

MALDON DISTRICT FINANCIAL SERVICES LTD

ANNUAL REPORT 2023



Community Bank
Maldon & District

ABN 46 086 749 886

 Bendigo Bank

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Community Bank Maldon & District acknowledge the traditional owners of this land, the Dja Dja Wurrung people, and we pay our respect to the elders past, present and emerging.

The Dja Dja Wurrung people have been custodians of this land for many centuries, and have performed age old ceremonies of celebration, ritual and renewal. We acknowledge their living culture and their unique role in the life of this region. We express our gratitude that we share this land together, our sorrow for some of the cost of that sharing, and our hope and belief that we can move to a place of equity, justice and partnership together.



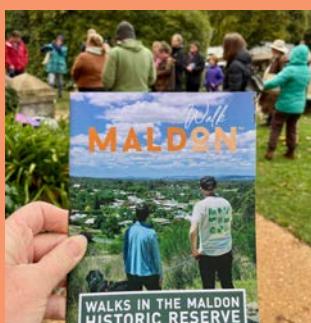
Chair's report

It is an honour to present the performance of Maldon & District Financial Services Limited for 2022-23.

As an organisation, we keep on moving toward our vision for sustainable, thriving and connected communities. It is a pleasure to be immersed in the community and work with high calibre branch staff, non-branch staff and Directors.

There are always changes and challenges including high interest rates and costs of living whilst confronting many social and environmental issues. It is pleasing that staff have demonstrated commitment and teamwork with a strong desire to provide great banking service and responsible deployment of funds.

I appreciate this dedication, positive attitude and the broad skillset of our people and thank them for their valuable contribution to achieve great results.



In this past year, we have contributed \$105,345 to provide benefit to a multitude of community groups and individual scholarship recipients, with a generous half-a-million profit to be set aside for seeding future community investment.

As reported in Paul's Branch Manager's report, this is in light of interest rate rises having mixed impact on our business with higher revenue of over \$500k but decreased loan and deposit totals by \$12.03m to \$175.3m.

The relationship with our franchise partner, Bendigo Bank, remains strong, together with some really effective collaboration with community and business groups.

It is also pleasing to highlight our enhanced professionalism which has seen us align our activities against our strategic plan and provide us with the understanding to be able to articulate our model that further serves our purpose.

As a company, we were pleased to provide a 7% return on investment for our pledge holders.

Community Bank Maldon & District

Chair's report

Our committees continue to be action-oriented and this regular contribution allows our company to achieve so much.

Special thanks to our Chairs, Kerryn Healy (Finance), Matthew Gordon (Audit & Governance), Helen Curran (Business Development), Meg Sattler (Community Investment) and Jane Goodrich (Communications). All have shown great leadership and demonstrate a genuine team effort.

I would also like to acknowledge the hard work, support and value that Kerryn provides as a Director, Treasurer and Vice Chair. Kerryn, you are a wonder! Thanks also to Katie McEachran for her quality support and assistance with finance and general contribution.

It was a pleasure to welcome Jess Clarke-Hong and Michael Annear to the board ranks, especially as they have injected their expert skills immediately, and I look forward to working with them into the future. Please note a correction in the audited report that Michael Annear was an Audit & Governance portfolio member and attended 3 out of 3 meetings.

As we progress our strategic plan implementation, the board continues to bolster our governance as a collective responsibility and build collaboration with branch staff.

Nicki Renfrey's work as Communications Officer has also been pivotal to communicating our model where more customers see greater money returned to strengthen our communities and reach our vision.

Thank you also to Shannon Burdeu as Executive Officer for her productivity. We farewelled Jan Brain after 24 years of service. Jan is the epitome of valuable contribution and I express my appreciation for her longevity, flexibility and quality work. Jan has been rock-solid, a great role model and has played an important role in our overall success.

Thanks also to Kyle and Marlene for their services in the branch. Janet Purcell departed the board in October 2022, and we thank her for her local knowledge, ideas, critical thinking, passion and governance.

A massive thanks to Paul Simmons and his team who have navigated this complex financial environment. Paul's strong leadership has steered positive branch results with a united team-oriented culture. Paul's dedication, commitment, strong work ethic and friendly approach ensures solid management of finance, customers, people and overall decision-making. This success allows for our community impact, and my appreciation is great.



And finally...

The future sees us launch into bigger projects and enhance our engagement amid an online banking landscape. Onwards and upwards.

A handwritten signature in black ink, appearing to read 'Ross Egleton'.

Ross Egleton
Chair

Branch Manager's report

It is a pleasure to prepare my second Branch Manager's report after being promoted to the role in January 2022. It is fair to say that this financial year was one of change, the likes of which we haven't seen before.

After having a record low cash rate of just 0.1% in Australia during COVID, the RBA started raising the cash rate in May 2022. This continued throughout financial year 2023 with an unprecedented 10 interest rate rises in the financial year. The cash rate jumped from 0.85% at the start of July 2022 to 4.1% in June 2023. But our bank is about much more than the profits we make.

Our community investments continued to grow. Our partnerships with local community groups and businesses grew. We ran our Small Business Action Plan program. We released an electronic Operations Manual specifically tailored for time-poor community groups. These are the things that make an impact in our region and why we exist as a Community Bank.

Our team has remained strong, professional and resilient after coming out of 2 years of COVID, which changed a lot of aspects for banking. We thank them and our customers for their ongoing adaptation to the various rules and working together to keep everyone safe.

I've enjoyed working with our Board which continues to grow and bring different skills and perspectives. Watch this space as we continue to implement our Strategic Plan and bring more targeted and specific outcomes to our community.



Branch Manager's report

Business Results

The interest rate rises mentioned above certainly made for a very difficult and trying year leading to customers reviewing their lending and re-assessing their investment options.

We had a number of customers look to re-finance their lending as it seemed many commercial media “experts” advised to contact a broker to get the best rate out in the market. It also led to some customers selling off their investment properties to reduce their overall debt levels. Both of these strategies led to a decline in our loan book of \$9.85 million.

The raise in the interest rates also impacted our growth in the deposits space. As customers looked to reduce their debt levels a lot of customers used their savings to achieve this. This effectively means we lost those funds off both our deposit book and our loan book.

For example, a customer withdraws \$200k from their savings account and uses it to pay down their debt on their home loan. Our deposit and loan book both decrease by \$200k.

The branch deposit book reduced by \$4.62 million. This was partially offset by the increase in our financial market products.

Really pleasing is our increased growth in our high value financial market products, increasing business by \$2.81 million. We had budgeted for \$0 growth in this sector.

Overall, our book size declined by a total of \$12.03 million which is obviously not what we had planned for the year.

There was an increase in overall customer numbers across our three branches by 2.33%.

557 new accounts were opened for the year which is up on last year by 26%, this is very pleasing to see. In-branch teller transactions continued to decline with the change in people’s banking that was accelerated by COVID. We are seeing more customers adapt to internet banking and complete more transactions this way.



Branch Manager's report

Our Community

While we appreciate and promote our various online, phone, app and internet banking options, we will always understand some customers prefer their banking face-to-face with a familiar face. This will always be important to us at Community Bank Maldon & District.

Our customers and community members are advocates for us due to our unique business model. This enables us to assist people achieve their financial goals and, in turn, assist in building stronger communities. We take a great level of satisfaction and reward when we see the benefit that our community enjoys as a result.

As our Newstead Customer Service Centre was open for the full financial year, I will address the closure of that facility in next year's report.

I would like to say though, that we fully intend to support the Newstead community the same way that we always have, it is only the in-person, over-the-counter service that has changed. Our support for Newstead will continue.



Branch Manager's report

Our people

We have had somewhat of the changing of the guard during 2022-2023 financial year.

Jan Brain retired in August 2022. Jan had been with us since our inception way back in April 1999. Jan had a wealth of banking experience and was a much loved member of our team. Jan has been missed by all of our customers and staff across both Newstead and Maldon sites and she pops in to say hello from time to time which is great. We wish Jan all the best in her retirement.

Kyle Winstanley also left us in April 2023. Kyle decided to spread his wings and took off over to WA to try his hand in the mines. Kyle was with us for 4 1/2 years and he has also been missed by customers and staff alike.

Marlene Farr said farewell in June 2023. Marlene hadn't been with us all that long but was a well-respected member of our team. Marlene took over Jan's role and was predominantly based in Newstead.

Emma Karst started with us mid-June 2023 to take Kyle's role. Emma is based full time in our Maldon branch and has taken to banking very well. Emma is a local who has kids that go to the local primary school. If you haven't already, pop in and say hello to the new Emma.

A huge thanks to all of our staff - Narelle Rowland, Melanie Schodde, Lara Mulholland and Emma Beadle for everything you have done this year. I am impressed with how resourceful you are and appreciate all that you do to help each other out to ensure we can continue to deliver the best for our customers.

A big thanks to Ross and the Board for all of their support of me and our team. It is great having such a supportive board.



Branch Manager's report

Our Customers

Now lastly, to our customers, without you we could not achieve what we do. It is because you choose to bank with Community Bank Maldon & District that our local communities enjoy the benefits – over \$3.65 million worth to date.

If you only hold a portion of your banking with us, we would love the opportunity to compare and strengthen the relationship we have with you.

If you don't currently bank with Community Bank Maldon & District, please ask yourself – *"Does the bank I choose to bank with, support and better the local community in which I live and work?"*

If the answer is no, please give us a call. The more who choose to support the local Community Bank branches, the more we can give back to our local communities which is needed now more than ever.



We hope to see more of you in person over the next 12 months. Our staff will still be here to serve our loyal customers and as always, to give back to the communities we service.

A handwritten signature in black ink, appearing to read "Paul Simmons".

Paul Simmons
Branch Manager



Community impact report

Giving back to our communities is business as usual for Community Bank Maldon & District

Our Community Bank model is simple. The more people who bank with us the more funds we have to distribute to projects, events and programs that help us achieve thriving, sustainable and connected communities.

We have contributed \$105,345 directly to our programs, including our driver training, small business action plan, scholarships and regular Partnership funding where we decide on applications sent in on a monthly basis. See the table below showing all fund recipients for the 2022-2023 year.

We have committed to embedding a robust assessment criteria to ensure funding goes to areas that align with our vision of contributing to thriving, sustainable and connected communities. We continue to place large emphasis on our governance as we are allocating community money and do our best to be fair and uphold our integrity.

From mid-October 2023 we will be using “Smarty Grants”, an online portal to assess and manage all grants and community partnership (sponsorship) applications. This will improve our analyses and administration effectiveness and reporting.

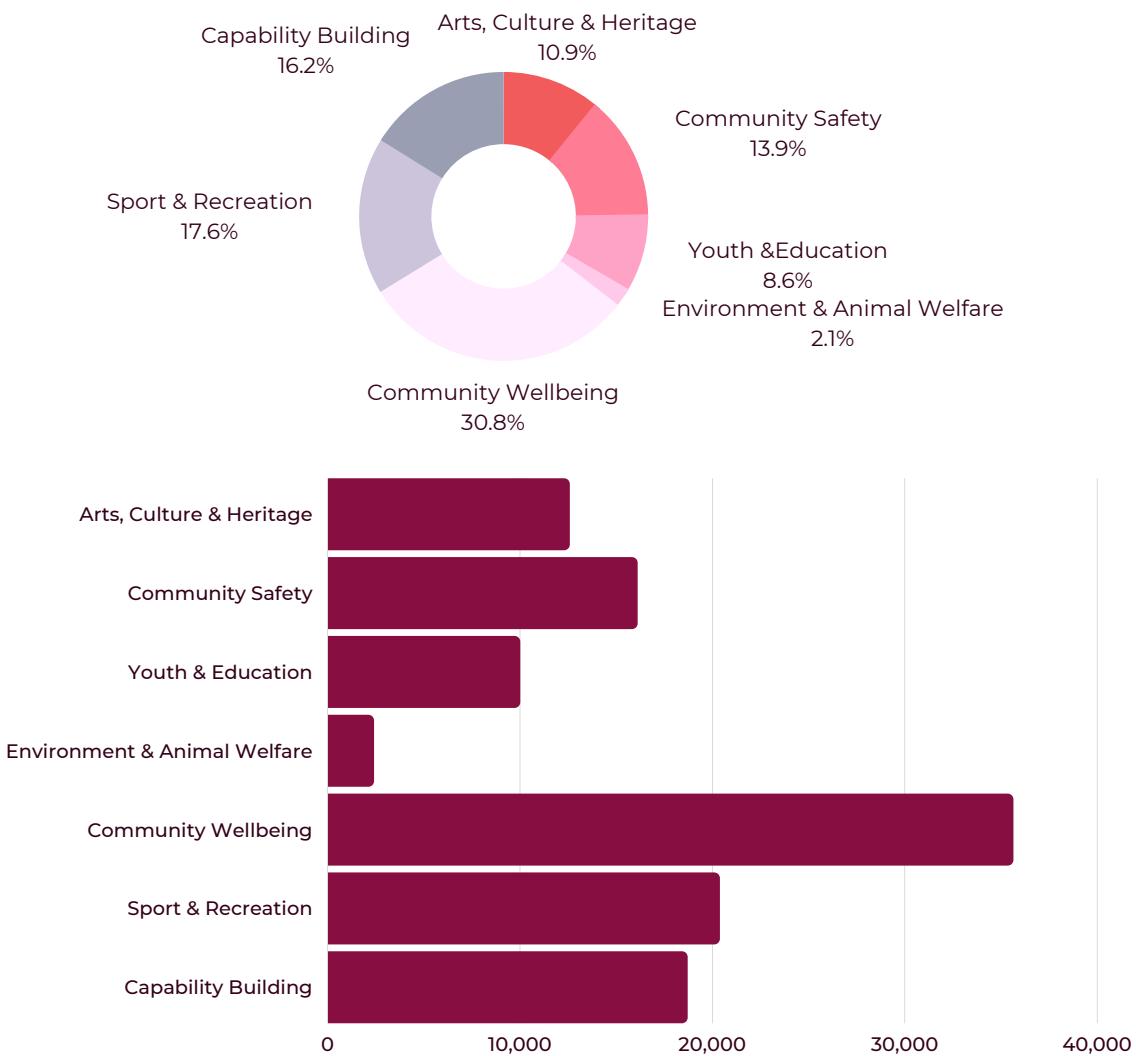
Ross Egleton
Board Chair

Meg Sattler
Portfolio Chair

Maldon Eat Drink Events	Scholarships x 4	Maldon Anglican Church
Dunolly RTC	Tiny Town Arts Trail	Goldfields Gothic festival
Harcourt Pony Club	Collaborative MCDFNL umpiring series	Maldon FNC
Maldon Men's Shed & Vintage Museum	Maldon Easter Fair	Maldon in Winter
Dunolly Gilbert & Sullivan Society	Regional Community Vet Clinic	The MAIN Game
Newstead Arts Hub	The Good Op Shop Castlemaine	Newstead Racecourse
Driver training program for 22 graduates	Newstead Bowls Club	Dunolly Gold Rush Festival
Newstead Open Studios	Maldon Petanque	Tarrangower Times schools supplement
Newstead Live	Mount Alexander Flacons	Maldon Museum & Archives
Flood Impact Grants	Dunolly FNC	Harcourt Progress Association
Maldon Neighbourhood Centre	Welsmans Reef Social Club	Small Business Action plan
Maldon Football Netball Club	Maldon Golf Club	Castlemaine District Cricket Association
ARCANCE: Autistic-led Regional Culture Arts Neurodiversity Employment and Education		

Community Bank Maldon & District has now invested over \$3.65million back into our local areas since our opening in 1999.

Community impact report



Community impact report

Community wellbeing

Our largest spend category throughout the year, Community Bank Maldon & District contributed almost **31%** of our spend, or **over \$35,000** towards community facilities and infrastructure. We provided direct funding to a number of groups in addition to providing quick relief flood grants of \$500 each to a number of local organisations affected by flooding late in 2022.



Flood Relief

Community Bank Maldon & District provided one-off payments to flood affected community organisations of up to \$500 to assist in the disaster recovery efforts.

A phone call to our Executive Officer, a simple form, a few photos and once approved against the criteria, money was paid into the organisation's Bendigo Bank account within 7 days. This was one way we could help as the flooding and rain damage unfolded across our region.

Dunolly Community Bus

Dunolly RTC successfully applied for funds to upskill two of their volunteers so that they could add to their volunteer base of community bus drivers. This helped to secure a consistent pool of volunteers being available to run the weekly bus service that takes residents from Dunolly to Maryborough for appointments and shopping.



Sensory Sanctuary

Over 200 tickets were sold to the Sensory Sanctuary neurodiversity festival held in June 2023. We partnered with Louise "Rockabiliby" Cooper who was joined by an array of artists and presenters running 30 workshops for autistic and neurodivergent audiences and their families.

Community impact report

Community safety

Safer learner drivers

Over twenty young drivers participated in our five-day Driver Safety Training Program. This program provides learner drivers with exposure to all kinds of driving experiences and teaches them valuable driving and road sense skills to set them up for a lifetime of safe driving on our roads.



Defib for Newstead

After the division of Newstead through the floods of late 2022, it was recognised that a sizeable proportion of the Newstead community didn't have access to an AED in the event of someone suffering a cardiac arrest on the West side of the Loddon River. The Newstead Racecourse Recreation Reserve committee successfully applied for funds to correct this and have recently had the defib installed at the amenities block.



Community impact report

Education & Youth

Scholarships

We continue to offer the Community Bank Maldon & District scholarship program, and last year granted four students a scholarship of \$2,000 each, to continue their studies at TAFE or university. Subjects of study included Criminology, Counselling, Nursing and Music. All scholarship winners for 2023 were local to Maldon, Castlemaine and Nuggety.



Environment & Animal Welfare



Regional Community Vet Clinic

This organisation offers veterinarian services to members of the community who are struggling with taking care of their beloved pets, either due to financial, medical or social hardship.

We partnered with them in April 2023 to help purchase new equipment and consumables for their non-profit de-sexing days. This has helped them to desex over 114 cats through a number of pop-up clinics.

Recap Plastics Project

An application from Castlemaine's The Good Op Shop in partnership with Castlemaine Secondary College saw us support the school with funds to purchase a machine that shreds and melts plastic lids, providing students with an opportunity to learn about reusing recyclable materials and creating their own products to onsell.



Community impact report

Arts & Culture

Our region is blessed to have such a wide range of arts and culture which are enjoyed by locals and visitors alike. We supported events as diverse as Gilbert & Sullivan Operettas, to Sculpture and Art trails, Music Festivals and Twilight Markets and family entertainment.



Gilbert & Sullivan comes to Dunolly

We are always enthused by the people of Dunolly, and their ability to bring art and culture to the country. Opera is no exception, and we partnered with the Dunolly Society of Gilbert & Sullivan to stage the operetta, Thespis.

Small World Sculpture Prize

Newstead Arts Hub created an opportunity for artists to show their skills off during the Castlemaine State Festival.

The Hub's inaugural sculpture prize was a stunning success with nearly 50 entries. Jen Diver, the driver behind the event said: 'I was thrilled with quality and diversity of entries, how well they worked together. It was a fabulous use of the space'. Thanks to our sponsors Community Bank Maldon & District, our two guest judges Karen Anchen (Director Cascade Art Maldon) and Sam Deal (sculptor), and all the entrants and visitors"



Community Bank Maldon & District

Community impact report

Sport and recreation

Our second largest category of community spend throughout 022-023 was for sport and recreation facilities. Community Bank Maldon & District provided just over **\$20,000** (almost 18% of our funding spend).

We supported events and tournaments across the region - pony clubs, cricket clubs, football netball clubs, football diversity, petanque, football umpiring and more!



Harcourt Pony Club Open Day

The Harcourt Pony Club were keen to expand their membership base and encourage other locals to experience the fun and excitement that comes from not only riding horses, but also from being part of a club and being involved in your community. The Open Day was postponed due to the damage done by floodwaters, however following installation of their new surface, were supported by Community Bank Maldon & District where they held riding demos, trash & treasure stalls, pony patting, a reptile show and much more.

The Main Game

This fun and inclusive event has become a staple of the local community radio station, Main-FM. We love supporting events that get everyone involved. This is one of those events where you can bring the family and join the community for a fun day out at Castlemaine's historic Camp Reserve, watch a great game of footy, enjoy live local music & entertainment, food stalls and more.



Community Bank Maldon & District

Community impact report

Capability Building

Small Business Action Plan

Community Bank Maldon & District once again partnered with Sorted's Clare Fountain to present the third iteration of our Small Business Action Plan program. This specially designed program supports local small businesses to recover, reshape and rebound after COVID-19. The program aims to deliver a tailored, viable business plan, increased confidence, identify new opportunities and increase collaboration between businesses in the region.

This program was subsidised for up to 16 businesses, with participants only required to contribute \$150 per business to be involved.



Collaborating with MCDFNL umpires and other Community Banks

The MCDFNL announced a new partnership with the Ballarat Football Umpires Association and three local Community Bank Branches to deliver a series of Football Umpire Development Training sessions throughout the 2023 season.

Along with Community Banks in Trentham and Maryborough we supported local football and netball club players and members to undertake a series of sessions looking at understanding and applying rules of the games.



Community impact report

And just because.....



The Good Coat Drive

After an incidental conversation in the branch between Lara and Nicki, the idea of a coat drive for Winter was born. We partnered with The Good Op Shop (building on a relationship that already existed through another project) and with the expertise of Haven; Home Safe (the region's housing and homelessness organisation) we put together a range of marketing collateral to promote The Good Coat Drive.

The response was incredible! With over 600 coats donated throughout the 6-week campaign, we were able to deliver around 350 coats to Haven; Home Safe, as well as spreading the remainder across the Castlemaine and Maldon areas through avenues like Salvation Army, St Vincent de Paul, Sac'O'Suds Laundromat, Cup of Kindness Van, Castlemaine Community House and Maldon Neighbourhood Centre - all of which were grateful to receive items to help provide warmth to their clients over Winter.



Director's report

The directors present their report together with the financial statements, on the company for the financial year ended 30 June 2023.

The following persons were directors of the company during the whole of the financial year and up to the date of this report, unless otherwise stated.

Name: Ross Arthur Egleton

Title: Non-executive director

Experience and expertise: Ross is a Men's Behaviour Change Worker. Bachelor of Commerce. Graduate Certificate Human Resource Management. Committee Member - Maldon Football Netball Club. Project Manager, Annie North (2017-2021). Program Coordinator, Corrections Victoria (2014-17).

Special responsibilities: Chair, Audit & Governance, Community Investment, Finance

Name: Kerryn Margaret Healy

Title: Non-executive director

Experience and expertise: Retired. Bachelor of Business, CPA, Graduate Australian Institute of Company Directors (GAICD), Fellow HFMA formerly Australian Health Services Financial Management Association (FASM), Member of Women on Boards, Honorary Treasurer and member of the Committee of Management of the Maldon Golf Club Inc, Honorary Secretary - Tarrangower Village (since Dec 2021), 44 years in the public health sector with the last 23 years in senior financial management and executive roles.

Special responsibilities: Chair of Finance

Name: Jane Louise Goodrich

Title: Non-executive director

Experience and expertise: Manager. Current committee member of Castlemaine Circus Inc and Lot19 Art. Previous board member of Castlemaine Artists Market and the Environment Centre of the Northern Territory. Background in event management and community events. Co-founder of the Castlemaine Billy Cart Challenge.

Special responsibilities: Chair of Communications

Name: Katie Lee McEachran

Title: Non-executive director, Assistant Treasurer

Experience and expertise: Cyber Security Analyst. Double Diploma of Conservation & Land Management/Diploma of Sustainability. Certificate III Financial Services. Long-term Bendigo Bank staff member: five years at the Maldon & District Community Bank and currently a Cyber Security Analyst. Currently studying Bachelor of IT Cyber Security.

Special responsibilities: Audit & Governance, Finance

Name: Matthew Edwin Gordon

Title: Non-executive director

Experience and expertise: Matthew is an experienced business executive and public servant who's career in public policy, project management, sales, start-up entrepreneurship and government has spanned 15 years. Matthew currently works at Capire – a specialist community engagement company and in his spare time is busy restoring an 1860's miners cottage in Maldon.

Special responsibilities: Chair Audit and Governance

Director's report

Directors: Continued

Name: Meghan Elizabeth Sattler

Title: Non-executive director

Experience and expertise: CEO of Ground Truth Solutions, an international non-government organisation supporting people affected by crisis to hold the international humanitarian aid system to account. This follows 15 years' experience in the international humanitarian aid sector, having held senior roles in non-governmental and United Nations agencies, working on both policy and practice in Europe, central Asia, Haiti and the Middle East. Meg has a Master of Journalism, Postgraduate Certificate of Humanitarian Leadership and Bachelor of Arts.

Special responsibilities: Chair of Community Investment

Name: Helen Jane Curran

Title: Non-executive director

Experience and expertise: Master of Mechanical Engineering (MEng); Agile Scrum Master; CIMA (Management Accounting); and Prince II (Project Management) qualified. Global experience in transformation, strategy, consulting, project management, management accounting and operational management across Financial Services (Bendigo & Adelaide Bank; Credit Suisse (London & New York)) and Manufacturing (George Weston Foods, Unilever (UK) & Ford (UK)).

Special responsibilities: Member of Community Investment, Chair of Business Development

Name: Michael Peter Annear

Title: Non-executive director (appointed 1 April 2023)

Experience and expertise: Michael Annear is an experienced executive focused on delivering positive outcomes for communities within Australian and internationally. Michael is currently the Director Infrastructure and Development is responsible for the delivery of statutory functions including land use planning, development and building control, environmental health and waste management. Masters Business Administration, Masters Social Science, Bachelor Civil Engineering. Treasurer Campbells Creek Colts Cricket Club and Treasurer for the School Council of Castlemaine Primary School.

Special responsibilities: Nil

Name: Jessica Jane Clarke-Hong

Title: Non-executive director (appointed 1 April 2023)

Experience and expertise: Governance Manager City of Greater Bendigo Council. Qualified Lawyer and experienced governance professional. Key areas of expertise are Governance Risk, Compliance, Law.

Special responsibilities: Member of Audit and Governance

Name: Janet Mary Purcell

Title: Non-executive director (resigned 26 October 2022)

Experience and expertise: Maldon Museum and Archives Inc. – Volunteer with regular commitments and opening up the Museum for visitors. Maldon Focus Inc. – committee member. Maldon Streetscape – Committee member with fantastic results this year with underground power poles in the street.

Tarrangower Cactus Warriors – volunteer working on removing cactus. Maldon Athenaeum Library – Member. Friends of Maldon Historic Reserve – working with Parks Victoria to refresh walking tracks and removing weeds. 2022 received Diploma Family History from the University of Tasmania.

Special responsibilities: Community Investment, Communications

Director's report

Company secretary

- Jane Margaret Hoiting was appointed company secretary on 14 August 2023.
- Shannon Laura Jane Fernie Burdeu was appointed company secretary on 1 July 2021 and ceased on 14 August 2023.

Principal Activity

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 (Bendigo Bank) and distributing profits from this to support community development.

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

Review of Operations

The profit of the company amounted to:

Year ended 30 June 2023	Year ended 30 June 2022
\$	\$
638,785	26,250

The company has seen a significant increase in its revenue during the financial year. This is a result of the Reserve Bank of Australia (RBA) increasing the cash rate by 3.25% during the financial year moving from 0.85% to 4.10% as at 30 June 2023. The increased cash rate has had a direct impact on the revenue received by the company, increasing the net interest margin income received under the revenue share arrangement the company has with Bendigo Bank.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the company during the financial year.

Matters subsequent to the end of the financial year

During the financial year, the board made the decision to close the Newstead Rural Transaction Centre. The decision was communicated to members on 20 June 2023. The Rural Transaction Centre is no longer in operation from 13 July 2023.

No other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

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.

Director's report

Meetings of Directors

The number of directors' meetings (including meetings of committees of directors¹) attended by each of the directors of the company during the financial year were:

	Board Meetings Attended	Portfolio Meetings Attended										
		Community Investment		Finance		Business Development		Audit & Governance		Communication		
		E	A	E	A	E	A	E	A	E	A	
Ross Arthur Egleton	11	11	12	11	11	9	11	11	11	10	0	0
Kerryn Margaret Healy	11	11	0	0	11	11	11	11	0	0	0	0
Jane Louise Goodrich	11	6	0	0	0	0	0	0	0	0	6	2
Katie Lee McEachran	11	8	0	0	11	10	0	0	0	0	0	0
Matthew Edwin Gordon	11	8	0	0	0	0	11	8	11	10	0	0
Meghan Elizabeth Sattler	11	6	12	8	0	0	0	0	0	0	0	0
Helen Jane Curran	11	9	12	9	0	0	11	8	0	0	0	0
Michael Peter Annear	3	2	0	0	0	0	0	0	3	2	0	0
Jessica Jane Clarke-Hong	3	2	0	0	0	0	0	0	3	3	0	0
Janet Mary Purcell	3	3	3	2	0	0	0	0	0	0	2	2

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.

Indemnity and insurance of auditor

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor. During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Director's report

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 note 22 to the accounts.

The board has considered the non-audit services provided during the year by the auditor and is satisfied that the provision of the non-audit services is compatible with, and 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 Audit & Governance Portfolio to ensure they do not impact on the impartiality, integrity and objectivity of the auditor
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as an advocate for the company or jointly sharing risks and rewards.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this director's report.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



Ross Arthur Egleton, Chair
Dated this 27th day of September 2023

Auditor's independent declaration



Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550
ABN: 65 684 604 390
afs@afsbendigo.com.au
(03) 5443 0344

Independent 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 2023, 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 of Andrew Frewin Stewart.

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 27September 2023

A handwritten signature of Joshua Griffin.

Joshua Griffin
Lead Auditor



afsbendigo.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

Financial statement and notes

Maldon & District Financial Services Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2023

	Note	2023 \$	2022 \$
Revenue from contracts with customers	6	1,651,664	1,137,733
Other revenue		25,309	21,763
Finance revenue		5,757	134
Total revenue		<u>1,682,730</u>	<u>1,159,630</u>
Employee benefits expense	7	(699,028)	(658,804)
Advertising and marketing costs		(13,735)	(11,671)
Occupancy and associated costs		(25,126)	(16,438)
System costs		(37,144)	(41,986)
Depreciation and amortisation expense	7	(61,632)	(62,675)
Interest paid to members		(16,336)	(15,898)
Finance costs	7	(1,105)	(2,407)
General administration expenses		(84,494)	(119,613)
Total expenses before community contributions and income tax expense		<u>(938,600)</u>	<u>(929,492)</u>
Profit before community contributions and income tax expense		744,130	230,138
Charitable donations and sponsorships expense	7	<u>(105,345)</u>	<u>(203,888)</u>
Profit before income tax expense		638,785	26,250
Income tax expense	8	-	-
Profit after income tax expense for the year	18	638,785	26,250
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		<u>638,785</u>	<u>26,250</u>

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

Maldon & District Financial Services Limited
Statement of financial position
As at 30 June 2023

	Note	2023 \$	2022 \$
Assets			
Current assets			
Cash and cash equivalents	9	1,056,092	569,501
Trade and other receivables	10	162,569	131,791
Total current assets		<u>1,218,661</u>	<u>701,292</u>
Non-current assets			
Property, plant and equipment	11	646,849	668,135
Right-of-use assets	12	-	27,163
Intangible assets	13	10,988	24,171
Total non-current assets		<u>657,837</u>	<u>719,469</u>
Total assets		<u>1,876,498</u>	<u>1,420,761</u>
Liabilities			
Current liabilities			
Trade and other payables	14	103,870	252,611
Lease liabilities	15	-	28,467
Employee benefits	16	50,255	51,647
Member funds	17	246,460	246,960
Total current liabilities		<u>400,585</u>	<u>579,685</u>
Non-current liabilities			
Borrowings	16	7	6
Employee benefits		8,677	6,643
Lease make good provision		1,430	7,413
Total non-current liabilities		<u>10,114</u>	<u>14,062</u>
Total liabilities		<u>410,699</u>	<u>593,747</u>
Net assets		<u>1,465,799</u>	<u>827,014</u>
Equity			
Retained earnings	18	1,465,799	827,014
Total equity		<u>1,465,799</u>	<u>827,014</u>

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

Maldon & District Financial Services Limited
Statement of changes in equity
For the year ended 30 June 2023

	Retained earnings \$	Total equity \$
Balance at 1 July 2021	<u>800,764</u>	<u>800,764</u>
Total comprehensive income	26,250	26,250
Balance at 30 June 2022	<u>827,014</u>	<u>827,014</u>
Balance at 1 July 2022	<u>827,014</u>	<u>827,014</u>
Total comprehensive income	638,785	638,785
Balance at 30 June 2023	<u>1,465,799</u>	<u>1,465,799</u>

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

Maldon & District Financial Services Limited
Statement of cash flows
For the year ended 30 June 2023

	Note	2023 \$	2022 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		1,812,524	1,255,400
Payments to suppliers and employees (inclusive of GST)		(1,272,667)	(1,149,388)
Interest received		5,757	134
Interest and other finance costs paid	7	(16,336)	(15,898)
Net cash provided by operating activities	23	<u>529,278</u>	<u>90,248</u>
Cash flows from investing activities			
Payments for property, plant and equipment		-	(1,163)
Payments for intangible assets		(13,477)	(13,477)
Net cash used in investing activities		<u>(13,477)</u>	<u>(14,640)</u>
Cash flows from financing activities			
Repayment of lease liabilities	15	<u>(29,210)</u>	<u>(30,938)</u>
Net cash used in financing activities		<u>(29,210)</u>	<u>(30,938)</u>
Net increase in cash and cash equivalents		486,591	44,670
Cash and cash equivalents at the beginning of the financial year		569,501	524,831
Cash and cash equivalents at the end of the financial year	9	<u>1,056,092</u>	<u>569,501</u>

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

Maldon & District Financial Services Limited
Notes to the financial statements
30 June 2023

Note 1. Reporting entity

The financial statements cover Maldon & District Financial Services Limited (the company) as an individual entity.

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

Registered office	Principal place of business
93 High Street, Maldon VIC 3463	81 High Street, Maldon VIC 3463

A description of the nature of the company's operations and its principal activity is included in the directors' report, which is not part of the financial statements.

Note 2. Basis of preparation and statement of compliance

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards and Interpretations adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The financial statements comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB). The financial statements have been prepared on an accrual and historical cost basis and are presented in Australian dollars, which is the company's functional and presentation currency.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 27 September 2023. The directors have the power to amend and reissue the financial statements.

Note 3. Significant accounting policies

The company has consistently applied the following accounting policies to all periods presented in these financial statements.

Changes in accounting policies, standards and interpretations

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 2022, and are therefore relevant for the current financial year. The amendments did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when, it is expected to be realised or intended to be sold or consumed in the company's normal operating cycle, it is held primarily for the purpose of trading, it is expected to be realised within 12 months after the reporting period or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when, it is either expected to be settled in the company's normal operating cycle, it is held primarily for the purpose of trading, it is due to be settled within 12 months after the reporting period or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Maldon & District Financial Services Limited
Notes to the financial statements
30 June 2023

Impairment

Non-derivative financial assets

Expected credit losses (ECL) are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received. At each reporting date, the entity recognises the movement in the ECL (if any) as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

The company's trade receivables are limited to the monthly profit share distribution from Bendigo Bank, which is received 10 business days post month end. Due to the reliance on Bendigo Bank the company has reviewed credit ratings provided by Standard & Poors, Moody's and Fitch Ratings to determine the level of credit exposure to the company. The company also performed a historical assessment of receivables from Bendigo Bank and found no instances of default. As a result no ECL has been made in relation to trade receivables as at 30 June 2023.

Non-financial assets

At each reporting date, the company reviews the carrying amounts of its tangible assets and intangible assets to determine whether there is any indication 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 any impairment loss.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except when the amount of GST incurred on a sale or purchase of assets or services is not payable to or 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 revenue or expense item.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

Note 4. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Estimation of useful lives of assets

The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives or assets that have been abandoned or sold will be written off or written down.

Impairment of non-financial assets

The company assesses impairment of non-financial assets at each reporting date by evaluating conditions specific to the company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Maldon & District Financial Services Limited
Notes to the financial statements
30 June 2023

Note 4. Critical accounting judgements, estimates and assumptions (continued)

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the company's operations, comparison of terms and conditions to prevailing market rates, incurrence of significant penalties, existence of significant leasehold improvements and the costs and disruption to replace the asset. The company reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the company estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Employee benefits provision

The liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and inflation have been taken into account.

The company uses historical employee attrition rates in determining the probability of an employee, at a given date, achieving continuous employment eligible for entitlement in accordance with long service leave legislation.

In the absence of sufficient historical employee attrition rates, the company applies a benchmark probability rate from across the Community Bank network to factor in estimating the probability of an employee, at a given date, achieving continuous employment eligible for entitlement in accordance with legislation.

Lease make good provision

A provision has been made for the present value of anticipated costs for future restoration of leased premises. The provision includes future cost estimates associated with closure of the premises. The calculation of this provision requires assumptions such as application of closure dates and cost estimates. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting the asset and the provision. Reductions in the provision that exceed the carrying amount of the asset will be recognised in profit or loss.

Note 5. Economic dependency

The company has entered into a franchise agreement with Bendigo Bank that governs the management of the Community Bank. The company is economically dependent on the ongoing receipt of income under the franchise agreement with Bendigo Bank. The directors have no reason to believe a new franchise arrangement under mutually acceptable terms will not be forthcoming following expiry in April 2024.

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

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

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

Maldon & District Financial Services Limited

Notes to the financial statements

30 June 2023

Note 5. Economic dependency (continued)

The credit risk (i.e. the risk that a customer will not make repayments) is for Bendigo Bank 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 Bank provides significant assistance in establishing and maintaining the Community Bank 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:

- the design, layout and fit out of the Community Bank premises
- 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
- providing payroll services.

Note 6. Revenue from contracts with customers

	2023	2022
	\$	\$
Margin income	1,520,770	999,363
Fee income	64,389	68,329
Commission income	<u>66,505</u>	<u>70,041</u>
	<u><u>1,651,664</u></u>	<u><u>1,137,733</u></u>

The company has entered into a franchise agreement with Bendigo Bank. The company delivers banking and financial services of Bendigo Bank to its community. The franchise agreement provides for a share of interest, fee, and commission revenue earned by the company. Interest margin share is based on a funds transfer pricing methodology which recognises that income is derived from deposits held, and that loans granted incur a funding cost. Fees are based on the company's current fee schedule and commissions are based on the agreements in place. All margin revenue is recorded as non-interest income when the company's right to receive the payment is established.

The company acts as an agent under the franchise agreement and revenue arises from the rendering of services through its franchise agreement.

Revenue is recognised on an accruals basis, at the fair value of consideration specified in the franchise agreement. Under *AASB 15 Revenue from Contracts with Customers* (AASB 15), revenue recognition for the company's revenue stream is as follows:

<u>Revenue stream</u>	<u>Includes</u>	<u>Performance obligation</u>	<u>Timing of recognition</u>
Franchise agreement profit share	Margin, commission, and fee income	When the company satisfies its obligation to arrange for the services to be provided to the customer by the supplier (Bendigo Bank as franchisor).	On completion of the provision of the relevant service. Revenue is accrued monthly and paid within 10 business days after the end of each month.

All revenue is stated net of the amount of GST. There was no revenue from contracts with customers recognised over time during the financial year.

Revenue calculation

The franchise agreement provides that three forms of revenue may be earned by the company which are margin, commission and fee income. Bendigo Bank 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, interest rates and funds transfer pricing and other factors, such as economic and local conditions.

Maldon & District Financial Services Limited
Notes to the financial statements
30 June 2023

Note 6. Revenue from contracts with customers (continued)

Margin income

Margin income on core banking products 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 Bank for a deposit
minus: any costs of funds i.e. interest applied by Bendigo Bank to fund a loan.

The company is entitled to a share of the margin earned by Bendigo Bank. If this reflects a loss, the company incurs a share of that loss.

Commission income

Commission income is in the form of commission generated for products and services sold. This commission is recognised at a point in time which reflects when the company has fulfilled its performance obligation.

The company receives trailing commission for products and services sold. Ongoing trailing commission payments are recognised on receipt as there is insufficient detail readily available to estimate the most likely amount of income without a high probability of significant reversal in a subsequent reporting period. The receipt of ongoing trailing commission income is outside the control of the company, and is a significant judgement area.

Fee income

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

Core banking products

Bendigo Bank has identified some 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.

Ability to change financial return

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

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

Note 7. Expenses

Employee benefits expense

	2023	2022
	\$	\$
Wages and salaries	532,769	505,026
Superannuation contributions	61,541	54,755
Expenses related to long service leave	10,669	(620)
Other expenses	94,049	99,643
	<hr/>	<hr/>
	699,028	658,804
	<hr/>	<hr/>

Maldon & District Financial Services Limited
Notes to the financial statements
30 June 2023

Note 7. Expenses (continued)

Depreciation and amortisation expense

	2023 \$	2022 \$
<i>Depreciation of non-current assets</i>		
Buildings	15,807	15,807
Leasehold improvements	2,686	2,686
Plant and equipment	2,023	1,893
Furniture and fittings	-	122
Computer equipment	770	772
	<u>21,286</u>	<u>21,280</u>
<i>Depreciation of right-of-use assets</i>		
Leased land and buildings	<u>27,163</u>	<u>28,212</u>
<i>Amortisation of intangible assets</i>		
Franchise fee	1,099	2,197
Franchise renewal fee	12,084	10,986
	<u>13,183</u>	<u>13,183</u>
	<u>61,632</u>	<u>62,675</u>

Finance costs

	2023 \$	2022 \$
Lease interest expense	743	2,061
Unwinding of make-good provision	<u>362</u>	<u>346</u>
	<u>1,105</u>	<u>2,407</u>

Finance costs are recognised as expenses when incurred using the effective interest rate.

Interest paid to members

	2023 \$	2022 \$
Interest paid to members	<u>16,336</u>	<u>15,898</u>

The constitution allows the payment of interest to members at a rate not exceeding interest at the rate for the time being charged by Bendigo Bank for overdrawn accounts as at the end of the preceding financial year on money borrowed from a member.

Leases recognition exemption

	2023 \$	2022 \$
Expenses relating to low-value leases	12,718	17,606
Expenses relating to short-term leases	<u>2,954</u>	<u>-</u>
	<u>15,672</u>	<u>17,606</u>

The company pays for the right to use information technology equipment. The underlying assets have been assessed as low value and exempted from recognition under AASB 16 Leases. Expenses relating to low-value exempt leases are included in system costs expenses.

Maldon & District Financial Services Limited
Notes to the financial statements
30 June 2023

Note 7. Expenses (continued)

The company pays for the right to use the Dunolly RTC and the Executive Office. The lease agreements are expired and continue on existing terms on a month-by-month basis with no significant penalty for termination. As such the lease has been assessed as short term and exempted from recognition under AASB 16 Leases. Expenses relating to short term exempt leases are included in occupancy and associated costs expenses.

	2023	2022
	\$	\$
Direct donation, sponsorship and grant payments	105,345	215,560
Contribution to the Community Enterprise Foundation™	-	115,789
	<hr/>	<hr/>
	105,345	331,349

The overarching philosophy of the Community Bank model, is to support the local community in which the company operates. This is achieved by circulating the flow of financial capital into the local economy through community contributions (such as donations, sponsorships and grants).

The funds contributed to and held by the Community Enterprise Foundation™ (CEF) are available for distribution as grants to eligible applicants for a specific purpose in consultation with the directors.

When the company pays a contribution in to the CEF, the company loses control over the funds at that point. While the directors are involved in the payment of grants, the funds are not refundable to the company.

Note 8. 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*.

Note 9. Cash and cash equivalents

	2023	2022
	\$	\$
Cash at bank and on hand	603,100	569,501
Term deposits	452,992	-
	<hr/>	<hr/>
	1,056,092	569,501

Accounting policy for cash and cash equivalents

For the purposes of the Statement of Financial Position and Statement of Cash Flows, cash and cash equivalents comprise cash on hand and deposits held with banks.

Note 10. Trade and other receivables

	2023	2022
	\$	\$
Trade receivables	143,567	112,408
Accrued income	2,536	2,000
Prepayments	16,466	17,383
	<hr/>	<hr/>
	19,002	19,383
	<hr/>	<hr/>
	162,569	131,791

Maldon & District Financial Services Limited
Notes to the financial statements
30 June 2023

Note 10. Trade and other receivables (continued)

Accounting policy for trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

Note 11. Property, plant and equipment

	2023 \$	2022 \$
Land - at cost	199,387	199,387
Buildings - at cost	590,838	590,838
Less: Accumulated depreciation	<u>(161,265)</u>	<u>(145,458)</u>
	<u>429,573</u>	<u>445,380</u>
Leasehold improvements - at cost	25,470	25,470
Less: Accumulated depreciation	<u>(15,136)</u>	<u>(12,450)</u>
	<u>10,334</u>	<u>13,020</u>
Plant and equipment - at cost	44,663	44,663
Less: Accumulated depreciation	<u>(39,779)</u>	<u>(37,756)</u>
	<u>4,884</u>	<u>6,907</u>
Furniture and fittings - at cost	610	610
Less: Accumulated depreciation	<u>(272)</u>	<u>(272)</u>
	<u>338</u>	<u>338</u>
Computer equipment - at cost	4,523	4,523
Less: Accumulated depreciation	<u>(2,190)</u>	<u>(1,420)</u>
	<u>2,333</u>	<u>3,103</u>
	<u>646,849</u>	<u>668,135</u>

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

	Land \$	Buildings \$	Leasehold improveme nts \$	Plant and equipment \$	Furniture and fittings \$	Computer Equipment \$	Total \$
Balance at 1 July 2021	199,387	461,187	11,071	8,800	460	2,712	683,617
Additions	-	-	4,635	-	-	1,163	5,798
Depreciation	-	<u>(15,807)</u>	<u>(2,686)</u>	<u>(1,893)</u>	<u>(122)</u>	<u>(772)</u>	<u>(21,280)</u>
Balance at 30 June 2022	199,387	445,380	13,020	6,907	338	3,103	668,135
Depreciation	-	<u>(15,807)</u>	<u>(2,686)</u>	<u>(2,023)</u>	<u>-</u>	<u>(770)</u>	<u>(21,286)</u>
Balance at 30 June 2023	<u>199,387</u>	<u>429,573</u>	<u>10,334</u>	<u>4,884</u>	<u>338</u>	<u>2,333</u>	<u>646,849</u>

Accounting policy for property, plant and equipment

Items of property, plant and equipment are measured at cost or fair value as applicable, less accumulated depreciation. Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss. Land is not depreciated.

Maldon & District Financial Services Limited
Notes to the financial statements
30 June 2023

Note 11. Property, plant and equipment (continued)

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a diminishing value and straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

Building	20 to 40 years
Leasehold improvements	1 to 40 years
Plant and equipment	4 to 40 years
Furniture and fittings	5 years
Computer equipment	2 to 5 years

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

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Changes in estimates

During the financial year, the company assessed estimates used for property, plant and equipment including useful lives, residual values, and depreciation methods. There were no changes in estimates for the current reporting period.

Note 12. Right-of-use assets

	2023	2022
	\$	\$
Land and buildings - right-of-use	84,440	152,841
Less: Accumulated depreciation	<u>(84,440)</u>	<u>(125,678)</u>
	-	27,163

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

	Land and buildings \$
Balance at 1 July 2021	54,182
Additions	1,193
Depreciation expense	<u>(28,212)</u>
Balance at 30 June 2022	27,163
Depreciation expense	<u>(27,163)</u>
Balance at 30 June 2023	-

Accounting policy for right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

Maldon & District Financial Services Limited
Notes to the financial statements
30 June 2023

Note 12. Right-of-use assets (continued)

Refer to note 15 for more information on lease arrangements.

Note 13. Intangible assets

	2023 \$	2022 \$
Franchise fee	92,439	92,439
Less: Accumulated amortisation	<u>(89,509)</u>	<u>(88,410)</u>
	<u>2,930</u>	<u>4,029</u>
Franchise renewal fee	112,193	112,193
Less: Accumulated amortisation	<u>(104,135)</u>	<u>(92,051)</u>
	<u>8,058</u>	<u>20,142</u>
	<u><u>10,988</u></u>	<u><u>24,171</u></u>

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

	Franchise fee \$	Franchise renewal fee \$	Total \$
Balance at 1 July 2021	6,226	31,128	37,354
Amortisation expense	<u>(2,197)</u>	<u>(10,986)</u>	<u>(13,183)</u>
Balance at 30 June 2022	4,029	20,142	24,171
Amortisation expense	<u>(1,099)</u>	<u>(12,084)</u>	<u>(13,183)</u>
Balance at 30 June 2023	<u>2,930</u>	<u>8,058</u>	<u>10,988</u>

Accounting policy for intangible assets

Intangible assets of the company relate to the franchise fees paid to Bendigo Bank which conveys the right to operate the Community Bank franchise.

Intangible assets are measured on initial recognition at cost. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

The franchise fees paid by the company are amortised over their useful life and assessed for impairment whenever impairment indicators are present.

The estimated useful life and amortisation method for the current and comparative periods are as follows:

Asset class	Method	Useful life	Expiry/renewal date
Franchise fee	Straight-line	Over the franchise term (5 years)	April 2024
Franchise Renewal Fee	Straight-line	Over the franchise term (5 years)	April 2024

Amortisation methods, useful life, and residual values are reviewed and adjusted, if appropriate, at each reporting date.

Change in estimates

During the financial year, the company assessed estimates used for intangible assets including useful lives, residual values, and amortisation methods. There were no changes in estimates for the current reporting period.

Maldon & District Financial Services Limited
Notes to the financial statements
30 June 2023

Note 14. Trade and other payables

	2023 \$	2022 \$
<i>Current liabilities</i>		
Trade payables	12,215	187,141
Other payables and accruals	91,655	65,470
	<u>103,870</u>	<u>252,611</u>

Accounting policy for trade and other payables

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Where the company is liable to settle the amount within 12 months of the reporting date, the liability is classified as current. All other obligations are classified as non-current.

Note 15. Lease liabilities

	2023 \$	2022 \$
<i>Current liabilities</i>		
Land and buildings lease liabilities	-	29,209
Unexpired interest	-	(742)
	<u>-</u>	<u>28,467</u>

Reconciliation of lease liabilities

	2023 \$	2022 \$
Opening balance	28,467	56,151
Remeasurement adjustments	-	1,193
Lease interest expense	743	2,061
Lease payments - total cash outflow	(29,210)	(30,938)
	<u>-</u>	<u>28,467</u>

Lease	Discount rate	Non-cancellable term	Renewal options available	Reasonably certain to exercise options	Lease term end date used in calculations.
Dunolly Rural Transaction Centre	4.79%	N/A	N/A	N/A	Month by month
Executive Office	4.79%	N/A	N/A	N/A	Month by month

Accounting policy for lease liabilities

Lease liabilities were measured at amounts equal to the present value of enforceable future payments of the term reasonably expected to be exercised, discounted at the appropriate incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise variable lease payments that depend on an index and lease payments in a renewal option if the company is reasonably certain to exercise that option. For leases of property the company has elected not to separate lease and non-lease components when calculating the lease liability.

Maldon & District Financial Services Limited
Notes to the financial statements
30 June 2023

Note 15. Lease liabilities (continued)

The company has applied judgement in estimating the remaining lease term including the effects of any extension options reasonably expected to be exercised, applying hindsight where appropriate.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if the company changes its assessment of whether it will exercise an extension option or if there is a revised in-substance fixed lease payment.

The company assesses at the lease commencement date whether it is reasonably certain to exercise extension options. The company reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

Where the company is a lessee for the premises to conduct its business, extension options are included in the lease term except when the company is reasonably certain not to exercise the extension option. This is due to the significant disruption of relocating premises and the loss on disposal of leasehold improvements fitted out in the leased premises.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to nil.

The leases are classified as a "renewable lease" which is a lease that has an initial non-cancellable period but then renews indefinitely at the end of the initial period unless terminated by either party. As there are no economic penalties to terminate the lease at any point, they have been classified as a short term or month by month lease.

Note 16. Employee benefits

	2023	2022
	\$	\$
<i>Current liabilities</i>		
Annual leave	33,792	39,736
Long service leave	<u>16,463</u>	<u>11,911</u>
	<u>50,255</u>	<u>51,647</u>
<i>Non-current liabilities</i>		
Long service leave	<u>8,677</u>	<u>6,643</u>

Accounting policy for employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for salary and wages where the employee has provided the service but payment has not yet occurred at the reporting date. They are measured at amounts expected to be paid, plus related on-costs. Non-accumulating sick leave is expensed when the leave is taken and measured at the rates paid or payable.

An annual leave liability is recognised for the amount expected to be paid if the company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be reliably estimated. The company's obligations for short-term employee benefits such as salaries and wages are recognised as part of current trade and other payables in the statement of financial position. The company's obligations for employees' annual leave and long service leave entitlements are recognised in employee benefits in the statement of financial position.

Superannuation contributions

Contributions to superannuation plans are expensed in the period in which they are incurred.

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Maldon & District Financial Services Limited
Notes to the financial statements
30 June 2023

Note 16. Employee benefits (continued)

Other long-term employee benefits

The company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior reporting periods.

That benefit is discounted to determine its present value. Consideration is given to expected future wage and salary levels plus related on-costs, experience of employee departures, and years of service achieved. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

Remeasurements are recognised in profit or loss in the period in which they arise.

Note 17. Member funds

	2023 \$	2022 \$
<i>Current liabilities</i>		
Member - pledge holder funds	<u>246,460</u>	<u>246,960</u>

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 2023 the number of members was 208 (2022: 165).

Note 18. Retained earnings

	2023 \$	2022 \$
Retained earnings at the beginning of the financial year	827,014	800,764
Profit after income tax expense for the year	<u>638,785</u>	<u>26,250</u>
Retained earnings at the end of the financial year	<u>1,465,799</u>	<u>827,014</u>

Note 19. Capital management

The board's policy is to maintain a strong capital base so as to sustain future development of the company. The board monitor the return on capital and the level of distributions to shareholders. Capital is represented by total equity as recorded in the statement of financial position.

In accordance with the franchise agreement, in any 12 month period the funds distributed to shareholders shall not exceed the distribution limit.

The distribution limit is the greater of:

- 20% of the profit or funds of the company otherwise available for distribution to shareholders in that 12 month period; and
- subject to the availability of distributable profits, the relevant rate of return multiplied by the average level of share capital of the company over that 12 month period where the relevant rate of return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

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 financial year can be seen in the statement of profit or loss and other comprehensive Income.

Maldon & District Financial Services Limited
Notes to the financial statements
30 June 2023

Note 19. Capital management (continued)

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

Note 20. Financial instruments

	2023 \$	2022 \$
Financial assets		
Trade and other receivables	146,103	114,408
Cash and cash equivalents	<u>1,056,092</u>	<u>569,501</u>
	<u>1,202,195</u>	<u>683,909</u>
Financial liabilities		
Trade and other payables	103,870	252,611
Lease liabilities	-	28,467
Bank loans	7	6
Member funds	<u>246,460</u>	<u>246,960</u>
	<u>350,337</u>	<u>528,044</u>

Accounting policy for financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The company's financial instruments include trade debtors and creditors, cash and cash equivalents, borrowings and lease liabilities.

Trade receivables are initially recognised at the transaction price when they originated. All other financial assets and financial liabilities are initially measured at fair value plus transaction costs (where applicable), when the company becomes a party to the contractual provisions of the instrument. These assets and liabilities are subsequently measured at amortised cost using the effective interest method.

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the rights are transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and rewards associated with the asset. Financial liabilities are derecognised when its contractual obligations are discharged, cancelled, or expire. Any gain or loss on derecognition is recognised in profit or loss.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the company currently has a legally enforceable right to set off the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Financial risk management

The company has exposure to credit, liquidity and market risk arising from financial instruments. The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the company. The company does not use derivative instruments. Risk management is carried out directly by the board.

Market risk

Market risk is the risk that changes in market prices - e.g. foreign exchange rates, interest rates, and equity prices - will affect the company's income or the value of its holdings in financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The company has no exposure to any transactions denominated in a currency other than Australian dollars.

Interest-bearing assets and liabilities are held with Bendigo Bank and earnings on those are subject to movements in market interest rates. 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 held cash and cash equivalents of \$1,056,092 at 30 June 2023 (2022: \$569,501).

Maldon & District Financial Services Limited
Notes to the financial statements
30 June 2023

Note 20. Financial instruments (continued)

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.

Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's receivables from customers.

The company's franchise agreement limits the company's credit exposure to one financial institution, being Bendigo Bank. The company monitors credit worthiness through review of credit ratings, Bendigo Bank is rated BBB+ on Standard & Poor's credit ratings.

Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

Financing arrangements

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time and has a floating year of maturity.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities. The contractual cash flow amounts are gross and undiscounted and therefore may differ from their carrying amount in the statement of financial position.

	1 year or less	Between 1 and 5 years	Over 5 years	Remaining contractual maturities
	\$	\$	\$	\$
2023				
Trade and other payables	<u>103,870</u>	-	-	<u>103,870</u>
Total non-derivatives	<u>103,870</u>	-	-	<u>103,870</u>
2022				
Trade and other payables	<u>252,611</u>	-	-	<u>252,611</u>
Lease liabilities	<u>29,209</u>	-	-	<u>29,209</u>
Total non-derivatives	<u>281,820</u>	-	-	<u>281,820</u>

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 and Executive Officer
- (b) Directors: all of whom are non-executive directors.

Maldon & District Financial Services Limited
Notes to the financial statements
30 June 2023

Note 21. Key management personnel disclosures (continued)

Compensation of the company's key management personnel includes salaries and contributions to a post-employment superannuation fund.

Note 22. Remuneration of auditors

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

	2023 \$	2022 \$
<i>Audit services</i>		
Audit or review of the financial statements	3,780	3,100
<i>Other services</i>		
General advisory services	1,465	1,695
	<u>5,245</u>	<u>4,795</u>

Note 23. Reconciliation of profit after income tax to net cash provided by operating activities

	2023 \$	2022 \$
Profit after income tax expense for the year	638,785	26,250
Adjustments for:		
Depreciation and amortisation	61,632	62,675
Lease liabilities interest	743	2,061
Change in operating assets and liabilities:		
Increase in trade and other receivables	(30,778)	(24,444)
Increase/(decrease) in trade and other payables	(135,763)	28,050
Increase/(decrease) in employee benefits	642	(4,690)
Increase/(decrease) in other provisions	<u>(5,983)</u>	<u>346</u>
Net cash provided by operating activities	<u>529,278</u>	<u>90,248</u>

Note 24. Commitments

The company has no commitments contracted for which would be provided for in future reporting periods.

Note 25. Contingencies

There were no contingent liabilities or contingent assets at the date of this report.

Note 26. Events after the reporting period

During the financial year, the board made the decision to close the Newstead Rural Transaction Centre. The decision was communicated to members on 20 June 2023. The Rural Transaction Centre is no longer in operation from 13 July 2023.

No other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Maldon & District Financial Services Limited
Notes to the financial statements
30 June 2023

Note 21. Key management personnel disclosures (continued)

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 11%. 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.

KMP 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 Chair, Deputy Chair, Treasurer and Assistant Treasurer are paid additional fees on top of their Director fee, to assist in compensating for additional time and duties involved in holding these roles.

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 can be 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.

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.

Compensation

Key management personnel compensation comprised the following.

	2023	2022
	\$	\$
Directors	56,230	54,452
Executives	<u>182,616</u>	<u>166,017</u>
	<u><u>238,846</u></u>	<u><u>220,469</u></u>

Director's declaration

Maldon & District Financial Services Limited

Directors' declaration

30 June 2023

In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in the notes to the financial statements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the *Corporations Act 2001*.

On behalf of the directors



Ross Arthur Egleton
Chair

27 September 2023

Independent auditor's report



Andrew Frewin Stewart
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Independent auditor's report to the Directors of Maldon & District Financial Services Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Maldon & District Financial Services Limited (the company), which comprises:

- Statement of financial position as at 30 June 2023
- Statement of profit or loss and other comprehensive income
- Statement of changes in equity
- Statement of cash flows
- Notes to the financial statements, including a summary of significant accounting policies
- The directors' declaration of the company.

In our opinion, the accompanying 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 2023 and of its financial performance for the year ended on that date; and
- ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

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.

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 (including Independence Standards)* (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.



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Independent auditor's report

Other Information

The other information comprises the information included in the company's annual report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon. The annual report may also include "other information" on the company'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. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the company are responsible for the preparation of the financial report that 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.

The directors are responsible for overseeing the company's financial reporting process.

Auditor's responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists.

Independent auditor's report

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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.


Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 27 September 2023


Joshua Griffin
Lead Auditor

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**Community Bank
Maldon & District**

 **Bendigo Bank**