

AGT Financial Services Ltd

ANNUAL REPORT



2020

AGT FINANCIAL SERVICES LTD

ABN 39 107 620 137

ANNUAL REPORT FOR THE YEAR ENDED

30TH JUNE 2020

AGT FINANCIAL SERVICES LTD

ABN 39 107 620 137

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AGT

Financial Services Limited

ABN: 39 107 620 137

Financial Report

For the year ended

30 June 2020

AGT Financial Services Limited

Directors' Report

The directors present their financial statements of the company for the financial year ended 30 June 2020.

Directors

The directors of the company who held office during or since the end of the financial year are:

James Philip Hayes

Non-executive director

Occupation: Grazier

Qualifications, experience and expertise: Retired school teacher, cattle and sheep grazier. Member Australian Institute of Company Directors. Mayor of Snowy Valleys Council. Deputy Chair Canberra Region Joint Organisation of Councils.

Special responsibilities: Chair

Interest in shares: 2,000 ordinary shares

Ross Andrew Tout

Non-executive director

Occupation: Branch Manager Elders

Qualifications, experience and expertise: Owned Gundagai Newsagency from 1991 - 2000. Accountant at McAlister Saunderson Stubbs from 2001 - 2016. Currently a Branch Manger with Elders and the NSW SES Unit Controller for Gundagai.

Other current directorships: Chairman of the Board of Uralra Aged Hostel

Special responsibilities: Nil

Interest in shares: 500 ordinary shares

Derek Geoffrey Cunningham Lotz

Non-executive director

Occupation: Beef Cattle Farmer

Qualifications, experience and expertise: Derek owns and manages a beef cattle farm in the Gundagai area.

Special responsibilities: Nil

Interest in shares: nil share interest held

Hannah Jean Speers

Non-executive director

Occupation: Retail - Elders (State Operations & Support Specialist)

Qualifications, experience and expertise: Hannah has been employed at Elders for over ten years. She has a Cert IV Training & Assessing and a Cert III Business Administration.

Special responsibilities: Nil

Interest in shares: nil share interest held

Matthew John Pearce

Non-executive director

Occupation: Beef Cattle Farmer

Qualifications, experience and expertise: Matthew has worked as a Grain trader, then worked as a portfolio manager for an insurance broker managing their crop insurance portfolio and now is owner/partner along with his wife Ange, of a beef cattle operation in the Adelong area. Matthew has a bachelor of applied science.

Special responsibilities: Nil

Interest in shares: 2,000 ordinary shares

AGT Financial Services Limited

Directors' Report

Directors (continued)

William Patrick O'Connell

Non-executive director (appointed 24 February 2020)

Occupation: Company Director & Grazier

Qualifications, experience and expertise: B. Bus (Bachelor of Business) from the NSW Institute of Technology, 1986. Member of the Australian Institute of Directors. Thirty-one years' experience in marketing and advertising management roles, until 2016.

Manages own private company investments, which includes a grazing property in Wondalga, NSW. Member of the Adelong Progress Association Inc. Vice President of the Abstract Committee of the Royal Institute for Deaf and Blind Children. President of Vote Australia Inc. Member of the Society of Australian Genealogists. Current Director at Clovelly Community Financial Services Limited, past director at Australasian Pioneers' Club Limited.

Special responsibilities: Representative on the NSW / ACT Marketing Committee for South West Region 234.

Interest in shares: 2,100 ordinary shares

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

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

Company Secretary

The company secretary is Sally Dean. Sally was appointed to the position of secretary on 25 October 2010.

Qualifications, experience and expertise: Sally has been in the bookkeeping industry for over 10 years.

Principal activity

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

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

Operating results

The profit of the company for the financial year after provision for income tax was:

Year ended 30 June 2020	Year ended 30 June 2019
\$	\$
136,656	88,262

Directors' interests

	Fully paid ordinary shares		
	Balance at start of the year	Changes during the year	Balance at end of the year
James Philip Hayes	2,000	-	2,000
Ross Andrew Tout	500	-	500
Derek Geoffrey Cunningham Lotz	-	-	-
Hannah Jean Speers	-	-	-
Matthew John Pearce	2,000	-	2,000
William Patrick O'Connell	2,100	-	2,100

AGT Financial Services Limited

Directors' Report

Dividends

During the financial year, the following dividends were provided for and paid. The dividends have been provided for in the financial statements.

	Cents per share	Total amount \$
Final fully franked dividend	7.5	45,538
Total amount	<u>7.5</u>	<u>45,538</u>

New Accounting Standards implemented

The company has implemented a new accounting standard which has come into effect and is included in the results. AASB 16: *Leases* (AASB 16) was applicable from 1 July 2019. The company has assessed its leasing arrangements and noted the AASB 16 does not have a significant impact. See note 4 for further details.

Significant changes in the state of affairs

During the financial year, the Australian economy was greatly impacted by COVID-19. Bendigo Bank, as franchisor, announced a suite of measures aimed at providing relief to customers affected by the COVID-19 pandemic. The relief support and uncertain economic conditions has not materially impacted the company's earnings for the financial year. As the pandemic continues to affect the economic environment, uncertainty remains on the future impact of COVID 19 to the company's operations.

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

Events since the end of the financial year

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 facilitating banking services to the community.

Environmental regulation

The company is not subject to any significant environmental regulation.

Directors' benefits

No director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a director, a firm which a director is a member or an entity in which a director has a substantial financial interest.

AGT Financial Services Limited

Directors' Report

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 manager 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.

Directors' meetings

The number of directors' meetings attended by each of the directors of the company during the financial year were:

	Board Meetings Attended	
	<u>Eligible</u>	<u>Attended</u>
James Philip Hayes	10	9
Ross Andrew Tout	10	8
Derek Geoffrey Cunningham Lotz	10	10
Hannah Jean Speers	10	10
Matthew John Pearce	10	9
William Patrick O'Connell	4	4

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the *Corporations Act 2001*.

AGT Financial Services Limited

Directors' Report

Non audit services

The company may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the company are important. Details of the amounts paid or payable to the auditor (Andrew Frewin Stewart) for audit and non audit services provided during the year are set out in note 26 to the accounts.

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

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

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 6.

Signed in accordance with a resolution of the directors at Adelong, New South Wales.



James Philip Hayes, Chair

Dated this 16th day of October 2020

Lead auditor's independence declaration under section 307C of the *Corporations Act 2001* to the directors of AGT Financial Services Ltd

As lead auditor for the audit of AGT Financial Services Ltd for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

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



Andrew Frewin Stewart
61 Bull Street, Bendigo Vic 3550
Dated: 16 October 2020



Joshua Griffin
Lead Auditor

AGT Financial Services Limited
Statement of Profit or Loss and Other
Comprehensive Income
for the year ended 30 June 2020

	Notes	2020 \$	2019 \$
Revenue from contracts with customers	8	1,273,417	1,201,516
Other revenue	9	131,517	78,104
Finance income	10	2,166	2,987
Employee benefit expenses	11c)	(663,552)	(529,490)
Charitable donations, sponsorship, advertising and promotion		(253,094)	(298,650)
Occupancy and associated costs		(35,298)	(43,922)
Systems costs		(42,802)	(38,890)
Depreciation and amortisation expense	11a)	(55,909)	(40,887)
Finance costs	11b)	(6,034)	(8,228)
General administration expenses		(174,703)	(186,628)
Other expenses	11e)	(12,158)	-
Profit before income tax expense		163,550	135,912
Income tax expense	12a)	(26,894)	(47,650)
Profit after income tax expense		136,656	88,262
Total comprehensive income for the year attributable to the ordinary shareholders of the company:		136,656	88,262
Earnings per share		¢	¢
- Basic and diluted earnings per share:	29a)	22.51	14.54

The accompanying notes form part of these financial statements

AGT Financial Services Limited
Statement of Financial Position
as at 30 June 2020

	Notes	2020 \$	2019 \$
ASSETS			
Current assets			
Cash and cash equivalents	13a)	397,868	377,432
Trade and other receivables	15a)	111,367	111,972
Current tax assets	18a)	19,358	30,494
Other investments	14a)	22,764	35,306
Total current assets		551,357	555,204
Non-current assets			
Property, plant and equipment	16a)	754,853	728,262
Intangible assets	17a)	108,900	5,570
Deferred tax asset	18b)	20,300	15,427
Total non-current assets		884,053	749,259
Total assets		1,435,410	1,304,463
LIABILITIES			
Current liabilities			
Trade and other payables	19a)	78,007	74,439
Loans and borrowings	20a)	28,121	24,146
Employee benefits	21a)	73,101	61,483
Total current liabilities		179,229	160,068
Non-current liabilities			
Trade and other payables	19b)	91,089	-
Loans and borrowings	20b)	42,949	115,212
Employee benefits	21b)	12,536	10,694
Total non-current liabilities		146,574	125,906
Total liabilities		325,803	285,974
Net assets		1,109,607	1,018,489
EQUITY			
Issued capital	22a)	580,118	580,118
Retained earnings	23	529,489	438,371
Total equity		1,109,607	1,018,489

The accompanying notes form part of these financial statements

AGT Financial Services Limited
Statement of Changes in Equity
for the year ended 30 June 2020

	Notes	Issued capital \$	Retained earnings \$	Total equity \$
Balance at 1 July 2018		580,118	350,109	930,227
Total comprehensive income for the year		-	88,262	88,262
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	28a)	-	-	-
Balance at 30 June 2019		580,118	438,371	1,018,489
Balance at 1 July 2019		580,118	438,371	1,018,489
Total comprehensive income for the year		-	136,656	136,656
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	28a)	-	(45,538)	(45,538)
Balance at 30 June 2020		580,118	529,489	1,109,607

The accompanying notes form part of these financial statements

AGT Financial Services Limited
Statement of Cash Flows
for the year ended 30 June 2020

	Notes	2020 \$	2019 \$
Cash flows from operating activities			
Receipts from customers		1,527,887	1,400,503
Payments to suppliers and employees		(1,260,552)	(1,243,890)
Interest received		2,166	2,987
Interest paid		(6,034)	(8,228)
Income taxes paid		(36,992)	(67,454)
Net cash provided by operating activities	24	226,475	83,918
Cash flows from investing activities			
Payments for property, plant and equipment		(55,149)	(25,975)
Proceeds from sale of property, plant and equipment		-	6,818
Payments for intangible assets		(37,064)	(9,461)
Net cash used in investing activities		(92,213)	(28,618)
Cash flows from financing activities			
Repayment of loans and borrowings		(68,288)	(21,887)
Dividends paid	28b)	(45,538)	(45,538)
Net cash used in financing activities		(113,826)	(67,425)
Net cash increase/(decrease) in cash held		20,436	(12,125)
Cash and cash equivalents at the beginning of the financial year		377,432	389,557
Cash and cash equivalents at the end of the financial year	13a)	397,868	377,432

The accompanying notes form part of these financial statements

AGT Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2020

Note 1 Reporting entity

This is the financial report for AGT Financial Services Limited (the company). The company is a for profit entity limited by shares, and incorporated and domiciled in Australia. The registered office and principal place of business is:

Registered Office	Principal Place of Business
62 Tumut Street Adelong NSW 2729	62 Tumut Street Adelong 2729

Further information on the nature of the operations and principal activity of the company is provided in the directors' report. Information on the company's related party relationships is provided in Note 27.

Note 2 Basis of preparation and statement of compliance

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

The financial statements have been prepared on an accrual and historical cost basis, except for certain properties, financial instruments, and equity financial assets that are measured at revalued amounts or fair values at the end of each reporting period.

The financial report is presented in Australian dollars and all values are rounded to the nearest dollar, unless otherwise stated.

These financial statements for the year ended 30 June 2020 were authorised for issue in accordance with a resolution of the directors on 16 October 2020.

Note 3 Changes in accounting policies, standards and interpretations

The company has implemented a new accounting standard which has come into effect and is included in the results. AASB 16: Leases (AASB 16) was applicable from 1 July 2019. The impact of applying AASB 16 has been assessed as insignificant by the company.

AGT Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2020

Note 4 Summary of significant accounting policies

The company has consistently applied the following accounting policies to all periods presented in these financial statements, except if mentioned otherwise (see also Note 3).

a) Revenue from contracts with customers

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

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

Revenue is recognised on an accruals basis, at the fair value of consideration specified in the franchise agreement. Under AASB 15 *Revenue from Contracts with Customers* (AASB 15), revenue recognition for the company's revenue stream is as follows:

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

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

Revenue calculation

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

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

Margin

Margin is arrived at through the following calculation:

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

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

Commission

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

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

AGT Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2020

Note 4 Summary of significant accounting policies *(continued)*

a) Revenue from contracts with customers *(continued)*

Fee income

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

Core banking products

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

Ability to change financial return

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

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

Bendigo Bank must not reduce the margin and commission the company receives on core banking products and services to less than 50% (on an aggregate basis) of Bendigo Bank's margin at that time. For other products and services, there is no restriction on the change Bendigo Bank may make.

b) Other revenue

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

<u>Revenue</u>	<u>Revenue recognition policy</u>
Rental income	Rental income from investment properties, including property owned and right-of-use assets leased, is accounted for on a straight-line basis over the lease term. If not received at balance date, revenue is reflected on the balance sheet as a receivable and carried at its recoverable amount.
Discretionary financial contributions (also "Market Development Fund" or "MDF" income)	MDF income is recognised when the right to receive the payment is established. MDF income is discretionary and provided and receivable at month-end and paid within 14 days after month-end.
Cash flow boost	Cash flow boost income is recognised when the right to the payment is established (e.g. monthly or quarterly in the activity statement).
Other income	All other revenues that did not contain contracts with customers are recognised as goods and services are provided.

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

AGT Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2020

Note 4 Summary of significant accounting policies (*continued*)

b) Other revenue (*continued*)

Discretionary financial contributions

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

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

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

Cash flow boost

During the financial year, in response to the COVID-19 outbreak, *Boosting Cash Flow for Employers (Coronavirus Economic Response Package) Act 2020* (CFB Act) was enacted. The purpose was to provide temporary cash flow to small and medium businesses that employ staff and have been affected by the economic downturn associated with COVID-19.

The amounts received or receivable is in relation to amounts withheld as withholding tax reported in the activity statement. This essentially subsidises the company's obligation to remit withholding tax to the Australian Taxation Office. For reporting purposes, the amounts subsidised are recognised as revenue.

The amounts are not assessable for tax purposes and there is no obligation to repay the amounts when the cash flow of the company improves.

c) Economic dependency - Bendigo Bank

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

The company is economically dependent on the ongoing receipt of income under the franchise agreement with Bendigo Bank. The directors have no reason to believe a new franchise arrangement under mutually acceptable terms will not be forthcoming following expiry.

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

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

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

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

AGT Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2020

Note 4 Summary of significant accounting policies (*continued*)

c) Economic dependency - Bendigo Bank (continued)

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

- the design, layout and fit out of the Community Bank premises
- training for the branch manager and other employees in banking, management systems and interface protocol
- methods and procedures for the sale of products and provision of services
- security and cash logistic controls
- calculation of company revenue and payment of many operating and administrative expenses
- the formulation and implementation of advertising and promotional programs
- sales techniques and proper customer relations.

d) Employee benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for salary and wages (including non-monetary benefits), annual leave, and sick leave which are expected to be wholly settled within 12 months of the reporting date. They are measured at amounts expected to be paid when the liabilities are settled, plus related on-costs. Expenses for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

An annual leave liability is recognised for the amount expected to be paid if the company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be reliably estimated.

Defined superannuation contribution plans

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

Contributions to a defined contribution plan are expected to be settled wholly before 12 months after the end of the financial year in which the employees render the related service.

Other long-term employee benefits

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

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

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

e) Taxes

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

Current income tax

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

AGT Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2020

Note 4 Summary of significant accounting policies (*continued*)

e) Taxes (*continued*)

Deferred tax

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

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

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

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

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

Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except:

- when the amount of GST incurred on a sale or purchase of assets or services is not payable to or recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the revenue or expense item.
- when receivables and payables are stated with the amount of GST included.

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

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

f) Cash and cash equivalents

For the purposes of the statement of financial position and statement of cash flows, cash and cash equivalents comprise: cash on hand, deposits held with banks, and short-term, highly liquid investments (mainly money market funds) that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value. Bank overdrafts are shown as current liabilities within loans and borrowings in the statement of financial position.

g) Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost or fair value as applicable, which includes capitalised borrowings costs, less accumulated depreciation and any accumulated impairment losses.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Subsequent expenditure

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

AGT Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2020

Note 4 Summary of significant accounting policies *(continued)*

g) Property, plant and equipment *(continued)*

Depreciation

Depreciation is calculated to write-off the cost of items of property, plant and equipment less their estimated residual values using straight-line or diminishing value method over their estimated useful lives, and is recognised in profit or loss. Land is not depreciated.

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

<u>Asset class</u>	<u>Method</u>	<u>Useful life</u>
Building	Straight line	40 years
Leasehold improvements	Straight-line and diminishing value	1 to 40 years
Plant and equipment	Straight-line and diminishing value	1 to 40 years
Motor vehicles	Diminishing value	4 years

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

h) Intangible assets

Intangible assets of the company include the franchise fees paid to Bendigo Bank conveying the right to operate the Community Bank franchise.

Recognition and measurement

Intangible assets acquired separately are measured on initial recognition at cost.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill, is recognised in profit or loss as

Amortisation

Intangible assets are amortised over their useful life and assessed for impairment whenever impairment indicators are present.

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

<u>Asset class</u>	<u>Method</u>	<u>Useful life</u>
Franchise fee	Straight-line	Over the franchise term (5 years)
Franchise renewal process fee	Straight-line	Over the franchise term (5 years)

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

i) Financial instruments

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

Sub-note i) and j) refer to the following acronyms:

<u>Acronym</u>	<u>Meaning</u>
FVTPL	Fair value through profit or loss
FVTOCI	Fair value through other comprehensive income
SPPI	Solely payments of principal and interest
ECL	Expected credit loss
CGU	Cash-generating unit

AGT Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2020

Note 4 Summary of significant accounting policies (*continued*)

i) Financial instruments (*continued*)

Recognition and initial measurement

Trade receivables are initially recognised when they originated. All other financial assets and financial liabilities are initially recognised when the company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to the acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost, FVTOCI - debt investment; FVTOCI - equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. The election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVTOCI as described above are measured at FVTPL. On initial recognition, the company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or FVTOCI as FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets - business model assessment

The company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets - subsequent measurement and gains and losses

- Financial assets at FVTPL These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
- Financial assets at amortised cost These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

AGT Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2020

Note 4 Summary of significant accounting policies (*continued*)

i) Financial instruments (*continued*)

Financial liabilities - classification, subsequent measurement and gains and losses

Borrowings and other financial liabilities (including trade payables) are classified as measured at amortised cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Any gain or loss on derecognition is also recognised in profit or loss.

Derecognition

Financial assets

The company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Where the company enters into transactions where it transfers assets recognised in the statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred asset, the transferred assets are not derecognised.

Financial liabilities

The company derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire. The company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Offsetting

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

j) Impairment

The company recognises a loss allowance for ECL on its trade receivables.

ECL's are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received.

In measuring the ECL, a provision matrix for trade receivables is used, taking into consideration various data to get to an ECL, (ie diversity of customer base, appropriate groupings of its historical loss experience etc.).

Recognition of expected credit losses in financial statements

At each reporting date, the entity recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

The company's trade receivables are limited to the monthly profit share distribution from Bendigo Bank, which is received 14 days post month end. Due to the reliance on Bendigo Bank the company has reviewed credit ratings provided by Standard & Poors, Moody's and Fitch Ratings to determine the level of credit exposure to the company. The company also performed a historical assessment of receivables from Bendigo Bank and found no instances of default. As a result no impairment loss allowance has been made in relation to trade receivables as at 30 June 2020.

AGT Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2020

Note 4 Summary of significant accounting policies (*continued*)

j) Impairment (*continued*)

Non-financial assets

At each reporting date, the company reviews the carrying amount of its non-financial assets (other than investment property, contracts assets, and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The company has assessed for impairment indicators and noted no material impacts on the carrying amount of non-financial assets.

k) Issued capital

Ordinary shares

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

l) Provisions

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

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

The estimated provisions for the current and comparative periods are to restore the premises under a 'make-good' clause.

The company is required to restore the leased premises to its/their original condition before the end of the lease term. A provision has been recognised for the present value of the estimated expenditure required to remove any leasehold improvements, ATM installed at the branch, and incidental damage caused from the removal of assets.

m) Leases

Short-term leases and leases of low-value assets

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

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

n) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the company has access at that date. The fair value of a liability reflects its non-performance risk.

The company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

The best evidence of the fair value of a financial instrument on initial recognition is the transaction price - i.e. the fair value of the consideration given or received.

AGT Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2020

Note 4 Summary of significant accounting policies (*continued*)

o) Standards issued but not yet effective

A number of new standards are effective for annual reporting periods beginning after 1 January 2019, however the changes are not expected to have a significant impact on the company's financial statements.

Note 5 Significant accounting judgements, estimates, and assumptions

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

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

a) Judgements

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

<u>Note</u>	<u>Judgement</u>
- Note 8 - revenue recognition	whether revenue is recognised over time or at a point in time;

b) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at 30 June 2020 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

<u>Note</u>	<u>Assumptions</u>
- Note 18 - recognition of deferred tax assets	availability of future taxable profit against which deductible temporary differences and carried-forward tax losses can be utilised;
- Note 16 - estimation of useful lives of assets	key assumptions on historical experience and the condition of the asset;
- Note 20 - make-good provision	key assumptions on future cost estimates in restoring the leased premises in accordance with the lease agreement;

c) Measurement of fair values

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- *Level 1*: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- *Level 2*: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- *Level 3*: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The company recognises transfers between levels of the fair value hierarchy at the end of each reporting period during which the change has occurred.

AGT Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2020

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

c) Measurement of fair values *(continued)*

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 14 - Other investments;
- Note 25 - financial instruments;

Note 6 Financial risk management

The company has exposure to the following risks arising from financial instruments:

- credit risk;
- liquidity risk; and
- market risk (including currency, price, cash flow and fair value interest rate).

The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the company. The company does not use derivative instruments.

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

a) Credit risk

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

The company has no significant concentrations of credit risk. It has policies in place to ensure that customers have an appropriate credit history. The company's franchise agreement limits the company's credit exposure to one financial institution, being Bendigo Bank.

b) Liquidity risk

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

The following are the remaining contractual maturities of financial liabilities. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements.

30 June 2020

<u>Non-derivative financial liability</u>	<u>Carrying amount</u>	<u>Contractual cash flows</u>		
		<u>Not later than 12 months</u>	<u>Between 12 months and five years</u>	<u>Greater than five years</u>
Bank loans	62,749	19,800	42,949	-
Chattel Mortgage	8,321	8,321	-	-
	<u>71,070</u>	<u>28,121</u>	<u>42,949</u>	<u>-</u>

AGT Financial Services Limited
Notes to the Financial Statements
for the year ended 30 June 2020

Note 6 Financial risk management (continued)

b) Liquidity risk (continued)

30 June 2019

<u>Non-derivative financial liability</u>	<u>Carrying amount</u>	<u>Contractual cash flows</u>		
		<u>Not later than 12 months</u>	<u>Between 12 months and five years</u>	<u>Greater than five years</u>
Bank loans	126,774	19,800	106,974	-
Chattel Mortgage	12,584	4,346	8,238	-
	<u>139,358</u>	<u>28,492</u>	<u>115,212</u>	<u>-</u>

c) Market risk

Market risk

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

The company has no exposure to any transactions denominated in a currency other than Australian dollars.

Price risk

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

Sensitivity analysis - equity price risk

All of the company's listed equity investments are listed on the Australian Stock Exchange (ASX).

	<u>Profit or loss</u>	
	<u>10% increase</u>	<u>10% decrease</u>
30 June 2020:		
Equity securities	2,276	(2,276)
	<u>2,276</u>	<u>(2,276)</u>

Cash flow and fair value interest rate risk

Interest-bearing assets are held with Bendigo Bank and subject to movements in market interest. Interest-rate risk could also arise from long-term borrowings. Borrowings issued at variable rates expose the company to cash flow interest-rate risk.

The company held cash and cash equivalents of \$397,868 at 30 June 2020 (2019: \$377,432). The cash and cash equivalents are held with Bendigo Bank, which are rated BBB on Standard & Poor's credit ratings.

AGT Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2020

Note 7 Capital management

The board's policy is to maintain a strong capital base so as to sustain future development of the company. The board of directors monitor the return on capital and the level of distributions to shareholders. Capital is represented by total equity as recorded in the statement of financial position.

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

The distribution limit is the greater of:

- (a) 20% of the profit or funds of the company otherwise available for distribution to shareholders in that 12 month period; and
- (b) subject to the availability of distributable profits, the relevant rate of return multiplied by the average level of share capital of the company over that 12 month period where the relevant rate of return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

The board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the year ended 30 June 2020 can be seen in the statement of profit or loss and other comprehensive Income.

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

Note 8 Revenue from contracts with customers

The company generates revenue primarily from facilitating community banking services under a franchise agreement with Bendigo Bank. The company is entitled to a share of the margin earned by Bendigo Bank.

<i>Revenue from contracts with customers</i>	2020	2019
	\$	\$
Revenue:		
- Revenue from contracts with customers	1,273,417	1,201,516
	<u>1,273,417</u>	<u>1,201,516</u>
<i>Disaggregation of revenue from contracts with customers</i>		
At a point in time:		
- Margin income	1,055,226	996,703
- Fee income	110,740	107,462
- Commission income	107,451	97,351
	<u>1,273,417</u>	<u>1,201,516</u>

There was no revenue from contracts with customers recognised over time during the financial year.

AGT Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2020

Note 9 Other revenue

The company generates other sources of revenue from discretionary contributions received from the franchisor and cash flow boost from the Australian Government.

<i>Other revenue</i>	2020	2019
	\$	\$
Revenue:		
- Rental income	5,720	6,240
- Market development fund income	62,708	65,000
- Cash flow boost	62,500	-
- At FVTPL - equity instruments	-	4,571
- Other income	589	2,293
	<u>131,517</u>	<u>78,104</u>

Note 10 Finance income

The company holds financial instruments measured at amortised cost. Interest income is recognised at the effective interest rate.

Term deposits which can be readily converted to a known amount of cash and subject to an insignificant risk of change may qualify as a cash equivalent.

<i>Finance income</i>	2020	2019
	\$	\$
At amortised cost:		
- Term deposits	2,166	2,987
	<u>2,166</u>	<u>2,987</u>

Note 11 Expenses

a) Depreciation and amortisation expense	2020	2019
	\$	\$
<i>Depreciation of non-current assets:</i>		
- Buildings	4,483	4,480
- Leasehold improvements	5,701	6,058
- Plant and equipment	4,185	1,544
- Motor vehicles	14,190	5,461
	<u>28,559</u>	<u>17,543</u>
<i>Amortisation of intangible assets:</i>		
- Franchise fee	27,350	23,344
	<u>27,350</u>	<u>23,344</u>
Total depreciation and amortisation expense	<u>55,909</u>	<u>40,887</u>

The non-current tangible and intangible assets listed above are depreciated and amortised in accordance with the company's accounting policy (see Note 4g and 4h).

AGT Financial Services Limited
Notes to the Financial Statements
for the year ended 30 June 2020

Note 11 Expenses (continued)

b) Finance costs	2020	2019
	\$	\$
<i>Finance costs:</i>		
- Bank loan interest paid or accrued	6,034	8,228
	<u>6,034</u>	<u>8,228</u>

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

c) Employee benefit expenses	2020	2019
	\$	\$
Wages and salaries	581,376	483,206
Non-cash benefits	11,688	9,088
Contributions to defined contribution plans	47,307	36,677
Expenses related to long service leave	3,615	6,830
Other expenses	19,566	(6,311)
	<u>663,552</u>	<u>529,490</u>

d) Recognition exemption

The company has elected to exempt leases from recognition where the underlying asset is assessed as low-value or the lease term is 12 months or less.

	2020	2019
	\$	\$
Expenses relating to low-value leases	16,184	-
	<u>16,184</u>	<u>-</u>

Expenses relating to leases exempt from recognition are included in systems costs.

The company pays for the right to use information technology equipment. The underlying assets have been assessed as low value and exempted from recognition.

e) Other expenses	2020	2019
	\$	\$
At FVTPL - equity instruments	12,158	-
	<u>12,158</u>	<u>-</u>

This expense relates to the decrease in market value of other investments held.

AGT Financial Services Limited
Notes to the Financial Statements
for the year ended 30 June 2020

Note 12 Income tax expense

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

a) Amounts recognised in profit or loss	2020	2019
	\$	\$
<i>Current tax expense</i>		
- Current tax	34,498	49,539
- Changes in estimates related to prior years	(2,732)	-
- Movement in deferred tax	(6,043)	(1,889)
- Adjustment to deferred tax to reflect reduction in tax rate in future periods	1,171	-
	<u>26,894</u>	<u>47,650</u>

Progressive changes to the company tax rate have been enacted. Consequently, as of 1 July 2020, the company tax rate will be reduced from 27.5% to 26%. This change resulted in a loss of \$1,171 related to the remeasurement of deferred tax assets and liabilities of the company.

b) Prima facie income tax reconciliation	2020	2019
	\$	\$
Operating profit before taxation	163,550	135,912
Prima facie tax on profit from ordinary activities at 27.5% (2019: 27.5%)	44,976	37,376
Tax effect of:		
- Non-deductible expenses	666	10,273
- Non-assessable income	(17,188)	-
- Other deductible expenses	-	(1,257)
- Temporary differences	6,044	3,147
- Movement in deferred tax	(6,043)	(1,889)
- Leases initial recognition	1,171	-
- Under/(over) provision of income tax in the prior year	(2,732)	-
	<u>26,894</u>	<u>47,650</u>

Note 13 Cash and cash equivalents

a) Cash and cash equivalents

Cash and cash equivalents includes cash on hand and in banks. Term deposits which can be readily converted to a known amount of cash and subject to an insignificant risk of change may qualify as a cash equivalent.

	2020	2019
	\$	\$
- Cash at bank and on hand	291,891	273,328
- Term deposits	105,977	104,104
	<u>397,868</u>	<u>377,432</u>

AGT Financial Services Limited
Notes to the Financial Statements
for the year ended 30 June 2020

Note 14 Other investments

The primary goal of the company's other investments is to hold the investments for the long term for strategic purposes.

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

a) Current investments	2020	2019
	\$	\$
Equity securities - at FVTPL	22,764	35,306
	<u>22,764</u>	<u>35,306</u>

Note 15 Trade and other receivables

a) Current assets	2020	2019
	\$	\$
Trade receivables	103,551	103,654
Prepayments	7,816	4,174
Other receivables and accruals	-	4,144
	<u>111,367</u>	<u>111,972</u>

Note 16 Property, plant and equipment

a) Carrying amounts	2020	2019
	\$	\$
<i>Land</i>		
At cost	188,131	188,131
	<u>188,131</u>	<u>188,131</u>
<i>Buildings</i>		
At cost	434,479	434,479
Less: accumulated depreciation	(40,361)	(35,878)
	<u>394,118</u>	<u>398,601</u>
<i>Leasehold improvements</i>		
At cost	229,629	229,629
Less: accumulated depreciation	(148,170)	(142,469)
	<u>81,459</u>	<u>87,160</u>
<i>Plant and equipment</i>		
At cost	85,553	83,928
Less: accumulated depreciation	(66,667)	(62,482)
	<u>18,886</u>	<u>21,446</u>
<i>Motor vehicles</i>		
At cost	97,598	44,073
Less: accumulated depreciation	(25,339)	(11,149)
	<u>72,259</u>	<u>32,924</u>
Total written down amount	<u>754,853</u>	<u>728,262</u>

AGT Financial Services Limited
Notes to the Financial Statements
for the year ended 30 June 2020

Note 16 Property, plant and equipment (continued)

a) Carrying amounts (continued)

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

b) Reconciliation of carrying amounts

	2020 \$	2019 \$
<i>Land</i>		
Carrying amount at beginning	188,131	213,642
Transferred out	-	(25,511)
Carrying amount at end	<u>188,131</u>	<u>188,131</u>
<i>Buildings</i>		
Carrying amount at beginning	398,601	377,570
Transferred in	-	25,511
Depreciation	(4,483)	(4,480)
Carrying amount at end	<u>394,118</u>	<u>398,601</u>
<i>Leasehold improvements</i>		
Carrying amount at beginning	87,160	93,218
Depreciation	(5,701)	(6,058)
Carrying amount at end	<u>81,459</u>	<u>87,160</u>
<i>Plant and equipment</i>		
Carrying amount at beginning	21,446	20,377
Additions	1,625	2,613
Depreciation	(4,185)	(1,544)
Carrying amount at end	<u>18,886</u>	<u>21,446</u>
<i>Motor vehicles</i>		
Carrying amount at beginning	32,924	21,884
Additions	53,525	23,353
Disposals	-	(6,852)
Depreciation	(14,190)	(5,461)
Carrying amount at end	<u>72,259</u>	<u>32,924</u>
Total written down amount	<u>754,853</u>	<u>728,262</u>

c) Changes in estimates

During the financial year, the company assessed estimates used for property, plant and equipment including useful lives, residual values, and depreciation methods.

There were no changes in estimates for the current reporting period.

AGT Financial Services Limited
Notes to the Financial Statements
for the year ended 30 June 2020

Note 17 Intangible assets

a) Carrying amounts	2020	2019
	\$	\$
<i>Franchise fee</i>		
At cost	245,237	114,557
Less: accumulated amortisation	(136,337)	(108,987)
Total written down amount	<u>108,900</u>	<u>5,570</u>
b) Reconciliation of carrying amounts		
<i>Franchise fee</i>		
Carrying amount at beginning	5,570	28,914
Additions	130,680	-
Amortisation	(27,350)	(23,344)
Total written down amount	<u>108,900</u>	<u>5,570</u>

c) Changes in estimates

During the financial year, the company assessed estimates used for intangible assets including useful lives, residual values, and amortisation methods.

There were no changes in estimates for the current reporting period.

Note 18 Tax assets and liabilities

a) Current tax	2020	2019
	\$	\$
Income tax refundable	<u>(19,358)</u>	<u>(30,494)</u>

b) Deferred tax

Movement in the company's deferred tax balances for the year ended 30 June 2020:

	30 June 2019	Recognised in profit or loss	30 June 2020
	\$	\$	\$
<i>Deferred tax assets</i>			
- expense accruals	825	(45)	780
- employee provisions	19,849	2,417	22,266
Total deferred tax assets	<u>20,674</u>	<u>2,372</u>	<u>23,046</u>
<i>Deferred tax liabilities</i>			
- deductible prepayments	1,148	884	2,032
- financial assets	4,099	(3,385)	714
Total deferred tax liabilities	<u>5,247</u>	<u>(2,501)</u>	<u>2,746</u>
Net deferred tax assets (liabilities)	<u>15,427</u>	<u>4,873</u>	<u>20,300</u>

AGT Financial Services Limited
Notes to the Financial Statements
for the year ended 30 June 2020

Note 18 Tax assets and liabilities (continued)

b) Deferred tax (continued)

Movement in the company's deferred tax balances for the year ended 30 June 2019:

	30 June 2018	Recognised in profit or loss	30 June 2019
	\$	\$	\$
<i>Deferred tax assets</i>			
- expense accruals	2,005	(1,180)	825
- employee provisions	17,428	2,421	19,849
Total deferred tax assets	<u>19,433</u>	<u>1,241</u>	<u>20,674</u>
<i>Deferred tax liabilities</i>			
- deductible prepayments	2,842	(1,694)	1,148
- financial assets	3,053	1,046	4,099
Total deferred tax liabilities	<u>5,895</u>	<u>(648)</u>	<u>5,247</u>
Net deferred tax assets (liabilities)	<u>13,538</u>	<u>1,889</u>	<u>15,427</u>

c) Uncertainty over income tax treatments

As at balance date, there are no tax rulings, or interpretations of tax law, which may result in tax treatments being over-ruled by the taxation authorities.

The company believes that its accrual for income taxes is adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience.

Note 19 Trade creditors and other payables

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

a) Current liabilities

	2020	2019
	\$	\$
Other creditors and accruals	78,007	74,439
	<u>78,007</u>	<u>74,439</u>

b) Non-current liabilities

Other creditors and accruals	91,089	-
	<u>91,089</u>	<u>-</u>

AGT Financial Services Limited
Notes to the Financial Statements
for the year ended 30 June 2020

Note 20 Loans and borrowings

a) Current liabilities					2020	2019
					\$	\$
Secured bank loans					19,800	19,800
Chattel mortgage					8,321	4,346
					<u>28,121</u>	<u>24,146</u>
b) Non-current liabilities						
Secured bank loans					42,949	106,974
Chattel mortgage					-	8,238
					<u>42,949</u>	<u>115,212</u>
c) Terms and repayment schedule						
	Nominal	Year of	30 June 2020		30 June 2019	
	interest rate	maturity	Face value	Carrying	Face value	Carrying value
Secured bank loans	5.7%	2032	62,749	62,749	126,774	126,774
Chattel mortgage	6.3%	2020	8,321	8,321	12,584	12,584

Note 21 Employee benefits

a) Current liabilities			2020	2019
			\$	\$
Provision for annual leave			46,920	37,075
Provision for long service leave			26,181	24,408
			<u>73,101</u>	<u>61,483</u>
b) Non-current liabilities				
Provision for long service leave			12,536	10,694
			<u>12,536</u>	<u>10,694</u>
c) Key judgement and assumptions				

Employee attrition rates

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

AGT Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2020

Note 22 Issued capital

a) Issued capital	2020		2019	
	Number	\$	Number	\$
Ordinary shares - fully paid	607,169	607,169	607,169	607,169
Less: equity raising costs	-	(27,051)	-	(27,051)
	<u>607,169</u>	<u>580,118</u>	<u>607,169</u>	<u>580,118</u>

b) Rights attached to issued capital

Ordinary shares

Voting rights

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

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

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

Dividends

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

Transfer

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

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

Prohibited shareholding interest

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

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

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

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

AGT Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2020

Note 22 Issued capital (continued)

b) Rights attached to issued capital (continued)

Prohibited shareholding interest (continued)

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

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

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

Note 23 Retained earnings

	Note	2020 \$	2019 \$
Balance at beginning of reporting period		438,371	350,109
Net profit after tax from ordinary activities		136,656	88,262
Dividends provided for or paid	28a)	(45,538)	-
Balance at end of reporting period		<u>529,489</u>	<u>438,371</u>

Note 24 Reconciliation of cash flows from operating activities

	2020 \$	2019 \$
Net profit after tax from ordinary activities	136,656	88,262
Adjustments for:		
- Depreciation	28,559	17,543
- Amortisation	27,350	23,344
- (Increase)/decrease in fair value of equity instruments designated at FVTPL	12,158	(4,136)
- (Profit)/loss on disposal of non-current assets	-	43
Changes in assets and liabilities:		
- (Increase)/decrease in trade and other receivables	605	(3,134)
- (Increase)/decrease in other assets	6,645	(19,804)
- Increase/(decrease) in trade and other payables	1,042	(27,004)
- Increase/(decrease) in employee benefits	13,460	8,804
Net cash flows provided by operating activities	<u>226,475</u>	<u>83,918</u>

AGT Financial Services Limited
Notes to the Financial Statements
for the year ended 30 June 2020

Note 25 Financial instruments - fair value

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

Accounting classifications and fair values for the year ended 30 June 2020:

	Note	Carrying amount			Fair value		
		FVTPL	At amortised cost	Total	Level 1	Level 2	Total
Financial assets measured at fair value:							
Equity securities	14	22,764	-	22,778	22,764	-	22,764
		<u>22,764</u>	<u>-</u>	<u>22,778</u>	<u>22,764</u>	<u>-</u>	<u>22,764</u>
Financial assets not measured at fair value:							
Trade and other receivables	15	-	103,551	103,566	-	-	-
Cash and cash	13	-	291,891	291,904	-	-	-
Term deposits	14	-	105,977	105,991	-	-	-
		<u>-</u>	<u>501,419</u>	<u>501,461</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities not measured at fair value:							
Secured bank loans	20	-	62,749	62,769	-	-	-
		<u>-</u>	<u>62,749</u>	<u>62,769</u>	<u>-</u>	<u>-</u>	<u>-</u>

Accounting classifications and fair values for the year ended 30 June 2019:

	Note	Carrying amount			Fair value		
		FVTPL	At amortised cost	Total	Level 1	Level 2	Total
Financial assets measured at fair value:							
Equity securities	14	35,306	-	35,306	35,306	-	35,306
		<u>35,306</u>	<u>-</u>	<u>35,306</u>	<u>35,306</u>	<u>-</u>	<u>35,306</u>
Financial assets not measured at fair value:							
Trade and other receivables	15	-	103,654	103,654	-	-	-
Cash and cash	13	-	273,328	273,328	-	-	-
Term deposits	14	-	104,104	104,104	-	-	-
		<u>-</u>	<u>481,086</u>	<u>481,086</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities not measured at fair value:							
Secured bank loans	20	-	126,774	126,774	-	-	-
		<u>20</u>	<u>126,774</u>	<u>126,774</u>	<u>-</u>	<u>-</u>	<u>-</u>

AGT Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2020

Note 25 Financial instruments - fair value *(continued)*

Valuation techniques and significant unobservable inputs

There were no Level 2 or Level 3 classifications held during the relevant financial years.

Transfers between Levels 1 and 2

There were no transfers between Level 1 and Level 2 during the financial year. The company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the financial year.

Note 26 Auditor's remuneration

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

	2020 \$	2019 \$
<i>Audit and review services</i>		
- Audit and review of financial statements	4,800	4,600
	<u>4,800</u>	<u>4,600</u>
<i>Non audit services</i>		
- General advisory services	4,330	2,530
- Share registry services	3,955	4,191
	<u>8,285</u>	<u>6,721</u>
Total auditor's remuneration	<u><u>13,085</u></u>	<u><u>11,321</u></u>

Note 27 Related parties

a) Details of key management personnel

The directors of the company during the financial year were:

James Philip Hayes
 Ross Andrew Tout
 Derek Geoffrey Cunningham Lotz
 Hannah Jean Speers
 Matthew John Pearce
 William Patrick O'Connell

b) Key management personnel compensation

No director of the company receives remuneration for services as a company director or committee member.

There are no executives within the company whose remuneration is required to be disclosed.

AGT Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2020

Note 27 Related parties (continued)

c) Related party transactions

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

Community Bank Directors' Privileges Package

The board has adopted the 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 Community Bank. There is no requirement to own Bendigo Bank shares and there is no qualification period to qualify to utilise the benefits. The package mirrors the benefits currently available to Bendigo Bank shareholders. The total benefits received by the directors from the Directors' Privilege Package are \$nil for the year ended 30 June 2020 (2019: \$nil).

Note 28 Dividends provided for or paid

a) Dividends provided for during the period

The following dividends were provided for during the reporting period as presented in the statement of changes in equity.

	30 June 2020		30 June 2019	
	Cents	\$	Cents	\$
Fully franked dividend	7.50	45,538	-	-
Total dividends provided for and paid during the financial year	<u>7.50</u>	<u>45,538</u>	<u>-</u>	<u>-</u>

The tax rate at which dividends have been franked is 27.5%.

b) Dividends paid during the period

The following dividends were paid to shareholders during the reporting period as presented in the statement of cash flows.

	30 June 2020		30 June 2019	
	Cents	\$	Cents	\$
Fully franked dividend	7.50	45,538	7.50	45,538
Total dividends paid during the financial year	<u>7.50</u>	<u>45,538</u>	<u>7.50</u>	<u>45,538</u>

The tax rate at which dividends have been franked is 27.5% (2019: 27.5%).

AGT Financial Services Limited
Notes to the Financial Statements
for the year ended 30 June 2020

Note 28 Dividends provided for or paid

c) Franking account balance	2020	2019
	\$	\$
<i>Franking credits available for subsequent reporting periods</i>		
Franking account balance at the beginning of the financial year	249,262	164,096
Franking transactions during the financial year:		
- Franking credits (debits) arising from income taxes paid (refunded)	70,217	107,476
- franking credits/(debits) from the payment/(refund) of income tax following lodgement of annual income tax return	(33,675)	(5,037)
- Franking debits from the payment of franked distributions	(17,273)	(17,273)
Franking account balance at the end of the financial year	<u>268,531</u>	<u>249,262</u>
Franking transactions that will arise subsequent to the financial year end:		
- Franking credits (debits) that will arise from payment (refund) of income tax	(19,358)	(14,133)
Franking credits available for future reporting periods	<u>249,173</u>	<u>235,129</u>

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

Note 29 Earnings per share

a) Basic and diluted earnings per share

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

	2020	2019
	\$	\$
Profit attributable to ordinary shareholders	<u>136,656</u>	<u>88,262</u>
	Number	Number
Weighted-average number of ordinary shares	<u>607,169</u>	<u>607,169</u>
	Cents	Cents
Basic and diluted earnings per share	<u>22.51</u>	<u>14.54</u>

AGT Financial Services Limited
Notes to the Financial Statements
for the year ended 30 June 2020

Note 30 Commitments

a) Lease commitments

	2020	2019
	\$	\$
Finance lease commitments		
Payable - minimum lease payments:		
- not later than 12 months	8,321	4,893
- between 12 months and 5 years	-	8,321
Minimum lease payments	<u>8,321</u>	<u>13,214</u>
Less future finance charges	-	(630)
Present value of minimum lease payments	<u>8,321</u>	<u>12,584</u>

b) Other commitments

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

Note 31 Contingencies

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

Note 32 Subsequent events

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

AGT Financial Services Limited

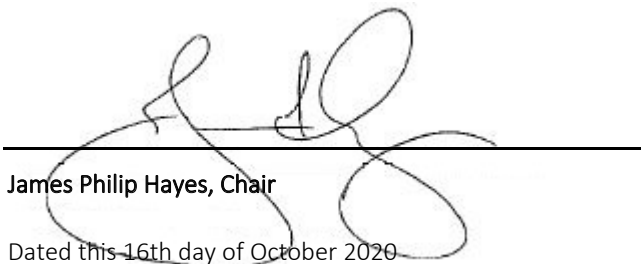
Directors' Declaration

In accordance with a resolution of the directors of AGT Financial Services Limited, we 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 2020 and of its performance for the financial year ended on that date; and
 - (ii) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the board of directors.



James Philip Hayes, Chair

Dated this 16th day of October 2020

Independent auditor's report to the members of AGT Financial Services Ltd

Report on the audit of the financial report

Our opinion

In our opinion, the accompanying financial report of AGT Financial Services Ltd, is in accordance with the *Corporations Act 2001*, including:

- i. giving a true and fair view of the company's financial position as at 30 June 2020 and of its financial performance for the year ended; and
- ii. complying with Australian Accounting Standards and the Corporations Regulations 2001.

What we have audited

AGT Financial Services Ltd's (the company) financial report comprises the:

- ✓ Statement of profit or loss and other comprehensive income
- ✓ Statement of financial position
- ✓ Statement of changes in equity
- ✓ Statement of cash flows
- ✓ Notes comprising a summary of significant accounting policies and other explanatory notes
- ✓ The directors' declaration of the company.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report.

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

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

Other information

The company usually prepares an annual report that will include the financial statements, directors' report and declaration and our independence declaration and audit report (the financial report). The annual report may also include "other information" on the entity's operations and financial results and financial position as set out in the financial report, typically in a Chairman's report and Manager's report, and reports covering governance and shareholder matters.

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

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

Our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If we identify that a material inconsistency appears to exist when we read the annual report (or become aware that the other information appears to be materially misstated), we will discuss the matter with the directors and where we believe that a material misstatement of the other information exists, we will request management to correct the other information.

Directors' responsibility for the financial report

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

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

Auditor's responsibility for the audit of the financial report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/home.aspx>. This description forms part of our auditor's report.



Andrew Frewin Stewart
61 Bull Street, Bendigo, 3550
Dated: 16 October 2020



Joshua Griffin
Lead Auditor

Chairman's Report

Last year as we emerged from the emotional and physical strain of drought the hope was that 2020 could only improve. Sadly this was not to be, as enormous fire engulfed our community and when it was eventually extinguished, we weathered flooding followed by the Covid 19 pandemic. These experiences have taken their toll on our community, which with resolute determination, took stock of the situation and began the rebuilding process. Our bank has worked quickly behind the scenes to help where possible, either through grants, funding rural assistance or our committed staff assisting our clients with their banking and insurance needs.

Our Staff and our branches continue to eclipse benchmarks and targets, this year we recruited Matthew Wysman as a mobile business development manager, if you need banking advise ask for Matthew to visit you at your home or business, this is the individual concierge service we proudly offer.

This year we will again pay 7.5 cents per share fully franked dividend, certainly a very sound investment by today's standards.

The board continues to fund/sponsor numerous organisations, clubs and causes in the community such as this year's group 9 champions; the Gundagai Tigers, Congratulations to all involved including the Tumut Blues on the hard fought but challenging season.

Once again funds have been deposited with the Community Enterprise Foundation and will be accessed when required.

Rebecca Dean of Adelong was the successful Candidate for the \$5000 community Scholarship, we wish her well in her studies.

Special thanks must go to retiring board members Derek Lotz and Hannah Speers for their contribution and experience, they will certainly be missed.

Welcome aboard to new board member Bill O'Connell who brings significant knowledge and experience to the board.

Once again, I must thank our hard working staff who have risen to all challenges this year, through their passion, unique skill set and diligence the company has continued to grow and turn a profit.

Finally, I once again encourage you to promote the advantages of banking with your community bank with your friends and colleagues; this will further support our exceptional community

James Hayes MAICD

Chairman

Manager's Report

As at 30 June 2020 our total business footings are over \$148 million. This represents an increase of almost \$11 million in business over both Branches and the Tumut Agency.

At the beginning of 2020 we appointed a Business Development Manager who will act as our mobile lender. As the world of banking is changing with fewer customers walking into branches, it is important for us to be driving the business outside of the branch. Matt Wysman has come to us with many years of banking experience in personal, business, and rural banking and this new position will allow a greater focus on proactively seeking opportunities to develop our business further. We have trained and accredited staff and now have six lenders over our two branches to fill our customer's varying needs.

2020 has been a very challenging year for banking and our community. The bushfires took its toll on many in our area, including our staff, and Covid19 has impacted businesses and individuals as well as our regional economy.

However, we have a community of incredible resilience & the regional recovery has been amazing. Our Community Bank board was proud to have partnered with The Tumut Community Foundation to raise over \$200k for distribution to those affected by fire in our district, which in turn supported local businesses through the Gift Card program.

Our staff should be acknowledged for their dedication and resilience during these very difficult and uncertain times and for their on-going concern for the well-being of our community and customers.

I would like to thank our customers, Board, and staff for their support and dedication to our business during this challenging financial year.

Stephanie Smyth

