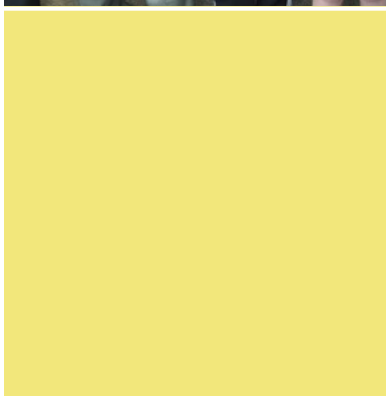
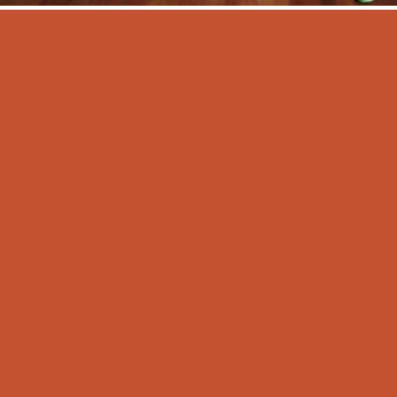




Maldon & District
Financial Services Limited
ANNUAL REPORT
2014



Maldon & District Financial Services Limited

Annual Report 2014

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Chairman's Report

For the year ending 30 June 2014

I have great pleasure in presenting my 2014 and final Chairman's report on behalf of Maldon and District Financial Services Ltd. Our company has had another successful year, though not without some challenges.

Business

As you will no doubt be aware, our income comes from a number of sources – fees and charges, trailer income and margin income. Of these, margin income forms the larger proportion. Our margin income is determined by the difference between deposit and lending interest rates: the greater the difference between these rates, the higher our income becomes. While interest rates remain low and competition between banks intense, our margin income has reduced.

In one way we are quite fortunate. Through good management our balanced book (roughly equal levels of deposits and loans) means that our deposits in effect fund our loans. In some situations, a bank with a high level of loans may need to borrow money from the world market to fund their loans. Our franchise agreement leaves these banking and treasury technicalities with Bendigo and Adelaide Bank while our responsibility is to manage the local banking operation, to ensure we follow correct practices and work to engage with our customers and community.

For as long as I have chaired the company the need for new, modern, centrally located and high profile premises has been high on the agenda. After all these years and through a long planning and design process we finally opened the new bank office in October. And what a

wonderful and beneficial addition it has been to the local economy. The new building has also incorporated the first 24 hour ATM in Maldon. Interestingly almost as many transactions go through the ATM as occur over the counter inside.

This year we celebrated our 15th birthday. Opening on April 24, 1999, the Maldon & District **Community Bank®** was the 10th Community Bank to open.

Today we are part of a network of 305 Community Banks located all around Australia. We can be proud to be a member of a network of Bendigo Community Bank branches; every single branch is dedicated to providing great personal service and benefits to their communities.

Community

Despite a challenging year and with reduced financial capability, we continue to support and are involved in our community in so many ways. I often see the Newstead and the Baringhup & Maldon community buses out on the road, and they will soon be joined by a new Dunolly bus. We have ongoing relationships with all the local football netball clubs, commitments to continue childcare in Maldon and funding for Maldon Inc.

A major project that injected a community contribution of \$50,000 was recently realised when the new Newstead Pavilion opened for sporting and community use. A similar commitment to the Mount Alexander Support and Respite Group (MASARG) is coming to fruition as other funding contributors are confirmed for

building their new centre to begin in the very near future.

And of course, there are the many smaller once-off sponsorships that occur each month.

None of this can occur without the enthusiasm and dedication of our staff and directors and the great support provided by Bendigo and Adelaide Bank. Each of us works with a single purpose in mind. We know that what we are doing will benefit our communities and make our region a stronger, resilient and pleasurable place to live.

Director Megan Purcell left the board earlier this year. It's been terrific working with Megan. Her enthusiasm and energy, alongside former director Jacinta Mew, brought us the launch of the first Australian regional chapter of the worldwide Awesome Foundation. She has been a hardworking, supportive and diligent director and I wish her well for the future.

New director Kate Tucker joined the board in January this year. Kate is a wonderful addition to our board and brings management skills and a gentle probing style that assists the board to arrive at the nub of issues we need to address.

As you read this report you may know that I relinquished the chairmanship of our company on 30 June. I also plan to retire as a director at the October AGM. I have been on the Board for 12 years and Chair for the past 6 years. I was indeed fortunate when our previous chairman, Mark Boyd-Graham, asked me to consider joining the board all those years ago.

Chairman's Report (continued)

I believe we have become a strong professional and dynamic organisation. Many of the programs and projects we have initiated are recognised throughout the Community Bank network. We are known for our entrepreneurship and ways of engaging with our community.

We are particularly well known for our great support and incorporation of younger people onto our board. Too often boards overlook the sound and unrealised potential that resides in every one of us. I am especially proud that we have been able to seek out and provide real director experience, skills development, opportunity and a voice to young people in our community. And I hope this will continue.

The company's new Chair is Genevieve Barlow. Genevieve has been a director since 2008. Genevieve is a freelance journalist, a resident of Newstead and a strong contributor to our community. We can all be confident that Genevieve will lead our community based and focused company to even greater future success.

A handwritten signature in black ink, appearing to read 'Ronald Snep', with a stylized, cursive script.

Ronald Snep
Chairman, 2013-2014

Manager's Report

Despite the past 12 months being a rather tough market for lending, Maldon & District **Community Bank**[®]'s business grew by \$5.6m on the previous financial year. Our total book at June 30, 2014 was \$135.9m, an increase of \$5.6m over 2012-13. This comprised \$63.4m in deposits, \$65.6m in loans and \$6.9m in other business. Our business base remains very sound and profitable.

There are more than 5,161 account holders at the Maldon & District **Community Bank**[®] branch. These are predominantly from the local district with the remainder from around Australia. Our customers continue to contribute to our financial strength in all areas of the business.

Our **Community Bank**[®] remains a leader in community-driven initiatives, including funding our driver training program and community buses. This year, our 15th since establishing, the amount we've distributed and invested into our community through grants and sponsorships reached almost \$1.9m. This is amazing for such a small branch and could not have happened without the support of our customers.

The bank celebrated its 15th birthday in April, 2014. Two other significant staffing milestones were also achieved. Jan Brain celebrated 15 years' service, and Wendy Merlo and Donna Mason each reached 10 years' service. We are fortunate to have such dedicated staff that provide excellent service to our customers.

Our staff are one of the keys to our success, thanks to their strong commitment to the bank and the communities they serve. Their knowledge and focus on customer service is to be commended, and they remain committed to providing a high standard of service to all our current and prospective customers.

Another major milestone of this year was the construction of our new bank premises at 81 High St, Maldon. Our new branch opened on September 24, 2013. This was a great achievement. The building continues to be enjoyed by both customers and staff.

Our aim for the next 12 months is to encourage more people and businesses from the local community to bank with us. We look for your continued support so that the bank can continue to give back to the communities in which we operate.

I think that we sometimes need to step back and take a look at what the Maldon & District **Community Bank**[®] has done and continues to do in our local communities. It is quite amazing.



Steve Streeter
Branch Manager

Community Investment Portfolio Report

What a year and what an investment our **Community Bank**[®] made into our communities this year. All up, we returned \$260,000* of our profits, ploughing them back into clubs, organisations and events across our banking area from Maldon, to Newstead and Dunolly and many towns between. It's a magnificent effort and came not without considerable input from our dedicated Community Investment Portfolio team including staff Steve Streeter and Wendy Merlo and board members Karly Smith, Ron Snep, Megan Purcell and Kate Tucker.

As we sorted through the many requests from community groups, organisations and events, to recommend which to fund to our board, we asked ourselves two vital questions. Will this strengthen our communities? And how can we maximise the benefits of this investment across our communities? We were also mindful of what's good for the bank too. So, funding events that bring people to our area to patronise our local businesses makes sense. Equally important is having a healthy, educated and connected community.

Needless to say, we always get requests for more money than we have but, like any responsible business or household, we worked on keeping our spending in order. Notwithstanding this, we've done some great stuff for our community in line with the company's mission. And, mostly, our communities have done great stuff with funds the bank invested in them.

The funds have provided childcare at the Maldon Neighbourhood Centre (\$6,000), helped print community newsletters in Baringhup/Newstead,

Guildford (\$1,235), run fundraising markets and trivia nights for schools and pre-schools in Maldon Newstead and Dunolly (\$1,275), launched Mount Alexander's business network (\$1000), awarded winners of Maldon's wonderful Marchies arts prize (\$3,000), awarded campdraft competitors in Maldon (\$1,000) and Horse Activity Club competitors in Dunolly (\$700), ensured Maldon's landmark Twilight Dinner dazzled (\$2,000) and helped keep our young people safer when driving. The latter is via our driver training program (\$30,000) which teaches young people basic and defensive driving skills. This year we introduced refresher driver training courses for established drivers. All this is in addition to the usual run of investments in clubs to help run their golf/bowls/football/netball/shoots and cycling events and tournaments.

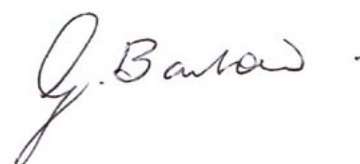
The stand-outs this year have been our ongoing investments in fitness programs in Maldon (\$8,700) and Newstead (\$6,200) run by local personal trainers Karen Smith and Yumi McGill which I believe has had a profound impact on the mental health and wellbeing of those who join in. Ditto for the Newstead Men's Shed (\$15,000) where stories abound of men whose sense of purpose and wellbeing has been re-ignited through friendships and woodworking at the shed. Our investments in community buses – \$10,000 a year each for the Baringhup & Maldon bus and the Newstead-Guildford bus continue. We completed our first year of a two-year plan to invest \$30,000 in Maldon Inc. to help that organisation run events such as the Antiques & Collectibles Fair, Maldon Puppet Carnival, Maldon in Winter and the annual town wide garage sale.

We were also pleased to help the Newstead community (\$50,000) leverage funds from the Victorian Government and Mount Alexander Shire for a new Newstead Recreation Reserve pavilion which was officially opened in August 2014.

All our support goes out with the message that more people banking with us means more profits can be invested in our communities. I am constantly amazed by those who feel no compunction to bank with us yet seek funds to support their event or organisation.

I am also buoyed by the contributions people make to bring events and projects alive throughout our area. Well done. Special thanks to all portfolio members and especially to Chairman Ron Snep for hosting our meetings and to Executive Officer Karly Smith for administering the investments and working so well on our behalf with the community.

Over the next year we will review our community investment strategy to stave off a hand-out mentality that is always at risk of developing. The review will consider community plans and whether higher order projects might be warranted. Watch this space!



*Genevieve Barlow, Chair,
Community Investment Portfolio*

* Note: this figure includes \$123,000 drawn from funds allocated from profits in earlier years and held in the Community Enterprise Foundation.

Directors' Report

For the year ending 30 June 2014

Your directors submit the financial statements of the company for the financial year ended 30 June 2014.

Directors

The names and details of the company's directors who held office during or since the end of the financial year:

Genevieve Mary Barlow Chairwoman from 1 July 2014

Occupation: Freelance Journalist/Editor/Writer

Qualifications, experience and expertise: Self employed journalist/writer/editor for 10 years. Previously employed in newspapers as a sub-editor, reporter, editor in print journalism specializing in politics, trade, agriculture (farming and food production), education and energy. Member of Rural Press Club of Victoria, Australian Women in Agriculture.

Portfolios: Community Investment (Chair), Finance, Communication

Ronald Johannes Snep Chairman to 30 June 2014

Occupation: Wine Maker

Qualifications, experience and expertise: Graduate of Australian Institute of Company Directors, Certificate of Professional Writing. Board member and Director since 2002. Winery business owner.

Portfolios: Executive, Community Investment

Arthur 'Gordon' Carter Treasurer

Occupation: Retired Consultant

Qualifications, experience and expertise: Diploma Financial Planning; Diploma Project Management, Graduate and Member Australia Institute of Company Directors. 40 years in project management (IT), analysis, consulting and operations in the retail industry. President of the Maldon Hospital Board.

Portfolios: Treasurer, Governance

Karly Brenda Smith Secretary

Occupation: Executive Officer and Company Secretary

Qualifications, experience and expertise: Bachelor of Arts (Hons). Graduate Australian Institute of Company Directors (AICD). MDFSL Board Director since 2007. Fifteen years' experience as a geographer working in project management and research in corporate, academic and not-for-profit community organisations.

Portfolios: Executive, Finance, Community Investment, Communications, Governance

Garry Mathieson Johnstone Director

Occupation: Chartered Accountant

Qualifications, experience and expertise: 37 years' experience in accounting and finance working in public practice for 28 years and in commerce for 9 years. Member of Audit & Risk Advisory Committee for the Mount Alexander Shire Council. Member of the Audit Committee of the Maldon Hospital.

Portfolios: Finance (Chair)

Rebecca Margaret Helen Hanley Director

Occupation: Solicitor

Qualifications, experience and expertise: Bachelor of Law (Hons), Bachelor of Arts. Admitted to legal practice in 2006. MDFSL Board member since March 2013. Chair of Steering Committee Business Mount Alexander.

Portfolios: Communications (Chair), Governance, Finance

Directors (continued)

Katrina 'Kate' Margaret Tucker

Director (Appointed 12 February 2014)

Occupation: Organisation Development Consultant, Director of Inhere Consulting PL

Qualifications, experience and expertise: 20 years' experience working with people in organisations focussing on human and cultural transformation. Over the past 10 years, Kate has built her capability in Organisation Development within Australia and Asia Pacific. She has extensive experience providing leadership development services including action learning coaching and program facilitation, consulting to boards and senior leadership groups. Bachelor of Arts majoring in Human Resource Management and Organisational Behaviour and post graduate qualifications in Organisational Change and Consulting from RMIT. She is an active member of the International Organisation Development Association and Organisation Development Australia.

Portfolios: Community Investment

Megan Catherine Purcell

Director (Resigned 14 May 2014)

Occupation: Consultant

Qualifications, experience and expertise: Megan is an economic and community development consultant with extensive local community connections. She holds degrees in Economics, Management and Community Planning and Development and is interested in communities and governments working together co-operatively. Megan is a 2011 Graduate of the Loddon Murray Community Leadership Program and the 2013 Midlands Region Rural Ambassador as well as a Bendigo Zonta Board Member and Maldon Football Netball Club Player.

Portfolios: Community Investment

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

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

Company Secretary

The company secretary is Karly Brenda Smith. Karly was appointed to the position of secretary on 24 November 2008.

Karly holds a Bachelor of Arts (Honours). Her employment history includes many years of experience in performing services as a geographer including working in project management and research.

Principal Activities

The principal activities of the company during the financial year were facilitating **Community Bank**[®] services under management rights to operate a franchised branch of Bendigo and Adelaide Bank Limited.

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

Operating results

Operations have continued to perform in line with expectations. The profit of the company for the financial year after provision for income tax was:

Year ended 30 Jun 14 \$	Year ended 30 Jun 13 \$
66,756	165,228

Remuneration report

This Report discloses the basis of the remuneration paid by Maldon & District Financial Services Limited to:

- (a) Key Management Personnel (KMP): at Maldon & District Financial Services Limited this is the Branch Manager
- (b) Directors: all of whom are non-executive directors

KMP Remuneration Policy

The remuneration policy of the company is to enter into an employment agreement with key management personnel. The agreement includes:

- a base salary: based on factors such as length of service and experience
- superannuation: required by the government, which is currently 9.25%. KMP do not receive any other retirement benefits. KMP have the choice to sacrifice part of their salary to increase payments towards superannuation.
- a performance incentive: the performance incentive is a bonus (refer to section on performance based remuneration below).

The contracts for service between the company and key management personnel are on a continuing basis, the terms of which are not expected to change in the immediate future. Upon retirement key management personnel are paid employee benefit entitlements accrued to date of retirement.

The Board believes this KMP remuneration policy of Maldon & District Financial Services Limited:

- has been designed to align key management personnel objectives with member and business objectives
- is appropriate and effective in its ability to attract and retain the best key management personnel to run the business and manage the company
- aligns the goals of directors, key management personnel and members

Non-executive director remuneration policy

All directors are independent non-executive Directors and are paid Directors' fees as disclosed below.

The Board's policy is to remunerate non-executive directors a nominal amount as a substitute for the reimbursement by the company of ordinary expenses. Ordinary expenses include applicable travel and home office costs. The Chairman and Treasurer are paid more than other directors on the basis that their ordinary expenses will be higher due to the greater time commitment. The Secretary receives a "fixed rate" for her services as executive officer.

The Board determines payments to the non-executive directors and regularly reviews the amount of fees paid, based on duties and accountability. The Board believe that current payments are below market rates for time and responsibility.

The maximum aggregate amount of fees that can be paid to non-executive Directors requires approval by members as required by the Corporations Act 2001.

Fees for non-executive Directors are not linked to the performance of the Company.

Performance based remuneration

Performance based remuneration is only paid to Key Management Personnel. The key performance indicators (KPIs) are set annually, with a certain level of consultation with key management personnel to ensure buy-in. The measures are specifically tailored to the area each individual is involved in and has a level of control over. The KPIs target areas the Board believes hold greater potential for expansion and profit, covering financial and non-financial as well as short and long-term goals. The level set for each KPI is based on budgeted figures for the Company and respective industry standards.

Performance in relation to the KPIs is assessed annually, with bonuses being awarded depending on the number and deemed difficulty of the KPIs achieved. Following the assessment, the KPIs are reviewed by the board in light of the desired and actual outcomes, and their efficiency is assessed in relation to the Company's goals and member wealth, before the KPIs are set for the following year.

The Company does not pay performance-based remuneration to any Director.

Relationship between Remuneration Policy and Company Performance

The remuneration policy has been tailored to align the goals of members, directors and key management personnel. Performance-based bonus is based on key performance indicators as disclosed above.

Company performance, member wealth and directors' and KMP remuneration

The Board is of the opinion that revenue and profit will continue to grow due to the introduction of the previously described remuneration policy.

Remuneration report (continued)

Directors' remuneration

For the year ended 30 June 2014 the directors received total remuneration including superannuation, as follows:

	Year ended 30 Jun 14 \$	Year ended 30 Jun 13 \$
Ronald Johannes Snep	15,120	15,500
Arthur 'Gordon' Carter	7,150	5,500
Karly Brenda Smith	1,500	7,039
Genevieve Mary Barlow	1,500	500
Garry Mathieson Johnstone	1,500	500
Rebecca Margaret Helen Hanley	1,500	500
Katrina 'Kate' Margaret Tucker (Appointed 12 February 2014)	-	-
Megan Catherine Purcell (Resigned 14 May 2014)	1,000	500
	29,270	30,039

Transactions with directors

Katrina 'Kate' Tucker designed & facilitated the Mental Health Round Table prior in October/November 2013 prior to becoming a Director, and received: \$1,000

Karly Smith has provided executive officer services to the Bank branch as approved by the board at a fixed rate. We have confirmed that payments amounting to \$42,558 have been paid to Karly during the year ended 2014.

Fees and payments to non-executive directors reflect the demands which are made on and the responsibilities of the directors. Non-executive directors' fees are reviewed annually by the Board. The Chairman's and Treasurer's fees are determined independently to the fees of non-executive directors.

Maldon & District Financial Services Limited has accepted the **Community Bank**[®] Directors' Privileges package. The package is available to all directors who can elect to avail themselves of the benefits based on their personal banking with the Maldon & District **Community Bank**[®] branch. There is no requirement to own Bendigo and Adelaide Bank Limited shares and there is no qualification period to qualify to utilise the benefits. The package mirrors the benefits currently available to Bendigo and Adelaide Bank members. The Directors have estimated the total benefits received from the Directors' Privilege Package to be \$150 for the year ended 2014.

Significant changes in the state of affairs

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

Events since the end of the financial year

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

Likely developments

The company will continue its policy of facilitating banking services to the community.

Environmental regulation

The company is not subject to any significant environmental regulation.

Indemnification and insurance of directors and officers

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

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

Directors' meetings

The number of Directors' meetings attended by each of the Directors of the Company during the year were:

	Board Meetings Attended		Portfolios Attended							
			Community Investment		Communication		Finance		Governance	
	A	B	A	B	A	B	A	B	A	B
Ronald Johannes Snep	12	12	10	8	7	6	-	-	-	-
Arthur 'Gordon' Carter	12	10	-	-	7	5	4	4	-	-
Karly Brenda Smith	12	12	10	10	7	7	4	4	1	1
Genevieve Mary Barlow	12	12	10	8	7	5	-	-	1	1
Garry Mathieson Johnstone	12	12	-	-	-	-	4	4	-	-
Rebecca Margaret Helen Hanley	12	12	-	-	7	6	4	2	1	1
Katrina 'Kate' Margaret Tucker (Appointed 12 February 2014)	5	5	4	2	1	1	-	-	-	-
Megan Catherine Purcell (Resigned 14 May 2014)	10	8	7	3	-	-	-	-	-	-
A - Number of meetings eligible to attend B - Number of meetings attended										

Proceedings on behalf of the company

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

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

Non audit services

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

The Board of Directors has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

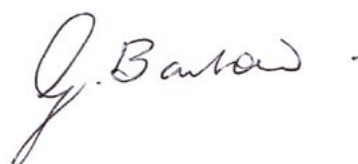
The Directors are satisfied that the provision of non-audit services by the auditor, as set out in the notes did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the board to ensure they do not impact on the impartiality 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, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risk and rewards.

Auditors' independence declaration

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 10.

Signed in accordance with a resolution of the board of directors at Maldon, Victoria on 25 September 2014.



Genevieve Mary Barlow,
Chairperson

Auditor's Independence Declaration



Lead auditor's independence declaration under section 307C of the *Corporations Act 2001* to the directors of Maldon & Districts Financial Services Limited

We declare that, to the best of our knowledge and belief, during the year ended 30 June 2014 there have been no contraventions of:

- the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review
- any applicable code of professional conduct in relation to the review.

A handwritten signature in black ink, appearing to read 'Andrew Frewin Stewart'.

Andrew Frewin Stewart
61 Bull Street, Bendigo Vic 3550

Dated: 25 September 2014

A handwritten signature in black ink, appearing to read 'David Hutchings'.

David Hutchings
Lead Auditor

Financial Statements

Statement of Comprehensive Income for the Year ended 30 June 2014

	Notes	2014 \$	2013 \$
Revenue from ordinary activities	4	1,080,687	1,181,135
Employee benefits expense		(509,957)	(503,371)
Charitable donations, sponsorship, advertising and promotion		(137,293)	(211,776)
Occupancy and associated costs		(29,967)	(36,678)
Systems costs		(36,800)	(23,788)
Depreciation and amortisation expense	5	(39,214)	(18,573)
Finance costs	5	(40,320)	(24,714)
General administration expenses		(220,380)	(197,007)
Profit before income tax		66,756	165,228
Income tax	6	-	-
Profit after income tax		66,756	165,228
Total comprehensive income for the year		66,756	165,228

Balance Sheet as at 30 June 2014

	Notes	2014 \$	2013 \$
ASSETS			
Current Assets			
Cash and cash equivalents	7	219,589	211,071
Trade and other receivables	8	93,609	91,284
Total Current Assets		313,198	302,355
Non-Current Assets			
Property, plant and equipment	9	849,448	629,258
Intangible assets	10	66,384	1,628
Total Non-Current Assets		915,832	630,886
Total Assets		1,229,030	933,241
LIABILITIES			
Current Liabilities			
Trade and other payables	11	92,069	73,808
Borrowings	12	144,934	105,455
Provisions	13	46,071	53,934
Total Current Liabilities		283,074	233,197
Non-Current Liabilities			
Borrowings	12	263,154	78,442
Provisions	13	4,337	9,893
Total Non-Current Liabilities		267,491	88,335
Total Liabilities		550,565	321,532
Net Assets		678,465	611,709
Equity			
Capital reserves	14	2,431	2,431
Retained earnings	15	676,034	609,278
Total Equity		678,465	611,709

Statement of Changes in Equity for the Year Ended 30 June 2014

	Issued capital \$	Retained earnings \$	Total equity \$
Balance at 1 July 2012	2,431	444,050	446,481
Total comprehensive income for the year	-	165,228	165,228
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	-	-
Balance at 30 June 2013	2,431	609,278	611,709
Balance at 1 July 2013	2,431	609,278	611,709
Total comprehensive income for the year	-	66,756	66,756
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	-	-
Balance at 30 June 2014	2,431	676,034	678,465

Statement of Cash Flows for the Year Ended 30 June 2014

	Notes	2014 \$	2013 \$
Cash flows from operating activities			
Receipts from customers		1,175,849	1,194,006
Payments to suppliers and employees		(1,011,680)	(1,117,744)
Interest received		7,532	15,390
Interest paid		(40,320)	(355)
Income taxes refund		-	69,446
Net cash provided by operating activities	17	131,381	160,743
Cash flows from investing activities			
Payments for property, plant and equipment		(278,341)	(280,274)
Payments for intangible assets		(68,713)	-
Net cash used in investing activities		(347,054)	(280,274)
Cash flows from financing activities			
Proceeds from borrowings		193,161	89,082
Repayment of borrowings		(7,970)	(3,908)
Dividends paid		-	-
Net cash provided by financing activities		185,191	85,174
Net decrease in cash held		(30,482)	(34,357)
Cash and cash equivalents at the beginning of the financial year		113,583	147,940
Cash and cash equivalents at the end of the financial year	7(a)	83,101	113,583

Notes to the financial statements

For year ended 30 June 2014

Note 1. Summary of significant accounting policies

a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standard Boards and the Corporations Act 2001. The company is a for-profit entity for the purpose of preparing the financial statements.

Compliance with IFRS

These financial statements and notes comply with International Financial Reporting Standards (IFRS) 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. These areas involving a higher degree of judgement or complexities, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

Historical cost convention

The financial statements have been prepared under the historical cost convention on an accruals basis as modified by the revaluation of financial assets and liabilities at fair value through profit or loss and where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

Comparative figures

Where required by Australian Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

Adoption of new and amended accounting standards

The company adopted the following standards and amendments, mandatory for the first time for the annual reporting period commencing 1 July 2013:

- AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements.
- AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosure of Interests in Other Entities, AASB 128 Investments in Associates and Joint Ventures, AASB 127 Separate Financial Statements and AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards.
- AASB 2012-9 Amendment to AASB 1048 arising from the Withdrawal of Australian Interpretation 1039.
- AASB 2012-10 Amendments to Australian Accounting Standards – Transition Guidance and other Amendments which provides an exemption from the requirement to disclose the impact of the change in accounting policy on the current period.
- AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13.
- AASB 119 Employee Benefits (September 2011) and AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011).
- AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle.
- AASB 2012-2 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities.
- AASB 2011-4 removes the individual key management personnel disclosure requirements in AASB 124 Related Party Disclosures. As a result the company now only discloses the key management personnel compensation in total and for each of the categories required in AASB 124. Detailed key management personnel compensation is outlined in the remuneration report, included as part of the directors' report.

Note 1. Summary of significant accounting policies (continued)

a) Basis of preparation (continued)

Adoption of new and amended accounting standards (continued)

The adoption of revised standard AASB 119 has resulted in a change to the accounting for the company's annual leave obligations. As the entity does not expect all annual leave to be taken within 12 months of the respective service being provided, annual leave obligations are now classified as long-term employee benefits in their entirety. This changes the measurement of these obligations, as the entire obligation is now measured on a discounted basis and no longer split into a short-term and a long-term portion. However, the impact of this change is considered immaterial on the financial statements overall as the majority of the annual leave is still expected to be taken within 12 months after the end of the reporting period.

None of the remaining new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2013 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

The company has not elected to apply any pronouncements before their mandatory operative date in the annual reporting period beginning 1 July 2013.

Economic dependency – Bendigo and Adelaide Bank Limited

The company has entered into a franchise agreement with Bendigo and Adelaide Bank Limited that governs the management of the **Community Bank**[®] branch at Maldon, Victoria and agencies at Dunolly and Newstead, Victoria.

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

All deposits are made with Bendigo and Adelaide Bank Limited, and all personal and investment products are products of Bendigo and Adelaide Bank Limited, 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 and Adelaide Bank Limited, must be approved by Bendigo and Adelaide Bank Limited. All credit transactions are made with Bendigo and Adelaide Bank Limited, and all credit products are products of Bendigo and Adelaide Bank Limited.

Bendigo and Adelaide Bank Limited provides significant assistance in establishing and maintaining the **Community Bank**[®] branch 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 in relation to:

- advice and assistance in relation to the design, layout and fit out of the **Community Bank**[®] branch
- 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.

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

Note 1. Summary of significant accounting policies (continued)

b) Revenue

Revenue is recognised when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the company and any specific criteria have been met. Interest and fee revenue is recognised when earned. The gain or loss on disposal of property, plant and equipment is recognised on a net basis and is classified as income rather than revenue. All revenue is stated net of the amount of Goods and Services Tax (GST).

Revenue calculation

The franchise agreement with Bendigo and Adelaide Bank Limited provides for three types of revenue earned by the company. First, the company is entitled to 50% of the monthly gross margin earned by Bendigo and Adelaide Bank Limited on products and services provided through the company that are regarded as “day to day” banking business (i.e. ‘margin business’). This arrangement also means that if the gross margin reflects a loss (that is, the gross margin is a negative amount), the company effectively incurs, and must bear, 50% of that loss.

The second source of revenue is commission paid by Bendigo and Adelaide Bank Limited on the other products and services provided through the company (i.e. ‘commission business’). The commission is currently payable on various specified products and services, including insurance, financial planning, common fund, Sandhurst Select, superannuation, commercial loan referrals, products referred by Rural Bank, leasing referrals, fixed loans and certain term deposits (>90 days). The amount of commission payable can be varied in accordance with the Franchise Agreement (which, in some cases, permits commissions to be varied at the discretion of Bendigo and Adelaide Bank Limited). This discretion has been exercised on several occasions previously. For example in February 2011 and February 2013 Bendigo and Adelaide Bank Limited reduced commissions on two core banking products to ensure a more even distribution of income between Bendigo and Adelaide Bank Limited and its **Community Bank®** partners. The revenue share model is subject to regular review to ensure that the interests of Bendigo and Adelaide Bank Limited and **Community Bank®** companies remain balanced.

The third source of revenue is a proportion of the fees and charges (i.e. what are commonly referred to as ‘bank fees and charges’) charged to customers. This proportion, determined by Bendigo and Adelaide Bank Limited, may vary between products and services and may be amended by Bendigo and Adelaide Bank Limited from time to time.

c) Income tax

These accounts have been prepared on a tax exempt basis as it has been confirmed that Maldon & District Financial Services Limited was established as a community services organisation.

On 3 July 2012 Maldon & District Financial Services Limited applied for a private ruling from the ATO to confirm the Directors’ belief that the Company was income tax exempt as it is a community services organisation. On 22 October 2012 the ATO handed down their private ruling confirming the tax exempt status of Maldon & District Financial Services Limited from 1 July 2011.

d) Employee entitlements

Provision is made for the company’s liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

The company contributes to a defined contribution plan. Contributions to employee superannuation funds are charged against income as incurred.

e) Cash and cash equivalents

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

f) Trade receivables and payables

Receivables are carried at their amounts due. The collectability of debts is assessed at balance date and specific provision is made for any doubtful accounts. Liabilities for trade creditors and other amounts are carried at cost that is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the company.

Note 1. Summary of significant accounting policies (continued)

g) Property, plant and equipment

Plant and equipment, leasehold improvements and equipment under finance lease are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land. Depreciation is calculated on a straight line basis so as to write off the net cost of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated at the rate equivalent to the available building allowance using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

The following estimated useful lives are used in the calculation of depreciation:

leasehold improvements	40 years
plant and equipment	2.5 - 40 years
furniture and fittings	4 - 40 years
motor vehicle	8 years

h) Intangibles

The franchise fee paid to Bendigo and Adelaide Bank Limited has been recorded at cost and is amortised on a straight line basis over the life of the franchise agreement.

The renewal processing fee paid to Bendigo and Adelaide Bank Limited when renewing the franchise agreement has also been recorded at cost and is amortised on a straight line basis over the life of the franchise agreement.

i) Payment terms

Receivables and payables are non interest bearing and generally have payment terms of between 30 and 90 days.

j) Borrowings

All loans are initially measured at the principal amount. Interest is recognised as an expense as it accrues.

k) Financial instruments

Recognition and initial measurement

Financial instruments, incorporating financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument.

Financial instruments are initially measured at fair value plus transaction costs. Financial instruments are classified and measured as set out below.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset.

Classification and subsequent measurement

(i) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

(ii) *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the entity's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

(iii) *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with changes in such fair value (i.e. gains or losses) recognised in the Statement of Comprehensive Income. Available-for-sale financial assets are included in non-current assets except where they are expected to be sold within 12 months after the end of the reporting period. All other financial assets are classified as current assets.

(iv) *Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Note 1. Summary of significant accounting policies (continued)

k) Financial instruments (continued)

Impairment

At each reporting date, the entity assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the statement of comprehensive income.

l) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership are transferred to the company are classified as finance leases. Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term. Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred. Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

m) Provisions

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

A provision for dividends is not recognised as a liability unless the dividends are declared, determined or publicly recommended on or before the reporting date.

n) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax (GST), except where the amount of GST incurred is not 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 expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet. Cash flows are included in the statement of cash flows on a gross basis.

The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Note 2. Financial risk management

The company's activities expose it to a limited variety of financial risks: market risk (including currency risk, fair value interest risk and price risk), credit risk, liquidity risk and cash flow interest rate 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 entity. The entity does not use derivative instruments. Risk management is carried out directly by the board of directors.

(i) Market risk

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

(ii) Price risk

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

(iii) Credit risk

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

(iv) Liquidity risk

Prudent liquidity management implies maintaining sufficient cash and marketable securities and the availability of funding from credit facilities. The company believes that its sound relationship with Bendigo and Adelaide Bank Limited mitigates this risk significantly.

(v) Cash flow and fair value interest rate risk

Interest-bearing assets are held with Bendigo and Adelaide Bank Limited 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 believes that its sound relationship with Bendigo and Adelaide Bank Limited mitigates this risk significantly.

Note 3. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

Taxation

Judgement is required in assessing whether deferred tax assets and certain tax liabilities are recognised on the balance sheet. Deferred tax assets, including those arising from un-recouped tax losses, capital losses and temporary differences, are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits.

Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future sales volumes, operating costs, capital expenditure, dividends and other capital management transactions. Judgements are also required about the application of income tax legislation.

These judgements and assumptions are subject to risk and uncertainty. There is therefore a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognised on the balance sheet and the amount of other tax losses and temporary differences not yet recognised. In such circumstances, some or all of the carrying amount of recognised deferred tax assets and liabilities may require adjustment, resulting in corresponding credit or charge to the statement of comprehensive income.

Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience and the condition of the asset is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

Note 3. Critical accounting estimates and judgements

Impairment of 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 that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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 (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

Note 4. Revenue from ordinary activities

	2014 \$	2013 \$
Operating activities:		
- services commissions	1,074,365	1,096,111
- ATO refund for prior income tax paid	-	69,011
- other revenue	500	1,401
Total revenue from operating activities	1,074,865	1,166,523
Non-operating activities:		
- interest received	5,822	14,612
Total revenue from non-operating activities	5,822	14,612
Total revenues from ordinary activities	1,080,687	1,181,135

Note 5. Expenses

	2014 \$	2013 \$
Depreciation of non-current assets:		
- plant and equipment	25,139	16,573
- building works	10,118	-
Amortisation of non-current assets:		
- franchise agreement	3,957	2,000
	39,214	18,573
Finance costs:		
- interest paid	40,320	24,714
Bad debts	621	532
Loss on disposal of fixed asset	22,894	12,602

Note 6. Income tax

These accounts have been prepared on a tax exempt basis as the Directors of Maldon & District Financial Services Limited believe the organisation is a community service organisation.

The Australian Taxation Office handed down a private ruling on 22 October 2012 declaring the Company to be tax exempt.

The 2012 income tax shown in the statement of comprehensive income of \$25,249 was actually refunded during the 2013 financial year. This payment was based on the lodgement of prior year tax returns and payment of tax for the financial year ending 30 June 2011.

Refer to note 22 for further information.

Note 7. Cash and cash equivalents

	2014 \$	2013 \$
Cash at bank and on hand	133	147
Term deposits	219,456	210,924
	219,589	211,071

Note 7. (a) Reconciliation to cash flow statement

The above figures reconcile to the amount of cash shown in the statement of cash flows at the end of the financial year as follows:

	Note	2014 \$	2013 \$
Cash at bank and on hand		133	147
Term deposits		219,456	210,924
Bank overdraft	12	(136,488)	(97,488)
		83,101	113,583

Note 8. Trade and other receivables

	2014 \$	2013 \$
Trade receivables	88,011	83,990
Other receivables and accruals	517	2,227
Prepayments	5,081	5,067
	93,609	91,284

Note 9. Property, plant and equipment

	2014 \$	2013 \$
Land & Buildings (79-81 High Street)		
At cost	682,126	466,642
Less accumulated depreciation	(10,118)	-
	672,008	466,642
Land & Buildings (Rear 79-81 High Street)		
At cost	64,388	64,388
Plant and equipment		
At cost	62,661	92,719
Less accumulated depreciation	(32,871)	(51,259)
	29,790	41,460
Furniture and fittings		
At cost	-	27,457
Less accumulated depreciation	-	(25,002)
	-	2,455
Computer equipment		
At cost	-	2,641
Less accumulated depreciation	-	(2,587)
	-	54
Leasehold improvements		
At cost	54,078	20,968
Less accumulated depreciation	(2,965)	(3,617)
	51,113	17,351
Motor vehicle		
At cost	38,099	38,099
Less accumulated depreciation	(5,949)	(1,191)
	32,150	36,908
Total written down amount	849,448	629,258

	2014 \$	2013 \$
MOVEMENTS IN CARRYING AMOUNTS:		
Land & Buildings (79-81 High Street)		
Carrying amount at beginning	466,642	211,332
Additions	215,484	255,310
Less: depreciation expense	(10,118)	-
Carrying amount at end	672,008	466,642
Land & Buildings (Rear 79-81 High Street)		
Carrying amount at beginning	64,388	64,388
Carrying amount at end	64,388	64,388
Plant and equipment		
Carrying amount at beginning	41,459	49,421
Additions	19,145	2,320
Disposals	(13,312)	-
Less: depreciation expense	(17,502)	(10,282)
Carrying amount at end	29,790	41,459
Furniture and fittings		
Carrying amount at beginning	2,455	2,994
Disposals	(2,318)	-
Less: depreciation expense	(137)	(539)
Carrying amount at end	-	2,455
Computer equipment		
Carrying amount at beginning	54	86
Disposals	(48)	-
Less: depreciation expense	(6)	(32)
Carrying amount at end	-	54
Leasehold improvements		
Carrying amount at beginning	17,352	17,965
Additions	43,712	-
Disposals	(7,215)	-
Less: depreciation expense	(2,736)	(613)
Carrying amount at end	51,113	17,352
Motor vehicles		
Carrying amount at beginning	36,908	31,973
Additions	-	38,099
Disposals	-	(28,057)
Less: depreciation expense	(4,758)	(5,107)
Carrying amount at end	32,150	36,908
Total written down amount	849,448	629,258

Note 10. Intangible assets

	2014 \$	2013 \$
Franchise fee		
At cost	70,000	70,000
Less: accumulated amortisation	(70,000)	(68,372)
	-	1,628
Franchise Renewal		
At cost	68,713	-
Less: accumulated amortisation	(2,329)	-
	66,384	-
Total written down amount	66,384	1,628

Note 11. Trade and other payables

	2014 \$	2013 \$
Trade creditors	33,615	26,442
Interest due to pledgeholders	24,716	25,051
Other creditors and accruals	33,738	22,315
	92,069	73,808

Note 12. Borrowings

	Note	2014 \$	2013 \$
Current:			
Bank overdrafts		136,488	97,488
Lease liability	18	8,446	7,967
		144,934	105,455
Non-Current:			
Lease liability	18	5,911	14,360
Bank loans		257,243	64,082
		263,154	78,442

The bank overdraft has a facility limit of \$247,809 with an effective interest rate of 0% due to the nature of the company as being limited by guarantee. The overdraft overlimit interest rate is currently at 6%.

The chattel mortgage on the motor vehicle is repayable monthly with the final instalment due in February 2016. Interest is recognised at an average rate of 5.9%. The loan is secured by a fixed and floating charge over the company's assets.

The bank loan is a 15 year loan used to redraw funds necessary for the payment of the construction of the new branch. The loan repayments are interest only for the first two years with the remaining loan repayments of principle and interest. Interest is recognised at a rate of 7.15%. The loan is secured by a fixed and floating charge over the company's assets.

Note 13. Provisions

	2014 \$	2013 \$
Current:		
Provision for annual leave	26,336	26,757
Provision for staff bonuses	-	14,000
Provision for long service leave	19,735	13,177
	46,071	53,934
Non-Current:		
Provision for long service leave	4,337	9,893

Note 14. Capital Reserves

	2014 \$	2013 \$
Balance at the beginning of the financial year	2,431	2,431
	2,431	2,431

Note 15. Retained earnings

	2014 \$	2013 \$
Balance at the beginning of the financial year	609,278	444,050
Net profit from ordinary activities after income tax	66,756	165,228
Balance at the end of the financial year	676,034	609,278

Note 16. Contributed Equity

In accordance with the Association's Memorandum and Articles of Association, Maldon & District Financial Services Limited is limited by guarantee and does not have share capital. Each member is required to contribute a maximum of \$10 towards meeting any outstanding obligations of the Company.

As at 30 June 2014 the number of members was 167 (2013: 167).

Note 17. Statement of cash flows

Reconciliation of profit from ordinary activities after tax to net cash provided by operating activities.

	2014 \$	2013 \$
Profit from ordinary activities after income tax	66,756	165,228
Non cash items:		
- depreciation	35,257	16,573
- amortisation	3,957	2,000
- loss on disposal of fixed assets	22,894	12,602
Changes in assets and liabilities:		
- (increase)/decrease in receivables	(2,325)	4,166
- decrease in other assets	-	16,338
- increase/(decrease) in payables	18,261	(47,141)
- increase/(decrease) in provisions	(13,419)	6,880
- decrease in current tax liabilities	-	(15,903)
Net cash flows provided by operating activities	131,381	160,743

Note 18. Leases

	2014 \$	2013 \$
Finance lease commitments		
Payable – minimum lease payments:		
- not later than 12 months	9,062	9,062
- between 12 months and 5 years	6,041	15,106
- greater than 5 years	-	-
Minimum lease payments	15,103	24,168
Less future finance charges	(746)	(1,841)
Present value of minimum lease payments	14,357	22,327

The finance lease of the motor vehicle which commenced in March 2013, is a 36 month lease. Interest is recognised at an average rate of 5.9%.

Note 19. Auditor's remuneration

	2014 \$	2013 \$
Amounts received or due and receivable by the auditor of the company for:		
- audit and review services	3,550	2,890
- taxation services	1,581	3,681
- other services	1,631	4,256
	6,762	10,827

Note 20. Director and related party disclosures

	2014 \$	2013 \$
Key Management Personnel Remuneration		
Short-term employee benefits	28,770	30,039
	28,770	30,039
<i>Detailed remuneration disclosures are provided in the remuneration report, included as part of the directors' report.</i>		
Transactions with directors		
Katrina Tucker designed and facilitated the Mental Health Round Table prior in Oct/Nov 2013 prior to becoming a Director, and received:	1,000	-
<i>Detailed shareholding disclosures are provided in the remuneration report, included as part of the directors' report.</i>		

Note 21. Events occurring after the reporting date

There have been no events after the end of the financial year that would materially affect the financial statements.

Note 22. Contingent liabilities and contingent assets

Estimates of the potential financial effect of contingent liabilities which may become payable are as follows:

The Company has entered into a funding agreement with the Newstead Rural Transaction Centre Inc. to contribute \$50,000 to the association over a five year period for a community bus. As at 30 June 2014 two payments of \$10,000 had been made with the remaining contribution of \$30,000 payable over the next three years.

The Company has entered into a funding agreement with the Baringhup Bus Committee Inc. to contribute \$50,000 to the association over a five year period for a community bus. As at 30 June 2014 two payments of \$10,000 had been made with the remaining contribution of \$30,000 payable over the next three years.

The Company has entered into a funding agreement with the Castlemaine Football Netball Club to contribute \$15,000 to the club over a three year period. As at 30 June 2014 two payments of \$5,000 had been made with the remaining contribution of \$5,000 payable next year.

The Company has entered into funding agreements with the Dunolly Football Netball Club, Maldon Football Netball Club and Newstead Football Netball Club to contribute \$12,000 to each club over a three year period. As at 30 June 2014 two payments of \$4,000 for each club had been made with the remaining contribution of \$4,000 each payable next year.

The Company has also committed to pay the following organisations in the 2014/15 financial year:

Organisation	Amount
Victorian Goldfields Railway	\$2,000
Driver Training Program	\$28,500
Refresher Driver Training Program	\$2,880
Maldon & Newstead Exercise Program	\$11,000
Maldon Inc. – business development seminars	\$1,000
	\$45,380

No tax liability is recognised for the 2014 financial year as the ATO handed down a private ruling on 22 October 2012 which stated that the Company was tax exempt as it is a community services organisation.

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

Note 23. Segment reporting

The economic entity operates in the service sector where it facilitates **Community Bank**[®] services in Maldon and surrounding districts, including Dunolly and Newstead, pursuant to a franchise agreement with Bendigo and Adelaide Bank Limited.

Note 24. Registered office/Principal place of business

The entity is a company limited by shares, incorporated and domiciled in Australia. The registered office and principal place of business is:

Registered Office

93 High Street
Maldon VIC 3463

Principal Place of Business

81 High Street
Maldon VIC 3463

109 Broadway
Dunolly VIC 3472

45 Lyons Street
Newstead VIC 3462

Note 25. Financial instruments

Financial Instrument Composition and Maturity Analysis

The table below reflects the undiscounted contractual settlement terms for all financial instruments, as well as the settlement period for instruments with a fixed period of maturity and interest rate.

Financial instrument	Floating interest		Fixed interest rate maturing in						Non interest bearing		Weighted average	
			1 year or less		Over 1 to 5 years		Over 5 years					
	2014 \$	2013 \$	2014 \$	2013 \$	2014 \$	2013 \$	2014 \$	2013 \$	2014 \$	2013 \$	2014 %	2013 %
Financial assets												
Cash and cash equivalents	-		219,456	210,924	-	-	-	-	133	147	2.70	4.2
Receivables	-	-	-	-	-	-	-	-	88,011	83,990	N/A	N/A
Financial liabilities												
Interest bearing liabilities	257,243	65,296	8,446	7,967	5,911	14,357	-	-	-	-	6.43	4.5
Non-interest bearing liabilities									136,488	97,488	Nil	Nil
Payables	-	-	-	-	-	-	-	-	33,615	26,442	N/A	N/A

Net Fair Values

The net fair values of financial assets and liabilities approximate the carrying values as disclosed in the balance sheet. The company does not have any unrecognised financial instruments at the year end.

Credit Risk

The maximum exposure to credit risk at balance date to recognised financial assets is the carrying amount of those assets as disclosed in the balance sheet and notes to the financial statements.

There are no material credit risk exposures to any single debtor or group of debtors under financial instruments entered into by the economic entity.

Interest Rate Risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from the interest bearing financial assets and liabilities in place subject to variable interest rates, as outlined above.

Sensitivity Analysis

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

As at 30 June 2014, the effect on profit and equity as a result of changes in interest rate, with all other variables remaining constant would be as follows:

	2014 \$	2013 \$
Change in profit/(loss)		
Increase in interest rate by 1%	(2,572)	(653)
Decrease in interest rate by 1%	(2,572)	(653)

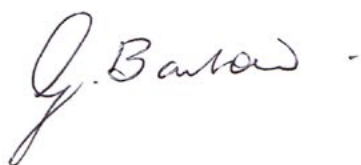
Directors' Declaration

In accordance with a resolution of the directors of Maldon & District Financial Services Limited, we state that:

In the opinion of the directors:

- (a) the financial statements and notes of the company are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2014 and of its performance for the financial year ended on that date; and
 - (ii) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
- (c) the audited remuneration disclosures set out in the remuneration report section of the directors' report comply with Accounting Standard AASB124 Related Party Disclosures and the Corporations Regulations 2001.

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



Genevieve Mary Barlow, Chairperson

Signed on the 25th of September 2014



Independent auditor's report to the members of Maldon & Districts Financial Services Limited

Report on the financial report

We have audited the accompanying financial report of Maldon & Districts Financial Services Limited, which comprises the balance sheet as at 30 June 2014, statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes and the directors' declaration.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and presentation of the financial report in accordance with Australian Accounting Standards and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making fair accounting estimates that are reasonable in the circumstances. In note 1, the directors also state in accordance with the Accounting Standard AASB 101 Presentation of Financial Statements that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These auditing standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and presentation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the company's financial position and of its performance.

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

Liability limited by a scheme approved under Professional Standards Legislation. ABN: 51 061 795 337.**P: (03) 5443 0344****F: (03) 5443 5304****61-65 Bull St./PO Box 454 Bendigo Vic. 3552****afs@afsbendigo.com.au****www.afsbendigo.com.au****TAXATION • AUDIT • BUSINESS SERVICES • FINANCIAL PLANNING**

Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written auditor's independence declaration, a copy of which is included in the directors' report.

Auditor's opinion on the financial report

In our opinion:

1. The financial report of Maldon & Districts Financial Services Limited is in accordance with the *Corporations Act 2001* including giving a true and fair view of the company's financial position as at 30 June 2014 and of its financial performance and its cash flows for the year then ended and complying with Australian Accounting Standards and the Corporations Regulations 2001.
2. The financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Report on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion on the remuneration report

In our opinion, the remuneration report of Maldon & Districts Financial Services Limited for the year ended 30 June 2014, complies with section 300A of the *Corporations Act 2001*.

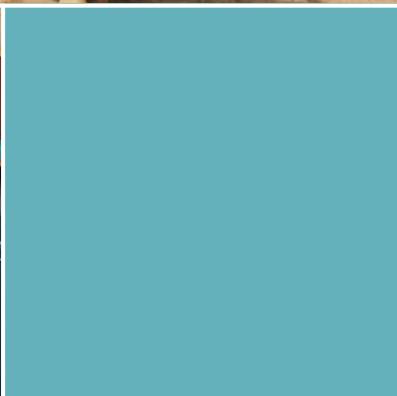
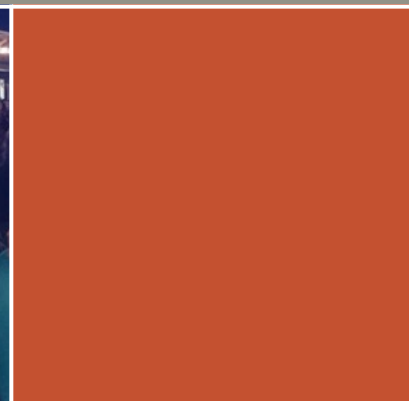


Andrew Frewin Stewart
61 Bull Street, Bendigo Vic 3550



David Hutchings
Lead Auditor

Dated: 25 September 2014



Maldon & District **Community Bank®** Branch
81 High Street, Maldon VIC 3463
Phone: 03 5475 1747

Dunolly Agency (Maldon & District **Community Bank®**)
Dunolly RTC, 109 Broadway, Dunolly VIC 3472
Phone: 03 5468 1596

Newstead Agency (Maldon & District **Community Bank®**)
Newstead RTC, 45 Lyons Street, Newstead VIC 3462
Phone: 03 5476 2014

Franchisee: Maldon & District Financial Services Ltd
ABN: 46 086 749 886
Registered address: 93 High Street, Maldon VIC 3463
Phone: 0478 435 110