

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

Your Directors submit the financial report of the company for the financial year ended 30 June 2007.

**Directors**

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

Robert Geoffrey Rudd Chairman Surveyor	Stephen David McIntosh Deputy Chairman Human Resources Consultancy Business
Ronald Keith Hincksman Director Director of Gosford District Chamber of Commerce	John Gregory Burton Director Solicitor
Maxwell Robert Hiron Director Licensed Electrical Contractor	Brian Wilfred Lindbeck Treasurer Retired Maintenance Accountant
Warren Neville Price Secretary Self Employed Shop Keeper	Barry Kenneth McDonald Director Managing Director Albany International Limited
Kenneth George Howes Director Chartered Accountant	Garry Samuel Morris Director Financial Advisor

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

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

**Principal activities**

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

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

**Operating Results**

Operations have continued to perform in line with expectations. The profit/(loss) of the company for the financial year after provision for income tax was (\$6,178) (2006: \$143,864). The loss for the year ended 30 June 2007 was largely attributable to costs associated with opening a new branch in Kincumber.

	<b>Year Ended 30 June 2007</b>	
<b>Dividends</b>	<b>Cents</b>	<b>\$</b>
Dividends paid in the year:		
- Final for the previous year	6	42,265

**East Gosford and Districts Financial Services Ltd**  
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**Significant changes in the state of affairs**

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

**Significant events after the balance date**

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

**Likely Developments**

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

**Directors' Benefits**

During the year Max Hiron received \$87 (2006: \$360) for services rendered to the Company. This payment was made under commercial terms and conditions.

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

**Indemnification and Insurance of Directors and Officers**

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

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

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**Directors' Report**

**Directors Meetings**

The number of Directors meetings attended by each of the Directors of the company during the year were:

**Number of Meetings Held:** 11

**Number of Meetings Attended:**

	Number eligible to attend	Number attended	Apologies
Robert Geoffrey Rudd	11	10	1
Stephen David McIntosh	11	7	4
Ronald Keith Hincksman	11	11	-
John Gregory Burton	11	7	4
Maxwell Robert Hiron	11	11	-
Brian Wilfred Lindbeck	11	11	-
Warren Neville Price	11	6	5
Barry Kenneth McDonald	11	10	1
Kenneth George Howes	11	7	4
Garry Samuel Morris	11	7	4

**Company Secretary**

Warren Price has been the company secretary of East Gosford and Districts Financial Services Ltd for 7 years. Warren's qualifications and experience include being secretary of the East Gosford Chamber of Commerce. Warren has been self employed for 26 years and currently operates his own retail business.

**Corporate Governance**

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

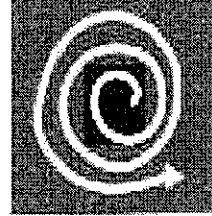
- (a) The establishment of an audit committee. Members of the audit committee are Ken Howes, Garry Morris and John Burton;
- (b) Director approval of operating budgets and monitoring of progress against these budgets;
- (c) Ongoing Director training; and
- (d) Monthly Director meetings to discuss performance and strategic plans.

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

**Auditor Independence Declaration**

The directors received the following declaration from the auditor of the company:

**Richmond Sinnott & Delahunty**  
Chartered Accountants



PO Box 30  
Bendigo, 3552  
Ph. 03 5443 1177  
Fax. 03 5444 4344  
E-mail: [rsd@rsdadvisors.com.au](mailto:rsd@rsdadvisors.com.au)

**Auditor's Independence Declaration**

In relation to our audit of the financial report of East Gosford and Districts Financial Services Ltd for the financial year ended 30 June 2007, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

**Warren Sinnott**  
Partner  
Richmond Sinnott & Delahunty  
14 September 2007

Signed in accordance with a resolution of the Board of Directors at East Gosford, New South Wales on 14 September 2007.

A handwritten signature in black ink, appearing to read 'Robert Rudd', is written over a solid horizontal line.

Robert Rudd, Chairman

**East Gosford and Districts Financial Services Ltd**  
**ABN 90 092 538 620**  
**Income Statement**  
**For the year ended 30 June 2007**

	<u>Notes</u>	<b>2007</b> <b>\$</b>	<b>2006</b> <b>\$</b>
Revenues from ordinary activities	2	1,395,914	1,188,223
Employee benefits expense	3	(766,396)	(537,687)
Depreciation and amortisation expense	3	(70,543)	(36,642)
Administration & other expenses from ordinary activities		<u>(559,258)</u>	<u>(405,552)</u>
<b>Profit/(loss) before income tax expense</b>		(283)	208,342
Income tax expense	4	<u>5,895</u>	<u>64,478</u>
<b>Profit/(loss) after income tax expense</b>		<u><u>(6,178)</u></u>	<u><u>143,864</u></u>
<b>Earnings per share (cents per share)</b>			
- basic for profit/(loss) for the year	22	(0.73)	24.51
- diluted for profit/(loss) for the year	22	(0.73)	24.51
- dividends paid per share	21	6.00	10.00

The accompanying notes form part of these financial statements

**East Gosford and Districts Financial Services Ltd**  
**ABN 90 092 538 620**  
**Balance Sheet**  
**As at 30 June 2007**

	<u>Notes</u>	<b>2007</b> \$	<b>2006</b> \$
<b>Current Assets</b>			
Cash assets	6	322,367	431,049
Current tax receivable	4	34,636	-
Receivables	7	136,988	115,420
<b>Total Current Assets</b>		<u>493,991</u>	<u>546,469</u>
<b>Non-Current Assets</b>			
Investments	8	500	500
Property, plant and equipment	9	350,328	130,665
Intangible assets	10	122,313	77,220
<b>Total Non-Current Assets</b>		<u>473,141</u>	<u>208,385</u>
<b>Total Assets</b>		<u>967,132</u>	<u>754,854</u>
<b>Current Liabilities</b>			
Payables	11	108,237	82,291
Current tax liability	4	-	31,343
Provisions	12	84,751	60,944
<b>Total Current Liabilities</b>		<u>192,988</u>	<u>174,578</u>
<b>Total Liabilities</b>		<u>192,988</u>	<u>174,578</u>
<b>Net Assets</b>		<u>774,144</u>	<u>580,276</u>
<b>Equity</b>			
Share capital	13	698,669	456,358
Retained earnings	14	75,475	123,918
<b>Total Equity</b>		<u>774,144</u>	<u>580,276</u>

The accompanying notes form part of these financial statements

**East Gosford and Districts Financial Services Ltd**  
**ABN 90 092 538 620**  
**Cash Flow Statement**  
**For the year ended 30 June 2007**

	<u>Notes</u>	<b>2007</b> <b>\$</b>	<b>2006</b> <b>\$</b>
<b>Cash Flows From Operating Activities</b>			
Cash receipts in the course of operations		1,498,977	1,268,173
Cash payments in the course of operations		(1,413,180)	(1,024,839)
Interest received		12,648	15,600
Income tax paid		(71,874)	(34,545)
<b>Net cash flows from/(used in) operating activities</b>	15b	<u>26,571</u>	<u>224,389</u>
<b>Cash Flows From Investing Activities</b>			
Purchase of property, plant and equipment		(254,222)	(19,996)
Purchase of other non-current assets		(81,077)	(66,433)
<b>Net cash flows from/(used in) investing activities</b>		<u>(335,299)</u>	<u>(86,429)</u>
<b>Cash Flows From Financing Activities</b>			
Proceeds from issue of shares		279,400	-
Dividends paid		(42,265)	(56,353)
Share issue costs		(37,089)	(1,500)
<b>Net cash flows from/(used in) financing activities</b>		<u>200,046</u>	<u>(57,853)</u>
<b>Net increase/(decrease) in cash held</b>		(108,682)	80,107
Add opening cash brought forward		431,049	350,942
<b>Closing cash carried forward</b>	15a	<u>322,367</u>	<u>431,049</u>

The accompanying notes form part of these financial statements

**East Gosford and Districts Financial Services Ltd**  
**ABN 90 092 538 620**  
**Statement of Changes in Equity**  
**For the year ended 30 June 2007**

	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>
<b>SHARE CAPITAL</b>		
<i>Ordinary shares</i>		
Balance at start of year	456,358	457,858
Issue of share capital	279,400	-
Share issue costs	<u>(37,089)</u>	<u>(1,500)</u>
<b>Balance at end of year</b>	<b><u>698,669</u></b>	<b><u>456,358</u></b>
<b>RETAINED EARNINGS</b>		
Balance at start of year	123,918	36,407
Profit/(loss) after income tax expense	(6,178)	143,864
Dividends paid or proposed	<u>(42,265)</u>	<u>(56,353)</u>
<b>Balance at end of year</b>	<b><u>75,475</u></b>	<b><u>123,918</u></b>

The accompanying notes form part of these financial statements



**East Gosford and Districts Financial Services Ltd**

**ABN 90 092 538 620**

**Notes to the Financial Statements  
for the year ended 30 June 2007**

**1. Basis of preparation of the Financial Report**

**(a) Basis of accounting**

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and applicable Australian Accounting Standards and other mandatory professional reporting requirements.

The financial report has been prepared on an accruals basis and is based on historical costs (except for land and buildings and available-for-sale financial assets that have been measured at fair value) and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The financial report was authorised for issue by the Directors on 14 September 2007.

**(b) Statement of compliance**

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ('AIFRS'). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards ('IFRS'). Australian Accounting Standards that have been recently issued or amended, but are not yet effective, have not been adopted in the preparation of this financial report.

**(c) Significant accounting policies**

The following is a summary of the material accounting policies adopted. The accounting policies have been consistently applied and are consistent with those applied in the 30 June 2006 financial statements.

**Income tax**

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

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

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

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

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

**East Gosford and Districts Financial Services Ltd**  
**ABN 90 092 538 620**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2007**

**1. Basis of preparation of the Financial Report (continued)**

**Property, plant and equipment**

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

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

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

<u>Class of Asset</u>	<u>Depreciation Rate</u>
Plant & equipment	2.5 - 20%

*Impairment*

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

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

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

**Recoverable amount of assets**

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

**Goods and services tax**

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

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

**East Gosford and Districts Financial Services Ltd**

**ABN 90 092 538 620**

**Notes to the Financial Statements  
for the year ended 30 June 2007**

**1. Basis of preparation of the Financial Report (continued)**

**Goods and services tax (continued)**

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet. Cash flows are included in the cash flow statement on a gross basis.

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

**Employee Benefits**

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

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

**Intangibles**

Establishment costs have been initially recorded at cost and amortised on a straight line basis at a rate of 20% per annum.

**Cash**

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

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

**Comparative Figures**

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

**Revenue**

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

**East Gosford and Districts Financial Services Ltd**

**ABN 90 092 538 620**

**Notes to the Financial Statements**

**for the year ended 30 June 2007**

**1. Basis of preparation of the Financial Report (continued)**

**Receivables and Payables**

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

**Interest Bearing Liabilities**

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

**Provisions**

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

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

**Contributed Capital**

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

**2. Revenue from ordinary activities**

	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>
Operating activities:		
- other revenue	1,383,266	1,172,623
Total revenue from operating activities	<u>1,383,266</u>	<u>1,172,623</u>
Non-operating activities:		
- interest revenue	12,648	15,600
- other revenue	-	-
Total revenue from non-operating activities	<u>12,648</u>	<u>15,600</u>
Total revenues from ordinary activities	<u><u>1,395,914</u></u>	<u><u>1,188,223</u></u>

**East Gosford and Districts Financial Services Ltd**

ABN 90 092 538 620

**Notes to the Financial Statements  
for the year ended 30 June 2007**

<b>3. Expenses</b>	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>
Employee benefits expense		
- wages and salaries	697,166	485,252
- superannuation costs	59,247	41,613
- workers' compensation costs	2,941	1,958
- other costs	7,042	8,864
	<u>766,396</u>	<u>537,687</u>
 Depreciation of non-current assets:		
- plant and equipment	34,559	18,679
 Amortisation of non-current assets:		
- intangibles	35,984	17,963
	<u>70,543</u>	<u>36,642</u>
 Bad debts	2,323	7,380
 <b>4. Income Tax Expense</b>		
The prima facie tax on profit/(loss) before income tax is reconciled to the income tax expense as follows:		
Prima facie tax on profit/(loss) before income tax at 30%	(85)	62,503
Add tax effect of:		
- Non-deductible expenses	5,980	1,975
<i>Current income tax expense</i>	<u>5,895</u>	<u>64,478</u>
Income tax expense	<u>5,895</u>	<u>64,478</u>
 <b>Tax liabilities</b>		
Current tax payable/(receivable)	<u>(34,636)</u>	<u>31,343</u>
 <b>5. Auditors' Remuneration</b>		
Amounts received or due and receivable by Richmond, Sinnott & Delahunty for:		
- Audit or review of the financial report of the company	<u>3,650</u>	<u>3,650</u>

East Gosford and Districts Financial Services Ltd

ABN 90 092 538 620

Notes to the Financial Statements  
for the year ended 30 June 2007

	2007	2006
	\$	\$
<b>6. Cash Assets</b>		
Cash on hand	600	400
Cash at bank	121,767	230,649
Cash deposits at bank	200,000	200,000
	<u>322,367</u>	<u>431,049</u>
<b>7. Receivables</b>		
Trade debtors	<u>136,988</u>	<u>115,420</u>
<b>8. Investments</b>		
Shares in Public Companies	<u>500</u>	<u>500</u>
<b>9. Property, Plant and Equipment</b>		
<i>Plant and equipment</i>		
At cost	560,598	311,376
Less accumulated depreciation	(215,010)	(180,711)
Total written down amount	<u>345,588</u>	<u>130,665</u>
<i>Computer software</i>		
At cost	5,000	-
Less accumulated depreciation	(260)	-
Total written down amount	<u>4,740</u>	<u>-</u>
Total Property, Plant & Equipment	<u>350,328</u>	<u>130,665</u>
<b>Movements in carrying amounts</b>		
<i>Plant and equipment</i>		
Carrying amount at beginning of year	130,665	129,348
Additions	249,222	19,996
Disposals	-	-
Depreciation expense	(34,299)	(18,679)
Carrying amount at end of year	<u>345,588</u>	<u>130,665</u>
<i>Computer software</i>		
Carrying amount at beginning of year	-	-
Additions	5,000	-
Disposals	-	-
Depreciation expense	(260)	-
Carrying amount at end of year	<u>4,740</u>	<u>-</u>

**East Gosford and Districts Financial Services Ltd**

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**Notes to the Financial Statements  
for the year ended 30 June 2007**

	2007	2006
	\$	\$
<b>10. Intangible Assets</b>		
<i>Franchise Fee</i>		
At cost	127,000	120,000
Less accumulated amortisation	<u>(114,002)</u>	<u>(111,167)</u>
	<u>12,998</u>	<u>8,833</u>
 <i>Training Fee &amp; Startup Assistance</i>		
At cost	159,944	85,867
Less accumulated amortisation	<u>(50,629)</u>	<u>(17,480)</u>
	<u>109,315</u>	<u>68,387</u>
 Total Intangible Assets	 <u>122,313</u>	 <u>77,220</u>
 <b>11. Payables</b>		
Trade creditors	22,988	14,759
Other creditors and accruals	<u>85,249</u>	<u>67,532</u>
	<u>108,237</u>	<u>82,291</u>
 <b>12. Provisions</b>		
Employee benefits	<u>84,751</u>	<u>60,944</u>
Number of employees at year end	<u>20</u>	<u>15</u>
 <b>13. Share Capital</b>		
749,008 Ordinary Shares fully paid of \$1 each	749,008	469,608
234,804 Bonus Shares*	-	-
Less preliminary expenses	<u>(50,339)</u>	<u>(13,250)</u>
	<u>698,669</u>	<u>456,358</u>
 * During 2005, 234,804 bonus shares were issued for no consideration at the rate of 1 share for every 2 held.		
 <b>14. Retained Earnings</b>		
Balance at the beginning of the financial year	123,918	36,407
Profit/(loss) after income tax	(6,178)	143,864
Dividends paid or proposed	<u>(42,265)</u>	<u>(56,353)</u>
Balance at the end of the financial year	<u>75,475</u>	<u>123,918</u>

**East Gosford and Districts Financial Services Ltd**  
**ABN 90 092 538 620**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2007**

<b>15. Cash Flow Statement</b>	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>
<b>(a) Reconciliation of cash</b>		
Cash assets	<u>322,367</u>	<u>431,049</u>
<b>(b) Reconciliation of profit/(loss) after tax to net cash from/(used in) operating activities</b>		
Profit/(loss) from ordinary activities after income tax	(6,178)	143,864
Non cash items		
- Depreciation	34,559	18,679
- Amortisation	35,984	17,963
Changes in assets and liabilities		
- (Increase) decrease in receivables	(21,568)	(19,761)
- Increase (decrease) in payables	25,946	13,886
- Increase (decrease) in provisions	23,807	19,825
- Increase (decrease) in current tax payable/receivable	(65,979)	29,933
Net cashflows from/ (used in) operating activities	<u>26,571</u>	<u>224,389</u>

**16. Directors and Related Party Disclosures**

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

Robert Geoffrey Rudd  
Stephen David McIntosh  
Ronald Keith Hincksman  
John Gregory Burton  
Maxwell Robert Hiron  
Brian Wilfred Lindbeck  
Warren Neville Price  
Barry Kenneth McDonald  
Kenneth George Howes  
Garry Samuel Morris

During the year Max Hiron received \$87 (2006: \$360) for services rendered to the Company. This payment was made under normal commercial terms and conditions.

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





**East Gosford and Districts Financial Services Ltd**  
**ABN 90 092 538 620**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2007**

	2007	2006
	\$	\$
<b>21. Dividends paid or provided for on ordinary shares</b>		
<b>(a) Dividends paid during the year</b>		
(i) Current year interim		
Franked dividends - Nil cents per share (2006: 4 cents per share)	-	28,177
(ii) Prior year final		
Franked dividends - 6 cents per share (2006: 6 cents per share)	42,265	28,176
<b>(b) Franking credit balance</b>		
The amount of franking credits available for the subsequent financial year are:		
- Franking account balance as at the end of the financial year at 30% (2006: 30%)	138,038	84,278
- Franking credits that will arise from the payment/(refund) of income tax payable/(refundable) at the end of the financial year	<u>(34,636)</u>	<u>31,343</u>
	<u>103,402</u>	<u>115,621</u>

The tax rate at which dividends have been franked is 30% (2006: 30%).

**22. Earnings per share**

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

Diluted earnings per share amounts are calculated by dividing profit/(loss) after income tax by the weighted average number of ordinary shares outstanding during the year (adjusted for the effects of any dilutive options or preference shares).

The following reflects the income and share data used in the basic and diluted earnings per share computations:

Profit/(loss) after income tax expense	<u>(6,178)</u>	<u>143,864</u>
Weighted average number of ordinary shares for basic and diluted earnings per share	<u>844,112</u>	<u>587,010</u>

**East Gosford and Districts Financial Services Ltd**  
**ABN 90 092 538 620**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2007**

**23. Financial Instruments**

**Net Fair Values**

The net fair values of financial assets and liabilities approximate the carrying values as disclosed in the Balance Sheet. The company does not have any unrecognised financial instruments at year end.

**Credit Risk**

The maximum exposure to credit risk at balance date to recognised financial assets is the carrying amount of those assets as disclosed in the Balance Sheet and notes to the financial statements. There are no material credit risk exposures to any single debtor or group of debtors under financial instruments entered into by the economic entity.

**Interest Rate Risk**

Financial Instrument	Floating Interest Rate		Fixed Interest Rate maturing in						Non Interest Bearing		Weighted average Effective interest rate						
	Rate		1 year or less		Over 1 to 5 years		Over 5 years		2007		2006		2007		2006		
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%	
<b>Financial Assets</b>																	
Cash assets	122,367	231,049	200,000	200,000	-	-	-	-	-	-	-	-	-	-	-	-	5.0
Receivables	-	-	-	-	-	-	-	-	-	136,988	115,420	-	-	-	-	-	N/A
<b>Financial Liabilities</b>																	
Payables	-	-	-	-	-	-	-	-	-	108,237	82,291	-	-	-	-	-	N/A

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

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

In the opinion of the directors:

- (a) the financial statements and notes of the company are in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the company's financial position as at 30 June 2007 and of their performance for the year ended on that date; and
  - (ii) complying with Accounting Standards in Australia and Corporations Regulations 2001;
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- (c) this declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the Corporations Act 2001 for the financial year ending 30 June 2007.

  
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Robert Rudd, Chairman

Signed at East Gosford, New South Wales on 14 September 2007



Partners:  
Kenneth J Richmond  
Warren J Sinnott  
Philip P Delahunty  
Brett A Andrews

***INDEPENDENT AUDIT REPORT  
TO THE MEMBERS OF EAST GOSFORD & DISTRICTS  
FINANCIAL SERVICES LIMITED***

***SCOPE***

The financial report comprises the balance sheet, income statement, statement of changes in equity, cash flow statement, accompanying notes to the financial statements, and the directors' declaration for East Gosford & Districts Financial Services Limited, for the year ended 30 June 2007.

The directors of the company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the company, and that complies with Accounting Standards in Australia, in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

***Audit approach***

We conducted an independent audit of the financial report in order to express an opinion on it to the members of the company. Our audit has been conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly in accordance with the Corporations Act 2001, including compliance with Accounting Standards in Australia, and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report; and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant account estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

We performed procedures to assess whether the substance of business transactions was accurately reflected in the financial report. These and our other procedures did not include consideration or judgement of the appropriateness or reasonableness of the business plans or strategies adopted by the directors and management of the company.

***INDEPENDENCE***

We are independent of the company, and have met the independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

***AUDIT OPINION***

In our opinion, the financial report of East Gosford & Districts Financial Services Limited is in accordance with:

- (a) the Corporations Act 2001 including:
  - (i) giving a true and fair view of the company's financial position as at 30 June 2007 and of their performance for the year ended on that date; and
  - (ii) complying with Accounting Standards and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia.

*Richmond Sinnott + Delahunty*

**RICHMOND SINNOTT & DELAHUNTY**

Chartered Accountants

*W. J. Sinnott*

**W. J. SINNOTT**

Partner

Bendigo

Date: 14 September 2007