Annual Report 2019

East Gosford & Districts Financial Services Ltd.

19th Annual Report

ABN 90 092 538 620

East Gosford, Lisarow & Kincumber **Community Bank**® branches

East Gosford & Districts Financial Services Ltd

ABN 90 092 538 620

Annual Report - 30 June 2019

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East Gosford & Districts Financial Services Ltd

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Chairman's Report (2019)

On behalf of the Board and management I am pleased to present the 19th Annual Report on the affairs of your Company, now in its 20th year of operation.

Our trading result for the financial year, after provision for income tax and charitable donations and sponsorship was a profit of $88,661 (2018 profit $109,247). The profit is less than the previous year due to the continued focus on community Contributions. In 2019 total charitable donations and sponsorship was $208,945 compared with $163,322 in 2018. We have placed additional funds with the Bendigo Bank Community Enterprise Foundation, following our initial $100,000 in the previous year. We remain focussed on social causes as a way in which your Bank can make a difference in the local community.

Revenue was virtually unchanged, increasing slightly from $2.283 million in 2018 to $2.293 million in 2019. Expenses decreased slightly from $1.981 million to $1.952 million in the current year. Business levels as at 30 June 2019 are $288 million, being 3% less than last year, having fallen by $9 million.

I want to thank our Senior Manager, Michael Bell, our Branch Managers, Julie Eastham at East Gosford and Martin Creesey at Kincumber, as well as all staff for their continued dedication and commitment to the **Community Bank®** concept and its promotion in the community. Our Branch Manager at Lisarow resigned during the year. We are most fortunate to have dedicated staff and Managers who ensured there was business as usual while we went about finding a suitable person to assist with the Lisarow branch operations. Our new appointee recently commenced working with the Lisarow staff.

On behalf of the Board, I thank all of our valued shareholders and customers for your support helping to build a successful **Community Bank®** branch network, which in turn benefits our community. It is through your support that our Company and the **Community Bank®** concept continues to grow.

My thanks go to the Directors for giving up their time on a voluntary basis to support the **Community Bank®** model. I acknowledge the significant contributions made by those Directors who retired recently, and I welcome the new Directors who have joined our Board.

Garry Morris
Chairman

East Gosford & Districts Financial Services Ltd

ABN 90 092 538 620

Senior Manager's Report (2019)

If we thought the previous financial year was hard for growth we were not prepared for the effect of the Royal Commission, tightening of lending requirements, low consumer confidence and a continuing low interest rate environment that all played its part in a subdued financial year that saw us post our first negative growth since we opened in August 2000.

Having said that, the positives outweighed the negatives with our lending growing, which is the area we need to do well in, our revenue increased from the previous year, our expenses were well managed and we undertook a major Social Initiative with the launch of our Domestic Violence program, thanks to you, our shareholders.

Deposit interest rates are currently at historic lows and the market for deposits is very competitive locally at present, which is where we struggled to grow over the course of the year. The $300 million in business continues to elude us.

We said fond farewells for Jane & Darren at our Lisarow branch who moved on in their careers and we wish them all the best in the future and thank them for their contributions to our business.

Our community involvement was forefront of what we did this year as we believe it assists in driving business, and it is best to be seen out in the community looking for business when we are working in challenging times. You can follow what we do in the community on Facebook at Central Coast Branches of Bendigo Bank. Please like and share for maximum exposure of our business so we can reach as many people as possible.

Our Bank of Goodwill stories continue~~s~~ to grow, and we now have in excess of 40 stories promoting the goodwill of our customers in the community and how they assist others in their own way. You can view these stories at www.bankofgoodwill.com.au. Social media is another major focus for us and way of demonstrating and showing the Bendigo Bank point of difference.

Our focus will be to continue to provide superior service to our customers, shareholders and community. All staff are focused on growing the business and promoting our **Community Bank®** branches at the many events and functions we support and attend by continually promoting our branches to gain new business.

It is a big part of our business to receive referrals and recommendations from our shareholders and customers and we encourage you to have family and friends contact us to discuss their banking needs. We offer attractive family and friends' rates for home loans so why not have them talk with a local branch manager.

A thank you to all our staff across our three branches for your hard work and generous commitment of time outside of banking hours and continued positive attitude to ensure our business is successful. Also, a thank you to our partners Bendigo Bank and their representatives that work with us. Thank you to all Directors who are volunteers who give of their time to ensure long term viability of our business.

And thank you to our shareholders and customers for your continued support of our branches and for what the **Community Bank®** model represents within our communities.

This 2019/20 Financial year will mark our 20th Year. Keep an eye out for our Newsletters we plan to keep you up to date with, and which will also advise of Celebrations that we will undertake for our 20th Birthday.

Michael Bell
Senior Branch Manager

Dividend Payment History

In December 2018, the Company paid a dividend of 3 cents per share based on the performance of the 2018 financial year.

The Directors have determined that a dividend of 3.5 cents per share will be paid for the 2019 year, which is to be paid in December 2019.

The following table shows the dividends paid or declared over the previous five periods.

Dividend to shareholders			
Financial Year	**$ Per Share**	**Franking Level**	**Date Paid**
2018/2019	.035	100%	13 Dec 2019
2017/2018	.03	100%	14 Dec 2018
2016/2017	.025	100%	14 Dec 2017
2015/2016	.02	100%	14 Dec 2016
2012/2013	.03	100%	29 Nov 2013

The dividend for 2018/2019 financial year has been declared but not yet paid. The time table for payment is as follows:

Date resolved by Board to pay dividend	13 September 2019
Ex-Dividend / Distribution Date	29 November 2019
Record Date (date on which holders are entitled to payment)	5 December 2019
Payment Date (Date dividend is to be paid.)	13 December 2019
Is a dividend reinvestment plan in operation Yes/No?	No
Franking (%)	100%

Annual General Meeting

The Annual General Meeting (AGM) will be held at 3.30pm Tuesday 12 November 2019 at the Lions Club Hall, Russell Drysdale Street, East Gosford NSW 2250.

Corporate Governance

Company Structure

The Company operates a flat management structure and members of the Board are not currently remunerated (unless otherwise disclosed in this report) for committees or activities that they are involved in. The Board and Senior Management maintain an active connection with the community so as to be able to both grow the business and also contribute financially to the community.

Role of the Chairman

The Chairman is responsible for a range of roles that deal with leadership of the Board and the Company generally. The principal role is to facilitate effective discussion and decision making at Board meetings of material relevant to the conduct of the Company. The Chairman must be an independent, non-executive director.

Role of the Senior Manager

The Senior Manager provides leadership to programs that broadly include implementation of strategy, business growth, asset management, communications and community relations. The Senior Manager is responsible for the banking operations and provides the Board with a direct link to Bendigo Bank and its systems and procedures.

In addition to the Governance maintained by the Board, the Board is supported by the following committees and members with delegated authority:

Finance Committee: Scott Evans (Chair), Michael Bell, Brian Lindbeck, Ken Howes, Mark Holton, Jesse Osborne (observer)

Governance Committee: Mark Holton (Chair), Trevor Gerdsen, Cameron Shepherd, Scott Evans, Michael Bell, Jesse Osborne (observer)

Human Resources: Trevor Gerdsen (Chair), John Coman, Michael Bell

Marketing Committee: John Coman (Chair), Brian Lindbeck, Cameron Shepherd, Mark Holton, Michael Bell

Building Committee: John Coman (Chair), Michael Bell.

The committees provide and review the relevant policies and procedures that have been approved by the Board.

Conflicts of Interest

The Board monitors the conflict of interest of each director and declarations are provided by each Board member as and when appropriate. Every Board and Committee meeting also has a scheduled item calling for participants to declare any actual or potential conflicts of interest with the scheduled agenda items. This supported by a Conflict of Interest (delegations) register, guide and procedures.

Bendigo and Adelaide Bank Limited Report
Community Bank Annual Report 2018/2019

As a bank of 160-plus years, we're proud to hold the mantle of Australia's fifth biggest bank. In today's banking environment it's time to take full advantage of this opportunity and for even more people to experience banking with Bendigo Bank and our way of banking, and with our **Community Bank®** partners.

In promoting our point of difference it's sometimes lost that although we're different, we're represented in more than 500 communities across Australia and offer a full suite of banking and financial products and services. In many ways we're also a leader in digital technology and meeting the needs of our growing online customer base, many of whom may never set foot in a traditional bank branch.

At the centre of our point of difference is the business model you chose to support as a shareholder that supports local communities. Whether you're a shareholder of our most recent **Community Bank®** branch which opened in Smithton, Tasmania, in June 2019, or you're a long-time shareholder who, from more than 20 years ago, you all play an important role. Your support has enabled your branch, and this banking model, to prosper and grow. You're one of more than 75,000 **Community Bank®** company shareholders across Australia who are the reason today, we're Australia's only bank truly committed to the communities it operates in.

And for that, we thank you. For the trust you've not only put in Bendigo and Adelaide Bank, but the faith you've put in your community and your **Community Bank®** company local board of directors.

Bendigo and Adelaide Bank continues to rank at the top of industry and banking and finance sector awards. We have awards for our customer service, we have award winning products and we have a customer base that of 1.7 million-plus that not only trusts us with their money, but which respects our 'difference'.

As a Bank, we're working hard to ensure that those who are not banking with us, and not banking with your **Community Bank®** branch, make the change. It really is a unique model and we see you, the shareholder, as playing a key role in helping us grow your local **Community Bank®** business. All it takes is a referral to your local branch manager. They'll do the rest.

We find that our customer base is a very loyal group. It's getting people to make the change that's the challenge. In today's environment, we've never had a better chance to convince people to make the change and your support in achieving this is critical.

From Bendigo and Adelaide Bank, once again, thank you for your ongoing support of your **Community Bank®** branch and your community.

We would also like to thank and acknowledge the amazing work of your branch staff and directors in developing your business and supporting the communities that you live and work in.

Mark Cunneen

Mark Cunneen
Head of Community Support
Bendigo and Adelaide Bank

The Directors present their report of the company for the financial year ended 30 June 2019.

Directors

The following persons were Directors of East Gosford & Districts Financial Services Ltd during or since the end of the financial year up to the date of this report:

Directors	Details
Garry Samuel Morris	Chairperson M. App Fin, Dip. Com, CFP
Brian Wilfred Lindbeck	Director and Treasurer Retired Accountant, 37 years with QANTAS
Kenneth George Howes	Director Fellow of the Institute of Chartered Accountants, Registered Company Auditor Worked in public practice for 57 years. Principal of Howes Accounting Services.
John Kevin Coman	Director Property Developer 20 years, Local Business Owner
James Renshaw Chaplin	Director Resigned 6 November 2018 CA Self-employed business consultant
Susan Chidgey	Director Resigned 6 February 2019 Retired community worker
Trevor John Gerdsen	Director MBA Regional director of campuses for the University of Newcastle
Scott Francis Evans	Director and Secretary B.Ec (Hons); GAICD; Sa Fin. FGIA; Dip. FP Company secretary of NSX Limited, which is listed on ASX and operates a company providing company secretarial, compliance, regulatory and IT services.
Mark Kevin Holton	Director Appointed 8 February 2019 Accountant - FCPA; MCOM; FAICD Self employed Accountant and Business Coach
Cameron Stewart Shepherd	Director Appointed 7 May 2019 Dip. Acct & Dip. Exp. Mkt Chief Financial Officer of Camanda Financial Services Pty Limited and former business banker

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

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

Directors' meetings

Attendances by each Director during the year were as follows:

	Board meetings	
Director	**A**	**B**
Garry Samuel Morris	10	9
Brian Wilfred Lindbeck	10	8
Kenneth George Howes	10	5
John Kevin Coman	10	8
James Renshaw Chaplin	5	4
Susan Chidgey	5	3
Trevor John Gerdsen	10	8
Scott Francis Evans	10	10
Mark Kevin Holton	4	3
Cameron Stewart Shepherd	2	1

A - The number of meetings eligible to attend.

B - The number of meetings attended.

Company Secretary

Kenneth Howes was the Company Secretary of East Gosford & Districts Financial Services Ltd from 2016 unitl July 2019. The Company expresses its appreciation for Ken's service in this role. Ken continues as a Director of the Company.
Scott Evans has been a Director of the Company since July 2018 and the Company Secretary since July 2019. Scott is a Company Secretary of NSX Limited, an ASX listed company.

Principal activities

The principal activities of the company during the course of the financial year were in providing **Community Bank®** branch 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.

Review of operations

The profit of the company for the financial year after provision for income tax was $88,661 (2018 profit: $109,247), which is a 18.8% decrease as compared with the previous year. The decrease in profit is mainly attributed to the increase in the Company's charitable contributions and the establishment of a fund for the support of victims of domestic violence in the greater Gosford area.

Dividends

A fully franked final dividend of 3.0 (2.5: 2018) cents per share was declared and paid during the 2019 financial year for the year ended 30 June 2018.

Options

No options over issued shares were granted during or since the end of the financial year and there were no options outstanding as at the date of this report.

Significant changes in the state of affairs

No significant changes in the company's state of affairs occurred during the financial year.

Events subsequent to the end of the reporting period

No matters or circumstances have arisen since the end of the financial year that significantly affect or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company, in future financial years.

Likely developments

The company will continue its policy of providing banking services to the community.

Environmental regulations

The company is not subject to any significant environmental regulation.

Indemnifying Officers or Auditor

The company has agreed to indemnify each Officer (Director, Secretary or employee) out of assets of the company to the relevant extent against any liability incurred by that person arising out of the discharge of their duties, except where the liability arises out of conduct involving dishonesty, negligence, breach of duty or the lack of good faith. The company also has Officers Insurance for the benefit of Officers of the company against any liability occurred by the Officer, which includes the Officer’s liability for legal costs, in or arising out of the conduct of the business of the company or in or arising out of the discharge of the Officer’s duties.

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.

Proceedings on behalf of company

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings. The company was not a party to any such proceedings during the year.

Auditor independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set at page 7 of this financial report. No Officer of the company is or has been a partner of the Auditor of the company.

Remuneration report

Remuneration policy

There has been no remuneration policy developed as Director positions are held on a voluntary basis and Directors are not remunerated for their services, other than the treasurer receives $100 per month as an expense reimbursement.

Remuneration benefits and payments

Other than detailed below, 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. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by Directors shown in the company's accounts, or the fixed salary of a full-time employee of the company, controlled entity or related body corporate.

The Company has accepted the Bendigo and Adelaide Bank Limited's **Community Bank®** Directors Privileges package. The package is available to all Directors who can elect to avail themselves of the benefits based on their personal banking with the branch. There is no requirement to own Bendigo and Adelaide Bank Limited shares and there is no qualification period to qualify to utilise the benefits. The package mirrors the benefits currently available to Bendigo and Adelaide Bank Limited shareholders. The expense reimbursement per Director is as follows:

	2019 $
Brian Wilfred Lindbeck	1,200
	1,200

Equity holdings of key management personnel

The number of ordinary shares in the company held during the financial year and prior year by each Director and other key management personnel, including their related parties, are set out below:

Name	Balance at 30 June 2018	Net change in holdings	Balance at 30 June 2019
Directors			
Garry Samuel Morris	2,250	-	2,250
Brian Wilfred Lindbeck	4,502	-	4,502
Kenneth George Howes	1,500	-	1,500
John Kevin Coman	-	-	-
James Renshaw Chaplin	-	-	-
Susan Chidgey	-	-	-
Trevor John Gerdsen	-	-	-
Scott Francis Evans	-	2,000	2,000
Mark Kevin Holton	-	10,000	10,000
Cameron Stewart Shepherd	-	-	-

Loans to key management personnel

There were no loans to key management personnel during the current or prior reporting period.

Signed in accordance with a resolution of the Board of Directors at East Gosford on 11 September 2019.

Garry Morris
Director

41A Breen Street
Bendigo, Victoria
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www.rsdaudit.com.au

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

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2019 there have been no contraventions of:

(i) The auditor independence requirements set out in the *Corporations Act 2001* in relation to the audit; and

(ii) Any applicable code of professional conduct in relation to the audit.

RSD Audit

Kathie Teasdale
Partner
41A Breen Street
Bendigo VIC 3550

Dated: 12 September 2019

East Gosford & Districts Financial Services Ltd
ABN 90 092 538 620
Statement of Profit or Loss and Other Comprehensive Income
for the year ended 30 June 2019

	Note	2019 $	2018 $
Revenue	2	2,293,578	2,283,768
Expenses			
Employee benefits expense	3	(1,284,037)	(1,318,873)
Depreciation and amortisation	3	(45,324)	(45,280)
Occupancy expenses		(251,093)	(246,429)
Marketing and advertising		(88,693)	(67,427)
IT costs		(61,540)	(57,594)
Freight/Cartage/Delivery		(22,062)	(26,021)
Insurance		(37,331)	(31,332)
Other expenses		(161,952)	(188,159)
		(1,952,032)	(1,981,115)
Operating profit before charitable donations & sponsorship		**341,546**	**302,653**
Charitable donations and sponsorships		(208,945)	(163,222)
Profit before income tax		**132,601**	**139,431**
Income tax expense	4	(43,940)	(30,184)
Profit for the year after income tax		**88,661**	**109,247**
Other comprehensive income		-	-
Total comprehensive income for the year		**88,661**	**109,247**
Profit attributable to members of the company		88,661	109,247
Total comprehensive income attributable to members of the company		**88,661**	**109,247**
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company (cents per share):			
- basic earnings per share	17	8.91	10.98

These financial statements should be read in conjunction with the accompanying notes.

East Gosford Districts Financial Services Ltd
ABN 90 092 538 620
Statement of Financial Position
as at 30 June 2019

	Note	2019 $	2018 $
Assets			
Current assets			
Cash and cash equivalents	5	486,589	410,579
Trade and other receivables	6	207,814	207,631
Financial assets	7	219,024	215,440
Other assets	8	19,410	24,308
Total current assets		**932,837**	**857,958**
Non-current assets			
Financial assets	7	25,082	17,961
Property, plant and equipment	9	126,585	133,521
Intangible assets	10	41,685	80,073
Deferred tax assets	4	79,946	77,933
Total non-current assets		**273,298**	**309,488**
Total assets		**1,206,135**	**1,167,446**
Liabilities			
Current liabilities			
Trade and other payables	12	75,404	112,297
Current tax liability	4	9,812	37,946
Provisions	13	307,359	265,897
Total current liabilities		**392,575**	**416,140**
Non-current liabilities			
Provisions	13	13,687	14,251
Total non-current liabilities		**13,687**	**14,251**
Total liabilities		**406,262**	**430,391**
Net assets		**799,873**	**737,055**
Equity			
Issued capital	14	709,669	709,669
Retained earnings	15	90,204	27,386
Total equity		**799,873**	**737,055**

These financial statements should be read in conjunction with the accompanying notes.

East Gosford & Districts Financial Services Ltd
ABN 90 092 538 620
Statement of Changes in Equity
for the year ended 30 June 2019

	Note	Issued capital $	Retained earnings $	Total equity $
Balance at 1 July 2018 (reported)		**709,669**	**27,386**	**737,055**
Change due to the adoption of AASB 9		-	4,001	4,001
Balance at 1 July 2018 (restated)		**709,669**	**31,387**	**741,056**
Comprehensive income for the year				
Profit for the year		-	88,661	88,661
Transactions with owners in their capacity as owners				
Dividends paid or provided	16	-	(29,844)	(29,844)
Balance at 30 June 2019		**709,669**	**90,204**	**799,873**
Balance at 1 July 2017		709,669	(56,990)	652,679
Comprehensive income for the year				
Profit for the year		-	109,247	109,247
Transactions with owners in their capacity as owners				
Dividends paid or provided	16	-	(24,871)	(24,871)
Balance at 30 June 2018		**709,669**	**27,386**	**737,055**

These financial statements should be read in conjunction with the accompanying notes.

East Gosford & Districts Financial Services Ltd
ABN 90 092 538 620
Statement of Cash Flows
for the year ended 30 June 2019

	Note	2019 $	2018 $
Cash flows from operating activities			
Receipts from customers		2,279,333	2,253,946
Payments to suppliers and employees		(2,106,750)	(2,146,387)
Interest received		12,459	13,645
Income tax paid		(75,604)	(20,144)
Net cash flows provided by operating activities	18b	**109,438**	**101,060**
Cash flows from investing activities			
Proceeds from sale of investments		-	102,865
Purchase of plant and equipment		-	(10,476)
Purchase of investments		(3,584)	-
Net cash flows from/(used in) investing activities		**(3,584)**	**92,389**
Cash flows from financing activities			
Dividends paid		(29,844)	(24,871)
Net cash flows used in financing activities		**(29,844)**	**(24,871)**
Net increase in cash held		**76,010**	**168,578**
Cash and cash equivalents at beginning of financial year		410,579	242,001
Cash and cash equivalents at end of financial year	18a	**486,589**	**410,579**

These financial statements should be read in conjunction with the accompanying notes.

These financial statements and notes represent those of East Gosford & Districts Financial Services Ltd.

East Gosford & Districts Financial Services Ltd ('the Company') is a Company limited by shares, incorporated and domiciled in Australia.

The financial statements were authorised for issue by the Directors on 11 September 2019.

1. Summary of significant accounting policies

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with the *Corporations Act 2001,* Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. The company is a for profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, were applicable, by the measurement at fair value of selected non current assets, financial assets and financial liabilities.

Economic dependency

The company has entered into a franchise agreement with Bendigo and Adelaide Bank Limited that governs the management of the **Community Bank®** branches at East Gosford, Lisarow & Kincumber, NSW.

The branches operate as a franchise of Bendigo and Adelaide Bank Limited, using the name "Bendigo Bank", the logo, and systems of operation of Bendigo and Adelaide Bank Limited. The company manages the **Community Bank®** branches 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®** branches 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®** branches;
- Training for the Branch Managers 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
- Sale techniques and proper customer relations.

1. Summary of significant accounting policies (continued)

(b) Impairment of assets

At the end of each reporting period, the company assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less cost to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard. Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

(c) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(d) Comparative figures

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

(e) Critical accounting estimates and judgements

The Directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company. Estimates and judgements are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The estimates and judgements that have a significant risk of causing material adjustments to the carrying values of assets and liabilities are as follows:

Estimation of useful lives of assets

The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and intangible assets. The depreciation and amortisation charge will increase where useful lives are less than previously

Fair value assessment of non-current physical assets

The AASB 13 Fair Value standard requires fair value assessments that may involved both complex and significant judgement and experts. The value of land and buildings may be materially misstated and potential classification and disclosure risks may occur.

1. Summary of significant accounting policies (continued)

(e) Critical accounting estimates and judgements (continued)

Employee benefits provision

Assumptions are required for wage growth and CPI movements. The likelihood of employees reaching unconditional service is estimated. The timing of when employee benefit obligations are to be settled is also estimated.

Income tax

The company is subject to income tax. Significant judgement is required in determining the deferred tax asset. Deferred tax assets are recognised only when it is considered sufficient future profits will be generated. The assumptions made regarding future profits is based on the company's assessment of future cash flows.

Impairment

The company assesses impairment at the end of each reporting period by evaluating conditions and events specific to the company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value in use calculations which incorporate various key assumptions.

(f) New and revised standards that are effective for these financial statements

With the exception of the below, these financial statements have been prepared in accordance with the same accounting policies adopted in the entity's last annual financial statements for the year ended 30 June 2018. Note that the changes in accounting policies specified below **ONLY** apply to the current period. The accounting policies included in the company's last annual financial statements for the year ended 30 June 2018 are the relevant policies for the purposes of comparatives.

AASB 15 *Revenue from Contracts with Customers* and AASB 9 *Financial Instruments* (2014) became mandatorily effective on 1 January 2018. Accordingly, these standards apply for the first time to this set of annual financial statements. The nature and effect of changes arising from these standards are summarised in the section below.

AASB 15 Revenue from Contracts with Customers

AASB 15 replaces AASB 118 *Revenue,* AASB 111*Construction Contracts* and several revenue-related interpretations. The new Standard has been applied as at 1 July 2018 using the modified retrospective approach. Under this method, the cumulative effect of initial application is recognised as an adjustment to the opening balances of retained earnings as at 1 July 2018 and comparatives are not restated.

Based on our assessment, there has not been any effect on the financial report from the adoption of this standard.

1. Summary of significant accounting policies (continued)

(f) New and revised standards that are effective for these financial statements (continued)

AASB 9 Financial Instruments

AASB 9 *Financial Instruments* replaces AASB 139's '*Financial Instruments: Recognition and Measurement*' requirements. It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an 'expected credit loss' model for impairment of financial assets.

When adopting AASB 9, the entity elected not to restate prior periods. Rather, differences arising from the adoption of AASB 9 in relation to classification, measurement, and impairment are recognised in opening retained earnings as at 1 July 2018.

The adoption of AASB 9 has mostly impacted the following area:
The classification and measurement of the entity's equity investments in listed entities - the entity holds financial assets to hold and collect the associated cash flows. The majority of investments were previously classified as available for sale (AFS) investments are now measured at fair value through profit and loss (FVTPL) as the cash flows are not solely payments of principal and interest (SPPI).

(g) New accounting standards for application in future periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the company.

The company has decided not to early adopt any of the new and amended pronouncements. The company's assessment of the new and amended pronouncements that are relevant to the company but applicable in the future reporting periods is set out on the proceeding pages.

AASB 16: *Leases* (applicable for annual reporting periods commencing on or after 1 January 2019)

AASB 16:

- replaces AASB 117 Leases and some lease-related Interpretations;
- requires all leases to be accounted for 'on-balance sheet' by lessees, other than short-term and low value asset leases;
- provides new guidance on the application of the definition of lease and on sale and lease back accounting;
- largely retains the existing lessor accounting requirements in AASB 117; and
- requires new and different disclosures about leases.

The standard will primarily affect the accounting for the company's operating leases. As at the reporting date, the company has non-cancellable operating lease commitments of $199,369. When this standard is adopted during 2019/20, it is expected a right of use (ROU) asset and corresponding lease liability of $727,908 will be recongised on the Statement of Financial Position. Furthermore, operating lease expenses will be replaced with a depreciation and effective interest expense in the Statement of Comprehensive Income

The standard is mandatory for first interim periods within annual reporting periods beginning on or after 1 January 2019. The company does not intend to adopt the standard before its effective date.

1. Summary of significant accounting policies (continued)

(h) Change in accounting policies

Revenue

Revenue arises from the rendering of services through its franchise agreement with the Bendigo and Adelaide Bank Limited. The revenue recognised is measured by reference to the fair value of consideration received or receivable, excluding sales taxes, rebates, and trade discounts.

To determine whether to recognise revenue, the company follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied

Given the nature of the agreement with Bendigo and Adelaide Bank Limited, there are no performance obligations, therefore the revenue is recognised at the earlier of:

a) when the entity has a right to receive the income and it can be reliably measured; or
b) upon receipt.

Financial Instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Financial assets are classified according to their business model and the characteristics of their contractual cash flows. Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

a) Financial assets at amortised cost
b) Financial assets at fair value through profit and loss (FVTPL)

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Financial assets at amortised cost

Financial assets with contractual cash flows representing solely payments of principal and interest and held within a business model of ‘hold to collect’ contractual cash flows are accounted for at amortised cost using the effective interest method. The company's trade and most other receivables fall into this category of financial instruments as well as deposits that were previously classified as held-to-maturity under AASB 139.

1. Summary of significant accounting policies (continued)

(h) Change in accounting policies (continued)

Financial Instruments (continued)

Financial assets at fair value through profit or loss
All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments.

Impairment of financial assets
AASB 9's new forward looking impairment model applies to company's investments at amortised cost. The application of the new impairment model depends on whether there has been a significant increase in credit risk.

The company makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the company uses its historical experience, external indicators and forward-looking information to determine the expected credit losses on a case-by-case basis.

Financial Liabilities

As the accounting for financial liabilities remains largely unchanged from AASB 139, the company's financial liabilities were not impacted by the adoption of AASB 9. However, for completeness, the accounting policy is disclosed below.

Financial liabilities include trade payables, other creditors, loans from third parties and loans from or other amounts due to related entities. Financial liabilities are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Classification and measurement of financial liabilities

Financial liabilities are initially measured at fair value plus transaction costs, except where the instrument is classified as "fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

Reconciliation of financial instruments on adoption of AASB 9
The table below shows the classification of each class of financial asset and financial liability under AASB 139 and AASB 9 as at 1 July 2018:

	AASB 139 Classification	AASB 9 Classification	AASB 139 Carrying value ($)	AASB 9 Carrying value ($)
Financial Asset				
Trade and Other receivables	Loans and receivables	Amortised cost	207,631	207,631
Term deposits	Held to maturity	Amortised cost	215,440	215,440
Listed shares	Available for sale	FVTPL	17,961	17,961
Financial Liabilities				
Trade and other payables	Amortised cost	Amortised cost	112,297	112,297

2. Revenue

	2019 $	2018 $
Revenue		
- service commissions	2,279,516	2,266,490
	2,279,516	2,266,490
Other revenue		
- interest received	12,459	13,645
- other revenue	-	3,633
- fair value measurement of financial assets	1,603	-
	14,062	17,278
Total revenue	**2,293,578**	**2,283,768**

Revenue arises from the rendering of services through its franchise agreement with the Bendigo and Adelaide Bank Limited. The revenue recognised is measured by reference to the fair value of consideration received or receivable, excluding sales taxes, rebates, and trade discounts.

The entity applies the revenue recognition criteria set out below to each separately identifiable sales transaction in order to reflect the substance of the transaction.

Interest, dividend and other income
Interest income is recognised on an accrual basis using the effective interest rate method.

Dividend and other revenue is recognised when the right to the income has been established.
All revenue is stated net of the amount of goods and services tax (GST).

Rendering of services
As detailed in the franchise agreement, companies earn three types of revenue - margin, commission and fee income. Bendigo and Adelaide Bank Limited decide the method of calculation of revenue the company earns on different types of products and services and this is dependent on the type of business the company generates also taking into account other factors including economic conditions, inlcuding interest rates.

Core Banking Products
Bendigo and Adelaide Bank Limited identify specific products and services as 'core banking products', however it also reserves the right to change the products and services identified as 'core banking products', providing 30 days notice is given.

Margin
Margin is earned on all core banking products. A Funds Transfer Pricing (FTP) model is used for the method of calculation of the cost of funds, deposit return and margin. Margin is determined by taking the interest paid by customers on loans less interest paid to customers on deposits, plus any deposit returns, i.e. interest return applied by Bendigo and Adelaide Bank Limited for a deposit, minus any costs of funds i.e. interest applied by Bendigo and Adelaide Bank Limited to fund a loan.

Commission
Commission is a fee earned on products and services sold. Depending on the product or services, it may be paid on the initial sale or on an ongoing basis.

Fee Income
Fee income is a share of 'bank fees and charges' charged to customers by Bendigo and Adeliade Bank Limited, including fees for loan applications and account transactions.

2. Revenue (continued)

Discretionary Financial Contributions

Bendigo and Adelaide Bank Limited has made discretionary financial payments to the company, outside of the franchise agreement and in addition to margin, commission and fee income. This income received by the company is classified as "Market Development Fund" (MDF) income. The purpose of these payments is to assist the company with local market development activities, however, it is for the board to decide how to use the MDF. Due to their discretionary nature, Bendigo and Adelaide Bank Limited may change or stop these payments at any time.

Form and Amount of Financial Return

The franchise agreement stipulates that Bendigo and Adelaide Bank Limited may change the form, method of calculation or amount of financial return the company receives. The reasons behind making a change may include, but not limited to, changes in Bendigo and Adelaide Bank Limited's revenue streams/processes; economic factors or industry changes.

Bendigo and Adelaide Bank Limited may make any of the following changes to form, method of calculation or amount of financial returns:

- A change to the products and services identified as 'core banking products and services'
- A change as to whether it pays the company margin, commission or fee income on any product or service.
- A change to the method of calculation of costs of funds, deposit return and margin and a change to the amount of any margin, commission and fee income.

These abovementioned changes, may impact the revenue received by the company on a particular product or service, or a range of products and services.

However, if Bendigo and Adeliade Bank Limited make any of the above changes, per the franchise agreement, it must comply with the following constraints in doing so.

a) If margin or commission is paid on a core banking product or service, Bendigo and Adelaide Bank Limited cannot change it to fee income;

b) In changing a margin to a commission or a commission to a margin on a core banking product or service, ***OR*** changing the method of calculation of a cost of funds, deposit return or margin or amount of margin or commission on a core product or service, Bendigo and Adelaide Bank Limited must not reduce the company's share of Bendigo and Adelaide Bank Limited's margin on core banking product and services when aggregated to less than 50% of Bendigo and Adelaide Bank Limited's margin on core banking products attributed to the company's retail branch operation; and

c) Bendigo and Adelaide Bank Limited must publish the change at least 30 days before making the change.

3. Expenses

	2019 $	2018 $
Profit before income tax includes the following specific expenses:		
Employee benefits expense		
- wages and salaries	1,107,949	1,141,925
- superannuation costs	102,686	120,796
- other costs	73,402	56,152
	1,284,037	1,318,873
Depreciation and amortisation		
Depreciation		
- leasehold improvements	4,260	4,232
- furniture and fittings	2,676	2,660
	6,936	6,892

3. Expenses (continued)

	2019 $	2018 $
Amortisation		
- franchise fees	6,768	6,768
- management fees	31,620	31,620
	38,388	38,388
Total depreciation and amortisation	45,324	45,280
Auditors' remuneration		
Remuneration of the Auditor, RSD Audit, for:		
- Audit or review of the financial report	7,750	5,850
	7,750	5,850

Operating expenses

Operating expenses are recognised in profit or loss on an accruals basis, which is typically upon utilisation of the service or at the date upon which the entity becomes liable.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs.

Depreciation and amortisation

The depreciable amount of all fixed assets, are depreciated over the asset's useful life to the company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable asset are:

Class of asset	*Rate*	*Method*
Leasehold improvements	2.5%	Diminishing value
Furniture and Fittings	13-20%	Diminishing value
Franchise Fees	20%	Straight line

4. Income tax

	2019 $	2018 $
a. The components of tax expense comprise:		
Current tax expense	46,820	37,946
Deferred tax expense	(3,441)	398
Under / (over) provision of prior years	561	(8,160)
	43,940	30,184
b. Prima facie tax payable		
The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Prima facie tax on profit before income tax at 27.5% (2018: 27.5%)	36,465	38,344
Add tax effect of:		
- Under / (over) provision of prior years	561	(8,160)
Income tax attributable to the entity	37,026	30,184
The applicable weighted average effective tax rate is:	33.14%	21.65%
c. Current tax liability		
Current tax relates to the following:		
Current tax liabilities		
Opening balance	37,946	28,533
Income tax paid	(74,954)	(20,131)
Current tax	46,820	37,946
Under / (over) provision prior years	-	(8,402)
	9,812	37,946
d. Deferred tax asset		
Deferred tax relates to the following:		
Deferred tax assets comprise:		
Property, plant & equipment	530	892
Employee provisions	81,374	77,041
	81,904	77,933
Deferred tax liabilities comprise:		
Financial assets carried at FVTPL	1,958	-
	1,958	-
Net deferred tax asset	79,946	77,933
e. Deferred income tax included in income tax expense comprises:		
Decrease / (increase) in deferred tax assets	(3,792)	156
(Decrease) / increase in deferred tax liabilities	441	-
(Decrease) / increase in deferred tax liabilities recognised on adoption of AASB 9	1,517	-
Under / (over) provision prior years	(179)	242
	(2,013)	398

4. Income tax (continued)

The income tax expense for the year comprises current income tax expense and deferred tax expense.

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities are measured at the amounts expected to be paid to the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year.

Deferred tax assets relating to temporary differences are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Deferred income tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

5. Cash and cash equivalents

	2019	2018
	$	$
Cash at bank and on hand	486,589	410,579
	486,589	**410,579**

Cash and cash equivalents include cash on hand, deposits available on demand with banks.

6. Trade and other receivables

	2019	2018
	$	$
Current		
Trade receivables	207,814	207,631
	207,814	**207,631**

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost, less any provision for doubtful debts. Trade and other receivables are due for settlement usually no more than 30 days from the date of recognition.

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts, which are known to be uncollectable, are written off. A provision for doubtful debts is established using an expected credit loss model as when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the assets carrying amount and the present value of estimated cash flows, discounted at the effective interest rate. The amount of the provision is recognised on profit or loss.

Credit risk

The main source of credit risk relates to a concentration of trade receivables owing by Bendigo and Adelaide Bank Limited, which is the source of the majority of the company's income.

The following table details the company's trade and other receivables exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as "past due" when the debt has not been settled, within the terms and conditions agreed between the company and the customer or counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the company.

The balances of receivables that remain within initial trade terms (as detailed in the table below) are considered to be high credit quality.

	Gross amount	Not past due	Past due but not impaired			Past due and impaired
			< 30 days	31-60 days	> 60 days	
2019	$	$	$	$	$	$
Trade receivables	207,814	207,814	-	-	-	-
Total	**207,814**	**207,814**	**-**	**-**	**-**	**-**
2018						
Trade receivables	207,631	207,631	-	-	-	-
Total	**207,631**	**207,631**	**-**	**-**	**-**	**-**

7. Financial assets

	2019 $	2018 $
Amortised cost		
Term deposits	219,024	215,440
Fair value through profit and loss		
Listed investments	25,082	17,961
	244,106	233,401

The effective interest rate on the bank deposit was 2.3% (2018: 2.2%). This deposit has a term of four months, maturing on 1 July 2019.

(a) Classification of financial assets

The company classifies its financial assets in the following categories:
• amortised cost
• fair value through profit or loss (FVTPL)

Classifications are determined by both:
• The entities business model for managing the financial asset
• The contractual cash flow characteristics of the financial assets.

(b) Measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):
• they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
• the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. Cash and cash equivalents, trade and other receivables fall into this category of financial instruments as well as term deposits that were previously classified as held-to-maturity under AASB 139.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL.

(c) Impairment of financial assets

AASB 9's impairment requirements use more forward looking information to recognise expected credit losses - the 'expected credit losses (ECL) model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVTOCI, trade receivables, contract assets recognised and measured under AASB 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

The company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

7. Financial assets (continued)

(c) Impairment of financial assets (continued)

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.
12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

(d) Derecognition

Financial assets are derecognised when the contractual rights to receipt of cash flows expire 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. Financial liabilities are derecognised when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

8. Other assets

	2019 $	2018 $
Prepayments	19,410	24,308
	19,410	**24,308**

Other assets represent items that will provide the entity with future economic benefits controlled by the entity as a result of past transactions or other past events.

9. Plant and equipment

	2019 $			2018 $		
	At cost	**Accumulated depreciation**	**Written down value**	**At cost**	**Accumulated depreciation**	**Written down value**
Leasehold improvements	166,658	(52,388)	114,270	166,658	(48,128)	118,530
Furniture and fittings	355,907	(343,592)	12,315	355,907	(340,916)	14,991
Total plant and equipment	**522,565**	**(395,980)**	**126,585**	**522,565**	**(389,044)**	**133,521**

Plant and equipment

Plant and equipment are measured on the cost basis less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised in profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount of these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(a) Capital expenditure commitments
The entity does not have any capital expenditure commitments at 30 June 2019 (2018: None)

9. Plant and equipment (continued)

(b) Movements in carrying amounts of P&E

2019	Opening written down value	Additions	Depreciation	Closing written down value
Leasehold improvements	118,530	-	(4,260)	114,270
Furniture and fittings	14,991	-	(2,676)	12,315
Total Plant and equipment	**133,521**	**-**	**(6,936)**	**126,585**

2018	Opening written down value	Additions	Depreciation	Closing written down value
Leasehold improvements	122,762	-	(4,232)	118,530
Furniture and fittings	7,175	10,476	(2,660)	14,991
Total Plant and equipment	**129,937**	**10,476**	**(6,892)**	**133,521**

10. Intangible assets

	2019 $ At cost	2019 $ Accumulated amortisation	2019 $ Written down value	2018 $ At cost	2018 $ Accumulated amortisation	2018 $ Written down value
Franchise fees	33,891	(26,511)	7,380	33,891	(19,743)	14,148
Management fees	158,155	(123,850)	34,305	158,155	(92,230)	65,925
Total intangible assets	**192,046**	**(150,361)**	**41,685**	**192,046**	**(111,973)**	**80,073**

Franchise fees have been initially recorded at cost and amortised on a straight line basis at a rate of 20% per annum. The current amortisation charges for intangible assets are included under depreciation and amortisation in the Statement of Profit or Loss and Other Comprehensive Income.

Movements in carrying amounts

2019	Opening written down value	Amortisation	Closing written down value
Franchise fees	14,148	(6,768)	7,380
Management fees	65,925	(31,620)	34,305
Total intangible assets	**80,073**	**(38,388)**	**41,685**

2018	Opening written down value	Amortisation	Closing written down value
Franchise fees	20,916	(6,768)	14,148
Management fees	97,545	(31,620)	65,925
Total intangible assets	**118,461**	**(38,388)**	**80,073**

11. Financial liabilities

Financial liabilities include trade payables and other creditors. Financial liabilities are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Financial liabilities are initially measured at fair value plus transaction costs, except where the instrument is classified as "fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

12. Trade and other payables

	2019 $	2018 $
Current		
Unsecured liabilities:		
Trade creditors	19,815	27,288
Other creditors and accruals	55,589	85,009
	75,404	**112,297**

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

The average credit period on trade and other payables is one month.

13. Provisions

	2019 $	2018 $
Current		
Employee benefits	307,359	265,897
Non-current		
Employee benefits	13,687	14,251
Total provisions	**321,046**	**280,148**

Short-term employee benefits
Provision is made for the company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The liability for annual leave is recognised in the provision for employee benefits. All other short term employee benefit obligations are presented as payables.

Other long-term employee benefits
Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurement for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

13. Provisions (continued)

The company's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the company does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

14. Share capital

	2019 $	2018 $
994,812 Ordinary shares fully paid	748,258	748,258
Less: Equity raising costs	(38,589)	(38,589)
	709,669	**709,669**

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

(a) Movements in share capital

Fully paid ordinary shares:		
At the beginning of the reporting period	994,812	994,812
At the end of the reporting period	**994,812**	**994,812**

Ordinary shares participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held. At the shareholders' meetings each shareholder is entitled to one vote when a poll is called, or on a show of hands. The company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid. All shares rank equally with regard to the company's residual assets.

(b) 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 Statement of Financial Position.

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 company 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 can be seen in the Statement of Profit or Loss and Comprehensive Income.

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

15. Retained earnings

	2019 $	2018 $
Balance at the beginning of the reporting period	27,386	(56,990)
Profit for the year after income tax	88,661	109,247
Change due to adoption of AASB 9	4,001	-
Dividends paid	(29,844)	(24,871)
Balance at the end of the reporting period	**90,204**	**27,386**

16. Dividends paid or provided for on ordinary shares

	2019 $	2018 $
Dividends paid or provided for during the year		
Final fully franked ordinary dividend of 3 cents per share (2018:2.5) franked at the tax rate of 27.5% (2018: 27.5%).	29,844	24,871

A provision is made for the amount of any dividends declared, authorised and no longer payable at the discretion of the entity on or before the end of the financial year, but not distributed at balance date.

17. Earnings per share

	2019 $	2018 $
Basic earnings per share (cents)	8.91	10.98
Earnings used in calculating basic earnings per share	88,661	109,247
Weighted average number of ordinary shares used in calculating basic earnings per share	994,812	994,812

Basic earnings per share
Basic earnings per share is calculated by dividing the profit or loss attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the year, adjusted for bonus elements in ordinary shares issues during the year.

18. Statement of cash flows

(a) Cash and cash equivalents balances as shown in the Statement of Financial Position can be reconciled to that shown in the Statement of Cash Flows as follows:

	2019 $	2018 $
Cash and cash equivalents (Note 5)	486,589	410,579
As per the Statement of Cash Flow	486,589	410,579

(b) Reconciliation of cash flow from operations with profit/loss after income tax

	2019 $	2018 $
Profit for the year after income tax	88,661	109,247
Non-cash flows in profit		
- Depreciation and amortisation	45,324	45,280
- Fair value increases	(1,603)	-
Changes in assets and liabilities		
- (Increase) / decrease in trade and other receivables	(183)	3,334
- (increase) / decrease in prepayments and other assets	4,898	(1,908)
- (Increase) / decrease in deferred tax asset	(3,530)	639
- Increase / (decrease) in trade and other payables	(36,893)	(64,737)
- Increase / (decrease) in current tax liability	(28,134)	9,413
- Increase / (decrease) in provisions	40,898	(209)
Net cash flows from operating activities	109,438	101,060

19. Key management personnel and related party disclosures

(a) Key management personnel

Key management personnel includes any person having authority or responsibility for planning, directing or controlling the activities of the entity, directly or indirectly including any Director (whether executive or otherwise) of that company.

Apart from the Treasurer who received a benefit via the directors benefits package, refer to note 21. ©, there was no remuneration paid to the key management personnel of the company during the year.

(b) Other related parties

Other related parties include close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel, individually or collectively with their close family members.

(c) Transactions with key management personnel and related parties

No key management personnel or related party has entered into any contracts with the company. No Director fees have been paid as the positions are held on a voluntary basis, aside from the treasurer who receives payment via the directors benefits package.

During the year, the company purchased goods and services under normal terms and conditions, from related parties as follows:

Name of related party	Description of goods / services provided	Value $
Gosford City Basketball and Sports Stadium	Donation	1,731
Tall Timbers Hotel	Advertising	1,819

19. Key management personnel and related party disclosures (continued)

(c) Transactions with key management personnel and related parties (continued)

East Gosford & Districts Financial Services Limited has accepted the Bendigo and Adelaide Bank Limited's **Community Bank®** Directors Privileges package. The package is available to all Directors who can elect to avail themselves of the benefits based on their personal banking with the branch. There is no requirement to own Bendigo and Adelaide Bank Limited shares and there is no qualification period to qualify to utilise the benefits.

The package mirrors the benefits currently available to Bendigo and Adelaide Bank Limited shareholders. The Directors have estimated the total benefits received from the Directors Privilege Package to be nil other than a $1,200 expense reimbursement for the treasurer.

The estimated reimbursement per Director is as follows:

	2019	2018
Brian Wilfred Lindbeck	1,200	1,200
	1,200	**1,200**

(d) Key management personnel shareholdings

The number of ordinary shares in East Gosford & Districts Financial Services Limited held by each key management personnel of the company during the financial year is as follows:

	2019	2018
Garry Samuel Morris	2,250	2,250
Brian Wilfred Lindbeck	4,502	4,502
Kenneth George Howes	1,500	1,500
Scott Francis Evans	2,000	-
Mark Kevin Holton	10,000	-
	20,252	8,252

There has been some movement in key management personnel shareholdings during the year. Each share held has a paid up value of $1 and is fully paid.

(e) Other key management transactions

There has been no other transactions key management or related parties other than those described above.

20. Events after the reporting period

There have been no events after the end of the financial year that would materially affect the financial statements.

21. Contingent liabilities and contingent assets

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

22. Operating segments

The company operates in the financial services sector where it provides banking services to its clients. The company operates in one area being East Gosford, NSW. The company has a franchise agreement in place with Bendigo and Adelaide Bank Limited who account for 99% of the revenue (2018: 99%).

23. Commitments

Operating lease commitments

	2019	2018
	$	$
Payable:		
- no later than 12 months	179,893	174,653
- between 12 months and five years	19,476	179,893
- greater than five years	-	-
Minimum lease payments	199,369	354,546

The current operating leases relate to rental of premises and are contracted for a period of 5 years, with an attached 5 year option to renew. Operating leases increase on a year by year basis in line with CPI movements.

Non-cancellable operating leases contracted for are not capitalised in the Statement of Financial Position.

24. Company details

The registered office and principal place of business is 101 Victoria St, East Gosford NSW 2250.

25. Financial instrument risk

Financial risk management policies

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

Specific financial risk exposure and management

The main risks the company is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk and other price risk. There have been no substantial changes in the types of risks the company is exposed to, how the risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

The company's financial instruments consist mainly of deposits with banks, short term investments, account receivables and payables, bank overdraft and loans. The totals for each category of financial instruments measured in accordance with AASB 9 *Financial Instruments* as detailed in the accounting policies are as follows:

	Note	2019 $	2018 $
Financial assets			
Cash and cash equivalents	5	486,589	410,579
Trade and other receivables	6	207,814	207,631
Financial assets	7	244,106	233,401
Total financial assets		**938,509**	**851,611**
Financial liabilities			
Trade and other payables	12	75,404	112,297
Total financial liabilities		**75,404**	**112,297**

(a) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the company.

Credit risk is managed through maintaining procedures ensuring, to the extent possible, that clients and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment. Credit terms for normal fee income are generally 30 days from the date of invoice. For fees with longer settlements, terms are specified in the individual client contracts. In the case of loans advanced, the terms are specific to each loan.

Credit risk exposures

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period is equivalent to the carrying amount and classification of those financial assets as presented in the table above.

The company has significant concentrations of credit risk with Bendigo and Adelaide Bank Limited. The company's exposure to credit risk is limited to Australia by geographic area.

25. Financial instrument risk (continued)

(a) Credit risk (continued)

None of the assets of the company are past due (2018: nil past due) and based on historic default rates, the company believes that no impairment allowance is necessary in respect of assets not past due.

The company limits its exposure to credit risk by only investing in liquid securities with Bendigo and Adelaide Bank Limited and therefore credit risk is considered minimal.

(b) Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company ensures it will have enough liquidity to meet its liabilities when due under both normal and stressed conditions. Liquidity management is carried out within the guidelines set by the Board.

Typically, the company maintains sufficient cash on hand to meet expected operational expenses, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward.

Financial liability and financial asset maturity analysis:

30 June 2019	Weighted average interest rate %	Total $	Within 1 year $	1 to 5 years $	Over 5 years $
Financial assets					
Cash and cash equivalents	0.85%	486,589	486,589	-	-
Trade and other receivables		207,814	207,814	-	-
Financial assets					
- Term Deposits	2.3%	219,024	219,024		
- Equity Investments		25,082	25,082	-	-
Total anticipated inflows		938,509	938,509	-	-
Financial liabilities					
Trade and other payables		75,404	75,404	-	-
Total expected outflows		75,404	75,404	-	-
Net inflow / (outflow) on financial instruments		**863,105**	**863,105**	**-**	**-**

25. Financial instrument risk (continued)

(b) Liquidity risk (continued)

30 June 2018	Weighted average interest rate %	Total $	Within 1 year $	1 to 5 years $	Over 5 years $
Financial assets					
Cash and cash equivalents	2.08%	410,579	410,579	-	-
Trade and other receivables		207,631	207,631	-	-
Financial assets					
- Term Deposits	2.2%	215,440			
- Equity Investments		17,961	17,961	-	-
Total anticipated inflows		851,611	636,171	-	-
Financial liabilities					
Trade and other payables		112,297	112,297	-	-
Total expected outflows		112,297	112,297	-	-
Net inflow / (outflow) on financial instruments		**739,314**	**523,874**	**-**	**-**

(c) Market risk

Market risk is the risk that changes in market prices, such as interest rates, will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

The Company is exposed to an immaterial price risk in relation to its listed investments.

Interest rate risk
Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments.

The financial instruments that primarily expose the company to interest rate risk are cash and cash equivalents.

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, management believes the following movements are 'reasonably possible' over the next 12 months:
- A parallel shift of +/- 1% in market interest rates from year-end rates.

These movements will not have a material impact on the valuation of the company's financial assets and liabilities, nor will they have a material impact on the results of the company's operations.

Other price risk
The company is exposed to other price risk on its listed investment carried at fair value, whereby a change in share prices will affect the fair value of the financial instruments.

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, management believes the following movements are 'reasonably possible' over the next 12 months:
- A parallel shift of +/- 1% in equity prices from year-end rates.

These movements will not have a material impact on the valuation of the company's investments, nor will they have a material impact on the results of the company's operations.

25. Financial instrument risk (continued)

Sensitivity analysis

The following table illustrates sensitivities to the company's exposures to changes in interest rates and equity prices. The table indicates the impact on how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible.

These sensitivities assume that the movement in a particular variable is independent of other variables.

	2019		2018	
	Profit $	Equity $	Profit $	Equity $
+/- 1% in interest rates (interest income)	7,056	7,056	6,260	6,260
	Profit $	Equity $	Profit $	Equity $
+/- 10% in equity prices	754	754	1,123	1,123

There have been no changes in any of the methods or assumptions used to prepare the above sensitivity analysis from the prior year.

26. Fair value measurements

The company may measure some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

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. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The company measures and recognises the following assets at fair value on a recurring basis after initial recognition:

- freehold land and buildings
- listed investments

The company does not subsequently measure any liabilities at fair value on a non-recurring basis.

(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.

26. Fair value measurements (continued)

(a) Fair value hierarchy (continued)

The following tables provide the fair values of the company's assets and liabilities measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value hierarchy:

	30 June 2019			
	Level 1	Level 2	Level 3	Total
	$	$	$	$
Recurring fair value measurements				
Financial assets				
Listed investments	25,082	-	-	25,082
Total financial assets recognised at fair value	25,082	-	-	25,082

	30 June 2018			
	Level 1	Level 2	Level 3	Total
	$	$	$	$
Recurring fair value measurements				
Financial assets				
Listed investments	17,961	-	-	17,961
Total financial assets recognised at fair value	17,961	-	-	17,961

There were no transfers between Levels for assets measured at fair value on a recurring basis during the reporting period (2018: no transfers).

(b) Valuation techniques

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:* valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- *Income approach:* valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
- *Cost approach:* valuation techniques that reflect 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 selecting a valuation technique, the company gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) 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 available about such assumptions are considered unobservable.

East Gosford & Districts Financial Services Ltd
ABN 90 092 538 620
Directors' Declaration

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, as set out on pages 8 to 40 are in accordance with the *Corporations Act 2001* and:

   (i) comply with Australian Accounting Standards which, as stated in accounting policy Note 1(a) to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and

   (ii) give a true and fair view of the company's financial position as at 30 June 2019 and of the performance for the year ended on that date;

2. In the Directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

Garry Morris
Director

Signed at East Gosford on 11 September 2019.

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF East Gosford & Districts Financial Services Ltd

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of East Gosford & Districts Financial Services Ltd, which comprises the statement of financial position as at 30 June 2019, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the directors' declaration.

In our opinion:

(a) the financial report of East Gosford & Districts Financial Services Ltd is 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 2019 and of its performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001;* and

(b) the financial report also complies with the International Financial Reporting Standards as disclosed in Note 1.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements related to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the entity 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* (the Code) that are relevant to our audit of the 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 report.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report or the year ended 30 June 2019. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How Our Audit Addressed the Matter
Taxation	
The application of taxation legislation to the Company's accounts is inherently complex and requires judgement to be exercised in relation to estimating tax exposures and quantifying provisions and liabilities. Further disclosure regarding Taxation can be found at Note 1(f) *Critical Accounting Estimates and Judgements* and Note 4 *Income Tax*.	We have performed the following procedures: • Reviewed the income taxation calculations prepared and are satisfied that the calculations are in accordance with the accounting standards and applicable income tax legislation. • Tested the assumptions and forecast taxable income supporting deferred tax assets • Considered the appropriateness of the Company's disclosures regarding current tax matters • Assessed the consistency of assumptions used in estimating provisions and liabilities.
Employee Provisions	
The valuation of employee entitlements are subject to complex estimation techniques and significant judgement. Assumptions required for wage growth and CPI movements, coupled with the estimated likelihood of employees reaching unconditional services is estimated. A small change in assumptions can have a material impact on the financial statements. Further disclosure regarding Employee Provisions can be found at Note 1(f) *Critical Accounting Estimates and Judgements* and Note 14 *Provisions.*	We have performed the following procedures: • Reviewed the employee entitlement calculations and are satisfied that they calculations are in accordance with applicable accounting standards. • Tested the accuracy of the calculations and models used to calculate employee entitlement provisions. • Evaluated the assumptions applied in calculating employee entitlements such as the discount rate and the probability of long service leave vesting conditions being met.

Director's Responsibility for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

The procedures selected depend on the auditor's 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, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view 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.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of 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.

We conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We obtain sufficient appropriate audit evidence regarding the financial information of the entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. On connection with our audit of the financial report, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

REPORT ON THE AUDIT OF THE REMUNERATION REPORT

Auditor's Opinion on the Remuneration Report

We have audited the remuneration report included in pages 32 to 33 of the director's report for the year ended 30 June 2019. The directors of the Company are responsible for the preparation and presentation of the remuneration report and in accordance with s 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.

In our opinion, the remuneration report of East Gosford & Districts Financial Services Ltd, for the year ended 30 June 2019 is in accordance with s300A of the *Corporations Act 2001.*

Responsibilities for the Remuneration Report

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.

RSD AUDIT

Kathie Teasdale
Partner
Bendigo
Dated: 12 September 2019

East Gosford & District Financial Services Limited
NSX report

East Gosford & District Financial Services Limited is a public company incorporated in Australia and listed on the National Stock Exchange of Australia (NSX).

Shareholding (as at report date and 30 June 2019)

The following table shows the number of shareholders, segregated into various categories based on the total number of shares held.

Number of shares held	Number of shareholders	Number of shares held
1 to 1,000	93	65,500
1,001 to 5,000	134	303,012
5,001 to 10,000	32	259,802
10,001 to 100,000	15	366,502
100,001 and over	-	-
Total shareholders	274	994,816

Equity securities

Each of the above shareholders are entitled to 1 vote, irrespective of the number of shares held.

There are no substantial shareholders (holding more than 5% of voting rights) as each shareholder is entitled to 1 vote. Normally holding more than 5% of total issued shares would create a substantial shareholder, but this is not applicable due to the voting restrictions for the company.

There are 7 shareholders holding less than a marketable parcel of shares ($500 in value).

There are no restricted securities on issue.

All shares on issue are ordinary shares fully paid to $1 per share. There are no unquoted equity securities.

Ten largest shareholders

The following table shows the 10 largest shareholders.

Shareholder	Number of fully paid shares held	Percentage of issued capital
PKC INVESTMENTS PTY LTD	66,500	6.68
SCIPIO NOMINEES PTY LTD	59,002	5.93
NORTHERN SUBURBS SECRETARIAL SERVICES PTY LTD <JULETON A/C>	47,500	4.77
WINPAR HOLDINGS LIMITED	30,000	3.02
MRS SUSAN JOY WILKINS	24,500	2.46
MRS MINA SANDERS & MR GREGORY SANDERS	17,500	1.76
CARON RAE PFYELD	17,500	1.76
MR PAUL VANDERSTELT & MRS ELSIE VANDERSTELT	15,000	1.51
MR BENJAMIN CONNELL & MR PHILLIP CONNELL <THE CONNELL SUPER FUND A/C>	15,000	1.51
JOHN WARREN PEARCE PTY LTD <MIRIAM C PEARCE FAMILY A/C>	15,000	1.51
	307,502	30.91

East Gosford & District Financial Services Limited
NSX report

Registered office and principal administrative office

The registered office of the company is located at:

101 Victoria Street
East Gosford, NSW, 2250
Phone: (02) 4323 4559

The principal administrative office of the company is located at:

101 Victoria Street
East Gosford, NSW, 2250
Phone: (02) 4323 4559

Security register

The security register (share register) is kept at:

AFS & Associates Pty Ltd
61-65 Bull Street, Bendigo, VIC, 3550
Phone: (03) 5443 0344

Company Secretary

Scott Evans is a director of the Company and has been the Company Secretary since July 2019. His qualifications include B.Ec(Hons), GAICD, FGIA, SaFin, Dip FP. He is a company secretary on an ASX listed Company and has over 13 years of being a company secretary on public and private companies.

Corporate governance

The company has implemented various corporate governance practices, which include:

(a) The establisment of the following committees:
-Finance Committee: Scott Evans (Chair), Michael Bell, Brian Lindbeck, Ken Howes, Mark Holton, Jesse Osborne (observer)
-Governance Committee: Mark Holton (Chair), Trevor Gerdsen, Cameron Shepherd, Scott Evans, Michael Bell, Jesse Osborne (observer)
-Human Resources: Trevor Gerdsen (Chair), John Coman, Michael Bell
-Marketing Committee: John Coman (Chair), Brian Lindbeck, Cameron Shepherd, Mark Holton, Michael Bell
-Building Committee: John Coman (Chair), Michael Bell.
(b) Director approval of operating budgets and monitoring of progress against these budgets;
(c) Ongoing Director training; and
(d) Quarterly Director meetings to discuss performance and strategic plans.

Five year summary of performance

		2015	2016	2017	2018	2019
Gross revenue	$	1,762,648	1,773,495	2,069,288	2,283,768	2,293,578
Net profit before tax	$	(32,719)	9,271	158,608	139,431	132,601
Total assets	$	870,735	1,144,377	1,138,602	1,167,446	1,206,135
Total liabilities	$	313,030	585,783	485,924	430,391	406,262
Total equity	$	557,705	558,594	652,679	737,055	799,873

East Gosford **Community Bank®** Branch
101 Victoria Street, East Gosford, NSW, 2250
Phone: (02) 43234559 Fax (02) 43231499
Email: eastgosfordmailbox@bendigoadelaide.com.au

Lisarow **Community Bank®** Branch
Shop 16, Lisarow Plaza Shopping Centre,
2 Parsons Road, Lisarow, NSW, 2250
Phone: (02) 43285472 Fax (02) 432285913
Email: lisarowmailbox@bendigoadelaide.com.au

Kincumber **Community Bank®** Branch
2A/39 Avoca Drive, Kincumber NSW, 2250
Phone: (02) 43632133 Fax (02) 43632866
Email: kincumbermailbox@bendigoadelaide.com.au

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