



Community Bank
East Gosford, Lisarow and
Kincumber

East Gosford & Districts Financial Services Ltd.

ABN: 90 092 538 620

Financial Report
For the half-year ended
31 December 2021

East Gosford & Districts Financial Services Ltd.

Directors' Report

The directors present their report together with the financial statements of the company for the half-year ended 31 December 2021.

Directors

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

Garry Morris	Emma Mason
Trevor Gerdson	Paul McCubbin (<i>Appointed 13 December 2021</i>)
Scott Evans	Sarah Brennan (<i>Resigned 29 November 2021</i>)
Mark Holton	Cameron Shepherd (<i>Resigned 15 November 2021</i>)
Carolyn Kay	John Coman (<i>Resigned 11 August 2021</i>)
Elise Willemsen	

Principal activity

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

Review of operations

The net profit/(loss) of the company for the financial period after the provision of income tax was:

Half-year ended 31 December 2021	Half-year ended 31 December 2020
\$	\$
(41,570)	23,226

Operations have continued to perform in line with expectations given the decline in margins and fees paid to the company by Bendigo Bank due to the low interest rate environment even though the company has continued to grow its loan and deposit portfolios. These fees have impacted the revenue received by the company. In the previous half-year period the company received \$50,000 from the COVID-19 government stimulus package, this was not received this period.

The result included non-cash adjustments applied to the treatment of pre-payments and the aligning of the remaining lease periods for property which increased the amount of amortisation recognised in the accounts as per the accounting standards.

COVID-19 Impacts

During the current period and previous financial years, the Australian economy has been greatly impacted by COVID-19. Bendigo Bank, as a franchisor, announced a suite of measures aimed at providing relief to customers and staff affected by the pandemic. The economic conditions have resulted in a fall in the company's revenue in the current period. As the pandemic conditions continue to impact the economic environment, uncertainty remains on any future impact of COVID-19 to operations.

The company supported all staff during the period with extra leave entitlements. As a consequence, this has had a knock on effect on staff entitlements recognised in the accounts.

Events after the end of the reporting period

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

East Gosford & Districts Financial Services Ltd.

Directors' Report

Auditor's independence declaration

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 3.

Signed in accordance with a resolution of the directors at East Gosford, New South Wales.

Director _____


Garry Morris

Dated this 16th day of March 2022

Lead auditor's independence declaration under section 307C of the *Corporations Act 2001* to the Directors of East Gosford & Districts Financial Services Ltd.

We declare that, to the best of our knowledge and belief, for the half-year ended 31 December 2021 there have been no contraventions of:

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



Andrew Frewin Stewart
61 Bull Street, Bendigo Vic 3550
Dated: 16 March 2022



Joshua Griffin
Lead Auditor

East Gosford & Districts Financial Services Ltd.

Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 31 December 2021

	2021 \$	2020 \$
Revenue from contracts with customers	929,140	961,354
Other revenue	29,593	95,658
Finance income	358	1,153
Employee benefits expense	(653,308)	(619,160)
Charitable donations, sponsorship, advertising and promotion	(21,255)	(54,733)
Occupancy and associated costs	(35,292)	(33,852)
Systems costs	(38,014)	(39,595)
Depreciation and amortisation expense	(108,874)	(177,650)
Finance costs	(30,547)	(72,891)
General administration expenses	(126,486)	(69,273)
Loss before income tax	(54,685)	(8,989)
Income tax credit	13,115	32,215
Profit/(loss) after income tax	(41,570)	23,226
Total comprehensive income for the half-year attributable to the ordinary shareholders of the company:	(41,570)	23,226
Earnings per share	¢	¢
- Basic and diluted earnings/(loss) per share:	(4.18)	2.33

East Gosford & Districts Financial Services Ltd.

Statement of Financial Position

For the half-year ended 31 December 2021

	31-Dec-21 \$	30-Jun-21 \$
ASSETS		
Current assets		
Cash and cash equivalents	368,729	480,698
Trade and other receivables	187,379	176,327
Current tax asset	33,458	18,310
Total current assets	589,566	675,335
Non-current assets		
Other investments	19,711	22,721
Property, plant and equipment	521,304	496,731
Right of use assets	887,067	964,508
Intangible assets	140,744	160,278
Deferred tax assets	109,695	96,560
Total non-current assets	1,678,521	1,740,798
TOTAL ASSETS	2,268,087	2,416,133
LIABILITIES		
Current liabilities		
Trade and other payables	94,231	76,820
Lease liabilities	116,757	110,015
Employee benefits	341,732	349,913
Total current liabilities	552,720	536,748
Non-current liabilities		
Trade and other payables	91,080	136,620
Lease liabilities	834,718	894,051
Employee benefits	21,978	4,734
Total non-current liabilities	947,776	1,035,405
TOTAL LIABILITIES	1,500,496	1,572,153
NET ASSETS	767,591	843,980
EQUITY		
Issued capital	709,669	709,669
Retained earnings	57,922	134,311
TOTAL EQUITY	767,591	843,980

East Gosford & Districts Financial Services Ltd.

Statement of Changes in Equity

For the half-year ended 31 December 2021

	Note	Issued capital \$	Retained earnings \$	Total equity \$
Balance at 1 July 2020		709,669	150,498	860,167
Total comprehensive income for the half-year		-	23,226	23,226
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	6	-	(29,844)	(29,844)
Balance at 31 December 2020		709,669	143,880	853,549
Balance at 1 July 2021		709,669	134,311	843,980
Total comprehensive income for the half-year		-	(41,570)	(41,570)
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	6	-	(34,819)	(34,819)
Balance at 31 December 2021		709,669	57,922	767,591

East Gosford & Districts Financial Services Ltd.

Statement of Cash Flows

For the half-year ended 31 December 2021

	Note	2021 \$	2020 \$
Cash flows from operating activities			
Receipts from customers		1,051,557	1,163,920
Payments to suppliers and employees		(937,406)	(1,304,050)
Lease payments (interest component)		(30,547)	(72,891)
Lease payments not included in the measurement of lease liabilities		(16,058)	(15,782)
Interest received		358	1,186
Dividends received		574	-
Income taxes paid		(15,168)	(23,375)
Net cash provided by/(used in) operating activities		53,310	(250,992)
Cash flows from investing activities			
Purchase of property, plant and equipment		(32,802)	-
Payments for intangible assets		(41,400)	(41,400)
Net cash used in investing activities		(74,202)	(41,400)
Cash flows from financing activities			
Lease payments (principal component)		(56,258)	(55,170)
Dividends paid	6	(34,819)	(29,844)
Net cash used in financing activities		(91,077)	(85,014)
Net cash decrease in cash held		(111,969)	(377,406)
Cash and cash equivalents at the beginning of the financial year		480,698	867,353
Cash and cash equivalents at the end of the half-year		368,729	489,947

East Gosford & Districts Financial Services Ltd.

Notes to the Financial Statements

For the half-year ended 31 December 2021

Note 1. Summary of significant accounting policies

Statement of Compliance

This general purpose financial report has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34: *Interim Financial Reporting*.

Basis of preparation

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 2021 and any public announcements made by the company during the period.

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 report and the previous corresponding interim period.

The half-year financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Note 2. Events subsequent to reporting date

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

Note 3. Contingent assets and liabilities

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

Note 4. Related parties

Arrangements with related parties continue to be in place. For details on these arrangements, refer to the 30 June 2021 annual financial report.

East Gosford & Districts Financial Services Ltd.

Notes to the Financial Statements

For the half-year ended 31 December 2021

Note 5. Correction of error

During the period the company discovered that intangibles assets had been overstated. As a consequence, the GST paid had been undersated and amortisation expense was overstated.

The following table summarises the impacts on the financial statements for the year ended 30 June 2021.

	2021 Previous \$	Adjustment \$	2021 Restated \$
Balance Sheet (extract)			
ASSETS			
Non-current assets			
Intangible assets	185,955	(25,677)	160,278
TOTAL ASSETS	2,441,810	(25,677)	2,416,133
LIABILITIES			
Current liabilities			
Trade and other payables	97,519	(20,699)	76,820
TOTAL LIABILITIES	1,592,852	(20,699)	1,572,153
NET ASSETS	848,958	(4,978)	843,980
EQUITY			
Retained earnings	139,289	(4,978)	134,311
TOTAL EQUITY	848,958	(4,978)	843,980

Note 6. Dividends provided for or paid

a) Dividends declared and paid during the period	31-Dec-21		31-Dec-20	
	Cents	\$	Cents	\$
Fully franked dividend	3.5	34,819	3	29,844

The tax rate at which dividends have been franked is 25% (2020: 26%).

East Gosford & Districts Financial Services Ltd.

Notes to the Financial Statements

For the half-year ended 31 December 2021

Note 7. Fair value measurement

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

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

- Level 1 inputs are based on the quoted market price at the close of business at the end of the reporting period.
- Level 2 inputs are based on a valuation performed by a third party qualified valuer using quoted prices for similar assets in an active market.
- Level 3 inputs are unobservable inputs for the asset or liability.

At 31 December 2021

Level 1	Level 2	Level 3	Total
\$	\$	\$	\$

Recurring fair value measurements:

Listed investments:

- shares in listed corporations

19,711	-	-	19,711
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At 30 June 2021

Level 1	Level 2	Level 3	Total
\$	\$	\$	\$

Recurring fair value measurements:

Listed investments:

- shares in listed corporations

22,751	-	-	22,751
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There were no transfers between Level 1 and Level 2 during the reporting period. The company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

East Gosford & Districts Financial Services Ltd.

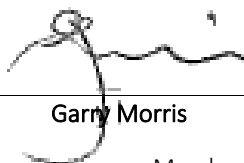
Directors' Declaration

In the opinion of the directors of East Gosford & Districts Financial Services Ltd. ("the company"):

1. The financial statements and notes thereto are in accordance with the *Corporations Act 2001* including:
 - a. giving a true and fair view of the financial position of the entity as at 31 December 2021 and of its performance, as represented by the results of its operations and cash flows for the half-year ended on that date;
 - b. complying with Australian Accounting Standard *AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*; and
2. There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

Director


Garry Morris

Dated this 16 day of March 2022.

Independent auditor's review report to the Directors of East Gosford & Districts Financial Services Ltd.

Report on the half-year financial report

Qualified Conclusion

We have reviewed the half-year financial report of East Gosford & Districts Financial Services Ltd., which comprises the statement of financial position as at 31 December 2021, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information and the directors' declaration.

Based on our review, which is not an audit, except for the effects of the matter described in the *Basis for Qualified Conclusion* section, nothing has come to our attention that causes us to believe that the accompanying half-year financial report of East Gosford & Districts Financial Services Ltd. does not comply with the *Corporations Act 2001* including:

- a. giving a true and fair view of the company's financial position at 31 December 2021 and of its performance for the half-year ended on that date
- b. complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.

Basis of Qualified Conclusion

Comparative figures:

The financial statements for the year ended 30 June 2021 of the company was not audited by Andrew Frewin Stewart. It has not been practicable for us to verify or otherwise obtain sufficient information concerning the company's opening balances at 1 July 2021, in particular the comparative figures for depreciation expense, interest expense and the cash flow statement due to adoption of AASB 16 Leases and the comparative figures in the cash flow statement for payments made for property, plant and equipment resulting from a building fit out.

Since the opening balances impact directly on the determination of the results of operations, we were unable to ascertain whether adjustments to the results of operations might be necessary for the half-year ended 31 December 2021 as a consequence of any potential misstatement of the opening balances. We were therefore unable to obtain sufficient appropriate audit evidence regarding the comparative balances disclosed for the half-year ended 31 December 2021, as a result of this, no opinion on these comparative amounts is expressed.

Basis for Qualified Conclusion

We conducted our review in accordance with ASRE 2410: *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (including Independence Standards) (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the directors for the financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine 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 error.

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the company's financial position as at 31 December 2021 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.

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



Andrew Frewin Stewart
61 Bull Street, Bendigo Vic 3550
Dated: 16 March 2022



Joshua Griffin
Lead Auditor