

North Ryde

Community Finance Limited

Annual Report

As at

30 June 2008

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Chairman's Report

It is my pleasure to report on behalf of your Board of Directors on a most successful year's trading of our Community Bank. The business moved into profitability during the first half of the year and, together with a very strong performance in the second half, resulted in a \$75,980 net profit. Your Directors, on the basis of the sound business results and forward business predictions, now recommend shareholders consider and support the payment of a dividend of 6 cents per share at the Annual General Meeting of North Ryde Community Finance Ltd, to be held on Tuesday, 25 November at 10.00 am at Holy Spirit Parish Community Hall.

We now have over 2,423 accounts (up from 1900 accounts last year). Our total portfolio at 30 June 2008 was \$57.7M (up from \$40.1M for the prior corresponding period).

In nurturing the original vision of a viable community bank, your Directors have turned their attention to providing financial assistance to eligible community groups and projects in recognition of community values. A Business Development Fund has been established, protocols developed, together with application forms for community groups seeking assistance who are prepared to do business with us. A committee has been established which includes some of your Directors, together with a shareholder external to the Board, to make recommendations to the Board of Directors on this community support.

As you know, our shares are traded on the Bendigo Stock Exchange (BSX). A record of share transactions and other information is available from the Bendigo Stock Exchange website (bsx.com.au). Our code for North Ryde Community Finance Ltd is: **NRC**. The Secretary's Report sets out brokers who are registered with the BSX and their contact details, should shareholders wish to transact (buy or sell) their shares.

During the year we have appointed Pat Italiano as our new Manager. Pat comes to us with a great deal of banking experience and an excellent reputation having managed the St Ives branch of Bendigo Bank for a period of five years. Pat has settled very quickly into the North Ryde Community, so please don't hesitate to make yourself known to Pat as he wishes to get to know each and every shareholder of our Bank personally as soon as possible.

I would like to take this opportunity to congratulate all our staff at the bank who have worked so hard together to ensure the overall success and performance of our bank. Gina, Helen, Michelle, Karen and Brad, a vote of thanks goes to you for your great spirit and customer service. Your Board of Directors have again undertaken a large amount of volunteer work and have certainly met their commitments to both shareholders and community over the past year. Ulriche Eichmeyer resigned as a Director during the year after three years of service and we thank her for her contribution and efforts over this period.

As we look forward during the 08/09 financial year, we again seek our shareholders' and community support and their business commitment in ensuring that we have a strong community bank that cares about their customers and clients and for our community at large.



Graham McMaster
Chairman

Secretary's Report

Listing on the Bendigo Stock Exchange (BSX):

North Ryde Community Finance Ltd was formally listed on the Bendigo Stock Exchange (BSX) on 1 September 2005, joining a growing list of community Banks who are becoming listed. Our listing code is "NRC". Our company's official notices and trading history are all listed on the BSX.

Bendigo Stock Exchange (BSX): Information for Shareholders of BSX Listed Community Bank® Companies

Background

❖ *Who is the BSX?*

- History going back to the gold rush.
- Re-established in 2001 and now part of a group incorporating Stock Exchange of Newcastle.
- Licensed by the Australian government and regulated by Australian Securities and Investments Commission.
- Catering specifically to small companies and property funds.

❖ *Who is listed on BSX?*

- Household small company names such as Capilano Honey and Brumby's Bakeries plus other emerging companies.
- Many Bendigo Bank Community Bank® companies.
- Property funds with assets valued at hundreds of millions of dollars.

❖ *Why do companies list on BSX?*

- Transparent market for share trading.
- Higher corporate governance standards.
- Easier access to equity and debt capital.
- More flexible and cheaper than an ASX listing.
- Greater investor confidence.

Shareholder benefits of being listed

- ❖ **Transparent trading, independent of the company.**
- ❖ **Daily market valuation.**
- ❖ **Greater liquidity.**
- ❖ **The Elite**
 - The knowledge that your company is one of only 2,000 listed companies in Australia, subjecting themselves to higher standards of disclosure and governance.

- ❖ **Greater investor confidence arising from**
 - Open disclosure
 - Higher profile

How do you trade on BSX?

To trade North Ryde Community Finance Ltd's stock (buy or sell shares) on BSX, you need to use the services of a BSX Broker. Our brokers have particular interests in emerging companies and rural and regional businesses. Current brokers and their contact details are listed below.

AAA Shares

Telephone: 1800 004 288
Email: health@aaashares.com.au
Contact: Heath Moss

ABN AMRO Morgans

Telephone: 1800 777 946
Email: info@abnamromorgans.com.au
Contacts: Trent Muller / Dominic Hoare

Strategem Financial Group

Telephone: (03) 5445 4777
Email: info@strategem.com.au
Contacts: Kevin Martin / Jim Biles / Des Egan

Trading information including pricing, history, market depth and company announcements are available from the BSX website at www.bsx.com.au. Our code is "NRC".



Pat Perrin
Secretary

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

Your Directors submit the financial report of the company for the financial year ended 30 June 2008.

Directors

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

Graham John McMaster
Chairman
Age: 57

Occupation: Company Director

Experience and expertise:

Broad experience in grains and food industries, and research management. CEO of BRI Australia. Fellow of Institute of Company Directors.

Other current directorships: Nil

Former Directorships in last 3 years: Nil

Special Responsibilities: Nil

Interests in shares: 38,501

Russell Milton Robinson

Treasurer

Age: 56

Occupation: Company Director

Experience and expertise:

Varied career in commercial management at a national and international level, and current business owner.

Other current directorships: Nil

Former Directorships in last 3 years: Nil

Special Responsibilities: Personnel Committee and Audit Committee

Interests in shares: 54,501

Helen Patricia Perrin

Secretary

Age: 72

Occupation: Retired Health Care Professional Management

Experience and expertise:

Board member of New Horizons Enterprises, North Ryde Community Aid and Holy Spirit Church. Strong involvement in local community associations including North Ryde Rotary Club.

Other current directorships: Nil

Former Directorships in last 3 years: Nil

Special Responsibilities: Nil

Interests in shares: 42,752

Phillip Warren Perrin ("Steve")

Director

Age: 67

Occupation: Retired Developer

Experience and expertise:

Local resident for over 20 years. Lifetime experience in the building and construction industry. Past President of North Ryde Rotary Club, NSW Chairman of ROMAC and Ryde Citizen of the year 2002.

Other current directorships: Nil

Former Directorships in last 3 years: Nil

Special Responsibilities: Marketing Committee

Interests in shares: 42,752

John Francis Booth AM

Director

Age: 76

Occupation: Managing Director The Weekly Times

Experience and expertise:

Varied career in local government, journalism and business in the Ryde Area. Director Illawara Broadcasters Pty Ltd, Ryde Business Forum Executive and President Ryde Chamber of Commerce. Strong involvement in community based organisations including Scouting and Rotary International.

Other current directorships: Nil

Former Directorships in last 3 years: Nil

Special Responsibilities: Nil

Interests in shares: 27,402

Ivan John Petch

Director

Age: 69

Occupation: Mayor of Ryde City Council

Experience and expertise:

Current Mayor (also served two previous terms). Long career in Local and State politics. Strong involvement in Lions Club, Red Cross and Legacy. Honorary member North Ryde Rotary and ROMAC patron.

Other current directorships: Nil

Former Directorships in last 3 years: Nil

Special Responsibilities: Nil

Interests in shares: 1,001

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

Directors (continued)

Robert John Talbot

Director

Age: 63

Occupation: Property Consultant

Experience and expertise:

Background in wool broking/agriculture. Since 2000 has run own property consulting business servicing the commercial and industrial property market.

Other current directorships: Nil

Former Directorships in last 3 years: Nil

Special Responsibilities: Facilities Committee

Interests in shares: 21,000

Phillip Matthew Walker

Director

Age: 35

Occupation: Retailer

Experience and expertise:

Proprietor of Butchery in North Ryde. Active supporter of sporting groups in the North Ryde area.

Other current directorships: Nil

Former Directorships in last 3 years: Nil

Special Responsibilities: Marketing Committee and Audit Committee

Interests in shares: 15,001

Ulrike Eichmeyer

Director (*Resigned 24 June 2008*)

Age: 63

Occupation: Manager

Experience and expertise:

Manager of The Weekly Times Newspaper circulating throughout the Ryde area. Strong involvement in local community groups and activities.

Other current directorships: Nil

Former Directorships in last 3 years: Nil

Special Responsibilities: Nil

Interests in shares: 27,402

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

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

Company Secretary

The company secretary is Mrs Helen Patricia Perrin. Pat was appointed to the position of secretary on 27 January 2005. Pat is now retired after a career in Health Care Professional Management. She is also a Board Member of New Horizons Enterprises, a well known health facility in the Ryde area. She has been involved in a number of community associations, including North Ryde Rotary Club.

Principal activities

The principal activities of the company during the course of the financial year were in facilitating 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.

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

Operating Results

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

Year ended 30 June 2008	Year ended 30 June 2007
\$	\$
75,980	(6,436)

Remuneration Report

No Director or secretary of the company receives payment for services as a Director or committee member. There are no employees who are directly accountable and have responsibility for the strategic direction and operational management of the entity.

There are therefore no specified executives whose remuneration requires disclosure.

Dividends

No dividends were declared or paid for the previous year and the directors recommend that no dividend be paid for the current year.

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 facilitating banking services to the community.

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 except as disclosed in note 17 to the financial statements. 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.

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

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 Manager 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 Directors meetings attended by each of the Directors of the company during the year were:

	Number of Board Meetings <u>eligible to attend</u>	<u>Number attended</u>
Graham John McMaster	7	7
Russell Milton Robinson	7	7
Helen Patricia Perrin	7	7
Phillip Warren Perrin	7	6
John Francis Booth AM	7	7
Ivan John Petch	7	6
Robert John Talbot	7	7
Phillip Matthew Walker	7	4
Ulrike Eichmeyer (<i>Resigned 24 June 2008</i>)	6	5

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:

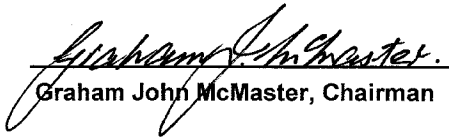
- all non-audit services have been reviewed by the audit committee to ensure they do not impact on the impartiality and objectivity of the auditor;
- none of the services undermine the general principles relating to auditor independence as set out in Professional Statement F1, including reviewing or 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.

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

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 6.

Signed in accordance with a resolution of the Board of Directors at North Ryde, New South Wales on 10 September 2008.


Graham John McMaster, Chairman


Russell Milton Robinson, Treasurer

**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, in relation to the audit for the financial year ended 30 June 2008 there have been:

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



David Hutchings
Auditor

Andrew Frewin & Stewart
Bendigo, Victoria

Dated this *10* day of September 2008

North Ryde Community Finance Limited
ABN 74 112 673 506
Income Statement
for the year ended 30 June 2008

	<u>Notes</u>	2008 \$	2007 \$
Revenues from ordinary activities	3	572,270	472,243
Salaries and employee benefits expense		(249,089)	(228,261)
Advertising and promotion expenses		(1,966)	(1,573)
Occupancy and associated costs		(88,337)	(68,145)
Systems costs		(21,454)	(20,934)
Depreciation and amortisation expense	4	(27,017)	(26,207)
Finance Costs	4	(641)	-
General administration expenses		(74,289)	(141,428)
Profit/(loss) before income tax (expense)/credit		109,478	(14,306)
Income tax (expense)/credit	5	(33,498)	7,870
Profit/(loss) for the period		75,980	(6,436)
Profit/(loss) attributable to members of the entity		75,980	(6,436)
Earnings per share (cents per share)		<u>c</u>	<u>c</u>
- basic for profit for the year	18	7.18	(0.006)

The accompanying notes form part of these financial statements

North Ryde Community Finance Limited
ABN 74 112 673 506
Balance Sheet
as at 30 June 2008

	<u>Notes</u>	2008 \$	2007 \$
ASSETS			
Current Assets			
Cash assets	6	565,082	445,855
Trade and other receivables	7	38,412	76,492
Total Current Assets		<u>603,494</u>	<u>522,346</u>
Non-Current Assets			
Property, plant and equipment	8	172,397	185,104
Intangible assets	9	23,000	35,000
Deferred tax assets	10	61,965	95,463
Total Non-Current Assets		<u>257,362</u>	<u>315,567</u>
Total Assets		<u>860,857</u>	<u>837,914</u>
LIABILITIES			
Current Liabilities			
Trade and other payables	11	4,539	57,004
Provisions	12	6,516	7,088
Total Current Liabilities		<u>11,055</u>	<u>64,092</u>
Total Liabilities		<u>11,055</u>	<u>64,092</u>
Net Assets		<u><u>849,802</u></u>	<u><u>773,822</u></u>
Equity			
Issued capital	13	1,012,038	1,012,038
Accumulated losses	14	(162,237)	(238,217)
Total Equity		<u><u>849,802</u></u>	<u><u>773,822</u></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 year ended 30 June 2008

	2008	2007
	\$	\$
Total equity at the beginning of the period	773,822	780,258
Net profit/(loss) for the period	75,980	(6,436)
Net income/expense recognised directly in equity	-	-
Dividends provided for or paid	-	-
Shares issued during period	-	-
Total equity at the end of the period	<u><u>849,802</u></u>	<u><u>773,822</u></u>

The accompanying notes form part of these financial statements

North Ryde Community Finance Limited
ABN 74 112 673 506
Statement of Cashflows
for the year ended 30 June 2008

	<u>Notes</u>	2008 \$	2007 \$
Cash Flows From Operating Activities			
Receipts from customers		667,478	452,092
Payments to suppliers and employees		(578,069)	(472,348)
Interest received		32,769	21,411
Interest paid		(641)	-
Net cash provided by operating activities	15	121,537	1,155
Cash Flows From Investing Activities			
Payments for property, plant and equipment		(2,310)	(9,377)
Net cash used in investing activities		(2,310)	(9,377)
Net increase/(decrease) in cash held		119,227	(8,222)
Cash at the beginning of the financial year		445,855	454,077
Cash at the end of the financial year	6(a)	565,082	445,855

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 year ended 30 June 2008

1. Summary of significant accounting policies

Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001.

Compliance with IFRS

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial statements and notes comply with International Financial Reporting Standards (IFRS). These financial statements and notes comply with IFRS.

Historical cost convention

The financial report has been prepared under the historical cost conventions on an accruals basis as modified by the revaluation of financial assets and liabilities at fair value through profit or loss and where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

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.

Goods and services tax

Revenues, expenses and assets are recognised net of the amount of 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.

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).

North Ryde Community Finance Limited
ABN 74 112 673 506
Notes to the Financial Statements
for the year ended 30 June 2008

1. Summary of significant accounting policies (continued)

Income tax (continued)

Deferred tax

Deferred tax is accounted for using the comprehensive balance sheet liability method on 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.

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 there is a legally enforceable right to offset current tax and when the balances relate to taxes levied by the same taxation authority and the company/consolidated entity intends to settle its 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.

Employee entitlements

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

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

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 purposes 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. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

Comparative figures

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

North Ryde Community Finance Limited
ABN 74 112 673 506
Notes to the Financial Statements
for the year ended 30 June 2008

1. Summary of significant accounting policies (continued)

Property, plant and equipment

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. 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:

- leasehold improvements	40 years
- plant and equipment	2.5 - 40 years
- furniture and fittings	4 - 40 years

Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

There are no estimates or assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Payment terms

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

Trade 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 initially 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.

North Ryde Community Finance Limited
ABN 74 112 673 506
Notes to the Financial Statements
for the year ended 30 June 2008

1. Summary of significant accounting policies (continued)

Contributed Equity

Ordinary shares are 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.

Earnings per Share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

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.

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.

3. Revenue from ordinary activities	2008	2007
	\$	\$
Operating activities:		
- services commissions	539,496	381,060
- other revenue	-	67,350
Total revenue from operating activities	<u>539,496</u>	<u>448,410</u>
Non-operating activities:		
- interest received	32,774	23,833
Total revenue from non-operating activities	<u>32,774</u>	<u>23,833</u>
Total revenues from ordinary activities	<u>572,270</u>	<u>472,243</u>

North Ryde Community Finance Limited
ABN 74 112 673 506
Notes to the Financial Statements
for the year ended 30 June 2008

	2008	2007
	\$	\$
4. Expenses		
Depreciation of non-current assets:		
- plant and equipment	7,665	7,304
- leasehold improvements	7,352	6,903
Amortisation of non-current assets:		
- franchise agreement	12,000	12,000
	<u>27,017</u>	<u>26,207</u>
Finance costs:		
- interest paid	<u>641</u>	<u>-</u>
5. Income tax expense		
The components of tax expense comprise:		
- Current tax	-	-
- Deferred tax on provisions	(229)	-
- Recoupment of prior year tax losses	33,727	-
- Future income tax benefit attributable to losses	-	(7,870)
- Under/over provision in respect to prior years	-	-
	<u>33,498</u>	<u>(7,870)</u>
The prima facie tax on profit/(loss) from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Operating profit/(loss)	109,478	(14,306)
Prima facie tax on profit/(loss) from ordinary activities at 30%	32,843	(4,292)
Add tax effect of:		
- non-deductible expenses	3,600	3,620
- timing difference expenses	87	1,211
- blackhole expenses	(2,803)	(2,803)
- understatement from prior period	-	(5,606)
Current tax	33,727	(7,870)
Movement in deferred tax	10. (229)	-
	<u>33,498</u>	<u>(7,870)</u>
6. Cash assets		
Cash at bank and on hand	55,103	16,787
Term deposits	509,979	429,068
	<u>565,082</u>	<u>445,855</u>
The above figures are reconciled to cash at the end of the financial		
6(a) Reconciliation of cash		
Cash at bank and on hand	55,103	16,787
Term deposit	509,979	429,068
	<u>565,082</u>	<u>445,855</u>
7. Trade and other receivables		
Trade receivables	35,706	70,336
Prepayments	2,706	6,156
	<u>38,412</u>	<u>76,492</u>

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 Notes to the Financial Statements
 for the year ended 30 June 2008

	2008	2007
	\$	\$
8. Property, plant and equipment		
<i>Plant and equipment</i>		
At cost	69,632	69,632
Less accumulated depreciation	(19,282)	(11,617)
	<u>50,350</u>	<u>58,015</u>
 <i>Leasehold improvements</i>		
At cost	143,964	141,654
Less accumulated depreciation	(21,917)	(14,565)
	<u>122,047</u>	<u>127,089</u>
 Total written down amount	<u>172,397</u>	<u>185,104</u>
 Movements in carrying amounts:		
<i>Plant and equipment</i>		
Carrying amount at beginning	58,015	55,541
Additions	-	9,377
Disposals	-	-
Less: depreciation expense	(7,665)	(6,903)
Carrying amount at end	<u>50,350</u>	<u>58,015</u>
 <i>Leasehold improvements</i>		
Carrying amount at beginning	127,089	134,393
Additions	2,310	-
Disposals	-	-
Less: depreciation expense	(7,352)	(7,304)
Carrying amount at end	<u>122,047</u>	<u>127,089</u>
 Total written down amount	<u>172,397</u>	<u>185,104</u>
 9. Intangible assets		
<i>Franchise Fee</i>		
At cost	60,000	60,000
Less: accumulated amortisation	(37,000)	(25,000)
	<u>23,000</u>	<u>35,000</u>
 10. Deferred Tax		
Deferred Tax Asset		
- Opening Balance	95,463	87,593
Future income tax benefits attributable to losses	-	7,870
Recoupment of prior year tax losses	(33,727)	-
Deferred tax on provisions	229	-
Under/over provision in relation to prior years	-	-
- Closing Balance	<u>61,965</u>	<u>95,463</u>
 11. Trade and other payables		
Trade creditors	-	46,944
Other creditors & accruals	4,539	10,060
	<u>4,539</u>	<u>57,004</u>

North Ryde Community Finance Limited
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 Notes to the Financial Statements
 for the year ended 30 June 2008

	2008	2007
	\$	\$
12. Provisions		
Current		
Employee benefits	<u>6,516</u>	<u>7,088</u>
Number of employees at year end	<u>4</u>	<u>4</u>
13. Contributed equity		
1,058,759 Ordinary shares fully paid of \$1 each (2007: 1,058,759)	1,058,759	1,058,759
Less: equity raising expenses	(46,721)	(46,721)
	<u>1,012,038</u>	<u>1,012,038</u>
14. Retained earnings/Accumulated losses		
Balance at the beginning of the financial year	(238,217)	(231,781)
Net profit/(loss) from ordinary activities after income tax	75,980	(6,436)
Balance at the end of the financial year	<u>(162,237)</u>	<u>(238,217)</u>
15. Statement of cashflows		
<i>Reconciliation of loss from ordinary activities after tax to net cash provided by/(used in) operating activities</i>		
Profit/(Loss) from ordinary activities after income tax	75,980	(6,436)
Non cash items:		
- depreciation	15,017	14,207
- amortisation	12,000	12,000
Changes in assets and liabilities:		
- (increase)/decrease in receivables	38,080	(68,593)
- (increase)/decrease in other assets	33,498	(7,870)
- increase/(decrease) in payables	(52,465)	54,014
- increase/(decrease) in provisions	(573)	3,833
Net cashflows provided by/(used in) operating activities	<u>121,537</u>	<u>1,155</u>
16. Auditors' remuneration		
Amounts received or due and receivable by the auditor of the company for:		
- audit & review services	4,000	4,000
- non audit services	1,770	2,000
	<u>5,770</u>	<u>6,000</u>

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Notes to the Financial Statements
for the year ended 30 June 2008

17. Director and related party disclosures

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

Graham John McMaster
 Russell Milton Robinson
 Helen Patricia Perrin
 Phillip Warren Perrin
 John Francis Booth AM
 Ivan John Petch
 Robert John Talbot
 Phillip Matthew Walker
 Ulrike Eichmeyer (Resigned 24 June 2008)

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	2008	2007
Graham John McMaster	38,501	28,001
Russell Milton Robinson	54,501	40,001
Helen Patricia Perrin #	42,752	42,002
Phillip Warren Perrin #	42,752	42,002
John Francis Booth AM #	27,402	27,402
Ivan John Petch	1,001	1,001
Robert John Talbot	21,000	21,000
Phillip Matthew Walker	15,001	15,001
Ulrike Eichmeyer # (Resigned 24 June 2008)	27,402	27,402

Movements in directors shareholdings are outlined above. Each share held is valued at \$1.

Portion of shares held jointly.

18. Earnings per share	2008	2007
	\$	\$
(a) Profit attributable to the ordinary equity holders of the company used in calculating earnings per share	75,980	(6,436)
	2008	2007
	Number	Number
(b) Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	1,058,759	1,058,759

19. Events occurring after the balance sheet date

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

20. Contingent liabilities

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

North Ryde Community Finance Limited
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Notes to the Financial Statements
for the year ended 30 June 2008

21. Segment reporting

The economic entity operates in the service sector where it facilitates community banking services pursuant to a franchise agreement with Bendigo Bank Limited. The economic entity operates in one geographic area being North Ryde and district, New South Wales.

22. Registered office/Principal place of business

The registered office and principal place of business is:

Registered office

Shop 14
203-213 Coxs Road
North Ryde NSW 2113

Principal place of business

Shop 14
203-213 Coxs Road
North Ryde NSW 2113

North Ryde Community Finance Limited
ABN 74 112 673 506
Notes to the Financial Statements for the year ended 30 June 2008

23. Financial Instruments

Net fair values

The net fair values of financial assets and liabilities approximate the carrying values as disclosed in the Balance Sheet. 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 amount of those assets as disclosed in the Income Statement 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 maturing in				Non interest bearing		Weighted average effective interest rate		
	2008 \$	2007 \$	1 year or less	Over 1 to 5 years	Over 5 years	2008 \$	2007 \$	2008 \$	2007 \$	2008 %	2007 %
Financial assets											
Cash assets	55,103	16,787	-	-	-	-	-	-	-	0.05	0.05
Term deposits	-	-	509,979	429,068	-	-	-	-	-	7.90	5.70
Receivables	-	-	-	-	-	-	-	35,707	70,336	N/A	N/A
Financial liabilities											
Payables	-	-	-	-	-	-	-	4,540	57,004	N/A	N/A

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

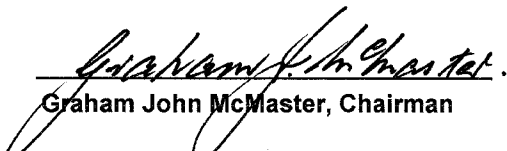
In accordance with a resolution of the directors of North Ryde Community Finance Limited, we state that:

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 2008 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.
- (c) the audited remuneration disclosures set out in the remuneration report section of the directors' report comply with Accounting Standard AASB174 Related Party Disclosures and the Corporations Regulations 2001.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer as required by section 295A of the Corporations Act.

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


Graham John McMaster, Chairman
Signed on the 10th of September 2008.


Russell Milton Robinson, Treasurer

INDEPENDENT AUDITOR'S REPORT

To the members of North Ryde Community Finance Limited

We have audited the accompanying financial report of North Ryde Community Finance Limited, which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes and the director's declaration.

The company has disclosed information as required by paragraphs Aus 25.4 to Aus 25.7.2 of Accounting Standard 124 Related Party Disclosures ("Remuneration disclosures"), under the heading "Remuneration Report" in the directors' report, as permitted by Corporations Regulation 2M.6.04.

Directors Responsibility for the Financial Report

The Directors are responsible for the preparation and fair presentation of the financial report 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 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. In note 1, the directors also state that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards. The directors are also responsible for the remuneration disclosures contained in the director's report.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement and that the remuneration disclosures comply with Accounting Standards AASB 124 Related Party Disclosures.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit we have met the independence requirements of the Corporations Act 2001. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the director's report. In addition to our audit of the financial report and the remuneration disclosures, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

Auditor's Opinion

In our opinion:

- 1) The financial report is in accordance with the Corporations Act 2001 including giving a true and fair view of the financial position of North Ryde Community Finance Limited as of 30 June 2008 and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.
- 2) The financial report also complies with International financial reporting standards as disclosed in Note 1.
- 3) The remuneration disclosures that are contained in the director's report comply with Accounting Standards AASB 124 Related Party Disclosures.



DAVID HUTCHINGS
ANDREW FREWIN & STEWART
61-65 Bull Street, Bendigo, 3550

Dated this *10* day of September 2008