
Logan

Community Financial Services Limited

ABN: 88 101 148 430

Financial Report

For the half-year ended

31 December 2023

Logan Community Financial Services Limited

Directors' Report

The directors present their report together with the financial statements of the company for the half-year ended 31 December 2023.

Directors

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

Jason Luckhardt	Lachlan Stewart
Kathleen Wakeling	Leanne Taylor
David Ekert	Brett Raguse
Robert Herriott	Maria Elita (Appointed 20 November 2023)

Principal activity

The principal activity of the company during the financial period was facilitating Community Bank services under management rights of Bendigo and Adelaide Bank Limited (Bendigo Bank).

Significant changes in the state of affairs

During the period Logan Community Financial Services Limited (LCFSL) made an offer, in the form of a Purchase Agreement, to Broadwater Financial Services Limited (BFSL) to acquire BFSL's rights in relation to the revenue from its loans, deposits and other revenue generating business, currently derived from the franchise agreement between BFSL and Bendigo and Adelaide Bank Limited. As part of the agreement, LCFSL has agreed to continue to operate the Helensvale Branch. The Agreement was settled in November 2023.

There were no other significant changes in the state of affairs of the company during the period.

Review of operations

Operations have continued to perform in line with expectations. The net profit of the company for the financial period after the provision of income tax was:

Half-year ended 31 December 2023	Half-year ended 31 December 2022
\$	\$
315,069	561,282

The Reserve bank of Australia (RBA) increased the cash rate by 2.25% during the previous period from 0.85% to 3.10% at 31 December 2022. Since then the cash rate has increased by 1.25% to 4.35% as at 31 December 2023. The increased cash rate has had a direct impact on the revenue received by the company, increasing the net interest margin income received under the revenue share arrangement the company has with Bendigo Bank.

While the cash rate has increased, from 1 July 2023 Bendigo Bank updated the Funds Transfer Pricing (FTP) base rate on certain deposits which has impacted the income earned on these products.

Events after the end of the reporting period

The company has decided to close its Loganholme branch on 29 February 2024, with customer accounts and the related income transferred to other branches. This closure is expected to result in cost savings, with negligible negative impact on income. The company has also decided to divest the property that accommodates the Loganholme branch and the company's administration centre. This sale process will commence in March 2024 with the proceeds held to fund further investments. The administration centre will move to alternative rented premises which will result in some moderate increased occupancy costs.

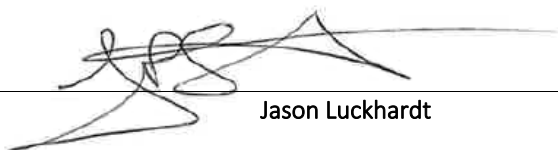
There are no other matters or circumstances that have arisen since the end of the half year reporting period that have significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company.

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 the following page.

Signed in accordance with a resolution of the directors on 14 March 2024.

Chair

A handwritten signature in black ink, appearing to be 'Jason Luckhardt', written over a horizontal line.

Jason Luckhardt



Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550
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(03) 5443 0344

Lead auditor's independence declaration under section 307C of the *Corporations Act 2001* to the Directors of Logan Community Financial Services Limited

We declare that, to the best of our knowledge and belief, for the half-year ended 31 December 2023 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.

A handwritten signature in black ink, appearing to read 'Andrew Frewin Stewart'.

Andrew Frewin Stewart
61 Bull Street, Bendigo Vic 3550
Dated: 14 March 2024

A handwritten signature in black ink, appearing to read 'Joshua Griffin'.

Joshua Griffin
Lead Auditor

Logan Community Financial Services Limited

Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 31 December 2023

	Note	31-Dec-23 \$	31-Dec-22 \$
Revenue from contracts with customers	5	2,423,708	2,318,671
Other revenue		-	20,000
Finance revenue		32,043	4,479
Employee benefits expense		(1,361,128)	(1,155,203)
Advertising and marketing costs		(24,551)	(5,419)
Occupancy and associated costs		(129,141)	(66,930)
Systems costs		(69,553)	(56,217)
Depreciation and amortisation expense		(151,493)	(166,552)
Finance costs		(19,612)	(16,092)
General administration expenses		(172,623)	(111,795)
Loss on disposal of assets		(47,916)	-
Profit before community contributions and income tax expense		479,734	764,942
Charitable donations, sponsorships and grants expense		(27,443)	(12,204)
Profit before income tax		452,291	752,738
Income tax expense		(137,222)	(191,456)
Profit after income tax		315,069	561,282
Total comprehensive income for the half-year attributable to the ordinary shareholders of the company:		315,069	561,282
Earnings per share		¢	¢
- Basic and diluted earnings per share:		9.85	17.54

The accompanying notes form part of these financial statements

Logan Community Financial Services Limited

Statement of Financial Position

For the half-year ended 31 December 2023

	Note	31-Dec-23 \$	30-Jun-23 \$
ASSETS			
Current assets			
Cash and cash equivalents		1,138,057	2,046,640
Trade and other receivables		308,569	261,528
Other investments		7,000	7,000
Total current assets		1,453,626	2,315,168
Non-current assets			
Property, plant and equipment	6	1,831,988	1,565,047
Right of use assets	8	1,027,335	444,222
Intangible assets	7	1,005,368	-
Deferred tax assets		-	4,806
Total non-current assets		3,864,691	2,014,075
TOTAL ASSETS		5,318,317	4,329,243
LIABILITIES			
Current liabilities			
Trade and other payables		97,648	39,371
Current tax liabilities		282,063	239,318
Loans and borrowings		2,145	2,066
Lease liabilities	9	225,475	114,539
Employee benefits		78,753	37,564
Total current liabilities		686,084	432,858
Non-current liabilities			
Trade and other payables		220,609	-
Lease liabilities	9	835,154	392,271
Provisions		89,031	77,781
Deferred tax liabilities		1,198	-
Total non-current liabilities		1,145,992	470,052
TOTAL LIABILITIES		1,832,076	902,910
NET ASSETS		3,486,241	3,426,333
EQUITY			
Issued capital		3,042,211	3,042,211
Retained earnings		444,030	384,122
TOTAL EQUITY		3,486,241	3,426,333

Logan Community Financial Services Limited

Statement of Changes in Equity

For the half-year ended 31 December 2023

	Note	Issued capital \$	Retained earnings \$	Total equity \$
Balance at 1 July 2022		3,042,211	(366,254)	2,675,957
Total comprehensive income for the half-year		-	561,282	561,282
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	10	-	(159,475)	(159,475)
Balance at 31 December 2022		3,042,211	35,553	3,077,764
Balance at 1 July 2023		3,042,211	384,122	3,426,333
Total comprehensive income for the half-year		-	315,069	315,069
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	10	-	(255,161)	(255,161)
Balance at 31 December 2023		3,042,211	444,030	3,486,241

Logan Community Financial Services Limited

Statement of Cash Flows

For the half-year ended 31 December 2023

	Note	31-Dec-23 \$	31-Dec-22 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		2,622,068	2,463,284
Payments to suppliers and employees (inclusive of GST)		(2,015,808)	(1,583,995)
Interest received		32,043	4,479
Interest paid		(251)	(54)
Income taxes paid		(88,473)	(36,224)
Net cash provided by operating activities		549,579	847,490
Cash flows from investing activities			
Purchase of property, plant and equipment		(316,561)	(5,907)
Purchase of rights to revenue stream	7	(700,000)	-
Payments for intangible assets		(66,851)	(53,765)
Net cash used in investing activities		(1,083,412)	(59,672)
Cash flows from financing activities			
Repayment of lease liabilities		(119,589)	(111,447)
Dividends paid	10	(255,161)	(159,475)
Net cash used in financing activities		(374,750)	(270,922)
Net cash increase/(decrease) in cash held		(908,583)	516,896
Cash and cash equivalents at the beginning of the financial year		2,046,640	1,139,621
Cash and cash equivalents at the end of the half-year		1,138,057	1,656,517

Logan Community Financial Services Limited

Notes to the Financial Statements

For the half-year ended 31 December 2023

Note 1. Summary of significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2023 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the *Corporations Act 2001*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made by the company during the period.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

Note 2. Events subsequent to reporting date

The company has decided to close its Loganholme branch on 29 February 2024, with customer accounts and the related income transferred to other branches. This closure is expected to result in cost savings, with negligible negative impact on income. The company has also decided to divest the property that accommodates the Loganholme branch and the company's administration centre. This sale process will commence in March 2024 with the proceeds held to fund further investments. The administration centre will move to alternative rented premises which will result in some moderate increased occupancy costs.

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.

Note 3. Contingent assets and liabilities

There were no contingent assets or liabilities at the date of this report that would materially affect the financial statements at the reporting date.

Note 4. Related parties

Arrangements with related parties continue to be in place. For details on these arrangements, refer to the 30 June 2023 annual financial report.

	31-Dec-23	31-Dec-22
Note 5. Revenue from contracts with customers	\$	\$
Margin income	2,173,625	2,064,636
Fee income	128,974	136,150
Commission income	121,109	117,885
Revenue from contracts with customers	<u>2,423,708</u>	<u>2,318,671</u>

Disaggregation of revenue

All revenue from contracts with customers has been recognised at a point in time during the half-year.

	31-Dec-23	30-Jun-23
Note 6. Property, plant and equipment	\$	\$
Land - at cost	724,942	724,942
Buildings - at cost	262,454	262,454
Less: accumulated depreciation	(102,925)	(99,487)
	159,529	162,967
Leasehold improvements - at cost	970,602	970,602
Additions	203,562	-
Disposals	(125,853)	-
Less: accumulated depreciation	(332,744)	(384,289)
	715,567	586,313
Plant and equipment - at cost	381,997	354,100
Additions	132,038	28,173
Disposals	(86,298)	(276)
Less: accumulated depreciation	(224,032)	(291,172)
	203,705	90,825
Motor vehicles - at cost	34,145	34,145
Additions	28,885	-
Less: accumulated depreciation	(34,785)	(34,145)
	28,245	-
Total property, plant and equipment	1,831,988	1,565,047

During the current period the board made the decision to shift its Springwood branch to a new premises. This resulted in the disposal of the previous locations leasehold improvements and some plant and equipment. In addition to this, the new premises underwent a full re-fit prior to opening.

	31-Dec-23	30-Jun-23
Note 7. Intangibles	\$	\$
Rights to revenue stream - at cost	700,000	-
Franchise Fee	55,715	391,599
Less: accumulated amortisation	(4,815)	(391,599)
	50,900	-
Renewal Process Fee	278,541	758,012
Less: accumulated amortisation	(24,073)	(758,012)
	254,468	-
Total intangibles	1,005,368	-

In November 2023 the company made a strategic acquisition by purchasing the revenue rights associated with Broadwater Financial Services Limited. The purchase price of these revenue rights was \$700,000.

The directors have determined the rights to the revenue stream is to be treated as an asset acquisition under AASB 3. The board is yet to assess the useful life. An annual assessment will be completed to review for impairment of the right to the revenue stream.

During the period the company has also renewed the Franchise Agreements for all four branches for an additional five years.

	31-Dec-23	30-Jun-23
Note 8. Right-of-use assets	\$	\$
<i>Non-current assets</i>		
Leased land and buildings - right-of-use	1,507,066	1,474,187
Less: Accumulated depreciation	(479,731)	(1,029,965)
Total right-of-use assets	<u>1,027,335</u>	<u>444,222</u>

	31-Dec-23	30-Jun-23
Note 9. Lease liabilities	\$	\$
<i>Current liabilities</i>		
Lease liability	225,475	114,539
<i>Non-current liabilities</i>		
Lease liability	835,154	392,271
Total lease liabilities	<u>835,154</u>	<u>392,271</u>

During the half-year the company shifted their Springwood branch to a new premises and entered in to a 5 year lease agreement. The new lease agreement includes one further 5 year extension option. In addition to this the company acquired the Helensvale branch through the purchase of Broadwater Financial Services Limited. The Helensvale lease is due to expire September 2025.

	31-Dec-23		31-Dec-22	
Note 10. Dividends	Cents	\$	Cents	\$
a) Dividends provided for and paid during the period				
Fully franked dividend	8	255,160	5	159,475
Total dividends paid during the period	<u>8</u>	<u>255,160</u>	<u>5</u>	<u>159,475</u>

The tax rate at which dividends have been franked is 25%.

Logan Community Financial Services Limited

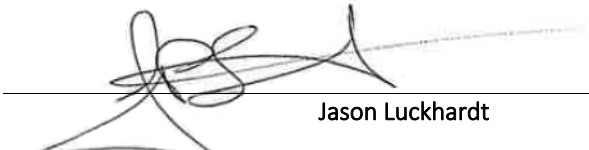
Directors' Declaration

In the opinion of the directors of Logan Community Financial Services Limited ("the company"):

1. The financial statements and notes there to 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 2023 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.

Chair



Jason Luckhardt

Dated this

14

day of

March

2024



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Independent auditor's review report to the Directors of Logan Community Financial Services Limited

Report on the half-year financial report

Conclusion

We have reviewed the half-year financial report of Logan Community Financial Services Limited (the company), which comprises the statement of financial position as at 31 December 2023, 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, nothing has come to our attention that causes us to believe that the accompanying half-year financial report of Logan Community Financial Services Limited does not present fairly, in all material respects, the company's financial position at 31 December 2023, and of its financial performance and its cash flows for the half-year ended on that date, in accordance with the *Corporations Act 2001* and Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for 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 and fair presentation of the half-year financial report in accordance with the Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation and fair presentation of the of the half-year financial report that 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 anything has come to our attention that causes us to believe that the half-year financial report does not present fairly, in all material respects in accordance with the *Corporations Act 2001* including giving a true and fair view of the company's financial position as at 31 December 2023 and its performance for the half-year ended on that date, in accordance 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: 14 March 2024



Joshua Griffin
Lead Auditor