

North Ryde
Community Finance Limited

Financial Statements

as at

30 June 2011

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

Your directors submit the financial statements of the company for the financial year ended 30 June 2011.

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: 60
Occupation: Company Director
Experience and expertise:
Broad experience in grains and food industries, and research management. Chairman, Rosewood Research Limited. Fellow of Institute of Company Directors. BScAgr. MSc Agr. PhD. FAICD, FAST.
Other current directorships: Nil
Former Directorships in last 3 years: Nil
Special Responsibilities: Chairman

Interests in shares: 63,501

Helen Patricia Perrin

Secretary
Age: 74
Occupation: Retired Health Care
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: 47,752

Phillip Warren Perrin ("Steve")

Director
Age: 70
Occupation: Retired Developer/Company Director
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: 47,752

Ivan John Petch

Director
Age: 72
Occupation: Ryde City Councillor
Experience and expertise:
Mayor. 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

Robert John Talbot

Deputy Chairman
Age: 66
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: 26,000

Thomas Gordon MacAulay

Director
Age: 69
Occupation: Economist
Experience and expertise:
Experience on Boards, Councils and an Authority; Deputy Chair Greening Aust. Ltd. (NSW), Council of Research Institute for Asia and the Pacific, University of Sydney; Wheat Export Authority; Professor of
Other current directorships: Greening Australia Ltd (NSW) Deputy Chair.
Former Directorships in last 3 years: Nil
Special Responsibilities: Audit Committee
Interests in shares: 1,000

Matthew Phillip Walker

Director
Age: 38
Occupation: Retailer (Butchery)
Experience and expertise:
Proprietor of Butchery in North Ryde. Active supporter
Other current directorships: Nil
Former Directorships in last 3 years: Nil
Special Responsibilities: Market Development
Interests in shares: 15,001

Harold Anthony Wise

Treasurer
Age: 63
Occupation: Consultant
Experience and expertise:
Diploma Commerce, Justice of the Peace.
Other current directorships: Nil
Former Directorships in last 3 years: Nil
Special Responsibilities: Treasurer; Audit,
Interests in shares: 5,000

Russell Milton Robinson

Director (*Deceased 22 December 2010*)

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

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

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Directors' Report

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 Bank®** services under management rights to operate a franchised branch of Bendigo and Adelaide 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 of the company for the financial year after provision for income tax was:

	Year ended 30 June 2011	Year ended 30 June 2010
	\$	\$
	216,078	194,588

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

	Year Ended 30 June 2011	
	Cents	\$
Dividends paid in the year:	8.00	84,701

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 statements.

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.

North Ryde Community Finance Limited
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Directors' Report

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.

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:

	Board Meetings Attended	
	<u>Eligible</u>	<u>Attended</u>
Graham John McMaster	11	10
Helen Patricia Perrin	11	9
Phillip Warren Perrin ("Steve")	11	9
Ivan John Petch	11	9
Robert John Talbot	11	11
Thomas Gordon MacAulay	11	8
Matthew Phillip Walker	11	5
Harold Anthony Wise	11	10
Russell Milton Robinson (<i>Deceased 22 December 2010</i>)	5	5

The company has a marketing sub committee, however no meetings were held during the year.

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.

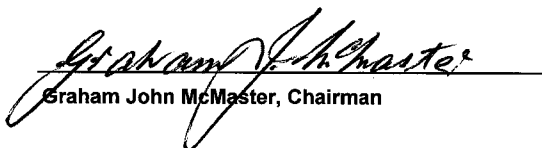
The directors are satisfied that the provision of non-audit services by the auditor, as set out in the notes did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- 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 APES 110 Code of Ethics for Professional Accountants, 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.

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 4.

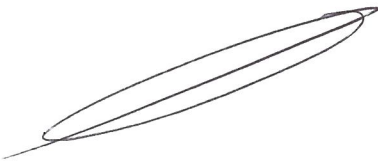
Signed in accordance with a resolution of the board of directors at North Ryde, New South Wales on 30 August 2011.


Graham John McMaster, Chairman

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

I declare, that to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2011 there have been:

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



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

30th August 2011

North Ryde Community Finance Limited
ABN 74 112 673 506
Statement of Comprehensive Income
for the Year Ended 30 June 2011

	<u>Notes</u>	2011 \$	2010 \$
Revenues from ordinary activities	4	868,294	794,114
Employee benefits expense		(319,947)	(283,107)
Charitable donations, sponsorship, advertising and promotion		(17,571)	(28,186)
Occupancy and associated costs		(77,040)	(67,469)
Systems costs		(18,222)	(19,412)
Depreciation and amortisation expense	5	(34,935)	(29,711)
General administration expenses		(85,916)	(94,608)
		<hr/>	<hr/>
Profit before income tax expense		314,663	271,621
Income tax expense	6	(98,585)	(77,033)
		<hr/>	<hr/>
Profit after income tax expense		216,078	194,588
		<hr/>	<hr/>
Total comprehensive income for the year		216,078	194,588
		<hr/> <hr/>	<hr/> <hr/>
Earnings per share (cents per share)		c	c
- basic for profit for the year	21	20.41	18.38

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 2011

	<u>Notes</u>	2011 \$	2010 \$
ASSETS			
Current Assets			
Cash and cash equivalents	7	978,092	805,758
Trade and other receivables	8	56,730	75,871
Total Current Assets		<u>1,034,822</u>	<u>881,629</u>
Non-Current Assets			
Property, plant and equipment	9	168,714	184,887
Intangible assets	10	54,638	68,588
Total Non-Current Assets		<u>223,352</u>	<u>253,475</u>
Total Assets		<u>1,258,174</u>	<u>1,135,104</u>
LIABILITIES			
Current Liabilities			
Trade and other payables	12	13,301	7,344
Current tax liabilities	11	44,776	59,929
Provisions	13	9,173	7,675
Total Current Liabilities		<u>67,250</u>	<u>74,948</u>
Non-Current Liabilities			
Provisions	13	7,261	5,583
Deferred tax liabilities	11	865	3,152
Total Non-Current Liabilities		<u>8,126</u>	<u>8,735</u>
Total Liabilities		<u>75,376</u>	<u>83,683</u>
Net Assets		<u>1,182,798</u>	<u>1,051,421</u>
Equity			
Issued capital	14	1,012,038	1,012,038
Retained earnings	15	170,760	39,383
Total Equity		<u>1,182,798</u>	<u>1,051,421</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 2011

	Issued Capital \$	Retained Earnings \$	Total Equity \$
Balance at 1 July 2009	<u>1,012,038</u>	<u>(112,855)</u>	<u>899,183</u>
Total comprehensive income for the year	<u>-</u>	<u>194,588</u>	<u>194,588</u>
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	(42,350)	(42,350)
Balance at 30 June 2010	<u><u>1,012,038</u></u>	<u><u>39,383</u></u>	<u><u>1,051,421</u></u>
Balance at 1 July 2010	<u>1,012,038</u>	<u>39,383</u>	<u>1,051,421</u>
Total comprehensive income for the year	<u>-</u>	<u>216,078</u>	<u>216,078</u>
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	(84,701)	(84,701)
Balance at 30 June 2011	<u><u>1,012,038</u></u>	<u><u>170,760</u></u>	<u><u>1,182,798</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 2011

	<u>Notes</u>	2011 \$	2010 \$
Cash Flows From Operating Activities			
Receipts from customers		839,983	694,966
Payments to suppliers and employees		(510,802)	(469,038)
Interest received		48,691	45,828
Income taxes paid		(116,025)	-
Net cash provided by operating activities	16	<u>261,847</u>	<u>271,756</u>
Cash Flows From Investing Activities			
Payments for property, plant and equipment		(4,812)	(37,983)
Payments for intangible assets		-	(69,751)
Net cash used in investing activities		<u>(4,812)</u>	<u>(107,734)</u>
Cash Flows From Financing Activities			
Dividends paid		(84,701)	(42,350)
Net cash used in financing activities		<u>(84,701)</u>	<u>(42,350)</u>
Net increase in cash held		172,334	121,672
Cash and cash equivalents at the beginning of the financial year		805,758	684,086
Cash and cash equivalents at the end of the financial year	7(a)	<u>978,092</u>	<u>805,758</u>

The accompanying notes form part of these financial statements

North Ryde Community Finance Limited
ABN 74 112 673 506
Notes to the Financial Statements
for the Year Ended 30 June 2011

Note 1. Summary of Significant Accounting Policies

a) Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standard Boards and the Corporations Act 2001.

Compliance with IFRS

These financial statements and notes comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. These areas involving a higher degree of judgement or complexities, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

Financial statement presentation

The company has applied revised AASB 101 Presentation of Financial Statements which became effective on 1 January 2009. The company has elected to present all items of income and expense recognised in the period in a single statement of comprehensive income.

Historical cost convention

The financial statements have been prepared under the historical cost convention 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.

Comparative figures

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

Adoption of new and revised Accounting Standards

During the current year the entity has adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory.

The adoption of these standards has impacted the recognition, measurement and disclosure of certain transactions. The following is an explanation of the impact the adoption of these standards and interpretations has had on the financial statements of the company.

AASB 101 Presentation of Financial Statements

In September 2007 the Australian Accounting Standards Board revised AASB 101, and as a result there have been changes to the presentation and disclosure of certain information within the financial statements. Below is an overview of the key changes and the impact on the company's financial statements.

Disclosure impact

Terminology changes – The revised version of AASB 101 contains a number of terminology changes, including the amendment of the names of the primary financial statements.

Reporting changes in equity – The revised AASB 101 requires all changes in equity arising from transactions with owners in their capacity as owners to be presented separately from non-owner changes in equity. Owner changes in equity are to be presented in the statement of changes in equity, with non-owner changes in equity presented in the statement of comprehensive income. The previous version of AASB 101 required that owner changes in equity and other comprehensive income be presented in the statement of changes in equity.

Statement of comprehensive income – The revised AASB 101 requires all income and expenses to be presented in either one statement, the statement of comprehensive income, or two statements, a separate income statement and a statement of comprehensive income. The previous version of AASB 101 required only the presentation of a single income statement.

North Ryde Community Finance Limited
ABN 74 112 673 506
Notes to the Financial Statements
for the Year Ended 30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

a) Basis of Preparation (continued)

The company's financial statements contain a single statement of comprehensive income.

Other comprehensive income – The revised version of AASB 101 introduces the concept of "other comprehensive income" which comprises of income and expense that are not recognised in profit or loss as required by other Australian Accounting Standards. Items of other comprehensive income are to be disclosed in the statement of comprehensive income. Entities are required to disclose the income tax relating to each component of other comprehensive income. The previous version of AASB 101 did not contain an equivalent concept.

New Accounting Standards for application in future periods

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods, as follows:

- *AASB 9: Financial Instruments and AASB 2009-11: Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12] (applicable for annual reporting periods commencing on or after 1 January 2013)*
- *AASB 2009-12: Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052] (applicable for annual reporting periods commencing on or after 1 January 2011)*

These standards are applicable retrospectively and amend the classification and measurement of financial assets. The company has determined these amendments will have no impact on the preparation of the financial statements and therefore they have not been applied.

Economic dependency - Bendigo and Adelaide Bank Limited

The company has entered into a franchise agreement with Bendigo and Adelaide Bank Limited that governs the management of the **Community Bank®** branch at North Ryde, New South Wales.

The branch operates as a franchise of Bendigo and Adelaide Bank Limited, using the name "Bendigo Bank" and the logo and system of operations of Bendigo and Adelaide Bank Limited. The company manages the **Community Bank®** branch on behalf of Bendigo and Adelaide Bank Limited, however all transactions with customers conducted through the **Community Bank®** branches are effectively conducted between the customers and Bendigo and Adelaide Bank Limited.

All deposits are made with Bendigo and Adelaide Bank Limited, and all personal and investment products are products of Bendigo and Adelaide Bank Limited, with the company facilitating the provision of those products. All loans, leases or hire purchase transactions, issues of new credit or debit cards, temporary or bridging finance and any other transaction that involves creating a new debt, or increasing or changing the terms of an existing debt owed to Bendigo and Adelaide Bank Limited, must be approved by Bendigo and Adelaide Bank Limited. All credit transactions are made with Bendigo and Adelaide Bank Limited, and all credit products are products of Bendigo and Adelaide Bank Limited.

Bendigo and Adelaide Bank Limited provides significant assistance in establishing and maintaining the **Community Bank®** branch franchise operations. It also continues to provide ongoing management and operational support, and other assistance and guidance in relation to all aspects of the franchise operation, including advice in relation to:

- advice and assistance in relation to the design, layout and fit out of the **Community Bank®** branch;
- training for the branch manager and other employees in banking, management systems and interface protocol;
- methods and procedures for the sale of products and provision of services;
- security and cash logistic controls;
- calculation of company revenue and payment of many operating and administrative expenses
- the formulation and implementation of advertising and promotional programs; and
- sales techniques and proper customer relations.

North Ryde Community Finance Limited
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Notes to the Financial Statements
for the Year Ended 30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

b) Revenue

Revenue is recognised when the amount of revenue can be reliably measured, it is probable that future economic benefit will flow to the company and any specific criteria have been met. Interest and fee revenue is recognised when earned. 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. All revenue is stated net of the amount of Goods and Services Tax (GST).

Revenue calculation

The franchise agreement with Bendigo and Adelaide Bank Limited provides for three types of revenue earned by the company. First, the company is entitled to 50% of the monthly gross margin earned by Bendigo and Adelaide Bank Limited on products and services provided through the company that are regarded as "day to day" banking business (ie 'margin business'). This arrangement also means that if the gross margin reflects a loss (that is, the gross margin is a negative amount), the company effectively incurs, and must bear, 50% of that loss.

The second source of revenue is commission paid by Bendigo and Adelaide Bank Limited on the other products and services provided through the company (ie 'commission business'). The commission is currently payable on various specified products and services, including insurance, financial planning, common fund, Sandhurst Select, superannuation, commercial loan referrals, products referred by Rural Bank, leasing referrals, fixed loans and certain term deposits (>90 days). The amount of commission payable can be varied in accordance with the Franchise Agreement (which, in some cases, permits commissions to be varied at the discretion of Bendigo and Adelaide Bank Limited). This discretion has been exercised on several occasions previously. For example in February 2011 Bendigo and Adelaide Bank Limited reduced commissions on two core banking products to ensure a more even distribution of income between Bendigo and Adelaide Bank Limited and its **Community Bank®** partners. The revenue share model is subject to regular review to ensure that the interests of Bendigo and Adelaide Bank Limited and **Community Bank®** companies remain balanced.

The third source of revenue is a proportion of the fees and charges (ie, what are commonly referred to as 'bank fees and charges') charged to customers. This proportion, determined by Bendigo and Adelaide Bank Limited, may vary between products and services and may be amended by Bendigo and Adelaide Bank Limited from time to time.

c) 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 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 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 entity intends to settle its tax assets and liabilities on a net basis.

Note 1. Summary of Significant Accounting Policies (continued)

c) Income Tax (continued)

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the statement of comprehensive income, 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.

d) 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.

e) Cash and Cash Equivalents

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.

f) 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.

g) 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

h) Intangibles

The franchise fee paid to Bendigo and Adelaide Bank Limited has been recorded at cost and is amortised on a straight line basis over the life of the franchise agreement.

Note 1. Summary of Significant Accounting Policies (continued)

i) Payment Terms

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

j) Borrowings

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

k) Financial Instruments

Recognition and initial measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument.

Financial instruments are initially measured at fair value plus transaction costs. Financial instruments are classified and measured as set out below.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset.

Classification and subsequent measurement

- (i) *Loans and receivables*
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.
- (ii) *Held-to-maturity investments*
Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the entity's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.
- (iii) *Financial liabilities*
Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Impairment

At each reporting date, the entity assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the statement of comprehensive income.

l) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership are transferred to the company are classified as finance leases. Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term. Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred. Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

m) 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.

Note 1. Summary of Significant Accounting Policies (continued)

n) 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.

o) 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.

p) 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 from 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 taxation authority are classified as operating cash flows.

Note 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 and Adelaide 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 and Adelaide Bank Limited mitigates this risk significantly.

(v) Cash flow and fair value interest rate risk

Interest-bearing assets are held with Bendigo and Adelaide 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 and Adelaide Bank Limited mitigates this risk significantly.

Note 2. Financial Risk Management (continued)

(vi) Capital management

The board's policy is to maintain a strong capital base so as to sustain future development of the company. The board of directors monitor the return on capital and the level of dividends to shareholders. Capital is represented by total equity as recorded in the balance sheet.

In accordance with the franchise agreement, in any 12 month period, the funds distributed to shareholders shall not exceed the distribution limit.

- (i) the distribution limit is the greater of:
 - (a) 20% of the profit or funds of the franchisee otherwise available for distribution to shareholders in that 12 month period; and
 - (b) subject to the availability of distributable profits, the relevant rate of return multiplied by the average level of share capital of the franchisee over that 12 month period; and
- (ii) the relevant rate of return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

The board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the year ended 30 June 2011 can be seen in the statement of comprehensive income.

There were no changes in the company's approach to capital management during the year.

Note 3. 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.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

Taxation

Judgement is required in assessing whether deferred tax assets and certain tax liabilities are recognised on the balance sheet. Deferred tax assets, including those arising from un-recouped tax losses, capital losses and temporary differences, are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits.

Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future sales volumes, operating costs, capital expenditure, dividends and other capital management transactions. Judgements are also required about the application of income tax legislation.

These judgements and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognised on the balance sheet and the amount of other tax losses and temporary differences not yet recognised. In such circumstances, some or all of the carrying amount of recognised deferred tax assets and liabilities may require adjustment, resulting in corresponding credit or charge to the statement of comprehensive income.

Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience and the condition of the asset is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the company's share of the net identifiable assets of the acquired branch/agency at the date of acquisition. Goodwill on acquisition is included in intangible assets. Goodwill is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses.

The calculations require the use of assumptions.

North Ryde Community Finance Limited
ABN 74 112 673 506
Notes to the Financial Statements
for the Year Ended 30 June 2011

Note 3. Critical Accounting Estimates and Judgements (continued)

Impairment of assets

At each reporting date, the company reviews the carrying amounts of its tangible and intangible assets that have an indefinite useful life 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.

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.

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.

Note 4. Revenue from Ordinary Activities	2011	2010
	\$	\$
Operating activities:		
- services commissions	824,084	748,286
Total revenue from operating activities	<u>824,084</u>	<u>748,286</u>
Non-operating activities:		
- interest received	44,210	45,828
Total revenue from non-operating activities	<u>44,210</u>	<u>45,828</u>
Total revenues from ordinary activities	<u>868,294</u>	<u>794,114</u>

Note 5. Expenses

Depreciation of non-current assets:		
- plant and equipment	4,732	5,116
- leasehold improvements	8,006	7,643
- motor vehicle	8,247	4,790
Amortisation of non-current assets:		
- franchise agreement	11,625	11,193
- franchise renewal fee	2,325	969
	<u>34,935</u>	<u>29,711</u>
Bad debts	<u>5,513</u>	<u>8,512</u>

Note 6. Income Tax Expense

The components of tax expense comprise:		
- Current tax	100,872	59,929
- Movement in deferred tax	(2,287)	3,703
- Recoup of prior year tax loss	-	13,401
	<u>98,585</u>	<u>77,033</u>

The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:

Operating profit	314,663	271,621
Prima facie tax on profit from ordinary activities at 30%	94,399	81,487
Add tax effect of:		
- non-deductible expenses	4,185	3,649
- timing difference expenses	2,288	(3,704)
- investment deduction	-	(5,298)
- other deductible expenses	-	(2,803)
	<u>100,872</u>	<u>73,331</u>
Movement in deferred tax	11 (2,287)	17,104
Under/(Over) provision of income tax in the prior year	-	(13,402)
	<u>98,585</u>	<u>77,033</u>

North Ryde Community Finance Limited
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Notes to the Financial Statements
for the Year Ended 30 June 2011

Note 7. Cash and Cash Equivalents

Cash at bank and on hand	78,092	25,758
Term deposits	900,000	780,000
	<u>978,092</u>	<u>805,758</u>

The above figures are reconciled to cash at the end of the financial year as shown in the statement of cashflows as follows:

Note 7.(a) Reconciliation of cash

Cash at bank and on hand	78,092	25,758
Term deposits	900,000	780,000
	<u>978,092</u>	<u>805,758</u>

Note 8. Trade and Other Receivables

Trade receivables	32,364	46,003
Other receivables and accruals	19,315	23,796
Prepayments	5,051	6,072
	<u>56,730</u>	<u>75,871</u>

Note 9. Property, Plant and Equipment

Plant and equipment

At cost	79,733	79,733
Less accumulated depreciation	(37,304)	(32,572)
	<u>42,429</u>	<u>47,161</u>

Motor Vehicles

At cost	32,987	32,987
Less accumulated depreciation	(13,037)	(4,790)
	<u>19,950</u>	<u>28,197</u>

Leasehold improvements

At cost	151,436	146,624
Less accumulated depreciation	(45,101)	(37,095)
	<u>106,335</u>	<u>109,529</u>

Total written down amount	<u>168,714</u>	<u>184,887</u>
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Movements in carrying amounts:

Plant and equipment

Carrying amount at beginning	47,161	49,940
Additions	-	2,336
Less: depreciation expense	(4,732)	(5,115)
Carrying amount at end	<u>42,429</u>	<u>47,161</u>

Motor Vehicles

Carrying amount at beginning	28,197	-
Additions	-	32,987
Less: depreciation expense	(8,247)	(4,790)
Carrying amount at end	<u>19,950</u>	<u>28,197</u>

Leasehold improvements

Carrying amount at beginning	109,529	114,512
Additions	4,812	2,660
Less: depreciation expense	(8,006)	(7,643)
Carrying amount at end	<u>106,335</u>	<u>109,529</u>

Total written down amount	<u>168,714</u>	<u>184,887</u>
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North Ryde Community Finance Limited
ABN 74 112 673 506
Notes to the Financial Statements
for the Year Ended 30 June 2011

Note 10. Intangible Assets

<u>Franchise fee</u>		
At cost	71,625	71,625
Less: accumulated amortisation	(62,519)	(60,194)
	<u>9,106</u>	<u>11,431</u>
<u>Renewal processing fee</u>		
At cost	58,126	58,126
Less: accumulated amortisation	(12,594)	(969)
	<u>45,532</u>	<u>57,157</u>
	<u>54,638</u>	<u>68,588</u>
Total written down amount		

Note 11. Tax

Current:

Income tax payable	<u>44,776</u>	<u>59,929</u>
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Non-Current:

<u>Deferred tax assets</u>		
- accruals	-	9
- employee provisions	4,930	3,978
	<u>4,930</u>	<u>3,987</u>
<u>Deferred tax liability</u>		
- accruals	5,795	7,139
	<u>5,795</u>	<u>7,139</u>
Net deferred tax liability	<u>(865)</u>	<u>(3,152)</u>
Movement in deferred tax charged to statement of comprehensive income	<u>(2,287)</u>	<u>17,104</u>

Note 12. Trade and Other Payables

Trade creditors	10,001	2,164
Other creditors and accruals	3,300	5,180
	<u>13,301</u>	<u>7,344</u>

Note 13. Provisions

Current:

Provision for annual leave	<u>9,173</u>	<u>7,675</u>
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Non-Current:

Provision for long service leave	<u>7,261</u>	<u>5,583</u>
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North Ryde Community Finance Limited
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Notes to the Financial Statements
for the Year Ended 30 June 2011

Note 14. Contributed Equity

1,058,759 Ordinary shares fully paid (2009: 1,058,759)	1,058,759	1,058,759
Less: equity raising expenses	(46,721)	(46,721)
	1,012,038	1,012,038

Rights attached to shares

(a) *Voting rights*

Subject to some limited exceptions, each member has the right to vote at a general meeting.

On a show of hands or a poll, each member attending the meeting (whether they are attending the meeting in person or by attorney, corporate representative or proxy) has one vote, regardless of the number of shares held. However, where a person attends a meeting in person and is entitled to vote in more than one capacity (for example, the person is a member and has also been appointed as proxy for another member) that person may only exercise one vote on a show of hands. On a poll, that person may exercise one vote as a member and one vote for each other member that person represents as duly appointed attorney, corporate representative or proxy.

The purpose of giving each member only one vote, regardless of the number of shares held, is to reflect the nature of the company as a community based company, by providing that all members of the community who have contributed to the establishment and ongoing operation of the **Community Bank®** have the same ability to influence the operation of the company.

(b) *Dividends*

Generally, dividends are payable to members in proportion to the amount of the share capital paid up on the shares held by them, subject to any special rights and restrictions for the time being attaching to shares. The franchise agreement with Bendigo and Adelaide Bank Limited contains a limit on the level of profits or funds that may be distributed to shareholders. There is also a restriction on the payment of dividends to certain shareholders if they have a prohibited shareholding interest (see below).

(c) *Transfer*

Generally, ordinary shares are freely transferable. However, the directors have a discretion to refuse to register a transfer of shares.

Subject to the foregoing, shareholders may transfer shares by a proper transfer effected in accordance with the company's constitution and the Corporations Act.

Prohibited shareholding interest

A person must not have a prohibited shareholding interest in the company.

In summary, a person has a prohibited shareholding interest if any of the following applies:

- They control or own 10% or more of the shares in the company (the "10% limit").

As with voting rights, the purpose of this prohibited shareholding provision is to reflect the community-based nature of the company.

Where a person has a prohibited shareholding interest, the voting and dividend rights attaching to the shares in which the person (and his or her associates) have a prohibited shareholding interest, are suspended.

The board has the power to request information from a person who has (or is suspected by the board of having) a legal or beneficial interest in any shares in the company or any voting power in the company, for the purpose of determining whether a person has a prohibited shareholding interest. If the board becomes aware that a member has a prohibited shareholding interest, it must serve a notice requiring the member (or the member's associate) to dispose of the number of shares the board considers necessary to remedy the breach. If a person fails to comply with such a notice within a specified period (that must be between three and six months), the board is authorised to sell the specified shares on behalf of that person. The holder will be entitled to the consideration from the sale of the shares, less any expenses incurred by the board in selling or otherwise dealing with those shares.

In the constitution, members acknowledge and recognise that the exercise of the powers given to the board may cause considerable disadvantage to individual members, but that such a result may be necessary to enforce the prohibition.

North Ryde Community Finance Limited
ABN 74 112 673 506
Notes to the Financial Statements
for the Year Ended 30 June 2011

Note 15. Retained Earnings

Balance at the beginning of the financial year	39,383	(112,855)
Net profit from ordinary activities after income tax	216,078	194,588
Dividends paid or provided for	(84,701)	(42,350)
Balance at the end of the financial year	<u>170,760</u>	<u>39,383</u>

Note 16. Statement of Cashflows

Reconciliation of profit from ordinary activities after tax to net cash provided by operating activities

Profit from ordinary activities after income tax	216,078	194,588
Non cash items:		
- depreciation	20,985	17,549
- amortisation	13,950	12,162
Changes in assets and liabilities:		
- (increase)/decrease in receivables	19,141	(24,883)
- increase in other assets	-	77,033
- increase/(decrease) in payables	5,957	(8,684)
- increase in provisions	3,176	3,991
- increase in tax liability	(17,440)	-
Net cashflows provided by operating activities	<u>261,847</u>	<u>271,756</u>

Note 17. Leases

Operating lease commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements

Payable - minimum lease payments		
- not later than 12 months	61,828	58,884
- between 12 months and 5 years	203,695	265,523
- greater than 5 years	-	-
	<u>265,523</u>	<u>324,407</u>

The business premises lease is a non-cancellable lease with rent payable monthly in advance. The option for a 2nd 5 year term commenced on 10 June 2010.

Note 18. Auditors' Remuneration

Amounts received or due and receivable by the auditor of the company for:

- audit and review services	4,900	4,500
- share registry services	2,805	1,773
- non audit services	3,643	3,410
	<u>11,348</u>	<u>9,683</u>

Note 19. Director and Related Party Disclosures

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

Graham John McMaster
Helen Patricia Perrin
Phillip Warren Perrin ("Steve")
Ivan John Petch
Robert John Talbot
Thomas Gordon MacAulay
Matthew Phillip Walker
Harold Anthony Wise
Russell Milton Robinson (*Deceased 22 December 2010*)

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.

North Ryde Community Finance Limited
 ABN 74 112 673 506
 Notes to the Financial Statements
 for the Year Ended 30 June 2011

Note 19. Director and Related Party Disclosures (continued)

Directors Shareholdings	2011	2010
Graham John McMaster	63,501	63,501
Helen Patricia Perrin	47,752	42,752
Phillip Warren Perrin ("Steve")	47,752	42,752
Ivan John Petch	1,001	1,001
Robert John Talbot	26,000	21,000
Thomas Gordon MacAulay	1,000	1,000
Matthew Phillip Walker	15,001	15,001
Harold Anthony Wise	5,000	5,000
Russell Milton Robinson (<i>Deceased 22 December 2010</i>)	-	65,001

Note 20. Dividends Paid or Provided

	2011	2010
	\$	\$
a. Dividends paid during the year		
Unfranked dividend - 8 cents (2010: 4 cents) per share	<u>84,701</u>	<u>42,350</u>

Note 21. Earnings Per Share

	2011	2010
	\$	\$
(a) Profit attributable to the ordinary equity holders of the company used in calculating earnings per share	216,078	194,588
	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

Note 22. 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.

Note 23. Contingent Liabilities

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

Note 24. Segment Reporting

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

Note 25. 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
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Notes to the Financial Statements for the Year Ended 30 June 2011

Note 26. 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 balance sheet 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		
	2011 \$	2010 \$	1 year or less	Over 1 to 5 years	Over 5 years	2011 \$	2010 \$	2011 \$	2010 \$	2011 %	2010 %
Financial Assets											
Cash and cash equivalents	78,092	25,758	900,000	780,000	-	-	-	-	-	4.94	4.32
Receivables	-	-	-	-	-	-	-	32,364	75,871	N/A	N/A
Financial Liabilities											
Payables	-	-	-	-	-	-	-	10,001	7,344	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 2011 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 AASB124 Related Party Disclosures and the Corporations Regulations 2001.

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



Graham John McMaster, Chairman

Signed on the 30th of August 2011.

Independent Auditor's Report To The Members Of North Ryde Community Finance Limited

Report on the Financial Report

We have audited the accompanying financial report of North Ryde Community Finance Limited, which comprises the balance sheet as at 30 June 2011, statement of comprehensive income, 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 Directors' Declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and presentation of the financial report in accordance with Australian Accounting Standards and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and 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 fair accounting estimates that are reasonable in the circumstances. In note 1, the directors also state in accordance with the Accounting Standard AASB 101 Presentation of Financial Statements that the financial statements comply with International Financial Reporting Standards.

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.

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 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 performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001 and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the company's financial position and of its performance.

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 complied with 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 Directors' 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 on the Financial Report

In our opinion:

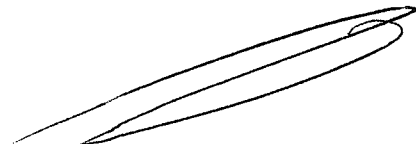
- 1) The financial report of North Ryde Community Finance Limited is in accordance with the Corporations Act 2001 including giving a true and fair view of the company's financial position as at 30 June 2011 and of its financial performance and its cash flows for the year then ended and complying with Australian Accounting Standards and the Corporations Regulations 2001.
- 2) The financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Report on the Remuneration Report

We have audited the Remuneration Report included in the Directors' Report for the year ended 30 June 2011. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the Remuneration Report of North Ryde Community Finance Limited for the year ended 30 June 2011, complies with section 300A of the Corporations Act 2001.



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

30th August 2011

Chairman's Report FY2010-2011

The North Ryde, Bendigo Community Bank has successfully served the local community in North Ryde for another financial year with enthusiasm and a positive culture of service. The statutory accounts for North Ryde Community Finance Limited for the financial year ending 30 June 2011 are attached for your information and perusal. Most importantly, the continued provision of a full banking service to our current and new retail customers, together with a strong group of commercial and corporate customers is giving us increased business confidence in our Bank and the local community. It is now six years since the business of the Bank commenced, and in each of those six years, success has been steadily built on each successive year. It is particularly pleasing for a startup business to enjoy the support of the community over this period, especially given the uncertainties that have emerged through the Global Financial Crisis and changes in both Federal and State Governments.

Financial Results

Your Board of Directors is pleased to report that sales revenues increased by 9% over the reporting period to \$868k. This resulted in a profit after tax of \$216k, an increase of 11% for the year. The total banking business book (loans and deposits) remains steady at approximately \$92M, fluctuating between \$92M-\$100M over the period. Since 30 June our total banking business now stands at approximately \$114M.

Costs within the business were adequately controlled. The cash flow statement shows that our overall cash position improved from \$806k to \$978k over the financial year. This has given another credible increase in the net cash asset backing to shares in North Ryde Community Finance Limited. Your Board has adopted a conservative approach in protecting shareholders' capital and giving confidence to customers and shareholders in the future of the business. This strategic approach was outlined in my Chairman's Report for the FY 30 June 2009. The net tangible asset backing of your shares has increased from 72 cents per share (June 2008) to \$1.07 per share (June 2011).

Dividend Announcement

I am pleased to report that your Board, at its September meeting, approved an 8 cent dividend (fully franked) per share. This was announced to the Bendigo Stock Exchange following this decision on 30 September 2011. This dividend will be provided to shareholders in December 2011.

Provision of an Option to our Current Franchise Agreement

You may recall that our initial Franchise Agreement expired after five years. A new agreement has now been signed with Bendigo and Adelaide Bank. This agreement provides for a further two 5 year options for renewal.

Changes to the financial model within the Franchise Agreements

During the reporting period, Bendigo and Adelaide Bank unilaterally made changes to the financial model. The new model was presented at various meetings and titled "Restoring the Balance". As a result, there have been changes to our margins and North Ryde Community Finance experienced a drop in sales revenue in the order of \$45,000 as predicted in last year's Annual Report. We have now appeared to recover a part of this revenue through increased banking business.

Our Partnership with Bendigo and Adelaide Bank

As you are aware, Bendigo and Adelaide Bank provide the banking licence necessary for our business to operate in this industry and the levels of probity and general procedures provided gives our business good levels of protection.

Bendigo and Adelaide Bank have reported a net profit after tax of \$342.1M for their financial year.

In addition, Bendigo and Adelaide Bank have recently had their credit rating significantly upgraded by both Fitch (A-) and Standard & Poors (BBB+ Stable to BBB+ Positive).

It is pleasing to report that we have an excellent relationship with Bendigo and Adelaide Bank and I take the opportunity of thanking them for their support and interest in the continued success of our Community Bank. In particular, our Regional Manager, Alex Hughes, who often attends our Directors' Meetings and our newly appointed State Manager, Phil Jones.

Trading of Shares in North Ryde Community Finance

Shareholders wishing to trade our shares can do so by registering with approved brokering firms of the Bendigo Stock Exchange or trading shares "off-market".

Trading on Bendigo Stock Exchange (BSX)

Currently there are three firms approved as follows:

Sydney	Melbourne	Brisbane
Shaw Stockbroking Limited Tel No: (02) 9238-1238 Toll Free: 1800 636 625 Email: www.shawstock.com.au	Strategem Financial Group Tel No: (03) 5445-4777 Email: info@strategem.com.au	RBS Morgans Limited Tel No: (07) 3334-4888 Email: info@rbsmorgans.com

Off-Market Transactions

Should you have "less than marketable" portion of shares, it may be possible to trade these in an "off-market" arrangement. Please contact our Company Secretary, Pat Perrin, in writing at the Company's registered office.

Future Trading of Shares

Some shareholders have found difficulty in trading shares through the approved brokers. Bendigo Bank is developing a "low level market". Bendigo Stock Exchange will close on 30 June 2012 with Newcastle Stock Exchange offering a listing to Bendigo Community Banks from 1 January 2012. The Newcastle Exchange will be in a position to provide new brokers for trading of shares. Your Directors are examining the appropriateness of these markets and a decision will be made later this year for the future trading of shares.

Share Register

Our Share Register is independently managed by AFS & Associates Pty Ltd. Our thanks go to Rose Abbott and AFS & Associates Pty Ltd.

The Annual General Meeting

The AGM this year will be held on Monday, 7 November 2011 at 10.00 am. The venue will be the Holy Spirit School Hall in Cox's Road, North Ryde.

Information and procedural matters for the AGM will be made available to shareholders on a separate mail out basis containing the Notice of Meeting, Statutory Accounts and Proxy forms.

Our Directors

My thanks go to the entire Board for their efforts over the past year. As you know, their effort is voluntary and each Director shoulders the full responsibility for operating under Corporations Law, Listing Rules of the Bendigo Stock Exchange and the overall governance of the Company.

This year three Directors retire by rotation, these Directors are Tony Wise, our Treasurer, Ivan Petch and myself. Each Director is offering himself for re-election for a further period of service. The election of Directors will be conducted by Elections Australia in the same manner as our previous AGM. Shareholders may also elect to vote by proxy.

The Late Russell Milton Robinson

Our Foundation Director and Treasurer passed away on 22 December 2010 after a short illness. On behalf of the Board of Directors, our staff and all our shareholders, we remember and appreciate the significant contribution and enthusiasm Russell brought to our Bank and community. He was passionate about good corporate governance and the success of our community initiative. Vale Russell.

Our Staff and Customer Service

One of the most important assets in our business is our staff. We are very fortunate to have a most impressive and experienced team led by our General Manager, Pat Italiano. To Pat and all our staff, we say congratulations and thank you for an excellent performance over the past year. I believe we are upholding the reputation earned by Bendigo Bank in providing, through customer service, a unique point of difference in the banking world. Friendly service, a genuine interest in each and every one of our customers, together with a culture of helpfulness, are the necessary ingredients for a pleasant and satisfying banking experience.

During the year, after six years' of service, Helen Mark retired. We thank her very much indeed for her experience and enthusiasm for the success of our community banking venture. Helen was with us from day one and will be missed. We wish her and her husband all the best in their retirement.

Community Sharing and Development

Our Community Bank has again been active in engaging our local community organisations and in providing various levels of support through our Market Development Fund. Such support is project based with projects that can demonstrate significant benefits to our local community. Some of these have included support of local sporting organisations and various schools. North Ryde Community Finance participates in the Bendigo Bank Foundation which can also be accessed for local community projects. A major project was contemplated during the last financial year, however, a placement of funding support has not yet been made but may be made in the new financial year.

Provision of Audit Services

AFS & Associates provide our audit services, assist in our reporting to the BSX and also to ASIC on behalf of NRCF. Our thanks go to Graeme Stewart, David Hutchings and Leo Bruinier for their audit work.

In Conclusion

I believe we have a very solid business platform on which we can continue to build for the future. Naturally, this can only happen if we continue to provide the high level of service and community engagement that Bendigo Community Bank at North Ryde has now established. Most importantly, your support is critical to the future success of the Bank, so I ask that wherever possible, you place your business with our Community Bank.

We have achieved an enormous amount in a short period of time and with a sharp focus and a renewed energy will enable our Community Bank to succeed and contribute to the success and development of social capital in our local community.

Dr Graham McMaster
Chairman

Company Secretary's Report FY2010-2011

General

It is with great pleasure that I provide the following Secretary's Report. Most people are now aware that the Company Secretary is responsible for the overall governance of the company and also for compliance and reporting to relevant bodies such as ASIC (Australian Securities and Investments Commission) and to BSX (Bendigo Stock Exchange) as we are a listed company. The implementation of good governance practices in our community bank has resulted in a continual improvement in the management of board processes and the transparency of governance for shareholders.

Over the past year my role has encompassed the following:

- The overall management of board processes.
- Ensuring members' and directors' meetings are properly called and held.
- Provision of agendas for general meetings and directors' meetings.
- Providing minutes of meetings.
- Ensuring records of members' and directors' meetings are kept in compliance with the Corporations Act and our own constitution.
- Ensuring legal requirements with ASIC and other various regulations are met.
- Ensuring that the continuous disclosure rules of the BSX are met.
- Ensuring that any directors' interests or conflicts of interest are recorded as stated at directors meetings.

As you are aware from the Annual Report, directors meetings are held each month and may be called more often if required for special issues. Our experience has been that the company's business has been adequately dealt with at monthly directors' meetings.

The Share Registry

In January 2009, the directors accepted an offer by AFS & Associates to maintain the Share Register of the Company and provide any new share certificates required. AFS & Associates maintain the register in full accordance with the BSX requirements. As you are aware, AFS & Associates are also our auditors. Your board is satisfied that AFS & Associates manage both these processes in an independent and professional manner.

Trading Shares in North Ryde Community Finance Ltd

In order to trade shares, shareholders will need to contact brokers that are approved/registered with the BSX. Once you are registered, it is a relatively easy matter to sell or purchase shares on the BSX. Currently, there are three broking firms registered and their contact details are as follows:

Sydney	Melbourne	Brisbane
Shaw Stockbroking Limited Tel No: (02) 9238-1238 Toll Free: 1800 636 625 Email: www.shawstock.com.au	Strategem Financial Group Tel No: (03) 5445-4777 Email: info@strategem.com.au	RBS Morgans Limited Tel No: (07) 3334-4888 Email: info@rbsmorgans.com

It is also easy to monitor the share trades by visiting the BSX website (bsx.com.au) and typing in **NRC** which is the code for North Ryde Community Finance. There is an ability to monitor trades in all listed community banks by using the website. For example, the most recent trade of shares in North Ryde Community Finance Ltd reported by the BSX was a trade of shares at 96 cents per security.

Shareholders wishing to trade in an “off-market” arrangement should contact me in writing at the Company’s registered office.

Registered Office of North Ryde Community Finance Ltd

The registered office of our Community Bank is: 203-213 Cox’s Road, North Ryde NSW 2113.

Pat Perrin
Company Secretary

General Managers Report FY2010-2011

It is with a great deal of satisfaction that I am able to report on another successful year for your Community Bank. Our business continues to grow and our results are a strong endorsement of the efforts of both the staff and board of directors. Our financial results continue to meet our expectations, and a strong growth in our loan portfolio, has resulted in a solid increase in revenue this year.

Community Engagement

We have continued to expand our engagement activities with various organizations in the community. This year your community bank has supported several local organisations, schools and sporting clubs, with major financial support being provided to:

- North Ryde Rotary
- North Ryde Community Aid
- North Ryde RSL Junior Baseball Club
- Ryde Eastwood Touch Football
- Holy Spirit School
- West Pymble Bowling Club

We also have funds with the Community Enterprise Foundation which will be used to fund Community projects in the future.

This year we expanded our School Banking program with Kent Road Public School. We have had an excellent response I would like to thank the parents and children for their support. We will continue to encourage other local schools to participate in this worthwhile program.

Staff

Our staff, Gina, Helen, Karen, Michelle and Jodi, continue to demonstrate their value to our business by providing professional, friendly service to all our customers. On a sad note, Helen Mark has decided to retire. We wish her all the very best for the future, and thank her for her enormous contribution to the success of our business over the past 6 years.

As always, I would also like to thank all our Directors, who give their time on a voluntary basis to ensure that the business is run in a professional and prudent manner. Their contribution to the success of our business should not be underestimated.

Our Commitment to Service

In an age where a significant amount of banking happens electronically the success of our business has been built face to face banking services to our Community. This year alone our staff conducted more than 20000 over the counter transactions, opened 500 bank accounts, and answered countless phone calls, email and general enquiries.

We would encourage all of you to be a part of your Community Bank and appreciate the great service we provide.

Pat Italiano