

ANNUAL REPORT 2016

MALDON & DISTRICT
FINANCIAL SERVICES LIMITED
ABN 46 086 749 886



Maldon & District

Financial Services Limited

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Annual Report 2016

Contents

Chairman's Report	3
Manager's Report	5
Community Investment Portfolio Report	6
Directors' Report	11
Auditor's Independence Declaration	15
Financial Statements	16
Notes to the Financial Statements	20
Directors' Declaration	36
Independent Audit Report	37

Chairman's Report

For the year ending 30 June 2016

The **Community Bank**[®] model is all about providing local banking services and returning profits to our communities. We have accomplished both this year. Our profit was \$14,238 even after injecting almost \$120,000 into the community via grants and sponsorships as well as setting aside another \$60,000 for sponsorships in future years.

The Board chose to set aside this \$60,000 and will add a little more to it each year to build a reserve of sponsorship funds, to ensure the community can continue to be supported in less profitable years. In recent years we have invested profits the year they were made, almost before they were earned. This new approach puts us in far better stead.

Among the many great projects we've supported and encouraged this year, has been the completion of the Mount Alexander Support and Respite Group's (MASARG) new respite home on the outskirts of Castlemaine. Visiting the mothers who for so many years worked towards their goal of having somewhere caring and supportive for their children with disabilities to stay during respite spells was very special. We are grateful to them for showing such leadership and for giving us the opportunity to be involved in such a wonderful project. I honour them and trust their labours will bear fruit.

My great and sincere thanks to our Branch Manager Steve Streeter and Bendigo Bank's Richard Forrester for helping steer this project through to completion.

This year, we realised we needed to remind people how community banking works and the extent to which we support our communities, so we embarked on the company's first major formal community engagement project in 17-plus years. It culminated in The Big One conference in April when over 80 people helped choose

Building Children's Resilience as the target for a special stream of funding for the next three years. This took huge amounts of work and volunteers hours. I sincerely thank everyone who commented, voted and attended community meetings for their thoughtful contributions. And I thank the community for their patience over the six months we closed our normal sponsorship program to focus on this. Our communities' willingness to rise above a specific club or group's self-interest to consider what's best for our communities at large was impressive. We are now developing our Building Children's Resilience grants program to be funded each year for the next three years.

My special thanks to Board members, especially Kate Tucker who led this project and Karly Smith for their many hours of work and also to David Impey and his team at the Community Enterprise Foundation[™] within Bendigo Bank for their tremendous generosity and support.

Our Community Investment report outlines key recipients of our sponsorships. Standouts were the Maldon Brass Band, surely an icon for Maldon, for new cornets, local young people to take part in the Victorian Youth Parliament and the Mount Alexander Heritage Awards which encourage preservation of our community's built heritage, so strongly identified as a priority in Maldon's Tarrangower Plan.

Our driver training program continued with great support and organisation from our staff especially Wendy Merlo and we are always pleased to be able to support our four football netball clubs (Maldon, Newstead, Dunolly and Castlemaine) as well as community buses. Though we ceased funding exercise classes at Maldon and Newstead, it's great to see that our support has helped consolidate at least one exercise trainer as a businesses in her own right.

Wendy Merlo stepped up to Chair our Community Investment committee this year. This is the first time a staff member has taken on such a role and I thank her for her ongoing contribution and also welcome another staff member, Katie McEachran, to this committee. Thanks also to community representative, Alison Crilly, for her invaluable input at our monthly committee meetings.

Having staff and Board members working closely as a team is vital for our business and I'm pleased to say more staff/board social occasions are on the agenda after a successful dinner together in June.

At Board level we saw Gordon Carter and Rebecca Hanley retire and Harcourt's Katie Finlay and Maldon's Ross Eggleton step up. Grant Schuster led our Audit & Governance Committee most effectively and Treasurer Garry Johnstone and Kerryn Healy tag-teamed in the Treasurer's role. My thanks to them both for working through an especially challenging time in the wake of the loss of Garry's daughter, Rebecca.

Among staff we welcomed Melanie Rose at Dunolly and took on an extra staff member Paul Ellis on a 12-month contract, which we have extended to February as we consider how to effectively structure our business for the times ahead.

We farewelled Wayne Tobin, our long-time Regional Manager from Bendigo Bank and welcomed two new Regional Managers Jodie McLeod and John Sirolli in his place. It's great that our banking partners have seen fit to offer more support as **Community Bank**[®] branches faces increasing competition.

For the first time this year, we also gathered past Board members together to seek their support as ambassadors for our community engagement program and for our company generally. Not every one of

Chairman's Report (continued)

our 26 past Board members attended but what a fabulous and extensive network this now is. We'd love more of you to join us at future events.

My thanks to Executive Officer Karly Smith for her support and to our Branch Manager Steve Streeter and to all Board members and staff for helping make our communities places we love to live and work in because that's what our company does – supports our communities. In November we will farewell Steve after five years as our Branch Manager. On behalf of the company and Board I thank Steve for his contribution and wish him and his wife Julie all the best.

The year ahead brings change as always. Our business faces a drop in direct marketing income from Bendigo Bank of \$25,000, \$15,000 of which will be redirected into marketing at a wider regional and state level. Also from 1 July 2016 the Bendigo Bank will apply Funds Transfer Pricing to the banking products it provides to Community Bank® companies that sign onto the new Franchise Agreement.

Our company is still considering the impact this will have on our income and obligations, and has yet to sign onto a new Agreement.

We have plenty planned for the year ahead including finalising and opening our Building Children's Resilience Grant program and increasing our online presence. A new online crowd funder/fundraiser platform developed by Bendigo Bank offers great potential to further partner with and support our local community organisations. As well, our Executive Officer, Karly Smith, is working on a proposal to develop a community emergency relief fund. Our company is well placed to be an effective collector and distributor of support funds in such times and it's better to be ready than not.

Our strategies for the year ahead include focusing on increasing our share of the banking business in our communities, continuing to cultivate strong leadership and a team approach at staff and board level, building our community connections and ensuring our community

investment is sustainable and has impact.

I invite all members to join us in promoting our business and encourage people to bank with us so we can continue to support our communities.



A handwritten signature in dark ink, which appears to read 'G. Barlow'.

Genevieve Barlow
Chairman

Manager's Report

For the year ending 30 June 2016

The 2015/16 financial year has been successful for the Maldon & District **Community Bank**[®] Branch with our company gaining momentum in the face of tough market conditions. Record low interest rates continue to affect both deposits and lending. Customers are continuing to show caution and are focused on paying down debt.

Despite these challenging conditions, I am pleased to report great outcomes for our business. We have continued to see a steady growth in business, with total footings (deposits and loans) of \$144.6 million at 30 June 2016. Lending and deposits grew by \$3.70 million. This equates to business growth of 3%. We continue to look for opportunities to grow the business in all areas, and look forward to modest growth in the coming year.

All up, we have 3,211 customers across our Maldon **Community Bank**[®] Branch and agencies at Dunolly and Newstead. This number remained steady over the year.

We strive at all times to respond to and exceed the needs of our customers. Our knowledgeable and professional staff are focussed on providing the right banking products and services for new and existing customers. We also have a specialist team of wealth ambassadors, business bankers and agribusiness bankers to support our communities and businesses.

Our focus for the year will be on growing our business further and strengthening our relationship with existing customers. We will continue to encourage all customers to view us as their 'bank of choice' for all of their financial requirements, including loans, deposits, business banking, insurance and superannuation. The more people that bank with us, the more we can give back to the community and add to its prosperity.

Our staff continue to concentrate on growing the business and building relationships with customers and the community. We are working on strategies to achieve this and to ensure we remain relevant and connected to our customers and gain new customers. We are also keen to offer the best banking experience for our customers,

whether this is through traditional face-to-face banking in the branch or agencies, or via online banking platforms and other technology.

School banking has been a focus during 2015/16 and has been enthusiastically received at our local primary schools. Our support for local sporting clubs, including football-netball, golf and bowls continues to bring new business to the bank, as members and supporters recognise the importance of supporting the bank that supports their club.

Thank you to all of our staff, Natasha Tickner, Jan Brain, Wendy Merlo, Narelle Rowland, Katie McEachran, Sean Dupe, Melanie Rose and Paul Ellis for their commitment and hard work during the year. Our friendly and professional staff can assist you with all of your banking and insurance requirements locally.

Our newest staff members, Melanie and Paul, have settled quickly and seamlessly into their roles at the branch. Both came to our company with extensive banking experience and have embraced their roles at the **Community Bank**[®] branch. Melanie operates our agency at the Dunolly RTC and has become a valued member of our team and is greatly appreciated by the Dunolly community. Paul's friendly and professional manner is a real asset to the Maldon **Community Bank**[®] Branch.

I am very proud of our involvement in a wide range of local initiatives. We contribute to the vitality and sustainability of local organisations and communities. Our unique point of difference from other banks is our commitment to strengthening our communities through our sponsorships and grants, and by supporting our communities to achieve their goals.

It is also pleasing that we continue to enhance the local economy beyond offering banking and financial services. We provide local employment opportunities in Dunolly, Maldon and Newstead, and our expenses are spent locally wherever possible.

I would like to acknowledge the support and assistance provided by the Chairman Genevieve Barlow and the Board of Directors. I also receive

great support from the Regional Manager Wayne Tobin and the team at the Bendigo and Adelaide Bank. We wish Wayne all the best in his new role with the Bendigo and Adelaide Bank as Senior Manager Strategy & Performance for the North West region. I welcome new Senior Managers Jodie McLeod and John Sirolli to our region and look forward to working with them.

Thank you to our members and customers who support our branch and make it possible for us to contribute so much to the local communities we serve. Every customer is important and valued. It is our customers' continued banking support that generates the income to provide funds for our local project, events and initiatives. I would urge all our members, customers and supporters to become vocal advocates of our company and promote to your family, friends, colleagues, neighbours, team mates, fellow volunteers and those in your networks the benefits of banking with the Maldon & District **Community Bank**[®] Branch.

And lastly, I have tendered my resignation to take effect in November and will return to Melbourne. I have enjoyed the challenges and successes that have occurred during my five years as Branch Manager of this thriving **Community Bank**[®] branch. I wish the Board and staff all the best with the ongoing success of our local **Community Bank**[®] branch.



A stylized, handwritten signature in black ink, appearing to read 'Steve Streeter'.

Steve Streeter
Branch Manager

Community Investment Portfolio Report

For the year ending 30 June 2016

Community banking is all about supporting and strengthening communities. We do this every day at the Maldon & District **Community Bank**®, by providing excellent banking and financial services and channelling our profits back into community initiatives, projects and events.

We are incredibly proud of the difference our funding makes to the communities we serve. It's also pleasing to see how far our investment in the community goes – from small sponsorships of a few hundred dollars through to thousands of dollars for bigger projects and events.

In all, we've given almost \$120,000 in sponsorships and grants to the community in 2015/16.

Strong demand for funding

The demand for funding is as strong as ever.

Despite sponsorship funding going on hold during January-June 2016 while the board reviewed the bank's community investment policy, we still provided support to many groups and projects in 2015/16. 33 of 40 applications received funding and support in this period.

The Community Investment Portfolio carefully considers every application for funding to ensure the proposed project or activity responds to a community issue or need, and builds and strengthens community. We also weigh up the requested sponsorship amount against our budget. We try to stretch our funding as far as possible to maximise its impact.

Our sponsorship and grants programs are important tools for our Community Bank to strengthen relationships with the community. When we provide funding or support to a group we generally ask for something in return to help promote the bank, so we can continue to build our business and return the profits back to the community.

The success of our sponsorship and grants program truly relies on the support we receive from our customers and the community groups we support.

Our investments in 2015/16 spanned a range of sectors and communities.

Clever communities

- A joint application from Baringhup & Dunolly primary schools resulted in \$1,000 for their arts festival. Dunolly Primary School received an additional \$500 to

Youth Parliament experience for local students



Youth parliamentarians with sponsors and supporters

Maldon & District Community Bank®'s \$500 sponsorship helped six local teenagers have their day in parliament.

Castlemaine Secondary students, Meaghan Ferguson, Elke Johnson, Auryn Russel, Saskia Peachey, Owen Shooter and Ben Reid joined 120 young people from around the state at the 30th annual Victorian Youth Parliament in July 2016.

"I would, without any hesitation, recommend Youth Parliament to anyone, regardless of their level of interest in politics," said Meaghan.

enable their students to attend the Archibald Portrait Prize Exhibition at the Ballarat Art Gallery.

Fundraising efforts of schools and preschools were buoyed by the **Community Bank**®.

- Maldon Pre-School received \$385 to publicise and print raffle tickets for their major fundraiser for the year. The raffle raised over \$4,000 for the preschool.
- Maldon and Newstead primary schools received \$1,000 each for their respective major fundraising events. Bank funding supported Maldon school market & fair, generating thousands of dollars for support at the Maldon Primary School.

Books are cool at Newstead School



Bank Chairman Genevieve Barlow surrounded by avid young readers

Newstead PS enhanced its literacy resources, thanks to fundraising efforts from the school's annual Ambrose golf day.

Principal Andrew Frawley said, "to have a new range of literacy resources, including our recent delivery of new books for the library has been wonderful. The support of the Maldon & District **Community Bank**® and local community in supporting the golf day is very much appreciated."

It was all smiles from the students and teachers, with grade 3 student Meg stating, "I am really enjoying all the new books."

Healthier & safer communities

- The Bank supported a dementia-friendly customer service workshop for Maldon traders, businesses and community groups. We partnered with the Maldon Hospital, Castlemaine Health, CHIRP, Central Victorian Primary Care Partnership and the Mount Alexander Shire to support this workshop.
- The Castlemaine Men's Shed received funding for the first time for their inaugural Central Victorian Men's Shed Gathering (Nov 2015). Six men's sheds from around the region, including Maldon and Newstead, attended the event.
- Funding came to an end in March for the bank-subsidised group exercise programs in Maldon and Newstead. These programs received \$7,000 during 2015/16. We are pleased that these programs continue to flourish beyond the bank's funding.

Driver training remains popular



Melanie, Jasmine and Tia, with Wendy from the bank

The bank's flagship driver training program continued this year, providing valuable skills and experience for learner drivers.

The Maldon & District **Community Bank**® has contributed over \$300,000 in funding for the driver training program since it began in 2003.

Jasmine graduated from the course in December 2015. She spoke highly of the course, "I want more kids to do the course. The course was the best thing. I thought I was a good driver, with over 90 hours in my log book, but I learnt new skills and refined my driving."

Strong communities

Signs for Walmer Fire Brigade



New signs at the station

The Bank was happy to cover the costs of new signs at the Walmer Brigade's satellite station at Muckleford.

Deanna Neville, the brigade's Community Safety Officer, approached the bank for new signs to replace faded ones. "The new signs will also help inform residents in the Muckleford area that the Walmer Fire Brigade provides a brigade service to that region," said Deanna.

Community Investment Portfolio Report (continued)

- Maldon's St Brigid's Auxiliary received \$300 for their annual Oaks Day Ladies Day fundraiser.
- Sponsorship of \$2,000 enabled the purchase of a new fridge and heating/cooling system for the Eddington Community Centre.
- The **Community Bank**® is a long-time supporter of the Baringhup community newsletter. This year we contributed \$660 to help with the printing costs of this local source of news and information.
- Local transport options received ongoing funding, with \$30,000 for community buses in Dunolly & District, Newstead & District and Baringhup-Maldon.
- Continuing support for Newstead & District Historical Society's biannual community market fundraisers.
- We were proud major sponsors of Maldon Artists Network's (MANet) biennial portrait prize, which boosts the cultural and artistic vibrancy of this region. The bank provided \$2,500 for prizes.

Artistic and creative communities

New instruments for Brass Band



*The Maldon Brass band in action.
Photo courtesy of the Tarrangower Times*

Maldon Brass Band is sounding better than ever with the acquisition of new instruments.

Two cornets were added to their collection, thanks to \$2,237 from the Maldon & District **Community Bank**®.

Daniel Clarke, Maldon Brass Band's Director of Music, welcomed the funding for the new instruments.

"We are committed to having every member, including our learners, playing a quality instrument. We used the bank sponsorship to purchase two new Yamaha cornets as part of the band's instrument replacement program."

- Maldon's Athenaeum Library received \$500 for their fundraising event featuring author and journalist Gideon Haigh.
- A new community group called the Maldon Made Foundation used a \$500 bank sponsorship to support arts tourism and events in Maldon.

Supporting our local heritage



Business owners Elna Schaerf-Trauner and Edmund Schaerf received the award with their designer Ulrike Barbara Von Radicevich, alongside Branch Manager Steve Streeter.

Branch Manager Steve Streeter was on hand at the 2016 Mount Alexander Shire Heritage Awards to present the Award for Adaptation and Conservation of Historic Commercial Spaces.

The **Community Bank**® was a major sponsor of the awards which celebrate heritage and conservation in the region.

The award was won by the team behind the Das Kaffeehaus Rosteri in Castlemaine.

Greener communities

- Almost \$1,000 in sponsorship funds enabled the Nuggetty Land Protection Group' to present free indigenous plant to the community at Maldon Australia Day celebrations.
- Maldon Neighbourhood Centre's 'solar pergola' crowdfunding project received a boost of \$650 from the **Community Bank**®. The project aligned perfectly with the bank's desire to support community organisations become more sustainable – both economically and environmentally.

Greener communities (continued)

Switch to Save supports environmental projects



Bank staff Katie and Natasha present Maldon students with funding for environmental projects

Maldon Primary School and Newstead Primary School were each presented with \$250 from the bank. These funds came from the *Switch to Save* light-replacement program. “We really value and appreciate the ongoing support of the Maldon & District **Community Bank**[®]. We plan to put the \$250 towards installing more sustainable lighting throughout the school as part of the renovations which will be taking place this year,” said Jodie Mengler, Maldon Principal.

Fun and connected communities

- The Maldon Australia Day Committee benefited from bank funding to support 2016 community celebrations.

Dancing in the Street



Maldon's Main Street in action during Easter's Dancing in the Street

Sponsorship from the Maldon & District **Community Bank**[®] enables the Maldon Easter Fair Committee to stage the very popular annual Dancing in the Street.

This event sees around one thousand locals and visitors dance up a storm, guided by a professional dance instructor.

New ribbons for Maldon & Baringhup Agricultural Show



Maldon Show President Peter Baker and Community Bank Executive Officer Karly Smith with one of the new show ribbons.

The Maldon & District **Community Bank**[®] is a long-term supporter of the show. The Bank has providing funding for prize ribbons since 2012, and delivered another \$2,800 this year for the ribbons.

“We’re the envy of a lot of smaller country shows. It’s through the support of the Maldon Community Bank, along with the other local businesses and the community, that gives us the opportunity to make the show a great family day,” said Show President Peter Baker.

Active communities

- A variety of sports and clubs received funding support in 2015/16 from the **Community Bank**[®]:
 - Dunolly Golf Club for tournament trophies.
 - Castlemaine Motorcross' Good Friday fundraiser benefited from a \$200 donation from the bank.
 - Sponsor of Maldon Campdraft's novice event.
 - Major sponsor of Maldon Golf Club's annual hole-in-one challenge. The bank's prize of \$2,000 bank account went unclaimed again in 2016.
 - Dunolly and District Field & Game Club promoted the bank as its major sponsor for the September tournament.

Active communities (continued)

Supporting local footy / netball clubs



Dunolly footballers

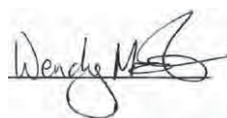
Football / netball clubs are at the heart of most country towns, and ours are no exception. Our four local clubs – Dunolly, Maldon, Newstead and Castlemaine – shared in \$16,000 of funding from the **Community Bank®**.

Branch Manager Steve Streeter said the bank recognises the key role sporting clubs play in the health and social ties in small rural communities. “We’re proud of our sponsorship of local clubs in the communities we serve. It’s a great community investment for our bank to make, and lots of banking business comes our way from club members and supporters – so it’s a win-win,” said Steve.

And finally...

A big thank you to the talented members of the Community Investment Portfolio. We farewelled community representative Alison Crilly in 2016, after she accepted an exciting new job. New MDFSL director Katie Finlay joined the Portfolio in May, bringing a wealth of community experience, enthusiasm and a talent in social media to the team. Genevieve Barlow and Steve Streeter and Kate Tucker were also valuable contributors to the portfolio.

We look forward to continuing our work supporting our local communities to be stronger and more vibrant places for everyone.



Wendy Merlo
Chair,
Community Investment Portfolio



Karly Smith
Executive Officer

Major sponsor of the Castlemaine 1000 tournament



Getting ready for the tournament

Prize money for the Castlemaine Bowling Club’s Labour Day tournament came courtesy of the Maldon & District **Community Bank®**.

The tournament attracts bowling teams from around the district vying for the major prize of \$1,000.

Directors' Report

For the year ending 30 June 2016

Your directors submit the financial statements of the company for the financial year ended 30 June 2016.

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 Chairman

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 specialising in politics, trade, agriculture (farming and food production), education and energy. Member of Rural Press Club of Victoria, Australian Women in Agriculture, and Newstead 2021 Inc.

Portfolios: Executive, Finance and Community Investment

Karly Brenda Smith Secretary

Occupation: Executive Officer

Qualifications, experience and expertise: Executive Officer of Maldon & District Financial Services Ltd (MDFSL). MDFSL director since 2007. Over fifteen years' experience as a geographer working in project management and research in corporate, academic and not-for-profit community organisations. President of Mount Alexander Girl Guides Support Group and volunteer at Newstead & District Swimming Pool. Bachelor of Arts (Hons). Graduate Australian Institute of Company Directors (GAICD).

Portfolios: Audit & Governance, Executive, Community Investment and Finance

Garry Mathieson Johnstone Treasurer

Occupation: Chartered Accountant

Qualifications, experience and expertise: 40 years' experience in accounting and finance working in public practice for 30 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. Member of the board of the Maldon Hospital. Treasurer of Maldon Inc.

Portfolios: Finance (Chair)

Katrina 'Kate' Margaret Tucker Director

Occupation: Organisation Development Consultant, Director of Inhere Consulting

Qualifications, experience and expertise: 20 years' experience working with people in organisations focussing on human cultural transformation. 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. Member of the International Organisation Development Association and Organisation Development Australia.

Portfolios: Community Investment

Grant Michael Schuster Director

Occupation: General Manager

Qualifications, experience and expertise: Master of Environment, Bachelor of Science (Honours). Thirteen years' experience in professional services, governance, sustainability and corporate services. Previously consulted to government and private clients while working for a professional services firm in Melbourne. For the past six years, worked in local government at Hepburn Shire Council across corporate services and asset management.

Portfolios: Audit & Governance (Chair)

Kerryn Margaret Healy Director

Occupation: Executive Director Corporate Services

Qualifications, experience and expertise: Bachelor of Business, CPA, Graduate Australian Institute of Company Directors (GAICD), Fellow Australian Health Services Financial Management Association (FASFM), Member Women on Boards. 39 years in the health sector with the last 18 years in senior financial management and executive roles including 4 year as CEO. Honorary Treasurer and member of the Committee of Management of the Maldon Golf Club Inc.

Portfolios: Finance

Directors Report (continued)

Ross Arthur Egleton

Director (Appointed 1 May 2016)

Occupation: Program Manager

Qualifications, experience and expertise: Senior Manager of Loddon Prison since 2014. Bachelor of Business and Post Graduate Human Resources Certificate. 20 years experience as a Director for farming company. Previous roles in youth, international development, disability, health, education, housing, foster care and environment.

Portfolios: Nil

Katherine 'Katie' Louise Finlay

Director (Appointed 1 May 2016)

Occupation: Organic Orchardist

Qualifications, experience and expertise: Bachelor of Science, Graduate Australian Institute of Company Directors (GAICD). Recipient of 2015 RIRDC Victorian Rural Women's Award. Director, Melbourne Farmers Markets. Founding member of The Growing Abundance Project and Mount Alexander Local Produce Network. Almost 20 years' experience as an orchardist, certified organic with NASAA since 2008, and organic gardening educator since 2012.

Portfolios: Community Investment

Arthur 'Gordon' Carter

Director (Resigned 31 December 2015)

Occupation: Retired

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

Portfolios: Audit & Governance

Rebecca Margaret Helen Hanley

Director (Resigned 30 September 2015)

Occupation: Solicitor

Qualifications, experience and expertise: Bachelor of Laws (Hons), Bachelor of Arts. Admitted to legal practice in 2006 with 9 years' experience in the areas of commercial and property law. MDFSL Board Director from March 2013 to September 2015. Current member of St Augustine's Primary School Council and former Chair of Business Mount Alexander Inc.

Portfolios: Finance

Elissa Gabrielle O'Connor

Director (Resigned 13 July 2015)

Occupation: Business Manager

Qualifications, experience and expertise: Bachelor of Management (Marketing). MDFSL Marketing Development Manager, 2010-2013. Twenty years' experience in sales, marketing and general management within the tourism, health, banking and arts industries within commercial businesses, local and State Government and not-for-profit organisations.

Portfolios: Communications

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), employment history includes many years of experience in performing services as a geographer including working in project management and research for several organisations.

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, and distributing profits from this to support community development.

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 June 2016	Year ended 30 June 2015
\$	\$
14,238	27,009

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 and supporting community development.

Environmental regulation

The company is not subject to any significant environmental regulation.

Directors' benefits

No director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a director, a firm which a director is a member or an entity in which a director has a substantial financial interest except as disclosed in note 21 to the financial statements. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the company's accounts, or the fixed salary of a full-time employee of the company, controlled entity or related body corporate.

Indemnification & insurance of directors & 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		Finance		Audit & Governance	
	A	B	A	B	A	B	A	B
Genevieve Mary Barlow	11	10	12	9	12	8	-	-
Karly Brenda Smith	11	11	12	12	12	12	4	3
Garry Mathieson Johnstone	11	7	-	-	12	9	-	-
Katrina 'Kate' Margaret Tucker	11	10	12	5	-	-	-	-
Grant Michael Schuster	11	11	-	-	-	-	4	4
Kerryn Margaret Healy	11	10	-	-	12	12	-	-
Ross Arthur Egleton (<i>Appointed 1 May 2016</i>)	2	2	-	-	-	-	-	-
Katherine 'Katie' Louise Finlay (<i>Appointed 1 May 2016</i>)	2	1	2	1	-	-	-	-
Arthur 'Gordon' Carter (<i>Resigned 31 December 2015</i>)	5	3	-	-	-	-	4	3
Rebecca Margaret Helen Hanley (<i>Resigned 30 September 2015</i>)	3	2	-	-	3	3	-	-
Elissa Gabrielle O'Connor (<i>Resigned 13 July 2015</i>)	-	-	-	-	-	-	-	-
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.

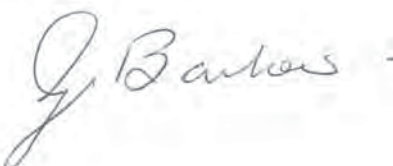
The Directors are satisfied that the provision of non-audit services by the auditor, as set out in the notes did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- 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 15.

Signed in accordance with a resolution of the board of directors at Maldon, Victoria on 19 September 2016.



Genevieve Mary Barlow
Chairman

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

As lead auditor for the audit of Maldon & Districts Financial Services Limited for the year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been:

- i) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- ii) no contraventions of any applicable code of professional conduct in relation to the audit.

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

Andrew Frewin Stewart
61 Bull Street, Bendigo Vic 3550
Dated: 19 September 2016

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

David Hutchings
Lead Auditor

Financial Statements

Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2016

	Notes	2016 \$	2015 \$
Revenue from ordinary activities	4	1,065,126	1,077,686
Employee benefits expense		(587,032)	(546,308)
Charitable donations, sponsorship, advertising and promotion		(142,548)	(166,803)
Occupancy and associated costs		(24,307)	(26,724)
Systems costs		(39,947)	(38,756)
Depreciation and amortisation expense	5	(43,224)	(42,999)
Finance costs	5	(20,678)	(30,780)
General administration expenses		(193,152)	(198,307)
Profit before income tax		14,238	27,009
Income tax	6	-	-
Profit after income tax		14,238	27,009
Total comprehensive income for the year		14,238	27,009

Balance Sheet as at 30 June 2016

	Notes	2016 \$	2015 \$
ASSETS			
Current Assets			
Cash and cash equivalents	7	1,400	1,390
Trade and other receivables	8	101,827	96,781
Total Current Assets		103,227	98,171
Non-Current Assets			
Property, plant and equipment	9	797,283	820,192
Intangible assets	10	38,899	52,641
Total Non-Current Assets		836,182	872,833
Total Assets		939,409	971,004
LIABILITIES			
Current Liabilities			
Trade and other payables	11	148,440	121,606
Borrowings	12	10,024	79,761
Provisions	13	44,289	53,786
Total Current Liabilities		202,753	255,153
Non-Current Liabilities			
Borrowings	12	1,063	995
Provisions	13	15,881	9,382
Total Non-Current Liabilities		16,944	10,377
Total Liabilities		219,697	265,530
Net Assets			
Equity			
Capital Reserves	15	2,431	2,431
Retained earnings	16	717,281	703,043
Total Equity		719,712	705,474

Statement of Changes in Equity for the year ended 30 June 2016

	Issued capital \$	Retained earnings \$	Total equity \$
Balance at 1 July 2014	2,431	676,034	678,465
Total comprehensive income for the year	-	27,009	27,009
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 2015	2,431	703,043	705,474
Balance at 1 July 2015	2,431	703,043	705,474
Total comprehensive income for the year	-	14,238	14,238
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 2016	2,431	717,281	719,712

Statement of Cash Flows for the year ended 30 June 2016

	Notes	2016 \$	2015 \$
Cash flows from operating activities			
Receipts from customers		1,183,614	1,170,371
Payments to suppliers and employees		(1,087,284)	(1,036,190)
Interest received		-	5,732
Interest paid		(20,078)	(30,780)
Net cash provided by operating activities	17	76,252	109,133
Cash flows from investing activities			
Payments for property, plant and equipment		(6,573)	-
Net cash used in investing activities		(6,573)	-
Cash flows from financing activities			
Repayment of borrowings		(5,843)	(264,694)
Net cash provided used in financing activities		(5,843)	(264,694)
Net increase/(decrease) in cash held		63,836	(155,561)
Cash and cash equivalents at the beginning of the financial year		(72,460)	83,101
Cash and cash equivalents at the end of the financial year	7(a)	(8,624)	(72,460)

Notes to the financial statements

For the year ended 30 June 2016

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.

Application of new and amended accounting standards

The following amendments to accounting standards issued by the Australian Accounting Standards Board (AASB) became mandatorily effective for accounting periods beginning on or after 1 July 2015, and are therefore relevant for the current financial year.

- AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality.
- AASB 2015-4 Amendments to Australian Accounting Standards – Financial Reporting Requirements for Australian Groups with a Foreign Parent.

None of the amendments to accounting standards issued by the Australian Accounting Standards Board (AASB) that became mandatorily effective for accounting periods beginning on or after 1 July 2015, materially affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

Note 1. Summary of significant accounting policies (continued)

a) Basis of preparation (continued)

The following accounting standards and interpretations issued by the Australian Accounting Standards Board (AASB) become effective in future accounting periods.

	Effective for annual reporting periods beginning on or after
● AASB 9 Financial Instruments, and the relevant amending standards.	1 January 2018
● AASB 15 Revenue from Contracts with Customers and AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15.	1 January 2018
● AASB 16 Leases.	1 January 2019
● AASB 2014-3 Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations.	1 January 2016
● AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation.	1 January 2016
● AASB 2014-6 Amendments to Australian Accounting Standards – Agriculture: Bearer Plants.	1 January 2016
● AASB 2014-9 Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements.	1 January 2016
● AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.	1 January 2018
● AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle.	1 January 2016
● AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101.	1 January 2016
● AASB 2015-5 Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception.	1 January 2016
● AASB 2016-1 Amendments to Australian Accounting Standards - Recognition of Deferred Tax Assets for Unrealised Losses.	1 January 2017
● AASB 2016-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107.	1 January 2017

The company has not elected to apply any accounting standards or interpretations before their mandatory operative date for the annual reporting period beginning 1 July 2015. Therefore the abovementioned accounting standards or interpretations have no impact on amounts recognised in the current period or any prior period.

Note 1. Summary of significant accounting policies (continued)

a) Basis of preparation (continued)

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 in 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.

The Company promotes and sells the products and services, but is not a party to the transaction.

The credit risk (i.e. the risk that a customer will not make repayments) is for the relevant Bendigo and Adelaide Bank Limited entity to bear as long as the company has complied with the appropriate procedures and relevant obligations and has not exercised a discretion in granting or extending credit.

Bendigo 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.

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

Over the period from September 2013 to February 2015, Bendigo and Adelaide Bank Limited conducted a review of the **Community Bank**[®] model, known as ‘Project Horizon’. This was conducted in consultation with the community banking network. The objective of the review was to develop a shared vision of the **Community Bank**[®] model that positions it for success now and for the future.

Note 1. Summary of significant accounting policies (continued)

b) Revenue (continued)

The outcome of that review is that the fundamental franchise model and community participation remain unchanged. Changes to be implemented over a three year period reflect a number of themes, including a culture of innovation, agility and flexibility, network collaboration, director and staff development and a sustainable financial model. This will include changes to the financial return for **Community Bank**[®] companies from 1 July 2016 that sign onto a new Franchise Agreement with Bendigo and Adelaide Bank Ltd. A funds transfer pricing model will be used for the method of calculation of the cost of funds, deposit return and margin. All revenue paid on core banking products will be through margin share. Margin on core banking products will be shared on a 50/50 basis. Maldon & District Financial Services Limited has not signed onto a new Franchise Agreement and as such the funds transfer pricing model is not in place.

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

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

Core banking products

Bendigo and Adelaide Bank Limited has identified some Bendigo Bank Group products and services as 'core banking products'. It may change the products and services which are identified as core banking products by giving the company at least 30 days' notice. Core banking products currently include Bendigo Bank branded home loans, term deposits and at call deposits.

Margin

Margin is arrived at through the following calculation:

Interest paid by customers on loans less interest paid to customers on deposits

plus any deposit returns i.e. interest return applied by Bendigo and Adelaide Bank Limited for a deposit,

minus any costs of funds i.e. interest applied by Bendigo and Adelaide Bank Limited to fund a loan.

Note: In very simplified terms, currently, deposit return means the interest Bendigo and Adelaide Bank Limited gets when it invests the money the customer deposits

with it. The cost of funds means the interest Bendigo and Adelaide Bank Limited pays when it borrows the money to give a customer a loan. From 1 July 2016, both will mean the cost for Bendigo and Adelaide Bank Limited to borrow the money in the market.

Products and services on which margin is paid include variable rate deposits and variable rate home loans. From 1 July 2016, examples include Bendigo Bank branded at call deposits, term deposits and home loans.

For those products and services on which margin is paid, the company is entitled to a share of the margin earned by Bendigo and Adelaide Bank Limited (i.e. income adjusted for Bendigo and Adelaide Bank Limited's interest expense and interest income return). However, if this reflects a loss, the company incurs a share of that loss.

Commission

Commission is a fee paid for products and services sold. It may be paid on the initial sale or on an ongoing basis. Commission is payable on the sale of an insurance product such as home contents. Examples of products and services on which ongoing commissions are paid include leasing and Sandhurst Trustees Limited products. This currently also includes Bendigo Bank branded fixed rate home loans and term deposits of more than 90 days, but these will become margin products from 1 July 2016.

Fee income

Fee income is a share of what is commonly referred to as 'bank fees and charges' charged to customers by Bendigo Bank Group entities including fees for loan applications and account transactions.

Ability to change financial return

Under the franchise agreement, Bendigo and Adelaide Bank Limited may change the form and amount of financial return that the company receives. The reasons it may make a change include changes in industry or economic conditions or changes in the way Bendigo and Adelaide Bank Limited earns revenue.

The change may be to the method of calculation of margin, the amount of margin, commission and fee income or a change of a margin to a commission or vice versa. This may affect the amount of revenue the Company receives on a particular product or service. The effect of the change on the revenue earned by the Company is entirely dependent on the change.

The change may be to the method of calculation of margin, the amount of margin, commission and fee income or a change of a margin to a commission or vice versa. This may

Note 1. Summary of significant accounting policies (continued)

b) Revenue (continued)

Ability to change financial return (continued)

affect the amount of revenue the company receives on a particular product or service. The effect of the change on the revenue earned by the company is entirely dependent on the change.

If Bendigo and Adelaide Bank Limited makes a change to the margin or commission on core banking products and services, it must not reduce the margin and commission the company receives on core banking products and services Bendigo and Adelaide Bank Limited attributes to the company to less than 50% (on an aggregate basis) of Bendigo and Adelaide Bank Limited's margin at that time. For other products and services, there is no restriction on the change Bendigo and Adelaide Bank Limited may make.

Bendigo and Adelaide Bank Limited must give the company 30 days' notice before it changes the products and services on which margin, commission or fee income is paid, the method of calculation of margin and the amount of margin, commission or fee income.

Monitoring and changing financial return

Bendigo and Adelaide Bank Limited monitors the distribution of financial return between **Community Bank®** companies and Bendigo and Adelaide Bank Limited on an ongoing basis.

Overall, Bendigo and Adelaide Bank Limited has made it clear that the **Community Bank®** model is based on the principle of shared reward for shared effort. In particular, in relation to core banking products and services, the aim is to achieve an equal share of Bendigo and Adelaide Bank Limited's margin.

As discussed above in relation to Project Horizon, among other things, there will be changes in the financial return for **Community Bank®** companies from 1 July 2016 that sign onto a new Franchise Agreement. This includes 50% share of margin on core banking products, all core banking products become margin products and a funds transfer pricing model will be used for the method of calculation of the cost of funds, deposit return and margin. As noted above, Maldon & District Financial Services Limited has not signed onto a new Franchise Agreement and as such the funds transfer pricing model does not apply.

The Board is continuing to work with Bendigo and Adelaide Bank Ltd to understand any proposed changes to revenue and will provide further details as appropriate in due course.

c) 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.

d) Cash & 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.

e) Trade receivables & 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.

f) Property, plant & 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.

Note 1. Summary of significant accounting policies (continued)

f) Property, plant & equipment (continued)

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

g) 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.

h) Payment terms

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

i) Borrowings

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

j) 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 Profit or Loss and Other 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.

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 Profit or Loss and Other Comprehensive Income.

Note 1. Summary of significant accounting policies (continued)

k) 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.

l) Provisions

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

m) 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 & 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 2. Financial risk management (continued)

(vi) Capital management

The board's policy is to maintain a strong capital base so as to sustain future development of the company. The board of directors monitor the return on capital and the interest paid to members. Capital is represented by total equity as recorded in the Balance Sheet.

The board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the year ended 30 June 2016 can be seen in the Statement of Profit or Loss and Other Comprehensive Income.

There were no changes in the company's approach to capital management during the year.

Note 3. Critical accounting estimates & 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.

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.

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

	2016 \$	2015 \$
Operating activities:		
- services commissions	1,064,182	1,071,248
- other revenue	944	706
Total revenue from operating activities	1,065,126	1,071,954
Non-operating activities:		
- interest received	-	5,732
Total revenue from non-operating activities	-	5,732
Total revenues from ordinary activities	1,065,126	1,077,686

Note 5. Expenses

	2016 \$	2015 \$
Depreciation of non-current assets:		
- buildings works	17,079	17,081
- agency improvements	100	81
- plant and equipment	6,329	7,332
- motor vehicle	4,762	4,762
- computer equipment	1,212	-
Amortisation of non-current assets:		
- franchise agreement	2,290	2,291
- franchise renewal fee	11,452	11,452
	43,224	42,999
Finance costs:		
- interest paid	20,678	30,780
Bad debts	490	632

Note 6. Income Tax

These accounts have been prepared on a tax exempt basis as per the Australian Taxation Office Ruling on 22 October 2012 declaring that the Company is entitled to income tax exemption under item 2.1 of the *Income Tax Assessment Act 1997*.

Refer to note 23 for further information.

Note 7. Cash & cash equivalents

	2016 \$	2015 \$
Cash at bank and on hand	400	390
Term deposits	1,000	1,000
	1,400	1,390

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	2016 \$	2015 \$
Cash at bank and on hand		400	390
Term deposits		1,000	1,000
Bank overdraft	12	(10,024)	(73,850)
		(8,624)	(72,460)

Note 8. Trade & other receivables

	2016 \$	2015 \$
Trade receivables	86,449	90,632
Prepayments	14,861	5,632
Other receivables and accruals	517	517
	101,827	96,781

Note 9. Property, plant & equipment

	2016 \$	2015 \$
Land and buildings		
Land 79-81 High Street		
At cost	199,387	199,387
Buildings at cost		
At cost	597,965	597,963
Less accumulated depreciation	(47,065)	(29,984)
	550,900	567,979
Agency improvements		
At cost	7,964	3,239
Less accumulated depreciation	(359)	(259)
	7,605	2,980
Plant and equipment		
At cost	62,661	62,661
Less accumulated depreciation	(46,532)	(40,203)
	16,129	22,458
Motor vehicles		
At cost	38,099	38,099
Less accumulated depreciation	(15,473)	(10,711)
	22,626	27,388
Computer equipment		
At cost	1,848	-
Less accumulated depreciation	(1,212)	-
	636	-
Total written down amount	797,283	820,192

Note 9. Property, plant & equipment (continued)

	2016 \$	2015 \$
MOVEMENTS IN CARRYING AMOUNTS:		
Land 79-81 High Street		
Carrying amount at beginning	199,387	199,387
Carrying amount at end	199,387	199,387
Buildings at cost		
Carrying amount at beginning	567,979	585,060
Less: depreciation expense	(17,079)	(17,081)
Carrying amount at end	550,900	567,979
Agency improvements		
Carrying amount at beginning	2,980	3,061
Additions	4,725	-
Less: depreciation expense	(100)	(81)
Carrying amount at end	7,605	2,980
Plant and equipment		
Carrying amount at beginning	22,458	29,790
Less: depreciation expense	(6,329)	(7,332)
Carrying amount at end	16,129	22,458
Motor vehicles		
Carrying amount at beginning	27,388	32,150
Less: depreciation expense	(4,762)	(4,762)
Carrying amount at end	22,626	27,388
Computer Equipment		
Carrying amount at beginning	-	-
Additions	1,848	-
Less: depreciation expense	(1,212)	-
Carrying amount at end	636	-
Total written down amount	797,283	820,192

Note 10. Intangible assets

	2016 \$	2015 \$
Franchise fee		
At cost	81,453	81,453
Less: accumulated amortisation	(75,001)	(72,711)
	6,452	8,742
Franchise Fee Renewal		
At cost	57,260	57,260
Less: accumulated amortisation	(24,813)	(13,361)
	32,447	43,899
Total written down amount	38,899	52,641

Note 11. Trade & other payables

	2016 \$	2015 \$
Current:		
Trade creditors	94,367	39,523
Interest due to pledgeholders	20,599	19,999
Other creditors and accruals	33,474	62,084
	148,440	121,606

Note 12. Borrowings

	Note	2016 \$	2015 \$
Current:			
Bank overdrafts		10,024	73,850
Chattel mortgage	18	-	5,911
		10,024	79,761
Non-Current:			
Bank loans		1,063	995
		1,063	995

The company has a secured overdraft facility limit of \$247,809 with an effective interest rate of 0%.

The chattel mortgage on the motor vehicle is repayable monthly with the final instalment paid 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 pay for the construction of the new branch. The loan repayments were interest only for the first two years (ending June 2015) with the remaining loan repayments being of principle and interest. Interest is recognised at a rate of 6.78%. The loan is secured by a fixed and floating charge over the company's assets.

Note 13. Provisions

	2016 \$	2015 \$
Current:		
Provision for annual leave	32,333	37,216
Provision for long service leave	11,956	16,570
	44,289	53,786
Non-Current:		
Provision for long service leave	15,881	9,382

Note 14. Capital Reserves

	2016 \$	2015 \$
Balance at the beginning of the financial year	2,431	2,431
	2,431	2,431

Note 15. 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 2016 the number of members was 167 (2015: 168).

Note 16. Retained earnings

	2016 \$	2015 \$
Balance at the beginning of the financial year	703,043	676,034
Profit from ordinary activities	14,238	27,009
Balance at the end of the financial year	717,281	703,043

Note 17. Statement of cash flows

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

	2016 \$	2015 \$
Profit from ordinary activities	14,238	27,009
Non cash items:		
- depreciation	29,482	29,256
- amortisation	13,742	13,743
Changes in assets and liabilities:		
- (increase)/decrease in receivables	(5,046)	(3,174)
- increase/(decrease) in payables	26,834	29,539
- increase/(decrease) in provisions	(2,998)	12,760
Net cash flows provided by operating activities	76,252	109,133

Note 18. Leases

	2016 \$	2015 \$
Finance lease commitments		
Payable - minimum lease payments:		
- not later than 12 months	-	6,041
- between 12 months and 5 years	-	-
Minimum lease payments	-	6,041
Less future finance charges		(130)
Present value of minimum lease payments	-	5,911

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% (2015: 5.9%). The finance lease was fully paid in February 2016.

Note 19. Auditor's remuneration

	2016 \$	2015 \$
Amounts received or due and receivable by the auditor of the company for:		
- audit and review services	2,600	5,005
- taxation services	1,025	1,175
- other services	-	1,775
	3,625	7,955

Note 20. Director & related party disclosures

The names of directors who have held office during the financial year are:

Genevieve Mary Barlow
Karly Brenda Smith
Garry Mathieson Johnstone
Katrina 'Kate' Margaret Tucker
Grant Michael Schuster
Kerryn Margaret Healy
Ross Arthur Egleton (*Appointed 1 May 2016*)
Katherine 'Katie' Louise Finlay (*Appointed 1 May 2016*)
Arthur 'Gordon' Carter (*Resigned 31 December 2015*)
Rebecca Margaret Helen Hanley
(*Resigned 30 September 2015*)
Elissa Gabrielle O'Connor (*Resigned 13 July 2015*)

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

Transactions with Key Management Personnel

Karly Smith has provided executive officer services to the Company as approved by the board at a fixed rate.

2016 \$	2015 \$
47,295	45,706

Note 21. Key Management Personnel Disclosures

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 9.5%. 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 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 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

Note 21. Key Management Personnel Disclosures (continued)

Performance based remuneration (continued)

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. The Executive Officer receives a performance-based remuneration component.

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.

	2016 \$	2015 \$
Genevieve Mary Barlow	17,000	17,667
Karly Brenda Smith	2,000	2,667
Garry Mathieson Johnstone	7,000	7,667
Katrina 'Kate' Margaret Tucker	2,000	2,765
Grant Michael Schuster	2,000	1,350
Kerryn Margaret Healy	2,000	-
Ross Arthur Egleton (Appointed 1 May 2016)	333	-
Katherine 'Katie' Louise Finlay (Appointed 1 May 2016)	333	-
Arthur 'Gordon' Carter (Resigned 31 December 2015)	1,000	2,667
Rebecca Margaret Helen Hanley (Resigned 30 September 2015)	500	2,667
Elissa Gabrielle O'Connor (Resigned 13 July 2015)	-	1,350
	34,166	38,800

Community Bank® Directors' Privileges Package

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 \$161 for the year ended 2016 (2015: \$310).

Note 22. 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 23. Contingent liabilities & contingent assets

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

The Company has entered into a funding agreement with the Newstead Rural Transaction Centre (RTC) to contribute \$50,000 to the association over a five year period for a community bus. As at 30 June 2016 four payments of \$10,000 had been made with the remaining contribution of \$10,000 payable over the next year.

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. As at 30 June 2016 four payments of \$10,000 had been made with the remaining contribution of \$10,000 payable over the next year.

The Company has entered into a funding agreement with the Goldfields Shire Council and Dunolly RTC to contribute \$50,000 for a community bus over a five year period. As at 30 June 2016, two payments of \$10,000 has been made with the remaining contribution of \$30,000 payable over the next three years.

All of the above commitments are payable as follows:

2017	\$30,000
2018	\$10,000
2019	\$10,000

No tax liability is recognised for the 2016 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 24. 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 25. Registered office/Principal place of business

The entity is a company limited by guarantee, 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

Note 26. 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					
	2016 \$	2015 \$	2016 \$	2015 \$	2016 \$	2015 \$	2016 \$	2015 \$	2016 \$	2015 \$	2016 %	2015 %
Financial assets												
Cash and cash equivalents	-	-	-	-	-	-	-	-	1,400	1,390	N/A	4.73
Receivables	-	-	-	-	-	-	-	-	86,449	90,632	N/A	N/A
Financial liabilities												
Interest bearing liabilities	1,063	995	-	5,911	-	-	-	-	-	-	11.08	5.68
Non-interest bearing liabilities	-	-	-	-	-	-	-	-	10,024	73,850	Nil	Nil
Payables	-	-	-	-	-	-	-	-	94,367	39,523	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 2016, the effect on profit and equity as a result of changes in interest rate, with all other variables remaining constant would be as follows:

	2016 \$	2015 \$
Change in profit/(loss)		
Increase in interest rate by 1%	(11)	(69)
Decrease in interest rate by 1%	11	69
Change in equity		
Increase in interest rate by 1%	(11)	(69)
Decrease in interest rate by 1%	11	69

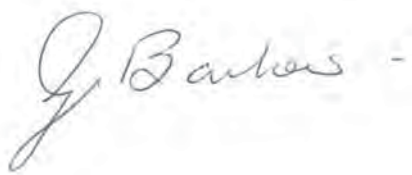
Directors' Declaration

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 2016 and of its performance for the financial year ended on that date; and
 - (ii) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

A handwritten signature in dark ink, appearing to read 'G. Barlow', followed by a short horizontal line.

Genevieve Mary Barlow, Chairman

Signed on the 19th of September 2016.



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 2016, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows 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 that gives a true and fair view 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 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 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 fair 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 51 061 795 117.

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CAUTION: - AUDIT - CONFIDENTIAL - FINANCIAL SERVICES

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:

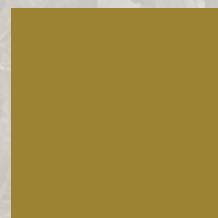
1. The financial report of Maldon & Districts Financial Services Limited is in accordance with the *Corporations Act 2001* including giving a true and fair view of the company's financial position as at 30 June 2016 and of its financial performance and its cash flows for the year then ended and complying 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.



Andrew Frewin Stewart
61 Bull Street, Bendigo Vic 3550
Dated: 19 September 2016



David Hutchings
Lead Auditor



Maldon & District **Community Bank®** Branch

81 High Street, Maldon VIC 3463

T: 03 5475 1747

E: MaldonMailbox@bendigobank.com.au

Dunolly Agency

Dunolly RTC, 109 Broadway, Dunolly VIC 3472

T: 03 5468 1596

Newstead Agency

Newstead RTC, 45 Lyons Street, Newstead VIC 3462

T: 03 5476 2014

Franchisee:

Maldon & District Financial Services Limited (MDFSL)

ABN 46 086 749 886

Registered address: 93 High Street, Maldon VIC 3463

T: 0478 435 110

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