Annual Report 2023

East Gosford & Districts Financial Services Ltd.

Community Bank
East Gosford, Lisarow & Kincumber
ABN 90 092 538 620

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Chair's Report

On behalf of the Board and Management, I am pleased to present the 22nd Annual Report on the affairs of your Company, now in its 23rd year of operation.

Our trading result for the financial year, after provision for income tax and charitable donations and sponsorship was a profit of $573,554 (2022 loss $48,787). It is pleasing to say this is the highest profit our Company has earned. The significant turnaround in profitability is attributed to the increases in the official interest rates by the Reserve Bank enabling the Company to earn improved margins on our business.

Revenue increased from $1.969 million in 2022 to $3.286 million in 2023 due to the increased margins and the flow on effect of Funds Transfer Pricing (FTP), our revenue share methodology with Bendigo and Adelaide Bank Limited. Expenses, including charitable donations and sponsorships, increased from $2.034 million to $2.517 million in the current year. Business levels were maintained and are discussed in the attached report from our Chief Executive.

We placed an additional $250,00 with the Bendigo Bank Community Enterprise Foundation this year to supplement our funds available for future worthwhile causes. We remain focused on social causes as a way in which your Company can make a difference in the local community.

I thank our Chief Executive, Michael Bell, our Senior Branch Manager, Julie Eastham and Managers Martin Creesey at East Gosford, and Amie Ebert, our mobile relationship manager, as well as all our staff for their continued dedication and commitment to the Community Bank concept and its promotion in the community. Our Company continues to seek opportunities to assist our customers, look after our shareholders and support our local community, and I commend all our staff for their unwavering commitment to achieving our Company goals.

On behalf of the Board, I thank all our valued shareholders and customers for your continued support in helping us 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 their devotion and contribution in building our business. I thank our retiring Director, Trevor Gerdsen, who made a significant contribution in many ways to our Company, but especially in developing high standards in human resources. I welcome our new Director, Bernadette McLoughlin who joined our Board during the financial year, and I look forward to working with her.

I pay special tribute to one of our founding Directors, Brian Lindbeck, who had been our Treasurer for many years and continued to provide support as an Emeritus Director. I am extremely grateful for Brian's assistance with the business and his friendship over the years. Brian sadly passed away recently.

The Directors on your Board have the knowledge, skills, and experience to help guide our Company as it continues to grow in a meaningful way.

Garry Morris

Chair

Franchise Group Chief Executive Officer's Report

Welcome Shareholders to my report for the 2022-23 financial year.

Nominal business growth this year saw our business reach total footing of $358.9M on the back of a slower lending market and retention of deposits gained over previous years due to competitive pressures.

However, being able to maintain our deposit book and grow our lending along with improving margins due to the cash rate normalising saw a marked improvement in revenue and corresponding strong profit position of $573,554 after tax. Up $622,341 on the previous year.

We have made some operational changes to staffing positions during the year, with Julie Eastham assuming the role of Senior Branch Manager and Michelle Clague now our Community Engagement Advisor. Both positions will support the business to move forward with changing customer requirements, expectations and needs.

Amie Ebert assumed the role of Mobile Relationship Manager in July 2022 and has done a great job providing another level of service to customers who wish to apply for home loans online or prefer the Bank to come to them.

We continue to look at board composition and skills where we have now completely changed the mix and skills of our directors to assist with the future guidance and growth of the business. Welcome to Bernadette McLoughlin who joined our board during the financial year and brings transformation and digital business skills to the board.

Whilst board meetings are held bimonthly, we hold Portfolio meetings in the off month to ensure that the outcomes of the strategic planning day are being worked on and implemented. Your Finance Portfolio meets every month to discuss results to date and keep a firm eye on our cash position. We believe we have a great mix of skills and diversity that can only benefit our business. The Portfolio members are allocated based on their skill set to maximise effectiveness of our directors, across Finance, Risk, Governance, Sponsorship and Human Resources.

The success of the local accountant's breakfasts we have sponsored over the past 2 years has now grown into the Bendigo Community Bank Business Breakfast with numbers continuing to grow. This is a great way to showcase our business and what we are doing in the community along with the opportunity to gain new business.

This year we had Sara leave our company in June after 5 years. We wish Sara all the best in the future and thank Sara for her contribution to our business.

Our community involvement stepped up this year with $140k of community support to 53 organisations. Please refer to the table further in report that will showcase the segments of community we supported. We believe in being out and about at events as it assists in driving business. You can follow what we do in the community on Facebook & Instagram 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.

Social media continues to be a major focus for us and a way of demonstrating and showing the Bendigo Bank Community Bank point of difference. Along with Ettalong & Wyong we have collaborated to use the services of a designated Social Media specialist for the 2023-24 financial year.

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 competitive products, some of which are best in market, 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 when required. Also, a thank you to our partners Bendigo Bank and their representatives that work with us. Thank you to all Directors who give of their time and experience from their own occupations to ensure long term success & viability of our business.

Finally, 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.

Michael Bell

Franchise Group Chief Executive Officer

VALE – Brian Lindbeck

26 April 1937 to 25 July 2023.

It is with great sadness that we advise of the passing of our inaugural Treasurer and our first Emeritus Director Brian Lindbeck.

Brian joined the East Gosford Community Bank steering committee in 1999 and was appointed as Director/Treasurer in April 2000 when our company was formed. Brian held this position and role for 20 years retiring in 2020, and at this point became our first Emeritus Director assisting our new treasurer which he did until February this year. Brian was a huge asset to our board having been an accountant with QANTAS for 37 years prior to assisting our company. Brian was a huge supporter of all things community.

Our condolences to Brian's family, his wisdom, wit and experience will be missed.

Bendigo and Adelaide Bank Message

Community and customer will always be at the heart of what we do at Bendigo and Adelaide Bank.

Together, we're setting up Community Banking for the future - growing our impact as a leading social impact movement to transform communities across Australia.

As we continue to evolve to meet the needs of our customers, we should feel proud that more Australians are choosing to do their banking with us and trust us with their financial goals. Our position as Australia's most trusted bank (Roy Morgan) reflects the esteem we are held in by our customers, and communities.

This year has been particularly significant for us. After five years apart, we had the opportunity to come together in person and connect through our State Connect program and in Bendigo at our National Conference in September. It has also been a record-breaking year for Community Bank with more than $32 million invested into local communities nationwide. This is our highest year on record and underscores our ongoing commitment to our customers and communities.

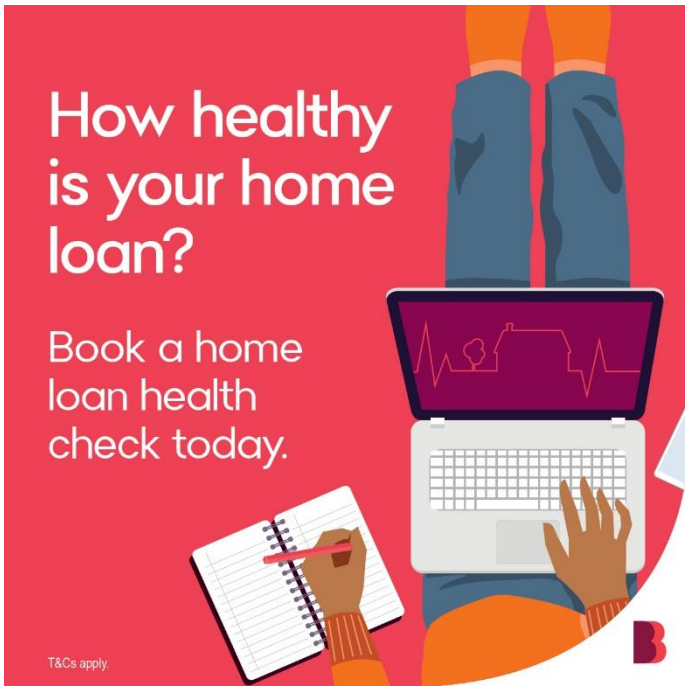
Reflecting on the 25 years since we opened our first Community Bank, I'm so grateful to the hard work of many passionate Directors (past and present). Everything we have done and continue to do is focused on our purpose to feed into the prosperity of our customers and communities, not off it.

On behalf of the Bank, thank you for continuing to play an essential role in supporting your community. I look forward to seeing us grow together and make a positive impact for generations to come.

Warmest regards,

Justine Minne

Bendigo and Adelaide Bank



Community Bank National Council

As a shareholder in your local Community Bank, you belong to an incredible social enterprise network that to date has reinvested more than $300 million in our local communities.

And now, as we celebrate our 25th anniversary milestone, we are evolving even further by sharpening our focus on our community enterprises – separate to the banking side of the business. We are uniting our Community Bank companies through a shared vision of being the most influential network of social enterprises in Australia. This means we'll have a bigger and better story to tell about how we collectively deliver impact.

Our future is together because of our extraordinary strength and aligned partnership with each other, and with our partner, Bendigo and Adelaide Bank. Our partnership with the Bank has been fashioned out of shared effort, risk and reward and it continues to serve us well.

And now even with the digital evolution upon us, the foundation of our future still relies on the guiding principles of the Community Bank model. We are community enterprises and the custodians of this incredible model that collaborates with local communities for social good. The objective of our Community Bank network remains the same. Our evolution will be evidenced by the channels that we use to connect with our customers and communities, digital by design and human where it matters.

The Community Bank network was a first mover in Australia with its unique social enterprise model. The first Community Bank opened its doors in 1998, and since then, the network has grown to 307 Community Bank branches. The network represents a diverse cross-section of Australia with 240 social enterprises, 70,000+ shareholders, 1600+ volunteer directors, 1600+ staff and 905,000 customers located in metro, regional, rural and remote locations across the country.

The Community Bank network creates impact though grants, donations and sponsorships that connect with and care for generations of Australians. Network investment ranges from sport, scholarships and school programs, through to community groups, cultural organisations and local councils. We also facilitate and attract partnerships to help support much needed community projects.

The Community Bank National Council (CBNC) is the voice of the Community Bank network. The role of the CBNC is to advocate and influence on behalf of the 240 community enterprises with its partner. It has also been the role of the CBNC to oversee the development of the Community Network Strategy which exists to ensure the ongoing sustainability of this unique collective of social enterprises.

In September this year our Community Bank network celebrates 25 years. It's a tremendous milestone and one which we're hugely proud of achieving. We have never been stronger and we look forward to continuing to serve our shareholders, customers and communities as we embrace our exciting future.

Sarah Franklyn, CNBC Chair

Celebrating 20 years at Lisarow

Our Lisarow branch celebrated its 20-year anniversary on 29 September 2023. Thank you to our shareholders, customers and most of all our staff for the service and support they provide their community.

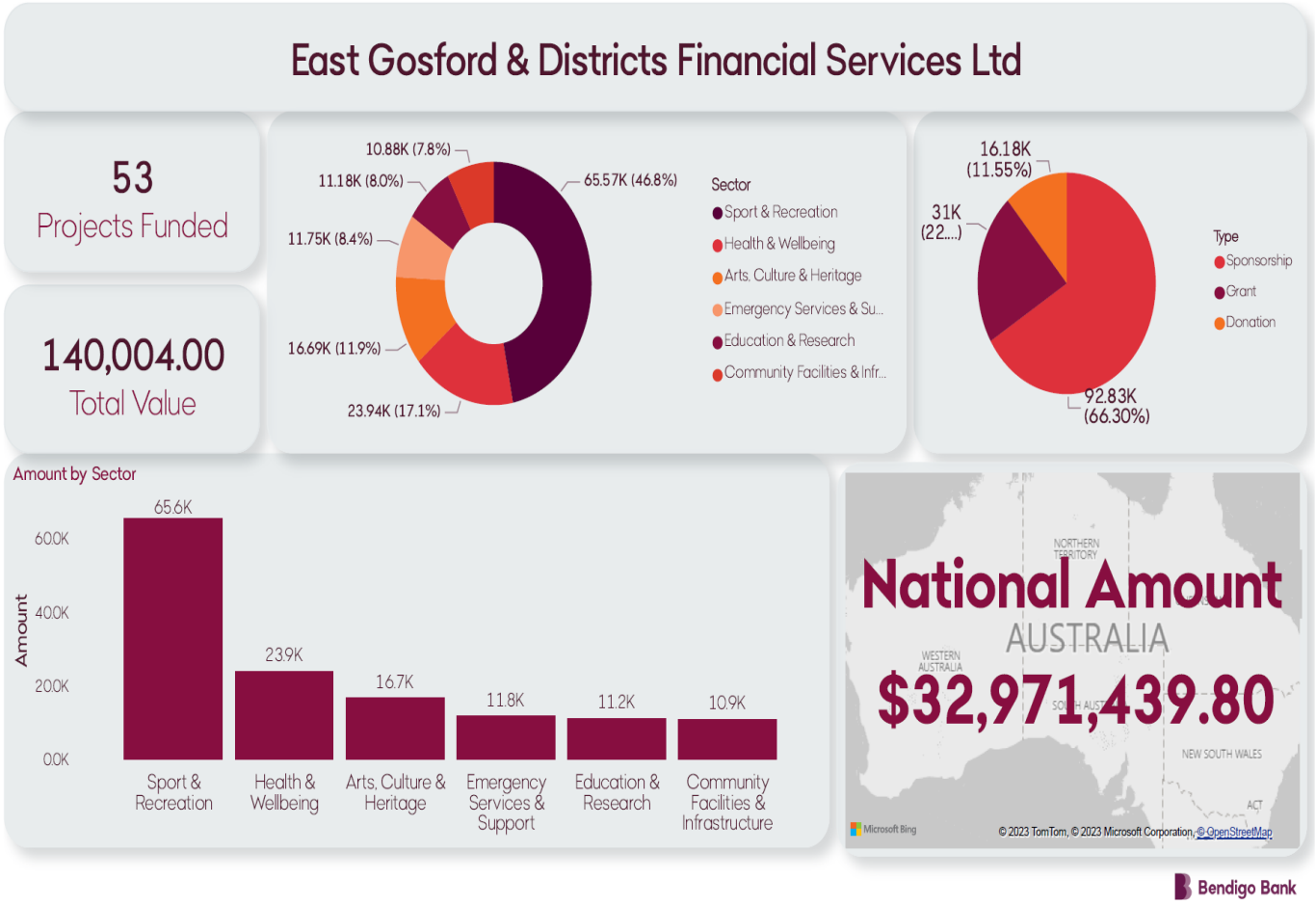
Community Enterprise Foundation

Bringing together people who care about their communities.

Your Company contributes funds each year to the Community Enterprise Foundation (CEF). The CEF offers communities and not-for-profit organisations across Australia the opportunity to raise and distribute tax-effective donations to benefit their own communities.

CEF are committed to providing your Company with the expertise, tools and resources to respond to the current and future needs of our community.

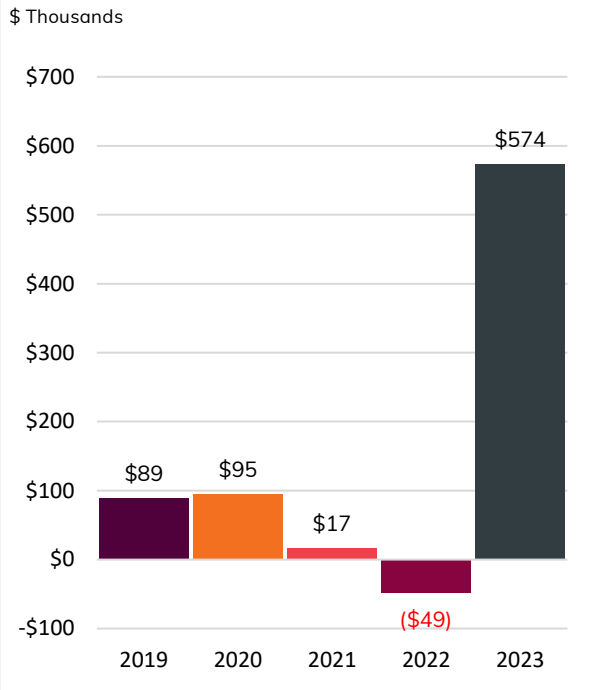
The scorecard below shows the amount of funding provided to the Community in the 2022-2023 financial year by your Company.



More information about the foundation is available from their website:
https://www.communityenterprisefoundation.com.au/

Company performance snapshot

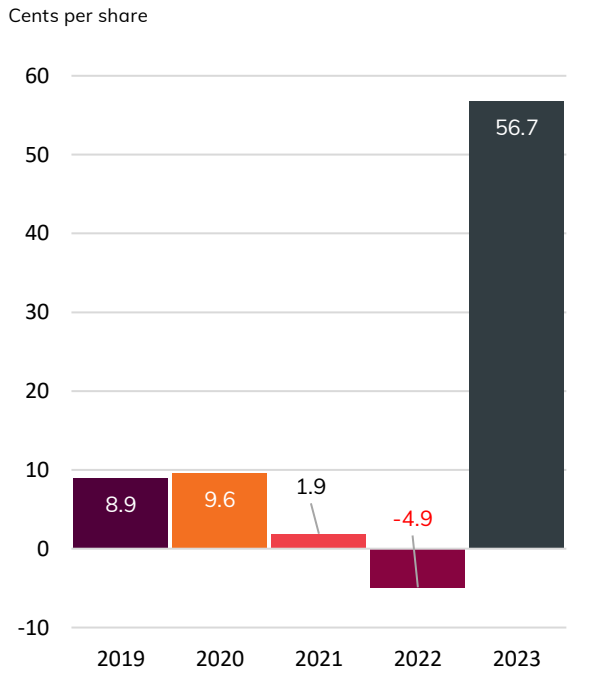
Net profit after tax



Donations and sponsorship

Total dividends paid – fully franked

Earnings per share (EPS)



Dividend Payments

The Directors have determined that a dividend of 3.5 cents per share plus a special dividend of 6.5 cents per share to make a total of 10 cents per share (2022: 3.5 cents per share). The payment will be made for the 2023 financial year on 14 December 2023. Once paid this will amount to $99,482 fully franked dividends.

In addition to the ordinary dividend, the Company resolved to pay a once off special dividend of 6.5 cents per share in line with the increase in profitability of the Company this year. The Company reviews its dividend policy each year and makes a determination as to the sustainable level of dividends and capacity for the payment of additional dividends, if appropriate.

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

Dividends to shareholders - History			
Financial Year	$ Per Share	Franking Level	Date Paid or to be Paid
2022/2023	0.100	100%	14 Dec 2023*
2021/2022	0.035	100%	14 Dec 2022
2020/2021	0.035	100%	14 Dec 2021
2019/2020	0.030	100%	14 Dec 2020
2018/2019	0.035	100%	13 Dec 2019

* The dividend for 2022/2023 financial year has been declared but not yet paid. The timetable for payment for the 2023 dividend is as follows:

Dividend Event	Date
Ex-Dividend / Distribution Date	1 December 2023
Record Date (date on which holders are entitled to payment)	7 December 2023
Payment Date (Date dividend is to be paid.)	14 December 2023
Is a dividend reinvestment plan in operation Yes/No?	No
Franking (%)	100%

Annual General Meeting

The Annual General Meeting (AGM) is expected be held at 3:00 PM, Wednesday 29 November 2023. Attendance and voting details are included as part of the notice of meeting.

Corporate Governance Statement

Below is a summary of the corporate governance framework of the Company.

Company Structure

The Company operates a flat management structure and members of the Board are remunerated a nominal amount for Board membership and duties performed as part of the portfolio committees as declared in the remuneration report. 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 shareholders and the community.

Role of the Chair

The Chair 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 Chair must be an independent, non-executive director.

Role of the Franchise Group CEO

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

Committees / Portfolio Director Responsibilities

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

Committee / Portfolio	Members and Participants
Finance and Audit	Paul McCubbin (Chair, Treasurer), Michael Bell (p), Scott Evans (m), Garry Morris (m).
Governance, Nominations & Strategy	Mark Holton (Chair), Bernadette Mcloughlin (m), Michael Bell (p)
Human Resources	Linda Cooper (Chair), Christina Benson (m), Michael Bell (p)
Marketing/Sponsorship	Carolyn Kay (Chair), Elise Willemsen (m), Michael Bell (p)
Executive Committee	Garry Morris (Chair), Mark Holton (m), Paul McCubbin (m), Scott Evans (m)
Risk Committee	Scott Evans (Chair), Emma Mason (m), Terri Rutherford (p)
	(m) = director member, (p) = management participant

Directors attend Committee portfolio meetings throughout the year in addition to their director meeting responsibilities. Meetings are held alternate months (6 meetings) prior to Board meetings except for the Finance and Audit Committee which meets every month (12 meetings). The director meeting attendance provided in the financial statements are exclusive of Committee portfolio meetings. Committee portfolio meetings are held more or less often as demand dictates.

Corporate Governance Statement (continued)

Committees / Portfolio Director Responsibilities (continued)

The committees produce and review, from time to time, the relevant policies and procedures that have been approved by the Board. They make recommendations to the Board concerning matters arising that are applicable to their portfolio.

Directors may attend other Committee meetings if their expertise is required. The Franchise Group CEO plus other staff members will also attend as participants of the meetings, as required, to provide reporting to the committees and help with information and implementation of Board approved recommendations.

Director Independence and Skills

All directors are non-executive and are independent non-associated directors. The skills and experience of the directors encompass accounting, governance, legal, finance, marketing, human resources, financial markets, business transformation, digital technology experience and corporate administration. The Board actively manages the composition of the Board and required skill sets to best match the requirements of the Company at the time. Independence and skill composition is reviewed at least annually.

Share Trading Policy

The company operates a share trading policy. All staff including Directors and Officers are not permitted to trade in the Company's shares except during two periods following the disclosure of the Company's accounts, and provided that they are not in possession of inside information.

Whistleblower Policy

The Company operates a whistleblower policy.

Diversity Policy

The Company actively encourages woman and those from diverse backgrounds on its Board in line with the Company's director independence and skills policy.

Conflicts of Interest Policy

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 is supported by a delegations register guide and procedures.

Risk Policy

The Board has approved a Risk Policy and framework to support the activities of the Company in identifying risks and recommending risk mitigation strategies.

Other Policies & Procedures

The Company has in place various corporate policies and procedures governing the operations of the Company. Typically, they are the same or mirror those that are required by of the Company by Bendigo & Adelaide Bank to operate the franchise agreement with Bendigo Bank.

These policies and procedures contribute to the Corporate Governance Framework of the Company summarised above.

East Gosford & Districts Financial Services Ltd

ABN 90 092 538 620

Financial Report

For the year ended

30 June 2023

Directors' Report

The Directors present their report, together with the financial statements, on East Gosford & Districts Financial Services Ltd for the financial year ended 30 June 2023.

Board of Directors

The following persons were Directors of East Gosford & Districts Financial Services Ltd during the whole of the financial year up to the date of this report, unless otherwise stated:

Director	Details
Garry Morris	Chair M. App Fin, Dip. Com, CFP University Lecturer and self-employed Financial Planner.
Mark Holton	Director (Deputy Chair) Accountant - FCPA; MCOM; FAICD Consultant to the Accounting industry.
Scott Evans	Director and Secretary B.Ec (Hons); GAICD; Fellow FINSIA. Fellow GIA; Dip. FP Company secretary of NSX Limited, which is listed on ASX and operates a company providing company secretarial, compliance, regulatory and IT services. Company Secretary since July 2019.
Bernadette McLoughlin	Director (appointed 12 April 2023) Graduate of the Australian Institute of company Directors General Manager (currently with Tabcorp) with over 30 years of successful experience in operations, customer experience and compliance. Recognised consistently for performance excellence and contributions to the wagering and racing industry. Strengths in leadership, customer & stakeholder experience. Member & Graduate of the Australian Institute of Company Directors. Director of Tennis NSW.
Carolyn Kay	Director Bachelor of Business (Marketing). Self-employed business owner.
Paul McCubbin	Director and Treasurer. B.Bus, GradDip CA, CertNFP Paul McCubbin is a Chartered Accountant has over 15 years of experience in the accounting profession and is a Senior Finance Executive in the Higher Education sector, having held positions with Australian and UK institutions and is Associate Director, Corporate Accounting & Treasury at The University of Newcastle.
Linda Cooper	Director B.Bus(hons), MTerEd(Mgt), JP Linda Cooper is a senior leader with extensive experience across tertiary education, human resource management and regional and business engagement. Strategic and solutions focused, Linda develops and builds lasting partnerships across a broad range of stakeholders in government, education, business, industry groups and the community to deliver outcomes that build regional economic capacity through education and employment. Linda has

Director	Details
	held positions on key regional committees including Regional Development Australia (RDA), Central Coast and the Business NSW Central Coast Regional Advisory Committee and contributed to working parties and roundtables providing advice and advocacy on matters relevant to the region.
Emma Mason	Director Bachelor of Commerce, Bachelor of Laws (Hons). Solicitor.
Elise Willemsen	Director (appointed 21 December 2022) Advanced Diploma Marketing Management. Experienced marketing manager working in the machinery, garden and agricultural industries.
Christina Benson	Director Adv Diploma Human Resources Christina Benson has 20 years' experience as a HR professional across NSW State Government and private industry. She has extensive experience across all pillars of Human Resources with expertise in organisational design, performance management and improvement, talent attraction and retention, coaching senior leaders and strategic people advice.
Trevor Gerdsen	Director (resigned 12 April 2023) MBA Regional director of campuses for the University of Newcastle. Retired from this role on 3 July 2020.

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

Company Secretary

Director	Details
Director Name:	Scott Francis Evans
Title:	Secretary & Director
Qualifications:	B. Ec (Hons); GAICD; F Fin; FGIA; Dip. FP
Experience and expertise	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.

Directors' meetings

Attendances by each Director during the year was as follows (excluding committee/portfolio meetings):

	Board Meetings	
Director	eligible	attended
Garry Morris	6	6
Mark Holton	6	5

	Board Meetings	
Scott Evans	6	6
Trevor Gerdsen (resigned 12 April 2023)	4	4
Carolyn Kay	6	6
Elise Willemsen (appointed 14 December 2022)	4	3
Emma Mason	6	5
Paul McCubbin	6	6
Linda May Cooper	6	6
Christina Benson	6	4
Bernadette McLoughlin (appointed 12 April 2023)	1	1

Principal activity

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

There has been no significant changes in the nature of these activities during the year.

Operating results

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

	Year Ended 30 June 2023	Year Ended 30 June 2022	*Movement* $
Profit/(Loss) After Tax	573,554	(48,787)	622,341

Operating and financial review

Overview of company

The company is a franchisee of Bendigo Bank providing financial products and services to individuals, businesses and organisations throughout the local area via the East Gosford, Lisarow and Kincumber Community Bank branches. While the branches offer the full suite of Bendigo & Adelaide Bank products and services, margin earnings from firstly loans and then deposits are the predominant contributor to company results.

The general nature of the business market for the company remains challenging and issues commented upon for the prior three financial years continue to persist. Whilst the company has endured historically low cash rates set by the Reserve Bank of Australia there has been some relief with the cash rate increasing from May 2022. Increasing interest rates and the market competition for home and other loans has made it difficult to achieve budgeted targets. The company continues to encourage staff to actively pursue new customers and product offerings to offset the intense competition from major financial service providers in the marketplace.

Operating and financial review (continued)

Key metrics

Five year summary of performance	Unit	2023	2022	2021	2020	2019
Operating revenue	$	3,212,931	1,904,412	1,892,128	2,211,678	2,279,516
EBITDA	$	1,059,214	199,097	271,847	347,326	177,925
Earnings before interest and tax	$	827,955	(3,810)	91,738	160,589	132,601
Net profit after tax	$	573,554	(48,787)	13,657	95,113	88,661
Total assets	$	2,924,387	2,264,225	2,416,133	2,429,517	1,206,135
Total liabilities	$	1,625,278	1,503,851	1,572,153	1,559350	406,262
Total equity	$	1,299,109	760,374	843,980	870,167	799,873
Net cash flow from operating activities	$	948,120	177,108	(195,690)	718,795	109,438
Business footings [1]	$m	358.9	354.2	315.9	287.9	288.0

Shareholder returns

Five year summary of performance	Unit	2023	2022	2021	2020	2019
Profit attributable to owners	$	573,554	(48,787)	13,657	95,113	88,661
Basic earnings per share	¢	57.65	(4.90)	1.37	9.56	8.91
Dividends paid	$	34,819	34,819	29,844	34,819	29,844
Dividends per share	¢	3.50	3.50	3.00	3.50	3.00
Net tangible assets per share	¢	117.18	53.08	59.02	77.01	68.18
Share price	¢	26.00	26.00	26.00	25.00	25.00

[1] This is a non-IFRS measure of the business domiciled to the company from the franchisor. The footings is the underlying business which generates revenue under the Franchise Agreement. Business footings include loans, deposits, wealth products, and other business.

Returns to shareholders increased through both dividends and capital growth. Dividends for 2023 were fully franked and it is expected that dividends in the future years will continue to be fully franked.

Operating and financial review (continued)

Financial Position

The company's profitability increased for the financial year ended 30 June 2023 with higher revenues and as a result, the financial position of the company has increased.

The cash and cash equivalents position of the company improved for the reporting year by $228,822 for a year-end balance of $225,754.

The company continues to build a resilient balance sheet, ending June 2023 with net assets of $1,299,109. The company also purchased $909,423 in listed investments during the year.

Drivers of business performance

The results for the 2022/23 financial year have been driven mainly by steady growth in mortgage lending and there has been an increase in total revenue by 69% on the back of official cash rate increases by the Reserve Bank of Australia.

Business strategies

To address the current stage of development of the business and in recognition of the current financial circumstances, both in the economy and the observed impact upon the Bendigo profit share model, the Board has determined to continue the focus upon five broad directions:

1. Strengthening our connection and level of engagement between important stakeholders and partners.
2. Strengthening our Directors role in our business structure and key customer and community segments.
3. Defining our future board skill and diversity mix and a structure that will deliver our Strategic Plan.
4. Focussing our business on the most profitable growth opportunities using our own local marketing plans.
5. Planning to achieve our future business performance expectations.

Future outlook

The company believes there are opportunities to develop additional revenue through:

1. Acquiring additional customers through greater community based events and a focus on local businesses.
2. Improving the range and number of products and services, such as insurance, for each customer.

The company anticipates that current market conditions will remain challenging during the forthcoming financial year. In this environment the company will focus upon increasing the number of customers and the uptake of products and services, thereby further improving revenue flow and profitability.

Directors' benefits

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.

Directors' interests

Director	Balance at 1 July 2022	Changes during the year	Balance at 30 June 2023
Garry Morris	2,250	-	2,250
Mark Holton	10,000	-	10,000
Scott Evans	2,000	-	2,000
Trevor Gerdsen (resigned 12 April 2023)	-	-	-
Carolyn Kay	-	-	-
Elise Willemsen (appointed 14 December 2022)	-	-	-
Emma Mason	-	-	-
Paul McCubbin	-	3,000	3,000
Linda Cooper	-	-	-
Christina Benson	-	-	-
Bernadette Mcloughlin (appointed 12 April 2023)	-	-	-

Dividends

	Cents per share	Total amount $
Fully franked dividend provided for and paid in the year	3.50	34,819

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

In the opinion of the directors there were no significant changes in the state of affairs of the company that occurred during the financial year under review not otherwise disclosed in this report or the financial statements.

Events since to the end of the financial year

On 9 August 2023 the board resolved to pay a 3.5 cent fully franked dividend and a 6.5 cent fully franked special dividend in December 2023.

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

Likely developments

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

Environmental regulation

The company is not subject to any significant environmental regulation.

Indemnity and insurance of directors and officers

The company has indemnified all directors and the managers in respect of liabilities to other persons (other than the company or related body corporate) that may arise from their position as directors or managers of the company except where the liability arises out of conduct involving the lack of good faith.

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 or a related body corporate.

Proceedings on behalf of company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to 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 part of those proceedings.

Non-audit services

The company may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the company are important. Details of the amounts paid or payable to the auditor (Andrew Frewin Stewart) for audit and non audit services provided during the year are set out in note 28 to the accounts.

The board of directors has considered the non-audit services provided during the year by the auditor and are satisfied that the provision of the non-audit services is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the board of directors to ensure they do not impact on the impartiality, integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in *APES 110 Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the company, acting as an advocate for the company or jointly sharing risks and rewards.

Auditor's independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out at page 23.

Remuneration policy

There has been no remuneration policy developed, or required to be developed, as director positions are held on a non-executive basis and directors are remunerated for the services from a remuneration pool.

Remuneration report

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 aggregated 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. Compensation of the company's key management personnel includes salaries, non-cash benefits and contributions to a post-employment defined contribution plan.

The amount of remuneration Directors received totalled $35,587 the year ended 30 June 2023. The remuneration per Director is as follows:

Director	2023 $
Garry Morris	4,840
Mark Holton	1,554
Scott Evans	4,662
Carolyn Kay	4,013
Paul McCubbin	5,105
Linda Cooper	2,712
Christina Benson	3,330
Elise Willemsen (appointed 14 December 2022)	3,330
Bernadette McLoughlin (appointed 12 April 2023)	-
Trevor Gerdsen (Resign 12 April 2023)	2,711
Total	35,587

Loans to key management personnel

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

This directors' report, incorporating the remuneration report, is signed in accordance with a resolution of the Board of Directors at East Gosford, NSW.

Garry Morris
Chair

Dated this 13th day of September 2023

Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550

afs@afsbendigo.com.au
03 5443 0344

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

As lead auditor for the audit of East Gosford & Districts Financial Services Ltd for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been:

i) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Andrew Frewin Stewart

61 Bull Street, Bendigo, Vic, 3550

Dated: 13 September 2023

Joshua Griffin

Lead Auditor

Liability limited by a scheme approved under Professional Standards Legislation.

Financial Statements

Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2023

	Note	2023 $	2022 $
Revenue			
Revenue from contracts with customers	8	3,212,931	1,904,412
Other revenue	9	68,941	64,082
Finance revenue	10	-	358
Fair value gains/(losses) on investments or financial assets	12	4,306	-
Total Revenue		3,286,178	1,968,852
Employee benefits expense	11d)	(1,445,582)	(1,320,718)
Advertising and marketing costs		(32,684)	(33,188)
Occupancy and associated costs		(58,057)	(71,484)
Systems costs		(65,657)	(74,936)
Depreciation and amortisation expense	11a)	(231,259)	(202,907)
Finance costs	11b)	(59,255)	(60,897)
General administration expenses		(245,925)	(242,776)
Total expenses before community contributions and income tax		(2,138,419)	(2,006,906)
Profit/(Loss) before community contributions and income tax		1,147,759	(38,054)
Charitable donations and sponsorship expense	11c)	(379,059)	(26,653)
Profit /(loss) before income tax		768,700	(64,707)
Income tax (expense)/credit	13a)	(195,146)	15,920
Profit/(loss) after income tax		573,554	(48,787)
Total comprehensive income attributable to members of the company		573,554	(48,787)

Earnings per share	2023 cents	2022 cents
basic and diluted earnings/(loss) per share	56.74	(4.90)

The accompanying notes form part of these financial statements

Statement of Financial Position as at 30 June 2023

	Note	2023 $	2022 $
ASSETS			
Current assets			
Cash and cash equivalents	14a)	225,754	454,576
Trade and other receivables	16a)	302,305	193,345
Current tax assets	20a)	-	16,859
Total current assets		528,059	664,780
Non-current assets			
Investments	15a)	914,229	500
Property, plant and equipment	17a)	469,958	513,352
Right-of-use assets	18a)	814,951	853,271
Intangible assets	19a)	83,944	121,811
Deferred tax assets	20b)	113,246	110,511
Total non-current assets		2,396,328	1,599,445
Total assets		2,924,387	2,264,225
LIABILITIES			
Current liabilities			
Trade and other payables	21a)	140,017	133,353
Current tax liabilities	20a)	178,618	-
Lease liabilities	22a)	139,143	123,553
Employee benefits	24a)	337,367	333,351
Provisions	23a)	33,037	
Total current liabilities		828,182	590,257
Non-current liabilities			
Trade and Other payables	21a)	45,540	91,080
Lease liabilities	22b)	725,222	801,140
Employee benefits	24b)	26,334	21,374
Total non-current liabilities		797,096	913,594
Total liabilities		1,625,278	1,503,851
Net assets		1,299,109	760,374
EQUITY			
Issued Capital	25a)	709,669	709,669
Retained earnings	26	589,440	50,374
Total equity		1,299,109	760,374

The accompanying notes form part of these financial statements

Statement of Changes in Equity for the year ended 30 June 2023

	Note	Issued capital $	Retained earnings $	Total equity $
Balance as at 1 July 2021		709,669	134,311	843,980
Total comprehensive income for the year		-	(48,787)	(48,787)
Transactions with owners in their capacity as owners:				
Dividends paid or provided	31	-	(34,819)	(34,819)
Balance as at 30 June 2022		709,669	50,705	760,374
Balance as at 1 July 2022		709,669	50,705	760,374
Total comprehensive income for the year		-	573,554	573,554
Transactions with owners in their capacity as owners				
Dividends paid or provided	31	-	(34,819)	(34,819)
Balance as at 30 June 2023		709,669	589,440	1,299,109

The accompanying notes form part of these financial statements

Statement of Cashflows
for the year ended 30 June 2023

	Note	2023 $	2022 $
Cash flows from operating activities			
Receipts from customers		3,496,378	2,136,825
Payments to suppliers and employees		(2,555,151)	(1,903,746)
Interest received		-	358
Interest paid		(135)	(60,867)
Dividends received		9,434	1,148
Income taxes refunded/(paid)		(2,406)	3,420
Net cash provided by operating activities	27	948,120	238,005
Cash flows from investing activities			
Payments for property, plant and equipment		(2,190)	(32,609)
Payments for intangible assets		(41,400)	(41,400)
Payments for investments	15	(909,423)	-
Proceeds from sale of investments		-	21,989
Net cash used in investing activities		(953,013)	(52,020)
Cash flows from financing activities			
Repayment of lease liabilities	22	(189,110)	(116,391)
Dividends paid	31	(34,819)	(34,819)
Net cash flows used in financing activities		(223,929)	(151,210)
Net increase in cash held		(228,822)	(26,122)
Cash and cash equivalents at the beginning of the financial year		454,576	480,698
Cash and cash equivalents at the end of the financial year	14a)	225,754	454,576

The accompanying notes form part of these financial statements

Notes to the financial Statements

Note 1. Reporting entity

This is the financial report for East Gosford & Districts Financial Services Ltd (the company). The company is a for profit public company limited by shares, listed on the National Stock Exchange (NSX) and incorporated and domiciled in Australia. The registered office and principal place of business is:

	Registered Office	Principal Place of Business
	101 Victoria Street East Gosford, NSW 2250	101 Victoria Street East Gosford, NSW 2250

Further information on the nature of the operations and principal activity of the company is provided in the directors' report. Information on the company's related party relationships is provided in Note 30.

Note 2. Basis of preparation and statement of compliance

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards and Interpretations adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The financial statements comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB).

The financial statements have been prepared on an accrual and historical cost basis, except for equity financial assets that are measured at revalued amounts or fair values at the end of each reporting period. The financial report is presented in Australian dollars and all values are rounded to the nearest dollar, unless otherwise stated.

These financial statements for the year ended 30 June 2023 were authorised for issue in accordance with a resolution of the directors.

Note 3. Changes in accounting policies, standards and interpretations

There are a number of amendments to accounting standards issued by the AASB that became mandatorily effective for accounting periods beginning on or after 1 July 2022, and are therefore relevant for the current financial year. The amendments did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

Note 4. Summary of significant accounting policies

The company has consistently applied the following accounting policies to all periods presented in these financial statements.

a) Revenue from contracts with customers

The company has entered into a franchise agreement with Bendigo Bank. The company delivers banking and financial services of Bendigo Bank to its community. The franchise agreement provides for a share of interest, fee, and commission revenue earned by the company. Interest margin share is based on a funds transfer pricing methodology which recognises that income is derived from deposits held, and that loans granted incur a funding cost. Fees are based on the company's current fee schedule and commissions are based on the agreements in place.

Note 4. Summary of significant accounting policies (continued)

a) Revenue from contracts with customers (continued)

All margin revenue is recorded as non-interest income when the company's right to receive the payment is established.

The company acts as an agent under the franchise agreement and revenue arises from the rendering of services through its franchise agreement.

Revenue	Includes	Performance obligation	Timing of recognition
Franchise agreement profit share	Margin, commission and fee income	When the company satisfies its obligation to arrange the services to be provided to the customer by the supplier (Bendigo Bank as afranchisor)	On completion of the provision of the relevant service. Revenue is accrued monthly and paid within 10 business days after the end of each month.

All revenue is stated net of the amount of Goods and Services Tax (GST). There was no revenue from contracts with customers recognised over time during the financial year.

Revenue Calculation

The franchise agreement provides that three forms of revenue may be earned by the company – margin, commission and fee income. Bendigo Bank decides the form of revenue the company earns on different types of products and services.

The revenue earned by the company is dependent on the business that it generates. It may also be affected by other factors, such as economic and local conditions, for example, interest rates.

Margin

Margin is arrived at through the following calculation:

- Interest paid by customers on loans less interest paid to customers on deposits
- *plus* any deposit returns i.e. interest return applied by Bendigo Bank for a deposit,
- *minus* any costs of funds i.e. interest applied by Bendigo Bank to fund a loan.

The company is entitled to a share of the margin earned by Bendigo Bank. If this reflects a loss, the company incurs a share of that loss.

Commission

Commission revenue is in the form of commission generated for products and services sold. This commission is recognised at a point in time which reflects when the company has fulfilled its performance obligation.

The company receives trailing commission for products and services sold. Ongoing trailing commission payments are recognized on receipt as there is insufficient detail readily available to estimate the most likely amount of income without a high probability of significant reversal in a subsequent reporting period. The receipt of ongoing trailing commission income is outside the control of the company, and is a significant judgement area.

Fee income

Fee income is a share of what is commonly referred to as 'bank fees and charges' charged to customers by Bendigo Bank Group entities including fees for loan applications and account transactions.

Note 4. Summary of significant accounting policies (continued)

a) Revenue from contracts with customers (continued)

Core banking products

Bendigo Bank has identified some products and services as 'core banking products'. It may change the products and services which are identified as core banking products by giving the company at least 30 days notice. Core banking products currently include Bendigo Bank branded home loans, term deposits and at call deposits.

Ability to change financial return

Under the franchise agreement, Bendigo and Adelaide Bank may change the form and amount of financial return that the company receives. The reasons it may make a change include changes in industry or economic conditions or changes in the way Bendigo and Adelaide Bank earns revenue.

The change may be to the method of calculation of margin, the amount of margin, commission and fee income or a change of a margin to a commission or vice versa. This may affect the amount of revenue the company receives on a particular product or service.

b) Other revenue

The company's activities include the generation of income from sources other than the core products under the franchise agreement. Revenue is recognised to the extent that it is probable that the economic benefits will flow tothe company and can be reliably measured.

Revenue	Revenue Recognition Policy
Dividend and distribution income	Dividend and distribution income is recognised when the right to receive the payment is established.
Discretionary financial contributions (also "Market Development Fund"or "MDF" income)	MDF income is recognised when the right to receive the payment is established. MDF income is discretionary and provided and receivable atmonth-end and paid within 14 days after month-end.
Other income	All other revenues that did not contain contracts with customers are recognised as goods and services are provided.

All revenue is stated net of the amount of Goods and Services Tax (GST).

Discretionary financial contributions

In addition to margin, commission and fee income, and separate from the franchise agreement, Bendigo Bank has also made MDF payments to the company.

The amount has been based on the volume of business attributed to a branch. The purpose of the discretionary payments is to assist with local market development activities, including community sponsorships and grants. It is for the board to decide how to use the MDF.

The payments from Bendigo Bank are discretionary and may change the amount or stop making them at any time. The company retains control over the funds, the funds are not refundable to Bendigo Bank.

Note 4. Summary of significant accounting policies (continued)

c) Economic dependency – Bendigo Bank

The company has entered into a franchise agreement with Bendigo Bank that governs the management of the Community Bank.

The company is economically dependent on the ongoing receipt of income under the franchise

agreement with Bendigo Bank. The directors have no reason to believe a new franchise arrangement under mutually acceptable terms will not be forthcoming following expiry in August 2025.

The company operates as a franchise of Bendigo Bank, using the name “Bendigo Bank” and the logo and system of operations of Bendigo Bank. The company manages the Community Bank on behalf of Bendigo Bank, however all transactions with customers conducted through the Community Bank are effectively conducted between the customers and Bendigo Bank.

All deposits are made with Bendigo Bank, and all personal and investment products are products of Bendigo Bank, 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 Bank, must be approved by Bendigo Bank. All credit transactions are made with Bendigo Bank, and all credit products are products of Bendigo Bank.

The company promotes and sells the products and services, but is not a party to the transaction.

The credit risk (i.e. the risk that a customer will not make repayments) is for the relevant Bendigo Bank entity to bear as long as the company has complied with the appropriate procedures and relevant obligations and has not exercised a discretion in granting or extending credit.

Bendigo Bank provides significant assistance in establishing and maintaining the Community Bank 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 and assistance in relation to:

- the design, layout and fit out of the Community Bank premises
- training for the branch manager 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
- sales techniques and proper customer relations.
- providing payroll services.

d) Employee benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for salary and wages where the employee has provided the service but payment has not yet occurred at the reporting date. They are measured at amounts expected to be paid, plus related on-costs. Non-accumulating sick leave is expensed when the leave is taken and measured at the rates paid or payable.

Note 4. Summary of significant accounting policies (continued)

d) Employee benefits (continued)

An annual leave liability is recognised for the amount expected to be paid if the company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be reliably estimated. The company's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as part of current trade and other payables in the statement of financial position. The company's obligations for employees’ annual leave and long service leave entitlements are recognised in employee benefits in the statement of

financial position.

Defined superannuation contribution plans

The company contributes to a defined contribution plan. Obligations for superannuation contributions to defined contribution plans are expensed as the related service is provided.

Other long-term employee benefits

The company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior reporting periods.

That benefit is discounted to determine its present value. Consideration is given to expected future wage and salary levels plus related on-costs, experience of employee departures, and years of service achieved. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

Remeasurements are recognised in profit or loss in the period in which they arise.

e) Taxes

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income.

Current income tax

Current tax assets and liabilities are measured at amounts expected to be recovered from or paid to the taxation authorities. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are recognised for all deductible temporary differences, carried-forward tax losses, and unused tax credits to the extent that it is probable that future taxable profits will be available against which they can be used.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax is measured at the rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax and when the balances relate to taxes levied by the same taxation authority and the entity intends to settle its tax assets and liabilities on a net basis.

Note 4. Summary of significant accounting policies (continued)

e) Taxes (continued)

Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except when the amount of GST incurred on a sale or purchase of assets or services is not payable to or recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the revenue or expense item.

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 taxation authority is included as part of receivables or payables in the statement of financial position. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

f) Cash and cash equivalents

For the purposes of the Statement of Financial Position and Statement of Cash Flows, cash and cash equivalents comprise cash on hand and deposits held with banks.

g) Property, plant and equipment

Items of property, plant and equipment are measured at cost or fair value as applicable, less accumulated depreciation. Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the company.

Depreciation is calculated to write-off the cost of items of property, plant and equipment less their estimated residual values using straight-line and diminishing value method over their estimated useful lives, and is recognised in profit or loss.

The estimated useful lives of property, plant and equipment for the current and comparative periods are as follows:

Asset class	Method	Useful life
Leasehold improvements	Straight line	4 to 15 years
Plant and equipment	Straight line and diminishing value	5 to 40 years
Furniture, fixtures and fittings	Diminishing value	5 to 10 years

Depreciation methods, useful life, and residual values are reviewed at each reporting date and adjusted if appropriate.

Note 4. Summary of significant accounting policies (continued)

h) Intangible assets

Intangible assets of the company relate to the franchise fees paid to Bendigo Bank which conveys the right to operate the Community Bank franchise.

Intangible assets are measured on initial recognition at cost. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

The franchise fees paid by the company are amortised over their useful life and assessed for impairment whenever impairment indicators are present.

The estimated useful life and amortisation method for the current and comparative periods are as follows:

Asset class	Method	Useful life
Franchise fee	Straight line	Over the franchise term (5 years)

Amortisation methods, useful life, and residual values are reviewed at each reporting date and adjusted if appropriate.

i) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The company's financial instruments include trade debtors and creditors, cash and cash equivalents and equity securities (shares, managed funds, ETFs).

Trade receivables are initially recognised at the transaction price when they originated. All other financial assets and financial liabilities are initially measured at fair value plus, transaction costs (where applicable) when the company becomes a party to the contractual provisions of the instrument. These assets and liabilities are subsequently measured at amortised cost using the effective interest method, except for the equity securities which remain at fair value through profit or loss (FVTPL).

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the rights are transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and rewards associated with the asset. Financial liabilities are derecognised when its contractual obligations are discharged, cancelled, or expire. Any gain or loss on derecognition is recognised in profit or loss.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the company currently has a legally enforceable right to set off the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

j) Impairment

Non-derivative financial assets

Expected credit losses (ECL) are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received. At each reporting date, the entity recognises the movement in the ECL (if any) as an impairment gain or loss in the Statement of Profit or Loss and Other Comprehensive Income.

The company's trade receivables are limited to the monthly profit share distribution from Bendigo Bank, which is received 10 business days post month end. Due to the reliance on Bendigo Bank the company has reviewed credit ratings provided by Standard & Poors, Moody's and Fitch Ratings to determine the level of credit exposure to the company. The company also performed a historical assessment of receivables from Bendigo Bank and found no instances of default. As a result no ECL has been made in relation to trade receivables as at 30 June 2023.

Note 4. Summary of significant accounting policies (continued)

j) Impairment (continued)

Non-financial assets

At each reporting date, the company reviews the carrying amounts of its tangible and intangible assets that have an indefinite useful life to determine whether there is any indication those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately.

k) Issued capital

Ordinary shares are recognised at the fair value of the consideration received by the company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

l) Provisions

Provisions are recognised when the economic entity has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

m) Leases

At inception of a contract, the company assesses whether a contract contains or is a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration and obtain substantially all the economic benefits from the use of that asset.

As a lessee

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the company's incremental borrowing rate.

The company determines its incremental borrowing rate by obtaining interest rates from funding sources and where necessary makes certain adjustments to reflect the terms of the lease and type of asset leased.

Lease payments included in the measurement of the lease liability comprise fixed or variable lease payments that depend on an index or rate and lease payments in a renewal option if the company is reasonably certain to exercise that option. For leases of property the company has elected to separate lease and non-lease components when calculating the lease liability.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if the company changes its assessment of whether it will exercise an extension option or if there is a revised in-substance fixed lease payment.

The company assesses at the lease commencement date whether it is reasonably certain to exercise extension options. The company reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

Where the company is a lessee for the premises to conduct its business, extension options are included in the lease term except when the company is reasonably certain not to exercise the extension option.

Note 4. Summary of significant accounting policies (continued)

m) Leases (continued)

As a lessee (continued)

This is due to the significant disruption of relocating premises and the loss on disposal of leasehold improvements fitted out in the demised leased premises.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Short-term leases and leases of low-value assets

The company has elected not to recognise right-of-use assets and lease liabilities for leases of short-term leases and low-value assets, including IT equipment. The company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

A short-term lease is a lease that, at commencement date, has a lease term of 12 months or less.

n) Fair value measurement

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

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

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

Note 5. Significant accounting judgements, estimates and assumptions

In preparing these financial statements, management has made judgements and estimates that affect the application of the company's accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Note 5. Significant accounting judgements, estimates and assumptions (continued)

a) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

Note	Judgement
Note 22 - Leases:	
a) control	a) whether a contract is or contains a lease at inception by assessing whether the company has the right to direct the use of the identified asset and obtain substantially all the economic benefits from the use of that asset;
b) lease term	b) whether the company is reasonably certain to exercise extension options, termination periods, and purchase options;
c) discount rates	c) judgement is required to determine the discount rate, where the discount rate is the company's incremental borrowing rate if the rate implicit in the lease cannot be readily determined. The incremental borrowing rate is determined with reference to factors specific to the company and underlying asset including the amount, the lease term, economic environment and other relevant factors.

b) Asumptions and estimation uncertainty

Information about assumptions and estimation uncertainties at 30 June 2023 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

Note	Assumptions
Note 20 - recognition of deferred tax assets	availability of future taxable profit against which deductible temporary differences and carried-forward tax losses can be utilized;
Note 28 – fair value	determining the fair value less costs to sell of the disposal group on the basis of significant unobservable inputs;
Note 17 - estimation of useful lives of assets	key assumptions on historical experience and the condition of the asset;
Note 24 - long service leave provision	key assumptions on attrition rate and pay increases through promotion and inflation;
Note 23 – make good provisions	key assumptions on future cost estimates in restoring the leased premises in accordance with the lease agreement;

Note 6. Financial risk management

The company has exposure to credit, liquidity and market risk arising from financial instruments. The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the company. The company does not use derivative instruments.

Risk management is carried out directly by the board of directors.

a) Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's receivables from customers.

The company's franchise agreement limits the company's credit exposure to one financial institution, being Bendigo Bank. The company monitors credit worthiness through review of credit ratings of the bank which currently rated BBB+ on Standard & Poor's credit ratings.

b) Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting the obligations associated with its financial liabilities. The company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities. The contractual cash flows amounts are gross and undiscounted.

30 June 2023		Contractual cash flows		
Financial Liabilities	Carrying Amount	No later than 12 Months	Between 12 months and five years	Greater than five years
Lease liabilities	864,365	139,143	295,352	429,870
Trade payables	51,910	6,370	45,540	-
	916,275	145,513	340,892	429,870

30 June 2022		Contractual cash flows		
Financial Liabilities	Carrying Amount	No later than 12 Months	Between 12 months and five years	Greater than five years
Lease liabilities	924,693	123,553	366,789	434,351
Trade payables	137,978	46,898	91,080	-
	1,062,671	170,451	457,869	434,351

Note 6. Financial risk management (continued)

c) Market risk

Market risk

Market risk is the risk that changes in market prices - e.g. foreign exchange rates, interest rates, and equity prices - will affect the company's income or the value of its holdings in financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The company has no exposure to any transactions denominated in a currency other than Australian dollars. Interest-bearing assets and liabilities are held with Bendigo Bank and subject to movements in market interest. The company held cash and cash equivalents of $225,754 at 30 June 2023 (2022: $454,576).

Price risk

The primary goal of the company's investment in equity securities is to hold the investments for the long term for strategic purposes.

The company is not exposed to equity securities price risk as it holds investments for sale or at fair value. The company is not exposed to commodity price risk.

Sensitivity analysis - equity price risk

All of the company's listed equity investments are listed on the Australian Stock Exchange (ASX) or the National Stock Exchange of Australia (NSX). Changes in equity securities value is recognised through profit or loss or other comprehensive income.

	2023 $		2022 $	
	10% increase	10% decrease	10% increase	10% decrease
Equity securities	91,423	(91,423)	50	(50)
	91,423	(91,423)	50	(50)

Note 7. 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 distributions 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.

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 company over that 12 month period where 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 for the year ended 30 June 2023 can be seen in the Statement of Profit or Loss and Other Comprehensive Income.

Note 7. Capital management (continued)

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

Note 8. Revenue from contracts with customers

	2023 $	2022 $
Margin income	2,939,237	1,623,538
Fee income	132,124	144,531
Commission income	141,570	136,343
	3,212,931	1,904,412

Note 9. Other revenue

	2023 $	2022 $
Dividend and distribution income	9,484	1,148
Market development fund income	36,250	50,625
Other income	23,207	12,309
	68,941	64,082

Note 10. Finance income

	2023 $	2022 $
Term deposits	-	358
	-	358

Finance income is recognised when earned using the effective interest rate method.

Note 11. Expenses

a) Depreciation and amortisation expense

	2023 $	2022 $
Depreciation of non-current assets		
Leasehold improvements	42,751	13,227
Furniture and fittings	2,833	2,955
	45,584	16,182
Depreciation of right-of-use assets:		
Leased land and buildings	147,808	148,258
Amortisation of Intangible Assets:		
Franchise fees	37,867	38,467
Total depreciation and amortisation expense	231,259	202,907

Note 11. Expenses (continued)

b) Finance costs

	2023 $	2022 $
Lease interest expense	57,521	60,897
Unwinding of make-good provision	1,734	-
	59,255	60,897

Finance costs are recognised as expenses when incurred using the effective interest rate.

c) Chartible donations, grants and donations

The overarching philosophy of the Community Bank model, is to support the local community in which the company operates. This is achieved by circulating the flow of financial capital into the local economy through community contributions (such as sponsorships, grants and donations).

	2023 $	2022 $
Direct sponsorships, grants and donations	115,901	26,653
Contributions to the Community Enterprise Foundation™	263,158	-
	379,059	26,653

The funds contributed are held by the Community Enterprise Foundation (CEF) and are available for distribution as grants to eligible applicants for a specific purpose in consultation with the directors.

When the company pays a contribution in to the CEF, the company loses control over the funds at that point. While the directors are involved in the payment of grants, the funds are not refundable to the company.

d) Employee benefits expense

	2023 $	2022 $
Wages and salaries	1,251,014	1,135,473
Contributions to defined contribution plans	142,024	119,108
Expenses related to long service leave	(1,616)	4,441
Other expenses	54,160	61,696
	1,445,582	1,320,718

Note 11. Expenses (continued)

e) Recognition exemption

The company pays for the right to use information technology equipment. The underlying assets have been assessed as low value and exempted from recognition under AASB 16 accounting. Expenses relating to low-value exempt leases are included in system costs expenses.

	2023 $	2022 $
Expenses relating to low-value leases	23,901	32,120

Note 12. Fair value gains/(losses) on investments or financial assets

	2023 $	2022 $
At FVTPL – equity instruments	4,306	-

Note 13. Income tax expense

Income tax expense comprises current and deferred tax. Attributable current and deferred tax expense is recognised in the other comprehensive income or directly in equity as appropriate.

a) Amounts recognised in profit or loss

	2023 $	2022 $
Current tax expense/(credit)		
Current tax	201,921	-
Future income tax benefit attributable to losses	(3,228)	(1,989)
Net benefit of franking credits on dividends received	(4,039)	-
Changes in estimates related to prior years	-	20
Movement in deferred tax	-	(13,459)
Excess franking credits converted to tax losses	-	(492)
Recoupment of prior year tax losses	492	-
	195,146	(15,920)

Note 13. Income tax expense (continued)

b) *Prima facie* income tax reconciliation

	2023 $	2022 $
Operating profit/(loss) before taxation	768,700	(64,707)
Prima facie tax on profit before income tax at 25% (2022: 25%)	192,175	(16,177)
Tax effect of:		
Non-deductible expenses	110	114
Temporary differences	9,118	-
Other assessable income	1,010	-
Movement in deferred tax	(3,228)	-
Net benefit of franking credits on distributions received	(4,039)	123
Under/(over) provision of income tax in prior year	-	20
	195,146	(15,920)

Note 14. Cash and cash equivalents

a) Cash and cash equivalents

	2023 $	2022 $
Cash at bank and on hand	225,754	454,576
	225,754	480,698

Note 15. Other investments

The company classifies investments as a current asset when it expects to realise the asset, or intends to sell or consume it, no more than 12 months after the reporting period. All other investments are classified as non-current.

a) Non-current investments

	2023 $	2022 $
Equity securities- at FVTPL	914,229	500

b) Reconciliation of carrying amounts

	2023 $	2022 $
Carrying amounts at beginning	500	-
Additions	909,423	500
Revaluation	4,306	-
Carrying amounts at end	914,229	500

Note 16. Trade & other receivables

a) Current assets

	2023 $	2022 $
Trade receivables	296,649	193,345
Prepayments	5,656	-
	302,305	193,345

Note 17. Property, plant and equipment

a) Carrying amounts

	2023 $	2022 $
Leasehold improvements		
At cost	570,325	570,325
Less: accumulated depreciation	(118,563)	(75,812)
	451,762	494,513
Furniture and fittings		
At cost	216,169	213,979
Less: accumulated depreciation	(197,973)	(195,140)
	18,196	18,839
Total written down amount	469,958	513,352

The directors do not believe the carrying amount exceeds the recoverable amount of the above assets. The directors therefore believe the carrying amount is not impaired.

b) Reconciliation of carrying amounts

	2023 $	2022 $
Leasehold improvements		
Carrying amount at beginning	494,513	485,172
Additions	-	25,572
Disposals	-	(3,004)
Depreciation	(42,751)	(13,227)
	451,762	494,513
Furniture and fittings		
Carrying amount at beginning	18,839	11,559
Additions	2,190	10,235
Depreciation	18,839	11,559
	18,196	18,839
Total written down amount	469,958	513,352

Note 17. Property, plant and equipment (continued)

c) Changes in estimates

During the financial year, the company assessed estimates used for property, plant and equipment including useful lives, residual values, and depreciation methods. There were no changes in estimates for the current reporting period.

Note 18. Right-of-use assets

a) Carrying amounts

	2023 $	2022 $
Leased land and buildings		
At Cost	1,333,869	1,247,651
Less: accumulated depreciation	(518,918)	(394,380)
Total written down amount	814,951	853,271

b) Reconciliation of carrying amounts

	2023 $	2022 $
Leased land and buildings		
Carrying amount at beginning	853,271	964,508
Remeasurement adjustments	109,488	37,021
Depreciation	(147,808)	(148,258)
Total written down amount	814,951	853,271

Note 19. Intangible assets

a) Carrying amounts

	2023 $	2022 $
Franchise fee		
At Cost	192,333	192,333
Less: accumulated depreciation	(108,389)	(70,522)
Total written down amount	83,944	121,811

b) Reconciliation of carrying amounts

	2023 $	2022 $
Franchise fee		
Carrying amount at beginning	121,811	160,278
Amortisation	(37,867)	(38,467)
Total written down amount	83,944	121,811

Note 19. Intangible assets (continued)

c) Changes in estimates

During the financial year, the company assessed estimates used for intangible assets including useful lives, residual values, and amortisation methods. There were no changes in estimates for the current reporting period.

Note 20. Tax assets and liabilities

a) Current tax

	2023 $	2022 $
Income tax payable/(refundable)	178,618	(16,859)

(b) Deferred tax

Movement in the company's deferred tax balances for the year ended 30 June 2021:

	2023 $	2022 $
Deferred Tax Assets		
employee provisions	90,926	88,681
make-good provision	8,259	-
lease liability	216,091	231,173
property, plant and equipment	2,785	3,482
carried forward tax losses	-	492
Total deferred tax assets	318,061	323,828
Deferred Tax Liabilities		
property, plant and equipment	1,077	-
right-of-use-assets	203,738	213,318
Total deferred tax liabilities	204,815	213,318
Net deferred tax assets (liabilities)	113,246	110,510
Movement in deferred tax charged to Statement of Profit or Loss and Other Comprehensive Income	(2,736)	(13,950)

Note 21. Trade creditors and other payables

Where the company is liable to settle an amount within 12 months of reporting date, the liability is classified as current. All other obligations are classified as non-current.

a) Current Liabilities

	2023 $	2022 $
Trade creditors	6,370	46,898
Other creditors and accruals	133,647	86,455
	140,017	133,353

b) Non-current liabilities

	2023 $	2022 $
Other creditors and accruals	45,540	91,080

Note 22. Lease liabilities

Lease liabilities were measured at amounts equal to the present value of enforceable future payments of the term reasonably expected to be exercised, discounted at the appropriate incremental borrowing rate on the adoption date.

The company has applied judgement in estimating the remaining lease term including the effects of any extension options reasonably expected to be exercised, applying hindsight where appropriate.

The company's lease portfolio includes:

LEASE	DISCOUNT RATE %	NON-CANCELLABLE TERM YEARS	RENEWAL OPTIONS	REASONABLE CERTAINTY TO EXERCISE OPTIONS	LEASE TERM END DATE USED IN CALCULATIONS
East Gosford	6.49	5	2x5 years	Yes	Jun-2035
Lisarow	6.49	5	N/A	N/A	Jun-2025
Kincumber	5.49	5	N/A	N/A	Jun-2025

a) Current lease liabilities

	2023 $	2022 $
Property lease liabilities	190,259	178,679
Unexpired interest	(51,116)	(55,126)
	139,143	123,553

Note 22. Lease liabilities (continued)

b) Non-current lease liabilities

	2023 $	2022 $
Property lease liabilities	980,698	1,072,968
Unexpired interest	(255,476)	(271,828)
	725,222	801,140

c) Reconciliation of lease liabilities

	2023 $	2022 $
Balance at the beginning	924,693	1,004,066
Remeasurement adjustments	72,537	37,018
Lease interest expense	56,245	60,897
Lease payments – total cash outflow	(189,110)	(177,288)
	864,365	924,693

d) Maturity analysis

	2023 $	2022 $
Not later than 12 Months	190,259	178,679
Between 12 months and 5 years	466,720	515,003
Greater than 5 years	513,978	557,965
Total undiscounted lease payments	1,170,957	1,251,647
Unexpired interest	(306,592)	(326,954)
Present value of lease liabilities	864,365	924,693

Note 23. Provisions

a) Non-current liabilities

	2023 $	2022 $
Make good on leased premises	33,037	-

In accordance with the branch lease agreement, the company must restore the leased premises to the original condition before the expiry of the lease term. The company has estimated the provision based on experience and consideration of the expected future costs to remove all fittings and the ATM as well as cost to remedy any damages caused during the removal process. The lease is due to expire per below at which time it is expected the face-value costs to restore the premises will fall due.

LEASE	LEASE TERM EXPIRY DATE PER AASB 16	ESTIMATED PROVISION $
East Gosford	Jun-2035	15,000
Lisarow	Aug-2025	15,000
Kincumber	Aug-2025	15,000

Note 24. Employee benefits

a) Current liabilities

	2023 $	2022 $
Provision for annual leave	93,840	83,248
Provision for long service leave	243,527	250,103
	337,367	333,351

b) Non-current liabilities

	2023 $	2022 $
Provision for long service leave	26,334	21,374

c) Key judgements and assumptions

Employee attrition rates

The company uses historical employee attrition rates in determining the probability of an employee, at a given date, achieving continuous employment eligible for entitlement in accordance with long service leave legislation.

In the absence of sufficient historical employee attrition rates, the company applies a benchmark probability rate from across the Community Bank network to factor in estimating the probability of an employee, at a given date, achieving continuous employment eligible for entitlement in accordance with legislation.

Note 25. Issued capital

a) Issued capital

	2023		2022	
	Number	$	Number	$
Ordinary shares - fully paid	760,008	748,258	760,008	748,258
Bonus shares – fully paid (4:1)	234,808	-	234,808	-
Less: equity raising costs	-	(38,589)	-	(38,589)
	994,816	709,669	994,816	709,669

b) Rights attaching to issued capital

Ordinary shares

Voting Rights

Subject to some limited exceptions, each member has the right to vote at a general meeting.

On a show of hands or a poll, each member attending the meeting (whether they are attending the meeting in person or by attorney, corporate representative or proxy) has one vote, regardless of the number of shares held. However, where a person attends a meeting in person and is entitled to vote in more than one capacity (for example, the person is a member and has also been appointed as proxy for another member) that person may only exercise one vote on a show of hands. On a poll, that person may exercise one vote as a member and one vote for each other member that person represents as duly appointed attorney, corporate representative or proxy.

The purpose of giving each member only one vote, regardless of the number of shares held, is to reflect the nature of the company as a community based company, by providing that all members of the community who have contributed to the establishment and ongoing operation of the Community Bank branch have the same ability to influence the operation of the company.

Dividends

Generally, dividends are payable to members in proportion to the amount of the share capital paid up on the shares held by them, subject to any special rights and restrictions for the time being attaching to shares. The franchise agreement with Bendigo Bank contains a limit on the level of profits or funds that may be distributed to shareholders. There is also a restriction on the payment of dividends to certain shareholders if they have a prohibited shareholding interest (see below).

Transfer

Generally, ordinary shares are freely transferable. However, the directors have a discretion to refuse to register a transfer of shares.

Subject to the foregoing, shareholders may transfer shares by a proper transfer effected in accordance with the company's constitution and the Corporations Act 2001.

Prohibited shareholding interest

A person must not have a prohibited shareholding interest in the company.

In summary, a person has a prohibited shareholding interest if any of the following applies:

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").

As with voting rights, the purpose of this prohibited shareholding provision is to reflect the community-based nature of the company.

Note 25. Issued capital (continued)

b) Rights attaching to issued capital (continued)

Transfer (continued)

Where a person has a prohibited shareholding interest, the voting and dividend rights attaching to the shares in which the person (and his or her associates) have a prohibited shareholding interest, are suspended.

The Board has the power to request information from a person who has (or is suspected by the Board of having) a legal or beneficial interest in any shares in the company or any voting power in the company, for the purpose of determining whether a person has a prohibited shareholding interest. If the board becomes aware that a member has a prohibited shareholding interest, it must serve a notice requiring the member (or the member's associate) to dispose of the number of shares the board considers necessary to remedy the breach. If a person fails to comply with such a notice within a specified period (that must be between three and six months), the board is authorised to sell the specified shares on behalf of that person. The holder will be entitled to the consideration from the sale of the shares, less any expenses incurred by the board in selling or otherwise dealing with those shares.

In the constitution, members acknowledge and recognise that the exercise of the powers given to the board may cause considerable disadvantage to individual members, but that such a result may be necessary to enforce the prohibition.

Note 26. Retained earnings

	2023 $	2022 $
Balance at the beginning of the reporting period	50,705	134,310
Profit / (loss) after income tax from ordinary activties	573,554	(48,787)
Dividends provided for or paid	(34,819)	(34,819)
Balance at the end of the reporting period	589,440	50,704

Note 27. Reconciliation of cash flows from operating activities

	2023 $	2022 $
Net profit (loss) after tax from ordinary activities	573,554	(48,787)
Adjustments for:		
Depreciation	193,392	164,440
Amortisation	37,867	38,467
Lease liabilities interest	56,245	60,897
(increase)/decrease in fair value of equity instruments designated at FVTPL	(4,306)	-
Changes in assets and liabilities:		
(Increase)/decrease in trade and other receivables	(118,318)	(30,932)
Increase/(decrease) other assets	14,123	-
Increase/(decrease) in trade and other payables	6,235	52,391
Increase/(decrease) in employee benefits	8,976	78
Increase/(decrease) in provisions	1,734	-
Increase/(decrease) in tax liabilities	178,618	1,415
Net cash flows provided by/(used in) operating activities	948,120	238,005

Note 28. Financial instruments – fair value

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

		Carrying value				Fair value level	
	Note	2023 $ FVTPL	2023 $ At amortised cost	2022 $ FVTPL	2022 $ At amortised cost	2023 $ Level 1	2022 $ Level 1
Financial assets measured at fair value:							
Equity securities	15	914,229	914,229	500	-	914,229	500
		914,229	914,229	500	-	914,229	500
Financial assets not measured at fair value:							
Trade and other receivables	16	-	302,305	-	193,345	-	-
Cash and cash equivalents	14	-	225,754	-	454,576	-	-
		-	528,059	-	675,972	-	-
Financial liabilities not measured at fair value							
Trade and other payables	21	-	185,557	-	224,433	-	-
Lease liabilities	22	-	864,365	-	924,693	-	-
		-	1,049,922	-	1,149,126	-	-

Note 29. Auditor's remuneration

Amount received or due and receivable by the auditor of the company for the financial year.

	2023 $	2022 $
Audit & Review Services		
Audit and review of financial statements	7,000	8,450
Non-Audit Services		
General advisory services	1,685	1,980
Share registry services	4,082	4,261
Total auditor's remuneration	12,767	14,691

Note 30. Related parties

a) Related party transactions

No director or related entity has entered into a material contract with the company.

Note 31. Dividends provided for or paid

a) Dividends provided for and paid during the period

The following dividends were provided for and paid to shareholders during the reporting period as presented in the statement of changes in equity and statement of cash flows.

	30 June 2023		30 June 2022	
	Cents	$	Cents	$
Fully franked dividend	3.50	34,819	3.50	34,819

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

b) Franking account balance

	2023 $	2022 $
Franking credits available for subsequent reporting periods		
Franking account balance at the beginning of the financial year	235,887	250,420
Franking transactions during the financial year:		
Franking credits (debits) arising from income taxes paid (refunded) following lodgement of the annual income tax return	2,406	(3,419)
Franking credits from franked distributions received	4,039	492
Franking debits from the payment of franked distributions	(11,606)	(11,606)
Franking account balance at the end of the financial year	230,726	235,887
Franking transactions that will arise subsequent to the financial year end:		
Franking credits (debits) that will arise from payment (refund) of income tax	178,618	(16,859)
Franking debits that will arise from payment of dividends subsequent to financial year end	(11,606)	(11,606)
Franking credits available for future reporting periods	397,738	207,422

The ability to utilise franking credits is dependent upon the company's ability to declare dividends.

Note 32. Earnings per share

a) Basic and diluted earnings per share

The calculation of basic and diluted earnings per share has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding.

	2023 $	2022 $
Profit/(loss) attributable to ordinary shareholders	573,554	(48,787)
	Number	Number
Weighted average number of ordinary shares	994,816	994,816
	¢	¢
Basic and diluted earnings per share	57.65	(4.90)

Note 33. Commitments

The company has no commitments contracted for which would be provided for in future reporting periods.

Note 34. Contingencies

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

Note 35. Subsequent events

On 9 August 2023 the board resolved to pay a 3.5 cents fully franked dividend and a 6.5 cents fully franked special dividend in December 2023.

There have been no significant events occurring after the reporting period which may affect either the company's operations or the results of those operations or the company's state of affairs.

Additional Information required by NSX

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

Shareholding (as at 30 June 2023)

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	90	62,500
1,001 to 5,000	126	278,960
5,001 to 10,000	29	232,054
10,001 to 100,000	17	421,302
100,001 and over	-	-
Total Shareholders	262	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

Shareholder	Number of fully paid ordinary shares held	Percentage of issued capital %
SCIPIO NOMINEES PTY LTD	77,802	7.82
PKC INVESTMENTS PTY LTD	66,500	6.68
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 JENNIFER LYNN ROSENFIELD	21,500	2.16

Shareholder	Number of fully paid ordinary shares held	Percentage of issued capital %
MRS MINA SANDERS & MR GREGORY SANDERS	17,500	1.76
MS CARON RAE PFYELD	17,500	1.76
MR JOHN WARREN PEARCE PTY LTD <MIRIAM C PEARCE FAMILY A/C>	15,000	1.51
MR PAUL VANDERSTELT & MRS ELSIE VANDERSTELT	15,000	1.51
CONNELL SMSF PTY LTD <THE CONNELL SUPERANNUATION FUND A/C>	15,000	1.51
Total	347,802	34.96

Registered office and principal administrative office

The registered office and principal administrative off 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:

61-65 Bull Street,
Bendigo, VIC, 3550
Phone: (03) 5443 0344
Email: afs@afsbendigo.com.au

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, FFin, Dip FP. He is a company secretary on an ASX listed Company and has over 16 years of being a company secretary on public and private companies.

Five-year summary of performance

		2019	2020	2021	2022	2023
Gross revenue	$	2,293,578	2,283,813	2,023,221	1,968,852	3,286,178
Net profit before tax	$	132,601	107,618	23,005	(64,707)	768,700
Total assets	$	1,206,135	2,429,317	2,416,133	2,264,225	2,924,387
Total liabilities	$	406,262	1,569,350	1,572,153	1,503,851	1,625,278
Total equity	$	799,873	859,967	843,980	760,374	1,299,109

Directors' Declaration

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

In the opinion of the directors:

(a) the financial statements and notes are 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 2023 and of its performance for the financial year ended on that date; and

(ii) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

(c) the directors have been given the declarations required by s 295A of the *Corporations Act 2001* from the Chief Executive Officer.

(d) the audited remuneration disclosures set out in the Directors Report (as part of the remuneration report), for the year ended 30 June 2023, comply with section 300A of the *Corporations Act 2001* and the *Corporations Regulation 2001*.

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

Garry Morris

Chair

Dated this 13th day of September 2022

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

Independent auditor's report to the Directors 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 (the company), which comprises:

- Statement of financial position as at 30 June 2023
- Statement of profit or loss and other comprehensive income
- Statement of changes in equity
- Statement of cash flows
- Notes to the financial statements, including a summary of significant accounting policies
- The directors' declaration of the company.

In our opinion, the accompanying 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 2023 and of its financial performance for the year ended; and
ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. 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 are independent of the company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Liability limited by a scheme approved under Professional Standards Legislation.

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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 of the current period. 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 key audit procedures addressed this
Revenue Share Model The company is a franchise of Bendigo Bank. The franchise agreement provides for a share of interest, fee, and commission revenue earned by the company. Interest margin share is based on a funds transfer pricing methodology which recognises that income is derived from deposits held, and that loans granted incur a funding cost. Fees are based on the company's current fee schedule and commissions are based on the agreements in place. All margin revenue is recorded as non-interest income when the company's right to receive the payment is established. The company receives the Revenue Share from Bendigo Bank via a monthly profit share statement. Our key audit matter was focused on the following areas of risk: ▪ Revenue is recognised appropriately and in line with AASB 15 Revenue from Contracts with Customers. ▪ Reliance on third party auditor EY to review the revenue share model.	▪ Review monthly profit share statements for the entire year and analytically assess the existence, accuracy and completeness of revenue. ▪ EY complete a Community Bank Revenue Share Arrangements report on factual findings biannually, which we plan to review and determine that the scope and testing procedures were sufficient to enable reliance on the monthly profit share reports specifically relating to revenue.

There are no other key audit matters to disclose for the 30 June 2023 audit.

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Other Information

The other information comprises the information included in the company's annual report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon The annual report may also include "other information" on the entity's operations and financial results and financial position as set out in the financial report, typically in a Chairman's report and Manager's report, and reports covering governance and shareholder matters.

The directors are responsible for the other information. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and accordingly we will not express any form of assurance conclusion thereon.

Our responsibility is to read the other information identified above when it becomes available 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 we identify that a material inconsistency appears to exist when we read the annual report (or become aware that the other information appears to be materially misstated), we will discuss the matter with the directors and where we believe that a material misstatement of the other information exists, we will request management to correct the other information. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the company are responsible for the preparation of the financial report that it 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 is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the company's ability 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 cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the Audit of the Financial Report

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. Misstatement 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.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. 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.

- Obtain an understanding of internal control relevant to the audit 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 company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- 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.

- 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 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.

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, actions taken to eliminate threats or safeguards applied.

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.

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afs@afsbendigo.com.au
(03) 5443 0344

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of East Gosford & Districts Financial Services Ltd, for the year ended 30 June 2023, complies with section 300A of the *Corporations Act 2001*.

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.

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 13 September 2023

Joshua Griffin
Lead Auditor

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Branches

Community Bank - East Gosford

101 Victoria Street, East Gosford, NSW, 2250

Phone: (02) 43234559 Fax (02) 43231499

Email: eastgosfordmailbox@bendigoadelaide.com.au

Web: https://www.bendigobank.com.au/branch/nsw/community-bank-east-gosford-districts

Community Bank - Lisarow

Shop 16, Lisarow Plaza Shopping Centre,

2 Parsons Road, Lisarow, NSW, 2250

Phone: (02) 43285472 Fax (02) 432285913

Email: lisarowmailbox@bendigoadelaide.com.au

Web: https://www.bendigobank.com.au/branch/nsw/community-bank-lisarow/

Community Bank - Kincumber

2A/39 Avoca Drive, Kincumber NSW, 2250

Phone: (02) 43632133 Fax (02) 43632866

Email: kincumbermailbox@bendigoadelaide.com.au

Web: https://www.bendigobank.com.au/branch/nsw/community-bank-kincumber/

Franchisee: East Gosford & Districts Financial Services Ltd

ABN: 99 092 538 620

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Email: eastgosfordmailbox@bendigoadelaide.com.au

Share Registry:

AFS & Associates Pty Ltd

PO Box 454, Bendigo VIC 3552

Phone: 5443 0344

Fax: 5443 5304

Email: shareregistry@afsbendigo.com.au

Facebook – https://www.facebook.com/communitybankcentralcoast/

Instagram - instagram/communitybankcentralcoast

Bendigo Bank

Bendigo and Adelaide Bank Limited ABN 11 068 049 178, AFSL/Australian Credit Licence 237879