable	5,911	-
Sundry creditors	15,323	13,278
	<b>79,144</b>	<b>36,324</b>
<b>12. Borrowings</b>		
<b>Current</b> Lease Liabilities	15,798	5,452
<b>Non-current</b> Lease Liabilities	-	15,798
<b>Current</b> Bank Loan	77,280	-
<b>Non-current</b> Bank Loan	463,234	-
Bank loans are repayable monthly with the final instalment due on 22/5/2016. Interest is recognised at an average rate of 7.5% (2005 n/a %). The loans are secured by a fixed and floating charge over the company's assets.		
	<b>556,312</b>	<b>21,250</b>
<b>13. Provisions</b>		
Provision for Holiday Pay	29,675	37,525
Provision for Long Service Leave	14,330	-
Number of employees at year end	6.75	8

**Rye & District Community Financial Services Ltd**  
**ABN 67 095 766 895**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2006**

	June 2006 \$	June 2005 \$
<b>14. Contributed equity</b>		
530,291 ordinary shares fully paid of \$1 each (2005:530,291)	530,291	530,291
Less: equity raising expenses	26,125	26,125
	<b>504,166</b>	<b>504,166</b>
<b>15. Retained Earnings/Accumulated Losses</b>		
Balance at the beginning of the financial year	236,475	203,302
Net profit/(loss) from ordinary activities after income tax	28,114	86,202
Dividends Paid	(84,847)	(53,029)
Balance at the end of the financial year	<b>179,742</b>	<b>236,475</b>
<b>16. Statement of cashflows</b>		
<b>(a) Reconciliation of cash</b>		
Cash on Hand	700	200
Cash at Bank	51,917	114,905
Bendigo Bank - Term Deposits	234,267	488,298
	<b>286,884</b>	<b>603,403</b>
<b>(b) Reconciliation of profit from ordinary activities after tax to net cash provided by/ (used in) operating activities</b>		
Profit/(Loss) from ordinary activities after income tax	28,114	86,202
<i>Non cash items:</i>		
- depreciation & amortisation	58,659	57,871
- movement in provisions	6,479	15,823
- loss on sale of non-current assets		-
<i>Changes in assets and liabilities:</i>		
- (increase)/decrease in receivables	(59,931)	(13,201)
- increase/(decrease) in payables	(6,902)	(25,746)
-increase/(decrease) in other current liabilities	42,286	(74,093)
Net cashflows provided by/(used in) operating activities	<b>68,705</b>	<b>46,856</b>
<b>17. Auditors remuneration</b>		
Amounts received or due and receivable by the auditor of the company for:		
- audit & review services	2,300	3,300
- other services in relation to the company		

**Rye & District Community Financial Services Ltd**  
**ABN 67 095 766 895**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2006**

	<b>June 2006 \$</b>	<b>June 2005 \$</b>
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**18. Director and Related party disclosures**

The names of the directors who have held office during the financial year are:

Peter J Van Duren

Patricia Tonks

Shane C McCarthy

Brian Earles

Eileen Naylor

Guiseppe Glavici

Janet Hall

Trevor Lloyd

Barry Irving

No director or related entity has entered into a material contract with the company. No director's fees have been paid as the positions are held on a voluntary basis.

**Directors shareholdings**

Peter J Van Duren	12,001	12,001
Patricia Tonks	10,559	10,559
Shane C McCarthy	1,251	1,251
Brian Earles	26,250	26,250
Eileen Naylor	10,500	10,500
Guiseppe Glavici	1,000	1,000
Janet Hall	1,000	1,000
Trevor Lloyd	4,000	4,000
Barry Irving	500	500

There was no movement in directors shareholdings during the year. Each share held is valued at \$1 and is fully paid.

**19. Key management personnel disclosures**

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.

**20. Earnings per share**

	<b><u>C</u></b>	<b><u>C</u></b>
Earnings/(Losses) per share for the financial year were:	5.30c	16.26c

**Rye & District Community Financial Services Ltd**  
**ABN 67 095 766 895**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2006**

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	June 2006 \$	June 2005 \$
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**21. Reconciliation and equity reported under previous Australian Generally Accepted Accounting Principles (AGAAP) to equity under AIFRS**

Entities complying with AIFRS for the first time are required to restate their comparative financial statements to amounts reflecting the application of AIFRS to that comparative period. Most adjustments required on transition to AIFRS would be made, retrospectively, against opening retained earnings as at 1 July 2004.

In the Company's opinion, there have been no material impacts in relation to the financial report for the year ended 30 June 2006. There are no impacts to be disclosed.

**Impact on the income statement**

Nil

**Impact on the balance sheet**

Nil

**22. Subsequent events**

There have been no events after the end of the financial year that would materially affect the financial statements.

**23. Contingent Liabilities**

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

**24. Segment Reporting**

The economic entity operates in the financial services sector where it provides banking services to its clients. The economic entity operates in one geographic area being Rye, Victoria.

**25. Registered office/Principal place of business**

The registered office and principal place of business is:

Rye & District Community Financial Services Ltd  
2349 Point Nepean Road  
Rye Vic 3941

**26. Financial Instruments**

**Net Fair Values**

The net fair values of financial assets and liabilities approximate the carrying values as disclosed in the Statement of Financial Position. The company does not have any unrecognised financial instruments at the year end.

**Credit Risk**

The maximum exposure to credit risk at balance date to recognised financial assets is the carrying

**Rye & District Community Financial Services Ltd**  
**ABN 67 095 766 895**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2006**

	<b>June 2006 \$</b>	<b>June 2005 \$</b>
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amount of those assets as disclosed in the Statement of Financial Position and notes to the financial statements.

There are no material credit risk exposures to any single debtor or group of debtors under financial instruments entered into by the economic entity.

### Interest Rate Risk

Financial Instrument	Floating interest rate		Fixed Interest Rate at Maturing in						Non Interest Bearing		Weight Average Effective Interest Rate	
			1 Year or Less		Over 1 to 5 Years		Over 5 Years					
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%
Financial assets												
Cash Assets	51917	114905	234267	488298					200	200	5.9	5.4
Receivables									116931	90975	N/A	N/A
Financial Liabilities												
Interest bearing liabilities			15797	5452	-	15797	540514				7.5	7.5
Payables									31102	36324	N/A	N/A



**Rye & District Community Financial Services Ltd**  
**ABN 67 095 766 895**  
**Compilation Report**  
**For the Year ended 30 June 2006**

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**Scope**

On the basis of information provided by the Directors, we have compiled in accordance with APS 9 "Statement on Compilation of Financial Reports" the General Purpose Financial Report of the client for the period ended 30th June 2006, as set out in the Financial Statements.

The Directors are solely responsible for the information contained in the General Purpose Financial Report.

Our procedures use accounting expertise to collect, classify and summarise the financial information, which the Directors provided, into a Financial Report. Our procedures do not include verification or validation procedures. No audit or review has been performed, and accordingly no assurance is expressed.

To the extent permitted by law, we do not accept liability for any loss or damage, which any person, other than the company, may suffer arising from any negligence on our part. No person should rely on the General Purpose Financial Report without having an audit or review conducted.

The General Purpose Financial Report was prepared exclusively for the benefit of the company. We do not accept responsibility to any other person for the contents of the General Purpose Financial Report.

**JSP Partners**

Chartered Accountants  
PO Box 309 Rye Vic 3941

Bryan A Payne MBA (Melb), CA, FCPA, FCIS, FCIM, FIMM, FTIA.  
\_\_\_\_\_ 2006

Rye & District Community Financial Services Ltd

ABN 67 095 766 895

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