Annual Report 2020

East Gosford & Districts Financial Services Ltd.

20th Annual Report

ABN 90 092 538 620

Celebrating 20 Years

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

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East Gosford, Lisarow and Kincumber

Chairperson's report

On behalf of the Board and Management, I am pleased to present the 20th Annual Report on the affairs of your Company, now in its 21st year of operation.

Our trading result for the financial year, after provision for income tax and charitable donations and sponsorship was a profit of $94,913 (2019 profit $88,661). The profit is in line with previous years and confirms our continued focus on community Contributions. In 2020 total charitable donations and sponsorship were $167,442 compared with $208,945 in 2019. We have placed additional funds with the Bendigo Bank Community Enterprise Foundation totaling $65,000 for 2020, enabling us to support community causes in future years. We remain focused on social causes as a way in which your Company can make a difference in the local community.

Revenue was virtually unchanged, decreasing from $2.294 million in 2019 to $2.284 million in 2020. Expenses increased from $1.952 million to $2.009 million in 2020, which was in line with budget. Business levels at 30 June 2020 remained similar to the previous year, at $288 million, which was a reasonable result given current economic conditions.

A Strategy & Planning Day was held in March 2020, attended by Directors and Management to plan for the coming year, as well as consider where we would like the business to be in three years' & five years' time.

The emergence of the Coronavirus (COVID-19) during the first months of 2020 had a significant impact on financial markets and assets globally. The broader economic and social disruption is evident, and we anticipate the challenges will continue in the near-term. The Board and Management have worked with Bendigo Bank to ensure the implementation of safeguards have been met and maintained for all of our employees.

I want to thank our Senior Manager, Michael Bell, our Branch Managers, Julie Eastham at East Gosford, Martin Creesey at Kincumber, and our Customer Relationship Manager Amie Ebert at Lisarow, as well as all staff for their continued dedication and commitment to the **Community Bank** concept and its promotion in the community.

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

My thanks go to the Directors for giving up their time on a voluntary basis and congratulations to Treasurer Brian Lindbeck who celebrated 20 years supporting the **Community Bank** model. I would also like to acknowledge the contribution made by Ken Howes who retired recently after 16 years with the Company, and I welcome our new Director Sarah Brennan who joined our Board during the financial year.

Garry Morris

Chairman

Senior Branch Manager and Group CEO report

What a year. Last year I stated "we were not prepared for the effect of the Royal Commission, tightening of lending requirements, low consumer confidence and a continuing low interest rate environment that all played its part in a subdued financial year that saw us post our first negative growth since we opened in August 2000". Then this financial year, along comes the impact of five further interest rate reductions, and of course COVID-19.

We managed to maintain our business levels although we had some large one off business movements that kept our growth flat. Pleasingly, we had $30.2m in lending approvals, (+$6m) which resulted in settlements of $28.4m (+$4.7m). Due to COVID-19 impacts your Company applied for and received Cash Boost funding of $62,500 as part of the Federal Government initiatives which was taken up in the accounts and is reflected in our revenue figures for the year as Government subsidies.

Our major **Social Initiative, Domestic Violence program**, was joined by Ettalong Beach Community Bank Company to provide further support for those in need.

East Gosford branch underwent a major refurbishment in May 2020 and if you haven't seen our new flagship branch, then we welcome you to come in and have a look. The refurbishment was to coincide with our 20th Birthday celebrations which we will now put on hold with the hope of celebrating our 21st in 2021.

Staff milestones were achieved this year with Julie, Tracey, Michelle & Jenny all celebrating 20 years service, which is a great achievement.

We said farewell to Ryan at our Kincumber branch who wished to change direction in his career, and we wish Ryan all the best in the future and thank him for his contribution to our business.

Our community involvement was forefront of what we did this year as we believe it best serves the community and assists in driving business. We have worked hard to be seen out in the community looking for business in the current challenging times. COVID-19 created many challenges with a lot of events planned and subsequently cancelled. This limited our ability to get out and about.

You can follow what we do in the community on Facebook at Central Coast Branches of Bendigo Bank. Please like and share for maximum exposure of our business so we can reach as many people as possible.

Our Bank of Goodwill stories continue to grow, and we now have in excess of 45 stories promoting the goodwill of our customers in the community and how they assist others in their own way. You can view these stories at **www.bankofgoodwill.com.au** and the Bank of Goodwill YouTube channel. Social media continues to be a major focus for us and a way of demonstrating and showing the Bendigo Bank point of difference.

Our focus will be to continue to provide superior service to our customers, shareholders and the 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 your friends and family talk with a local branch manager.

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

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

Michael Bell

Senior Branch Manager

Bendigo Bank

Proudly supported by

Community Bank
East Gosford, Lisarow
and Kincumber

Bendigo and Adelaide Bank report

In the 20-plus years since the opening of the very first Community Bank branch, it's fair to say we haven't seen a year quite like 2020.

After many years of drought, the 2019 calendar year ended with bushfires burning across a several states. A number of our Community Bank companies were faced with an unprecedented natural disaster that impacted lives, homes, businesses and schools in local communities.

As fires took hold, Bendigo and Adelaide Bank's head office phones started to ring, emails came in from all over the world and our customers, and non-customers, headed into our branches to donate to an appeal that we were still in the process of setting up.

Our reputation as Australia's most trusted bank and the goodwill established by 321 Community Bank branches across the country meant that people instinctively knew that Bendigo, and our Community Bank partners, would be there to help. An appeal was established and donations were received in branch and online from 135,000 donors from all around the world. More than $45 million was donated.

Just as the fires had been extinguished and the Bank's foundation was working with government, not-for-profit organisations and impacted communities to distribute donations, the global COVID-19 pandemic arrived.

The impact of this pandemic was, and continues to be, more than about health. The impacts are far-reaching and banking is not immune. Your support as a shareholder, and a customer, of your local Community Bank company has never been so important.

You should be proud of your investment in your local Community Bank company. As the Australian workforce had to adjust its way of working, your Community Bank branch staff were classified as essential workers and turned up for work every day throughout the pandemic to serve your local customers.

Your Community Bank company, led by your local directors, were committed to supporting local economies. Often it was the little things like purchasing coffees and meals from local cafes, not only for their branch staff but for other essential workers (teachers, nurses, hospital support staff, ambulance and police officers and aged care workers). This not only supported essential workers also supported many local businesses when they needed it the most.

What we've discovered in 2020 is that in times of crisis, Australia's Community Bank network has unofficially become Australia's 'second responder'. Local organisations and clubs look to their local Community Bank companies not only for financial assistance, but to take the lead in connecting groups and leading the community through a crisis.

So, what does this all mean? For Bendigo and Adelaide Bank, it reinforces the fact that you are a shareholder of a unique and caring company – run by locals to benefit not only your community but those in need.

As Australia's 5th largest bank with more than 1.9 million customers we are proud to partner with your community.

If 2020 has shown us anything, it's that we're stronger for the partnerships we have with the communities we operate in.

On behalf of Bendigo and Adelaide Bank, we thank all of our Community Bank company directors and shareholders and your branch staff and customers for your continued support throughout the year.

Mark Cunneen
Head of Community Support
Bendigo and Adelaide Bank

Your bank in pictures

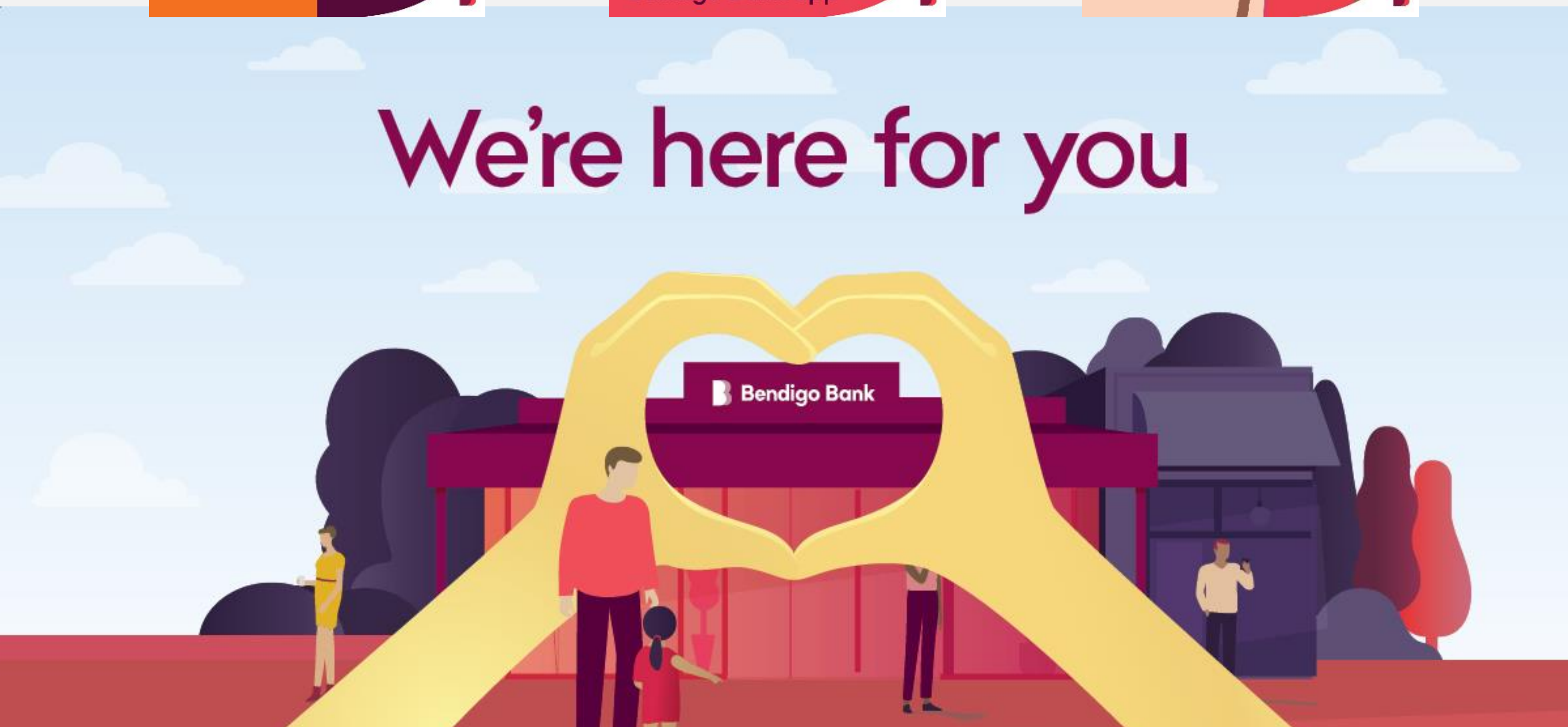
September 2020: Amie & Sarah from our Lisarow branch attended sponsors day for Tall Timbers Rugby League Football Club. A shortened season but well done to all players, committee, volunteers and supporters!

August 2020: Julie, Michelle & Amie attended Community & Business Women's Network lunch promoting the 2020 Resilience Awards. Great company and excellent lunch.

August 2020: Happy Birthday to East Gosford Branch, doors opened 20 years today. A great achievement, with a million dollars back into the community since, we believe we have made a difference.

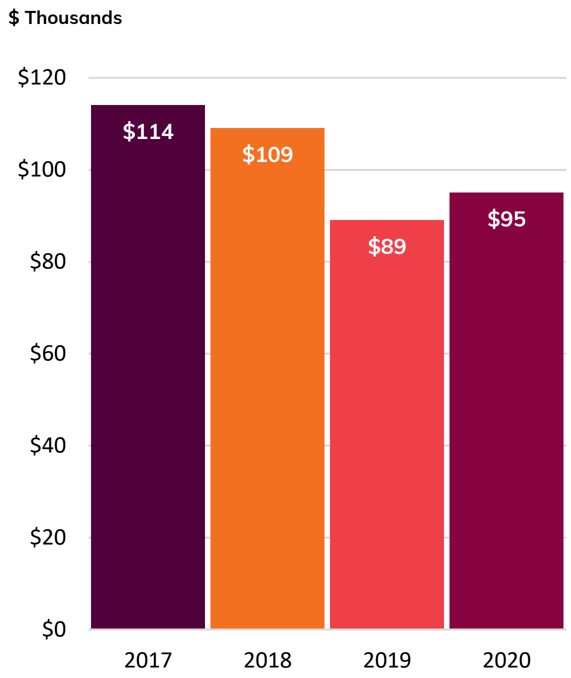
July 2020: A huge congratulations to Julie, Michelle, Tracey & Jenny, who on this day 20 years ago commenced employment with us and headed off to Bendigo for their training.

June 2020: Now that the Schools are back we have again partnered with Kincumber Neighbourhood Centre for their School Breakfast program. Collette and her team do a great job ensuring local kids don't start the day hungry. Well done to Martin & Michelle from our Kincumber branch.

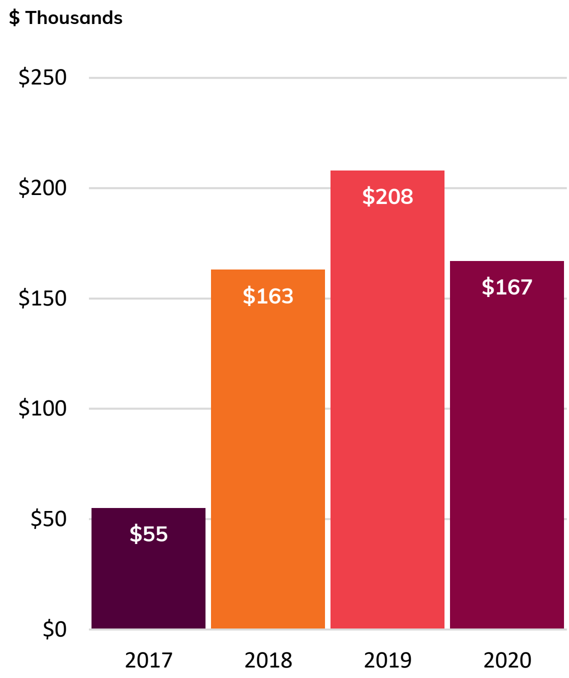


Performance snapshot

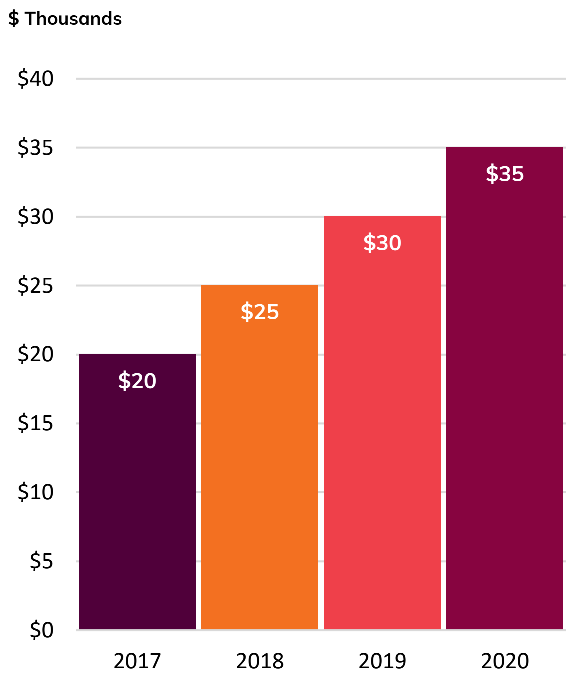
Net profit after tax



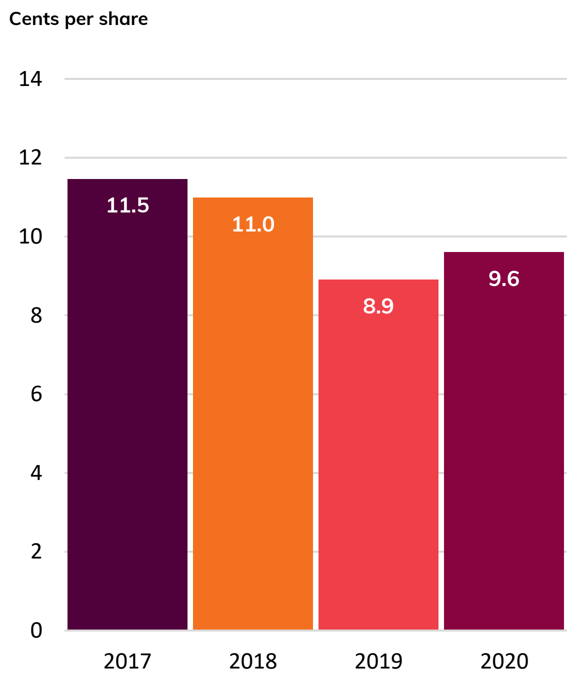
Donations and sponsorship



Total dividends paid – fully franked



Earnings per share (EPS)



Dividend Payment History

In December 2019, the Company paid a dividend of 3.5 cents per share based on the performance of the 2019 financial year.

The Directors have determined that a dividend of 3.0 cents per share will be paid for the 2020 year, which is expected to be paid in December 2020. The following table shows the dividends paid or declared over the previous five financial years.

Dividend to shareholders			
Financial Year	$ Per Share	Franking Level	Date Paid or to be Paid
2019/2020	**.030**	**100%**	**14 Dec 2020**
2018/2019	.035	100%	13 Dec 2019
2017/2018	.030	100%	14 Dec 2018
2016/2017	.025	100%	14 Dec 2017
2015/2016	.020	100%	14 Dec 2016

The dividend for 2019/2020 financial year has been declared but not yet paid. The timetable for payment is as follows:

Date resolved by Board to pay dividend	14 October 2020
Ex-Dividend / Distribution Date	1 December 2020
Record Date (date on which holders are entitled to payment)	7 December 2020
Payment Date (Date dividend is to be paid.)	**14 December 2020**
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 4.00pm, Wednesday 25 November 2020. Attendance and voting details to be included as part of the notice of meeting for the AGM.

Corporate Governance Statement

Company Structure

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

Role of the Chairman

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

Role of the Senior Branch Manager and Group CEO

The Senior Branch Manager provides leadership to programs that broadly include implementation of strategy, business growth, asset management, communications and community relations. The Senior Manager is responsible for the banking operations and provides the Board with a direct link to Bendigo Bank and its systems and procedures. During the course of the year the board amended the role of Senior Branch Manager to include the title of company CEO to better reflect the work that the Senior Branch Manager undertakes in his day to day operational duties.

Share Trading

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.

Committees

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

Finance/Audit: Cameron Shepherd (Chair), Michael Bell, Brian Lindbeck, Jesse Osborne (observer)

Governance/Compliance: Mark Holton (Chair), Scott Evans, Michael Bell, Jesse Osborne (observer)

Human Resources: Trevor Gerdsen (Chair), Cameron Shepherd, Michael Bell

Marketing: Sarah Brennan (Chair), Michael Bell

Building: John Coman (Chair), Michael Bell

Risk/Legal: Scott Evans (Chair), Mark Holton, Michael Bell

Sponsorship: John Coman (Chair), Cameron Shepherd, Michael Bell

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

Whistleblower policy

The company operates a whistleblower policy.

Conflicts of Interest

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

Directors' Report

The Directors present their report of the company for the financial year ended 30 June 2020.

Directors

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

Director	Details
Garry Samuel Morris	Chairperson M. App Fin, Dip. Com, CFP University Lecturer and self employed Financial Planner.
Brian Wilfred Lindbeck	Director and Treasurer Retired Accountant, 37 years with QANTAS.
Kenneth George Howes	Director Resigned June 2020 Fellow of the Institute of Chartered Accountants, Registered Company Auditor Worked in public practice for 57 years. Principal of Howes Accounting Services.
John Kevin Coman	Director Property Developer for over 20 years, part owner/publican of an establishment in Ourimbah, NSW.
Trevor John Gerdsen	Director MBA Regional Director of Campuses for the University of Newcastle Retired from this role on 3 July 2020.
Scott Francis Evans	Director and Secretary B.Ec (Hons); GAICD; Sa Fin. FGIA; Dip. FP Company secretary of NSX Limited, which is listed on ASX and operates a company providing company secretarial, compliance, regulatory and IT services.
Mark Kevin Holton	Director Accountant - FCPA; MCOM; FAICD Self employed Accountant and Business Coach.
Cameron Stewart Shepherd	Director Dip. Acct & Dip. Exp. Mkt Chief Financial Officer of Camanda Financial Services Pty Limited and former business banker.
Sarah Brennan	Director Appointed 6 January 2020 East Gosford local and well known local identity, Sarah has had a very successful 27 years in the public eye as a breakfast radio host and announcer with 2GO, she is now a voice over artist, presenter and communications & media advisor.

Directors were in office for this entire year unless otherwise stated. No Directors have material interests in contracts or proposed contracts with the company.

Directors' meetings

Attendances by each Director during the year were as follows:

	Board meetings	
Director	**Meetings eligible to attend**	**Meetings attended**
Garry Samuel Morris	4	4
Brian Wilfred Lindbeck	4	3
Kenneth George Howes	4	2
John Kevin Coman	4	2
Trevor John Gerdsen	4	2
Scott Francis Evans	4	4
Mark Kevin Holton	4	4
Cameron Stewart Shepherd	4	4
Sarah Brennan	2	1

Company Secretary

Scott Evans has been a Director of the Company since July 2018 and the Company Secretary since July 2019. Scott is a Company Secretary of NSX Limited, an ASX listed company.

Principal activities

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

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

Review of operations

The profit of the company for the financial year after provision for income tax was $95,113 (2019 profit: $88,661), which is a 7.3% increase as compared with the previous year.

New Accounting Standards Implemented

The Company has implemented a new accounting standard that is applicable for the current reporting period.

AASB 16: Leases has been applied retrospectively using the modified cumulative approach, with the cumulative effect of initially applying the standard recognised as an adjustment to the opening balance of retained earnings at 1 July 2019. Therefore, the comparative information has not been restated and continues to be reported under AASB 117: Leases.

COVID-19 Impact on Operations

The spread of COVID-19 has severely impacted many local economies around the globe. In many countries, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary interventions to stabilise economic conditions. The Company has found foot traffic in branches has fallen, particularly while the schools were closed. Lending demand was weak. However, customer enquiries for support and account assistance was high. The Company also saw a rise in first home buyer loans, while investor loans have fallen. Operational changes has seen a limit on customers in the branch to maintain social distancing measures. The Company notes no significant increase in expenses due to the pandemic.

The Company has determined that these events have not required any specific adjustments within the financial report. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as any impact on the financial position and results of the Company for future periods.

Dividends

A fully franked final dividend of 3.5 cents per share was declared and paid during the year for the year ended 30 June 2019. No dividend has been declared or paid for the year ended 30 June 2020 as yet.

Options

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

Significant changes in the state of affairs

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

Events subsequent to the end of the reporting period

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

Likely developments

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

Environmental regulations

The company is not subject to any significant environmental regulation.

Indemnifying Officers or Auditor

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

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

Proceedings on behalf of company

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

Auditor independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set at page 17 of this financial report. No Officer of the company is or has been a partner of the Auditor of the company.

Remuneration report

Remuneration policy

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

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

East Gosford & Districts Financial Services Ltd has accepted the Bendigo and Adelaide Bank Limited's Community Bank Directors Privileges package. The package is available to all Directors who can elect to avail themselves of the benefits based on their personal banking with the branch. There is no requirement to own Bendigo and Adelaide Bank Limited shares and there is no qualification period to qualify to utilise the benefits. The package mirrors the benefits currently available to Bendigo and Adelaide Bank Limited shareholders. The Directors have estimated the total benefits received from the Directors Privilege Package to be $1,200 for the year ended 30 June 2020. The estimated benefit per Director is as follows:

Remuneration benefits and payments

	2020
Brian Wilfred Lindbeck	$1,200

Equity holdings of key management personnel

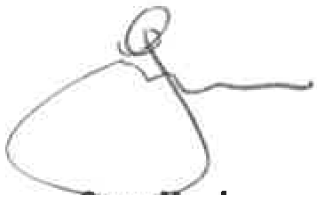
The number of ordinary shares in the company held during the financial year and prior year by each Director and other key management personnel, including their related parties, are set out below:

Director	Balance At 30 June 2019	Net Change In Holdings	Balance At 30 June 2020
Garry Samuel Morris	2,250	-	2,250
Brian Wilfred Lindbeck	4,502	3,000	7,502
Kenneth George Howes	1,502	-	1,502
John Kevin Coman	-	-	-
Trevor John Gerdsen	-	-	-
Scott Francis Evans	2,000	-	2,000
Mark Kevin Holton	10,000	-	10,000
Cameron Stewart Shepherd	-	-	-
Sarah Brennan	-	-	-

Loans to key management personnel

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

Signed in accordance with a resolution of the Board of Directors at East Gosford on 29 September 2020.



Garry Morris

Director

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

In accordance with Section 307C of the *Corporations Act 2001,* I declare that, to the best of my knowledge and belief, during the year ended 30 June 2020 there have been no contraventions of:

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

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

RSD Audit

Kathie Teasdale
Partner
41A Breen Street
Bendigo VIC 3550

Dated: 29 September 2020

Financial Statements

Statement of Profit and Loss and Other Comprehensive Income for the year ended 30 June 2020

	Note	2020 $	2019 $
Revenue	2	**2,283,813**	**2,293,578**
Expenses			
Employee benefits expense	3	(1,256,600)	(1,284,037)
Depreciation and amortization	3	(186,737)	(45,324)
Finance costs	3	(52,971)	-
Loss on disposal of non financial assets	3	(22,876)	-
Occupancy expenses		(69,051)	(251,093)
Marketing and media advertising		(120,397)	(88,693)
IT costs		(70,980)	(61,540)
Freight/Cartage/delivery		(22,647)	(22,062)
Insurance		(34,223)	(37,331)
Other expenses		(172,271)	(161,952)
		(2,008,753)	(1,952,032)
Operating profit before charitable donations and sponsorship		**275,060**	**342,546**
Charitable donations and sponsorship		(167,442)	(208,945)
Profit before income tax		**107,618**	**132,601**
Income tax expense	4	(12,505)	(43,940)
Profit for the year after income tax		**95,113**	**88,661**
Other comprehensive income for the year		-	-
Total comprehensive income for the year		**95,113**	**88,661**
Profit attributable to members of the company		95,113	88,661
Total comprehensive income attributable to members of the company		**95,113**	**88,661**

Earnings per share for profit from continuing operations attributable to ordinary equity holders of the company (cents per share)		**2020 cents**	**2020 cents**
- basic earnings per share (cents)	18	9.56	8.91

The accompanying notes form part of these financial statements

Statement of Financial Position
for the year ended 30 June 2020

	Note	2020 $	2019 $
Assets			
Current assets			
Cash and cash equivalents	5	644,323	486,589
Trade and other receivables	6	192,667	207,814
Financial assets	7	223,030	219,024
Current tax assets	4	4,151	-
Other assets	8	17,630	-
Total current assets		**1,081,801**	**932,837**
Non-current assets			
Financial assets	7	15,484	25,082
Property, plant and equipment	9	1,228,174	126,585
Intangible assets	10	3,297	41,685
Deferred tax assets	4	100,761	79,946
Total non-current assets		**1,347,716**	**273,298**
Total assets		**2,49,517**	**1,206,135**
Liabilities			
Current liabilities			
Trade and other payables	12	473,567	75,404
Current tax liability	4	-	9,812
Leases	13	126,859	-
Provisions	14	317,044	307,359
Total current liabilities		**917,470**	**392,575**
Non-current liabilities			
Leases	13	624,219	-
Provisions	14	27,661	13,687
Total non-current liabilities		**651,880**	**13,687**
Total liabilities		**1,559,350**	**406,262**
Net assets		**860,167**	**799,873**
Equity			
Issued Capital	15	709,669	709,669
Retained earnings	16	150,498	90,204
Total equity		**860,167**	**799,873**

The accompanying notes form part of these financial statements

Statement of Changes in Equity
for the year ended 30 June 2020

	Note	Issued capital $	Retained earnings $	Total equity $
Balance at 1 July 2019		709,669	90,204	799,873
Comprehensive income for the year				
- Profit for the year		-	95,113	95,113
- Other comprehensive income for the year		-	-	-
		-	**95,113**	**95,113**
Transactions with owners in their capacity as owners				
- Dividends paid or provided	17	-	(34,819)	(34,819)
Balance at 30 June 2020		**709,669**	**150,498**	**860,167**
Balance at 1 July 2018 (reported)		**709,669**	**27,386**	**737,055**
- Change due to the adoption of AASB 9		-	4,001	4,001
- Change due to the adoption of AASB 15		-	-	-
Balance at 1 July 2018 (restated)		**709,669**	**31,387**	**741,056**
Comprehensive income for the year				
- Profit for the year		-	88,661	88,661
- Other comprehensive income for the year		-	-	-
		-	**88,661**	**88,661**
Transactions with owners in their capacity as owners				
- Dividends paid or provided	17	-	(29,844)	(29,844)
Balance at 30 June 2019		**709,669**	**90,204**	**799,873**

The accompanying notes form part of these financial statements

Statement of Cashflows
for the year ended 30 June 2020

	Note	2020 $	2019 $
Cash flows from operating activities			
Receipts from customers		2,511,938	2,279,333
Payments to suppliers		(1,702,524)	(2,106,750)
Interest paid		(52,971)	-
Interest received		9,635	12,459
Income tax paid		(47,283)	(75,604)
Net cash flows provided by operating activities	**19(b)**	**718,795**	**109,438**
Cash flows from investing activities			
Purchase of property, plant and equipment		(402,811)	-
Purchase of investments		(4,506)	(3,584)
Net cash flows from investing activities		**(407,317)**	**(3,584)**
Cash flows from financing activities			
Repayment of lease liabilities		(118,925)	-
Dividends paid		(34,819)	(29,844)
Net cash flows used in financing activities		**(153,744)**	**(29,844)**
Net increase in cash held		**157,734**	**76,010**
Cash and cash equivalents at the beginning of the financial year		486,589	410,579
Cash and cash equivalents at the end of the financial year	**19(a)**	**644,323**	**486,589**

The accompanying notes form part of these financial statements

Notes to the financial Statements

These financial statements and notes represent those of East Gosford & Districts Financial Services Ltd (the Company) as an individual entity.

East Gosford & Districts Financial Services Ltd is a company limited by shares, incorporated and domiciled in Australia.

The financial statements were authorised for issue by the Directors on 29 September 2020.

1. Summary of significant accounting policies

(a) Basis of preparation

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

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

Economic dependency

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

The branches operates as a franchise of Bendigo and Adelaide Bank Limited, using the name "Bendigo Bank", the logo, and systems of operation of Bendigo and Adelaide Bank Limited. The Company manages the Community Bank branches on behalf of Bendigo and Adelaide Bank Limited, however all transactions with customers conducted through the Community Bank branches are effectively conducted between the customers and Bendigo and Adelaide Bank Limited.

All deposits are made with Bendigo and Adelaide Bank Limited, and all personal and investment products are products of Bendigo and Adelaide Bank Limited, with the company facilitating the provision of those products. All loans, leases or hire purchase transactions, issues of new credit or debit cards, temporary or bridging finance and any other transaction that involves creating a new debt, or increasing or changing the terms of an existing debt owed to Bendigo and Adelaide Bank Limited, must be approved by Bendigo and Adelaide Bank Limited. All credit transactions are made with Bendigo and Adelaide Bank Limited, and all credit products are products of Bendigo and Adelaide Bank Limited.

Bendigo and Adelaide Bank Limited provides significant assistance in establishing and maintaining the Community Bank branches franchise operations. It also continues to provide ongoing management and operational support, and other assistance and guidance in relation to all aspects of the franchise operation, including advice in relation to:

- Advice and assistance in relation to the design, layout and fit out of the Community Bank branches;
- Training for the Branch Managers and other employees in banking, management systems and interface protocol;
- Methods and procedures for the sale of products and provision of services;
- Security and cash logistic controls;
- Calculation of company revenue and payment of many operating and administrative expenses;
- The formulation and implementation of advertising and promotional programs; and
- Sale techniques and proper customer relations.

1. Summary of significant accounting policies (continued)

(b) Impairment of assets

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

(c) Goods and services tax (GST)

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

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

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

(d) Comparative figures

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

(e) Critical accounting estimates and judgements

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

Estimation of useful lives of assets

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

Fair value assessment of non-current physical assets

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

1. Summary of significant accounting policies (continued)

(e) Critical accounting estimates and judgements (continued)

Employee benefits provision

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

Income tax

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

Impairment

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

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

With the exception of the below, these financial statements have been prepared in accordance with the same accounting policies adopted in the entity's last annual financial statements for the year ended 30 June 2019. Note that the changes in accounting policies specified below ONLY apply to the current period. The accounting policies included in the company's last annual financial statements for the year ended 30 June 2019 are the relevant policies for the purposes of comparatives.

AASB 16 Leases became mandatorily effective on 1 January 2019. Accordingly, these standards apply for the first time to this set of annual financial statements. The nature and effect of changes arising from these standards are summarised in the section below.

AASB 16 Leases

AASB 16 Leases replaces AASB 117 Leases and three associated Interpretations. The new standard has been applied using the modified retrospective approach, with the cumulative effect of adopting AASB 16 being recognised in equity as an adjustment to the opening balance of retained earnings for the current period. Prior periods have not been restated, as permitted under the specific transition provisions in the standard.

For contracts in place at the date of initial application, as permitted under the specific transition provisions in the standard, the Company has elected to apply the definition of a lease from AASB 117 and relevant associated interpretations, and has not applied AASB 16 to arrangements that were previously not identified as a lease under AASB 117 and associated interpretations. This means that any contracts that were deemed to not contain a lease under AASB 117 have not been reassessed under AASB 16.

The Company has also elected to not include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of AASB 16, being 1 July 2019. Furthermore, at this date, the Company has elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition as allowed under the transition provisions.

Instead of performing an impairment review on the right-of-use assets at the date of initial application, the Company has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of AASB 16.

1. Summary of significant accounting policies (continued)

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

On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value-assets (less than $10,000) the Company has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term.

For those leases previously classified as finance leases, the right-of-use asset and lease liability are measured at the date of initial application at the same amounts as under AASB 117 immediately before the date of initial application.

On transition to AASB 16 the weighted average incremental borrowing rate applied to lease liabilities recognised under AASB 16 was 6.49%.

The Company has benefited from the use of hindsight for determining lease term when considering options to extend and terminate leases.

The following is a reconciliation of total operating lease commitments at 30 June 2019 to the lease liabilities recognised at 1 July 2019.

Total operating lease commitments disclosed at 30 June 2019	199,369
Other adjustments relating to commitment disclosures (options)	859,481
Operating lease liabilities before discounting	**1,058,850**
Lease liability discounted using incremental borrowing rate at date of initial application (1 July 19)	870,003
	$
Lease liability as at 1 July 2019	870,003
Represented by:	
Current lease liabilities	122,710
Non-current lease liabilities	747,293
	870,003

Adjustments recognised in the balance sheet on 1 July 2019

The recognised right-of-use assets relate to the following types of assets:	**30 June 2020 $**	**1 July 2019 $**
Properties	728,590	870,003
Total right-of-use assets	**728,590**	**870,003**

The change in accounting policy affected the following items in the balance sheet on 1 July 2019:

Balance sheet item	**Effect**	**Amount**
Property, plant and equipment	Increase	870,003
Lease liabilities	Increase	870,003

1. Summary of significant accounting policies (continued)

(h) Change in accounting policies

Accounting policy applicable from 1 July 2019

The Company as a lessee

For any new contracts entered into on or after 1 July 2019, the Company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange

for consideration'. To apply this definition the Company assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at
- the time the asset is made available to the Company
- the Company has the right to obtain substantially all of the economic benefits from the use of the identified asset throughout the period
- of use, considering its rights within the defined scope of the contract
- the Company has the right to direct the use of the identified asset throughout the period of use. The Company assess whether it has
- the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Company recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net any incentives received).

The Company depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or to the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of- use asset is already reduced to zero.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term. On the statement of financial position, the right-of-use assets have been included in property, plant and equipment (except those meeting the definition of investment property) and lease liabilities have been included in borrowings.

1. Summary of significant accounting policies (continued)

(h) Change in accounting policies (continued)

Accounting policy applicable before 1 July 2019

The Company as a lessee

Finance leases

Management applies judgement in considering the substance of a lease agreement and whether it transfers substantially all the risks and rewards incidental to ownership of the leased asset. Key factors considered include the length of the lease term in relation to the economic life of the asset, the present value of the minimum lease payments in relation to the asset's fair value, and whether the Company obtains ownership of the asset at the end of the lease term.

For leases of land and buildings, the minimum lease payments are first allocated to each component based on the relative fair values of the respective lease interests. Each component is then evaluated separately for possible treatment as a finance lease, taking into consideration the fact that land normally has an indefinite economic life.

See the accounting policy note in the year-end financial statements for the depreciation methods and useful lives for assets held under finance leases. The interest element of lease payments is charged to profit or loss, as finance costs over the period of the lease.

Operating leases

All other leases are treated as operating leases. Where the Company is a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

Impact of standards issued but not yet applied by the entity

AASB 17 Insurance Contracts

AASB 17 was issued in July 2017 as replacement for AASB 4 Insurance Contracts. It requires a current measurement model where estimates are re-measured each reporting period. The standard allows a choice between recognising changes in discount rates either in the statement of profit or loss or directly in other comprehensive income. The choice is likely to reflect how insurers account for their financial assets under AASB 9.

The new rules will affect the financial statements and key performance indicators of all entities that issue insurance contracts or investment contracts with discretionary participation features. As the company does not issue any insurance contracts or investment contracts with discretionary participation features, the directors have determined this standard will not affect the company when adopted.

The company does not intend to adopt the standard before its effective date.

AASB 1059 Service Concession Arrangements: Grantors

The standard applies to both not-for-profit and for-profit public sector entities that are grantors in a service concession arrangement. These

are arrangements that involve an operator providing public services related to a service concession asset on behalf of a public sector entity for a specified period of time and managing at least some of those services.

As the company is not a grantor in a service concession arrangement, the directors have determined this standard will not affect the company when adopted.

The company does not intend to adopt the standard before its effective date.

2. Revenue

Revenue		2020 $	2019 $
-	Service Commissions	2,211,678	2,279,516
		2,211,678	**2,279,516**
Other Revenue			
-	Interest received	7,135	12,459
-	Government subsidies	62,500	-
-	Other revenue	2,500	-
-	Fair value measurement of financial assets	-	1,603
		72,135	14,062
Total revenue		**2,283,813**	**2,293,578**

Revenue arises from the rendering of services through its franchise agreement with the Bendigo and Adelaide Bank Limited. The revenue recognised is measured by reference to the fair value of consideration received or receivable, excluding sales taxes, rebates, and trade discounts. The entity applies the revenue recognition criteria set out below to each separately identifiable sales transaction in order to reflect the substance of the transaction.

Interest, dividend and other income

Interest income is recognised on an accrual basis using the effective interest rate method. Dividend and other revenue is recognised when the right to the income has been established. Government subsidies are recognised when the right to the income has been established. All revenue is stated net of the amount of goods and services tax (GST).

Rendering of services

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

Core Banking Products

Bendigo and Adelaide Bank Limited identify specific products and services as 'core banking products', however it also reserves the right to change the products and services identified as 'core banking products', providing 30 days notice is given. The core banking products, as at the end of the financial year included:

Margin

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

Commission

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

2. Revenue (continued)

Fee Income

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

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

Form and Amount of Financial Return

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

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

These abovementioned changes, may impact the revenue received by the company on a particular product or service, or a range of products and services. However, if Bendigo and Adelaide Bank Limited make any of the above changes, per the franchise agreement, it must comply with the following constraints in doing so.

a) If margin or commission is paid on a core banking product or service, Bendigo and Adelaide Bank Limited cannot change it to fee income;
b) In changing a margin to a commission or a commission to a margin on a core banking product or service, OR changing the method of calculation of a cost of funds, deposit return or margin or amount of margin or commission on a core product or service, Bendigo and Adelaide Bank Limited must not reduce the company's share of Bendigo and Adelaide Bank Limited's margin on core banking product and services when aggregated to less than 50% of Bendigo and Adelaide Bank Limited's margin on core banking products attributed to the company's retail branch operation; and
c) Bendigo and Adelaide Bank Limited must publish the change at least 30 days before making the change.

3. Expenses

Profit before income tax includes the following specific expenses:	2020 $	2019 $
Employee benefits expenses		
- Wages and salaries	1,093,170	1,107,949
- Superannuation costs	99,960	102,686
- Other costs	63,470	73,402
	1,256,600	**1,284,037**

3. Expenses (continued)

Depreciation and amortisation:	2020 $	2019 $
Depreciation		
- Leasehold improvements	4,260	4,260
- Furniture and fittings	2,676	2,676
- Right of use assets	141,413	-
	148,349	6,936
Amortisation		
- Franchise fees	6,768	6,768
- Management fees	31,620	31,620
	38,388	38,388
Total depreciation and amortisation	**186,737**	**45,324**
Finance costs		
- Interest paid	52,971	-
Loss on disposal of property, plant and equipment	22,876	-
Fair value measurement of financial assets	9,599	-
Auditors remuneration		
Remuneration of the auditor, RSD Audit, for		
- Audit or review of the report	5,700	5,600
- Other audit services	2,750	2,600
	8,450	8,200

Operating expenses

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

Borrowing costs

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

Depreciation

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

Class of asset	Rate	Method
Leasehold improvements	2.5%	Straight line
Furniture and fittings	13-20%	Straight line
Right of use assets	16%	Straight line
Franchise Fees	20%	Straight line

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

Gains/losses upon disposal of non-current assets

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

4. Income tax

	2020 $	2019 $
a. The components of tax expense comprise:		
- Current tax expense	33,005	46,820
- Deferred tax expense	(20,518)	(3,441)
- Under provision of prior years	18	561
	12,505	**43,940**
b. Prima facie tax payable		
The prima facie tax payable on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Prima facie tax on profit before income tax at 27.5% (2019: 27.5%)	29,595	36,465
Add tax effect of:		
- ATO Cash Flow Boost	(17,187)	-
- Under / (Over) provision of prior years	18	561
- Franking credit gross up	79	-
Income tax attributable to entity	**12,505**	**37,026**
The applicable weighted average effective tax rate is:	**11.62%**	**33.14%**
c. Current tax liability		
Current tax relates to the following:		
- Opening balance	9,812	37,946
- Income tax paid	(46,680)	(74,954)
- Current tax	33,005	46,820
- Franking credit offset	(288)	
	(4,151)	**9,812**
d. Deferred tax asset		
Deferred tax relates to the following:		
Deferred tax assets comprise:		
- Financial assets carried at FVTPL	819	-
- ROU assets and lease liabilities from AASB 16	6,184	-
- Property, plant & equipment	3,830	530
- Employee provisions	94,776	81,374
	105,609	81,904
Deferred tax liabilities comprise:		
- Property, plant & equipment	-	1,958
- Prepayments	4,848	-
Net deferred tax asset	**100,761**	**79,946**
e. Deferred income tax included in income tax expense comprises:		
- Decrease / (increase) in deferred tax assets	(17,340)	(3,792)
- (Decrease) / increase in deferred tax liabilities	(3,196)	441
- (Decrease) / increase in deferred tax liabilities recognised on adoption of AASB 9	-	1,517
- Under provision prior years	18	(179)
	(20,518)	**(2,013)**

4. Income tax (continued)

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

Current income tax expense charged to profit or loss is the tax payable on taxable income for the current period. Current tax liabilities/assets are measured at the amounts expected to be paid to/recovered from the relevant taxation authority.

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

A deferred tax liability shall be recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from:

- the initial recognition of goodwill; and
- the initial recognition of an asset or liability in a transaction which:
    - is not a business combination; and
    - at the time of the transaction, affects nether accounting profit nor taxable profit (tax loss).

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

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

Current tax assets and liabilities are offset where a legally enforceable right of off-set exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (i) a legally enforceable right of set-off exists; and (ii) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity.

5. Cash and cash equivalent

	2020 $	2019 $
Cash at bank and on hand	644,323	486,589
	644,323	**486,589**

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

6. Trade and other receivables

Current	2020 $	2019 $
Trade receivables	192,667	207,814
	192,667	**207,814**

Trade and other receivables are initially measured at the transaction price. Trade and other receivables are due for settlement usually no more than 30 days from the date of recognition.

The Company's main debtor relates to the Bendigo & Adelaide Bank monthly profit share distribution, which is deposited 14 days post month end, there is no items that require the application of the lifetime expected credit loss model.

Credit risk

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

The Company always measures the loss allowance for trade receivables at an amount equal to lifetime expected credit loss. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current and forecast directions of conditions at the reporting date.

There has been change in the estimation techniques or significant assumptions made during the current reporting period.

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

	Gross Amount	Not Past Due	Past due but not impaired			Past due and impaired
	$	$	<30 days $	31-60 days $	>60 days $	$
2020						
Trade receivables	192,667	192,667	-	-	-	-
Total	**192,667**	**192,667**	**-**	**-**	**-**	**-**
2019						
Trade receivables	207,814	207,814	-	-	-	-
Total	**207,814**	**207,814**	**-**	**-**	**-**	**-**

7. Financial assets

	2020 $	2019 $
Amortised cost		
- Term deposits	223,030	219,024
Fair value through profit and loss		
- Listed investments	14,984	25,082
- - Unlisted investments	500	-
	238,514	**244,106**

The effective interest rate on the bank deposit was 1.55% (2019: 2.0%). This deposit has a term of eight months, maturing on 1 August 2020.

(a) Classification of financial assets

The company classifies its financial assets in the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)

Classifications are determined by both:

- The entities business model for managing the financial asset
- The contractual cash flow characteristics of the financial assets.

(b) Measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

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

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

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

7. Financial assets (continued)

(c) Impairment of financial assets

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

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

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

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

Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

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

(d) Derecognition

Financial assets are derecognised when the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

8. Other assets

	2020 $	2019 $
Prepayments	17,630	19,410
	17,630	**19,410**

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

9. Property, plant and equipment

	2020			2019		
	At cost $	Accumulated depreciation $	Written down value $	At cost $	Accumulated depreciation $	Written down value $
Leasehold improvements	532,344	(46,355)	485,989	166,658	(52,388)	114,270
Furniture & fittings	206,302	(192,707)	13,595	355,907	(343,592)	12,315
Right of use assets	870,003	(141,475)	728,590	-	-	-
Total plant, property & equipment	**1,608,649**	**(380,475)**	**1,228,174**	**522,565**	**(395,980)**	**126,585**

Plant and equipment

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

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

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

Leased assets

As described in Note 1(h), the Company has applied AASB 16 using the modified retrospective approach and therefore comparative information has not been restated. This means comparative information is still reported under AASB 17.

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

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

9. Property, plant and equipment (continued)

(a) Capital expenditure commitments

The entity does not have any capital expenditure commitments at 30 June 2020 (2019: None)

(b) Movements in carrying amounts of PP&E

	Leasehold improvements $	Furniture and Fittings $	Right of Use Assets $	Total $
2020				
Opening carrying value	114,270	12,315	-	-
Adjustment for adoption of AASB 16	-	-	870,003	870,003
Restated opening net book amount	114,270	12,315	870,003	996,588
Additions	396,204	6,607	-	402,811
Disposals	(20,225)	(2,651)	-	(22,876)
Depreciation	(4,260)	(2,676)	(141,413)	(148,349)
Closing carrying value	**485,989**	**13,595**	**728,590**	**1,228,174**
2019				
Opening carrying value	118,530	14,991	-	133,521
Additions	-	-	-	-
Disposals	-	-	-	-
Depreciation	(4,260)	(2,676)	-	(6,936)
Closing carrying value	**114,270**	**12,315**	**-**	**126,585**

Included in the net carrying amount of property, plant and equipment are right-of-use assets as follows:

	2020 $
Properties	728,590
Total right-of-use assets	**728,590**

9. Property, plant and equipment (continued)

(c) Right of use assets

The Company's lease portfolio includes buildings, plant and equipment.

Options to extend or terminate

The option to extend or terminate are contained in the property leases of the Company. There were no equipment leases All extension or termination options are only exercisable by the Company. The extension options or termination options which were probable to be exercised have been included in the calculation of the Right of use asset.

(i) AASB 16 related amounts recognised in the statement of financial position

	Leased Building $	Total right of use asset $
Leased Asset	870,003	19,410
Accumulated depreciation	(141,413)	(141,413)
	728,590	**728,590**

Movements in carrying amounts

	Leased Building $	Total right of use asset $
Recognised on initial application of AASB 16	870,003	19,410
Depreciation expense	(141,413)	(141,413)
Net carrying amount	**728,590**	**728,590**

(ii) AASB 16 related amounts recognized in the statement of profit or loss

	2020 $
Depreciation related to right-of-use assets	141,413
Interest expense on lease liabilities	52,971

(iii) AASB 16 related amounts recognized in the statement of profit or loss

	2020 $
Total cash outflows for leases	194,384

10. Intangible assets

	2020			2019		
	At cost $	Accumulated amortisation $	Written down value $	At cost $	Accumulated amortisation $	Written down value $
Franchise fees	33,891	(33,279)	612	33,891	(26,511)	7,380
Management fees	158,155	(155,470)	2,685	158,155	(123,850)	34,305
Total intangible assets	**192,046**	**(188,749)**	**3,297**	**192,046**	**(150,361)**	**41,685**

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

Movements in carrying amounts

	Opening written down value $	Amortisation $	Closing written down value $
2020			
Franchise fees	7,380	(6,768)	612
Management fees	34,305	(31,620)	2,685
Total Intangible assets	**41,685**	**(38,388)**	**3,297**
2019			
Franchise fees	14,148	(6,768)	7,380
Management fees	65,925	(31,620)	34,305
Total intangible Assets	**80,073**	**(38,388)**	**41,685**

11. Financial liabilities

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

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

A liability is derecognised when it is extinguished (i.e. when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability, is treated as an extinguishment of the existing liability and recognition of a new financial liability.

12. Trade and other payables

Current	2020 $	2019 $
Unsecured liabilities:		
- Trade creditors	430,641	19,815
- Other creditors and accruals	42,926	55,589
	473,567	**75,404**

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

Trade and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

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

13. Leases

Current	2020 $	2019 $
Property leases	126,859	-
	126,859	**-**
Non-current		
Property leases	624,219	-
Total leases	**751,078**	**-**

The Company has leases for the branch buildings. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. Variable lease payments which do not depend n an index or a rate (such as a lease payments based on a percentage of Group sales) are excluded from the initial measurement of the lease liability and asset. The Company classifies its right-of-use assets in a consistent manner to its property, plant and equipment (see Note 9).

13. Leases (continued)

Each lease generally imposes a restriction that, unless there is a contractual right for the Company to sublet the asset to another party, the right-of-use asset can only be used by the Company. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an option to purchase the underlying asset outright at the end of the lease, or to extend the lease for a further term. The Company is prohibited from selling or pledging the underlying leased assets as security. For leases over office buildings and factory premises the Company must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the Company must insure items of property, plant & equipment and incur maintenance fees on such items in accordance with the lease contracts.

The lease liabilities are secured by the related underlying assets. Future minimum lease payments at 30 June 2020 were as follows:

Minimum lease payments due

	Within 1 year $	1-2 Years $	3-5 years $	After 5 years $	Total $
30 June 2020					
Lease payments	171,896	302,727	427,775	-	902,398
Finance charges	(45,037)	(53,039)	(53,244)	-	(151,320)
Net present values	**126,859**	**249,688**	**374,531**	**-**	**751,078**
30 June 2019					
Lease payments	-	-	-	-	-
Finance charges	-	-	-	-	-
Net present values	**-**	**-**	**-**	**-**	**-**

Lease payments not recognised as a liability

The Company has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognised as lease liabilities and are expensed as incurred.

Total cash outflows for leases for the year ended 30 June 2020 was $118,925 (2019: NIL).

Additional information on the right-of-use assets by class of assets is as follows:

	Carrying amount (note 9) $	Depreciation expense $	Impairment
Property leases	870,003	141,413	-
	870,003	**141,413**	**-**

14. Provisions

Current	2020 $	2019 $
Employee benefits	317,047	307,359
Non-current		
Employee benefits	27,661	13,687
Total provisions	**344,708**	**321,046**

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

Short-term employee benefits

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

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

Other long-term employee benefits

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

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

15. Share capital

	2020 $	2019 $
994,812 Ordinary shares fully paid	748,258	748,258
Less: equity raising costs	(38,589)	(38,589)
	709,669	**709,669**

Ordinary shares are classified as equity.

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

(a) Movements in share capital

	2020 $	2019 $
Fully paid ordinary shares:		
At the beginning of the period	994,812	994,812
At the end of the period	**994,812**	**994,812**

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

(b) Capital management

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

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

(i) the Distribution Limit is the greater of:

  a. 20% of the profit or funds of the company otherwise available for distribution to shareholders in that 12 month period; and

  b. subject to the availability of distributable profits, the Relevant Rate of Return multiplied by the average level of share capital of the Franchisee over that 12 month period; and

(ii) the Relevant Rate of Return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

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

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

16. Retained earnings

	2020 $	2019 $
Balance at the beginning of the reporting period	90,204	27,386
Profit for the year after income tax	95,113	88,661
Change due to the adoption of AASB 9	-	4,001
Dividends paid	(34,819)	(29,844)
Balance at the end of the reporting period	**150,498**	**90,204**

17. Dividends paid or provided for on ordinary shares

Dividends paid or provided for during the year	2020 $	2019 $
Final fully franked ordinary dividend of 3.5 cents per share (2019:3.0) franked at the tax rate of 27.5% (2019: 27.5%)	(34,819)	(29,844)

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

18. Earnings per share

	2020	2019
Basic earnings per share (cents)	9.56	8.91
Earnings used in calculating basic earnings per share	95,113	88,661
Weighted average number of ordinary shares used in calculating basic earnings per share	994,812	994,812

Basic earnings per share

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

19. Statement of cash flows

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

	2020	2019
Cash and cash equivalents (Note 5)	644,323	486,589
As per the Statement of Cash Flow	**644,323**	**486,589**

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

	2020	2019
Profit for the year after income tax	95,113	88,881
Non-cash flows in profit:		
- Depreciation and amortization	186,737	45,324
- Fair value movements	10,098	(1,603)
- Net (profit) / loss on disposal of property, plant & equipment	22,876	-
Changes in assets and liabilities		
- (Increase) / decrease in trade and other receivables	15,147	(183)
- (Increase) / decrease in prepayments and other assets	1,780	4,898
- (Increase) / decrease in deferred tax asset	(20,815)	(3,530)
- (Increase) / decrease in trade and other payables	398,163	(36,893)
- (Increase) / decrease in tax liability	(13,963)	(28,134)
- (Increase) / decrease in provisions	23,659	40,898
Net cash flows from operating activities	**718,795**	**109,438**

20. Key management personnel and related party disclosures

(a) Key management personnel

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

Apart from the Treasurer who received a benefit via the directors benefits package, refer to Note 20c, there was no remuneration paid to the key management personnel of the company during the year.

(b) Other related parties

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

(c) Transactions with key management personnel and related parties

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

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

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

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

Name of related party	Description of goods / services provided	Value $
Gosford city bowling club	Donations, Advertising	1,455

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

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

The estimated benefits from the Bendigo and Adelaide Bank Limited's Community Bank Directors Privileges package per Director is as follows:

	2020	2019
Brian Wilfred Lindbeck	1,200	1,200

(d) Key management personnel shareholdings

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

Director	2020	2019
Garry Samuel Morris	2,250	2,250
Brian Wilfred Lindbeck	7,502	4,502
Kenneth George Howes	1,502	1,502
John Kevin Coman	-	-
Trevor John Gerdsen	-	-
Scott Francis Evans	2,000	2,000
Mark Kevin Holton	10,000	10,000
Cameron Stewart Shepherd	-	-
Sarah Brennan	-	-
Total	**23,254**	**20,254**

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

(e) Other key management transactions

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

21. Events after the reporting period

The Company entered into a new lease agreement effective 1 July 2020 for the East Gosford branch, with a five year lease term and two options, each of five years. The expected right of use asset and lease liability as a result of this new lease is $533,453.

22. Contingent liabilities and contingent assets

There is an ongoing dispute with Optus regarding charges, the value of which is currently unknown. There were no contingent assets at the date of this report to affect the financial statements.

23. Operating segments

The company operates in the financial services sector where it provides banking services to its clients. The company operates in one area being Gosford, NSW. The company has a franchise agreement in place with Bendigo and Adelaide Bank Limited who account for 98% of the revenue (2019: 100%).

24. Commitments

(a) Operating lease commitments

Payable	2020	2019
- no later than 12 months	-	179,893
- between 12 months and five years	-	19,476
- greater than five years	-	-
Minimum lease payments	**-**	**199,369**

The current operating leases relate to the rental of premises and are contracted for a period of five years, with an attached five year option to renew. Operating lease expenses increase on a year by year basis in line with CPI movements. Non-cancellable operating leases contracted for but not capitalised in the Statement of Financial Position.

25. Company details

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

26. Financial instrument risk

Financial risk management policies

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

Specific financial risk exposure and management

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

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

Financial assets	**Note**	**2020**	**2019**
Financial assets at amortised cost:			
- Cash and cash equivalents	5	644,323	486,589
- Trade and other receivables	6	192,667	207,814
- Financial assets	6	223,030	219,024
		1,060,020	913,427
Investments designated as fair value through profit and loss:			
- Listed investments	7	14,984	25,082
- Unlisted investments	7	500	-
		15,484	25,082
Total financial assets		**1,075,645**	**938,509**

Financial liabilities			
Financial Liabilities at amortised cost:			
- Trade and other payables	12	473,567	75,404
- Lease liabilities	14	751,078	-
Total financial liabilities		**1,224,645**	**75,4040**

(a) Credit risk

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

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

26. Financial instrument risk (continued)

(a) Credit risk (continued)

Credit risk exposures

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

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

Trade and other receivables that are neither past due nor impaired are considered to be of high credit quality. Aggregates of such amounts are detailed at Note 6.

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

(b) Liquidity risk

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

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

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

26. Financial instrument risk (continued)

(b) Liquidity risk (continued)

Financial liability and financial asset maturity analysis:

30 June 2020	Weighted average interest rate %	Total $	Within 1 years $	1 to 5 years $	Over 5 years $
Financial Assets					
- Cash and cash equivalents	0.57	644,323	644,323	-	-
- Trade and other receivables		192,667	192,667	-	-
Financial Assets					
- Term deposits	1.55	223,030	223,030	-	-
- Listed investments		14,984	14,984	-	-
- Unlisted investments		500	500	-	-
Total anticipated inflows		**1,075,504**	**1,075,504**		
Financial Liabilities					
- Trade and other payables		473,567	473,567	-	-
- Lease liabilities		751,078	171,896	730,502	-
Total expected outflows		1,224,645	645,463	730,502	
Net inflow / (outflow) on financial instruments		**(149,141)**	**430,041**	**(730,502)**	**-**

30 June 2019	Weighted average interest rate %	Total $	Within 1 years $	1 to 5 years $	Over 5 years $
Financial Assets					
- Cash and cash equivalents	0.85	486,589	486,589	-	-
- Trade and other receivables		207,814	207,814	-	-
Financial Assets					
- Term deposits	2.30	219,024	219,024	-	-
- Listed investments		25,082	25,082	-	-
- Unlisted investments		-	-	-	-
Total anticipated inflows		938,509	938,509		
Financial Liabilities					
- Trade and other payables		75,404	75,404	-	-
- Lease liabilities		-	-	-	-
Total expected outflows		75,404	75,404		
Net inflow / (outflow) on financial instruments		**863,105**	**863,105**	**-**	**-**

* The Bank overdraft has no set repayment period and as such all has been included as current.

26. Financial instrument risk (continued)

(c) Market risk

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

The Company is exposed to an immaterial price risk in relation to its listed investments. The company has no exposure to fluctuations in foreign currency.

Interest rate risk

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

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

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, management believes the following movements are 'reasonably possible' over the next 12 months:

- A parallel shift of +/- 1% in market interest rates from year-end rates.

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

Other price risk

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

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, management believes the following movements are 'reasonably possible' over the next 12 months:

- A parallel shift of +/- 1% in equity prices from year-end rates.

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

	2020		2019	
	Profit $	Equity $	Profit $	Equity $
+/- 1% in interest rates (interest income)	6,448	6,448	7,056	7,056
+/- 1% in interest rates (interest expense)	-	-	-	-
	6,448	6,448	7,056	7,056

	2020		2019	
	Profit $	Equity $	Profit $	Equity $
+/- 10% in equity prices	4,736	4,736	754	754
	4,736	4,736	754	754

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

27. Fair value measurements

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

Fair value is the price the Company would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair value of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

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

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

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

- listed investments

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

(a) Fair value hierarchy

AASB 13: Fair value measurement requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1 - Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 - Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 - Measurements based on unobservable inputs for the asset or liability.

Fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

27. Fair value measurements (continued)

(a) Fair value hierarchy (continued)

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

	30 June 2020			
Recurring fair value measurements	**Level 1 $**	**Level 2 $**	**Level 3 $**	**Total $**
Financial Assets				
- Listed investments	14,984	-	-	-
- Total financial assets recognized at fair value	14,984	-	-	-

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

There were no transfers between Levels for assets measured at fair value on a recurring basis during the reporting period (2019: no transfers).

(b) Valuation techniques

The company selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the company are consistent with one or more of the following valuation approaches:

- **Market approach**: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- **Income approach**: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
- **Cost approach**: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the company gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

Directors' Declaration

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

1. The financial statements and notes, as set out on pages 18 to 53 are in accordance with the Corporations Act 2001

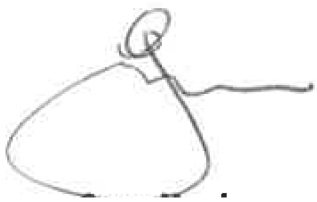
   (i) comply with Australian Accounting Standards which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and

   (ii) give a true and fair view of the company's financial position as at 30 June 2020 and of the performance for the year ended on that date;

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

3. The audited remuneration disclosures set out in the remuneration report section of the Directors' report comply with Accounting Standard AASB124 Related Party Disclosures and the Corporations Regulations 2001.

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



Garry Morris

Director

Signed at Gosford on 29 September 2020

41A Breen Street
Bendigo, Victoria
PO Box 448, Bendigo, VIC, 3552

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF EAST GOSFORD & DISTRICTS FINANCIAL SERVICES LIMITED

REPORT ON THE FINANCIAL REPORT

Opinion

We have audited the financial report of East Gosford & Districts Financial Services Limited (the Company), which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion the accompanying financial report of East Gosford & Districts Financial Services Limited 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 2020 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001;* and

Basis for Opinion

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

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

Independence

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

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report or the year ended 30 June 2020. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Director's Responsibility for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001,* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibility for the Audit of the Financial Report

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

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit.
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

We 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.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

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

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

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

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

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

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

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. On connection with our audit of the financial report, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

REPORT ON THE AUDIT OF THE REMUNERATION REPORT

Auditor's Opinion on the Remuneration Report

We have audited the remuneration report included in page 4 of the director's report for the year ended 30 June 2020. The directors of the Company are responsible for the preparation and presentation of the remuneration report and in accordance with s 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

In our opinion, the remuneration report of East Gosford & Districts Financial Services Limited, for the year ended 30 June 2020 is in accordance with s300A of the *Corporations Act 2001*

Responsibilities for the Remuneration Report
The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

RSD Audit
Chartered Accountants

Kathie Teasdale
Partner
Bendigo
Dated: 29 September 2020

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 report date and 30 June 2020)

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

Number of shares held	Number of Shareholders	Number of shares held
1 to 1,000	93	65,500
1,001 to 5,000	132	295,510
5,001 to 10,000	33	267,304
10,001 to 100,000	15	366,502
100,001 and over	-	-
Total Shareholders	**273**	**994,816**

Equity Securities

Each of the above shareholders are entitled to 1 vote, irrespective of the number of shares held. Holders with more than 5% of the shares are listed in the top ten holders list on the next page. Note that these holders are restricted to one vote only.

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.

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:

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

Company Secretary

Scott Evans is a director of the Company and has been the Company Secretary since July 2019. His qualifications include B.Ec(Hons), GAICD, FGIA, SaFin, Dip FP. He is a company secretary on an ASX listed Company and has over 14 years of being a company secretary on public and private companies.

Five year summary of performance

		2016	2017	2018	2019	2020
Gross revenue	$	1,773,495	2,069,288	2,283,768	2,293,578	2,283,813
Net profit before tax	$	9,271	158,608	139,431	132,601	107,618
Total assets	$	1,144,377	1,138,602	1,167,446	1,206,135	2,429,317
Total liabilities	$	585,783	485,924	430,391	406,262	1,569,350
Total equity	$	558,594	652,679	737,055	799,873	859,967

Ten largest shareholders

Shareholder	Number of fully paid ordinary shares held	Percentage of issued capital held
PKC Investments Pty Ltd	66,500	6.68
Scipio Nominees Pty Ltd	59,002	5.93
Northern Suburbs Secretarial Services Pty Ltd <Juleton A/C>	47,500	4.77
Winpar Holdings Limited	30,000	3.02
Mrs Susan Joy Wilkins	24,500	2.46
Mrs Mina Sanders & Mr Gregory Sanders	17,500	1.76
Caron Rae Pfyeld	17,500	1.76
Mr Paul Vanderstelt & Mrs Elsie Vanderstelt	15,000	1.51
Mr Benjamin Connell & Mr Phillip Connell <The Connell Super Fund A/C>	15,000	1.51
John Warren Pearce Pty Ltd <Miriam C Pearce Family A/C>	15,000	1.51
Total	**307,502**	**30.91**

Branches

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

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

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

Franchisee: East Gosford & Districts Financial Services Ltd

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www.bendigobank.com.au
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Community Bank
East Gosford, Lisarow and Kincumber

Bendigo Bank