

# **East Gosford & Districts Financial Services Ltd**

**ABN 90 092 538 620**

## **Annual Report - 30 June 2012**

### **CONTENTS**

Chairman's Report 2012	
Senior Manager's Report 2012	
Directors' report	1-4
Auditor's Independence Declaration	5
Statement of comprehensive income	6
Statement of financial position	7
Statement of cash flows	8
Statement of changes in equity	9
Notes to the financial statements	10-24
Directors' declaration	25
Independent audit report	
BSX report	

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

Your Directors submit the financial report of the company for the financial year ended 30 June 2012.

**Directors**

The names and details of the company's directors who held office during or since the end of the financial year are:

Maxwell Robert Hiron  
Chairman  
Retired Electrical Contractor  
Board member since 09/11/2005

Brian Wilfred Lindbeck  
Treasurer  
Retired Accountant  
Board member since 09/11/2005

Robert Geoffrey Rudd  
Director  
Retired Surveyor  
Board member since 9/11/2005  
Resigned 20/01/2012

Theo Reginald Glover  
Director  
Sales and Marketing Manager  
Board member since 25/8/2009

Kenneth George Howes  
Director  
Chartered Accountant  
Board member since 04/04/2004

Garry Samuel Morris  
Director  
Financial Advisor  
Board member since 04/04/2004

Colin Moran  
Director  
Small Business Owner  
Board member since 23/04/2008

Mary Collins  
Director  
Retired Teacher  
Board member since 25/08/2009

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

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

**Principal activities**

The principal activities of the company during the course of the financial year were in providing community banking services under management rights to operate a franchised branch of Bendigo and Adelaide Bank Limited.

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

**Operating results**

The profit of the company for the financial year after provision for income tax was \$62,240 (2011: \$13,917).

**Financial position**

The net assets of the company have increased by \$32,356 from June 30, 2011 to \$621,940 in 2012. The increase is largely due to improved operating performance of the company.

**Dividends**

	<b>Year Ended 30 June 2012</b>	
	<b>Cents Per Share</b>	<b>\$</b>
Dividends paid in the year:		
- Final for the previous year	3	29,884

**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.

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

**Events after the reporting period**

Since balance date, the world financial markets have shown volatility that may have an impact on investment earnings in the 2012/2013 financial year. The company continues to maintain a conservative investment strategy to manage the exposure to market volatility.

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.

**Future developments**

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

**Environmental issues**

The company is not subject to any significant environmental regulation.

**Proceedings on behalf of company**

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

**Remuneration report**

During the year Brian Lindbeck received \$3,000 (2011: \$7,580) as reimbursement of telephone, IT and motor vehicle expenses.

No other Director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a Director, a firm which a Director is a member or an entity in which a Director has a substantial financial interest. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by Directors shown in the company's accounts, or the fixed salary of a full-time employee of the company, controlled entity or related body corporate.

**Indemnifying officers or auditor**

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

Disclosure of the nature of the liability and the amount of the premium is prohibited by the confidentiality clause of the contract of insurance. The company has not provided any insurance for an auditor of the company.

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

**Directors meetings**

The number of Directors meetings attended during the year were:

<b>Director</b>	<b>Board Meetings #</b>
Maxwell Robert Hiron	11 (11)
Robert Geoffrey Rudd (Resigned December 11)	01 (06)
Brian Wilfred Lindbeck	08 (11)
Theo Reginald Glover	09 (11)
Kenneth George Howes	05 (11)
Garry Samuel Morris	07 (11)
Colin Moran	10 (11)
Mary Collins	09 (11)

*# The first number is the meetings attended while in brackets is the number of meetings eligible to attend.*

**Company secretary**

Michael Bell was appointed non-director company secretary on 9 May 2008. He has a Graduate Certificate in Banking and Finance, a Diploma in Business (Real Estate Management) and a Diploma of Management. He is currently the senior manager of East Gosford and Districts Financial Services Ltd.

**Corporate governance**

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

- (a) An audit committee;
- (b) Director approval of operating budgets and monitoring of progress against these budgets;
- (c) Ongoing Director training; and
- (d) Monthly Director meetings to discuss performance and strategic plans.

**Non audit services**

The Directors in accordance with advice from the audit committee, are satisfied that the provision of non audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the services disclosed in Note 5 did not compromise the external auditor's independence for the following reasons:

- all non audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect integrity and objectivity of the auditor; and
- the nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES 110 "Code of Ethics for Professional Accountants" set by the Accounting Professional and Ethical Standards Board.

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

**Auditor Independence declaration**

The auditor's independence declaration for the year ended 30 June 2012 has been received and can be found on page 5 of this financial report.

Signed in accordance with a resolution of the Board of Directors at East Gosford, New South Wales on 7 September 2012.



**Max Hiron**  
**Chairman**



**Richmond  
Sinnott &  
Delahunty**

**Chartered Accountants**

Level 2, 10-16 Forest Street  
Bendigo, Victoria  
PO Box 30, Bendigo, VIC 3552

Telephone: (03) 5445 4200  
Fax: (03) 5444 4344  
Email: [rsd@rsdadvisors.com.au](mailto:rsd@rsdadvisors.com.au)

[www.rsdadvisors.com.au](http://www.rsdadvisors.com.au)

The Directors  
East Gosford & District Financial Services Limited  
101 Victoria Street  
East Gosford NSW 2250

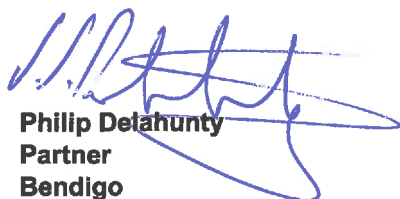
To the Directors of East Gosford & District Financial Services Limited

**Auditor's Independence Declaration under section 307C of the Corporations Act 2001**

I declare that to the best of my knowledge and belief, during the year ended 30 June 2012 there has been:

- (i) no contraventions of the auditor independence requirements as set out in 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.

**RICHMOND SINNOTT & DELAHUNTY**  
Chartered Accountants



**Philip Delahunty**  
Partner  
Bendigo

Dated at Bendigo, 7 September 2012

**East Gosford & Districts Financial Services Ltd**  
**ABN 90 092 538 620**  
**Statement of Comprehensive Income**  
**For the year ended 30 June 2012**

	<u>Notes</u>	<b>2012</b> <b>\$</b>	<b>2011</b> <b>\$</b>
Revenues from continuing operations	2	1,948,605	1,880,587
Employee benefits expense	3	(1,117,468)	(1,092,453)
Depreciation and amortisation expense	3	(90,082)	(112,622)
Other expenses		<u>(593,202)</u>	<u>(596,206)</u>
<b>Operating profit/(loss) before charitable donations &amp; sponsorships</b>		147,853	79,306
Charitable donations and sponsorship		<u>(52,162)</u>	<u>(46,946)</u>
<b>Profit/ before income tax expense</b>		95,690	32,360
Income tax expense	4	<u>33,450</u>	<u>18,443</u>
<b>Net Profit for the year</b>		62,240	13,917
Other comprehensive income		<u>-</u>	<u>-</u>
<b>Total comprehensive income for the year</b>		<u><u>62,240</u></u>	<u><u>13,917</u></u>
<b>Earnings per share (cents per share)</b>			
- basic for profit for the year	21	6.26	1.40
- diluted for profit for the year	21	6.26	1.40

The accompanying notes form part of these financial statements

**East Gosford & Districts Financial Services Ltd**  
**ABN 90 092 538 620**  
**Statement of Financial Position**  
**As at 30 June 2012**

	<u>Notes</u>	2012 \$	2011 \$
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	6	435,237	278,564
Current tax receivable	4	-	285
Receivables	7	177,274	179,015
<b>Total Current Assets</b>		<u>612,511</u>	<u>457,864</u>
<b>Non-Current Assets</b>			
Investments	8	17,961	17,961
Property, plant and equipment	9	177,829	209,910
Intangible assets	10	116,722	155,983
Deferred tax assets	4	-	3,440
<b>Total Non-Current Assets</b>		<u>312,512</u>	<u>387,294</u>
<b>Total Assets</b>		<u>925,023</u>	<u>845,158</u>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Payables	11	96,959	90,608
Income tax payable	4	20,761	-
Provisions	12	185,363	164,966
<b>Total Current Liabilities</b>		<u>303,083</u>	<u>255,574</u>
<b>Total Liabilities</b>		<u>303,083</u>	<u>255,574</u>
<b>Net Assets</b>		<u>621,940</u>	<u>589,584</u>
<b>Equity</b>			
Issued capital	13	709,669	709,669
Retained earnings/(accumulated losses)	14	(87,729)	(120,085)
<b>Total Equity</b>		<u>621,940</u>	<u>589,584</u>

The accompanying notes form part of these financial statements



**East Gosford & Districts Financial Services Ltd**  
**ABN 90 092 538 620**  
**Statement of Cash Flows**  
**For the year ended 30 June 2012**

	<u>Notes</u>	<b>2012</b> <b>\$</b>	<b>2011</b> <b>\$</b>
<b>Cash Flows From Operating Activities</b>			
Cash receipts in the course of operations		1,940,745	2,081,716
Cash payments in the course of operations		(1,736,085)	(1,905,093)
Interest received		9,601	4,291
Income tax refunded (paid)		(8,964)	5,438
<b>Net cash flows from operating activities</b>	15b	<u>205,298</u>	<u>186,352</u>
<b>Cash Flows From Investing Activities</b>			
Purchase of investments		-	-
Purchase of property, plant and equipment		(3,340)	(11,956)
Purchase of intangible assets		(15,400)	(195,420)
<b>Net cash flows used in investing activities</b>		<u>(18,740)</u>	<u>(207,376)</u>
<b>Cash Flows From Financing Activities</b>			
Dividends paid		(29,884)	(29,844)
<b>Net cash flows used in financing activities</b>		<u>(29,884)</u>	<u>(29,844)</u>
<b>Net increase/(decrease) in cash held</b>		156,674	(50,868)
Cash and cash equivalents at start of year		278,564	329,432
<b>Cash and cash equivalents at end of year</b>	15a	<u>435,238</u>	<u>278,564</u>

The accompanying notes form part of these financial statements

**East Gosford & Districts Financial Services Ltd**  
**ABN 90 092 538 620**  
**Statement of Changes in Equity**  
**For the year ended 30 June 2012**

	<u>Notes</u>	<b>2012</b> <b>\$</b>	<b>2011</b> <b>\$</b>
<b>ISSUED CAPITAL</b>			
Balance at start of year		709,669	709,669
Issue of share capital		-	-
Share issue costs		<u>-</u>	<u>-</u>
<b>Balance at end of year</b>		<b><u>709,669</u></b>	<b><u>709,669</u></b>
<b>RETAINED EARNINGS/(ACCUMULATED LOSSES)</b>			
Balance at start of year		(120,085)	(104,158)
Profit after income tax expense		62,240	13,917
Dividends paid or proposed	22	<u>(29,884)</u>	<u>(29,844)</u>
<b>Balance at end of year</b>		<b><u>(87,729)</u></b>	<b><u>(120,085)</u></b>

The accompanying notes form part of these financial statements

**East Gosford & Districts Financial Services Ltd**  
**ABN 90 092 538 620**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2012**

**1. Summary of significant accounting policies**

**(a) Basis of preparation**

East Gosford & Districts Financial Services Limited ('the company') is domiciled in Australia. The financial statements for the year ending 30 June 2012 are presented in Australian dollars. The company was incorporated in Australia and the principal operations involve providing community banking services.

The financial statements are general purpose financial statements, that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The company is a for profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the IASB. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement of fair value of selected non current assets, financial assets and financial liabilities.

The financial statements require judgements, estimates and assumptions to be made that affect the application of accounting policies. Actual results may differ from these estimates.

The financial statements were authorised for issue by the Directors on 7 September 2012.

**(b) Income tax**

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised.

The carrying amount of deferred income 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 income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled.

**East Gosford & Districts Financial Services Ltd**  
**ABN 90 092 538 620**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2012**

**1. Summary of significant accounting policies (continued)**

**(c) Property, plant and equipment**

Property, plant and equipment are brought to account at cost less accumulated depreciation and any impairment in value.

Land and buildings are measured at fair value less accumulated depreciation.

Depreciation is calculated on a straight line basis over the estimated useful life of the asset as follows:

<i>Class of Asset</i>	<i>Depreciation Rate</i>
Plant & Equipment	10-20%

*Impairment*

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

*Revaluations*

Following initial recognition at cost, land and buildings are carried at a revalued amount which is the fair value at the date of the revaluation less any subsequent accumulated depreciation on buildings and accumulated impairment losses.

Fair value is determined by reference to market based evidence, which is the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date.

**(d) Impairment of assets**

At each reporting date, the company assesses whether there is any indication that an asset is impaired. Where an indicator of impairment exists, the company makes a formal estimate of the recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

**East Gosford & Districts Financial Services Ltd**  
**ABN 90 092 538 620**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2012**

**1. Summary of significant accounting policies (continued)**

**(e) Goods and services tax**

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not 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 expense.

Receivables and payables are stated with the amount of GST included.

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. Cash flows are included in the Statement of Cash Flows on a gross basis.

The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

**(f) Employee benefits**

The provision for employee benefits to wages, salaries and annual leave represents the amount which the company has a present obligation to pay resulting from employees' services provided up to the reporting date. The provision has been calculated on undiscounted amounts based on wage and salary rates expected to be paid and includes related on-costs.

The company contributes to a defined contribution plan. Contributions to employee superannuation funds are charged against income as incurred.

**(g) Intangibles**

Establishment costs have been initially recorded at cost and amortised on a straight line basis at a rate of 20% per annum. The current amortisation charges for intangible assets are included under depreciation and amortisation expense per the Statement of Comprehensive Income.

**(h) Cash**

Cash on hand and in banks are stated at nominal value.

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts.

**(i) Revenue**

Interest and fee revenue is recognised when earned. All revenue is stated net of the amount of goods and services tax (GST).

**(j) Receivables and payables**

Receivables and payables are non interest bearing and generally have payment terms of between 30 and 90 days. Receivables are recognised and carried at original invoice amount less a provision for any uncollected debts. Liabilities for trade creditors and other amounts are carried at cost that is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the company.

**East Gosford & Districts Financial Services Ltd**  
**ABN 90 092 538 620**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2012**

**1. Summary of significant accounting policies (continued)**

**(k) New accounting standards for application in future periods**

Australian Accounting Standards that have been recently issued or amended but not yet effective have not been adopted in the preparation of these financial statements. These changes have been assessed by Directors and determined they will not have a material impact on the company's financial statements.

**(l) Borrowings**

All loans are measured at the principal amount. Interest is recognised as an expense as it accrues.

**(m) Provisions**

Provisions are recognised when the company 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.

A provision for dividends is not recognised as a liability unless the dividends are declared, determined or publicly recommended on or before the reporting date.

**(n) Share capital**

Issued and paid up capital is 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.

**(o) Comparative figures**

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

**(p) Critical accounting estimates and judgements**

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

*Estimation of useful lives of assets*

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

**East Gosford & Districts Financial Services Ltd**  
**ABN 90 092 538 620**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2012**

**1. Summary of significant accounting policies (continued)**

**(p) Critical accounting estimates and judgements (continued)**

*Income tax*

The company is subject to income tax. Significant judgement is required in determining the provision for income tax.

*Impairment*

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

**(q) Financial instruments**

*Initial recognition and measurement*

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (ie trade date accounting is adopted). Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to the profit or loss immediately.

*Classification and subsequent measurement*

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method or cost. Where available quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised costs is calculated as the amount which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

**(i) Loans and receivables**

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

**(ii) Financial liabilities**

Non derivative financial liabilities are subsequently measured at amortised cost.

*Impairment*

At the end of each reporting period, the company assesses whether there is objective evidence that a financial asset has been impaired. A financial asset is deemed impaired if and only if, there is objective evidence of impairment as a result of one or more events (a loss event) having occurred, which has an impact on the estimated future cash flows of the financial asset. In the case of financial assets carried at amortised cost, loss events may include indications that the debtors are experiencing significant financial difficulty or changes in economic conditions.

**East Gosford & Districts Financial Services Ltd**  
**ABN 90 092 538 620**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2012**

**2. Revenue**

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
Revenue from continuing activities		
- other revenue	1,937,147	1,874,440
	<u>1,937,147</u>	<u>1,874,440</u>
Other revenue		
- interest revenue	9,601	4,291
- other revenue	1,857	1,856
	<u>11,458</u>	<u>6,147</u>
	<u><u>1,948,605</u></u>	<u><u>1,880,587</u></u>

**3. Expenses**

Employee benefits expense		
- wages and salaries	1,003,099	980,862
- superannuation costs	88,461	86,118
- workers' compensation costs	3,104	2,883
- other costs	22,804	22,590
	<u>1,117,468</u>	<u>1,092,453</u>
Depreciation of non-current assets:		
- plant and equipment	31,320	50,232
Amortisation of non-current assets:		
- intangible assets	58,762	62,390
	<u>90,082</u>	<u>112,622</u>
Bad debts	2,221	4,222

**4. Income tax expense**

The prima facie tax on profit/(loss) before income tax is reconciled to the income tax expense as follows:

Prima facie tax on profit/(loss) before income tax at 30%	28,707	9,708
Add tax effect of:		
- Non-deductible expenses	4,743	8,735
<i>Current income tax expense</i>	<u>33,450</u>	<u>18,443</u>
Income tax expense / (benefit)	<u><u>33,450</u></u>	<u><u>18,443</u></u>
<b>Deferred tax asset</b>		
Future income tax benefits arising from tax losses are recognised at reporting date as realisation of the benefit is regarded as probable.	-	3,440
	<u>-</u>	<u>3,440</u>
<b>Tax liabilities</b>		
Income tax payable	20,761	-
Current tax receivable	-	285
	<u>-</u>	<u>285</u>



**East Gosford & Districts Financial Services Ltd**  
**ABN 90 092 538 620**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2012**

**5. Auditors' remuneration**

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
Remuneration of the auditor for:		
- Audit or review of the financial report	<u>3,900</u>	<u>3,900</u>

**6. Cash and cash equivalents**

Cash on hand	600	600
Cash at bank	<u>434,637</u>	<u>277,964</u>
	<u>435,237</u>	<u>278,564</u>

**7. Receivables**

Trade debtors	177,224	167,178
Other debtors	50	7,696
Prepaid expenses	-	4,141
	<u>177,274</u>	<u>179,015</u>

**8. Investments**

Shares in Public Companies	<u>17,961</u>	<u>17,961</u>
----------------------------	---------------	---------------

**9. Property, plant and equipment**

*Plant and equipment*

At cost	619,436	616,096
Less accumulated depreciation	<u>(443,097)</u>	<u>(408,326)</u>
Total written down amount	<u>176,339</u>	<u>207,770</u>

*Computer software*

At cost	5,000	5,000
Less accumulated depreciation	<u>(3,510)</u>	<u>(2,860)</u>
Total written down amount	<u>1,490</u>	<u>2,140</u>

Total Property, Plant & Equipment	<u>177,829</u>	<u>209,910</u>
-----------------------------------	----------------	----------------

**Movements in carrying amounts**

*Plant and equipment*

Carrying amount at beginning of year	207,770	245,396
Additions	3,340	11,956
Disposals	-	-
Depreciation expense	<u>(34,771)</u>	<u>(49,582)</u>
Carrying amount at end of year	<u>176,339</u>	<u>207,770</u>

*Computer software*

Carrying amount at beginning of year	2,140	2,790
Additions	-	-
Disposals	-	-
Depreciation expense	<u>(650)</u>	<u>(650)</u>
Carrying amount at end of year	<u>1,490</u>	<u>2,140</u>

**East Gosford & Districts Financial Services Ltd**  
**ABN 90 092 538 620**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2012**

<b>10. Intangible assets</b>	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
<i>Franchise Fee</i>		
At cost	31,570	41,570
Less accumulated amortisation	(12,121)	(15,964)
	<u>19,449</u>	<u>25,606</u>
 <i>Training Fee &amp; Startup Assistance</i>		
At cost	209,250	263,227
Less accumulated amortisation	(111,977)	(132,850)
	<u>97,273</u>	<u>130,377</u>
 Total Intangible Assets	<u>116,722</u>	<u>155,983</u>
 <b>11. Payables</b>		
Trade creditors	21,552	21,642
Other creditors and accruals	75,407	68,966
	<u>96,959</u>	<u>90,608</u>
 <b>12. Provisions</b>		
Employee benefits	<u>185,363</u>	<u>164,966</u>
 <b>Movement in employee benefits</b>		
Opening balance	164,966	145,101
Additional provisions recognised	36,015	75,451
Amounts utilised during the year	(15,618)	(55,586)
Closing balance	<u>185,363</u>	<u>164,966</u>
 <b>13. Share Capital</b>		
760,008 Ordinary Shares fully paid of \$1 each	760,008	760,008
234,804 Bonus Shares*	-	-
Less preliminary expenses	(50,339)	(50,339)
	<u>709,669</u>	<u>709,669</u>
 * During 2005, 234,804 bonus shares were issued for no consideration at the rate of 1 share for every 2 held.		
The company has authorised share capital amounting to 994,812 ordinary shares.		
 <b>14. Retained earnings / (accumulated losses)</b>		
Balance at the beginning of the financial year	(120,085)	(104,158)
Profit after income tax	62,240	13,917
Dividends paid or proposed	(29,884)	(29,844)
Balance at the end of the financial year	<u>(87,729)</u>	<u>(120,085)</u>

**East Gosford & Districts Financial Services Ltd**  
**ABN 90 092 538 620**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2012**

	2012 \$	2011 \$
<b>15. Statement of Cash Flows</b>		
<i>(a) Cash and cash equivalents</i>		
Cash assets	<u>435,237</u>	<u>278,564</u>
<i>(b) Reconciliation of profit / (loss) after tax to net cash provided from/(used in) operating activities</i>		
Profit / (loss) after income tax	62,240	13,917
Non cash items		
- Depreciation	35,421	50,232
- Amortisation	54,661	62,390
Changes in assets and liabilities		
- (Increase) decrease in receivables	1,741	16,494
- Increase (decrease) in payables	6,351	130
- Increase (decrease) in income tax payable	20,761	-
- Increase (decrease) in provisions	20,397	19,865
- (Increase) decrease in deferred tax asset	3,440	17,886
- (Increase) decrease in current tax receivable	285	5,438
Net cashflows from/(used in) operating activities	<u>205,297</u>	<u>186,352</u>

**16. Directors and Related Party Disclosures**

The names of directors who have held office during the financial year are:

Maxwell Robert Hiron  
Robert Geoffrey Rudd  
Brian Wilfred Lindbeck  
Theo Reginald Glover  
Kenneth George Howes  
Garry Samuel Morris  
Colin Moran  
Mary Collins

During the year Brian Lindbeck received \$3000 (2011: \$7,580) as reimbursement of telephone, IT and motor vehicle expenses.

No director or related entity has entered into a material contract with the company. No director's fees have been paid as the positions are held on a voluntary basis.

**East Gosford & Districts Financial Services Ltd**  
**ABN 90 092 538 620**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2012**

**16. Directors and Related Party Disclosures (continued)**

<b>Directors shareholdings</b>	<b>2012</b>	<b>2011</b>
Maxwell Robert Hiron	4,502	4,502
Robert Geoffrey Rudd	2,502	2,502
Brian Wilfred Lindbeck	4,502	4,502
Theo Reginald Glover	-	-
Kenneth George Howes	1,502	1,502
Garry Samuel Morris	2,250	2,250
Colin Moran	10,000	10,000
Mary Collins	3,750	3,750

There was no movement in directors shareholdings during the year. Each share held has a paid up value of \$1 and is fully paid.

**17. Events after the reporting period**

Since balance date, the world financial markets have shown volatility that may have an impact on investment earnings in the 2012/2013 financial year. The company continues to maintain a conservative investment strategy to manage the exposure to market volatility.

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

**18. Contingent liabilities and assets**

Apart from below, there were no other contingent liabilities or assets at the date of this report to affect the financial statements.

A bank guarantee for a rental bond for the Lisarow property of \$9,000 and a bank guarantee for fortnightly wages of \$35,000 has been made by the company.

**19. Operating segments**

The company operates in the financial services sector where it provides banking services to its clients. The company operates in one geographic area being East Gosford, New South Wales. The company has a franchise agreement in place with Bendigo & Adelaide Bank Limited who account for 100% of the revenue (2011: 100%).

**20. Corporate Information**

East Gosford & Districts Community Financial Services Ltd is a company limited by shares incorporated in Australia whose shares are publicly traded on the National Stock Exchange.

The registered office and principal place of business is: 101 Victoria Street  
East Gosford NSW 2250

**East Gosford & Districts Financial Services Ltd**  
**ABN 90 092 538 620**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2012**

**21. Earnings per share**

Basic earnings per share amounts are calculated by dividing profit / (loss) after income tax by the weighted average number of ordinary shares outstanding during the year.

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
Diluted earnings per share amounts are calculated by dividing profit / (loss) after income tax by the weighted average number of ordinary shares outstanding during the year (adjusted for the effects of any dilutive options or preference shares).		
The following reflects the income and share data used in the basic and diluted earnings per share computations:		
Profit/(loss) after income tax expense	<u>62,240</u>	<u>13,917</u>
Weighted average number of ordinary shares for basic and diluted earnings per share	<u>994,812</u>	<u>994,812</u>

**22. Dividends paid or provided for on ordinary shares**

**(a) Dividends paid during the year**

Prior year final

Franked dividends - 3 cents per share (2011: 3 cents per share)

<u>29,884</u>	<u>29,844</u>
---------------	---------------

**(b) Franking credit balance**

The amount of franking credits available for the subsequent financial year are:

- Franking account balance as at the end of the financial year	69,421	69,706
- Franking debits that will arise from the refund of income tax at the end of the financial year	<u>-</u>	<u>(285)</u>
	<u>69,421</u>	<u>69,421</u>

The tax rate at which dividends were franked was 30%.

**East Gosford & Districts Financial Services Ltd**  
**ABN 90 092 538 620**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2012**

**23. Financial risk management**

The company's financial instruments consist mainly of deposits with banks, account receivables and payables, bank overdraft and loans.

The totals for each category of financial instruments measured in accordance with AASB 139 are as follows:

	Note	2012 \$	2011 \$
<b>Financial Assets</b>			
Cash & cash equivalents	6	435,237	278,564
Receivables	7	177,274	179,015
<b>Total Financial Assets</b>		<u>612,511</u>	<u>457,579</u>
<b>Financial Liabilities</b>			
Payables	10	96,959	90,608
<b>Total Financial Liabilities</b>		<u>96,959</u>	<u>90,608</u>

**Financial Risk Management Policies**

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established an Audit Committee which reports regularly to the Board. The Audit Committee is assisted in the area of risk management by an internal audit function.

**Specific Financial Risk Exposure and Management**

The company has exposure to credit risk, liquidity risk and market risk from their use of financial instruments. There have been no substantive changes in the types of risks the company is exposed to, how the risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

**(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. For the company it arises from receivables and cash assets.

The maximum exposure to credit risk at reporting date to recognised financial assets is the carrying amount of those assets as disclosed in the Statement of Financial Position and notes to the financial statements.

The company's maximum exposure to credit risk at reporting date was:

	<u>Carrying Amount</u>	
	2012 \$	2011 \$
Cash and cash equivalents	435,237	278,564
Receivables	177,274	179,015
	<u>612,511</u>	<u>457,579</u>

The company's exposure to credit risk is limited to Australia by geographic area. The majority of receivables are due from Bendigo and Adelaide Bank Limited.

None of the assets of the company are past due (2011: nil past due) and based on historic default rates, the company believes that no impairment allowance is necessary in respect of assets not past due.

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

**East Gosford & Districts Financial Services Ltd**  
**ABN 90 092 538 620**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2012**

**(b) Liquidity risk**

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

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

**Financial liability and financial asset maturity analysis**

	<b>Total</b>	<b>Within</b>	<b>1 to</b>	<b>Over</b>
	<b>\$</b>	<b>1 year</b>	<b>5 years</b>	<b>5 years</b>
<b>30 June 2012</b>				
<b>Financial Liabilities due for payment</b>				
Payables	(96,959)	(96,959)	-	-
Loans and borrowings	-	-	-	-
<b>Total expected outflows</b>	<b>(96,959)</b>	<b>(96,959)</b>	<b>-</b>	<b>-</b>
<b>Financial Assets - cashflow realisable</b>				
Cash & cash equivalents	435,237	435,237	-	-
Receivables	177,274	177,274	-	-
<b>Total anticipated inflows</b>	<b>612,511</b>	<b>612,511</b>	<b>-</b>	<b>-</b>
<b>Net (Outflow)/Inflow on financial instruments</b>	<b>515,552</b>	<b>515,552</b>	<b>-</b>	<b>-</b>
<b>30 June 2011</b>				
<b>Financial Liabilities due for payment</b>				
Payables	90,608	90,608	-	-
<b>Total expected outflows</b>	<b>90,608</b>	<b>90,608</b>	<b>-</b>	<b>-</b>
<b>Financial Assets - cashflow realisable</b>				
Cash & cash equivalents	278,564	278,564	-	-
Receivables	179,015	179,015	-	-
<b>Total anticipated inflows</b>	<b>457,579</b>	<b>457,579</b>	<b>-</b>	<b>-</b>
<b>Net (Outflow)/Inflow on financial instruments</b>	<b>548,187</b>	<b>548,187</b>	<b>-</b>	<b>-</b>

Financial assets pledged as collateral

There are no material amounts of collateral held as security as at June 30 2012 and June 30 2011.

**East Gosford & Districts Financial Services Ltd**  
**ABN 90 092 538 620**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2012**

**(c) Market risk**

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

Interest rate risk is that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The company reviews the exposure to interest rate risk as part of the regular board meetings.

**Sensitivity analysis**

At the reporting date the interest rate profile of the company's interest bearing financial instruments was:

	<u>Carrying Amount</u>	
	<u>2012</u>	<u>2011</u>
	<u>\$</u>	<u>\$</u>
<b>Fixed rate instruments</b>		
Financial assets	-	-
Financial liabilities	-	-
	<u>-</u>	<u>-</u>
<b>Floating rate instruments</b>		
Financial assets	-	-
Financial liabilities	-	-
	<u>-</u>	<u>-</u>

*Fair value sensitivity analysis for fixed rate instruments*

The company does not account for any fixed interest rate financial assets or liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

*Cash flow sensitivity analysis for variable rate instruments*

A change of 100 basis points in interest rates at the reporting date would have no impact on profit or retained earnings. For the analysis performed on the same basis as at 30 June 2011 there was also no impact. As at

both dates this assumes all other variables remain constant.

The company has no exposure to fluctuations in foreign currency.

**(d) Price risk**

The company is not exposed to any material price risk.

**Fair values**

The fair values of financial assets and liabilities approximate the carrying values as disclosed in the Statement of Financial Position. Fair value is the amount at which an asset could be exchanged, or liability settled, between knowledgeable, willing parties in an arm's length transaction. The company does not have any unrecognised financial instruments at year end.



**East Gosford & Districts Financial Services Ltd**  
**ABN 90 092 538 620**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2012**

**Capital management**

The Board's policy is to maintain a strong capital base so as to sustain future development of the company. The Board of Directors monitor the return on capital and the level of dividends to shareholders. Capital is represented by total equity as recorded in the Statement of Financial Position.

In accordance with the franchise agreement, in any 12 month period, the funds distributed to shareholders shall not exceed the Distribution Limit.

- (i) the Distribution Limit is the greater of:
  - (a) 20% of the profit or funds of the Franchisee otherwise available for distribution to shareholders in that 12 month period; and
  - (b) subject to the availability of distributable profits, the Relevant Rate of Return multiplied by the average level of share capital of the Franchisee over that 12 month period; and
- (ii) the Relevant Rate of Return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

The Board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the year ended 30 June 2012 can be seen in the Statement of Comprehensive Income.

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

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

In accordance with a resolution of the directors of East Gosford & District Financial Services Limited, the directors of the company declare that:

- 1 the financial statements and notes of the company as set out on pages 6 to 24 are in accordance with the Corporations Act 2001 and:
  - (i) comply with Australian Accounting Standards, which as stated in accounting policy Note 1(a) to the financial statements constitutes compliance with International Financial Reporting Standards (IFRS); and
  - (ii) give a true and fair view of the company's financial position as at 30 June 2012 and of the performance for the year ended on that date;
- 2 In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.



---

**Max Hiron**  
**Chairman**

**Signed at East Gosford, New South Wales on 7 September 2012**