

Heathcote & District Financial Services Limited

ABN 44 112 376 986

Half-year Financial Report - 31 December 2023



Heathcote & District Financial Services Limited

Directors' report

31 December 2023

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

Directors

The following persons were directors of the company during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Natalie Therese Sheridan-Smith
Bradley Adam Todd

Andrew Neil Campbell
Peter Catherwood Young

Principal activity

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

Review of operations

The profit for the company after providing for income tax amounted to \$108,970 (31 December 2022: \$236,515).

Operations have continued to perform in line with expectations.

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.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the company during the financial half-year.

Matters subsequent to the end of the financial half-year

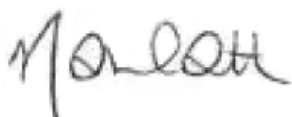
No matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the *Corporations Act 2001*.

On behalf of the directors



Natalie Therese Sheridan-Smith
Chair

6 March 2024



Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550
ABN: 65 684 604 390
afs@afsbendigo.com.au
(03) 5443 0344

Lead auditor's independence declaration under section 307C of the *Corporations Act 2001* to the Directors of Heathcote & District 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', is positioned above the printed name.

Andrew Frewin Stewart
61 Bull Street, Bendigo Vic 3550
Dated: 6 March 2024

A handwritten signature in black ink, appearing to read 'Joshua Griffin', is positioned above the printed name.

Joshua Griffin
Lead Auditor

Heathcote & District 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	2	627,891	680,697
Other revenue		-	22,500
Finance revenue		649	118
Total revenue		628,540	703,315
Employee benefits expense		(268,879)	(227,395)
Advertising and marketing costs		(29,234)	(10,769)
Occupancy and associated costs		(23,964)	(19,567)
Systems costs		(15,028)	(13,462)
Depreciation and amortisation expense		(42,482)	(41,759)
Finance costs		(10,987)	(11,710)
General administration expenses		(68,248)	(48,988)
Total expenses before community contributions and income tax		(458,822)	(373,650)
Profit before community contributions and income tax expense		169,718	329,665
Charitable donations, sponsorships and grants expense		(26,797)	(14,108)
Profit before income tax expense		142,921	315,557
Income tax expense		(33,951)	(79,042)
Profit after income tax expense for the half-year		108,970	236,515
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year		108,970	236,515
		Cents	Cents
Basic earnings per share		18.32	39.76
Diluted earnings per share		18.32	39.76

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Heathcote & District Financial Services Limited
Statement of financial position
As at 31 December 2023

	31-Dec-23	30-Jun-23
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	584,688	637,770
Trade and other receivables	95,958	86,633
Total current assets	<u>680,646</u>	<u>724,403</u>
Non-current assets		
Property, plant and equipment	101,492	86,220
Right-of-use assets	455,782	480,830
Intangibles	35,977	48,886
Deferred tax assets	6,716	9,024
Total non-current assets	<u>599,967</u>	<u>624,960</u>
Total assets	<u>1,280,613</u>	<u>1,349,363</u>
Liabilities		
Current liabilities		
Trade and other payables	111,116	232,107
Lease liabilities	50,128	30,274
Current tax liabilities	31,712	28,198
Employee benefits	3,102	3,481
Total current liabilities	<u>196,058</u>	<u>294,060</u>
Non-current liabilities		
Lease liabilities	441,600	478,002
Employee benefits	2,936	-
Provisions	44,504	43,163
Total non-current liabilities	<u>489,040</u>	<u>521,165</u>
Total liabilities	<u>685,098</u>	<u>815,225</u>
Net assets	<u>595,515</u>	<u>534,138</u>
Equity		
Issued capital	558,357	558,357
Retained earnings/(accumulated losses)	<u>37,158</u>	<u>(24,219)</u>
Total equity	<u>595,515</u>	<u>534,138</u>

The above statement of financial position should be read in conjunction with the accompanying notes

Heathcote & District Financial Services Limited
Statement of changes in equity
For the half-year ended 31 December 2023

	Note	Issued capital \$	Retained earnings/ (accumulated losses) \$	Total equity \$
Balance at 1 July 2022		558,357	(91,338)	467,019
Profit after income tax expense		-	236,515	236,515
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	236,515	236,515
<i>Transactions with owners in their capacity as owners:</i>				
Dividends provided for or paid	3	-	(32,720)	(32,720)
Balance at 31 December 2022		<u>558,357</u>	<u>112,457</u>	<u>670,814</u>
 Balance at 1 July 2023		 558,357	 (24,219)	 534,138
Profit after income tax expense		-	108,970	108,970
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	108,970	108,970
<i>Transactions with owners in their capacity as owners:</i>				
Dividends provided for or paid	3	-	(47,593)	(47,593)
Balance at 31 December 2023		<u>558,357</u>	<u>37,158</u>	<u>595,515</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

Heathcote & District 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)		652,272	704,552
Payments to suppliers and employees (inclusive of GST)		(583,283)	(388,420)
Interest received		1,221	118
Income taxes paid		(28,129)	(9,013)
Net cash from operating activities		<u>42,081</u>	<u>307,237</u>
Cash flows from investing activities			
Payments for property, plant and equipment		<u>(22,708)</u>	<u>(8,887)</u>
Net cash used in investing activities		<u>(22,708)</u>	<u>(8,887)</u>
Cash flows from financing activities			
Dividends paid	3	(47,593)	(32,720)
Repayment of lease liabilities		<u>(24,862)</u>	<u>(24,624)</u>
Net cash used in financing activities		<u>(72,455)</u>	<u>(57,344)</u>
Net increase/(decrease) in cash and cash equivalents		(53,082)	241,006
Cash and cash equivalents at the beginning of the financial half-year		<u>637,770</u>	<u>401,525</u>
Cash and cash equivalents at the end of the financial half-year		<u><u>584,688</u></u>	<u><u>642,531</u></u>

The above statement of cash flows should be read in conjunction with the accompanying notes

Heathcote & District Financial Services Limited

Notes to the financial statements

31 December 2023

Note 1. Material accounting policy information

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.

Note 2. Revenue from contracts with customers

	31-Dec-23 \$	31-Dec-22 \$
Margin income	551,382	601,572
Fee income	30,558	30,725
Commission income	45,951	48,400
Revenue from contracts with customers	<u>627,891</u>	<u>680,697</u>

Disaggregation of revenue

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

Note 3. Dividends

The following dividends were provided for and paid to shareholders during the financial half-year as presented in the Statement of changes in equity and Statement of cash flows.

	31-Dec-23 \$	31-Dec-22 \$
Fully franked dividend of 8 cents per share (31-Dec-22: 5.5 cents)	<u>47,593</u>	<u>32,720</u>

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

Note 4. Contingent assets and liabilities

There were no contingent assets or liabilities at the date of this report.

Note 5. Related party transactions

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

Note 6. Events after the reporting date

No matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Heathcote & District Financial Services Limited

Directors' declaration

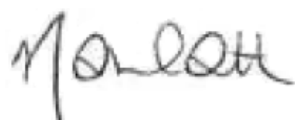
31 December 2023

In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, Australian Accounting Standard AASB 134 *'Interim Financial Reporting'*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 31 December 2023 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the *Corporations Act 2001*.

On behalf of the directors



Natalie Therese Sheridan-Smith
Chair

6 March 2024



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

Independent auditor's review report to the Directors of Heathcote & District Financial Services Limited

Report on the half-year financial report

Conclusion

We have reviewed the half-year financial report of Heathcote & District 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 Heathcote & District 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: 6 March 2024



Joshua Griffin
Lead Auditor