



Maldon & District Financial Services Limited

ANNUAL REPORT 2018

ABN: 46 086 749 886



Maldon & District Community Bank® Branch

Contents

Chairman's Report	3
Manager's Report	5
Community Investment & Partnership Report	7
Directors' Report	12
Auditor's Independence Declaration	16
Financial Statements	17
Notes to the Financial Statements	21
Directors' Declaration	42
Independent Audit Report	43

Chairman's Report For year ended 30 June 2018

I have great pleasure in presenting this year's Chairman's report in my first year in the seat. As the Chair for the final months of the financial year, I would like to thank Genevieve Barlow, who stepped down in April, for positioning our great company well to reap future benefits.

Overall the year has delivered both sadness and success.

We experienced great sadness with the passing away of director and former Treasurer Garry Johnstone. Garry's death left a big gap in the community and our business. Our hearts go out to his family and friends. In terms of our **Community Bank®**, he made a colossal contribution and his legacy continues to drive the organisation to improve. Garry approached his work with great diligence and integrity and always had the community's and members' interest at the centre of decision making. His critical governance mindset will continue to influence our board's approach and culture. Vale Garry.

Our staff and directors are cultivating a culture to maximise the impact and contributions to our communities, to realise our vision to be an effective partner in shaping our communities. This high performing culture is essential to deliver our strategic focus areas of a thriving business, organisational capability, community partnerships and community impact.

I would like to acknowledge the efforts and achievements of our staff – Jan, Narelle, Wendy, Tash, Mel, Katie, Lara and Sean – who maintain great customer service at all times. The more successful our customers are, the stronger our communities become. Our staff have shown their dynamic talents, maintaining great professionalism working across three sites (Maldon, Dunolly and Newstead), working with changes at board level, welcoming new additions to staff families and acclimatising with new Branch Manager, Adam Balzan. Thanks also to our bookkeeper, Sandy Kyffin, for serving our company.

Adam's eagerness has not subsided since he joined the company in Feb 2017. He is happy to tackle any role to support the company. He has naturally built strong partnerships with community, clients, the staff team and the board. His passion for the role, positive behaviours and work ethic has helped maintain strong financials amid ongoing challenges. Those challenges include a

low interest rate environment, housing affordability and tighter credit conditions, as well as a new share revenue model with our franchise partner, Bendigo and Adelaide Bank Ltd (known as Bendigo Bank) and a new rental agreement with our branches or customer service centres in Newstead and Dunolly.

The new way of sharing revenue with the Bendigo Bank is based on the principle of shared reward for shared effort and is welcome for its fairness and consistent structure. It will give MDFSL an equal share of Bendigo and Adelaide Bank Ltd's margin.

Karly Smith continues to be a seasoned performer as Executive Officer and is the glue to ensuring our efficient and effective operations. This crucial and valuable role, which includes company secretary duties, provides a key link with the community and our franchise partners, Bendigo and Adelaide Bank. Next financial year, Karly will reach her 10th year in the company secretary role – what an achievement!

Kerryn Healy, who stepped up to the role of Treasurer, has successfully navigated her way through the finances and streamlined our systems. Her role requires her to be responsive and analytical, providing guidance to our company. Her trustworthiness, work ethic, pleasant nature and tact to assist others with knowledge and requirements is very much appreciated. She is an invaluable contributor.

Thanks to new director Kirsty Mackay who has been collaborating with Kerryn on the finances and allowing the board to spread our finance knowledge and operations. Kirsty has been a great addition to the board team with her ability to critique and provide governance nous.

Mahesh Kandasamy has been another delightful addition to the board. Her banking and social impact acumen is invaluable. Her analytical approach contributes to the board making the best decisions to advance our company. Mahesh leads the Audit & Governance Portfolio which is progressing strongly to ensure we have robust and compliant policies and processes.

Thanks to Eric Watson, who in his short time on the board propelled our business development arm that Adam, the branch team and the board continue to pursue.

The Board and Branch have steered our company to another year of maintaining a strong balance sheet and healthy profit. Income exceeded \$1 million in revenue, while employing nine staff with wages in excess of \$500,000. The company has provided for a 7% return to members. Our profit was \$1,540 after we added \$70,000 to the company's Community Enterprise Foundation (CEF) account, to build this fund for our 20th anniversary grants program in 2019.

Our community investment reached over \$70,000 this financial year. As our *raison d'être*, it is a privilege to know that our profits, after franchise costs and expenses, contributes to community initiatives.

A highlight was participating in the first roll out of our Building our Children's Resilience (BOCR) grant. It was great to see The Resilience Project inspire our students, teachers and parents.

The year also saw us deliver our first tertiary scholarship program. We received exceptional and worthy applications. It was inspiring to read each applicant's story and their plans for university or TAFE studies.

The Driver Training Program is a gold-plated program which we deliver with pride. I thoroughly enjoy participating in the celebration at the end of the five-day course. I am always impressed with the confidence of the new drivers, as well as the camaraderie they have with each other and with the dedicated and engaging educator, Gary Clarke. Thanks to branch staff member Wendy Merlo for chairing the Community Investment Portfolio and for coordinating the driver training program so well.

An area of development we have focused on is communication, and in particular spreading the message about the Community Bank model to more people. Our Communications Portfolio, led by the ever capable and effervescent, Katie Finlay, has improved this communication and put in place strategies and programs to continue to lift our brand and presence in the community. Katie's enthusiasm, passion and 'get it done' attitude is infectious and our communications are beginning to make great inroads into social media, print and radio. Watch this space, or even better, get connected with Facebook and start liking and commenting on our page.

On the events side, a wonderful morning was enjoyed by many at our farmers' breakfast at

Oxley Feed Mills in October. Farm security was a hot topic and Alexandra Gartmann, Managing Director for Rural Bank, talked about farmers' health. Many locals were present having a cuppa complemented by delicious egg & bacon rolls supplied by the Newstead CFA. Thanks Robert, Pam, Mark and Jen Oxley and their team for hosting the day.

Many thanks to Bendigo Bank representatives, particularly to John Sirolli, Bill den Hartog, Shaun Leech, Graham Hartland and Nina Cass who support our franchise in many ways, providing coaching, support, networking, IT and training. This genuine support is very much appreciated.

Thank you to all for your investment in your local **Community Bank**[®] company, for your ongoing contribution and support, tireless advocacy and continued commitment to building strong local communities. Without this, our **Community Bank**[®] branches would be just another bank.

The future years look exciting for the Maldon & District **Community Bank**[®] as we develop the talents of our directors and staff, enhance our communications, streamline our operations and grow our business to support the community more. Essentially we seek to reap the benefits from the hard work of the staff and board.

In closing I would like to in particular thank Genevieve Barlow for her tireless efforts and leadership during her three years at the helm of our company. Many thanks again for your dedication Gen.



A handwritten signature in black ink, which appears to read 'R Egleton'. The signature is fluid and cursive.

Ross Egleton
Chairman

Manager's Report For year ended 30 June 2018

It's my pleasure to present my second Branch Manager's report to the board, staff, members and our customers.

In my 18 months in this role, I have established a good connection with and understanding of the local community, and how our customers and community groups do their banking.

Income from branch lending grew by \$833,000 in 2017/18, against a target of \$3 million. The lending target was not reached largely due to a client pay down of approximately \$6 million. Loan discharges were up 3.9%, which reflects debt paydowns. We have an ageing demographic and are seeing a trend of our client base reducing debt levels. Our loan lending policy continues to change and a more conservative approach to lending is contributing to a more challenging climate for approving lending applications.

The branch exceeded its deposit target of \$3 million, growing by \$3.124 million. This once again reflects our ageing customer demographic which is paying down debt and looking to invest funds. Loan discharges were up 3.9% reflecting debt pay downs.

I am impressed with the ground made by our lenders this financial year, compared to last financial year. The number of loans approved increased by 54.7%, which equated to a dollar figure of \$8.736 million. Loan drawdowns were up 55.7% (\$9.074 million). We approved 52 more mortgage loans than last year.

Customer numbers increased across our three branches. We opened 429 new accounts for the year which is up 8.1% on last year. In-branch teller transactions were down 4.7 per cent on last year, reflecting a nationwide trend to bank more via the internet, telephone and ATM / EFTPOS.

The Board and I continue to review business as a whole to improve efficiencies and respond to customer preferences for banking and to maintain banking services across our three sites at Maldon, Dunolly and Newstead.

In March, the Maldon Branch partnered with the Castlemaine Branch of the Bendigo Bank to create a joint Customer Relationship Manager (CRM) role. This senior position was taken up by Sean Dupe. This new role sees Sean, who was working full-time at the Maldon Branch, now working three days at Castlemaine and two days in Maldon. This is the first time a **Community**

Bank[®] staff member has worked across a corporate site as well as **Community Bank**[®] branch. This shared role will continue into the new financial year and boosts efficiency, while ensuring our customers continue to receive excellent service.

The 2017/18 year saw the start of a partnership agreement with the Maldon Football Netball Club (MFNC). The club will be rewarded financially for all new business they refer to the Maldon & District **Community Bank**[®] Branch. This has been extremely successful, with more than \$2,000 given back to the club thanks to business they generated. We look forward to continuing this partnership in coming years.

It's also been a very big year for me personally as my wife, Kate, and I welcomed our second child into the world. Finn Balzan was born in April and both Mum and Finn are happy and healthy. Finn, big sister Sloane, Kate and I thank everyone for their well wishes after the birth.

Congratulations also to staff member Natasha Tickner and her husband, Ben, on the arrival of their first child in October 2017.

Thanks to our staff - Wendy Merlo, Jan Brain, Sean Dupe, Katie McEachran, Natasha Tickner, Narelle Rowland, Melanie Schodde and Lara Mulholland - for their first-class customer service.

Change is always on the cards and the upcoming year is no different. Melanie will be taking maternity leave and welcoming baby number three. We wish Melanie all the best and look forward to her returning to the Dunolly agency in September 2019.

Katie McEachran has joined the Bendigo Bank head office team but will continue to work for the board as the Communication Officer, with a key role to promote the Maldon & District **Community Bank**[®] Branch.

My thanks to Genevieve Barlow who stepped down as the Board Chairman in April, for hiring me and giving me the chance to manage the Maldon Bank. Our new Chairman Ross Eggleton will continue to ensure the company is responsive to the communities we serve.

Thanks also to the rest of the board – Kerry Healy, Mahesh Kandasamy and Katie Finlay - for your support and guidance over the past 12 months. Welcome to our newest board member

Kirsty Mackay whose skills and experience complement the existing board.

A big thank you to the company's Executive Officer, Karly Smith. Karly makes my role easier and her work with our community partners and general day-to-day running of the company is second to none. Karly is a great asset to this company and I hope to continue to work closely with her for many more years.

It was a very sad year with the passing of long-time treasurer Garry Johnstone. Garry and I worked closely to ensure we achieved the right balance of profit each year and I appreciate the amount of time he took to ensure our company's success. He is gone but will not be forgotten.

We wouldn't be here without our loyal customers and members whose continued support has meant our company has returned more than \$2.6 million to the local community since 1999, enabling more than 150 different community clubs and organisations to do great things. Each customer and member is important to us.

Next year is shaping to be our **Community Bank®**'s biggest and best, as we celebrate our 20th birthday in April 2019. I am extremely excited and motivated to continue to lead such a vibrant, enthusiastic and community-minded organisation.



A handwritten signature in black ink, consisting of stylized, flowing letters that appear to read 'Adam Balzan'.

Adam Balzan
Branch Manager

Community Investment & Partnership Report For year ended 30 June 2018

The Maldon & District **Community Bank**[®] (MDCB) community partnership program drives positive social and economic outcomes throughout the region we serve.

We partnered with 35 community groups in 2017/18, funding 47 projects and events. This funding creates opportunities, assists groups to achieve their goals, supports volunteers and provides our communities with the capacity to do great things.

Each and every community partnership is valued by MDCB, from the smallest to the largest project. Our branch team and directors are all connected to the community and see first-hand the success our funding brings to our communities.

We collaborate with community groups to support their projects and leverage funding from other partners. This was evident this year when the Newstead Arts Salon approached MDCB to help out with their plans to transform a dilapidated railway goods shed in Newstead into an exciting new space for artists. After conducting due diligence, MDCB signed on as the head lessee enabling the group to apply for State Government VicTrack grant funding to reimagine the space for local and regional artists.

Some projects take more time to come to fruition. MDCB continues to play an active role in Maldon's Streetscape Project, working alongside Maldon traders, community groups and the Mount Alexander Shire to progress this project. The Castlemaine Men's Shed chipped away for many years to build a beautiful new shed. Executive Officer Karly Smith was delighted to attend the official opening in June and witness the pride and joy of the men's shed members.

Our community partnership program exists through the community supporting and banking with MDCB. It's the profits from people and businesses banking with us that funds all of these amazing projects and events. All our account holders are important and essential contributors to this amazing model of sustaining and improving our communities.

Please read on for a snapshot of some of the highlights from this year's community partnerships in action.

New tertiary scholarship

Local student Jaclyn Holland was a worthy recipient of Maldon & District **Community Bank**[®]'s inaugural tertiary scholarship in 2018.

The \$2,000 scholarship was established to support a young person (25 years or under) from our region in their TAFE or undergraduate tertiary studies.

Jaclyn used her scholarship funds to buy a new computer for her Bachelor of Science/Arts (majoring in immunology and journalism) degree.



Sparkling ideas at our local schools



An exciting new grant was developed this year by the Maldon & District **Community Bank**[®]. We called it the Spark Grant.

This grant encourages primary school students to use their talents and

imagination to dream up a project that they think is best for their school. It could be a mulcher to recycle paper, working with an artist on a school mural or artwork, purchase of IT, science, sport, art or garden equipment, even an excursion - the choice is theirs.

Four primary schools, Maldon, Dunolly, Newstead and Harcourt Valley, each received a \$500 grant to "spark" ideas to improve their schools.

Community partnerships in action



One of the highlights this year was the development of our partnership with the Maldon Football Netball Club (MFNC). We were thrilled in June to present MFNC with an \$1,800 cheque to reward the club for new business brought to the Maldon & District **Community Bank**[®] by their members and supporters.

Training learner drivers

Seven courses were held in 2017/18, providing hands-on intensive driving experience for 21 learner drivers. This course continues to be highly valued by the participants and their parents and carers. We are fortunate to have skilled instructor Gary Clarke teaching this course.



Ruby F., Meaghan & Ruby S, with Gary Meaghan, a recent graduate from Newstead, said "the course was an invaluable experience in preparation for the 'big test' and solo driving on our roads; building my driving confidence and ability."



Bri, Zac and Julian



Frankie, Lincoln & Laura, with Gary

Celebrations, events and community connections

Events are vitally important to the life of our communities – connecting people, providing new experiences and boosting the local economy. We supported a range of events around the region in 2017/18, including an annual clay target tournament in Dunolly, a pony and horse gymkhana in Guildford, Maldon's agricultural show, a short-story festival in Newstead and events in Castlemaine.



The Dunolly Theatre Company approached MDCB to support an ambitious performance of Handel's *The Messiah*. We happily contributed \$1,500 to support this cultural experience, providing Dunolly and district residents an operatic experience. The funding also supported the mentoring of local choir members by the professional Melbourne choir. The concert was a sell-out, with locals and visitors enjoying the spectacle. Event organiser Rachel Buckley commented that "the Maldon & District Community Bank really helps in getting special events happening for the district."

We came on board for MainFM's inaugural fundraising event *The Main Kick-Off*. We were happy to chip in to help get this event off the ground, supporting Mount Alexander Shire's community radio station.

Our talented local artists and their portraits were celebrated during Maldon Artists Network's (MANet) biennial Maldon Portrait Prize. The Maldon & District **Community Bank**® was a proud major sponsor of this event.



The inaugural Goldfields Music Festival featured local musos Stop That Mammoth at the festival (that's them in action). The Maldon & District **Community Bank**® provided seed funding to support InActOz's youth-led committee to run the festival in Newstead.

One of our smaller sponsorships for the year was providing 100 pens and notepads to the Maldon Garden, Floral Arts & Craft Club to support an event featuring garden guru Melissa King.

Tarrangower Australia Day activities were keenly supported by MDCB in 2018. As well as providing funding for the free community breakfast, we funded the indigenous plant giveaway organised by the Nuggetty Land Protection Group. Staff member Lara Mulholland attended the Australia Day celebrations presenting a \$100 bank account prize to the Young Citizen of the Year Tia Tait.

A new partnership commenced this year with the Castlemaine Billy Cart Challenge. MDCB contributed \$1,500 to support this event. We were impressed with the organisers' aim to run a fun and exciting event which also builds community connections, teaches skills to students at Castlemaine Secondary School and supports mental health initiatives in the Mount Alexander Shire.

Supporting families

We are long-term supporters of the Maldon Neighbourhood Centre's occasional care program, providing \$3,000 this financial year. We value the service this provides to families in our region, assisting them to participate in the workforce, attend appointments or have 'time off' from the demands of parenting. It provides important socialisation and educational opportunities for their children – and it's fun too!



Spreading community news

We love helping our community groups spread the word about local and regional happenings and news. We support our local community press: the *Baringhup Community Newsletter*, Dunolly's *Welcome Record*, the *Newstead Echo* and *The Core* in Harcourt. We also signed on this year as the show sponsor for Maldon's very own radio show, *In Maldon Today*, featured weekly on MainFM.

Community infrastructure

A thousand community chairs were purchased with the support of \$5,000 from MDCB. The **Community Bank**[®] partnered with the Maldon Easter Fair and Maldon Vintage Machinery Museum to replace the existing set of ageing and mismatched chairs for community use and hire.



The transition of the Baringhup-Maldon bus from the Baringhup Bus Committee to the Maldon Neighbourhood Centre was supported by a \$3,000 community partnership. The community bus in Dunolly received \$10,000 to support the purchase of this community asset.

Building Our Children's Resilience grants

Resilience projects were rolled out this year as part of the bank's Building Our Children's Resilience (BOCR) grants program (Round 1).

Dynamic workshops were held in Dunolly and Newstead for Baringhup, Maldon, Newstead, Dunolly, Bealiba and Tarnagulla parents and students. The Resilience Project used life stories to convey the key message that resilience and happiness are based on mindfulness, empathy and gratitude.



Dunolly Primary Principal Katie Lovel said, "The Resilience Project has had a resounding impact on our school community. The feedback has been overwhelmingly positive and the impact evident immediately. Parents have posted on Facebook about the life-changing messages they took from it and their increased ability to connect with their children through the communication tools given. Students have engaged in random acts of kindness in the community and staff cried, seeing the joy on students' faces and welcomed the message of 'trust the professionals' that The Resilience Project delivered Simply amazing."

Cobaw Health presented skills and information at a number of workshops held for parents and carers of students attending



Taradale, Langley and Chewton schools. This was part of a resilience building project organised by Castlemaine Community House.

Funding for round two of the grants was carried over as applications did not meet program criteria.

Although unsuccessful with its BOCR round 2 grant application, Bealiba Playgroup was the beneficiary of community partnership funding of \$1,000 for a family fun day to connect families in the Bealiba and district region.

Farmers' Brekky

Over 70 local farmers attended our free farmers' brekky in October 2017. We partnered with Rural Bank to present a morning dedicated to farm security and protection of farm assets. Mount Alexander 2018 Business Awards agribusiness award winners Oxley Feed Mills hosted the event at their Strangways property.

Experts on farm security gave practical steps to make farm crime more difficult for the criminals out there. Highlights included local police officer Leading Senior Constable Grant MacDonald sharing his practical, proactive, non-alarmist approach to protecting farm assets.

Victoria Police's agricultural liaison officer Leading Senior Constable Dan O'Bree presented a fascinating story how a savvy farmer and local police worked together to catch a farm thief who thought he could get away with it



Active and healthy communities

We value the hard work of our sporting club volunteers and committee members. MDCB provided major sponsorship to local football-netball clubs in Dunolly, Maldon, Castlemaine and Newstead.

Bowling clubs in Maldon and Castlemaine also received generous funding to assist with club activities and events.

We chipped in with \$500 to help the Maldon Golf Club produce a great looking and informative course booklet. Our major sponsorship of the Maldon Golf Club's popular hole-in-one competition at Easter also continued this year. This event is growing in popularity with locals and visitors to Maldon.

Recognition for talented local businesses

Local businesses received recognition for their amazing work at the 2017 Mount Alexander Business Awards. MDCB was the major sponsor of the biennial awards showcasing local businesses.

Branch Manager Adam presented the winning cheque of \$2,000 to Business of the Year Kowelec Electrical Contractors. The judges were impressed by the innovative processes and hard work of business owner Adrian Kowal and his team.



Kowelec's Julie Roberts & Adrian Kowal with Branch Manager Adam Balzan

"This is a company that totally blew me away with their business planning, staff management and customer service," said Frances Macdonald, business award judge and Senior Investment and Trade Officer, Regional Development Victoria.



Agribusiness award winners Oxley Feed Mills

Conclusion:

Thank you to our staff and directors who make up the Community Investment Portfolio. The members include Branch Manager Adam Bazan, Chairman Ross Egleton, director Genevieve Barlow, Customer Relationship Officer Wendy Merlo and Executive Officer Karly Smith.

We look forward to continuing to work with the community, government and other stakeholders to build the capacity of our volunteers and community groups, improve the places where we live and work in, and contribute to the vitality of our communities.



Wendy Merlo
Chair,
Community Investment Portfolio



Karly Smith
Executive Officer

Directors' Report For year ended 30 June 2018

Your directors submit the financial statements of the company for the financial year ended 30 June 2018.

Directors

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

Ross Arthur Egleton

Chairman

Occupation: Project Manager

Qualifications, experience and expertise:

Bachelor of Commerce; Human Resource Management - Graduate Certificate; Committee member - Maldon Football Netball Club.

Portfolios: Recruitment & Remuneration, Community Investment, Finance

Genevieve Mary Barlow

Director

Occupation: Journalist, writer, and story/content creator

Qualifications, experience and expertise: Self-employed journalist/writer/editor for 16 years. Background in print journalism. Member of Rural Press Club of Victoria, Member of Australian Women in Agriculture, President of Newstead 2021 Inc. and Renewable Newstead project member. Contracted communications and community engagement person for Renewable Newstead. Maldon & District Financial Services Ltd (MDFSL) Chairman until 30 April 2018.

Portfolios: Community Investment, Finance, Communications

Karly Brenda Smith

Secretary

Occupation: Executive Officer

Qualifications, experience and expertise:

Bachelor of Arts (Hons). Graduate Australian Institute of Company Directors (GAICD).

Executive Officer of MDFSL and director since 2007. Over 15 years' experience as a geographer working in project management and research in corporate, academic and not-for-profit community organisations. Volunteer at Newstead & District Swimming Pool.

Portfolios: Communications, Community Investment, Audit & Governance, Finance

Kerryn Margaret Healy

Treasurer

Occupation: Executive Director, Corporate Services (Castlemaine Health)

Qualifications, experience and expertise:

Bachelor of Business, CPA, Graduate Australian Institute of Company Directors (GAICD). Member of Women on Boards, 40 years in the health sector with the past 20 years in senior financial management and executive roles including five years as CEO, Honorary Treasurer and member of the Committee of Management of the Maldon Golf Club.

Portfolios: Finance (Chair, Jan-Jun 2018)

Katherine 'Katie' Louise Finlay

Director

Occupation: Organic fruit-growing educator

Qualifications, experience and expertise: BSc (Monash), Graduate Australian Institute of Company Directors (GAICD); Recipient of RIRDC Rural Women's Award, 2015; Director of Community Food Marketplace Ltd (t/a Melbourne Farmers Markets). Owner of Mt Alexander Fruit Gardens certified organic mixed farm 1998-present; Grow Great Fruit Online teaching business 2012-present; and Carr's Heritage Fruit Tree Nursery.

Portfolios: Communications (Chair)

Maheswari 'Mahesh' Kandasamy

Director (Appointed 1 July 2017)

Occupation: Co-operative Development Co-ordinator

Qualifications, experience and expertise:

Bachelor of Economics, Grad. Cert. in Social Impact and Masters Sustainability & Social Change. 20 years' experience working within the banking, social enterprise and micro-finance sectors. Joined the MDFSL Board in July 2018. Volunteer for Localising Leanganook and a National not-for-profit group Australian Earthlaws Alliance. Currently working for Common Equity Housing Ltd (CEHL).

Portfolios: Audit & Governance (Chair)

Kirsty Sue Mackay

Director (Appointed 20 February 2018)

Occupation: Self-employed

Qualifications, experience and expertise: Joined the MDFSL board in 2018. Active member of the Newstead community, having served on the Newstead Preschool Committee and volunteering at the Newstead Primary School and Newstead Pool. Applied science degree and working history in regulation, currently part of a team running a small family business focusing on compliance, training and best work practice.

Portfolios: Finance, Audit & Governance

Janet Mary Purcell

Director (Appointed 28 August 2018)

Occupation: Retired

Qualifications, experience and expertise: Bachelor of Tourism Management and diplomas in Tourism and Tourism: Marketing & Product Development. Background in event management, working in local, state and federal government. Volunteer and previous treasurer of the Maldon Museum and Archives Association Inc. Member of Tarrangower Community Plan Committee, assisting with community forums and engagement activities. Committee member of Maldon Focus and Maldon Streetscape Steering group. Volunteer at Tarrangower Cactus Warrior and Maldon's Clean-Up Australia activities.

Portfolios: Community Investment

Garry Mathieson Johnstone

Treasurer (Resigned 31 December 2017)

Occupation: Chartered Accountant

Qualifications, experience and expertise: 40 years' experience in accounting and finance working in public practice for 31 years and in commerce for 10 years. Member of the Audit Committee of the Maldon Hospital.

Portfolios: Finance (Chair, July-Dec 2017)

Eric James Watson

Director (Appointed 1 July 2017 and Resigned 24 October 2017)

Occupation: Disability Support

Experience: Over 20 years' experience covering a broad range of sales and general management roles. Leading teams in highly competitive, service oriented businesses. Bachelor Commerce and Bachelor Applied Science (Hons). Working in disability support in supported accommodation and supporting the implementation of the National Disability Insurance Scheme (NDIS) plans for families.

Portfolios: Nil

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) and her employment history includes many years of experience in performing services as a geographer including working in project management and research for commercial, academic and not-for-profit 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 2018 \$	Year ended 30 June 2017 \$
1,540	9,100

Significant changes in the state of affairs

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 20 and 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.

Directors' meetings

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

	Portfolio Meetings Attended									
	Board Meetings Attended		Community Investment		Finance		Audit & Governance		Communication	
	A	B	A	B	A	B	A	B	A	B
Ross Arthur Egleton	11	10	12	12	2	2	-	-	-	-
Genevieve Mary Barlow	11	11	12	9	10	10	-	-	7	3
Karly Brenda Smith	11	10	12	10	12	11	3	3	7	5
Kerryn Margaret Healy	11	11	-	-	12	12	-	-	-	-
Katherine 'Katie' Louise Finlay	11	9	-	-	-	-	-	-	7	7
Maheswari 'Mahesh' Kandasamy*	11	8	-	-	-	-	3	3	-	-
Kirsty Sue Mackay**	5	5	-	-	5	3	3	3	-	-
Janet Mary Purcell***	-	-	-	-	-	-	-	-	-	-
Garry Mathieson Johnstone****	5	2	-	-	6	2	-	-	-	-
Eric James Watson*****	3	1	-	-	-	-	-	-	-	-

A - eligible to attend * (Appointed 1 July 2017)

B - number attended ** (Appointed 20 February 2018)

*** (Appointed 28 August 2018)

**** (Resigned 31 December 2017)

***** (Appointed 1 July 2017 and Resigned 24 October 2017)

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, in accordance with the advice received from the finance committee 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 finance committee 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.

Auditor's independence declaration

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 16. Signed in accordance with a resolution of the board of directors at Maldon, Victoria on 21 September 2018.



Ross Arthur Egleton, Chairman

Auditor's Independence Declaration



Chartered Accountants

61 Bull Street, Bendigo 3550
PO Box 454, Bendigo 3552
03 5443 0344
afs Bendigo.com.au

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

As lead auditor for the audit of Maldon & District Financial Services Limited for the year ended 30 June 2018, 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: 21 September 2018

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 2018

	Notes	2018 \$	2017 \$
Revenue from ordinary activities	4	1,047,237	1,017,225
Employee benefits expense		(566,555)	(534,511)
Charitable donations, sponsorship, advertising and promotion		(156,122)	(153,022)
Occupancy and associated costs		(30,628)	(30,194)
Systems costs		(48,419)	(44,393)
Depreciation and amortisation expense	5	(37,942)	(41,477)
Finance costs	5	(15,579)	(19,889)
General administration expenses		(190,452)	(184,639)
Profit before income tax		1,540	9,100
Income tax	6	-	-
Profit after income tax		1,540	9,100
Total comprehensive income for the year:		1,540	9,100

Balance Sheet

As at 30 June 2018

	Notes	2018 \$	2017 \$
ASSETS			
Current assets			
Cash and cash equivalents	7	108,054	25,809
Trade and other receivables	8	89,151	82,314
Total current assets		197,205	108,123
Non-current assets			
Property, plant and equipment	9	733,401	775,438
Intangible assets	10	11,419	25,159
Total non-current assets		744,820	800,597
Total assets		942,025	908,720
LIABILITIES			
Current liabilities			
Trade and other payables	11	150,611	131,524
Provisions	13	45,858	31,364
Total current liabilities		196,469	162,888
Non-current liabilities			
Borrowings	12	1,207	1,133
Provisions	13	13,997	15,887
Total non-current liabilities		15,204	17,020
Total liabilities		211,673	179,908
Net assets		730,352	728,812
EQUITY			
Capital reserves	14	2,431	2,431
Retained earnings	16	727,921	726,381
Total equity		730,352	728,812

Statement of Changes in Equity

For year ended 30 June 2018

	Capital reserves \$	Retained earnings \$	Total equity \$
-	-		
Balance at 1 July 2016	2,431	717,281	719,712
Total comprehensive income for the year	-	9,100	9,100
Balance at 30 June 2017	2,431	726,381	728,812
Balance at 1 July 2017	2,431	726,381	728,812
Total comprehensive income for the year	-	1,540	1,540
Balance at 30 June 2018	2,431	727,921	730,352

Statement of Cash Flows

For year ended 30 June 2018

	Notes	2018 \$	2017 \$
Cash flows from operating activities			
Receipts from customers		1,149,973	1,131,341
Payments to suppliers and employees		(1,050,659)	(1,072,014)
Interest paid		(19,424)	(19,002)
Net cash provided by operating activities	17	79,890	40,325
Cash flows from investing activities			
Payments for property, plant and equipment		(3,736)	(5,892)
Proceeds from property, plant and equipment		6,091	-
Net cash provided by / (used in) investing activities		2,355	(5,892)
Net increase in cash held		82,245	34,433
Cash and cash equivalents at the beginning of the financial year		25,809	(8,624)
Cash and cash equivalents at the end of the financial year	7(a)	108,054	25,809

Notes to the Financial Statements

For the year ended 30 June 2018

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 Standards Board (AASB) 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 which 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

There are a number of amendments to accounting standards issued by the AASB that became mandatorily effective for accounting periods beginning on or after 1 July 2017, and are therefore relevant for the current financial year.

AASB 9 Financial Instruments sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This accounting standard is not expected to have a material impact on the financial statements.

AASB 15 Revenue from Contracts with Customers establishes a comprehensive framework for determining whether, how much and when revenue is recognised. This accounting standard is not expected to have a material impact on the financial statements.

Note 1. Summary of significant accounting policies (continued)

a) Basis of preparation (continued)

Application of new and amended accounting standards (continued)

There are also a number of accounting standards and interpretations issued by the AASB that become effective in future accounting periods.

The company has elected not to apply any accounting standards or interpretations before their mandatory operative date for the annual reporting period beginning 1 July 2017. These future accounting standards and interpretations therefore have no impact on amounts recognised in the current period or any prior period.

AASB 16 Leases is effective for annual periods beginning on or after 1 January 2019. The standard introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

The company has completed an initial assessment of the potential impact on its financial statements but has not yet completed its detailed assessment. The actual impact of applying AASB 16 on the financial statements in the period of initial application will depend on future economic conditions, including the company's borrowing rate at 1 January 2019, the composition of the lease portfolio at that date, the latest assessment of whether the company will exercise any lease renewal options and the extent to which the company chooses to use practical expedients and recognition exemptions.

So far, the most significant impact identified is that the company will recognise new assets and liabilities for its operating lease of its branch. As at 30 June 2018, the company's future minimum lease payment under non-cancellable operating leases amount to \$5,179, on an undiscounted basis (see Note 18). The lease is cancellable with one months' notice, however at 30 June 2018 the continuation of the lease is reasonably certain

No significant impact is expected for the company's finance leases

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.

Note 1. Summary of significant accounting policies (continued)

a) Basis of preparation (continued)

Economic dependency - Bendigo and Adelaide Bank Limited (continued)

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 and assistance in relation to:

- 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

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.

Note 1. Summary of significant accounting policies (continued)

b) Revenue (continued)

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.

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.

Products and services on which margin is paid include variable rate deposits and variable rate home loans.

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.

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.

Discretionary financial contributions

In addition to margin, commission and fee income, and separate from the franchise agreement, Bendigo and Adelaide Bank Limited has also made discretionary financial payments to the company. These are referred to by Bendigo and Adelaide Bank Limited as a "Market Development Fund" (MDF).

The amount has been based on the volume of business attributed to a branch. The purpose of the discretionary payments is to assist with local market development activities, including community sponsorships and donations. It is for the board to decide how to use the MDF.

The payments from Bendigo and Adelaide Bank Limited are discretionary and Bendigo and Adelaide Bank Limited may change the amount or stop making them at any time.

Note 1: Summary of significant accounting policies (continued)

c) Revenue (continued)

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.

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.

d) Employee entitlements

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

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

Note 1: Summary of significant accounting policies (continued)

d) Cash and cash equivalents

For the purposes of the Statement of Cash Flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the Balance Sheet.

e) Trade receivables and payables

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

f) Property, plant and equipment

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

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

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

Buildings	5 – 15 years
Leasehold improvement	5 – 15 years
Plant and equipment	2.5 – 40 years
Motor vehicles	3 – 5 years
Computer equipment	2 – 3 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.

Note 1. Summary of significant accounting policies (continued)

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. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

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) Financial liabilities

Financial liabilities include borrowings, trade and other payables and non-derivative financial liabilities (excluding financial guarantees). They 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.

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.

Note 1. Summary of significant accounting policies (continued)

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 and fair value interest rate risk

Interest-bearing assets are held with Bendigo and Adelaide Bank Limited and subject to movements in market interest. Interest-rate risk could also arise from long-term borrowings. Borrowings issued at variable rates expose the company to cash flow interest-rate risk. The company believes that its sound relationship with Bendigo and Adelaide Bank Limited mitigates this risk significantly.

Note 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 2018 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 and judgements

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

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

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

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

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 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 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.

Note 3. Critical accounting estimates and judgements (continued)

Impairment of assets (continued)

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

	2018 \$	2017 \$
Operating activities:		
- gross margin	866,472	744,098
- services commissions	83,690	170,504
- fee income	69,231	76,360
- market development fund	25,000	25,000
- other revenue	2,844	1,263
Total revenue from operating activities	1,047,237	1,017,225
Total revenues from ordinary activities	1,047,237	1,017,225

Note 5. Expenses

Depreciation of non-current assets:

- buildings	17,081	17,081
- improvements	1,207	790
- plant and equipment	3,291	4,468
- motor vehicle	2,623	4,762
- computer equipment	-	636

Amortisation of non-current assets:

- franchise agreement	2,290	2,290
- franchise renewal fee	11,450	11,450
	37,942	41,477

Finance costs:

- interest paid	15,579	19,889
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Bad debts	1,316	2,059
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Loss on disposal of non-current assets	15,480	-
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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 22 for further information.

Note 7. Cash and cash equivalents

	2018	2017
	\$	\$
Cash at bank and on hand	107,054	24,809
Term deposits	1,000	1,000
	108,054	25,809

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:

Cash at bank and on hand	107,054	24,809
Term deposits	1,000	1,000
	108,054	25,809

Note 8. Trade and other receivables

Trade receivables	78,886	75,905
Prepayments	9,748	5,892
Other receivables and accruals	517	517
	89,151	82,314

Note 9. Property, plant and equipment**Land (79-81 High Street)**

At cost	199,387	199,387
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Buildings

At cost	597,965	597,965
Less accumulated depreciation	(81,227)	(64,146)
	516,738	533,819

Agency improvements

At cost	7,861	7,964
Less accumulated depreciation	(1,854)	(1,149)
	6,007	6,815

Plant and equipment

At cost	59,028	68,553
Less accumulated depreciation	(47,759)	(51,000)
	11,269	17,553

Motor vehicles

At cost	-	38,099
Less accumulated depreciation	-	(20,235)
	-	17,864

Note 9. Property, plant and equipment (continued)

	2018	2017
	\$	\$
Computer equipment		
At cost	1,848	1,848
Less accumulated depreciation	(1,848)	(1,848)
	-	-
Total written down amount	733,401	775,438
Movements in carrying amounts:		
Land		
Carrying amount at beginning	199,387	199,387
Additions	-	-
Disposals	-	-
Less: depreciation expense	-	-
Carrying amount at end	199,387	199,387
Buildings		
Carrying amount at beginning	533,819	550,900
Additions	-	-
Disposals	-	-
Less: depreciation expense	(17,081)	(17,081)
Carrying amount at end	516,738	533,819
Agency improvements		
Carrying amount at beginning	6,815	7,605
Additions	3,136	-
Disposals	(2,737)	-
Less: depreciation expense	(1,207)	(790)
Carrying amount at end	6,007	6,815
Plant and equipment		
Carrying amount at beginning	17,553	16,129
Additions	600	5,892
Disposals	(3,593)	-
Less: depreciation expense	(3,291)	(4,468)
Carrying amount at end	11,269	17,553
Motor vehicles		
Carrying amount at beginning	17,864	22,626
Additions	-	-
Disposals	(15,241)	-
Less: depreciation expense	(2,623)	(4,762)
Carrying amount at end	-	17,864

Note 9. Property, plant and equipment (continued)

	2018 \$	2017 \$
Computer Equipment		
Carrying amount at beginning	-	636
Additions	-	-
Disposals	-	-
Less: depreciation expense	-	(636)
Carrying amount at end	-	-
Total written down amount	733,401	775,438

Note 10. Intangible assets

Franchise fee		
At cost	81,452	81,452
Less: accumulated amortisation	(79,581)	(77,291)
	1,871	4,161
Franchise Fee Renewal		
At cost	57,261	57,261
Less: accumulated amortisation	(47,713)	(36,263)
	9,548	20,998
Total written down amount	11,419	25,159

Note 11. Trade and other payables**Current:**

Trade creditors	96,453	85,472
Interest due to pledge holders	17,500	21,419
Other creditors and accruals	36,658	24,633
	150,611	131,524

Note 12. Borrowings**Non-Current:**

Bank loans	1,207	1,133
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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

	2018 \$	2017 \$
Current:		
Provision for annual leave	22,873	17,865
Provision for long service leave	22,985	13,499
	45,858	31,364
Non-current:		
Provision for long service leave	13,997	15,887

Note 14. Capital reserves

Balance at the beginning of the financial year	2,431	2,431
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Note 15. Issued capital

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 2018 the number of members was 163 (2017: 167).

Note 16. Retained earnings

Balance at the beginning of the financial year	726,381	717,281
Net profit from ordinary activities	1,540	9,100
Balance at the end of the financial year	727,921	726,381

Note 17. Statement of cash flows

Reconciliation of profit from ordinary activities to net cash provided by operating activities	2018 \$	2017 \$
Profit from ordinary activities	1,540	9,100
Non cash items:		
- depreciation	24,202	27,737
- amortisation	13,740	13,740
- loss on disposal of asset	15,480	-
Changes in assets and liabilities:		
- (increase)/decrease in receivables	(6,837)	19,513
- increase/(decrease) in payables	19,161	(16,846)
- increase/(decrease) in provisions	12,604	(12,919)
Net cash flows provided by operating activities	79,890	40,325

Note 18. Leases

Operating lease commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements

Payable - minimum lease payments:

- not later than 12 months	3,884	3,807
- between 12 months and 5 years	1,295	5,076
	5,179	8,883

The property lease is a non-cancellable lease with a three-year term which was entered into on 16 October 2016, with rent payable monthly in advance.

Note 19. Auditor's remuneration

Amounts received or due and receivable by the auditor of the company for:

- audit and review services	2,700	2,600
- non-audit services	5,605	2,170
	8,305	4,770

Note 20. Director and related party disclosures

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

Ross Arthur Egleton
Genevieve Mary Barlow
Karly Brenda Smith
Kerryn Margaret Healy
Katherine 'Katie' Louise Finlay
Maheswari 'Mahesh' Kandasamy (*Appointed 1 July 2017*)
Kirsty Sue Mackay (*Appointed 20 February 2018*)
Janet Mary Purcell (*Appointed 28 August 2018*)
Garry Mathieson Johnstone (*Resigned 31 December 2017*)
Eric James Watson (*Appointed 1 July 2017 and Resigned 24 October 2017*)

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 related parties:	2018	2017
	\$	\$
Karly Smith has provided executive officer services to the Company as approved by the board at a fixed rate.	48,972	48,830

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.

Note 21. Key management personnel disclosures (continued)

Remuneration report (continued)

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 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.

Note 21. Key management personnel disclosures (continued)

Remuneration report (continued)

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.

	2018 \$	2017 \$
The directors received remuneration including superannuation, as follows:		
Ross Arthur Egleton	4,147	2,000
Genevieve Mary Barlow	13,264	17,000
Karly Brenda Smith	2,000	2,000
Kerryn Margaret Healy	4,500	2,000
Katherine 'Katie' Louise Finlay	2,000	2,000
Maheswari 'Mahesh' Kandasamy (<i>Appointed 1 July 2017</i>)	2,000	-
Kirsty Sue Mackay (<i>Appointed 20 February 2018</i>)	667	-
Janet Mary Purcell (<i>Appointed 28 August 2018</i>)	-	-
Garry Mathieson Johnstone (<i>Resigned 31 December 2017</i>)	3,500	7,000
Eric James Watson (<i>Appointed 1 July 2017 and Resigned 24 October 2017</i>)	667	-
	32,745	32,000

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 \$1,139 for the year ended 30 June 2018 (2017: \$1,305).

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 and 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 Goldfields Shire Council and Dunolly RTC to contribute \$50,000 for a community bus over a five-year period. As at 30 June 2018, four payments of \$10,000 has been made with the remaining contribution of \$10,000 payable over the next year.

All of the above commitments are payable as follows:

2019	\$ 10,000
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There were no other contingent liabilities at the date of this report to affect the financial statements.

Note 24. Income tax exempt status

No tax liability is recognised for the 2018 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.

Note 25. Community Enterprise Foundation

During the period the company contributed funds to the Community Enterprise Foundation (CEF), the philanthropic arm of the Bendigo and Adelaide Bank Group. These contributions form part of charitable donations and sponsorship expenditure included in the Statement of Profit or Loss and Other Comprehensive Income.

The funds contributed are held by the CEF in trust on behalf of the company and are available for distribution as grants to eligible applicants. The balance of funds held by the CEF as at 30 June 2018 is as follows:

	2018	2017
	\$	\$
Opening balance	60,903	7,805
Contributions	60,000	60,000
Grants paid	-	(5,000)
Interest	2,199	1,098
Management fees	(3,000)	(3,000)
Balance available for distribution	120,102	60,903

Note 26. 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 27. 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 are:

Registered Office	Principal Place of Business
93 High Street Maldon VIC 3463	81 High Street Maldon VIC 3463

Note 28. 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					
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%
Financial assets												
Cash and cash equivalents	-	-	-	-	-	-	-	-	108,054	25,809	Nil	Nil
Receivables	-	-	-	-	-	-	-	-	78,886	75,905	N/A	N/A
Financial liabilities												
Interest bearing liabilities	1,207	1,133	-	-	-	-	-	-	-	-	6.58	5.38
Payables	-	-	-	-	-	-	-	-	96,453	85,472	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 2018, the effect on profit and equity as a result of changes in interest rate, with all other variables remaining constant would be as follows:

	2018	2017
	\$	\$
Change in profit/(loss)		
Increase in interest rate by 1%	(12)	(11)
Decrease in interest rate by 1%	12	11
Change in equity		
Increase in interest rate by 1%	(12)	(11)
Decrease in interest rate by 1%	12	11

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 2018 and of its performance for the financial year ended on that date; and
 - (ii) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
- (c) the audited remuneration disclosures set out in the remuneration report section of the directors' report comply with Accounting Standard AASB124 Related Party Disclosures and the Corporations Regulations 2001.

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



Ross Arthur Egleton, Chairman
Signed on the 21st September 2018

Independent auditor's report to the Members of Maldon & District Financial Services Ltd

Report on the audit of the financial statements

Our opinion

In our opinion, the financial report of Maldon & District Financial Services Limited is in accordance with the *Corporations Act 2001*, including:

- i. giving a true and fair view of the company's financial position as at 30 June 2018 and of its performance for the year ended on that date; and
- ii. complying with Australian Accounting Standards.

What we have audited

Maldon & District Financial Services Limited's (the company) financial report comprises the:

- ✓ Statement of profit or loss and other comprehensive income
- ✓ Balance sheet
- ✓ Statement of changes in equity
- ✓ Statement of cash flows
- ✓ Notes comprising a summary of significant accounting policies and other explanatory notes
- ✓ The directors' declaration of the entity.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report.

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Other information

The company usually prepares an annual report that will include the financial statements, directors' report and declaration and our independence declaration and audit report (the financial report). The annual report may also include "other information" on the entity's operations and financial results and financial position as set out in the financial report, typically in a Chairman's report and Manager's report, and reports covering governance and shareholder matters.

The directors are responsible for the other information. The annual report is expected to be made available to us after the date of this auditor's report.

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

Our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If we identify that a material inconsistency appears to exist when we read the annual report (or become aware that the other information appears to be materially misstated), we will discuss the matter with the directors and where we believe that a material misstatement of the other information exists, we will request management to correct the other information.

Directors' responsibility for the financial report

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

In preparing the financial report, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or cease operations, or have no realistic alternative but to do so.

Auditor's responsibility for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatement can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/home.aspx>. This description forms part of our auditor's report.



Andrew Frewin Stewart
61 Bull Street, Bendigo, 3550
Dated: 21 September 2018



David Hutchings
Lead Auditor

Maldon & District Community Bank® Branch

81 High Street, Maldon VIC 3463

03 5475 1747

MaldonMailbox@bendigobank.com.au

Dunolly Agency

Dunolly RTC, 109 Broadway, Dunolly VIC 3472

03 5468 1596

Newstead Agency

Newstead RTC, 45 Lyons Street, Newstead VIC 3462

03 5476 2014

Franchisee: Maldon & District Financial Services Limited (MDFSL)

ABN 46 086 749 886

Registered address: 93 High Street, Maldon VIC 3463

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