



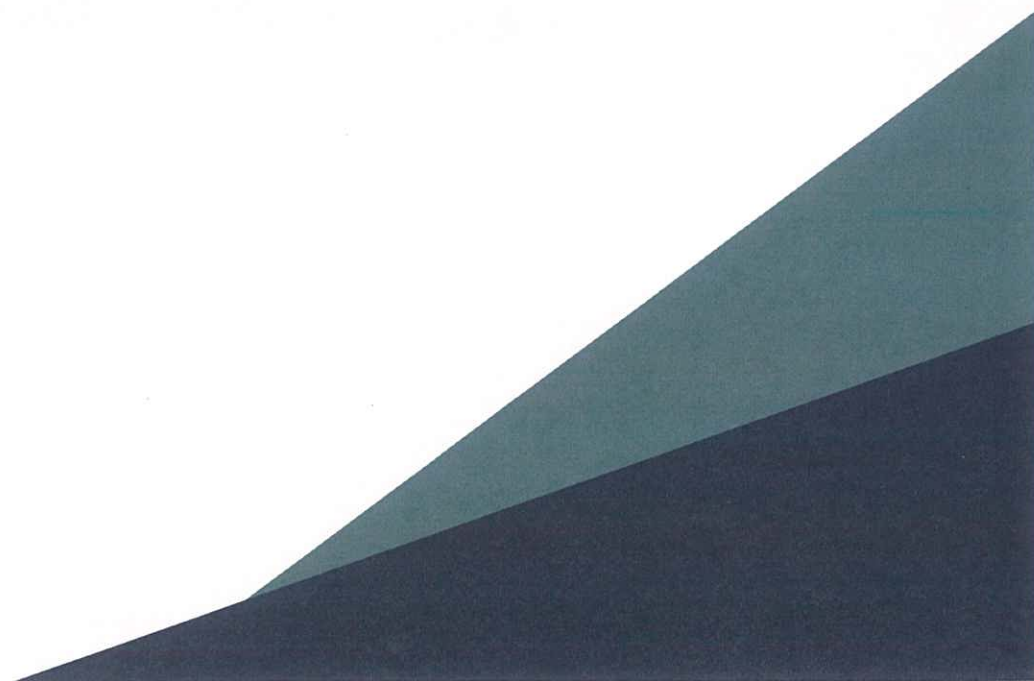
East Gosford & Districts Financial Services Ltd

ABN: 90 092 538 620

Interim Financial Report for the half-year ended 31 December 2020

 **Bendigo Bank**

Community Bank
East Gosford, Lisarow and
Kincumber



East Gosford & Districts Financial Services Ltd

Directors' Report

For the half-year ended 31 December 2020

The Directors present their report, together with the financial statements, on East Gosford & Districts Financial Services Ltd for the half-year ended 31 December 2020.

Directors

The following persons were Directors of East Gosford & Districts Financial Services Ltd during or since the end of the half-year:

Garry Morris	Cameron Shepherd
Brian Lindbeck (Resigned 18/12/20)	Trevor Gerdson
John Coman	Sarah Brennan
Scott Evans	Carolyn Kay (Appointed 14/10/20)
Mark Holton	Elise Willemsen (Appointed 14/10/20)

Principal activities

The principal activities of the company during the course of the financial period were providing Community Bank branch services under management rights to operate a franchised branch of Bendigo and Adelaide Bank Limited across the greater Gosford area.

Review and results of operations

Operations have continued to perform in line with expectations for the six month financial period. The net profit of the company for the financial period was \$23,226 (2019 profit: \$94,003)

There has been an adjustment to the Funds Transfer Pricing model and six official interest rate reductions which has seen revenue per footing fall, this coupled with the adoption of AASB 16 have seen a significant shift in the profit from December 2019.

Major expense movements to impact profit relate to Depreciation and Amortisation due to the refurbishment of our East Gosford branch after 20 years, along with entering into a new five year Franchise Agreement with Bendigo Bank. Finance costs and Occupancy expenses relate directly to entering into three new leases and the adoption of new accounting standards. IT Expenses relate to new and upgrade equipment in relation to the East Gosford branch refurbishment.

Business growth as at 31 December 2020 was a positive \$21.5m, with footings increasing to \$310.3m.

COVID-19 impacts

During the current and previous financial year, the Australian economy has been greatly impacted by COVID-19. Bendigo Bank, as franchisor, announced a suite of measures aimed at providing relief to customers affected by the COVID-19 pandemic. The relief support and economic conditions has not materially impacted the company's earnings for the financial year. As the pandemic continues to impact the economic environment, uncertainty remains on any future impact of COVID-19 to operations.

Matters subsequent to the end of the reporting period

There are no matters or circumstances that have arisen since the end of the half year reporting period that have significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company.

East Gosford & Districts Financial Services Ltd

Directors' Report

For the half-year ended 31 December 2020

Auditor's independence declaration

The auditor's independence declaration under Section 307C of the *Corporations Act 2001* is set out on page 2 for the half year ended 31 December 2020.

Signed in accordance with a resolution of the Directors at East Gosford.



.....
Garry Morris

Director

Dated: 12 March 2021



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Bendigo, Victoria
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Auditors Independence Declaration under section 307C of the *Corporations Act 2001* to the Directors of East Gosford & Districts Financial Services Limited

In accordance with s 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of East Gosford & Districts Financial Services Limited. As the lead audit partner for the review of the financial report of East Gosford & Districts Financial Services Limited for the half-year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) The auditor independence requirements set out in the *Corporations Act 2001* in relation to the review; and
- (ii) Any applicable code of professional conduct in relation to the review.

RSD Audit

A handwritten signature in blue ink, appearing to be 'Kathie Teasdale', written over a faint circular stamp.

Kathie Teasdale
Partner
41A Breen Street
Bendigo VIC 3550

Dated: 15 March 2021

East Gosford & Districts Financial Services Ltd

Statement of Profit and Loss and Other Comprehensive Income

For the half-year ended 31 December 2020

	2020 \$	2019 \$
Revenue	1,058,165	1,130,229
Expenses		
Employment expenses	619,160	584,300
Depreciation and amortisation	177,650	102,821
Finance costs	72,891	-
IT expenses	39,595	29,797
Marketing & Advertising	44,839	56,362
Insurance	15,903	14,379
Freight/Cartage/Delivery	9,204	10,083
Other expenses	78,018	160,631
	<u>1,057,260</u>	<u>958,373</u>
Profit before charitable donations & sponsorship	<u>905</u>	<u>171,856</u>
Charitable donations and sponsorship	9,894	35,966
Profit/(loss) before income tax expense	<u>(8,989)</u>	<u>135,890</u>
Income tax expense/(benefit)	(32,215)	41,887
Profit after income tax expense	<u>23,226</u>	<u>94,003</u>
Other comprehensive income	-	-
Total comprehensive income for the period	<u>23,226</u>	<u>94,003</u>
Total comprehensive income attributable to the ordinary shareholders of the company	<u>23,226</u>	<u>94,003</u>
Earnings per share	¢	¢
- Basic earnings per share	<u>2.33</u>	<u>9.45</u>

East Gosford & Districts Financial Services Ltd

Statement of Financial Position

For the half-year ended 31 December 2020

	31 December 2020 \$	30 June 2020 \$
ASSETS		
Current Assets		
Cash and cash equivalents	264,906	644,323
Trade and other receivables	183,352	192,667
Financial assets	225,042	223,030
Current tax asset	27,526	4,151
Other assets	17,630	17,630
Total Current Assets	718,456	1,081,801
Non-Current Assets		
Financial Assets	20,287	15,484
Property, plant and equipment	1,330,393	1,228,174
Intangible assets	208,725	3,297
Deferred tax assets	132,956	100,761
Total Non-Current Assets	1,692,361	1,347,716
Total Assets	2,410,817	2,429,517
LIABILITIES		
Current Liabilities		
Trade and other payables	121,717	473,567
Borrowings	97,188	126,859
Provisions	335,727	317,044
Total Current Liabilities	554,632	917,470
Non-Current Liabilities		
Trade and Other Payables	136,620	-
Borrowings	856,317	624,219
Provisions	9,699	27,661
Total Non-Current Liabilities	1,002,636	651,880
Total Liabilities	1,557,268	1,569,350
Net Assets	853,549	860,167
Equity		
Issued capital	709,669	709,669
Retained earnings	143,880	150,498
Total Equity	853,549	860,167

East Gosford & Districts Financial Services Ltd

Statement of Changes in Equity

For the half-year ended 31 December 2020

	Note	Issued capital \$	Retained earnings \$	Total equity \$
Balance at 1 July 2020		<u>709,669</u>	<u>150,498</u>	<u>860,167</u>
<i>Comprehensive income for the half year</i>				
Profit for the half year		-	23,226	23,226
<i>Transactions with owners in their capacity as owners</i>				
Dividends paid or provided	5	-	(29,844)	(29,844)
Balance at 31 December 2020		<u>709,669</u>	<u>143,880</u>	<u>853,549</u>
Balance at 1 July 2019		<u>709,669</u>	<u>90,204</u>	<u>799,873</u>
<i>Comprehensive income for the half year</i>				
Profit for the half year		-	94,003	94,003
<i>Transactions with owners in their capacity as owners</i>				
Dividends paid or provided	5	-	(34,819)	(34,819)
Balance at 31 December 2019		<u>709,669</u>	<u>149,388</u>	<u>859,057</u>

East Gosford & Districts Financial Services Ltd

Statement of Cash Flows

For the half-year ended 31 December 2020

	2020 \$	2019 \$
Cash Flows From Operating Activities		
Receipts from customers	1,163,920	1,123,672
Interest received	1,186	4,228
Payments to suppliers and employees	(1,315,692)	(876,241)
Interest paid	(72,891)	(27,517)
Income tax paid	(23,375)	(13,496)
Net cash flows from/(used in) operating activities	(246,852)	210,646
Cash Flows From Investing Activities		
Proceeds from disposal of financial assets	-	222,158
Purchase of property, plant and equipment	-	(550)
Purchase of intangible assets	(45,540)	(19,800)
Purchase of financial assets	(2,011)	(3,135)
Net cash flows from/(used in) investing activities	(47,551)	198,673
Cash Flows From Financing Activities		
Repayment of leases	(55,170)	(68,713)
Dividends paid	(29,844)	(34,819)
Net cash flows used in financing activities	(85,014)	(103,532)
Net increase/(decrease) in cash held	(379,417)	305,787
Cash and cash equivalents at beginning of period	644,323	486,589
Cash and cash equivalents at end of period	264,906	792,376

East Gosford & Districts Financial Services Ltd

Notes to the Financial Statements

For the half-year ended 31 December 2020

Note 1: Summary of Significant Accounting Policies

(a) Basis of preparation

These general purpose interim financial statements for the half-year reporting period ended 31 December 2020 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting*. The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of East Gosford & Districts Financial Services Ltd (the Company).

This financial report is intended to provide users with an update on the latest annual financial statements and does not include all the notes of the type normally included in an annual financial report. Accordingly the report shall be read in conjunction with the annual financial report for the year ended 30 June 2020 and any public announcements made by the company during the period.

(b) Accounting Policies

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

The Company has considered the implications of new or amended Accounting Standards, but determined that their application to the financial statements is either not relevant or not material.

(c) Critical Accounting Estimates and Judgements

When preparing the interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Company's last annual financial statements for the year ended 30 June 2020.

Note 2: Events after the End of the Interim Period

There have been no events subsequent to reporting date that would materially affect the financial statements at the reporting date.

Note 3: Contingent Assets and Liabilities

Since the last annual reporting date there has been no material change of any contingent assets or contingent liabilities.

Note 4: Segment Reporting

The economic entity operates in a single service sector where it facilitates community banking services in the greater Gosford area, NSW pursuant to a franchise agreement with Bendigo and Adelaide Bank Limited.

East Gosford & Districts Financial Services Ltd

Notes to the Financial Statements

For the half-year ended 31 December 2020

	2020 \$	2019 \$
Note 5: Dividends		
A final fully franked dividend of 3 cents per share for the year ended 30 June 2020 was declared in the half year period to 31 December 2020 (Dec 2019: 3.5 cents)	29,844	34,819
Note 6: Earnings per Share		
Basic earnings per share (cents)	2.33	9.45
Earnings used in calculating basic earnings per share	23,226	94,003
Weighted average number of ordinary shares used in calculating basic earnings per share.	994,812	994,812

Note 7: Fair Value Measurement

Fair value is the price the Company would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair value of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. The company measures and recognises the following assets at fair value on a recurring basis after initial recognition:

- listed investments

(a) Fair value hierarchy

AASB 13: *Fair value measurement* requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

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

Fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

East Gosford & Districts Financial Services Ltd

Notes to the Financial Statements

For the half-year ended 31 December 2020

Note 7: Fair Value Measurement (continued)

b) Fair Value Measurements and the Level of the Fair Value Hierarchy within which the Fair Value Measurements are categorised.

The entity's financial assets and financial liabilities measured and recognised at fair value on a recurring basis are as follows:

Fair Value Measurement at 31 December 2020			
	\$ Level 1	\$ Level 2	\$ Level 3
Financial assets measured at fair value through profit and loss:			
- Investments in shares of listed companies	20,187	-	-
Total	20,187	-	-

Fair Value Measurements at 30 June 2020			
	\$ Level 1	\$ Level 2	\$ Level 3
Financial assets measured at fair value through profit and loss:			
- Investments in shares of listed companies	14,984	-	-
Total	14,984	-	-

There have been no transfers between levels of the fair value hierarchy during the period to 31 December 2020. The company did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at 31 December 2020.

c) Valuation Techniques and Inputs Used to Determine Fair Values

In the absence of an active market for an identical asset or liability, the Company selects and uses one or more valuation techniques to measure the fair value of the asset or liability. The Company selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Company are consistent with one or more of the following valuation approaches:

Market Approach	Uses prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
Income Approach	Converts estimated future cash flows or income and expenses into a single discounted present value.
Cost Approach	Reflects the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selected a valuation technique, the Company gives priority to these techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information about such assumptions are considered unobservable.

East Gosford & Districts Financial Services Ltd

Notes to the Financial Statements

For the half-year ended 31 December 2020

Note 7: Fair Value Measurement (continued)

c) Valuation Techniques and Inputs Used to Determine Fair Values (continued)

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.

Investments in shares of listed companies

Fair values have been determined by reference to their quoted bid prices at the reporting date.

East Gosford & Districts Financial Services Ltd

Directors Declaration

For the half-year ended 31 December 2020

In accordance with a resolution of the Directors of East Gosford & Districts Financial Services Ltd, the Directors of the Company declare that:

- (1) the financial statements and notes set out on pages 4 to 11 are in accordance with the *Corporations Act 2001*, including:
 - (a) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and
 - (b) giving a true and fair view of the entity's financial position as at 31 December 2020 and of its performance for the half-year ended on that date, and;
- (2) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



.....
Garry Morris
Director

Signed at East Gosford on 12 March 2021

Independent Auditor's Review Report to the Members of East Gosford & Districts Financial Services Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of East Gosford & Districts Financial Services Limited, which comprises the statement of financial position as at 31 December 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the half-year ended on that date, notes to the financial statements including a summary of significant accounting policies, other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of East Gosford & Districts Financial Services Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of East Gosford & Districts Financial Services Limited's financial position as at 31 December 2020 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of East Gosford & Districts Financial Services Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

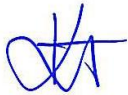
Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of East Gosford & Districts Financial Services Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of East Gosford & Districts Financial Services Limited is not in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of East Gosford & Districts Financial Services Limited's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- (ii) complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A handwritten signature in blue ink, appearing to be 'Katie Teasdale'.

Kathie Teasdale
Partner
RSD Audit
41A Breen Street, Bendigo VIC 3550

Dated: 15 March 2021