Annual Report 2022

AGT Financial Services Limited

Community Bank
Adelong & District

ABN 39 107 620 137

Contents

Chair's report

For year ending 30 June 2022

They say a year in politics is a long time, I would suggest this year in the banking and finance industry has been longer. The year has been one that has presented many challenges, but both our Community Bank Adelong and AGT Financial Services Limited have forged forward to deliver a very pleasing result considering the circumstances. Covid-19 continued to disrupt our normal daily lives along with businesses. The lowest interest rates, in what I would suggest in most people's memories, affected our bottom line for part of the year and as they started to rise, we have recorded an increase in profit to the business. More on these challenges later.

Importantly I would like to recognise the contribution of James Hayes to both our Community Bank Adelong, AGT Financial Services Limited and our community on a whole. James retired from the Board at the end of January this year after serving for 10 years on the Board, five of them as Chair. I thank James for his guidance, comradeship and most importantly his dedication to our communities. His involvement at many levels has been to the benefit of our communities, and it quite often goes unrecognised or even at times criticised. His time with AGT Financial Services Limited has delivered significant return to our communities through his stewardship over the Board. Thank you, James, and all the best for future endeavours – you may be back one day!

Additionally, it would be remiss of me to not mention Stephanie Smyth receiving an OAM for her contribution to the Adelong and surrounding communities. Steph was nominated by members of the AGT Financial Services Limited Board for consideration of an Order of Australia medal. Steph has been our longest serving staff member. She was an inaugural staff member serving the bank in a number of roles and retired as the Manager of the business in 2020. I personally want to pass my congratulations on to Steph – well deserved.

Yearly Reporting

2021/22 has involved many changes in staff and on the Board and obviously a new Chair. I would like to firstly thank the staff. A few long-term staff left us for other opportunities or maternity leave, and our Branch Manager left us in May. It would be remiss of me not to acknowledge the staff that have moved on, by thanking them for their contribution in making the bank the successful business it is. With these vacancies we have employed new staff and appointed Alanna Dean as the Acting Manager. Please ensure you make yourselves known to our new staff, because as a Board we are keen to know how they have settled into the business to serve as valuable assets to the business and the community. It is important to note that we are committed to maintaining our branches and service options. As we see the other major financial institutions reduce their footprints in our local area, we remain committed to providing and increasing our service offerings to our communities. It takes the support of these communities through their banking with us to enable us to do this, so please keep supporting the bank that supports the community.

Looking Forward

2022 saw us welcome Donna Martin onto the Board. Donna has been appointed to the role of Treasurer and she has 'sunk her teeth into the business'. With the changes that have happened there have been some transitional learnings along with some restructure of roles and responsibilities on the Board and with staff. While this will not be evident on the surface, be assured we are focused on our corporate governance and the future of the business. The Board is currently, with the support of Bendigo and Adelaide Bank, undergoing a Business Planning Process which will set direction, identify opportunities, and provide a formal plan for the business to utilise going forward.

The banking environment has improved with interest rates rising, so our return on deposits is improving. The lending environment has been challenging with opportunities limited in the last 12 months because of a few factors. I am pleased to report that our lending team has done a great job to put us in a position of generating a healthy profit. The forecast is for the lending market to continue to improve, and we are seeing that through our quarterly reporting at present.

Current Position and Dividend

2021/22 has again delivered a healthy profit for AGT Financial Services Limited. We recorded a pre-tax profit of $249,652 which saw an after-tax profit of $187,209. The Board made the decision to utilise the Bendigo and Adelaide Bank Community Enterprise Foundation™ to reduce our tax position, into which we deposited $100,000 into our corporate fund. We now have a significant balance held in the fund which is paying a dividend back to the company. We hold this reserve for the opportunity to assist significant future projects in our communities.

When considering the dividend allocation this year the Board reflected on past dividends paid which had remained the same since 2010. It has been at times a generous dividend when compared to profit generated in that given year. The Board has this year adopted a calculation when determining our dividend and I am more than pleased to say we will be paying a fully franked dividend of 8.5c per share. This is a 1 cent per share increase on the previous dividend, which is a 12.5% increase – a nice return on investment in anyone's books I would say over the last 12 months.

Community Participation

The company has continued to support our communities through grants and sponsorships. We aim to support as many as we can but do have some guidelines when determining if we can approve a request. While this is understood within the Board it is not always the case out there in our communities. Therefore, the Board is committed to ensuring transparency of these guidelines to applicants and we will be formalising this in the coming year.

It is worthy to note we have returned upwards of $1 million dollars over the life of the business into many different parts of the community, including arts, education, sports, events, interest groups and other special requests. As a Board we aim to be inclusive across the community without prejudice or focus on any single interest.

Board

As earlier mentioned, we farewelled James Hayes from the Board, which then saw my appointment to the role of Chair. I thank the other members of the Board for having the confidence in my ability to be appointed to this role and I am dedicated to ensuring the continued success of Bendigo and Adelaide Bank in our communities. We welcomed Donna Martin to the Board and as mentioned earlier, Donna has stepped into the role of Treasurer. Bill O'Connell, in addition to being a Director, is the new Company Secretary and between Donna and Bill they have done an enormous amount of work getting us prepared for the Annual Report and the AGM. I would like to personally thank them for their contribution. As a Board, while we haven't been appointed on a skills basis, one would think so when we look at the depth we have there. I thank Sarah Roche and Virginia Goode for their contribution to the Board in experience, skill and commitment to the business and ultimately their communities. We have had some challenges this year which has taken the dedication of our small group to resolve, and the business will be all the better for it going forward.

Final note

As a shareholder of AGT Financial Services Limited I would just like to affirm my commitment to our Community Bank and our communities. I take my role as Chair with a great deal of respect. I appreciate the expectation that you the shareholder has from our Board and I would like to thank you for your ongoing support. I am lucky to have been, and continue to be, surrounded by good people with good intentions which makes this role of Chair and Board member very satisfying. We have achieved great things as a community and will continue to do so while we keep supporting each other.

Matt Pearce
Chair, AGT Financial Services Limited

Bendigo and Adelaide Bank report

For year ending 30 June 2022

Community continues to be core to who we are at Bendigo and Adelaide Bank.

With your support, we are enabling community infrastructure to be built, strengthening the arts and culturally diverse communities, improving educational outcomes, and growing healthy places for Australians to live and work. On behalf of the Bank, thank you for continuing to play a vital role in supporting your community.

As we emerge from the pandemic and navigate a shifting economic landscape, the investments our Community Banks make in the future of the communities in which they operate has never been more important.

We are proud that more Australians are choosing to do their banking with Bendigo and Adelaide Bank – and importantly trust us with their financial needs. We are Australia's most trusted bank (Roy Morgan, May 2022), an outcome that you have all contributed to and should feel proud of.

Our purpose has never been more important; we remain committed to continuing to feed into the prosperity of our customers and communities, and not off them.

Your ongoing support as a shareholder is essential to the success of your local community. Together, we will continue to grow sustainably and make a positive impact for generations to come.

Warmest regards,

Justine Minne
Bendigo and Adelaide Bank

Community Bank National Council report

For year ending 30 June 2022

As a shareholder in your local Community Bank, you are part of this incredible social network that is playing an increasingly important role in the Australian economy.

The Community Bank network was a first mover in Australia with its unique social enterprise model. The first Community Bank opened its doors in 1998, and since then, the network has grown to 307 Community Bank branches.

The network represents a diverse cross-section of Australia with 240 social enterprises, 70,000+ shareholders, 1600+ volunteer Directors, 1600+ staff and 905,000 customers located in metro, regional, rural and remote locations across the country. It's not uncommon to visit a country town and see the Community Bank logo affixed to public amenities; at the front of schools, and on the perimeter of sporting clubs – such is the breadth and depth of our investments over the years.

The Community Bank network invests via grants, donations and sponsorships that connect with and care for generations of Australians. Funding programs range from sport, scholarships and school programs, through to community groups, cultural organisations and local councils. The Community Bank influence further extends to facilitating and attracting other partners to help subsidise much needed community projects.

The relationship with the Bank, which has been fashioned out of shared effort, risk and reward, is clearly a philosophy that works. Also supporting the network, is the Community Bank National Council (CBNC), which advocates and influences on behalf of the 240 community enterprises with its partners.

The three strategic pillars of the 2022-23 CBNC strategy are to:

- Develop a community network strategy to ensure the ongoing sustainability of our community enterprises
- Advocate for and champion the uniqueness and value of our social enterprises
- Unite the network to leverage our community presence and amplify our community impact

All Directors and shareholders should feel proud of the network which has collectively delivered enormous impact in our local communities.

We are community builders and investors with a national presence, whilst still retaining grass roots community connections. It's through this unique point of difference, and the commitment of our Directors and shareholders, that we are well positioned to embrace the change that is upon us.

Next year our Community Bank network celebrates 25 years, but in many respects, it's only the beginning for our collective of social enterprises.

Warm regards

Sarah Franklyn
CBNC Chair

Directors' report

For the financial year ended 30 June 2022

The directors present their report, together with the financial statements, on the company for the year ended 30 June 2022.

Directors

The following persons were directors of the company during the whole of the financial year and up to the date of this report, unless otherwise stated:

Matthew John Pearce

Title:	Chair
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:	Chair

William Patrick O'Connell

Title:	Non-executive director
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. Representative on the NSW / ACT Marketing Committee for South West Region 234.
Special responsibilities:	Company Secretary.

Sarah Anne Roche

Title:	Non-executive director
Experience and expertise:	A trusted and qualified senior leader with more than 20 years' experience across diverse industries in the private and public sector. Sarah has held several high-pressure leadership roles with direct line to the CEO and board leading large Operations regional geographically spread teams up to 1500 FTES to deliver on the corporate strategy and organisational objectives. Sarah's most recent roles was Head of Operations for Essential Energy (4 years) and prior to that Southern Regional Manager for Graincorp (5 years). In addition, Sarah has worked at Rabobank and was co-owner and director of proAGtive Australia's leading rural farm succession planning firm. Sarah has a Bachelor of Commerce Degree (HR/ Marketing majors) and Bachelor of Teaching (majors physical education). Sarah was the 2020 Telstra Businesswomen of Year, NSW Finalist, out of 22,000 applicants. Sarah is married to a fourth-generation Adelong farmer and together they run a beef and sheep operation in the Gilmore valley near Tumut. Sarah has been actively involved in a range of sporting and community initiatives and is currently on the Australian Rural Leadership Program Snowy Valleys Regenerate Program.
Special responsibilities:	Nil

Directors (continued)

Virginia Patricia Goode

	Non-executive director
	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.
	Nil

Donna Marie Martin

Title:	Non-executive director (appointed 7 March 2022)
Experience and expertise:	2010 to Current - CEO Tumut Bricks and Pavers,Tumut Tiles. In partnership with her husband they own and operate these businesses. When they took on these businesses in 2010 they also owned Tumut Plant Hire which was divested in 2019 as a going concern. Previously to this she worked for Visy Pulp and Paper at the Tumut site as their Procurement Manager 2007-2010. Prior to Visy, in partnership with her husband, Donna was self-employed as a business consultant and from 1995-2005 developed a green start engineering business in Western Victoria. Her work experience prior to then was predominantly banking and customer service roles. She worked for CBA for 15 years (1981-1994). She is a current RFS volunteer, serves on the board and is working with Snowy Valleys Council to develop a Multi-Purpose Facility and Evacuation Centre. She is the treasurer of Tumut MTB and with others organises an annual MTB event in Tumut. She is a past committee Member/Treasurer for Tumut Regional Family Services and served for three years on the Terang and Mortlake Health Service board. Donna has taken numerous executive roles in sporting organisations over her lifetime. She is currently working towards her Master of Business - has completed her Graduate Certificiate in Business level and has completed a lot of community focused training activities within the RFS and other community organisations, as well as company specific and RTO recognised training courses.
Special responsibilities:	Treasurer

Ross Andrew Tout (resigned 24 November 2021)

Title:	Non-executive director
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.
Special responsibilities:	Nil

James Philip Hayes (resigned 31 January 2022)

Title:	Non-executive director
Experience and expertise:	Retired teacher, cattle & sheep grazer with special interest in economic & community development, agriculture, sport and education. Local government councilor & former Mayer of Snowy Valleys Council. Keen advocate for and interest in locally based philanthropy.
Special responsibilities:	Nil

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

Company secretary

There have been two company secretaries holding the position during the financial year:

- William O'Connell was appointed company secretary on 16 February 2022.
- Sally Dean was appointed as company secretary on 25 October 2010 and ceased on 24 November 2021.

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 this activity during the financial year.

Review of operations

The profit for the company after providing for income tax amounted to $187,209 (30 June 2021: $216,470).

Operations have continued to perform in line with expectations.

Dividends

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

	2022 $
Fully franked dividend of 7.5 cents per share (2021: 7.5 cents)	45,538

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the company during the financial year.

Matters subsequent to the end of the financial year

Since the end of the year, the Reserve Bank of Australia (RBA) has increased the cash rate by 1.75 basis points moving from 0.85% at 30 June 2022 to 2.60% as at the date of signing these accounts. The increase in the cash rate has a direct impact on the revenue received by the company on its products (deposits and loans) offered to its customers. The company has noted an increase in the revenue streams for the first couple of months July – August 2022.

No other matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial 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 under Australian Commonwealth or State law.

Meetings of directors

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

	Board	
	Eligible	Attended
Matthew John Pearce	11	9
William Patrick O'Connell	11	10
Sarah Anne Roche	11	6
Virginia Patricia Goode	11	9
Donna Marie Martin	4	4
James Philip Hayes	6	6
Ross Andrew Tout	5	2

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 except as disclosed in note 28 to the financial statements. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the company's accounts, or the fixed salary of a full-time employee of the company, controlled entity or related body corporate.

Directors' interests

The interest in company shareholdings for each director are:

	Balance at the start of the year $	Changes $	Balance at the end of the year $
Matthew John Pearce	2,000	-	2,000
William Patrick O'Connell	2,100	-	2,100
Sarah Anne Roche	-	-	-
Virginia Patricia Goode	-	-	-
Donna Marie Martin	-	-	-
James Philip Hayes	2,000	-	2,000
Ross Andrew Tout	500	-	500

Indemnity 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.

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*.

Indemnity and insurance of auditor

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

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 29 to the accounts.

The Board 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
- 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 immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

On behalf of the directors

Matthew John Pearce
Chair

24 October 2022

Auditor's independence declaration

Andrew Frewin Stewart
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 2022, 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: 24 October 2022

Adrian Downing
Lead Auditor

Financial statements

Statement of Profit or Loss and Other Comprehensive Income
for the year ended 30 June 2022

	Note	2022 $	2021 $
Revenue from contracts with customers	7	1,352,722	1,344,732
Other revenue	8	57,576	104,683
Finance revenue		412	1,539
Fair value gains on financial assets	9	2,490	6,655
Employee benefits expense	10	(745,204)	(649,645)
Advertising and marketing costs		(27,133)	(30,071)
Occupancy and associated costs		(30,687)	(39,691)
System costs		(37,020)	(38,110)
Depreciation and amortisation expense	10	(63,066)	(65,671)
Finance costs	10	(1,655)	(2,373)
General administration expenses		(216,498)	(196,000)
Profit before community contributions and income tax expense		**291,937**	**436,048**
Charitable donations and sponsorships expense		(42,285)	(155,900)
Profit before income tax expense		**249,652**	**280,148**
Income tax expense	11	(62,443)	(63,678)
Profit after income tax expense for the year	**22**	**187,209**	**216,470**
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		**187,209**	**216,470**
		Cents	**Cents**
Basic earnings per share	31	30.83	35.65
Diluted earnings per share	31	30.83	35.65

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Statement of Financial Position
as at 30 June 2022

	Note	2022 $	2021 $
Assets			
Current assets			
Cash and cash equivalents	12	752,529	600,460
Trade and other receivables	13	139,908	113,532
Financial assets	14	31,682	29,227
Total current assets		**924,119**	**743,219**
Non-current assets			
Investment properties	16	100,031	101,909
Property, plant and equipment	15	646,741	678,153
Intangibles	17	56,628	82,764
Deferred tax assets	11	5,066	14,228
Total non-current assets		**808,466**	**877,054**
Total assets		**1,732,585**	**1,620,273**
Liabilities			
Current liabilities			
Trade and other payables	18	188,676	136,715
Borrowings	19	18,840	18,840
Current tax liabilities	11	22,885	24,995
Employee benefits	20	26,880	63,496
Total current liabilities		**257,281**	**244,046**
Non-current liabilities			
Trade and other payables	18	30,363	60,726
Borrowings	19	10,530	27,535
Employee benefits	20	12,201	7,427
Total non-current liabilities		**53,094**	**95,688**
Total liabilities		**310,375**	**339,734**
Net assets		**1,422,210**	**1,280,539**
Equity			
Issued capital	21	580,118	580,118
Retained earnings	22	842,092	700,421
Total equity		**1,422,210**	**1,280,539**

The above statement of financial position should be read in conjunction with the accompanying notes

Statement of Changes in Equity
for the year ended 30 June 2022

	Note	Issued capital $	Retained earnings/ $	Total equity $
Balance at 1 July 2020		580,118	529,489	1,109,607
Profit after income tax expense		-	216,470	216,470
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		**-**	**216,470**	**216,470**
Transactions with owners in their capacity as owners:				
Dividends provided for	24	-	(45,538)	(45,538)
Balance at 30 June 2021		**580,118**	**700,421**	**1,280,539**
Balance at 1 July 2021		580,118	700,421	1,280,539
Profit after income tax expense		-	187,209	187,209
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		**-**	**187,209**	**187,209**
Transactions with owners in their capacity as owners:				
Dividends provided for	24	-	(45,538)	(45,538)
Balance at 30 June 2022		**580,118**	**842,092**	**1,422,210**

The above statement of changes in equity should be read in conjunction with the accompanying notes

Statement of Cash Flows
for the year ended 30 June 2022

	Note	2022 $	2021 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		1,527,805	1,584,440
Payments to suppliers and employees (inclusive of GST)		(1,257,187)	(1,210,305)
		270,618	374,135
Dividends received		-	352
Interest received		412	1,539
Interest and other finance costs paid		(1,655)	(2,373)
Income taxes paid		(23,520)	(8,482)
Net cash provided by operating activities	**30**	**245,855**	**365,171**
Cash flows from investing activities			
Payments for property, plant and equipment		(3,640)	(64,743)
Payments for intangibles		(27,603)	(27,603)
Net cash used in investing activities		**(31,243)**	**(92,346)**
Cash flows from financing activities			
Dividends paid	24	(45,538)	(45,538)
Repayment of borrowings		(17,005)	(24,695)
Net cash used in financing activities		**(62,543)**	**(70,233)**
Net increase in cash and cash equivalents		152,069	202,592
Cash and cash equivalents at the beginning of the financial year		600,460	397,868
Cash and cash equivalents at the end of the financial year	**12**	**752,529**	**600,460**

The above statement of cash flows should be read in conjunction with the accompanying notes

Notes to the financial statements

For the year ended 30 June 2022

Note 1. Reporting entity

The financial statements cover AGT Financial Services Ltd (the company) as an individual entity. The financial statements are presented in Australian dollars, which is the company's functional and presentation currency.

The company is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is 62 Tumut Street, Adelong NSW 2729.

A description of the nature of the company's operations and its principal activity is included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 24 October 2022. The directors have the power to amend and reissue the financial statements.

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.

Note 3. Significant accounting policies

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

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 2021, 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.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when, it is expected to be realised or intended to be sold or consumed in the company's normal operating cycle, it is held primarily for the purpose of trading, it is expected to be realised within 12 months after the reporting period or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when, it is either expected to be settled in the company's normal operating cycle, it is held primarily for the purpose of trading, it is due to be settled within 12 months after the reporting period or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Note 3. Significant accounting policies (continued)

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 2022.

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 any impairment loss.

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.

Goods and Services Tax (GST)

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.

Note 4. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the company based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the company operates. There does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the company unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Note 4. Critical accounting judgements, estimates and assumptions (continued)

Fair value measurement hierarchy

The company is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

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: unobservable inputs for the asset or liability.

Estimation of useful lives of assets

The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives or non-strategic assets that have been abandoned or sold will be written off or written down.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The company assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the company considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Employee benefits provision

The liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and inflation have been taken into account.

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 5. Reclassification

Investment Property

During the financial year the company indicated the 51 Tumut street property may be more appropriately disclosed as an investment property due to way it is and has been used by the business. As such a reclassification of the owned property in the prior period from a 'property, plant and equipment' to an 'investment property' has been disclosed. See the Investment Property note for further details.

Note 6. Economic dependency

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.

Note 6. Economic dependency (continued)

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 7. Revenue from contracts with customers

	2022 $	2021 $
Margin income	1,126,669	1,106,517
Fee income	92,502	101,977
Commission income	133,551	136,238
Revenue from contracts with customers	**1,352,722**	**1,344,732**

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:

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

Note 7. Revenue from contracts with customers (continued)

Revenue calculation

The franchise agreement provides that three forms of revenue may be earned by the company which are 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 Bendigo Bank 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.

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.

Note 8. Other revenue

	2022 $	2021 $
Market development fund	51,250	60,000
Cash flow boost	-	37,500
Dividend and distribution income	-	352
Rental income	6,240	6,240
Other income	86	591
Other revenue	**57,576**	**104,683**

Note 8. Other revenue (continued)

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 stream	Revenue recognition policy
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.
Rental income	Rental income from owned investment properties, 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.

All revenue is stated net of the amount of 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.

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.

Note 9. Fair value gains on financial assets

	2022 $	2021 $
Fair value gains on financial assets	**2,490**	**6,655**

These amounts relate to the increase in the market value of financial assets held by the company.

Note 10. Expenses

Depreciation and amortisation expense

	2022 $	2021 $
Depreciation of non-current assets		
Buildings	11,566	11,596
Leasehold improvements	5,446	5,533
Plant and equipment	2,427	2,170
Investment property	1,878	1,882
Motor vehicles	15,613	18,354
	36,930	**39,535**
Amortisation of intangible assets		
Franchise fee	26,136	26,136
	63,066	**65,671**

Finance costs

	2022 $	2021 $
Bank loan interest paid or accrued	**1,655**	**2,373**

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

Employee benefits expense

	2022 $	2021 $
Wages and salaries	652,973	561,396
Non-cash benefits	(34,129)	21,165
Superannuation contributions	70,619	51,000
Expenses related to long service leave	8,203	(2,628)
Other expenses	47,538	18,712
	745,204	**649,645**

During the period the company re-performed the Fringe Benefits Tax workings changing the calculation method. This has resulted in the reduction of the FBT liability and the above negative non cash benefit.

Leases recognition exemption

	2022 $	2021 $
Expenses relating to low-value leases	**13,556**	**13,110**

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.

Note 11. Income tax

	2022 $	2021 $
Income tax expense		
Current tax	53,281	57,607
Movement in deferred tax	9,162	5,502
Reduction in company tax rate	-	569
Aggregate income tax expense	**62,443**	**63,678**
Prima facie income tax reconciliation		
Profit before income tax expense	249,652	280,148
Tax at the statutory tax rate of 25% (2021: 26%)	62,413	72,838
Tax effect of:		
Non-deductible expenses	30	21
Non-assessable income	-	(9,750)
Reduction in company tax rate	-	569
Income tax expense	**62,443**	**63,678**

	2022 $	2021 $
Deferred tax assets/(liabilities)		
Employee benefits	9,770	17,731
Accrued expenses	750	750
Income accruals	(38)	-
Financial assets at fair value through profit or loss	(2,973)	(2,350)
Prepayments	(2,443)	(1,903)
Deferred tax asset	**5,066**	**14,228**

	2022 $	2021 $
Provision for income tax	**22,885**	**24,995**

Accounting policy for income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Accounting policy for current 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.

Accounting policy for 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.

Note 11. Income tax (continued)

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 12. Cash and cash equivalents

	2022 $	2021 $
Cash at bank and on hand	644,917	493,037
Term deposits	107,612	107,423
	752,529	**600,460**

Accounting policy for 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.

Note 13. Trade and other receivables

	2022 $	2021 $
Trade receivables	129,983	105,922
Accrued income	153	-
Prepayments	9,772	7,610
	9,925	**7,610**
	139,908	**113,532**

Accounting policy for trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Note 14. Financial assets

	2022 $	2021 $
Equity securities - designated at fair value through profit or loss	**31,682**	**29,227**

The company classifies financial assets 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 financial assets are classified as non-current.

Note 15. Property, plant and equipment

	2022 $	2021 $
Land - at cost	57,511	57,511
Buildings - at cost	461,308	461,308
Less: Accumulated depreciation	(63,523)	(51,957)
	397,785	**409,351**
Leasehold improvements - at cost	227,763	227,763
Less: Accumulated depreciation	(157,283)	(151,837)
	70,480	**75,926**
Plant and equipment - at cost	90,046	86,401
Less: Accumulated depreciation	(70,277)	(67,845)
	19,769	**18,556**
Motor vehicles - at cost	160,502	160,502
Less: Accumulated depreciation	(59,306)	(43,693)
	101,196	**116,809**
	646,741	**678,153**

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Land $	Buildings $	Leasehold improvements $	Plant and equipment $	Motor vehicles $	Total $
Balance at 1 July 2020	84,340	394,118	81,459	18,886	72,259	651,062
Additions	-	-	-	1,840	62,904	64,744
Transfers in/(out)	(26,829)	26,829	-	-	-	-
Depreciation	-	(11,596)	(5,533)	(2,170)	(18,354)	(37,653)
Balance at 30 June 2021	**57,511**	**409,351**	**75,926**	**18,556**	**116,809**	**678,153**
Additions	-	-	-	3,640	-	3,640
Depreciation	-	(11,566)	(5,446)	(2,427)	(15,613)	(35,052)
Balance at 30 June 2022	**57,511**	**397,785**	**70,480**	**19,769**	**101,196**	**646,741**

Accounting policy for 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.

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a diminishing value and straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

Buildings	40 years
Leasehold improvements	2 to 40 years
Plant and equipment	1.5 to 40 years
Motor vehicles	4 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets.

Note 15. Property, plant and equipment (continued)

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

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 16. Investment properties

	2022 $	2021 $
Investment property - at cost	103,791	103,791
Less: Accumulated depreciation	(3,760)	(1,882)
	100,031	**101,909**

Reconciliation

Reconciliation of the beginning and end of the current and previous financial year are set out below:

Opening amount	101,909	103,791
Depreciation expense	(1,878)	(1,882)
Closing amount	**100,031**	**101,909**

Accounting policy for investment properties

Investment properties principally comprise of freehold land and buildings held for long-term rental and capital appreciation that are not occupied by the company. Investment properties are recognised at cost, less accumulated depreciation.

Investment properties are derecognised when disposed of or when there is no future economic benefit expected.

Note 17. Intangibles

	2022 $	2021 $
Franchise fee	245,237	245,237
Less: Accumulated amortisation	(188,609)	(162,473)
	56,628	**82,764**

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Franchise fee $	Total $
Balance at 1 July 2020	108,900	108,900
Amortisation expense	(26,136)	(26,136)
Balance at 30 June 2021	**82,764**	**82,764**
Amortisation expense	(26,136)	(26,136)
Balance at 30 June 2022	**56,628**	**56,628**

Accounting policy for intangible assets

Intangible assets of the company relate to the franchise fees paid to Bendigo Bank which conveys the right to operate the Community Bank franchise.

Note 17. Intangibles (continued)

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	Expiry/renewal date
Franchise fee	Straight-line	Over the franchise term (5 years)	August 2024

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

Change 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. Trade and other payables

	2022 $	2021 $
Current liabilities		
Trade payables	3,493	-
Other payables and accruals	185,183	136,715
	188,676	**136,715**
Non-current liabilities		
Other payables and accruals	**30,363**	**60,726**

Accounting policy for trade and other payables

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

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

Note 19. Borrowings

	2022 $	2021 $
Current liabilities		
Bank loans	**18,840**	**18,840**
Non-current liabilities		
Bank loans	**10,530**	**27,535**

Bank loans

Bank loans are repayable monthly. Interest is recognised at rate of 5.14% (2021: 4.39%). The loans are secured by a fixed and floating charge over the company's assets.

Accounting policy for borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Note 20. Employee benefits

	2022 $	2021 $
Current liabilities		
Annual leave	26,880	34,834
Long service leave	-	28,662
	26,880	**63,496**
Non-current liabilities		
Long service leave	**12,201**	**7,427**

Accounting policy for 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 salaries and wages 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.

Superannuation contributions

Contributions to superannuation plans are expensed in the period in which they are incurred.

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

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.

Note 21. Issued capital

	2022 Shares	2021 Shares	2022 $	2021 $
Ordinary shares - fully paid	607,169	607,169	607,169	607,169
Less: Equity raising costs	-	-	(27,051)	(27,051)
	607,169	**607,169**	**580,118**	**580,118**

Accounting policy for issued capital

Ordinary shares are recognised at the fair value of the consideration received by the company being $1 per share. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

Note 21. Issued capital (continued)

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.

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 22. Retained earnings

	2022 $	2021 $
Retained earnings at the beginning of the financial year	700,421	529,489
Profit after income tax expense for the year	187,209	216,470
Dividends paid (note 24)	(45,538)	(45,538)
Retained earnings at the end of the financial year	**842,092**	**700,421**

Note 23. Capital management

The Board's policy is to maintain a strong capital base so as to sustain future development of the company. The Board 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:

- 20% of the profit or funds of the company otherwise available for distribution to shareholders in that 12 month period; and
- 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 financial year 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 24. Dividends

Dividends provided for and paid during the period

The following dividends were provided for and paid to shareholders during the financial year as presented in the Statement of changes in equity and Statement of cash flows.

	2022 $	2021 $
Fully franked dividend of 7.5 cents per share (2021: 7.5 cents)	**45,538**	**45,538**

Franking credits

	2022 $	2021 $
Franking account balance at the beginning of the financial year	261,013	268,531
Franking credits (debits) arising from income taxes paid (refunded)	23,520	8,482
Franking debits from the payment of franked distributions	(15,179)	(16,000)
	269,354	**261,013**
Franking transactions that will arise subsequent to the financial year end:		
Balance at the end of the financial year	269,354	261,013
Franking credits (debits) that will arise from payment (refund) of income tax	54,756	24,996
Franking credits available for future reporting periods	**324,110**	**286,009**

Note 24. Dividends (continued)

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%.

Accounting policy for dividends

Dividends are recognised in the financial year they are declared.

Note 25. Financial instruments

	2022 $	2021 $
Financial assets		
Trade and other receivables	130,136	105,922
Cash and cash equivalents	752,529	600,460
Financial assets	31,682	29,227
	914,347	**735,609**
Financial liabilities		
Trade and other payables	219,039	197,441
Bank loans	29,370	46,375
	248,409	**243,816**

Accounting policy for 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 and equity securities.

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.

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.

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.

Note 25. Financial instruments (continued)

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.

Equity Price risk

All of the company's listed equity investments are listed on the Australian Stock Exchange (ASX). Changes in equity securities value is recognised through profit or loss or other comprehensive income.

2022	% change increase	Effect on profit before tax	Effect on equity	% change decrease	Effect on profit before tax	Effect on equity
Equity securities	10%	**3,168**	**2,376**	10%	**(3,168)**	**(2,376)**

2021	% change increase	Effect on profit before tax	Effect on equity	% change decrease	Effect on profit before tax	Effect on equity
Equity securities	10%	**2,293**	**1,720**	(10%)	**(2,293)**	**(1,720)**

Cash flow and fair value interest rate risk

Interest-bearing assets and liabilities 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 $752,529 at 30 June 2022 (2021: $600,460). The cash and cash equivalents are held with Bendigo Bank, which are rated BBB+ on Standard & Poor's credit ratings.

As at the reporting date, the company had the following variable rate borrowings outstanding:

	2022		2021	
	Nominal interest rate %	Balance $	Nominal interest rate %	Balance $
Bank loans	5.14%	29,370	4.79%	46,375
Net exposure to cash flow interest rate risk		**29,370**		**46,375**

An analysis by remaining contractual maturities is shown in 'liquidity risk' below.

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.

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.

Note 25. Financial instruments (continued)

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities. The contractual cash flow amounts are gross and undiscounted and therefore may differ from their carrying amount in the statement of financial position.

2022	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives				
Bank loans	18,840	-	-	18,840
Trade and other payables	188,676	30,363	-	219,039
Total non-derivatives	**207,516**	**30,363**	**-**	**237,879**

2021	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives				
Bank loans	18,840	27,535	-	46,375
Trade and other payables	136,715	60,726	-	197,441
Total non-derivatives	**155,555**	**88,261**	**-**	**243,816**

Note 26. Fair value measurement

Fair value hierarchy

The following tables detail the company's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

2022	Level 1 $
Assets	
Equity securities	31,682
Total assets	**31,682**

2021	Level 1 $
Assets	
Equity securities	29,227
Total assets	**29,227**

There were no transfers between levels during the financial year.

Note 26. Fair value measurement (continued)

Accounting policy for fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on 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; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests.

Note 27. Key management personnel disclosures

The following persons were directors of AGT Financial Services Ltd during the financial year:

Matthew John Pearce
William Patrick O'Connell
Sarah Anne Roche
Virginia Patricia Goode
Donna Marie Martin
James Philip Hayes
Ross Andrew Tout

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.

Note 28. Related party transactions

The following transactions occurred with related parties:

	2022 $	2021 $
Director received tickets to Rock the Turf. The total benefit received was:	120	-
Director had their membership of Australian Institute of Company Directors paid for. The total benefit received was:	620	-

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Note 29. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Andrew Frewin Stewart, the auditor of the company:

	2022 $	2021 $
Audit services		
Audit or review of the financial statements	5,600	5,000
Other services		
General advisory services	3,450	3,930
Share registry services	6,761	3,960
	10,211	**7,890**
	15,811	**12,890**

Note 30. Reconciliation of profit after income tax to net cash provided by operating activities

	2022 $	2021 $
Profit after income tax expense for the year	187,209	216,470
Adjustments for:		
Depreciation and amortisation	63,066	65,671
(Increase)/decrease in fair value of equity instruments designated at FVTPL	(2,490)	(6,655)
Change in operating assets and liabilities:		
Increase in trade and other receivables	(26,376)	(2,165)
Decrease in deferred tax assets	9,162	25,623
Increase in trade and other payables	17,365	55,946
Increase in provision for income tax	29,761	24,995
Decrease in employee benefits	(31,842)	(14,714)
Net cash provided by operating activities	**245,855**	**365,171**

Note 31. Earnings per share

	2022 $	2021 $
Profit after income tax	**187,209**	**216,470**

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	607,169	607,169
Weighted average number of ordinary shares used in calculating diluted earnings per share	**607,169**	**607,169**

	Cents	Cents
Basic earnings per share	30.83	35.65
Diluted earnings per share	30.83	35.65

Accounting policy for earnings per share

Basic and diluted earnings per share is calculated by dividing the profit attributable to the owners of AGT Financial Services Ltd, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year.

Note 32. Commitments

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

Note 33. Contingencies

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

Note 34. Events after the reporting period

Since the end of the year, the Reserve Bank of Australia (RBA) has increased the cash rate by 1.75 basis points moving from 0.85% at 30 June 2022 to 2.60% as at the date of signing these accounts. The increase in the cash rate has a direct impact on the revenue received by the company on its products (deposits and loans) offered to its customers. The company has noted an increase in the revenue streams for the first couple of months July – August 2022.

No other matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Directors' declaration

For the financial year ended 30 June 2022

In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in the notes to the financial statements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the *Corporations Act 2001*.

On behalf of the directors

Matthew John Pearce
Chair

24 October 2022

Independent audit report

Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550

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03 5443 0344

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 (the company), which comprises:

- Statement of financial position as at 30 June 2022
- 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 2022 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.

Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550

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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: 24 October 2022

Adrian Downing
Lead Auditor

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Bendigo Bank