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# Macedon Ranges

## Community Enterprises Ltd

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ABN: 57 130 493 499

### Interim Financial Report

For the half-year ended

31 December 2023

Prepared by:



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# Macedon Ranges Community Enterprises Ltd

## Directors' Report

The directors present their report together with the financial statements of the company for the half-year ended 31 December 2023.

### Directors

The names of directors who held office during the half-year and until the date of this report are as below:

Malcolm Carter (appointed 30 Oct 2023)	David Thomas
Erin McKinnon	Andrew Kincaid
Dominic Andreacchio	Amalia Chilianis (appointed 10 Jul 2023, resigned 30 Oct 2023)
Rebecca Thorpe	David Gunn (resigned 8 Feb 2024)
Alison Fowler	

### Principal activity

The principal activity of the company during the financial period was facilitating Community Bank services under management rights of Bendigo and Adelaide Bank Limited (Bendigo Bank).

### Review of operations

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

Half-year ended 31 December 2023	Half-year ended 31 December 2022
\$ 178,374	\$ 301,788

The Reserve Bank of Australia (RBA) increased the cash rate by 2.25% during the previous period moving from 0.85% to 3.10% at 31 December 2022. Since then the cash rate has increased by 1.25% to 4.35% as at 31 December 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.

While the cash rate has increased, from 1 July 2023 Bendigo Bank updated the Funds Transfer Pricing (FTP) base rate on certain deposits which has impacted the income earned on these products. These changes were made to ensure the FTP is consistent with Bendigo Bank's interest rate risk management processes.

### Events after the end of the reporting period

There are no matters or circumstances that have arisen since the end of the half year reporting period that have significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company.

### Auditor's independence declaration

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

Signed in accordance with a resolution of the directors at Gisborne, Victoria on 8th March 2024.

Deputy Chair



Erin McKinnon



Andrew Frewin Stewart  
61 Bull Street Bendigo VIC 3550  
ABN: 65 684 604 390  
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(03) 5443 0344

## Lead auditor's independence declaration under section 307C of the *Corporations Act 2001* to the Directors of Macedon Ranges Community Enterprises Ltd

We declare that, to the best of our knowledge and belief, for the half-year ended 31 December 2023 there have been no contraventions of:

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

A handwritten signature in black ink, appearing to read 'Andrew Frewin Stewart', is positioned above the printed name.

**Andrew Frewin Stewart**  
61 Bull Street, Bendigo Vic 3550  
Dated: 8 March 2024

A handwritten signature in black ink, appearing to read 'Joshua Griffin', is positioned above the printed name.

**Joshua Griffin**  
Lead Auditor

# Macedon Ranges Community Enterprises Ltd

## Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 31 December 2023

	Note	31-Dec-23 \$	31-Dec-22 \$
Revenue from contracts with customers	5	1,068,607	1,156,870
Finance revenue		11,869	955
Employment expenses		(528,265)	(441,287)
Charitable donations and sponsorship		(102,624)	(124,633)
Depreciation and amortisation		(73,031)	(77,625)
Occupancy expenses		(14,161)	(13,826)
IT expenses		(15,532)	(15,728)
Insurance expense		(10,414)	(11,088)
Marketing and advertising		(25,293)	(19,801)
ATM costs		(8,125)	(7,923)
Professional services		(15,945)	(12,112)
Printing & stationery		(3,899)	(4,682)
Interest expense		(5,468)	(2,908)
Other expenses		(39,886)	(23,076)
<b>Profit before income tax</b>		<b>237,833</b>	<b>403,136</b>
Income tax expense		(59,459)	(101,348)
<b>Profit after income tax</b>		<b>178,374</b>	<b>301,788</b>
<b>Total comprehensive income for the half-year attributable to the ordinary shareholders of the company:</b>		<b>178,374</b>	<b>301,788</b>
<b>Earnings per share</b>		¢	¢
- Basic and diluted earnings per share:		24.66	41.73

# Macedon Ranges Community Enterprises Ltd

## Statement of Financial Position

For the half-year ended 31 December 2023

	Note	31-Dec-23 \$	30-Jun-23 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		379,804	445,749
Trade and other receivables		164,556	175,052
Financial assets		492,149	292,149
Other assets		19,468	13,200
<b>Total current assets</b>		<b>1,055,977</b>	<b>926,150</b>
<b>Non-current assets</b>			
Property, plant and equipment		119,559	106,629
Right of use assets	7	278,123	31,921
Intangible assets		68,461	5,129
Deferred tax assets		33,495	36,737
<b>Total non-current assets</b>		<b>499,638</b>	<b>180,416</b>
<b>TOTAL ASSETS</b>		<b>1,555,615</b>	<b>1,106,566</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		102,336	54,097
Current tax liabilities		83,175	46,997
Franchise fee payable		14,019	-
Lease liabilities	8	48,827	29,306
Employee benefits		45,528	58,422
Provision for dividends		3,212	1,861
<b>Total current liabilities</b>		<b>297,097</b>	<b>190,683</b>
<b>Non-current liabilities</b>			
Franchise fee payable		42,058	-
Make good provision		33,466	47,782
Lease liabilities	8	243,540	-
Employee benefits		5,798	4,337
<b>Total non-current liabilities</b>		<b>324,862</b>	<b>52,119</b>
<b>TOTAL LIABILITIES</b>		<b>621,959</b>	<b>242,802</b>
<b>NET ASSETS</b>		<b>933,656</b>	<b>863,764</b>
<b>EQUITY</b>			
Issued capital		704,766	704,766
Retained earnings		228,890	158,998
<b>TOTAL EQUITY</b>		<b>933,656</b>	<b>863,764</b>

The accompanying notes form part of these financial statements

# Macedon Ranges Community Enterprises Ltd

## Statement of Changes in Equity

For the half-year ended 31 December 2023

	Note	Issued capital \$	Retained earnings \$	Total equity \$
<b>Balance at 1 July 2022</b>		704,766	47,459	752,225
Total comprehensive income for the half-year		-	301,788	301,788
<b>Transactions with owners in their capacity as owners:</b>				
Dividends provided for or paid	6	-	(72,321)	(72,321)
<b>Balance at 31 December 2022</b>		<b>704,766</b>	<b>276,926</b>	<b>981,692</b>
<b>Balance at 1 July 2023</b>		704,766	158,998	863,764
Total comprehensive income for the half-year		-	178,374	178,374
<b>Transactions with owners in their capacity as owners:</b>				
Dividends provided for or paid	6	-	(108,482)	(108,482)
<b>Balance at 31 December 2023</b>		<b>704,766</b>	<b>228,890</b>	<b>933,656</b>

# Macedon Ranges Community Enterprises Ltd

## Statement of Cash Flows

For the half-year ended 31 December 2023

	2023	2022
	\$	\$
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of GST)	1,170,909	1,152,182
Payments to suppliers and employees (inclusive of GST)	(815,409)	(629,845)
Interest received	1,866	771
Interest paid	(5,468)	(2,908)
Income taxes paid	(20,039)	(8,899)
<b>Net cash provided by operating activities</b>	<b>331,859</b>	<b>511,301</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(40,631)	(5,795)
Purchase of financial assets	(200,000)	-
Payments for intangible assets	(14,020)	(14,082)
<b>Net cash used in investing activities</b>	<b>(254,651)</b>	<b>(19,877)</b>
<b>Cash flows from financing activities</b>		
Lease payments (principal component)	(36,022)	(31,933)
Dividends paid	(107,131)	(71,621)
<b>Net cash used in financing activities</b>	<b>(143,153)</b>	<b>(103,554)</b>
<b>Net cash increase/(decrease) in cash held</b>	<b>(65,945)</b>	<b>387,870</b>
Cash and cash equivalents at the beginning of the financial year	445,749	321,066
<b>Cash and cash equivalents at the end of the half-year</b>	<b>379,804</b>	<b>708,936</b>

# Macedon Ranges Community Enterprises Ltd

## Notes to the Financial Statements

For the half-year ended 31 December 2023

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### **Note 1. Summary of significant accounting policies**

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#### **Statement of compliance**

These general purpose financial statements for the interim half-year reporting period ended 31 December 2023 have been prepared in accordance with Australian Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Act 2001*, as appropriate for for-profit entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard *IAS 34 Interim Financial Reporting*.

#### **Basis of preparation**

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.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2023.

#### **Accounting policies**

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

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### **Note 2. Events subsequent to reporting date**

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There are no matters or circumstances that have arisen since the end of the half year reporting period that have significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company.

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### **Note 3. Contingent assets and liabilities**

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There were no contingent assets or liabilities at the date of this report that would materially affect the financial statements at the reporting date.

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### **Note 4. Related parties**

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There were no transactions with related parties during the current financial half-year. For details on the arrangements in place during the previous half-year, refer to the 30 June 2023 annual financial report.

# Macedon Ranges Community Enterprises Ltd

## Notes to the Financial Statements

For the half-year ended 31 December 2023

	31-Dec-23	31-Dec-22
<b>Note 5. Revenue from contracts with customers</b>	<b>\$</b>	<b>\$</b>
Margin income	964,127	1,045,052
Fee income	48,350	50,685
Commission income	56,130	61,133
Revenue from contracts with customers	<u>1,068,607</u>	<u>1,156,870</u>

### Disaggregation of revenue

All revenue from contracts with customers has been recognised at a point in time during the half-year.

	31-Dec-23		31-Dec-22	
<b>Note 6. Dividends provided for or paid</b>	<b>Cents</b>	<b>\$</b>	<b>Cents</b>	<b>\$</b>
<b>a) Dividends paid during the period</b>				
Fully franked dividend	10	72,321	10	72,321
Special dividend fully franked	5	36,161	0	-
Total dividends paid during the period	<u>15</u>	<u>108,482</u>	<u>10</u>	<u>72,321</u>

The tax rate at which dividends have been franked is 25% (2022: 25%).

	31-Dec-23	30-Jun-23
<b>Note 7. Right-of-use assets</b>	<b>\$</b>	<b>\$</b>
<i>Non-current assets</i>		
Leased land and buildings - right-of-use	284,767	316,806
Less: Accumulated depreciation	(6,644)	(284,885)
	<u>278,123</u>	<u>31,921</u>

# Macedon Ranges Community Enterprises Ltd

## Notes to the Financial Statements

For the half-year ended 31 December 2023

<b>Note 8. Lease liabilities</b>	<b>31-Dec-23</b>	<b>30-Jun-23</b>
	<b>\$</b>	<b>\$</b>
<i>Current liabilities</i>		
Lease liability	48,827	29,306
	<u>48,827</u>	<u>29,306</u>
<i>Non-current liabilities</i>		
Lease liability	243,540	-
	<u>243,540</u>	<u>-</u>
<i>Remeasurement adjustments</i>		

During the half-year the company entered in to a new 5 year lease agreement for the branch premises. The new lease agreement includes three further 5 year extension options which if exercised would extend the lease to November 2043. The company has determined it is reasonably certain to exercise these options, however has elected not to remeasure the lease term end date to November 2043. This is due to current market conditions of community banks as it is hard to estimate if the branch is to continue operating for the whole lease term including further options. Bendigo Bank franchise fees are also invoiced every 5 years so only recognising the initial 5 year lease term is in line with the current agreement. Macedon Ranges has historically recognised lease terms in line with the term of their franchise agreement.

# Macedon Ranges Community Enterprises Ltd

## Directors' Declaration

In the opinion of the directors of Macedon Ranges Community Enterprises Ltd ("the company"):

1. The financial statements and notes thereto are in accordance with the *Corporations Act 2001* including:
  - a. giving a true and fair view of the financial position of the entity as at 31 December 2023 and of its performance, as represented by the results of its operations and cash flows for the half-year ended on that date;
  - b. complying with Australian Accounting Standard *AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*; and
2. There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Chair



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**Erin McKinnon**

Dated this 8th day of March 2024



Andrew Frewin Stewart  
61 Bull Street Bendigo VIC 3550  
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afs@afsbendigo.com.au  
(03) 5443 0344

# Independent auditor's review report to the Directors of Macedon Ranges Community Enterprises Ltd

## Report on the half-year financial report

### Conclusion

We have reviewed the half-year financial report of Macedon Ranges Community Enterprises Ltd (the company), which comprises the statement of financial position as at 31 December 2023, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the accompanying half-year financial report of Macedon Ranges Community Enterprises Ltd does not present fairly, in all material respects, the company's financial position at 31 December 2023, and of its financial performance and its cash flows for the half-year ended on that date, in accordance with the *Corporations Act 2001* and Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

### Basis for Conclusion

We conducted our review in accordance with ASRE 2410: *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the company, would be in the same terms if given to the directors as at the time of this auditor's review report.

### Responsibility of the directors for the financial report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with the Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation and fair presentation of the of the half-year financial report that is free from material misstatement, whether due to fraud error.

## Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the half-year financial report does not present fairly, in all material respects in accordance with the *Corporations Act 2001* including giving a true and fair view of the company's financial position as at 31 December 2023 and its performance for the half-year ended on that date, in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



**Andrew Frewin Stewart**  
61 Bull Street, Bendigo VIC 3550  
Dated: 8 March 2024



**Joshua Griffin**  
Lead Auditor