

Supporting our community

Over the December and January period we were saddened to hear of the impact around the country to both our clients and their communities by the devastating bushfires.

We have made a donation to the Bendigo Bank National Bushfire Appeal and hope to find ways to help these communities further.

How can you help?

When the immediate crisis subsides and life returns to normal for many Australians, residents of fire-ravaged areas will only be beginning the long journey towards rebuilding. Supporting businesses in these communities helps them bounce back now and keep them afloat later on.

A range of financial services and packages are available to businesses who are impacted by the recent bushfires. There are also ways that you can help support these businesses and communities. We have compiled some of these in our blog. To view visit: afsbendigo.com.au/impacted-natural-disaster-want-help.



These images were taken by Dennis Barnett, Partner at AFS who was deployed to Mallacoota as part of a District 2 CFA strike team. David Hutchings was also deployed to Mallacoota as a CFA volunteer at the end of December when the fire front came through.

Although it doesn't feel like enough from where we are, we send a big sincere THANK YOU to everyone helping in these awful situations. To the firefighters and emergency services who put their lives at risk to save lives and property, our beautiful countryside, and the wildlife that calls it home. We are so grateful for your bravery.

New leases standard for the half year reviews

AASB 16 Leases is a new Standard that has been issued by the Australian Accounting Standards Board. This Standard is applicable to annual reporting periods beginning on or after 1 January 2019. 31 December 2019 is the first reporting period this Standard applies to Community Bank companies as they have a 30 June year-end.

The Standard requires the recognition of operating leases on the balance sheet. Under the previous Standard only finance leases had balance sheet disclosure. The Standard is intended to provide the users of financial statements a complete and understandable picture of an entity's leasing activities.

For our Community Bank clients this most commonly impacts accounting for the lease of the branch premises.

Leases will now be accounted for as right-of-use (ROU) assets and lease liabilities. A liability must be recognised for the present value of lease payments that are not paid at balance date and the ROU asset at cost as set out in the Standard.

The Standard provides various methods of applying it for the first time. We recommend that companies adopt the option which allows for an adjustment to retained earnings at 1 July 2019 for the cumulative effect of initially applying the Standard. This prevents the need for restating comparative information.

We can assist you with applying the Standard to your leases. If you have any questions please contact James Avery or Magnus Cochrane on 03 5443 0344.



Ash Turtur
Executive Assistant, Audit

Team member spotlight:

Ash joined the AFS team in 2015 as an Administration Assistant and after a few years became the lead audit Executive Assistant in 2018.

Ash is responsible for all things administrative within the audit team including Community Bank external audit, non-Community Bank external audit and internal audit. Ash has also recently been assisting the Company Secretary for one of our not-for-profit clients.

Ash's interests outside of work include cooking, going to the gym, spending time with family, friends and travelling. Ash's travelling highlights so far include ANZAC Day dawn service in Gallipoli, AFL match in China, polar plunge in Norway and travelling to Egypt to fulfil a childhood dream after an assignment in primary school to one day see the Pyramids and Abu Simbel.

Ash's proudest moment (and ours too!) was when she cut her hair off and donated it to Variety Children's Charity to be made into a wig.

Next time you speak with Ash on the phone you'll have to ask: "Where are you travelling to next?"

Online Share registry – should you make the switch?

AFS now looks after 49 share registers online. Our online share registry platform allows your Board to focus on what matters the most. Some of the time and cost saving measures from online share registry includes:

- Delivery of dividend distribution statements by email to every shareholder who has provided an email address for their holding. A PDF letter is generated for post for shareholders who have not provided an email address.
- Notice of AGM package, annual report, newsletters etc can be easily emailed adding to a large cost saving for postage.

If you have any further queries or would like additional information regarding our online Share Registry service please contact Rose Abbott or Josh Griffin at 03 5443 0344.

How superannuation is paid on director remuneration

Superannuation guarantee contributions (SGC) are payable where wage payments to employees - including company director remuneration total \$450 or more (before tax) in a calendar month.

The \$450 threshold also applies if the director remuneration is paid in an annual lump sum, even if the payment relates to the full year.

For example, if a director receives annual remuneration of \$5,000 that is paid in monthly instalments of \$416.67, they would not receive employer SGC (because the payments are under \$450 each calendar month). However, if the \$5,000 is paid in a single lump sum, employer SGC would be applicable as the payment exceeds the \$450 threshold in a calendar month.

Superannuation non-compliance is a major focus of the ATO and failure to comply with superannuation regulations can attract significant penalties. The penalty regime for non-compliance has been strengthened in recent times and can extend to company directors in their personal capacity.

We recommend utilising Bendigo Bank payroll to process all director remuneration to ensure it is administered correctly.

If you have any questions around superannuation compliance please contact our specialist Liam Crapper on 03 5443 0344.

Tax clarification on share buy-backs and returns of capital

We have seen an increased number of Community Bank companies seeking information on undertaking a share buy-back or return of capital over the past 18 months.

During this time we have engaged with the Australian Taxation Office (ATO) to assist a number of Community Banks with the taxation consequences of these transactions.

The ATO has taken a positive step in releasing two fact sheets specific to Community Banks, one that addresses off-market share buy-backs and a second that considers returns of capital.

If you would like further information please contact Dennis Barnett, Business Services Partner on 03 5443 0344.

