AGT Financial Services Ltd

Annual Report
2021

AGT FINANCIAL SERVICES LTD

ABN 39 107 620 137

ANNUAL REPORT FOR THE YEAR ENDED

30TH JUNE 2021

AGT FINANCIAL SERVICES LTD

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AGT

Financial Services Ltd

ABN: 39 107 620 137

Financial Report

For the year ended

30 June 2021

AGT Financial Services Ltd
Directors' Report

The directors present their report together with the financial statements of the company for the financial year ended 30 June 2021.

Directors

The directors of the company who held office during the financial year and to the date of this report 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

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. Matthew is a member of the Australian Institute of Company Directors.
Special responsibilities: Deputy Chair
Interest in shares: 2,000 ordinary shares

William Patrick O'Connell
Non-executive director
Occupation: Grazier
Qualifications, experience and expertise: B. Bus (Bachelor of Business) from the NSW Institute of Technology, 1986. Thirty-one years experience in marketing, advertising, marketing research, management roles. Private and company investments, which includes a grazing property in Wondalga, NSW. Member of the Australian Institute of Company Directors. Secretary and Public Officer - Adelong Community Enterprises Inc. Vice President of the Abstract Committee of Next Sense (formerly the Royal Institute for Deaf and Blind Children). President - Vote Australia Inc. Member of the Society of Australian Genealogists.
Special responsibilities: Representative on the NSW / ACT Marketing Committee for South West Region 234.
Interest in shares: 2,100 ordinary shares

Sarah Anne Roche
Non-executive director (appointed 1 December 2020)
Occupation: Head of Operations - Essential Energy
Qualifications, experience and expertise: Head of Essential Energy Operations. Bachelor of Commerce. Bachelor of Education. Previous Senior Leadership roles at Graincorp and other Agribusinesses. Farm owner, Gilmore, Southern NSW.
Special responsibilities: Nil
Interest in shares: nil share interest held

Directors *(continued)*

Virginia Patricia Goode
Non-executive director (appointed 3 May 2021)
Occupation: Office Manager
Qualifications, experience and expertise: McAuley Catholic Central School Board Member (Secretary) 2006-2013. Secretary Tumut Community Preschool 2005-2008. Tumut Catholic Fete Committee Member 2006-2013. Manager of various children's soccer & netball teams. Practice Manager of Zac Zacharia Optometrists 2007-present. BA Communications Office Management, UC, 1995. High level of communication, management & organisational skill set.
Special responsibilities: Nil
Interest in shares: nil share interest held

Hannah Jean Speers
Non-executive director (resigned 1 December 2020)
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

Derek Geoffrey Cunningham Lotz
Non-executive director (resigned 19 January 2021)
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

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 2021 $	Year ended 30 June 2020 $
216,470	136,656

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
Matthew John Pearce	2,000	-	2,000
William Patrick O'Connell	2,100	-	2,100
Sarah Anne Roche	-	-	-
Virginia Patricia Goode	-	-	-
Hannah Jean Speers	-	-	-
Derek Geoffrey Cunningham Lotz	-	-	-

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

Significant changes in the state of affairs

Since January 2020, COVID-19 has developed and spread globally. In response, the Commonwealth and State Government introduced a range of social isolation measures to limit the spread of the virus. Such measures have been revised, as appropriate, based on case numbers and the level of community transmission. Whilst there has been no significant changes on the company's financial performance so far, 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.

Indemnification and insurance of directors and officers

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

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

Directors' meetings

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

E - eligible to attend *A - number attended*	Board Meetings	
	E	A
James Philip Hayes	9	9
Ross Andrew Tout	9	6
Matthew John Pearce	9	7
William Patrick O'Connell	9	7
Sarah Anne Roche	5	3
Virginia Patricia Goode	2	2
Hannah Jean Speers	4	2
Derek Geoffrey Cunningham Lotz	4	3

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.*

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 27 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 11th day of October 2021

61 Bull Street
Bendigo VIC 3550

afs@afsbendigo.com.au
03 5443 0344

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

As lead auditor for the audit of AGT Financial Services Ltd for the year ended 30 June 2021, 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: 11 October 2021

Adrian Downing
Lead Auditor

AGT Financial Services Ltd
Statement of Profit or Loss and Other Comprehensive Income
for the year ended 30 June 2021

	Notes	2021 $	2020 $
Revenue from contracts with customers	8	1,344,732	1,273,417
Other revenue	9	104,683	131,517
Finance income	10	1,539	2,166
Employee benefit expenses	11c)	(649,645)	(663,552)
Charitable donations, sponsorship, advertising and promotion		(185,971)	(253,094)
Occupancy and associated costs		(39,691)	(35,298)
Systems costs		(38,110)	(42,802)
Depreciation and amortisation expense	11a)	(65,671)	(55,909)
Finance costs	11b)	(2,373)	(6,034)
General administration expenses		(196,000)	(174,703)
Fair value gains/(losses) on investments	12	6,655	(12,158)
Profit before income tax expense		**280,148**	**163,550**
Income tax expense	13a)	(63,678)	(26,894)
Profit after income tax expense		**216,470**	**136,656**
Total comprehensive income for the year attributable to the ordinary shareholders of the company:		**216,470**	**136,656**
Earnings per share		**¢**	**¢**
- Basic and diluted earnings per share:	30a)	35.65	22.51

The accompanying notes form part of these financial statements

AGT Financial Services Ltd
Statement of Financial Position
as at 30 June 2021

	Notes	2021 $	2020 $
ASSETS			
Current assets			
Cash and cash equivalents	14	600,460	397,868
Trade and other receivables	16	113,532	111,367
Current tax assets	19a)	-	19,358
Other investments	15	29,227	22,764
Total current assets		743,219	551,357
Non-current assets			
Property, plant and equipment	17a)	780,062	754,853
Intangible assets	18a)	82,764	108,900
Deferred tax asset	19b)	14,228	20,300
Total non-current assets		877,054	884,053
Total assets		1,620,273	1,435,410
LIABILITIES			
Current liabilities			
Trade and other payables	20a)	136,715	78,007
Current tax liabilities	19a)	24,995	-
Loans and borrowings	21a)	18,840	28,121
Employee benefits	22a)	63,496	73,101
Total current liabilities		244,046	179,229
Non-current liabilities			
Trade and other payables	20b)	60,726	91,089
Loans and borrowings	21b)	27,535	42,949
Employee benefits	22b)	7,427	12,536
Total non-current liabilities		95,688	146,574
Total liabilities		339,734	325,803
Net assets		1,280,539	1,109,607
EQUITY			
Issued capital	23a)	580,118	580,118
Retained earnings	24	700,421	529,489
Total equity		1,280,539	1,109,607

The accompanying notes form part of these financial statements

AGT Financial Services Ltd
Statement of Changes in Equity
for the year ended 30 June 2021

	Notes	Issued capital $	Retained earnings $	Total equity $
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	29a)	-	(45,538)	(45,538)
Balance at 30 June 2020		**580,118**	**529,489**	**1,109,607**
Balance at 1 July 2020		580,118	529,489	1,109,607
Total comprehensive income for the year		-	216,470	216,470
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	29a)	-	(45,538)	(45,538)
Balance at 30 June 2021		**580,118**	**700,421**	**1,280,539**

AGT Financial Services Ltd
Statement of Cash Flows
for the year ended 30 June 2021

	Notes	2021 $	2020 $
Cash flows from operating activities			
Receipts from customers		1,584,440	1,527,887
Payments to suppliers and employees		(1,197,195)	(1,244,368)
Interest received		1,539	2,166
Interest paid		(2,373)	(6,034)
Lease payments not included in the measurement of lease liabilities	11d)	(13,110)	(16,184)
Dividends received		352	-
Income taxes paid		(8,482)	(36,992)
Net cash provided by operating activities	25	**365,171**	**226,475**
Cash flows from investing activities			
Payments for property, plant and equipment		(64,743)	(55,149)
Payments for intangible assets		(27,603)	(37,064)
Net cash used in investing activities		**(92,346)**	**(92,213)**
Cash flows from financing activities			
Repayment of loans and borrowings		(24,695)	(68,288)
Dividends paid	29a)	(45,538)	(45,538)
Net cash used in financing activities		**(70,233)**	**(113,826)**
Net cash increase in cash held		**202,592**	**20,436**
Cash and cash equivalents at the beginning of the financial year		397,868	377,432
Cash and cash equivalents at the end of the financial year	14	**600,460**	**397,868**

Note 1 Reporting entity

This is the financial report for AGT Financial Services Ltd (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 NSW 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 28.

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 equity financial assets that are measured at 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 2021 were authorised for issue in accordance with a resolution of the directors on 11 October 2021.

Note 3 Changes in accounting policies, standards and interpretations

There are a number of amendments to accounting standards issued by the AASB that became mandatorily effective for accounting periods beginning on or after 1 July 2020, and are therefore relevant for the current financial year. The amendments did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

Note 4 Summary of significant accounting policies

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

a) Revenue from contracts with customers

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

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

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

Revenue	Includes	Performance obligation	Timing of recognition
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). There was no revenue from contracts with customers recognised over time during the financial year.

Revenue calculation

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

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

Margin

Margin is arrived at through the following calculation:

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

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 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.

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

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

Ability to change financial return (continued)

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.

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.

Revenue	Revenue recognition policy
Rental income	Rental income from investment properties, including property owned, 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.
Dividend and distribution income	Dividend and distribution income is recognised when the right to receive the payment is established.
Discretionary financial contributions (also "Market Development Fund" or "MDF" income)	MDF income is recognised when the right to receive the payment is established. MDF income is discretionary and provided and receivable 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).

Discretionary financial contributions

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

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

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

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

b) Other revenue *(continued)*

Cash flow boost

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 sized businesses that employ staff and have been affected by the economic downturn associated with COVID-19.

The amounts received are 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.

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.

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

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

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

d) Employee benefits

Short-term employee benefits

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

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

Defined superannuation contribution plans

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

Other long-term employee benefits

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

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

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

e) Taxes

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

Current income tax

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

Deferred tax

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

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

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

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

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

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

e) Taxes *(continued)*

Goods and Services Tax

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

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

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

f) Cash and cash equivalents

For the purposes of the statement of financial position and statement of cash flows, cash and cash equivalents comprise cash on hand and deposits held with banks.

g) Property, plant and equipment

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

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

Depreciation is calculated to write-off the cost of items of property, plant and equipment less their estimated residual values using straight-line 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:

Asset class	Method	Useful life
Building	Straight line	40 years
Leasehold improvements	Straight-line and diminishing value	2 to 40 years
Plant and equipment	Straight-line and diminishing value	1.5 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.

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

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

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

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

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

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

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 and other debtors and creditors, cash and cash equivalents, borrowings and equity securities (shares).

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

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

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

j) Impairment

Non-derivative financial assets

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

The company's trade receivables are limited to the monthly profit share distribution from Bendigo Bank, which is received 10 business days post month end. Due to the reliance on Bendigo Bank the company has reviewed credit ratings provided by Standard & Poors, Moody's and Fitch Ratings to determine the level of credit exposure to the company. The company also performed a historical assessment of receivables from Bendigo Bank and found no instances of default. As a result no ECL has been made in relation to trade receivables as at 30 June 2021.

Non-financial assets

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

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

k) Issued capital

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

l) Provisions

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

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

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

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 a lease that, at commencement date, has a lease term of 12 months or less.

n) Fair value measurement

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

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

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

Note 5 Significant accounting judgements, estimates, and assumptions

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

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

a) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at 30 June 2021 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

Note	Assumptions
- Note 19 - recognition of deferred tax assets	availability of future taxable profit against which deductible temporary differences and carried-forward tax losses can be utilised;
- Note 17 - estimation of useful lives of assets	key assumptions on historical experience and the condition of the asset;
- Note 22 - long service leave provision	key assumptions on attrition rate and pay increases though promotion and inflation;

Note 6 Financial risk management

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

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

Note 6 Financial risk management *(continued)*

a) Credit risk

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

The company's franchise agreement limits the company's credit exposure to one financial institution, being Bendigo Bank. The company monitors credit worthiness through review of credit ratings of the bank.

b) Liquidity risk

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

Exposure to liquidity risk

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

30 June 2021

		Contractual cash flows		
Non-derivative financial liability	Carrying amount	Not later than 12 months	Between 12 months and five years	Greater than five years
Bank loans	46,375	18,840	27,535	-
Trade and other payables	197,441	136,715	60,726	-
	243,816	155,555	88,261	-

30 June 2020

		Contractual cash flows		
Non-derivative financial liability	Carrying amount	Not later than 12 months	Between 12 months and five years	Greater than five years
Bank loans	62,749	19,800	42,949	-
Chattel Mortgage	8,321	8,321	-	-
Trade and other payables	169,096	78,007	91,089	-
	240,166	114,449	134,038	-

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

Note 6 Financial risk management *(continued)*

c) Market risk *(continued)*

Price risk (continued)

Sensitivity analysis - equity price risk

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

	2021 $		2020 $	
	10% increase	10% decrease	10% increase	10% decrease
Equity securities	2,923	(2,923)	2,276	(2,276)

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 $600,460 at 30 June 2021 (2020: $397,868). The cash and cash equivalents are held with Bendigo Bank, which are rated BBB on Standard & Poor's credit ratings.

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 2021 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

	2021 $	2020 $
- Margin income	1,106,517	1,055,226
- Fee income	101,977	110,740
- Commission income	136,238	107,451
	1,344,732	1,273,417

Note 9 Other revenue

	2021 $	2020 $
- Rental income	6,240	5,720
- Dividend and distribution income	352	-
- Market development fund income	60,000	62,708
- Cash flow boost	37,500	62,500
- Other income	591	589
	104,683	131,517

Note 10 Finance income

	2021 $	2020 $
- Term deposits	1,539	2,166

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

Note 11 Expenses

a) Depreciation and amortisation expense

	2021 $	2020 $
Depreciation of non-current assets:		
- Buildings	13,478	4,483
- Leasehold improvements	5,533	5,701
- Plant and equipment	2,169	4,185
- Motor vehicles	18,354	14,190
	39,535	28,559
Amortisation of intangible assets:		
- Franchise fee	26,136	27,350
Total depreciation and amortisation expense	65,671	55,909

b) Finance costs

	2021 $	2020 $
- Bank loan interest paid or accrued	2,373	6,034

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

c) Employee benefit expenses

	2021 $	2020 $
Wages and salaries	561,396	581,376
Non-cash benefits	21,165	11,688
Contributions to defined contribution plans	51,000	47,307
Expenses related to long service leave	(2,628)	3,615
Other expenses	18,712	19,566
	649,645	663,552

Note 11 Expenses *(continued)*

d) Recognition exemption

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

	2021 $	2020 $
Expenses relating to low-value leases	13,110	16,184

Note 12 Fair value gains/(losses) on investments

	2021 $	2020 $
- At FVTPL - equity instruments	6,655	(12,158)

These amounts relate to the increase/(decrease) in the market value of investments held by the company.

Note 13 Income tax expense

a) Amounts recognised in profit or loss	2021 $	2020 $
Current tax expense		
- Current tax	57,607	34,498
- Changes in estimates related to prior years	-	(2,732)
- Movement in deferred tax	5,502	(6,043)
- Adjustment to deferred tax to reflect reduction in tax rate in future periods	569	1,171
	63,678	26,894

b) *Prima facie* income tax reconciliation

Operating profit before taxation	280,148	163,550
Prima facie tax on profit from ordinary activities at 26% (2019: 27.5%)	72,838	44,976
Tax effect of:		
- Non-deductible expenses	21	666
- Non-assessable income	(9,750)	(17,188)
- Temporary differences	(5,502)	6,044
- Movement in deferred tax	5,502	(6,043)
- Adjustment to deferred tax to reflect reduction in tax rate in future periods	569	1,171
- Under/(over) provision of income tax in the prior year	-	(2,732)
	63,678	26,894

Note 14 Cash and cash equivalents

	2021 $	2020 $
- Cash at bank and on hand	493,037	291,891
- Term deposits	107,423	105,977
	600,460	397,868

Note 15 Other investments

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

	2021 $	2020 $
Equity securities - at FVTPL	29,227	22,764

Note 16 Trade and other receivables

	2021 $	2020 $
Trade receivables	105,922	103,551
Prepayments	7,610	7,816
	113,532	111,367

Note 17 Property, plant and equipment

a) Carrying amounts	2021 $	2020 $
Land		
At cost	86,411	188,131
Buildings		
At cost	536,199	434,479
Less: accumulated depreciation	(53,839)	(40,361)
	482,360	394,118
Leasehold improvements		
At cost	227,763	229,629
Less: accumulated depreciation	(151,837)	(148,170)
	75,926	81,459
Plant and equipment		
At cost	86,402	85,553
Less: accumulated depreciation	(67,845)	(66,667)
	18,557	18,886
Motor vehicles		
At cost	160,502	97,598
Less: accumulated depreciation	(43,693)	(25,339)
	116,809	72,259
Total written down amount	780,062	754,853

b) Reconciliation of carrying amounts

Land		
Carrying amount at beginning	188,131	188,131
Transferred out	(101,720)	-
	86,411	188,131

Note 17 Property, plant and equipment *(continued)*

b) Reconciliation of carrying amounts *(continued)*

	2021 $	2020 $
Buildings		
Carrying amount at beginning	394,118	398,601
Transferred in	101,720	-
Depreciation	(13,478)	(4,483)
	482,360	394,118
Leasehold improvements		
Carrying amount at beginning	81,459	87,160
Depreciation	(5,533)	(5,701)
	75,926	81,459
Plant and equipment		
Carrying amount at beginning	18,886	21,446
Additions	1,840	1,625
Depreciation	(2,169)	(4,185)
	18,557	18,886
Motor vehicles		
Carrying amount at beginning	72,259	32,924
Additions	62,904	53,525
Depreciation	(18,354)	(14,190)
	116,809	72,259
Total written down amount	780,062	754,853

c) Changes in estimates

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

Note 18 Intangible assets

a) Carrying amounts

	2021 $	2020 $
Franchise fee		
At cost	245,237	245,237
Less: accumulated amortisation	(162,473)	(136,337)
Total written down amount	82,764	108,900

b) Reconciliation of carrying amounts

	2021 $	2020 $
Franchise fee		
Carrying amount at beginning	108,900	5,570
Additions	-	130,680
Amortisation	(26,136)	(27,350)
Total written down amount	82,764	108,900

Note 18 Intangible assets *(continued)*

c) Changes in estimates

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

Note 19 Tax assets and liabilities

a) Current tax

	2021 $	2020 $
Income tax payable/(refundable)	24,995	(19,358)

b) Deferred tax

	2021 $	2020 $
Deferred tax assets		
- expense accruals	750	780
- employee provisions	17,731	22,266
Total deferred tax assets	18,481	23,046
Deferred tax liabilities		
- deductible prepayments	1,903	2,032
- financial assets	2,350	714
Total deferred tax liabilities	4,253	2,746
Net deferred tax assets (liabilities)	14,228	20,300
Movement in deferred tax charged to Statement of Profit or Loss and Other Comprehensive Income	(6,072)	4,873

Note 20 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

	2021 $	2020 $
Other creditors and accruals	136,715	78,007

b) Non-current liabilities

	2021 $	2020 $
Other creditors and accruals	60,726	91,089

Note 21 Loans and borrowings

a) Current liabilities

	2021 $	2020 $
Secured bank loans	18,840	19,800
Chattel mortgage	-	8,321
	18,840	28,121

b) Non-current liabilities

	2021 $	2020 $
Secured bank loans	27,535	42,949

Note 21 Loans and borrowings *(continued)*

c) Terms and repayment schedule

	Nominal interest rate	Year of maturity	30 June 2021 Face value	30 June 2021 Carrying value	30 June 2020 Face value	30 June 2020 Carrying value
Secured bank loans	4.39%	2032	46,375	46,375	62,749	62,749
Chattel mortgage	6.32%	2020	-	-	8,321	8,321

Note 22 Employee benefits

a) Current liabilities

	2021 $	2020 $
Provision for annual leave	34,834	46,920
Provision for long service leave	28,662	26,181
	63,496	73,101

b) Non-current liabilities

	2021 $	2020 $
Provision for long service leave	7,427	12,536

c) Key judgement and assumptions

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.

Note 23 Issued capital

a) Issued capital

	2021 Number	2021 $	2020 Number	2020 $
Ordinary shares - fully paid	607,169	607,169	607,169	607,169
Less: equity raising costs	-	(27,051)	-	(27,051)
	607,169	580,118	607,169	580,118

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).

Note 23 Issued capital *(continued)*

b) Rights attached to issued capital *(continued)*

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.

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 24 Retained earnings

	Note	2021 $	2020 $
Balance at beginning of reporting period		529,489	438,371
Net profit after tax from ordinary activities		216,470	136,656
Dividends provided for or paid	29a)	(45,538)	(45,538)
Balance at end of reporting period		700,421	529,489

Note 25 Reconciliation of cash flows from operating activities

	2021 $	2020 $
Net profit after tax from ordinary activities	216,470	136,656
Adjustments for:		
- Depreciation	39,535	28,559
- Amortisation	26,136	27,350
- (Increase)/decrease in fair value of equity instruments designated at FVTPL	(6,655)	12,158
Changes in assets and liabilities:		
- (Increase)/decrease in trade and other receivables	(2,165)	605
- (Increase)/decrease in other assets	25,623	6,645
- Increase/(decrease) in trade and other payables	55,946	1,042
- Increase/(decrease) in employee benefits	(14,714)	13,460
- Increase/(decrease) in tax liabilities	24,995	-
Net cash flows provided by operating activities	365,171	226,475

Note 26 Financial instruments - fair value

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

		Carrying amount				Fair value level	
	Note	2021 $ FVTPL	2021 $ At amortised cost	2020 $ FVTPL	2020 $ At amortised cost	2021 $ Level 1	2020 $ Level 1
Financial assets measured at fair value:							
Equity securities	15	29,227	-	22,764	-	29,227	22,764
Financial assets not measured at fair value:							
Trade and other receivables	16	-	105,922	-	103,551	-	-
Cash at bank and on hand	14	-	493,037	-	291,891	-	-
Term deposits	14	-	107,423	-	105,977	-	-
		-	706,382	-	501,419	-	-
Financial liabilities not measured at fair value:							
Trade and other payables	20	-	197,441	-	169,096	-	-
Secured bank loans	21	-	46,375	-	62,749	-	-
Chattel mortgage	21a)	-	-	-	8,321	-	-
		-	243,816	-	240,166	-	-

Note 27 Auditor's remuneration

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

	2021 $	2020 $
Audit and review services		
- Audit and review of financial statements	5,000	4,800
Non audit services		
- General advisory services	3,930	4,330
- Share registry services	3,960	3,955
Total auditor's remuneration	12,890	13,085

Note 28 Related parties

a) Details of key management personnel

The directors of the company during the financial year were:

James Philip Hayes
Ross Andrew Tout
Matthew John Pearce
William Patrick O'Connell
Sarah Anne Roche
Virginia Patricia Goode
Hannah Jean Speers
Derek Geoffrey Cunningham Lotz

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.

c) Related party transactions

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

Note 29 Dividends provided for and paid

a) Dividends provided for and paid during the period

The following dividends were provided for and paid to shareholders during the reporting period as presented in the Statement of Changes in Equity and Statement of Cash Flows.

	30 June 2021		30 June 2020	
	Cents	$	Cents	$
Fully franked dividend	7.50	45,538	7.50	45,538

The tax rate at which dividends have been franked is 26% (2020: 27.5%).

Note 29 Dividends provided for or paid *(continued)*

b) Franking account balance

	2021 $	2020 $
Franking credits available for subsequent reporting periods		
Franking account balance at the beginning of the financial year	268,531	249,262
Franking transactions during the financial year:		
- Franking credits (debits) arising from income taxes paid (refunded)	27,840	70,217
- franking credits/(debits) from the payment/(refund) of income tax following lodgement of annual income tax return	(19,358)	(33,675)
- Franking debits from the payment of franked distributions	(16,000)	(17,273)
Franking account balance at the end of the financial year	261,013	268,531
Franking transactions that will arise subsequent to the financial year end:		
- Franking credits (debits) that will arise from payment (refund) of income tax	24,996	(19,358)
Franking credits available for future reporting periods	286,009	249,173

The ability to utilise franking credits is dependent upon the company's ability to declare dividends. The tax rate at which future dividends will be franked is 25%.

Note 30 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.

	2021 $	2020 $
Profit attributable to ordinary shareholders	216,470	136,656
	Number	Number
Weighted-average number of ordinary shares	607,169	607,169
	Cents	Cents
Basic and diluted earnings per share	35.65	22.51

Note 31 Commitments

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

Note 32 Contingencies

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

Note 33 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 Ltd
Directors' Declaration

In accordance with a resolution of the directors of AGT Financial Services Ltd, 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 2021 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 11th day of October 2021

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of AGT Financial Services Ltd's (the company), which comprises:

- Statement of financial position as at 30 June 2021
- Statement of profit or loss and other comprehensive income
- Statement of changes in equity
- Statement of cash flows
- Notes to the financial statements, including a summary of significant accounting policies
- The directors' declaration of the company.

In our opinion, the accompanying financial report of 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 2021 and of its financial performance for the year ended on that date; and
ii. complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

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

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

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

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.

Responsibilities of the Directors for the Financial Report

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

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

Auditor's responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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

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

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

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 11 October 2021

Adrian Downing
Lead Auditor

Chairman's Report

Another year and more challenges for our community and our bank, it seems that pivot is the word most common this year and this is exactly what your community, our bank, our staff and the board of directors have done. Covid has changed the way we do business, the way we meet and has limited the opportunity to travel and visit loved ones. Through all these challenges we have managed to keep the doors open and maintain and grow our business.

Staff changes have seen foundation staff member and Manager Stephanie Smyth retire and be replaced by Tim Swan, we thank Stephanie for her commitment and dedication over the last 17 years. Also commencing this year is Allana Dean as Adelong Branch Operations Manager, Allana brings years of banking experience to the team. Brodee Gorman has also commenced a traineeship and is learning new skills every day. Please welcome these new staff when you see them in the branch.

The board has agreed to a dividend of 7.5 cents per share fully franked, once again a tidy return on investors' funds. This year another significant deposit has been placed with the Community Enterprise Foundation which will be able to be accessed for later eligible donation streams.

This year the board opted to award two university scholarships, the successful recipients were; Taylah Wilson studying Radiography and Ellen McMurray studying Teaching.

I thank outgoing board member Ross Tout, Ross possesses not only a broad suite of financial skills but also a pragmatic approach and a dry sense of humour. Sally Dean our long serving Secretary will also leave us after the Annual General Meeting, as a board we will miss her skill and dedication, on a personal note I will miss her assistance in making my role easier. Best wishes and thank you to you both.

Welcome to new board members Sarah Roche and Ginny Goode who have both settled into their roles seamlessly.

Once again, I must thank our hard-working staff who continue to rise to all challenges, through their passion, unique skill set and diligence the company continues to grow and prosper.

Finally I encourage you to continue to promote the advantages of banking with your community bank with your friends and colleagues as this will further support our exceptional community.

James Hayes GAICD

Manager's Report

The 2020/21 financial year has been one of significant change. Stephanie Smyth retired as Adelong Branch Manager, and Clare Chalmers accepted another position with Bendigo, vacating the position of Gundagai Branch Manager. Our board took the opportunity to implement Bendigo's new recommended structure, creating my position of Senior Branch Manager. Alanna Dean was appointed as Branch Operations Manager in Adelong, and Jamie-Lee Gorman was promoted to Branch Operations Manager in Gundagai, rewarding many years of excellent service in that branch.

Despite the transition in management positions the company maintained a very stable core of experienced and capable front-line staff. Their hard work and dedication provided continuity of services vital to our local communities as they navigate difficult and unprecedented challenges.

Over the course of this difficult year the company was able to generate profit before income tax of $280,148, an increase of 71% on the previous year. In addition to this, the company made contributions to community groups totalling $157,683.

Deposits grew by $12.91M to $81.40M, loans by $6.76M to $80.84M and rural business grew by $5.48M to $18.17M. The combined growth was $26.75M for a closing value of $185.63M, an increase of 16.84%.

These are excellent results under any circumstances, and to achieve them amid the disruptions of COVID19, flooding and bushfire recovery is a credit to the judicious management of our Board of Directors who volunteer their time in service to the community.

Special recognition is also due to Stephanie Smyth, who has been part of the operation since day one and has built a very successful business that makes a real difference to the local community. She leaves us well placed to manage the challenging times ahead.