

Annual Report 2022

Maffra & District Community
Financial Services Limited

Community Bank
Maffra & District

ABN 14 600 481 178

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Chairman's Report

For the year ending 30 June 2022



On behalf of Maffra & District Community Financial Services Limited, I am pleased to present our seventh Annual Report.

We continue to work closely with and are supported by the Bendigo and Adelaide Bank Limited in our endeavours to ensure that our customers have the best possible experience.

Although this has been another difficult year for our community marked by the covid, business has almost returned to normal with the branch being open every day. We are now the only bank in Maffra and surrounds offering a complete service with over-the-counter transactions, loans and insurance to assist our new and old customers.

Margins like interest rates have been at all-time lows. nevertheless, our business has remained profitable and continued to grow. The bank has again had an excellent year with revenue growth of 14% our footings are up by 21% and our operating profit has also increased substantially, we have exceeded our projected targets and thanks to our excellent financial position we will pay another dividend to shareholders.

For the first time in two years, we have held cheque presentations. Since the bank commenced operations, we have invested more than \$170,000 back into the community. This year we have returned over \$21,452 in the form of sponsorships to the local community as well as a further \$4,268 in donations. One of our projects was a trivia night in support of Gippsland Lifeline.

Following on from last year's Trivia Night which supported Gippsland Lifeline the bank has entered into a partnership with that organization and is providing them with an office and facilities in Maffra from which to conduct their business.

There have been a number of changes in our staff over the past twelve months, Sam Shingles has moved on into a different career path and our Secretary Traci Grogan has found full time employment. We wish them both well in their new careers. Following an extensive interview process Georgie Ebling joined the team on the counter and Haarmoni Bennett has taken on the role of CRO, Sarah Dearne has taken on the role of Secretary.

Renee our manager and her staff have again done an exceptional job developing and growing our business in difficult circumstances and constantly striving for the pursuit of excellence in client service.

Ryan Crawford one of our founding Board members has decided to resign to allow himself more time with his family, his expertise will be sadly missed.

Our scholarship recipient and junior Board member this year was Matthew Herzog who has been a valuable addition to the Board.

Maffra & District Community Financial Services Limited

The Board's Marketing Committee has met on a regular basis to promote the activities of the Bank under the leadership of Board Member Linda Hunt. The Board has continued to meet monthly via Zoom, and I thank all members for their time and commitment to the organization.

Finally, thank you to the community, shareholders and customers for your continued support. The challenges will continue in the coming year but with an easing of restrictions with a dedicated staff and supportive Board we are well placed to meet those challenges and continue to grow.

A handwritten signature in black ink, appearing to read 'Rob Christie', with a stylized flourish at the end.

Rob Christie
Chairperson

Manager's Report

For the year ending 30 June 2022

REGIONAL VIC/TAS BRANCH OF THE YEAR

In what has been an extremely challenging 12 months in both Maffra and its surrounding communities, the Maffra and District Community Bank Branch has yet again managed to exceed expectations and projected targets, showing unprecedented growth in both Loans and Deposits for the 2021/2022 financial year. With a target of \$2,100,000 in loans we managed \$13,342,448 which is 535.35% of lending target achieved.

Our Deposit target of \$5,100,000 was again obliterated with an actual amount of \$9,864,131, 193.41% of Deposit target achieved. This year saw us have a Regional Vic/Tas awards night this year for the first time, albeit over Teams, the achievements we have made over the past 3 years saw Maffra & District Community Bank nominated in the top 5 branches of the year in both 19/20 & 20/21 and finally winners for 21/22 financial years.

Faced with the ramifications of the Covid-19 pandemic, this is a truly amazing result. The team rallied to continually promote the brand and support our customers throughout what to some would have been the toughest time in their lives.

December 2021 saw Sam Shingles sadly resign from our Branch and move onto bigger things, Sam had been with us since 2016, it was sad to see her go. Haarmoni Bennett was promoted into the full time Customer Relationship Officer position which was left vacant by Sam. On the 5th of April we welcomed Georgie Ebeling to our team to fill the Full Time Customer Service Officer position left vacant by Haarmoni's promotion.

To say I am proud of the dedication of the team throughout these testing times is an understatement. Their commitment to the branch was extremely admirable, with many days of understaffing and growing workloads, an increasing customer base, uncertainty within the community and the world as a whole and enforced restrictions limiting and modifying their interactions causing an understandable pressure to their role and their working environment. Having said that, from adversity comes strength and a strong sense of community. We were extremely pleased and humbled to receive many commendations and messages of gratitude from our customers, existing and new, throughout this year for our excellence in customer service and our care and support shown for both them and our community.

We have managed to proudly financially support some great local organisations, groups and community projects and, more importantly, we have still managed to build genuine relationships, partnerships and our brand in the community.

We are grateful that, year upon year, the Board and its members have supported our endeavours and ideas and the results we have achieved this financial year could not have been achieved without this support and that of our amazing customers, shareholders and the local communities – we thank you all.



Renee Vidler
Branch Manager

SPONSORSHIPS 2021-22



Sponsorship Recipient List

- Briagolong Tennis Club
- Boisdale Briagolong FNC
- Desert Racing
- Maffra Cricket Club
- Maffra Gymnastics
- Stratford Bowls Club
- Sale City Pink Socks



Message from Head of Community Banking

Community Bank Report 2022

July 2022

Community continues to be core to who we are at Bendigo and Adelaide Bank.

With your support, we are enabling community infrastructure to be built, strengthening the arts and culturally diverse communities, improving educational outcomes, and growing healthy places for Australians to live and work. On behalf of the Bank, thank you for continuing to play a vital role in supporting your community.

As we emerge from the pandemic and navigate a shifting economic landscape, the investments our Community Banks make in the future of the communities in which they operate has never been more important.

We are proud that more Australians are choosing to do their banking with Bendigo and Adelaide Bank – and importantly trust us with their financial needs. We are Australia’s most trusted bank (Roy Morgan, May 2022), an outcome that you have all contributed to and should feel proud of.

Our purpose has never been more important; we remain committed to continuing to feed into the prosperity of our customers and communities, and not off them.

Your ongoing support as a shareholder is essential to the success of your local community. Together, we will continue to grow sustainably and make a positive impact for generations to come.

Warmest regards,



Justine Minne
Bendigo and Adelaide Bank

Message from CBNC Chair



As a shareholder in your local Community Bank, you are part of this incredible social network that is playing an increasingly important role in the Australian economy.

The Community Bank network was a first mover in Australia with its unique social enterprise model. The first Community Bank opened its doors in 1998, and since then, the network has grown to 307 Community Bank branches.

The network represents a diverse cross-section of Australia with 240 social enterprises, 70,000+ shareholders, 1600+ volunteer directors, 1600+ staff and 905,000 customers located in metro, regional, rural and remote locations across the country. It's not uncommon to visit a country town and see the Community Bank logo affixed to public amenities; at the front of schools, and on the perimeter of sporting clubs – such is the breadth and depth of our investments over the years.

The Community Bank network invests via grants, donations and sponsorships that connect with and care for generations of Australians. Funding programs range from sport, scholarships and school programs, through to community groups, cultural organisations and local councils. The Community Bank influence further extends to facilitating and attracting other partners to help subsidise much needed community projects.

The relationship with the Bank, which has been fashioned out of shared effort, risk and reward, is clearly a philosophy that works. Also supporting the network, is the Community Bank National Council (CBNC), which advocates and influences on behalf of the 240 community enterprises with its partners.

The three strategic pillars of the 22-23 CBNC strategy are to:

- Develop a community network strategy to ensure the ongoing sustainability of our community enterprises
- Advocate for and champion the uniqueness and value of our social enterprises
- Unite the network to leverage our community presence and amplify our community impact

All directors and shareholders should feel proud of the network which has collectively delivered enormous impact in our local communities.

We are community builders and investors with a national presence, whilst still retaining grass roots community connections. It's through this unique point of difference, and the commitment of our directors and shareholders, that we are well positioned to embrace the change that is upon us.

Next year our Community Bank network celebrates 25 years, but in many respects, it's only the beginning for our collective of social enterprises.

Warm regards

A handwritten signature in blue ink, appearing to read 'Sarah Franklyn', is positioned above the printed name.

Sarah Franklyn
CBNC Chair

Maffra & District Community Financial Services Limited

Directors' Report

For the year ended 30 June 2022

The Directors present their report, together with the financial statements, on Maffra & District Community Financial Services Limited Ltd for the financial year ended 30 June 2022.

Board of Directors

The following persons were Directors of Maffra & District Community Financial Services Limited Ltd during the whole of the financial year up to the date of this report, unless otherwise stated:

Robert William Christie	
Title:	Chair
Qualifications:	Bachelor of Arts, Diploma of Education, Former School Principal
Experience & Expertise:	Deputy Chair 5 Star Project Sale, Com. Of Management La Trobe's Cottage Melbourne, Quarry Reserve Com. Briagolong, Gracehill Project Northern Ireland, Com. Friends of Grant, La Trobe Society, Friends of La Trobe Cottage

Kylie Maree Hadden	
Title:	Secretary
Qualifications:	Advanced Diploma Hospitality Studies
Experience & Expertise:	Owner operator of a local Jewellers (2000- present). Maffra Playgroup (secretary) 3yrs. Glassford Kindergarten (President). Maffra Primary School P&F (treasurer) 6yrs and Maffra Primary School Mardi Gras Committee (treasurer). Associated with Maffra Basketball, Maffra Angling Club & Maffra Secondary College.

Ryan James Crawford (Resigned)	
Title:	Secretary
Qualifications:	Lawyer- LL.B (Hons) B.Com. GDLP - Member of the Law Institute of Victoria
Experience & Expertise:	Ryan's qualifications and experience include Practising Australian Legal Practitioner since January 2012 at a local law firm in Maffra. Involved with/member of Maffra Bowls Club, Maffra Hockey Club, Maffra Squash and Racquetball Club, Gippsland Vehicle Collection, Maffra Dramatic Society and Maffra Community Sports Club.

Tomas Justin Pritchett	
Title:	Treasurer
Qualifications:	Diploma of Accounting, Registered Tax Agent, Member of The Tax Institute
Experience & Expertise:	Accountant with local Accounting firm, 19 years' experience in a public accounting practice. Treasurer Stradroke Cricket Club for 10 years.

Neil Joseph Gannon	
Title:	Non-Executive Director
Qualifications:	AICD & Qualified as diesel mechanic.
Experience & Expertise:	Owner Manager of irrigation dairy farm. Past Board member of Gippsland and Southern Rural Water Corporation and Gippsland Herd Improvement. Current East Gippsland representative of Victorian Farmers Federation Water Resources Committee and Secretary of Tinamba Public Hall Inc.

Maffra & District Community Financial Services Limited

Directors' Report

For the year ended 30 June 2022

Helen Ann Montague	
Title:	Non-Executive Director
Qualifications:	Registered Division 1 Nurse, Community Emergency Facilitator, Advanced Diploma of
Experience & Expertise:	Vice Chair Stretton Park Board of Management, Secretary of Wellington Shire Heritage Network(WSHN), Secretary- Boisdale & District Progress Association, Boisdale & District History Group and Secretary of Boisdale Stables Sub-Committee. Committee Member of Boisdale Public Hall, Valencia Soldier's Memorial Hall and Boisdale-Briagolong Red Cross. Member of Maffra State Emergency Service and Warden of St George's Church Boisdale, for Anglican Parish of Maffra.

Peter Young	
Title:	Non-Executive Director
Qualifications:	Diploma of Agriculture and Diploma of Valuation and Farm Management
Experience & Expertise:	Past President Briagolong and District Lions Club, Briagolong Junior Football Club, Gippsland Sheep Breeders Assoc., and life member of Gippsland Sheep Breeders Assoc. and the Briagolong CFA.

Linda Hunt	
Title:	Non-Executive Director
Qualifications:	Diploma of Business, Bachelor of Health Science and Master of Project Management (current)
Experience & Expertise:	President of the Sale Neighbourhood House and committee member of the Maffra Business and Tourism Association

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

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

Directors' Meetings

Attendances by each Director during the year were as follows:

Director	Board Meetings	
	A	B
Robert William Christie	12	11
Kylie Maree Hadden	12	11
Ryan James Crawford (Resigned)	7	6
Tomas Justin Pritchett	12	11
Neil Joseph Gannon	12	12
Helen Ann Montague	12	12
Peter Young	12	12
Linda Hunt	12	9

A - The number of meetings eligible to attend.

B - The number of meetings attended.

Maffra & District Community Financial Services Limited

Directors' Report

For the year ended 30 June 2022

Company Secretary

The following person held the position of Company Secretary at the end of the financial year.

Kylie Maree Hadden	
Title:	Deputy Chair
Qualifications:	Advanced Diploma Hospitality Studies
Experience & Expertise:	Owner operator of a local Jewellers (2000- present). Maffra Playgroup (secretary) 3yrs. Glassford Kindergarten (President). Maffra Primary School P&F (treasurer) 6yrs and Maffra Primary School Mardi Gras Committee (treasurer). Associated with Maffra Basketball, Maffra Angling Club & Maffra Secondary College.

Principal Activities

The principal activities of the company during the course of the financial year were in providing Community Bank branch services under management rights to operate a franchised branch of Bendigo and Adelaide Bank Limited.

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

Operating Results

The profit of the company for the financial year after provision for income tax was:

	30 June 2022 (\$)	30 June 2021 (\$)	Movement
Profit After Tax	83,608	11,941	600%

Directors' Benefits

No director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a director, a firm which a director is a member or an entity in which a director has a substantial financial interest.

Director's Interests

Director	Fully Paid Ordinary Shares		
	Balance at 1 July 2021	Changes During the Year	Balance at 30 June 2022
Robert William Christie	5,001	-	5,001
Kylie Maree Hadden	5,001	-	5,001
Ryan James Crawford (Resigned)	5,001	-	5,001
Tomas Justin Pritchett	3,001	-	3,001
Neil Joseph Gannon	2,001	-	2,001
Helen Ann Montague	5,000	-	5,000
Peter Young	-	-	-
Linda Hunt	-	-	-

Maffra & District Community Financial Services Limited

Directors' Report

For the year ended 30 June 2022

Dividends

During the financial year, no dividends were provided for and paid.

Options

No options over issued shares were granted during or since the end of the financial year and there were no options outstanding as at the date of this report.

Significant Changes in the State of Affairs

During the financial year, the Australian economy was greatly impacted by COVID-19. Bendigo Bank, as franchisor, announced a suite of measures aimed at providing relief to customers affected by the COVID-19 pandemic. The uncertain economic conditions has not materially impacted the company's earnings for the financial year. As the pandemic continues to affect the economic environment, uncertainty remains on the future impact of COVID 19 to the company's operations.

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

Events Since the end of the Financial Year

No matters or circumstances have arisen since the end of the financial year that significantly impact or may significantly impact the operations of the company, the results of those operations or the state of affairs of the company, in future financial years.

Likely Developments

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

Environmental Regulations

The company is not subject to any significant environmental regulation.

Indemnification & Insurance of Directors & Officers

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

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

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*.

Maffra & District Community Financial Services Limited

Directors' Report

For the year ended 30 June 2022

The Board of Directors 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 are reviewed and approved by the Board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- none of the services 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 on page 6 of this financial report.

Signed in accordance with a resolution of the Board of Directors at Maffra, Victoria.



Robert Christie
Chair/Director

Dated this 28th day of September, 2022



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Bendigo, Victoria
PO Box 448, Bendigo, VIC, 3552

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admin@rsdaudit.com.au
www.rsdaudit.com.au

Auditors Independence Declaration under section 307C of the Corporations Act 2001 to the Directors of Maffra & District Community Financial Services Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Maffra & District Community Financial Services Limited. As the lead audit partner for the audit of the financial report for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) The auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) Any applicable code of professional conduct in relation to the audit.

RSD Audit

A handwritten signature in blue ink, appearing to read 'Kathie Teasdale'.

Kathie Teasdale
Partner
41A Breen Street
Bendigo VIC 3550

Dated: 30 September 2022

Maffra District Community

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2022

	Note	2022 \$	2021 \$
Revenue			
Revenue from contracts with customers	7	603,409	504,748
Other revenue	8	17,010	36,581
Finance income	9	879	1,200
		621,298	542,529
Expenses			
Employee benefits expense	10	(314,447)	(300,256)
Depreciation and amortisation	10	(48,788)	(51,959)
Finance costs	10	(7,335)	(6,958)
Administration and general costs		(76,627)	(84,942)
Occupancy expenses		(19,947)	(19,800)
IT expenses		(16,123)	(18,018)
		(483,267)	(481,933)
Operating profit before charitable donations and sponsorship		138,031	60,596
Charitable donations and sponsorship	10	(26,552)	(46,210)
Profit before income tax		111,479	14,386
Income tax expense	11	(27,871)	(2,445)
Profit for the year after income tax		83,608	11,941
Total comprehensive income for the year		83,608	11,941
Profit attributable to the ordinary shareholders of the company		83,608	11,941
Total comprehensive income attributable to ordinary shareholders of the company		83,608	11,941
Earnings per share		¢	¢
- basic and diluted earnings per share	29	9.53	1.36

The accompanying notes form part of these financial statements

Maffra & District Community Financial Services Limited

Statement of Financial Position

For the year ended 30 June 2022

	Note	2022 \$	2021 \$
Assets			
Current assets			
Cash and cash equivalents	12	526,194	405,755
Trade and other receivables	13	71,444	49,230
Other assets	14	8,607	8,436
Total current assets		606,245	463,421
Non-current assets			
Property, plant and equipment	15	129,286	141,529
Right-of-use assets	16	169,190	190,561
Intangible assets	17	186,926	199,965
Deferred tax assets	18	9,995	14,118
Total non-current assets		495,397	546,173
Total assets		1,101,642	1,009,594
Liabilities			
Current liabilities			
Trade and other payables	19	71,611	56,488
Current tax liability	18	23,746	-
Lease liabilities	20	19,662	18,915
Employee benefits	21	13,602	11,399
Total current liabilities		128,621	86,802
Non-current liabilities			
Trade and other payables	19	13,038	26,077
Lease liabilities	20	161,211	178,685
Employee benefits	21	2,330	5,197
Total non-current liabilities		176,579	209,959
Total liabilities		305,200	296,761
Net assets		796,442	712,833
Equity			
Issued capital	22	848,030	848,030
Accumulated losses	23	(51,588)	(135,196)
Total equity		796,442	712,834

The accompanying notes form part of these financial statements

Maffra & District Community Financial Services Limited

Statement of Changes in Equity

For the year ended 30 June 2022

	Note	Issued Capital \$	Retained Earnings \$	Total Equity \$
Balance at 1 July 2020		848,030	(129,593)	718,437
Comprehensive income for the year				
Profit for the year		-	11,941	11,941
Transactions with owners in their capacity as owners				
Dividends paid or provided	28	-	(17,544)	(17,544)
Balance at 30 June 2021		848,030	(135,196)	712,834
Balance at 1 July 2021		848,030	(135,196)	712,834
Comprehensive income for the year				
Profit for the year		-	83,608	83,608
Transactions with owners in their capacity as owners				
Dividends paid or provided	28	-	-	-
Balance at 30 June 2022		848,030	(51,588)	796,442

The accompanying notes form part of these financial statements

Maffra & District Community Financial Services Limited

Statement of Cash Flows

For the year ended 30 June 2022

	Note	2022 \$	2021 \$
Cash flows from operating activities			
Receipts from customers		658,139	592,943
Payments to suppliers and employees		(499,343)	(498,764)
Interest paid		(7,335)	(6,958)
Interest received		879	1,200
Net cash flows provided by operating activities	24b	152,340	88,421
Cash flows from investing activities			
Proceeds from sale of investments		-	9,209
Purchase of property, plant and equipment		(2,135)	-
Purchase of investments		-	(55)
Purchase of intangible assets		(13,039)	(24,993)
Net cash flows used in investing activities		(15,174)	(15,839)
Cash flows from financing activities			
Repayment of lease liabilities		(16,727)	(19,292)
Dividends paid		-	(17,544)
Net cash flows used in financing activities		(16,727)	(36,836)
Net increase in cash held		120,439	35,746
Cash and cash equivalents at beginning of financial year		405,755	370,009
Cash and cash equivalents at end of financial year	24a	526,194	405,755

The accompanying notes form part of these financial statements

Maffra & District Community Financial Services Limited

Notes to the Financial Statements

For the year ended 30 June 2022

Note 1. Corporate Information

These financial statements and notes represent those of Maffra & District Community Financial Services Limited Ltd (the Company) as an individual entity. Maffra & District Community Financial Services Limited Ltd is a company limited by shares, incorporated and domiciled in Australia. The financial statements were authorised for issue by the Directors on 28th September 2022.

Further information on the nature of the operations and principal activity of the company is provided in the directors' report. Information on the company's related party relationships is provided in Note 26.

Note 2. Basis of Preparation

These general purpose financial statements have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board (AASB) and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non current assets, financial assets and financial liabilities.

The financial report is presented in Australian dollars and all values are rounded to the nearest dollar, unless otherwise stated.

Note 3. Summary of Significant Accounting Policies

The company has consistently applied the following accounting policies to all periods presented in these financial statements, except if mentioned otherwise.

(a) Economic Dependency

The Company has entered into a franchise agreement with Bendigo and Adelaide Bank Limited that governs the management of the following Community Banks branch:

Community Bank Maffra & District

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.

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.

Maffra & District Community Financial Services Limited

Notes to the Financial Statements

For the year ended 30 June 2022

Note 3. Summary of Significant Accounting Policies (continued)

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

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

Bendigo 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
- 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.

(b) Revenue From Contracts With Customers

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:

Revenue	Includes	Performance Obligation	Timing of Recognition
Franchise agreement profit share	Margin, commission and fee income	When the company satisfies its obligation to arrange the services to be provided to the customer by the supplier (Bendigo & Adelaide Bank)	On completion of the provision of the relevant service. Revenue is accrued monthly and paid within 10 business days of month end

All revenue is stated net of the amount of Goods and Services Tax (GST).

Maffra & District Community Financial Services Limited

Notes to the Financial Statements

For the year ended 30 June 2022

Note 3. Summary of Significant Accounting Policies (*continued*)

Revenue Calculation

The franchise agreement provides that three forms of revenue may be earned by the company – 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. It may also be affected by other factors, such as economic and local conditions, for example, interest rates.

Margin

Margin is arrived at through the following calculation:

Interest paid by customers on loans, less interest paid to customers on deposits
<i>plus</i>
Deposit returns (i.e. interest return applied by BABL on deposits)
<i>minus</i>
Any costs of funds (i.e. interest applied by BABL to fund a loan)

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

Commission

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

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

Maffra & District Community Financial Services Limited

Notes to the Financial Statements

For the year ended 30 June 2022

Note 3. Summary of Significant Accounting Policies (continued)

Bendigo and Adelaide 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 and Adelaide Bank's margin at that time. For other products and services, there is no restriction on the change Bendigo and Adelaide Bank may make.

(c) Other Revenue

The company's activities include the generation of income from sources other than the core products under the franchise agreement. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and can be reliably measured.

Revenue	Revenue Recognition Policy
Discretionary financial contributions (also "Market Development Fund" or "MDF" income)	MDF income is recognised when the right to receive the payment is established. MDF income is discretionary and provided and receivable at month-end and paid within 14 days after month-end.
Cash flow boost	Cash flow boost income is recognised when the right to the payment is established (e.g. monthly or quarterly in the activity statement).
Other income	All other revenues that did not contain contracts with customers are recognised as goods and services are provided.

All revenue is stated net of the amount of Goods and Services Tax (GST).

Discretionary Financial Contributions

In addition to margin, commission and fee income, and separate from the franchise agreement, Bendigo Bank has also made MDF payments to the company.

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

The payments from Bendigo Bank are discretionary and may change the amount or stop making them at any time. The company retains control over the funds, the funds are not refundable to Bendigo Bank.

Cash Flow Boost

During the financial year, in response to the COVID-19 outbreak, *Boosting Cash Flow for Employers (Coronavirus Economic Response Package) Act 2020* (CFB Act) was enacted. The purpose was to provide temporary cash flow to small and medium businesses that employ staff and have been affected by the economic downturn associated with COVID-19.

The amounts received or receivable is in relation to amounts withheld as withholding tax reported in the activity statement. This essentially subsidises the company's obligation to remit withholding tax to the Australian Taxation Office. For reporting purposes, the amounts subsidised are recognised as revenue.

The amounts are not assessable for tax purposes and there is no obligation to repay the amounts when the cash flow of the company improves.

Maffra & District Community Financial Services Limited

Notes to the Financial Statements

For the year ended 30 June 2022

Note 3. Summary of Significant Accounting Policies (*continued*)

(d) Employee Benefits

Short-term Employee Benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for salary and wages (including non-monetary benefits), annual leave, and sick leave which are expected to be wholly settled within 12 months of the reporting date. They are measured at amounts expected to be paid when the liabilities are settled, plus related on-costs. Expenses for non-accumulating sick leave are recognised 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.

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 estimate future cash outflows.

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

(e) Tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income.

Current Income Tax

Current tax assets and liabilities are measured at amounts expected to be recovered from or paid to the taxation authorities. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Deferred Tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are recognised for all deductible temporary differences, carried-forward tax losses, and unused tax credits to the extent that it is probable that future taxable profits will be available against which they can be used.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax is measured at the rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax and when the balances relate to taxes levied by the same taxation authority and the entity intends to settle its tax assets and liabilities on a net basis.

Maffra & District Community Financial Services Limited

Notes to the Financial Statements

For the year ended 30 June 2022

Note 3. Summary of Significant Accounting Policies (continued)

Goods & Services Tax

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.
- when receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the 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.

(f) Cash & Cash Equivalents

For the purposes of the statement of financial position and statement of cash flows, cash and cash equivalents comprise: cash on hand, deposits held with banks, and short-term, highly liquid investments (mainly money market funds) that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

(g) Property, Plant & Equipment

Recognition & Measurement

Items of property, plant and equipment are measured at cost or fair value as applicable, which includes capitalised borrowings costs, less accumulated depreciation and any accumulated impairment losses.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Subsequent Expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the company.

Depreciation

Depreciation is calculated to write-off the cost of items of property, plant and equipment less their estimated residual values using diminishing value method over their estimated useful lives, and is recognised in profit or loss.

The estimated useful lives of property, plant and equipment for the current and comparative periods are as follows:

Asset Class	Method	Useful Life
Leasehold improvements	Straight line	6 - 40 years
Plant & equipment	Straight line	2 - 40 years
Right of Use assets	Straight line	10 years

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

Maffra & District Community Financial Services Limited

Notes to the Financial Statements

For the year ended 30 June 2022

Note 3. Summary of Significant Accounting Policies (continued)

(h) Intangible Assets

Intangible assets of the company include the franchise fees paid to Bendigo Bank conveying the right to operate the Community Bank franchise.

Recognition & Measurement

Intangible assets acquired separately are measured on initial recognition at cost.

Subsequent Expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill, is recognised in profit or loss as incurred.

Amortisation

Intangible assets 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
Establishment fee	Straight line	Franchise term (5 years)
Franchise fee	Straight line	Franchise term (5 years)

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

(i) 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, leases.

Sub-note (i) and (j) refer to the following acronyms:

Acronym	Meaning
FVTPL	Fair value through profit or loss
FVTOCI	Fair value through other comprehensive income
SPPI	Solely payments of principal and interest
ECL	Expected credit loss
CGU	Cash-generating unit

Recognition & Initial Measurement

Trade receivables are initially recognised when they originated. All other financial assets and financial liabilities are initially recognised when the company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to the acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Maffra & District Community Financial Services Limited

Notes to the Financial Statements

For the year ended 30 June 2022

Note 3. Summary of Significant Accounting Policies (*continued*)

Classification & Subsequent Measurement

Financial Liabilities - Classification, Subsequent Measurement, Gains & Losses

Borrowings and other financial liabilities (including trade payables) are classified as measured at amortised cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Any gain or loss on derecognition is also recognised in profit or loss.

Financial Liabilities

The company derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire. The company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Offsetting

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.

(j) Impairment

Non-derivative Financial Instruments

The company recognises a loss allowance for estimated credit losses (ECL)'s on its trade receivables.

ECL's 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.

In measuring the ECL, a provision matrix for trade receivables is used, taking into consideration various data to get to an ECL, (i.e. diversity of its customer base, appropriate groupings of its historical loss experience etc.).

Recognition of ECL in Financial Statements

At each reporting date, the entity recognises the movement in the loss allowance 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 and Adelaide Bank, which is received 14 days post month end. Due to the reliance on Bendigo and Adelaide 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 and Adelaide Bank and found no instances of default. As a result no impairment loss allowance has been made in relation to trade receivables as at 30 June 2022.

Non-financial Assets

At each reporting date, the company reviews the carrying amount of its non-financial assets (other than investment property, contracts assets, and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The company has assessed for impairment indicators and noted no material impacts on the carrying amount of non-financial assets.

Maffra & District Community Financial Services Limited

Notes to the Financial Statements

For the year ended 30 June 2022

Note 3. Summary of Significant Accounting Policies (*continued*)

(k) Issued Capital

Ordinary Shares

Ordinary shares are recognised at the fair value of the consideration received by the company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(l) Leases

As Lessee

At commencement or on modification of a contract that contains a lease component, the company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for leases of property the company has elected not to separate lease and non-lease components and account for the lease and non-lease components as a single lease component.

The company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of 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.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the company by the end of the lease term or the costs of the right-of-use asset reflects that the company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate.

The company determines its incremental borrowing rate by obtaining interest rates from funding sources and where necessary makes certain adjustments to reflect the terms of the lease and type of asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual guarantee; and
- the exercise price under a purchase option the company is reasonable certain to exercise, lease payments in an option renewal period if the company is reasonably certain to exercise that option, and penalties for early termination of a lease unless the company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the company's estimate of the amount expected to be payable under a residual value guarantee, if the company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

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 zero.

Maffra & District Community Financial Services Limited

Notes to the Financial Statements

For the year ended 30 June 2022

Note 3. Summary of Significant Accounting Policies (continued)

Short-term Leases & Leases of Low-value Assets

The company has elected not to recognise right-of-use assets and lease liabilities for leases of short-term leases and low-value assets, including IT equipment. The company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

A short-term lease is a lease that, at commencement date, has a lease term of 12 months or less.

As Lessor

The company has not been a party in an arrangement where it is a lessor.

(m) Standards Issued But Not Yet Effective

There are no new standards effective for annual reporting periods beginning after 1 January 2020 that are expected to have a significant impact on the company's financial statements.

(n) Comparative Figures

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

Note 4. Significant Accounting Judgements, Estimates & Assumptions

During preparation of the financial statements, management has made judgements and estimates that affect the application of the company's accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual outcomes and balances may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Any revisions to these estimates are

(a) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

Note	Judgement
Note 7 - Revenue	Whether revenue is recognised over time or at a point in time
Note 20 - Leases:	
(a) Control	Whether a contract is or contains a lease at inception by assessing whether the company has the right to direct the use of the identified asset and obtain substantially all the economic benefits from the use of that asset
(b) Lease term	Whether the company is reasonably certain to exercise extension options, termination periods, and purchase options
(c) Discount rates	Judgement is required to determine the discount rate, where the discount rate is the company's incremental borrowing rate if the rate implicit in the lease cannot be readily determined. The incremental borrowing rate is determined with reference to factors specific to the company and underlying asset including: <ul style="list-style-type: none">• the amount• the lease term• economic environment• any other relevant factors

Maffra & District Community Financial Services Limited

Notes to the Financial Statements

For the year ended 30 June 2022

Note 4. Significant Accounting Judgements, Estimates & Assumptions (*continued*)

(b) Assumptions & Estimation Uncertainty

Information about assumptions and estimation uncertainties at 30 June 2020 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

Note	Assumption
Note 18 - Recognition of deferred tax assets	Availability of future taxable profit against which deductible temporary differences and carried-forward tax losses can be utilised
Note 15 - Estimation of asset useful lives	Key assumptions on historical experience and the condition of the asset
Note 21 - Long service leave provision	Key assumptions on attrition rate of staff and expected pay increases though promotion and inflation

Note 5. Financial Risk Management

The company has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the company. The company does not utilise any derivative instruments.

Risk management is carried out directly by the Board of Directors.

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

(b) 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.

The following are the remaining contractual maturities of financial liabilities. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements.

30 June 2022		Contractual Cash Flows		
Non-derivative Financial Liability	Carrying Amount	< 12 Months	1 - 5 Years	> 5 Years
Lease liabilities	180,783	26,250	105,000	76,586

Maffra & District Community Financial Services Limited

Notes to the Financial Statements

For the year ended 30 June 2022

Note 5. Financial Risk Management

(c) 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.

Price Risk

The company is not exposed to equity securities price risk as it does not hold investments for sale or at fair value. There is no exposure to the company in regard to commodity price risk.

Cash Flow & Fair Values Interest Rate Risk

Interest-bearing assets are held with Bendigo and Adelaide Bank and subject to movements in market interest. Interest-rate risk could also arise from long-term borrowings. Borrowings issued at variable rates expose the company to cash flow interest-rate risk.

The company held cash and cash equivalents of \$526,194 at 30 June 2022 (2021: \$405,755). The cash and cash equivalents are held with Bendigo & Adelaide Bank, which are rated BBB on Standard & Poor's credit ratings.

Note 6. Capital Management

The Board's policy is to maintain a strong capital base so as to sustain future development of the company. The Board of Directors monitor the return on capital and the 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:

- (a) 20% of the profit or funds of the company otherwise available for distribution to shareholders in that 12 month period; and
- (b) 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 year ended 30 June 2022 can be seen in the statement of profit or loss and other comprehensive Income.

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

Maffra & District Community Financial Services Limited

Notes to the Financial Statements

For the year ended 30 June 2022

Note 7. Revenue From Contracts With Customers

Revenue arises from the rendering of services through its franchise agreement with the Bendigo and Adelaide Bank Limited. The revenue recognised is measured by reference to the fair value of consideration received or receivable, excluding sales taxes, rebates, and trade discounts.

	2022 \$	2021 \$
Revenue		
- Revenue from contracts with customers	603,409	504,748
	603,409	504,748
Disaggregation of Revenue From Contracts With Customers		
- Margin income	480,905	398,425
- Fee income	50,040	44,564
- Commission income	72,464	61,759
	603,409	504,748

All revenue from contracts customers shown above was recognised at a point in time. There was no revenue from contracts with customers recognised over time during the financial year.

Note 8. Other Revenue

The company generates other sources of revenue as outlined below.

	2022 \$	2021 \$
Other Revenue		
- Market development fund income	15,000	25,625
- Cash flow boost	-	10,956
- Wage reimbursement	2,010	-
	17,010	36,581

Note 9. Finance Income

The company holds financial instruments measured at amortised cost. Interest income is recognised at the effective interest rate.

Term deposits which can be readily converted to a known amount of cash and subject to an insignificant risk of change may qualify as a cash equivalent.

	2022 \$	2021 \$
Finance Income		
At amortised cost:		
- Interest from deposits	879	1,200
	879	1,200

Maffra & District Community Financial Services Limited

Notes to the Financial Statements

For the year ended 30 June 2022

Note 10. Expenses

Profit before income tax from continuing operations includes the following specific expenses:

(a) Employee Benefits Expense

	2022 \$	2021 \$
Employee Benefits Expense		
- Wages & salaries	274,289	260,148
- Superannuation costs	27,876	25,269
- Other expenses related to employees	12,282	14,839
	314,447	300,256

(b) Depreciation & Amortisation Expense

	2022 \$	2021 \$
Depreciation of Non-current Assets		
- leasehold improvements	10,506	12,561
- plant and equipment	3,872	4,327
	14,378	16,888
Depreciation of Right-of-use Assets		
- leased buildings	21,371	22,032
	21,371	22,032
Amortisation of Intangible Assets		
- franchise fees	13,039	13,039
	13,039	13,039
Total depreciation & amortisation expense	48,788	51,959

The non-current tangible and intangible assets listed above are depreciated and amortised in accordance with the company's accounting policy (see Note 3(g) and 3(h) for details).

(c) Finance Costs

	Note	2022 \$	2021 \$
Finance Costs			
- Interest paid		7,335	6,958
		7,335	6,958

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

Maffra & District Community Financial Services Limited

Notes to the Financial Statements

For the year ended 30 June 2022

Note 10. Expenses (continued)

(d) Community Investments & Sponsorship

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 and grants).

	Note	2022 \$	2021 \$
Community Investments & Sponsorship			
- Direct sponsorship and grant payments		26,462	46,210
		26,462	46,210

Note 11. Income Tax Expense

Income tax expense comprises current and deferred tax. Attributable current and deferred tax expense is recognised in the other comprehensive income or directly in equity as appropriate.

(a) The Components of Tax Expense

	2022 \$	2021 \$
Current tax expense	30,994	1,496
Deferred tax expense	4,124	1,543
Recoupment of prior year tax losses	(7,248)	(1,496)
Under / (over) provision of prior years	1	902
	27,871	2,445

(b) Prima Facie Tax Payable

The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:

	2022 \$	2021 \$
Prima facie tax on profit before income tax at 25% (2021: 26%)	27,870	3,740
Add Tax Effect Of:		
- Non-Assessable income	-	(2,849)
- Under / (over) provision of prior years	1	988
- Change in tax rates	482	647
- Movement in deferred tax	3,641	896
- Temporary differences	3,125	519
- Adjustment to account for tax loss	(7,248)	(1,496)
Income tax attributable to the entity	27,871	2,445
The applicable weighted average effective tax rate is:	-25.00%	-17.00%

Maffra & District Community Financial Services Limited

Notes to the Financial Statements

For the year ended 30 June 2022

Note 12. Cash & Cash Equivalents

	2022 \$	2021 \$
Cash at bank and on hand	295,835	203,688
Short-term bank deposits	230,359	202,067
	526,194	405,755

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of three months or less. Any bank overdrafts are reported within short-term borrowings in current liabilities in the statement of financial position.

Note 13. Trade & Other Receivables

	2022 \$	2021 \$
Current		
Trade receivables	71,444	49,230
	71,444	49,230

Trade and other receivables are initially measured at the transaction price. Trade and other receivables are due for settlement usually no more than 30 days from the date of recognition.

The Company's main debtor relates to the Bendigo & Adelaide Bank monthly profit share distribution, which is deposited within a reasonable timeframe each month. There are no items that require the application of the lifetime expected credit loss model.

Note 14. Other Assets

	2022 \$	2021 \$
Prepayments	8,264	8,179
Accrued income	343	257
	8,607	8,436

Other assets represent items that will provide the entity with future economic benefits controlled by the entity as a result of past transactions or other past events.

Maffra & District Community Financial Services Limited

Notes to the Financial Statements

For the year ended 30 June 2022

Note 15. Property, Plant & Equipment

(a) Carrying Amounts

	2022 \$			2021 \$		
	At Cost / Valuation	Accumulated Depreciation	Written Down Value	At Cost / Valuation	Accumulated Depreciation	Written Down Value
Leasehold improvements	199,442	87,134	112,308	199,442	76,628	122,814
Plant & equipment	43,167	26,189	16,978	41,032	22,317	18,715
	242,609	113,323	129,286	240,474	98,945	141,529

(b) Movements in Carrying Amounts

2022	Leasehold Imp. \$	Plant & Equipment \$
Opening carrying value	122,814	18,715
Additions	-	2,135
Depreciation expense	(10,506)	(3,872)
Closing carrying value	112,308	16,978

2021	Leasehold Imp. \$	Plant & Equipment \$
Opening carrying value	135,375	23,042
Depreciation expense	(12,561)	(4,327)
Closing carrying value	122,814	18,715

(c) Capital Expenditure Commitments

The entity does not have any capital expenditure commitments as at 30 June 2022 (2021: None).

(d) 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.

Maffra & District Community Financial Services Limited

Notes to the Financial Statements

For the year ended 30 June 2022

Note 16. Right-of-use Assets

Right-of-use assets are measured at amounts equal to the present value of enforceable future payments on the adoption date, adjusted for lease incentives, make-good provisions, and initial direct costs.

The company derecognises right-of-use assets at the termination of the lease period or when no future economic benefits are expected to be derived from the use of the underlying asset.

The company's lease portfolio includes buildings.

Options to Extend or Terminate

The option to extend or terminate are contained in the property lease of the Company. All extension or termination options are only exercisable by the Company. The extension options or termination options which were probable to be exercised have been included in the calculation of the right-of-use asset.

AASB 16 Amounts Recognised in the Statement of Financial Position

	Leased Buildings \$	Total ROU Asset \$
Leased asset	233,304	233,304
Accumulated Depreciation	(64,114)	(64,114)
	169,190	169,190

Movements in carrying amounts:

	Leased Buildings \$	Total ROU Asset \$
Recognised on initial application of AASB 16	233,304	233,304
Accumulated Depreciation	(64,114)	(64,114)
Net carrying amount	169,190	169,190

AASB 16 Amounts Recognised in the Statement of Financial Position

	2022 \$	2021 \$
Depreciation expense related to right-of-use assets	21,371	22,032
Interest expense on lease liabilities	7,355	6,958

Maffra & District Community Financial Services Limited

Notes to the Financial Statements

For the year ended 30 June 2022

Note 17. Intangible Assets

(a) Carrying Amounts

	2022			2021		
	At Cost / Valuation	Accumulated Amortisation	Written Down Value	At Cost / Valuation	Accumulated Amortisation	Written Down Value
Franchise fees	65,195	27,164	38,031	65,195	14,125	51,070
Goodwill	148,895	-	148,895	148,895	-	148,895
	214,090	27,164	186,926	214,090	14,125	199,965

(b) Movements in Carrying Amounts

2022	Franchise Fees \$
Opening carrying value	51,070
Amortisation expense	(13,039)
Closing carrying value	38,031

2021	Franchise Fees \$
Opening carrying value	-
Additions	65,195
Amortisation expense	(14,125)
Closing carrying value	51,070

Note 18. Tax Assets & Liabilities

(a) Current Tax

	2022 \$	2021 \$
Income tax payable	23,746	-

(b) Deferred Tax

Movement in the company's deferred tax balances for the year ended 30 June 2022:

	30 June 2021 \$	Recognised in P & L \$	30 June 2022 \$
Deferred Tax Assets			
- Expense accruals	3,070	2,720	5,790
- Right-of-use assets	1,760	614	2,374
- Unused tax losses	7,248	(7,248)	-
- Employee provisions	4,149	(166)	3,983
Total deferred tax assets	16,227	(4,080)	12,147
Deferred Tax Liabilities			
- Prepayments	(2,045)	(21)	(2,066)
- Accrued income	(64)	(22)	(86)
Total deferred tax liabilities	(2,109)	(43)	(2,152)
Net deferred tax assets	14,118	(4,123)	9,995

Maffra & District Community Financial Services Limited

Notes to the Financial Statements

For the year ended 30 June 2022

Note 18. Tax Assets & Liabilities (continued)

Movement in the company's deferred tax balances for the year ended 30 June 2021:

	30 June 2020 \$	Recognised in P & L \$	30 June 2021 \$
Deferred Tax Assets			
- Expense accruals	2,400	670	3,070
- Right-of-use assets	1,182	578	1,760
- Unused tax losses	9,555	(2,307)	7,248
- Employee provisions	3,524	625	4,149
Total deferred tax assets	16,661	(434)	16,227
Deferred Tax Liabilities			
- Prepayments	-	(2,045)	(2,045)
- Accrued income	(97)	33	(64)
Total deferred tax liabilities	(97)	(2,012)	(2,109)
Net deferred tax assets	16,564	(2,446)	14,118

Maffra & District Community Financial Services Limited

Notes to the Financial Statements

For the year ended 30 June 2022

Note 19. Trade & Other Payables

	2022	2021
	\$	\$
Current		
Trade creditors	13,317	20,047
Other creditors and accruals	58,294	36,441
	71,611	56,488
Non-Current		
Other creditors and accruals	13,038	26,077
	13,038	26,077

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

Trade and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

Note 20. 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 on the adoption date. The discount rate used on recognition was 3.88%.

The discount rate used in calculating the present value of enforceable future payments takes into account the particular circumstances applicable to the underlying leased assets (including the amount, lease term, economic environment, and other relevant factors).

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

(a) Lease Portfolio

The company's lease portfolio includes:

Lease	Details
Community Bank Maffra & District	The lease agreement is a non-cancellable lease with an initial term of five years which commenced in March 2020. The lease has one further five year extension option available.

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.

Maffra & District Community Financial Services Limited

Notes to the Financial Statements

For the year ended 30 June 2022

Note 20. Lease Liabilities (continued)

(b) Lease Liabilities

Lease liabilities are presented in the consolidated statement of financial position as follows:

	2022 \$	2021 \$
Current	19,662	18,915
Non-current	161,211	178,685

The lease liabilities are secured by the related underlying assets. Future minimum lease payments at 30 June 2022 were as follows:

	Minimum lease payments due				
	< 1 Year	1 - 2 Years	3 - 5 Years	> 5 years	Total
30 June 2022					
Lease payments	26,250	26,250	78,750	76,586	207,836
Finance charges	(6,588)	(5,827)	(12,463)	(7,011)	(31,889)
Net present values	19,662	20,423	66,287	69,575	175,947
30 June 2021					
Lease payments	26,250	26,250	78,750	102,836	234,086
Finance charges	(7,335)	(6,588)	(14,977)	(7,586)	(36,486)
Net present values	18,915	19,662	63,773	95,250	197,600

Note 21. Employee Benefits

	2022 \$	2021 \$
Current		
Provision for annual leave	13,602	11,399
	13,602	11,399
Non-Current		
Provision for long service leave	2,330	5,197
	2,330	5,197

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

Employee Attrition Rates

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.

Maffra & District Community Financial Services Limited

Notes to the Financial Statements

For the year ended 30 June 2022

Note 22. Issued Capital

(a) Issued Capital

	2022		2021	
	Number	\$	Number	\$
Ordinary shares - fully paid	877,210	877,210	877,210	877,210
Less: equity raising costs	-	(29,180)	-	(29,180)
	877,210	848,030	877,210	848,030

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

(b) Movements in share capital

	2022	2021
	\$	\$
Fully paid ordinary shares:		
At the beginning of the reporting period	877,210	877,210
At the end of the reporting period	877,210	877,210

Ordinary shares participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held. At the shareholders' meetings each shareholder is entitled to one vote when a poll is called, or on a show of hands. The company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid. All shares rank equally with regard to the company's residual assets.

Note 23. Retained Earnings

	Note	2022	2021
		\$	\$
Balance at the beginning of the reporting period		(135,196)	(129,593)
Profit for the year after income tax		83,608	11,941
Dividends paid	31	-	(17,544)
Balance at the end of the reporting period		(51,588)	(135,196)

Maffra & District Community Financial Services Limited

Notes to the Financial Statements

For the year ended 30 June 2022

Note 24. Cash Flow Information

(a) Cash and cash equivalents balances as shown in the Statement of Financial Position can be reconciled to that shown in the Statement of Cash Flows as follows:

	Note	2022 \$	2021 \$
Cash and cash equivalents	12	526,194	405,755

(b) Reconciliation of cash flow from operations with profit after income tax

	2022 \$	2021 \$
Profit for the year after income tax	83,608	11,941
Non-cash flows in profit		
- Depreciation	35,749	38,920
- Amortisation	13,039	13,039
Changes in assets and liabilities		
- (Increase) in trade and other receivables	(22,214)	(1,391)
- (Increase) / decrease in prepayments and other assets	(171)	9,963
- Decrease in deferred tax asset	4,124	2,445
- Increase in trade and other payables	15,123	9,916
- Increase in current tax liability	23,746	-
- Increase / (decrease) in provisions	(664)	3,588
Net cash flows from operating activities	152,340	88,421

Note 25. Financial Instruments

The following shows the carrying amounts for all financial instruments at amortised costs. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Note	2022 \$	2021 \$
Financial Assets			
Trade and other receivables	13	71,444	49,230
Cash and cash equivalents	12	526,194	405,755
		597,638	454,985
Financial Liabilities			
Trade and other payables	19	84,649	82,565
Lease liabilities	20	180,873	197,600
		265,522	280,165

Note 26. Related Parties

(a) Key Management Personnel

Key management personnel includes any person having authority or responsibility for planning, directing or controlling the activities of the entity, directly or indirectly including any Director (whether executive or otherwise) of that company. The only key management personnel identified for the company are the Board of Directors, the members of which are listed in the Directors' report.

Maffra & District Community Financial Services Limited

Notes to the Financial Statements

For the year ended 30 June 2022

Note 26. Related Parties (Continued)

(b) Key Management Personnel Compensation

No Director of the company receives remuneration for services as a company director or committee member. These positions are held on a voluntary basis.

(c) Other Related Parties

Other related parties include close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel, individually or collectively with their close family members.

(d) Transactions With Key Management Personnel & Related Parties

During the year, the company purchased goods and services under normal terms and conditions, from related parties as follows:

Name of Related Party	Description of Goods or Services Provided	Value \$
Tomas Pritchett	Treasurer Stipend	2,400

(d) Key Management Personnel Shareholdings

The number of ordinary shares in the company held by each key management personnel during the financial year has been disclosed in the Director's Report.

(e) Other Key Management Transactions

There has been no other transactions key management or related parties other than those described above.

Note 27. Auditor's Remuneration

The appointed auditor of Maffra & District Community Financial Services Limited Ltd for the year ended 30 June 2022 is RSD Audit. Amounts paid or due and payable to the auditor are outlined below.

	2022 \$	2021 \$
Audit & Review Services		
Audit and review of financial statements (RSD Audit)	5,450	5,300
Total auditor's remuneration	5,450	5,300

Note 28. Dividends

The following dividends were provided for and paid to shareholders during the reporting period as presented in the statement of changes in equity and statement of cash flows.

	2022		2021	
	Number	\$	Number	\$
Unfranked dividend	-	-	877,210.00	17,544
Dividends provided for and paid during the year	-	-	877,210.00	17,544

Maffra & District Community Financial Services Limited

Notes to the Financial Statements

For the year ended 30 June 2022

Note 29. Earnings Per Share

The calculation of basic and diluted earnings per share has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding.

	2022	2021
	\$	\$
Profit attributable to ordinary shareholders	83,608	11,941
	Number	Number
Weighted average number of ordinary shares	877,210	877,210
	¢	¢
Basic and diluted earnings per share	9.53	1.36

Note 30. Events After the Reporting Period

There have been no significant events after the end of the financial year that would have a material impact on the financial statements or the company's state of affairs.

Note 31. Commitments & Contingencies

Any commitments for future expenditure associated with leases are recorded in Note 20. Details about any capital commitments are detailed in Note 15(c).

The company has no other commitments requiring disclosure.

There were no contingent liabilities or assets at the date of this report that would have an impact on the financial statements.

Note 32. Company Details

The registered office of the company is:

Maffra & District Community Financial Services Limited Ltd	146 Johnson Street Maffra Vic 3860
------------------------------------------------------------	---------------------------------------

The principal place of business are:

Community Bank Maffra & District	146 Johnson Street Maffra Vic 3860
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Maffra & District Community Financial Services Limited

Director's Declaration

For the year ended 30 June 2022

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

In the opinion of the directors:

- (a) The financial statements and notes of the company are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and
 - (ii) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable

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



Robert Christie
Chair/Director

Dated this 28th day of September, 2022

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF MAFFRA & DISTRICT COMMUNITY FINANCIAL SERVICES LIMITED**

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of Maffra & District Community Financial Services Limited (the Company), which comprises the statement of financial position as at 30 June 2022, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion the accompanying financial report of Maffra & District Community 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 2022 and of its performance for the year then ended; 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. Those standards require that we comply with relevant ethical requirements related to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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

We 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 report.

Director's Responsibility for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company 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 to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibility for the Audit of the Financial Report

Our responsibility is to express an opinion on the financial report based on our audit. 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. Misstatements 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 Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

We 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.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We 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.

We 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 obtain sufficient appropriate audit evidence regarding the financial information of the entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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.

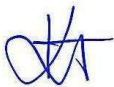
The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2022 but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information, 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, based on the work we have performed, we conclude that there is material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RSD Audit

Chartered Accountants

A handwritten signature in blue ink, appearing to be 'Katie Teasdale'.**Kathie Teasdale**

Partner


Bendigo

Dated: 30 September 2022

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Web: www.bendigobank.com/maffra

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ABN: 14 600 481 178
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Phone: PH: 03 5141 1999
Email: admin@mdcfs.com.au

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