

Wyong Town Financial Services Ltd
ABN 59 100 313 120

Annual Report - 2019



Chairman's Report

I am pleased to present my 10th report to you on the progress of the Wyong **Community Bank®** Branch during the 2018/2019 financial year.

The 2018/2019 year has seen good growth for the branch. The staff have capitalized on the strategies and opportunities presented to them this last year and this has seen growth in our lending as well as other areas of the business. The year has seen us make a profit of \$106,940 which has allowed us to again pay a dividend.

I am extremely grateful for all the efforts and input from my fellow directors. I am fortunate to have many dedicated and talented people giving freely of their time to serve the board and the local community.

Thanks to the support of **Community Bank®** customers and shareholders, the Australia-wide network has now returned more than \$200 million to support and strengthen local communities.

Our **Community Bank®** company has played a key role in this milestone, returning more than \$488,840 to our local community. These community grants and sponsorships have made a significant difference to several local projects & organisations. We look forward to continuing to support these groups and others as more people bank with us and we become more successful.

We are still looking for a major community project or initiative to lend our support to in the coming year. We request our shareholders to put forward any suggestions of worthwhile initiatives for consideration.

We have continued to work collaboratively with the other Community Bank companies on the Coast to promote the brand and to increase our community involvement. We have undertaken initiatives to support many organisations including Central Coast Heart Netball Team, Central Coast Comicon, Central Coast Relay for Life and the Central Coast Christmas Carols.

I would urge all our shareholders to bank with us and be an advocate for Community Banking as these are the best ways to ensure we are not only profitable but are able to contribute significantly to our local community.

I would like to thank our Regional team as well as our locally based Business Banking team for their assistance to the board, staff and our customers throughout the year.

I look forward to seeing you at the AGM, and invite you to feel free to contact me at any time if you have any questions or concerns.

I wish you a safe and Happy Christmas and a prosperous new year.

Ray Davidson



Chairman

Manager's Report

Wyong Community Bank® Branch

It's true that once a Wyong Community Bank® customer, always a Wyong Community Bank® customer. We value each and every one of our customers who entrust us with their banking. We are a real alternative to the major banks and we're capitalising on that goodwill and uncertainty within the overall banking sector.

The move to digital banking is exciting and Bendigo and Adelaide Bank has committed to making this a priority. We're already ahead when it comes to our online offerings. For those customers who don't want to step into a traditional bank, that's great news and we're looking forward to advances in this area by Bendigo and Adelaide Bank.

For those people who want to continue the tradition of coming into the branch –we're not going anywhere. We're still here and we're committed to helping you over the counter with all of your banking needs.

Our Shareholders are always welcome to call us or visit the friendly team of staff at Wyong who will bend over backwards to look after the banking needs of your family, friends and business associates. The more people bank with us, the more we can give back to our local community and in dividends.

In addition to helping local people and businesses with their banking needs, we are proud to have been able to assist and support many local organisations over the past year including: Central Coast Cancer Council, Alison Homestead, Max Potential Youth Development Program Scholarships, Wyong Girl Guides Hall renovations, Rose Cottage Community Women's Health Centre, The Iris Foundation, Lakes Netball Under 12's New Zealand Tour, Wyong District Netball Association and Central Coast Heart Premier League Netball Team, the Yarramalong Spring Fair Art Show, The Wyong Community Christmas Carols, The Love Lanes Festival, The Central Coast Pelicans Rugby League Koori Knockout Team, Coast Shelter Domestic Violence Support Service, and the donation of a Defibrillator to Central Coast Hockey Centre at North Wyong. There are more genuine good news stories for you to read at: <https://www.facebook.com/WyongCommunityBankBranch/>

During the year ahead I would love to come out and meet your community, business and social networks to spread the good news of our Community Bank® story and provide people with a genuine alternative to their banking needs.

A final word of thanks and recognition for our Board of Directors for their time, dedication and support. We are all committed to working collaboratively for the continued success of our **Community Bank®** branch and running a profitable enterprise for shareholder and most importantly our community.

Mark Cooper
Business Development Manager

Wyong Town Financial Services Limited
ABN 59 100 313 120

Annual Report
For The Year Ended
30 June 2019

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Wyong Town Financial Services Limited

ABN 59 100 313 120

Directors' Report

30 June 2019

The directors present their report, together with the financial statements, on the company for the year ended 30 June 2019.

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:

Mrs Elizabeth Ada North
Mr Ray Davidson
Mr David Brine
Mr David Harris
Mr David Evans
Mr Garry Whitaker
Mr James Peacock (resigned on 17 June 2019)
Mr Geoff Hetherington
Ms Christine Arnaldi

Principal activities

The principal activities in the course of the year were to operate the Wyong Community Bank. No significant change in the nature of these activities occurred during the year.

Review of operations

The profit of the company for the financial year after providing for income tax amounted to \$77,575 (2018 profit: \$52,442). During the financial year the company operated the Wyong Community Bank.

Dividends

Dividends paid or declared since the start of the year are as follows:

- An fully franked dividend of \$32,500 was paid during the year (5c per share)(2018: \$32,500, 5 cents per share).

Options

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

Significant changes in the state of affairs

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

Likely developments and expected results of operations

Likely developments in the operations of the company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the company.

Indemnification of officers

The Company has indemnified each of the Directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Director of the Company, other than involving willful breach to the Company. Insurance premiums were paid during or since the end of the year for the Directors of the Company.

No indemnities or insurance premiums were paid during or since the end of the year for the auditor of the Company.

Wyong Town Financial Services Limited

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Directors' Report Continued

Information on directors

Name:

Qualifications:

Experience and expertise:

Mrs Elizabeth Ada North

Business Proprietor

Liz became a director in May 2006 and is a proprietor of Add-Vantage Systems Pty Ltd (AVS Windows and Doors) located in Tuggerah. She is a long-term resident of the Wyong Shire and business leader. Liz has been in business in the Wyong area since 1978 and has employed many local people during that time. Liz is actively involved in the business community and NFP sector. Liz has an adult daughter and two grandchildren.

Liz attended 12 of the 12 meetings held.

Name:

Qualifications:

Experience and expertise:

Mr Ray Davidson

Business Proprietor

Ray became a director in February 2008 and is the Managing Director and founder of Ausiports Pty Ltd Home Improvements and has been a resident of the Wyong Shire for 30 years. He has been President of The Entrance Junior Cricket Club, Wyong District Netball association, Central Coast Junior Cricket association Bateau Bay Dolphins Netball Club & Mingara Killarney Netball Club. He is a life member of The Entrance Junior Cricket Club and Bateau Bay Dolphins Netball Club. Ray brings to the board experience in marketing and general business management gained through running his own business for over 30 years. Ray is married with two adult children.

Ray attended 7 of the 12 meetings held.

Name:

Qualifications:

Experience and expertise:

Mr David Brine

Accountant

David became a director in February 2011 and is a Director, Senior Accountant and Business Advisor of Better Business Advice, a family owned business in Wyong. David was born and raised in Noraville and attended Toukley Primary and Gorokan High School. He has completed his Bachelor of Accounting and Diploma of Financial Services and is a Member of CPA Australia, thus allowing him to bring practical financial and business knowledge to the board.

David attended 12 of the 12 meetings held.

Name:

Qualifications:

Experience and expertise:

Mr David Harris

MACE Dip Management, Dip Teach Grad Cert Ed Studies

David joined the board in November 2011. He has lived in Wyong Shire for more than 20yrs and is married with two children. David is currently a Member of the NSW Legislative Assembly for the seat of Wyong; He holds the positions of Shadow Minister for the Central Coast, Regional Transport, Aboriginal Affairs and Treaty. Previously, David was the Principal at Point Clare Public School and has over 20 years' experience in teaching and school executive roles in very small to large Primary Schools. David was a Member of the NSW Parliament representing the seat of Wyong from 2007 – 2011 and was Parliamentary Secretary for Education and Training and Central Coast. David currently holds the positions of President of Central Coast Men of Football and is a former President and current Member of Soldiers Beach SLSC. He is dedicated to working with a variety of charities including Wyong Lions and the Iris Foundation (Youth Suicide). David is Patron of Wyong Hospital Auxiliary, Wyong Family History Association, Wyong Historical Society and Central Coast National Serviceman's Association (Toukley).

David attended 4 of the 12 meetings held.

Wyong Town Financial Services Limited

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Directors' Report Continued

Name:	Mr David Evans
Qualifications:	Sales & Marketing - Business Development
Experience and expertise:	<p>David joined the board in October 2012. David has been working with a local business on the Central Coast since 2007 and has had over 30 years of business exposure on the coast in previous roles. David's past positions include Board Level Executive Management - Sales & Marketing as well as Sales based roles. David offers the board his experience in business development through marketing, sales, management and negotiation. David has 2 teenage daughters. Interests outside of work revolve around family, cars, bikes and boats.</p> <p>David attended 9 of the 12 meetings held.</p>
Name:	Mr Garry Whitaker
Qualifications:	Business Proprietor
Experience and expertise:	<p>Garry joined the Board in June 2015 and has over thirty years' experience in training, organisation development and change. Garry has extensive management experience in executive roles and has run his own consulting business since 1993. Garry's community service appointments include:</p> <ul style="list-style-type: none">• Chairman of the Board - Wyong Race Club.• Director of the Newcastle Anglican Church Corporation• President Yarramalong School Community Centre Reserve Trust.• Represents WTFS on the Central Coast Cluster Collaborative Marketing Group.• Life Member with fourteen years' as a Director, Vice President, and President of Berowra RSL Bowling & Community Club Ltd.• 2004 to 2008 Hornsby Shire Council - Deputy Mayor (2005/06), "A Ward" Councillor.• 2004 to 2011 MigrantLink Australia - Non-Executive Director.• NSW State Emergency Service - 47 years volunteering including four years as Local Controller (Wyong).• NSW Rural Fire Service - 15 years volunteering, currently with Yarramalong Brigade. <p>Garry attended 12 of the 12 meetings held.</p>
Name:	Mr James Peacock
Qualifications:	Accountant
Experience and expertise:	<p>James became a director in January 2017 and is currently employed in taxation for the Australia Public Service. Having worked in the taxation and accounting industry for over 10 years, previous roles for James involved being a Senior Accountant at a BRW Top 100 accounting firm in Newcastle. James has lived his whole life on the Central Coast and attended St Mary's Catholic Primary School and St Edward's College Gosford. He has completed his Bachelor of Accounting and is studying to be a Member of CPA Australia. James brings to the board team experience, business and financial knowledge.</p> <p>James attended 9 of the 12 meetings held.</p>
Name:	Hetherington, Geoff (Business Advisor and Coach)
Experience and expertise:	<p>Geoff is an energetic, internationally experienced senior executive with over 30 years' experience as a C Suite Executive across several industries and iconic companies. He runs two businesses - The Clarity CEO Business Advisory and the Elite Business Institute - an invitation only on-line Mastermind. A Certified Advisory Board Chair, Business Advisor Coach & Mentor he has lived on the Central Coast for nearly 20 years. He was the youngest person ever elected to the YMCA National Board of Directors (age 17) as the Chairman of Skillshare project for 5 years and most recently served for 3 years as the Chairman of the Central Coast Business Enterprise Centre. Currently he runs a Governance Board for a major Traffic Management Company. Happily married, he has 4 children all of whom have become fine young adults.</p> <p>Geoff attended 11 of the 12 meetings held</p>

Directors' Report Continued

Name:
Experience and
expertise:

Mrs Christine Arnaldi (Business Proprietor)
Christine became a Board Director in August 2017.
Christine has over 20 years of experience in Quality Assurance and Performance Management, Work, Health, Safety and Environment and Process Improvement both in the Telecommunications and Defence Industries.
Christine holds a Bachelor of Mathematics; a Production and Inventory Management Certification; a Diploma of Work Health and Safety, a Certificate IV in Training and Assessment and Internal Quality Management System Auditor qualification.
Christine is currently on the School Council of Lakes Grammar – An Anglican School. Christine previously served as a committee member on the Central Coast Council's Status of Women Advisory Group.
Christine has lived on the Central Coast for the last 6 years and manages a Photography business with her husband.
Christine attended 9 of the 12 meetings held.

Proceedings on behalf of the company

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

Events subsequent to the end of the reporting year

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

Environmental regulation

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

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



Mr Ray Davidson
Director



Mr David Brine
Director

30 September 2019

Wyong Town Financial Services Limited
ABN 59 100 313 120

Auditor's Independence Declaration
under section 307C of the Corporations Act 2001
to the Directors of
Wyong Town Financial Services Limited

I declare that, to the best of my knowledge and belief, during the half-year ended 30 June 2019, there have been:

1. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
2. no contraventions of any applicable code of professional conduct in relation to the review.

FORTUNITY ASSURANCE



T R Davidson
Partner

155 The Entrance Road
ERINA NSW 2250

Dated: 30 September 2019

Wyong Town Financial Services Limited

ABN 59 100 313 120

Independent Auditor's Report

Report on the Financial Report

Opinion

We have audited the financial report of Wyong Town Financial Services Limited (the company), which comprises the statement of financial position as at 30 June, 2019, the statement of profit and loss & other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of Wyong Town Financial Services Limited is in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of the company's financial position as at 30 June, 2019 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis of 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* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

Other information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the Directors report, but does not include the financial report and our auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report the directors are responsible for assessing the 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 to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report Continued

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. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with 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 significant deficiencies in internal control that we identify during our audit.

FORTUNITY ASSURANCE



T R Davidson
Partner

155 The Entrance Road
ERINA NSW 2250

Dated: 30 September 2019

Wyong Town Financial Services Limited
ABN 59 100 313 120

Statement of Profit or Loss and Other Comprehensive Income
For The Year Ended 30 June 2019

	Note	2019 \$	2018 \$
Revenue	4	851,654	826,288
Interest received		3,053	2,681
Expenses			
Accountancy expenses		(13,954)	(13,632)
ATM fees and maintenance		(17,281)	(21,270)
Advertising expense		(2,457)	(2,012)
Auditors remuneration		-	(3,200)
Bad and doubtful debts expenses		(200)	(1,597)
Delivery and courier expenses		(7,613)	(9,509)
Depreciation and amortisation expenses		(14,402)	(12,522)
Employee benefits expenses		(415,533)	(418,568)
Finance costs		(2,953)	(658)
Freight and cartage expenses		(11,482)	(11,495)
Insurance expenses		(16,310)	(16,355)
IT expenses		(23,196)	(25,154)
Loss on sale of non-current assets		-	(5,690)
Marketing expenses		(162)	(3,663)
Motor vehicle expenses		(9,486)	(15,554)
Printing and stationery expenses		(7,407)	(9,735)
Rent expenses		(44,213)	(45,881)
Share registry fees		(5,847)	(8,266)
Sponsorship expenses		(42,030)	(29,596)
Other expenses		(113,241)	(100,466)
Profit before income tax expense		106,940	74,146
Income tax expense	7	(29,365)	(21,704)
Profit after income tax expense for the year	22	77,575	52,442
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		<u>77,575</u>	<u>52,442</u>
		Cents	Cents
Basic earnings per share	5	11.93	8.07
Diluted earnings per share	5	11.93	8.07

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

Wyong Town Financial Services Limited
ABN 59 100 313 120

Statement of Financial Position
As at 30 June 2019

	Note	2019 \$	2018 \$
Assets			
Current assets			
Cash and cash equivalents	8	302,563	244,117
Trade and other receivables	9	70,420	74,262
Inventories	10	164	400
Financial assets	11	113,296	107,923
Other current assets	12	10,085	13,829
Total current assets		<u>496,528</u>	<u>440,531</u>
Non-current assets			
Property, plant and equipment	13	127,655	142,057
Tax assets	14	424	1,583
Total non-current assets		<u>128,079</u>	<u>143,640</u>
Total assets		<u>624,607</u>	<u>584,171</u>
Liabilities			
Current liabilities			
Trade and other payables	15	24,216	39,252
Financial liabilities	16	35,775	44,555
Income tax	17	19,883	-
Employee benefits	18	28,161	33,061
Total current liabilities		<u>108,035</u>	<u>116,868</u>
Non-current liabilities			
Employee benefits	20	36,439	32,245
Total non-current liabilities		<u>36,439</u>	<u>32,245</u>
Total liabilities		<u>144,474</u>	<u>149,113</u>
Net assets		<u>480,133</u>	<u>435,058</u>
Equity			
Issued capital	21	650,010	650,010
Accumulated losses	22	(169,877)	(214,952)
Total equity		<u>480,133</u>	<u>435,058</u>

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

Wyong Town Financial Services Limited
ABN 59 100 313 120

Statement of Changes in Equity
For The Year Ended 30 June 2019

	Issued Capital \$	Accumulated Losses \$	Total equity \$
Balance at 1 July 2017	650,010	(234,894)	415,116
Profit after income tax expense for the year	-	52,442	52,442
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	52,442	52,442
<i>Transactions with members in their capacity as members:</i>			
Dividends paid	-	(32,500)	(32,500)
Balance at 30 June 2018	<u>650,010</u>	<u>(214,952)</u>	<u>435,058</u>
	Issued Capital \$	Accumulated Losses \$	Total equity \$
Balance at 1 July 2018	650,010	(214,952)	435,058
Profit after income tax expense for the year	-	77,575	77,575
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	77,575	77,575
<i>Transactions with members in their capacity as members:</i>			
Dividends paid	-	(32,500)	(32,500)
Balance at 30 June 2019	<u>650,010</u>	<u>(169,877)</u>	<u>480,133</u>

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

Wyong Town Financial Services Limited
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Statement of Cash Flows
For The Year Ended 30 June 2019

	Note	2019 \$	2018 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		857,349	827,025
Payments to suppliers and employees (inclusive of GST)		<u>(749,867)</u>	<u>(702,868)</u>
		107,482	124,157
Dividends received		11,078	7,140
Interest received		3,053	2,681
Interest and other finance costs paid		(2,953)	(658)
Income taxes paid		<u>(18,935)</u>	<u>(44,241)</u>
Net cash from operating activities	29	<u>99,725</u>	<u>89,079</u>
Cash flows from investing activities			
Payments for property, plant and equipment	13	-	(150,795)
Proceeds from disposal of property, plant and equipment		<u>-</u>	<u>5,910</u>
Net cash used in investing activities		<u>-</u>	<u>(144,885)</u>
Cash flows from financing activities			
Proceeds from borrowings		-	50,564
Dividends paid		(32,500)	(32,500)
Repayment of borrowings		<u>(8,779)</u>	<u>(10,841)</u>
Net cash from/(used in) financing activities		<u>(41,279)</u>	<u>7,223</u>
Net increase/(decrease) in cash and cash equivalents		58,446	(48,583)
Cash and cash equivalents at the beginning of the financial year		<u>244,117</u>	<u>292,700</u>
Cash and cash equivalents at the end of the financial year	8	<u><u>302,563</u></u>	<u><u>244,117</u></u>

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

Wyong Town Financial Services Limited

ABN 59 100 313 120

Notes To The Financial Statements For The Year Ended 30 June 2019

1. General information

The financial statements cover Wyong Town Financial Services Ltd as an individual entity. The financial statements are presented in Australian dollars, which is Wyong Town Financial Services Ltd's functional and presentation currency.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 30 September 2019. The directors have the power to amend and reissue the financial statements.

2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the company.

The following Accounting Standards and Interpretations are most relevant to the company:

AASB 9 Financial Instruments

The company has adopted AASB 9 from 1 January 2018. The standard introduced new classification and measurement models for financial assets.

The adoption of this Accounting Standard and Interpretation did not have any significant impact on the financial performance or position of the company.

AASB 15 Revenue from Contracts with Customers

On 1 July 2018, AASB 15 was adopted on a modified retrospective basis. Comparative results are not restated as permitted by AASB15.

Revenue is recognised upon satisfaction of performance obligations, which occurs when control of the good or services are transferred to the customer.

Where revenue received includes a variable amount, the variable amount of revenue is only recognised to the extent that it is highly probable that a significant reversal of revenue will not occur when the uncertainty associated with the variability is resolved. If the recognition criteria are not met, the recognition of the revenue is deferred until that uncertainty has been resolved.

Standards issued not yet effective

There are a number of new accounting standards and amendments issued, but not yet effective, none of which have been early adopted by the company in this Financial Report. The company has reviewed the impact of these changes and has determined that the adoption of these standards will not have a material effect on the financial position or performance of the company, other than as set out below.

Notes To The Financial Statements
For The Year Ended 30 June 2019

2. Significant accounting policies (continued)

AASB 16: Leases

AASB 16 Leases will replace AASB 117 Leases and other interpretations. The new lease standard will become effective from the annual reporting period commencing 1 January 2019.

The company has not early adopted the standard as permitted by AASB 9, and intends to apply the exemptions available under AASB 16 for short term leases and low value underlying assets. In addition, the company intends to apply AASB 16 using the modified retrospective approach, along with practical expedients permitted by the standard. The modified retrospective approach does not require the restatement of comparative financial information.

Upon initial application of AASB 16 on 1 July 2019, the Company estimates that the modified retrospective approach will result in right-of-use asset of \$338,165 and a lease liability of \$338,165 measured, at the present value of the remaining lease payments using each lessee's respective incremental borrowing rate. The company also estimates that there will be an impact to retained earnings of \$12,865.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Revenue recognition

The company recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Rendering of services

Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Notes To The Financial Statements
For The Year Ended 30 June 2019

2. Significant accounting policies (continued)

Income tax

The tax expense recognised in the statement of profit or loss and other comprehensive income relates to current income tax expense plus deferred tax expense (being the movement in deferred tax assets and liabilities and unused tax losses during the year).

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (tax loss) for the year and is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting year.

Deferred tax is provided on temporary differences which are determined by comparing the carrying amounts of tax bases of assets and liabilities to the carrying amounts in the financial statements.

Deferred tax is not provided for the following:

- The initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).
- Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting year.

Deferred tax consequences relating to a non-monetary asset carried at fair value are determined using the assumption that the carrying amount of the asset will be recovered through sale.

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

Current tax assets and liabilities are offset where there is a legally enforceable right to set off the recognised amounts and there is an intention either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset where there is a legal right to set off current tax assets against current tax liabilities and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Current and deferred tax is recognised as income or an expense and included in profit or loss for the period except where the tax arises from a transaction which is recognised in other comprehensive income or equity, in which case the tax is recognised in other comprehensive income or equity respectively.

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 either 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.

Notes To The Financial Statements
For The Year Ended 30 June 2019

2. Significant accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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.

The company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

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

Inventories

Stock on hand is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

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.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

Property, plant and equipment

Leasehold improvements are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably.

Notes To The Financial Statements
For The Year Ended 30 June 2019

2. Significant accounting policies (continued)

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 straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Office furniture and equipment	4 years
Leasehold improvements	5 years
Motor vehicle	5-7 years

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

Leasehold improvements and plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

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. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to the ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the company will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

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.

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.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

Notes To The Financial Statements
For The Year Ended 30 June 2019

2. Significant accounting policies (continued)

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Employee benefits

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 liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

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. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the members of Wyong Town 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, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

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 tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Notes To The Financial Statements
For The Year Ended 30 June 2019

3. 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.

Provision for impairment of inventories

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

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 technically obsolete 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.

Income tax

The company is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The company recognises liabilities for anticipated tax audit issues based on the company's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Employee benefits provision

As discussed in note 2, 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 pay increases through promotion and inflation have been taken into account.

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Notes To The Financial Statements
For The Year Ended 30 June 2019

4. Revenue

	2019 \$	2018 \$
<i>Sales revenue</i>		
Rendering of services	830,404	808,276
Sponsorship	9,348	6,718
Insurance recoveries	824	144
Grants	-	4,010
	<u>840,576</u>	<u>819,148</u>
<i>Other revenue</i>		
Fair value increment on investments	5,372	2,483
Dividends received	5,706	4,657
	<u>11,078</u>	<u>7,140</u>
Revenue	<u><u>851,654</u></u>	<u><u>826,288</u></u>

5. Earnings per share

	2019 \$	2018 \$
Profit after income tax attributable to the members of Wyong Town Financial Services Ltd	<u>77,575</u>	<u>52,442</u>
	Cents	Cents
Basic earnings per share	11.93	8.07
Diluted earnings per share	11.93	8.07
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>650,010</u>	<u>650,010</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u><u>650,010</u></u>	<u><u>650,010</u></u>

6. Remuneration of auditors

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

	2019 \$	2018 \$
<i>Audit services -</i>		
Audit of the financial statements	<u>3,200</u>	<u>3,200</u>

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Notes To The Financial Statements
For The Year Ended 30 June 2019

7. Income tax expense

	2019 \$	2018 \$
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Profit before income tax expense	106,940	74,146
Tax at the statutory tax rate of 27.5%	29,409	20,390
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Depreciation of property, plant and equipment	494	(14,662)
Entertainment expenses	346	1,166
Employee entitlement provisions	(194)	5,362
Other provisions and accruals	19	(919)
Unrealised Market Value Adjustments	(1,477)	-
Trust Distributions	158	-
Sundry items	-	620
	28,755	11,957
Timing differences	1,158	10,220
Franking credits	(444)	(366)
Foreign tax credits	(104)	(107)
Income tax expense	<u>29,365</u>	<u>21,704</u>

8. Current assets - cash and cash equivalents

	2019 \$	2018 \$
Cash on hand	100	100
Cash at bank	302,463	244,017
	<u>302,563</u>	<u>244,117</u>

9. Current assets - trade and other receivables

	2019 \$	2018 \$
Trade receivables	67,320	60,623
Other debtors	3,100	3,027
Income tax refund due	-	10,612
	<u>70,420</u>	<u>74,262</u>

10. Current assets - inventories

	2019 \$	2018 \$
Stock on hand - Security tokens	<u>164</u>	<u>400</u>

Wyong Town Financial Services Limited

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Notes To The Financial Statements For The Year Ended 30 June 2019

11. Current assets - financial assets

	2019 \$	2018 \$
Sandhurst trustees - managed fund investment	113,296	107,923

12. Current assets - Other current assets

	2019 \$	2018 \$
Prepayments	10,085	13,829

13. Non-current assets - property, plant and equipment

	2019 \$	2018 \$
Leasehold improvements - at cost	279,654	279,654
Less: Accumulated depreciation	(227,932)	(226,577)
	<u>51,722</u>	<u>53,077</u>
Fixtures and fittings - at cost	84,934	84,934
Less: Accumulated depreciation	(46,180)	(37,427)
	<u>38,754</u>	<u>47,507</u>
Motor vehicles - at cost	42,932	42,932
Less: Accumulated depreciation	(5,753)	(1,459)
	<u>37,179</u>	<u>41,473</u>
	<u><u>127,655</u></u>	<u><u>142,057</u></u>

Reconciliations

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

	Furniture & equipment \$	Motor vehicle \$	Leasehold improvements \$	Total \$
Balance at 1 July 2017	1,436	13,948	-	15,384
Additions	53,688	42,932	54,175	150,795
Disposals	-	(11,600)	-	(11,600)
Depreciation expense	(7,617)	(3,807)	(1,098)	(12,522)
	<u>47,507</u>	<u>41,473</u>	<u>53,077</u>	<u>142,057</u>
Balance at 30 June 2018	47,507	41,473	53,077	142,057
Depreciation expense	(8,753)	(4,294)	(1,355)	(14,402)
	<u>38,754</u>	<u>37,179</u>	<u>51,722</u>	<u>127,655</u>
Balance at 30 June 2019	<u><u>38,754</u></u>	<u><u>37,179</u></u>	<u><u>51,722</u></u>	<u><u>127,655</u></u>

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Notes To The Financial Statements
For The Year Ended 30 June 2019

14. Non-current assets - Tax assets

	2019 \$	2018 \$
<i>Deferred tax asset comprises temporary differences attributable to:</i>		
Amounts recognised in profit or loss:		
Temporary differences	424	1,583
Deferred tax asset	<u>424</u>	<u>1,583</u>

15. Current liabilities - trade and other payables

	2019 \$	2018 \$
Trade Payables	6,690	9,285
Other Creditors	902	5,137
Accrued Charges	1,759	1,691
GST Payable	9,452	9,971
PAYG Amounts Withheld	<u>5,413</u>	<u>13,168</u>
	<u>24,216</u>	<u>39,252</u>

Refer to note 23 for further information on financial instruments.

16. Current liabilities - Financial liabilities

	2019 \$	2018 \$
Hire purchase	39,532	50,564
Less: unexpired interest	<u>(3,757)</u>	<u>(6,009)</u>
	<u>35,775</u>	<u>44,555</u>

Refer to note 19 for further information on assets pledged as security and financing arrangements.

Refer to note 23 for further information on financial instruments.

17. Current liabilities - income tax

	2019 \$	2018 \$
Provision for income tax	<u>19,883</u>	<u>-</u>

18. Current liabilities - employee benefits

	2019 \$	2018 \$
Annual leave	<u>28,161</u>	<u>33,061</u>

Wyong Town Financial Services Limited

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Notes To The Financial Statements For The Year Ended 30 June 2019

19. Financial Liabilities

Total secured liabilities

The total secured liabilities (current and non-current) are as follows:

	2019 \$	2018 \$
Hire purchase	39,532	50,564
Lease liability	(3,757)	(6,009)
	<u>35,775</u>	<u>44,555</u>

Assets pledged as security

The lease liabilities are effectively secured as the rights to the leased assets, recognised in the statement of financial position, revert to the lessor in the event of default.

Financing arrangements

Unrestricted access was available at the reporting date to the following lines of credit:

	2019 \$	2018 \$
Total facilities		
Bank overdraft	<u>200,000</u>	<u>200,000</u>
Used at the reporting date		
Bank overdraft	<u>-</u>	<u>-</u>
Unused at the reporting date		
Bank overdraft	<u>200,000</u>	<u>200,000</u>

20. Non-current liabilities - Employee benefits

	2019 \$	2018 \$
Employee benefits	<u>36,439</u>	<u>32,245</u>

21. Equity - issued capital

	2019 Shares	2018 Shares	2019 \$	2018 \$
10 Fully paid ordinary shares of \$1	10	10	10	10
650,000 Fully paid ordinary shares of \$1	<u>650,000</u>	<u>650,000</u>	<u>650,000</u>	<u>650,000</u>
	<u>650,010</u>	<u>650,010</u>	<u>650,010</u>	<u>650,010</u>

22. Equity - accumulated losses

	2019 \$	2018 \$
Accumulated losses at the beginning of the financial year	(214,952)	(234,894)
Profit after income tax expense for the year	77,575	52,442
Dividends paid	<u>(32,500)</u>	<u>(32,500)</u>
Accumulated losses at the end of the financial year	<u>(169,877)</u>	<u>(214,952)</u>

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Notes To The Financial Statements For The Year Ended 30 June 2019

23. Financial instruments

Financial risk management objectives

The company's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. 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 uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate risk and ageing analysis for credit risk.

The company's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, loans to and from subsidiaries, bills and leases.

The directors' overall risk management strategy seeks to assist the company in meeting its financial targets, whilst minimising potential adverse effects on financial performance. Risk management policies are approved and reviewed by the Board of Directors on a regular basis. These included the credit risk policies and future cash flow requirements.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements are as follows:

	2019 \$	2018 \$
Financial assets		
Cash and cash equivalents	302,563	244,117
Trade receivables	70,419	74,262
Financial assets	113,296	107,923
Total financial assets	<u>486,278</u>	<u>426,302</u>
Financial liabilities		
Trade payables	(24,216)	(39,252)
Interest bearing liabilities	(35,775)	(44,555)
Total financial liabilities	<u>(59,991)</u>	<u>(83,807)</u>

Interest rate risk

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

All interest bearing liabilities are held at fixed rates.

	2019 \$	2018 \$
Floating rate instruments		
Cash and cash equivalents	<u>302,563</u>	<u>244,117</u>

Sensitivity analysis

Interest rates

The company has performed a sensitivity analysis relating to its exposure to interest rates risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

At 30 June 2019, the effect on profit and equity as a result of changes in the interest rates, with all other variables remaining constant would be as follows:

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Notes To The Financial Statements For The Year Ended 30 June 2019

23. Financial instruments (continued)

	Basis points increase			Basis points decrease		
	Basis points change	Effect on profit before tax	Effect on equity	Basis points change	Effect on profit before tax	Effect on equity
2019						
Cash and cash equivalents	1	3,025	3,025	1	(3,025)	(3,025)
Financial assets	1	1,133	1,133	1	(1,133)	(1,133)
		<u>4,158</u>	<u>4,158</u>		<u>(4,158)</u>	<u>(4,158)</u>
	Basis points increase			Basis points decrease		
	Basis points change	Effect on profit before tax	Effect on equity	Basis points change	Effect on profit before tax	Effect on equity
2018						
Cash and cash equivalents	1	2,441	2,411	1	(2,411)	(2,411)
Financial assets	1	1,079	1,079	1	(1,079)	(1,079)
		<u>3,520</u>	<u>3,490</u>		<u>(3,490)</u>	<u>(3,490)</u>

Credit risk

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

The company has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the company based on recent sales experience, historical collection rates and forward-looking information that is available.

Credit risk is managed through the maintenance of procedures (such procedures include the utilisation of systems for the approval, granting and renewal of credit limits, regular monitoring of exposures against such limits and the monitoring of the financial stability of significant customers and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

Credit risk arises from credit exposure on outstanding receivables. The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets summarised above.

Liquidity risk

Liquidity risk arises from the risk that the company may encounter difficulty in settling its debt or otherwise meeting its obligations related to financial liabilities. The company manages this risk through prudent liquidity risk management policies which imply maintaining sufficient cash and available funding through an adequate amount of committed credit facilities.

Financing arrangements

Unused borrowing facilities at the reporting date:

	2019 \$	2018 \$
Bank overdraft	<u>200,000</u>	<u>200,000</u>

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Wyong Town Financial Services Limited

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Notes To The Financial Statements For The Year Ended 30 June 2019

24. Key management personnel disclosures

Compensation

The aggregate compensation made to directors and other members of key management personnel of the company is set out below:

	2019 \$	2018 \$
Aggregate compensation	<u>178,703</u>	<u>186,955</u>

25. Contingent liabilities

The company had no contingent liabilities as at 30 June 2018 and 30 June 2019.

26. Commitments

	2019 \$	2018 \$
<i>Lease commitments - operating</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	48,635	45,937
One to five years	<u>184,813</u>	<u>82,687</u>
	<u>233,448</u>	<u>128,624</u>

The property lease is a non-cancellable lease with a 5 year term to 31 March 2024 and an option exists to renew the lease for an additional term after the 5 year period. The board of directors will assess their options and requirements prior to the expiry date. Rent is payable monthly in advance. Contingent rental provisions within the lease agreement provide for a CPI increase in April each year, the amounts disclosed above do not include any potential future CPI increases.

27. Related party transactions

Key management personnel

Disclosures relating to key management personnel are set out in note 24.

Transactions with related parties

There were no transactions with related parties during the current and previous financial year.

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties

Loans to related parties are on normal commercial terms and conditions.

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

28. Events after the reporting period

No matter or circumstance has arisen since 30 June 2019 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.

Wyong Town Financial Services Limited

ABN 59 100 313 120

Notes To The Financial Statements For The Year Ended 30 June 2019

29. Reconciliation of profit after income tax to net cash from operating activities

	2019 \$	2018 \$
Profit after income tax expense for the year	77,575	52,442
Adjustments for:		
Depreciation and amortisation	14,402	12,522
Net loss on disposal of non-current assets	-	5,690
Net gain on remeasurement from reclassification of financial assets at amortised cost to fair value	(5,373)	(2,483)
Change in operating assets and liabilities:		
Decrease in trade and other receivables	14,454	7,877
Decrease in inventories	236	91
Increase in income tax refund due	(10,612)	(10,612)
Decrease in deferred tax assets	1,158	10,712
Decrease in prepayments	3,744	2,067
Decrease in creditors and accruals	(15,036)	13,913
Increase/(decrease) in provision for income tax	19,883	(22,638)
Increase/(decrease) in employee benefits	(706)	19,498
Net cash from operating activities	<u>99,725</u>	<u>89,079</u>

30. Segment reporting

The company operates predominantly in one industry, that being the operation of a Community Bank. The Company operates predominantly in one geographical location, being Wyong, NSW.

31. Company details

Wyong Town Financial Services Limited

The registered office and principal place of business is:
88 Pacific Highway
WYONG NSW 2259

Wyong Town Financial Services Limited

ABN 59 100 313 120

Directors' Declaration

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, including compliance with the accounting standards 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 note 2 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 2019 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


Mr Ray Davidson
Director


Mr David Brine
Director

30 September 2019

Notes

Wyong **Community Bank**[®]

Franchisee: Wyong Town Financial Services Ltd

ABN 59 100 313 120

88 Pacific Highway Wyong NSW 2259 (PO Box 688 Wyong)

Ph: 02 4353 8800 Fx: 02 4353 8899

Franchisor: Bendigo & Adelaide Bank Limited

ACN 068 049 178

Fountain Court (PO Box 480) Bendigo Victoria 3552

Ph: 1300 366 666