

2021-22 Annual report

Maldon & District Financial Services Ltd



Community Bank
Maldon & District

 Bendigo Bank

www.maldoncb.com.au

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Community Bank Maldon & District acknowledge the traditional owners of the land where we work, the Dja Dja Wurrung people, and we pay our respect to the elders past, present and emerging. The Dja Dja Wurrung people have been custodians of this land for many centuries, and have performed age old ceremonies of celebration, ritual and renewal. We acknowledge their living culture and their unique role in the life of this region. We express our gratitude that we share this land together, our sorrow for some of the cost of that sharing, and our hope and belief that we can move to a place of equity, justice and partnership together.

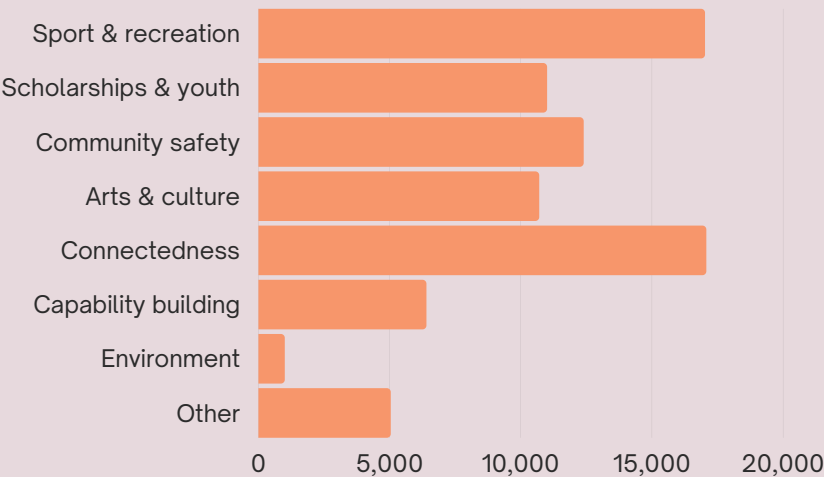
Chair's report



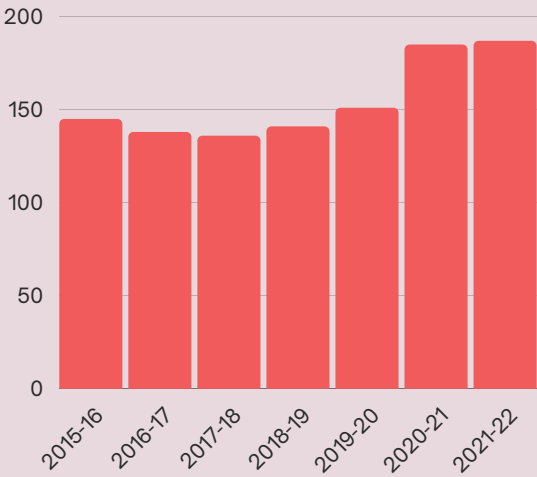
It is my pleasure as Chairman of Maldon & District Financial Services (trading as Community Bank Maldon & District) to report on another challenging but successful year for our Community Bank, with terrific staff providing great service and dynamic board members ensuring valuable community investment.

Since inception we have contributed in excess of \$3.6 million back into our communities. In this past year, we have contributed \$80,000 spread across 40 different projects in our district in the form of partnerships, including \$120,000 invested for future granting.

2021-22 Spend by category



Total footings 2016 - 2022



Our total business is in excess of \$187million for this financial year which is a slight increase on last year's \$185 million but not quite as high as the growth we were aiming for, mostly due to a competitive market. Our model of community re-investment remains strong and our partners, Bendigo and Adelaide Bank, continue to improve their operations and provide the best rate possible. As a company, we were pleased to provide a 7% return on investment for our members.

Nothing is possible without great people, and we are fortunate that we have capable and experienced staff and Directors. There has been change with departures, but arrivals and promotions have proven to be effective and valuable.

We said farewell to Wendy Merlo and Adam Balzan (Branch Manager). Wendy's service has been exceptional, including her significant contribution to the Community Investment and our much-celebrated Driver Training Program. After serving just short of 5 years, Adam left a significant footprint on our business and Paul Simmons has been exemplary in filling the role in times of a pandemic and stagflation.

Lara was equally up to the task to fill the CRM role, leaving room for the wonderful Emma to join our united team. Kyle was promoted to full time and all the team, including Narelle and Jan, have been united in supporting our service and each other. I express my appreciation to the branch team who continue to be the catalyst for our success.

Chair's report

Change at the board level has also been seamless. We farewelled Liesl Malan and thank her for her valuable contribution generally and specifically for our Community Investment Portfolio. We welcomed Matthew Gordon, Meg Sattler and Helen Curran, who all jumped straight into action broadly as well as being instrumental in propelling our strategy, audit & governance and business development. All have taken on portfolio Chair roles (Matt for Audit & Governance, Meg for Community Investment and Helen for Business Development), are critical thinkers, and have a passion for community prosperity. Our organisation is lucky to have their knowledge and inclusive approach.

Massive thanks to Kerryn Healy who continues to put in time and effort to ensuring our finances are accurate and viable as well as her wisdom in assisting our decision making. My appreciation extends to Katie McEachran for her intellectual and considered contribution across the board and in particular, finance. Thanks also to Jane Goodrich for her efforts with Communications and support across our operations. Thank you also to Janet Purcell who provides unique insight to the community and her efforts in Community Investment and Communications.

Our Executive Officer, Shannon Burdeu has been a key reason behind our success and I thank her for her support and capacity to deliver amid the many and varied components of our organisation. I could not imagine how we could have been as effective without her as our EO. Nicki Renfrey continues her great communications across our diverse communities to engage more and more about our model of community banking and really bring our socials to life.

Many thanks also to Bendigo and Adelaide Bank representatives, particularly to Shaun Leech and Justine Minne and the Community Central team. It has been great to welcome Leanne Martin as our new Regional Manager and we appreciate her genuine support.

To achieve success in another challenging year has been very pleasing and this is due to all the moving parts from our branch and non-branch team, across all our portfolios. Thank you again to all staff, board, clients, members and the community that assist us to strive for more and improved business.

The year ahead seeks to embed our strategy and continue to deliver great support for a thriving, sustainable and connected community.

In appreciation,

Ross Egleton
MDFSL Chair



Branch manager's report

It is my pleasure to prepare my first Branch Manager's report after being promoted to the role in January 2022. I was previously the Customer Relationship Manager and have been in banking for a number of years prior to that.

We had a really great year as a business in the financial year 2021-2022 across a number of different areas. Our business kept growing which is our ultimate aim so we can continue investing and giving more back into the region and communities where we operate.

But our bank is about much more than the profits we make.

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

Business results

It was pleasing to see branch lending grow by \$4.86 million in 2021/22, against a target of \$6.595 million. Despite coming up below our budget, to grow the lending by almost \$5 million in what ended up being a really competitive market was a very good result.

Despite sustained lower interest rates, home lending is the biggest source of income for the company, and continued improvement in lending is the corner stone of our success. The company achieved deposit growth of \$8.37 million against a target of \$12.6 million. Considering that for the bulk of the year the interest rates were at record lows to still grow the deposit funds by over \$8 million is a terrific figure.

Really pleasing is our increased growth in our wealth products, increasing business of \$537,279. We had budgeted for \$0 growth in this sector. Overall, our book size grew by a total of \$14.1 million which is an awesome growth figure on top of fantastic growth figures in the previous years.

There was an increase in overall customer numbers across our three branches by 168 customers. 442 new accounts were opened for the year which is up slightly on last year by 3.8%. In-branch teller transactions were down by 6.7% across the three sites on last year. This is a reflection of COVID restrictions being in place for a proportion of the financial year, and also reflects a change in the way many customers chose to do their banking.



Our community

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

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

It was really pleasing to contribute to COVID-recovery in our region by again sponsoring the Small Business Action program, and again being able to partner with local sporting clubs who had difficult times in fundraising throughout the year.



Branch manager's report

Our people

Our former Branch manager departed in December 2021 after 5 solid years with us and we thank Adam for his commitment and service during this time.

With Adam's departure, I was very pleased to be promoted to the branch manager role and appreciate the ongoing support of the Board, the team and my broader colleagues in helping me settle in. Their support really helped me hit the ground running.

My promotion then opened up the Customer Relationship Manager role which pleasingly, Lara Mulholland was successful in gaining. Lara has been in the branch for over 5 years, has excellent product knowledge and is truly appreciated by all of our customers with her friendly and bubbly nature. Well-deserved Lara, and I can't wait to see where we can take this business!

With internal promotions came two new appointments – Emma Beadle and Marlene Farr. Emma is fulltime in our Maldon branch and comes to us with enthusiasm and many years customer service experience. Marlene works part time in our Newstead and Maldon branches and comes to us with over 30 years banking experience. We're all so pleased to have you both as part of our team.

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

I will leave Jan's farewell until next year given she was still employed with us for the full financial year.

A big thanks to Ross, Shannon and the Board for all of their support of me and our team. We really work well together, and it shows in our results.

Our customers

Now lastly, to our customers, without you we could not achieve what we do. It is because you choose to bank with Community Bank Maldon & District, that our local communities enjoy the benefits – over \$3.6 million worth to date. If you only hold a portion of your banking with us, we would love the opportunity to compare and strengthen the relationship we have with you.

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

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

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

Paul Simmons Branch Manager



Environment, sustainability and governance (ESG) report

Our environment

Contribution to climate change mitigation, adaptation, and resilience.

We develop our people

We build our people's capability and pursue diversity and wellbeing.

Our governance, risk and compliance

Our decision making is risk based and responsible, drawing on deep industry-specific knowledge. Our operations are underpinned by robust governance.

We do the right thing

We create trust by always acting in an authentic and ethical manner. We are responsible lenders and ensure equity in our pricing and approach. We think about the long term interests of our stakeholders.

We connect with customers

Our care for customers is grounded in purpose. We're dedicated to building long-term relationships with our customers built on authenticity, knowledge and trust.

Communities

More capable, resilient and self-sufficient communities.

Social capital and relevant community infrastructure supported through our model.

We partner for prosperity

Through our network of brands and partnerships we are genuinely connected in communities. And through our unique model, we partner with communities to empower the shared delivery of banking services and share profits from those services.

Corporate governance

In our second Corporate Governance statement, we want to highlight the improvements we made last year in our governance and policy structure as a company and focus on our strategic aims going forward.

We're really pleased to have finalised and released our 2022-2027 Strategic Plan which will shape all decisions made by the company and is heavily values driven. This aligns with the Bendigo Bank vision of being Australia's bank of choice and its purpose to feed into prosperity and not off it.

We are committed to high standards of corporate governance – both in our framework and in our policies and practices. We believe this leads to better decision-making for our business and therefore, the community.

Our focus over the next financial year will be developing and implementing the environment, social and economic sustainability plans and setting some clear targets and goals regarding procurement, emissions and indigenous reconciliation.

MDFSL strategic plan



Community Bank Maldon & District launched our Strategic Plan in May 2022 with a fantastic crowd in attendance, especially given the wet and wintry weather on the night.

The consultation for the Strategic Plan had taken place over the past 18 months with a number of surveys and workshops held to ensure we considered viewpoints from our staff, Board members, Bendigo Bank corporate staff and most importantly our members, grant recipients and the community.

MDFSL has set a new vision to have connected, thriving and sustainable communities and to keep improving on business performance, projects and leadership for greater community impact. We understand the provision of our local banking service, which has served the community for over 23 years, is core to our purpose.

Our Vision: Thriving, sustainable and connected communities

Our Purpose: To provide a viable, local banking service, distribute profits and partner on projects for community benefit

Our Values: sustainability – integrity – connection

Our new plan was established with a focus on targeting funding to areas where we can see real impact and community need. We also needed to ensure our values align with those in the community and can influence decision making. Any profits distributed from Community Bank Maldon & District through either partnership or grants, must fit within our values and outline how the money will contribute towards our vision of thriving, sustainable, connected communities.

Our Values		
SUSTAINABILITY	INTEGRITY	CONNECTION
We value long-term social, environmental, and economic outcomes	We are honest, accountable, respectful, ethical and fair	We promote local decision making
We balance history, learning and innovation	We are open, straight talking and embrace robust conversations	We honour our founders, members and clients
We support wellbeing	We are inclusive and pursue equity	We connect, collaborate and consult to support community needs

MDFSL strategic plan - continued

Our board see the Community Bank model as a circular process which is linked in to our strategic priorities.

Strategic Priorities

Business Performance + Projects and Leadership = Community Impact

In order to achieve our vision of thriving, sustainable, connected communities, we need to be able to plan and partner with worthwhile community projects (see Community Impact report page 16).

When we have these projects, we need to communicate our impact and promote our business model to tell our story. Once community sees the impact and benefit of our partnerships, this will lead to increased business performance – not just performance in banking revenue but the broader performance, culture and community input measures we assess our business against.



Each of our strategic priorities have key criteria identified for the Board and staff to work through. We have set various timeframes for each metric (depending on priority) and will monitor these regularly within the relevant portfolio.

This comes down to living and upholding our value of integrity – we will do what we say we will do and ensure we track our performance against this in a transparent and timely manner.

COMMUNITY IMPACT ▪ Develop and implement a community investment strategy ▪ Develop a community impact measurement framework ▪ Develop and implement environment, social, and economic sustainability action plans ▪ Promote our model to tell our story	BUSINESS PERFORMANCE ▪ Invest in staff talent and skills through personalised training plans and a focus on promoting and growth within ▪ Ensure Board and staff continuity with succession planning ▪ Diverse, engaged, competent, community driven Board ▪ Have a clear and understood business performance framework	PROJECTS AND LEADERSHIP ▪ Drive strategic (visions aligned) projects within a detailed strategic projects framework ▪ Build capability across small business and community organisations ▪ Increase participation in, and understanding of, community decision-making
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Sustainability

There is a growing interest for sustainability reporting in companies and MDFSL is not immune to this. We do have a clear focus on sustainability and given its importance in our company vision, will remain a high priority for many years to come. Many of our concerns are interconnected and we understand the ongoing need to develop our approach to driving our sustainability performance forward. Further, we will continue to strengthen our communication on our sustainability approach and action.

Specifically in 2021-22 we have:

- Undertaken an external Carbon Assessment so we can understand where our current emissions are and plan to reduce these
- Committed to sustainability by including 3 x sustainability plans in our Strategic plan (environment, social and economic)
- Switched to a green energy provider to reduce and offset emissions from our Branch
- Reviewed and confirmed Bendigo Bank ESG Framework
- Updated our Community Investment policy which sets out requirements for funders to meet, ensuring greater alignment between our strategy and targeted social impact outcomes
- Taken initial steps to look at supply of solar panels for the Maldon branch

Sustainability is inherent in our purpose and has been since our beginnings. We have a long history of supporting community and investing in our approach to climate action.



In 2022 we are planning on working further with our community groups we partner with by providing them with a supplier guide which sets out our minimum expectations on ethical, environmental and social standards for our suppliers.

We have already started implementing this by requesting suppliers and grant partners use local installers and businesses where possible and confirming purchases of sports equipment have been purchased from a supplier which satisfies the fairtrade compliance regulations (for example: <https://info.fairtrade.net/product/sports-balls>).

We will continue to be guided by Bendigo Bank which has achieved its own targets throughout 2022 -



Impact of Bendigo Bank network

The Community Bank model is a world-recognised example of a shared value business. Through this model our Bank and the communities with whom we partner have been able to provide a significant and ongoing capital injection into the Australian economy and more specifically regional economies where more than half of all Community Bank sites are located.

Shared value business models play a key role in business and society, as they apply a commercial solution to a societal problem, thus generating benefits for business and the community. As a bank, our core business is providing financial services to customers. However, for Community Banking, it's more than that – we are interested in the positive impact that money can enable. We know that if our customers are successful, in turn their community will be too. And a successful and vibrant local economy is a good place for a sustainable and successful bank. Community is as important to us as it is to its members because we care about people's wellbeing.

Bendigo Bank are the only Australian bank in the ASX top 100 to be regionally headquartered. For this reason, they place a greater emphasis on connection to our communities than most and we collectively know a lot about Australia outside the metropolitan capitals. From our experience in communities throughout Australia, we can see the key to creating healthy economies is striking the right mix of skilled people, connecting them, and ensuring they have access to the capital required to build strong, vibrant, engaged, and inclusive communities.

Community Bank 'Profit with Purpose' model



1. Includes total sponsorships, donations and grants - data as at 30 June 2022

Supporting our amazing people

Our people have again in 2022 showed they are skilled, resilient and capable of great things. MDFSL aims to provide a positive employee experience and with this focus comes many opportunities to make a difference.

We know that when our people feel engaged and supported to be their best, a positive experience for our customers follows.

We're committed to investing in every one of our employees, recognising them for great outcomes, and creating a community where everyone can thrive.

Community lives inside and outside of our Community Bank. We believe in teamwork and trust, everyone working towards shared goals and building a sense of pride in making a real difference in communities we live and work in.

We want our people to feel connected and engaged because we care about them. And we celebrate what's common and different, so we can all be ourselves. We are particularly pleased to have two internal promotions this year, Paul Simmons to Branch Manager and Lara Mulholland to Customer Relationship Manager – this shows our culture is right and we are providing opportunities to our team.



Bendigo Pride Festival

First held in 2019, the Bendigo Pride Festival has grown every year, highlighting the diversity of the Greater Bendigo region by uniting different backgrounds and cultures across the three week arts and culture festival. Bendigo and Adelaide Bank have been a proud platinum sponsor of the festival since 2020.

We know from the AWEI there is less visibility of LGBTIQ+ inclusion within regional Australia – and that regional staff not only feel LGBTIQ+ initiatives are too city-centric, but do not have exposure to as many allies, can experience higher levels of harassment and feel less positive about the organisation being inclusive. So, our sponsorship is a way to show our support to our regional employees and customers.



Engaging with indigenous communities

Australia is home to the oldest continuous living culture on earth and recognising and respecting Aboriginal and Torres Strait Islander people and their culture is important to us. We recognise this is an area where we can work to increase our engagement and have allocated funding and scholarships to do this in the coming financial year. We are pleased to have supported several indigenous-led organisations and community groups in the past year and will continue to look for ways to better educate our Board and team around reconciliation.

This year Bendigo Bank is focused on finalising its Reconciliation Action Plan (RAP) which MDFSL will be a part of. Reconciliation at the Bank means recognising, respecting, and understanding Aboriginal and Torres Strait Islander peoples and cultures and strengthening our relationship with communities right across Australia.

Lending and investing responsibly



As a values-based organisation with strong ties to the community, we recognise the positive, and sometimes negative, impact business can have on society. Community Bank Maldon & District considers the social and environmental outcomes of the business and lending decisions we make. We believe we have an important role in supporting a transition to a lower emissions future.

As an example of these considerations, Bendigo Bank does not (and will not) lend directly to projects in the following sectors:

- Coal
- Coal seam gas
- Crude oil
- Natural gas
- Native forest logging.

Whilst the Bank does not provide finance directly to projects in these sectors, it does recognise there are individual and business customers and communities which rely on such projects for their livelihood and economic sustainability. The Bank will continue to provide finance and other services to those individuals and businesses who may provide support to those sectors. We recognise we play an important role in supporting communities, both today, and as we transition to a lower emissions future

Climate Change Policy Statement

“Bendigo and Adelaide Bank recognises climate change has far-reaching risks for the environment, the economy, society, our customers and their communities. We support the required transition to net zero emissions by 2050 with aligned interim targets. We are committed to playing our part in this transition. We will work to build climate mitigation and adaption into our business and work to assist our customers and their communities to build climate resilience into their futures.”

Climate

With increasing staff, customer and community concerns about climate change and the impact that businesses have on the environment in which they operate, along with the growing focus of Australian regulators on climate change risk governance within corporations, we seek to reduce and mitigate risks and impacts wherever possible to feed into community prosperity, our long-held purpose.

There are 4 pillars Bendigo Bank has adopted in its Climate Change strategy. Community Bank Maldon & District will look to include these pillars as part of our own Environmental Sustainability Action plan as it is developed in 2022.

The pillars we will focus on are:



1. Reduce our footprint

Reduce the carbon and environmental footprint of our own operations, by:

- Identifying opportunities and setting targets to improve the environmental impact of our operations
- Engaging and educating our people to take action to realise these opportunities
- Learn from best practice by listening to experts and observing other companies

Support our customers and communities by taking actions required to mitigate, adapt and respond to climate change, by:

- Enhancing and sharing our understanding of climate change impacts for customers, industries and communities,
- Developing targeted customer climate change solutions



2. Support our customers



3. Understand and manage the risks

Optimise our climate change risk governance and risk management framework, by:

- Assigning oversight of climate change strategy to the Board Integrating climate change risk into our risk management, strategy and business planning processes
- Undertaking climate scenario analysis to assess potential risks and opportunities and integrating the outcomes into our business planning
- Build a culture of commitment and accountability to realise the bank's climate change action plan

Disclose our climate-related performance, by:

- Express support for the Taskforce on Climate-related Financial Disclosures ("TCFD") and become involved in preparer forums
- Making and aligning our climate disclosures with the recommendations of the TCFD
- Tracking and disclosing our climate-related metrics and performance
- Openly communicating our Climate Change Action Plan, outcomes and learning



4. Be transparent

Ethical conduct and governance

Acting with integrity in the conduct of our business has been an important element of our success. We are clear and transparent in our decision making, we outline our reasons for decisions, and have clear and regularly reviewed policies which guide the behaviour of our Board and staff.

The Australian banking industry is heavily regulated, requiring significant investment and resulting in extremely high standards of good corporate governance. Good governance ensures that we:

- look after our customers and honour the trust they put in us with their money
- maintain good standings with our shareholders and the community
- build a strong and safe workplace and culture.

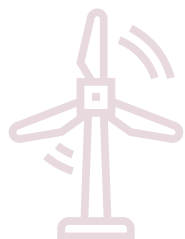


Our foundation for good governance comes from our policies, systems, risk management and leadership. We are pleased with the renewed focus our Board has placed on governance and know our business performance, a key strategic pillar, will improve with this ongoing robust assessment.

While we know our governance model is strong, we are continuously seeking to improve. On an ongoing basis we are working to strengthen our processes around compliance, risk and audit, and industry guidelines. Our Audit and Governance committee meet monthly and review the MDFSL Risk register. We also review monthly the Board Conflict of Interest register and our Policy register, to ensure all governance documents are updated in a timely and efficient manner.

While policies, systems and leadership are integral to build the foundation of good governance, it is our people who live these principles in all aspects of their day-to-day work. We thank our team for their ongoing commitment to excellence, as it is our customers who benefit from this.

Community impact report



Giving back to our communities is at the heart of the Community Bank model – it always has been and is the reason why we exist. We measure our impact in many ways, from providing excellent banking and financial services to our region, employing local people, and importantly returning over 80% of our profits back to the community through our community partnerships program.

We are very proud to have again invested over \$80,000 in our community partnerships program for the financial year, with a further \$120,000 invested for future granting programs. While we have supported 25 individuals with driver training and scholarships, we have also supported over 40 community groups and organisations by partnering with them on things that matter locally.

Partnership spend across different categories for 2021-22 include:



Groups supported by Community Bank Maldon & District in 2021-22 include:

Maldon & Baringhup Agricultural Society	Newstead Open Studios - Newstead Arts Trail 2022	COVID home loan campaign for clubs - \$600 cash prizes x 8
Driver training program for 20 graduates throughout 2021-22	Tarrangower Times Kids spread partnership for 12 months	Dunolly Women's Historical Art Trail
The Maldon Classic	Newstead Bowls Tournament	MFNC Good Friday appeal
Maldon Photographic Competition	Maldon Campdraft	Dunolly Golf Club
Mount Alexander Business Awards	Castlemaine Women's FNC	Guildford Saddle Club
Maldon & Baringhup Agri. Society	Dunolly & District field and game	Maldon Golf Club
Castlemaine District Cricket Assoc	Scholarships x 5	Maldon in Winter
Maldon Eat Drink Events Inc	Newstead on Show	Castlemaine Cemetery
Laanecoore/Dunolly Cricket club	Redbox Wildlife Shelter	Dunolly Gold Rush festival
Maldon Easter Fair	Harcourt Football Netball Club	Maldon Golf Club
Maldon Football Netball Club	Maldon Cemetery Trust	Castlemaine Circus



Adding this additional \$200,000 to our running tally, Community Bank Maldon & District has now invested **over \$3.6 million** back into our region since we first opened in 1999. Thankyou to all who bank with us who make this amazing achievement possible!

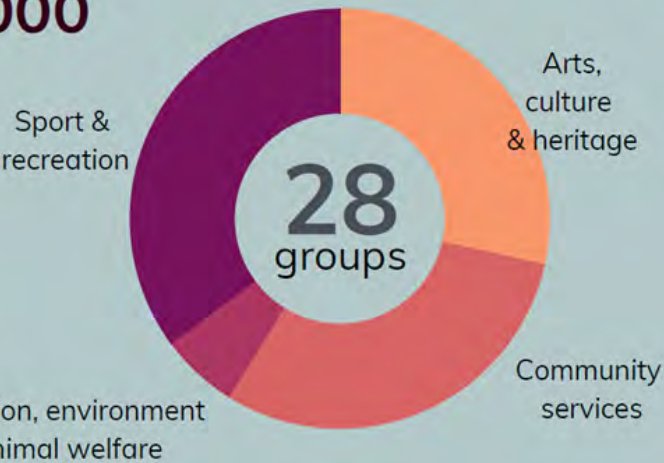
We had an interesting year with COVID disruptions again impacting many events, but it has been so heart-warming to see the resilience and determination of our communities. We have been honoured to work with groups who have been required to amend and pivot and change and adapt at the last minute given the changing regulations we faced throughout the year.



This impacted Community Bank Maldon & District as well, with our planned celebratory Community Grants night for September 2021 being moved to online due to government restrictions on gatherings. While we had to pivot, it was still a great night where we gave away over \$200,000 to various groups and organisations within our region. Many of these projects involved large, capital investments, so had to face their own delays and hurdles working within government administration requirements and labour skills shortages. We are really pleased with their ongoing commitment to see their projects through.

Looking beyond the Mount Alexander Shire, we are pleased to be part of the broader Community Bank model. To date, more than \$290 million has been returned to communities, providing infrastructure, invigorating local activity, and strengthening for the long term social and economic fabric of the places we call home.

2021 CEF Grants - \$200,000



Community grants night - 2021

In September 2021 we held one of our biggest Community grants nights to date, giving away over \$200,000 in one evening across our region which includes Maldon, Dunolly, Newstead, Harcourt and across the Mount Alexander Shire. While it wasn't the in-person large scale event we had planned, we were still able to celebrate with our winners online and have loved heading out to see their completed projects throughout the year.

We were extremely proud to receive applications from a broad range of spend category and were pleased to grant funds to 28 recipients across the below categories –

◦ arts, culture and heritage	\$54,450
◦ community services	\$58,025
◦ education and research and animal welfare	\$11,500
◦ sport and recreation	\$67,200



Community grants - 2021



Sport and recreation

Sports and recreation clubs around Central Victoria have always been integral for community connection and communities across our catchment felt this void during our various lockdowns. We are pleased to have partnered with sporting groups, big and small, to continue to run their clubs in ways which are inclusive, connected and bring out the best in our people.

We know that many struggle to get volunteers (watch this space in 2022-23!!) and appreciate all of the hours each Committee puts in to run events, tournaments that bring tourists to town, and to field teams each week. Thankyou.

We are pleased we can assist these groups in all they do and help keep sports and sporting clubs accessible and affordable across football, netball, golf, bowls, horse riding, cricket, and petanque – many with women's and youth teams.



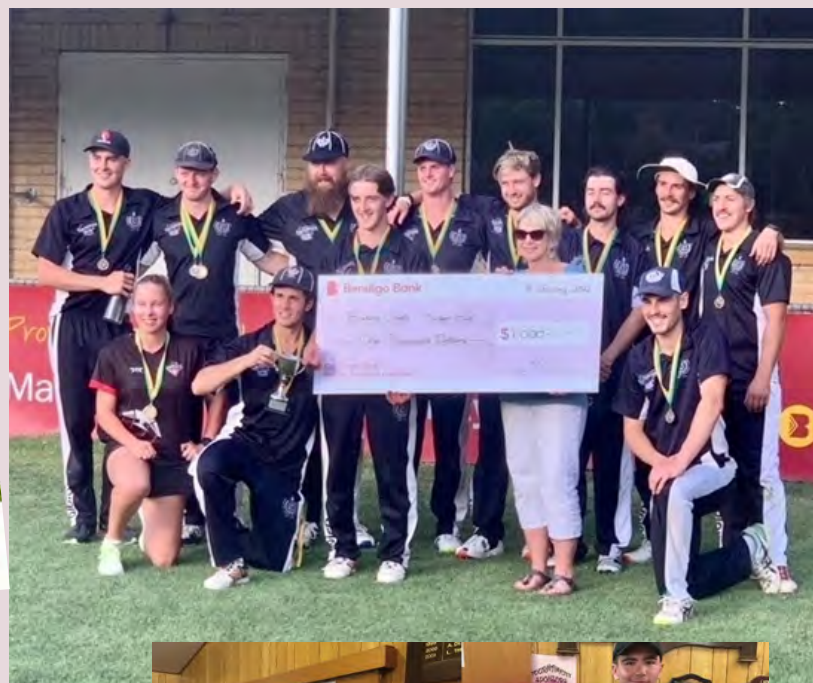
We would like to specifically congratulate the Castlemaine Women's football team who we provided \$2,000 towards the cost of their new jumpers. After fighting to get their inaugural team together in 2022, they took out the women's premiership cup.

Congratulations ladies!





Maldon, Newstead & Dunolly



Dunolly Golf Club

Tournament



Scholarships and youth



We were extremely pleased with the broad range of applicants we received and instead of the proposed 4 scholarships, awarded 5. \$2,000 was provided for each successful recipient with the stated purpose of supporting TAFE or undergraduate university course students and/or agricultural students.

Each winner had their own compelling story, and we are pleased to play a small part in their ongoing educational journeys. Our winners were from various catchment areas serviced by Community Bank Maldon & District including Sandon, Gower, Carisbrook and Castlemaine.

The Community Bank Maldon & District scholarship program is available annually and in 2022 we re-vamped the program, seeking to attract all types of students, not just those who take the regular university path.



Community safety

In 2021-22 we had another 20 learner drivers graduate from our Driver Training program. Participants come into the program with a range of experience - some have only just gained their learners permit, whilst others have many hours of driving under their belts. Regardless of experience, they all benefit from the course, building their skills and confidence. Graduates also receive a reward of a \$50 bank account at the completion of the course.

Community Bank Maldon & District heavily subsidises the cost for participants and has contributed over \$400,000 to run this hands-on intensive driver training program since 2003. This funds learner drivers to participate in a tailored 5-day program. The participants drive in a group of three, with a qualified instructor, in a range of different environments and traffic conditions, including un-sealed country roads, highway and city driving, as well as defensive driving.

We have had over 400 drivers complete this training which teaches learner drivers the skills and gives them exposure to all kinds of driving experiences to ensure their safety and the safety of everyone on the roads.



We're also proud that Bendigo Bank has again been the major sponsor of VICSWIM. VICSWIM's Summer Kidz Program is a great way for children aged 4-12 years to learn how to swim and stay safe in and around water. In 2019, 276 Australians, including 56 Victorians, lost their lives in the water. Teaching children skills from an early age helps prevent these tragedies.

Jan, the VicSwim teacher had these young pupils swimming, diving, safety-stepping and pin-dropping into the water - and they were loving it! Thanks to Newstead Pool - and our other local pools - for hosting such a worthwhile program.

Environment

The team at Red Box Wildlife Shelter successfully applied for one of our Community Grants recently to purchase a large-screen TV for their Education and Training room.

Here is Scott (the human) and Harley (the kangaroo) showing us their appreciation for the newly-installed TV.



Arts and culture

Community Bank Maldon & District is proud to be a sponsor of the main regional papers in the areas we operate. Specifically we advertise regularly in Maldon's newspaper The Tarrangower Times, and support Dunolly's Welcome Record, Newstead's The Echo, The Baringhup Community Newsletter and The Core in Harcourt, recognising the vital role of local newspapers and community newsletters.

We are major sponsors of MAINfm's "In Maldon Today" program and appreciate having our Executive Officer Shannon Burdeu appear several times on the program to talk about various events and what's happening with the Bank. We were able to partner with Maldon Eat Drink Events in their Maldon 2022 photography competition. The competition saw some amazing entrants in both the amateur and professional sections and we look forward to our ongoing partnership with this event.

We loved being a part of the Maldon in Winter Festival which took a dark twist and generated huge volumes of tourism for Maldon and surrounds. We were honoured to partner with Louise Cooper in creating the Dunolly Women's Historical Art Trail. This augmented reality walk combines history and indigenous art, celebrating women, with a modern technology twist.



Dunolly Womens Historical Art Trail

Female Artists Remembering Remarkable Local Women

Louise Cooper,
Lauren Starr,
Grace Cooper,
Keira Long
and
Claire Clarke

Waif Wander,
Miss Emily Glyndon
Madame Charpiot,
The Women Puddlers
Eliza Ellen Russell
and Euphemia Baker

An Augmented Reality Gold Rush Arts Experience

Community wellbeing and connectedness

We are really proud of the events we have been able to partner with in 2021-22, given the ongoing challenges so many groups continued to face. We all know connectedness and community play a huge part in overall health and that's why we have made connected communities a large part of our strategic plan.

We enjoy supporting and working with our various clubs whose focus is on community and wellbeing. This includes Men's Sheds, Community Centres and other not-for-profits in our region. We are truly lucky to have so many organisations which give back to our communities and make a genuine difference.

We again supported the Murray-to-Moyne fundraising team which continued to raise much needed funds for the Maldon Hospital. After being postponed the Main Game charity football match was able to proceed with a fun and entertaining community day for all involved. A wet and dreary day didn't stop the 2022 Maldon Easter parade.

The Maldon Twilight Dinner again transformed Main Street into a marvelous alfresco dining experience in January. The Bank were once again proud major sponsors of this event, which is popular with both locals and visitors from around the region and state.



Capability building

Community Bank Maldon & District partnered with Clare Fountain from Sorted to run its Small Business Action program for the second time in 2021-22. This specially designed program supports local small businesses to recover, reshape and rebound after COVID-19 restrictions. The program aims to deliver a tailored viable business plan, increased confidence, identify new opportunities, and increase collaboration between businesses in the region.

Clare has over 20 years working with regional small business owners to plan for and achieve success. She believes in the resilience of strong communities, and that building stronger businesses helps to build stronger communities. Given the clear synergies, it makes sense Community Bank Maldon & District partners with Clare!

Community Bank Maldon & District subsidised this program for 16 local businesses, with participants required to contribute \$150 per business. Small businesses from across our catchment area, including the towns and districts of Maldon, Dunolly, Newstead, Harcourt, and Mount Alexander region, participated in the program.

This year we again partnered with Tarrangower Times in sponsoring the School supplement each fortnight. With this, the editor from Tarrangower Times works with both Maldon Primary School and Newstead Primary School students in drafting and editing their pieces for publication. We're proud to support our next generation of creative writers.

We were pleased the 2021 Mount Alexander Shire business awards were able to proceed. Celebrating local business is something we love to do! So it was a perfect fit to become one of the sponsors of the recent Mount Alexander Business Awards for 2021. Especially, we wanted to celebrate accessibility and encourage businesses to consider those not as able, to put more thought and action into ensuring an inclusive shopping, service and hospitality experience.

Thanks to Lorraine and Paul from Mount Alexander Shire Disability Action Group for their support to uncover a worthy winner of the Accessibility section of the awards. Congratulations to Movement Zone Castlemaine, your physical space and your inclusive practices are a credit to you.





Acknowledgments

The Community Investment Portfolio, the team behind our partnership programs, are a talented and keen group and we thank them whole heartedly for their ongoing commitment and contributions. We acknowledge the passion and hard work of members Janet Purcell, Ross Egleton, Helen Curran, branch representative Kyle Winstanley, and Communication Officer Nicki Renfrey, who work alongside Meg Sattler (Portfolio Chair) and Shannon Burdeu (Executive Officer). A big thanks to Liesl Malan for her contributions throughout the year also. We appreciate the team's connection to our region and community groups, and commitment to building stronger communities.

The Portfolio is supported by the board and branch team to deliver our programs and celebrate its successes. We are proud of the improved governance of this portfolio and the increasing diversity of projects and events funded. This will continue to be our focus in 2022 and beyond.

We will continue to link into our strategy and values in all decisions we make and look forward to continuing to have a positive and lasting impact in creating thriving, sustainable, connected communities over the next 12 months.

Meg Sattler
Portfolio Chair

Shannon Burdeu
Executive Officer



Maldon & District Financial Services Limited

Directors' report - 30 June 2022

The directors present their report, together with the financial statements, on the company for the year ended 30 June 2022.

Directors

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

Name:	Ross Arthur Egleton
Title:	Chair
Experience and expertise:	Ross is a Men's Behaviour Change Worker. Bachelor of Commerce. Graduate Certificate Human Resource Management. Committee Member - Maldon Football Netball Club. Project Manager, Annie North (2017-2021). Program Coordinator, Corrections Victoria (2014-17).
Special responsibilities:	Audit & Governance, Community Investment, Finance
Name:	Kerryn Margaret Healy
Title:	Non-executive director
Experience and expertise:	Retired. Bachelor of Business, CPA, Graduate Australian Institute of Company Directors (GAICD), Fellow HFMA formerly Australian Health Services Financial Management Association (FASM), Member of Women on Boards, Honorary Treasurer and member of the Committee of Management of the Maldon Golf Club Inc, Honorary Secretary - Tarrangower Village (since Dec 2021), 44 years in the public health sector with the last 23 years in senior financial management and executive roles.
Special responsibilities:	Chair of Finance
Name:	Janet Mary Purcell
Title:	Non-executive director
Experience and expertise:	Maldon Museum and Archives Inc. – Volunteer with regular commitments and opening up the Museum for visitors. Maldon Focus Inc. – committee member. Maldon Streetscape – Committee member with fantastic results this year with underground power poles in the street. Tarrangower Cactus Warriors – volunteer working on removing cactus. Maldon Athenaeum Library – Member. Friends of Maldon Historic Reserve – working with Parks Victoria to refresh walking tracks and removing weeds. 2022 received Diploma Family History from the University of Tasmania.
Special responsibilities:	Community Investment, Communications
Name:	Jane Louise Goodrich
Title:	Non-executive director
Experience and expertise:	Manager. Current committee member of Castlemaine Circus Inc and Lot19 Art. Previous board member of Castlemaine Artists Market and the Environment Centre of the Northern Territory. Background in event management and community events. Co-founder of the Castlemaine Billy Cart Challenge.
Special responsibilities:	Chair of Communications
Name:	Katie Lee McEachran
Title:	Non-executive director, Assistant Treasurer
Experience and expertise:	Cyber Security Analyst. Double Diploma of Conservation & Land Management/Diploma of Sustainability. Certificate III Financial Services. Long-term Bendigo Bank staff member: five years at the Maldon & District Community Bank and currently a Cyber Security Analyst. Currently studying Bachelor of IT Cyber Security.
Special responsibilities:	Audit & Governance, Finance
Name:	Matthew Edwin Gordon
Title:	Non-executive director (appointed 1 September 2021)
Experience and expertise:	Matthew is an experienced business executive and public servant who's career in public policy, project management, sales, start-up entrepreneurship and government has spanned 15 years. Matthew currently works at Capire – a specialist community engagement company and in his spare time is busy restoring an 1860's miners cottage in Maldon.
Special responsibilities:	Chair Audit and Governance

Maldon & District Financial Services Limited

Directors' report

30 June 2022

Name: Meghan Elizabeth Sattler
Title: Non-executive director (appointed 10 September 2021)
Experience and expertise: CEO of Ground Truth Solutions, an international non-government organisation supporting people affected by crisis to hold the international humanitarian aid system to account. This follows 15 years' experience in the international humanitarian aid sector, having held senior roles in non-governmental and United Nations agencies, working on both policy and practice in Europe, central Asia, Haiti and the Middle East. Meg has a Master of Journalism, Postgraduate Certificate of Humanitarian Leadership and Bachelor of Arts.
Special responsibilities: Chair of Community Investment

Name: Helen Jane Curran
Title: Non-executive director (appointed 2 May 2022)
Experience and expertise: Master of Mechanical Engineering (MEng); Agile Scrum Master; CIMA (Management Accounting); and Prince II (Project Management) qualified. Global experience in transformation, strategy, consulting, project management, management accounting and operational management across Financial Services (Bendigo & Adelaide Bank; Credit Suisse (London & New York)) and Manufacturing (George Weston Foods, Unilever (UK) & Ford (UK)).
Special responsibilities: Community Investment

Name: Liesl Suzanne Malan
Title: Non-executive director (resigned 27 March 2022)
Experience and expertise: Former Secretary Harcourt Progress Association (August 2019 - April 2021). Member of Australian Food Sovereignty Alliance (current). Member of Australian Institute of Landscape Architects National Board (2012 - 2015). Business owner of Liesl Malan Landscape Architects (LMLA) 2006 - 2019. Registered Landscape Architect (AILA) (2001 - 2019). Graduate Diploma of Landscape Architecture - QUT (1998). Travelled extensively and worked abroad in South Africa, the United Kingdom, Japan (1989 - 1995). Bachelor of Arts - UQ (1988).
Special responsibilities: Community Investment

Name: Karly Brenda Smith Whelan
Title: Non-executive director (resigned 27 October 2021)
Experience and expertise: Bachelor of Arts (Hons). Graduate Australian Institute of Company Directors (GAICD). Joined the MDFSL board as a director in 2007, and was the Company Secretary from 2008-2021. Over twenty years' experience working in project management and research in corporate, academic and not-for-profit community organisations. Karly is the Victorian Grants Program Manager at the Foundation for Rural and Regional Renewal (FRRR), and a board member of the not-for-profit charity I Am Someone (IAS).
Special responsibilities: Community Investment, Finance

No directors have material interest in contracts or proposed contracts with the company.

Company secretary

The Company secretary is Shannon Laura Fernie Burdeu. Shannon was appointed to the position of Company secretary on 1 July 2021.

Experience and expertise: Shannon commenced as Executive Officer with MDFSL in March 2021 and as Company Secretary in July 2021. Prior to this role, she worked for 15 years in senior management roles in Tax and Legal teams at international consulting firms. She has 10 years of volunteer Board experience and currently sits on the Board of RIAC, a disability advocacy services NFP, and Maiden Gully Progress Association. Bachelor of Laws (Hons) / Bachelor of Economics, LL.M, AICD Foundations of Directorship, Governance Institute of Australia, Certificate in Governance Practice

Maldon & District Financial Services Limited
Directors' report
30 June 2022

Principal activity

The principal activities of the company during the financial year were facilitating Community Bank services under management rights to operate a franchised branch of Bendigo and Adelaide Bank Limited (Bendigo Bank) and distributing profits from this to support community development.

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

Review of operations

The profit for the company amounted to \$26,250 (30 June 2021: \$3,744).

Operations have continued to perform in line with expectations.

Significant changes in the state of affairs

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

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Likely developments

The company will continue its policy of facilitating banking services to the community and supporting community development.

Environmental regulation

The company is not subject to any significant environmental regulation.

Meetings of directors

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

	Board		Community Investment Portfolio		Finance Portfolio	
	Eligible	Attended	Eligible	Attended	Eligible	Attended
Ross Arthur Egleton	11	11	12	12	11	11
Karly Brenda Smith Whelan	4	4	4	1	4	3
Kerryn Margaret Healy	11	10	-	-	11	11
Janet Mary Purcell	11	10	12	11	-	-
Jane Louise Goodrich	11	9	-	-	-	-
Katie Lee McEachran	11	11	-	-	11	10
Matthew Edwin Gordon	9	8	-	-	-	-
Meghan Elizabeth Sattler	9	9	10	8	-	-
Helen Jane Curran	4	3	3	3	-	-
Liesl Suzanne Malan	9	5	7	4	-	-
	Audit & Governance Portfolio		Communications Portfolio			
	Eligible	Attended	Eligible	Attended		
Ross Arthur Egleton	9	9	-	-		
Karly Brenda Smith Whelan	-	-	-	-		
Kerryn Margaret Healy	-	-	-	-		
Janet Mary Purcell	-	-	8	5		
Jane Louise Goodrich	-	-	8	4		
Katie Lee McEachran	1	1	-	-		
Matthew Edwin Gordon	7	5	-	-		
Meghan Elizabeth Sattler	-	-	-	-		
Helen Jane Curran	-	-	-	-		
Liesl Suzanne Malan	-	-	-	-		

Maldon & District Financial Services Limited

Directors' report

30 June 2022

Directors' benefits

No director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a director, a firm which a director is a member or an entity in which a director has a substantial financial interest except as disclosed in note 24 to the financial statements. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the company's accounts, or the fixed salary of a full-time employee of the company, controlled entity or related body corporate.

Indemnity and insurance of directors and officers

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

Disclosure of the nature of the liability and the amount of the premium is prohibited by the confidentiality clause of the contract of insurance.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the *Corporations Act 2001*.

Indemnity and insurance of auditor

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Non-audit services

The company may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the company are important. Details of the amounts paid or payable to the auditor (Andrew Frewin Stewart) for audit and non-audit services provided during the year are set out in note 26 to the accounts.

The Board has considered the non-audit services provided during the year by the auditor and is satisfied that the provision of the non-audit services is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Board to ensure they do not impact on the impartiality, integrity and objectivity of the auditor
- none of the services undermine the general principles relating to auditor independence as set out in *APES 110 Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the company, acting as an advocate for the company or jointly sharing risks and rewards.

Auditor's independence declaration

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

Maldon & District Financial Services Limited
Directors' report
30 June 2022

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

On behalf of the directors

A handwritten signature in black ink, appearing to read 'R. Egleton', written over a horizontal line.

Ross Arthur Egleton
Chair

27 September 2022



Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550

afs@afsbendigo.com.au
03 5443 0344

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

As lead auditor for the audit of Maldon & District Financial Services Limited for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been:

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 27 September 2022

Joshua Griffin
Lead Auditor

Maldon & District Financial Services Limited - Financial reports

Statement of profit or loss and other comprehensive income

For the year ended 30 June 2022

	Note	2022 \$	2021 \$
Revenue from contracts with customers	6	1,137,733	1,036,051
Other revenue	7	21,763	83,560
Finance revenue		134	-
Employee benefits expense	8	(658,804)	(665,067)
Advertising and marketing costs		(11,671)	(17,962)
Occupancy and associated costs		(16,438)	(24,662)
System costs		(41,986)	(44,871)
Depreciation and amortisation expense	8	(62,675)	(62,422)
Interest paid to members		(15,898)	(17,496)
Finance costs	8	(2,407)	(3,684)
General administration expenses		(119,613)	(99,030)
Profit before community contributions and income tax expense		230,138	184,417
Charitable donations and sponsorships expense		(203,888)	(180,673)
Profit before income tax expense		26,250	3,744
Income tax expense	9	-	-
Profit after income tax expense for the year	21	26,250	3,744
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		<u>26,250</u>	<u>3,744</u>

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

Maldon & District Financial Services Limited
Statement of financial position
As at 30 June 2022

	Note	2022 \$	2021 \$
Assets			
Current assets			
Cash and cash equivalents	10	569,501	524,831
Trade and other receivables	11	131,791	111,982
Total current assets		<u>701,292</u>	<u>636,813</u>
Non-current assets			
Property, plant and equipment	12	668,135	683,617
Right-of-use assets	13	27,163	54,182
Intangibles	14	24,171	37,354
Total non-current assets		<u>719,469</u>	<u>775,153</u>
Total assets		<u>1,420,761</u>	<u>1,411,966</u>
Liabilities			
Current liabilities			
Trade and other payables	15	252,611	226,693
Lease liabilities	17	28,467	28,877
Employee benefits	18	51,647	54,677
Member funds	20	246,960	243,480
Total current liabilities		<u>579,685</u>	<u>553,727</u>
Non-current liabilities			
Trade and other payables	15	-	14,825
Borrowings	16	6	6
Lease liabilities	17	-	27,274
Employee benefits	18	6,643	8,303
Provisions	19	7,413	7,067
Total non-current liabilities		<u>14,062</u>	<u>57,475</u>
Total liabilities		<u>593,747</u>	<u>611,202</u>
Net assets		<u>827,014</u>	<u>800,764</u>
Equity			
Retained earnings	21	<u>827,014</u>	<u>800,764</u>
Total equity		<u>827,014</u>	<u>800,764</u>

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

Maldon & District Financial Services Limited
Statement of changes in equity
For the year ended 30 June 2022

	Retained earnings \$	Total equity \$
Balance at 1 July 2020	<u>797,020</u>	<u>797,020</u>
Total comprehensive income	<u>3,744</u>	<u>3,744</u>
Balance at 30 June 2021	<u><u>800,764</u></u>	<u><u>800,764</u></u>
 Balance at 1 July 2021	 <u>800,764</u>	 <u>800,764</u>
Total comprehensive income	<u>26,250</u>	<u>26,250</u>
Balance at 30 June 2022	<u><u>827,014</u></u>	<u><u>827,014</u></u>

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

Maldon & District Financial Services Limited
Statement of cash flows
For the year ended 30 June 2022

	Note	2022 \$	2021 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		1,255,400	1,225,787
Payments to suppliers and employees (inclusive of GST)		<u>(1,149,388)</u>	<u>(1,102,288)</u>
		106,012	123,499
Interest received		134	-
Interest and other finance costs paid	8	<u>(15,898)</u>	<u>(17,496)</u>
Net cash provided by operating activities	27	<u>90,248</u>	<u>106,003</u>
Cash flows from investing activities			
Payments for property, plant and equipment		(1,163)	(5,555)
Payments for intangibles		<u>(13,477)</u>	<u>(12,142)</u>
Net cash used in investing activities		<u>(14,640)</u>	<u>(17,697)</u>
Cash flows from financing activities			
Repayment of lease liabilities	17	<u>(30,938)</u>	<u>(30,458)</u>
Net cash used in financing activities		<u>(30,938)</u>	<u>(30,458)</u>
Net increase in cash and cash equivalents		44,670	57,848
Cash and cash equivalents at the beginning of the financial year		524,831	223,503
Cash and cash equivalents recognised from change in accounting policy		<u>-</u>	<u>243,480</u>
Cash and cash equivalents at the end of the financial year	10	<u><u>569,501</u></u>	<u><u>524,831</u></u>

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

Maldon & District Financial Services Limited

Notes to the financial statements

30 June 2022

Note 1. Reporting entity

The financial statements cover Maldon & District Financial Services Limited (the company) as an individual entity. The financial statements are presented in Australian dollars, which is the company's functional and presentation currency.

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

Registered office

93 High Street, Maldon VIC 3463

Principal place of business

81 High Street, Maldon VIC 3463

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 27 September 2022. The directors have the power to amend and reissue the financial statements.

Note 2. Basis of preparation and statement of compliance

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

Note 3. Significant accounting policies

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

Changes in accounting policies, standards and interpretations

There are a number of amendments to accounting standards issued by the AASB that became mandatorily effective for accounting periods beginning on or after 1 July 2021, and are therefore relevant for the current financial year. The amendments did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

Current and non-current classification

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

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

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

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

Impairment

Non-derivative financial assets

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

Maldon & District Financial Services Limited
Notes to the financial statements
30 June 2022

Note 3. Significant accounting policies (continued)

The company's trade receivables are limited to the monthly profit share distribution from Bendigo Bank, which is received 10 business days post month end. Due to the reliance on Bendigo Bank the company has reviewed credit ratings provided by Standard & Poors, Moody's and Fitch Ratings to determine the level of credit exposure to the company. The company also performed a historical assessment of receivables from Bendigo Bank and found no instances of default. As a result no ECL has been made in relation to trade receivables as at 30 June 2022.

Non-financial assets

At each reporting date, the company reviews the carrying amounts of its tangible and intangible assets that have an indefinite useful life to determine whether there is any indication those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss.

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

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except when the amount of GST incurred on a sale or purchase of assets or services is not payable to or recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the revenue or expense item.

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

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

Note 4. Critical accounting judgements, estimates and assumptions

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

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the company based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the company operates. There does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the company unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Estimation of useful lives of assets

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

Maldon & District Financial Services Limited
Notes to the financial statements
30 June 2022

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

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

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

Lease term

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

Incremental borrowing rate

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

Employee benefits provision

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

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

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

Lease make good provision

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

Note 5. Economic dependency

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

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.

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Note 5. Economic dependency (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
- security and cash logistic controls
- calculation of company revenue and payment of many operating and administrative expenses
- the formulation and implementation of advertising and promotional programs
- sales techniques and proper customer relations
- providing payroll services.

Note 6. Revenue from contracts with customers

	2022 \$	2021 \$
Margin income	999,363	900,610
Fee income	68,329	66,230
Commission income	70,041	69,211
Revenue from contracts with customers	<u>1,137,733</u>	<u>1,036,051</u>

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

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

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

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

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Note 6. Revenue from contracts with customers (continued)

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

Revenue calculation

The franchise agreement provides that three forms of revenue may be earned by the company which are margin, commission and fee income. Bendigo Bank decides the form of revenue the company earns on different types of products and services. The revenue earned by the company is dependent on the business that it generates. 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
plus:	any deposit returns i.e. interest return applied by Bendigo Bank for a deposit
minus:	any costs of funds i.e. interest applied by Bendigo Bank to fund a loan.

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

Commission

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

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

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

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Note 7. Other revenue

	2022 \$	2021 \$
Market development fund	20,000	38,750
Cash flow boost	-	36,808
Other income	1,763	8,002
Other revenue	<u>21,763</u>	<u>83,560</u>

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.

<u>Revenue stream</u>	<u>Revenue recognition policy</u>
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 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

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 sized businesses that employ staff and have been affected by the economic downturn associated with COVID-19.

The amounts received are 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.

Maldon & District Financial Services Limited
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Note 8. Expenses

Depreciation and amortisation expense

	2022	2021
	\$	\$
<i>Depreciation of non-current assets</i>		
Buildings	15,807	15,807
Leasehold improvements	2,686	2,684
Plant and equipment	1,893	2,222
Furniture and fittings	122	122
Computer equipment	772	648
	<u>21,280</u>	<u>21,483</u>
<i>Depreciation of right-of-use assets</i>		
Leased land and buildings	<u>28,212</u>	<u>27,755</u>
<i>Amortisation of intangible assets</i>		
Franchise fee	2,197	2,197
Franchise renewal fee	10,986	10,987
	<u>13,183</u>	<u>13,184</u>
	<u><u>62,675</u></u>	<u><u>62,422</u></u>

Finance costs

	2022	2021
	\$	\$
Lease interest expense	2,061	3,354
Unwinding of make-good provision	346	330
	<u>2,407</u>	<u>3,684</u>

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

Interest paid to members

	2022	2021
	\$	\$
Interest paid to members	<u>15,898</u>	<u>17,496</u>

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

Employee benefits expense

	2022	2021
	\$	\$
Wages and salaries	505,026	517,110
Superannuation contributions	54,755	52,748
Expenses related to long service leave	(620)	9,706
Other expenses	99,643	85,503
	<u>658,804</u>	<u>665,067</u>

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Note 8. Expenses (continued)

Leases recognition exemption

	2022 \$	2021 \$
Expenses relating to low-value leases	<u>17,606</u>	<u>17,669</u>

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

	2022 \$	2021 \$
Direct donation, sponsorship and grant payments	215,560	47,655
Contribution to the Community Enterprise Foundation™	<u>115,789</u>	<u>150,000</u>
	<u>331,349</u>	<u>197,655</u>

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

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

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

	2022 \$	2021 \$
<i>Disaggregation of CEF funds</i>		
Opening balance	276,254	152,342
Contributions paid in	115,789	150,000
Grants paid out	(187,591)	(20,008)
Interest received	1,348	1,813
Management fees incurred	<u>(13,874)</u>	<u>(7,893)</u>
Balance available for distribution	<u>191,926</u>	<u>276,254</u>

Note 9. Income tax

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

Note 10. Cash and cash equivalents

	2022 \$	2021 \$
Cash at bank and on hand	<u>569,501</u>	<u>524,831</u>

Accounting policy for cash and cash equivalents

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

Maldon & District Financial Services Limited
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Note 11. Trade and other receivables

	2022 \$	2021 \$
Trade receivables	112,408	92,712
Accrued income	2,000	2,000
Prepayments	17,383	17,270
	<u>19,383</u>	<u>19,270</u>
	<u>131,791</u>	<u>111,982</u>

Accounting policy for trade and other receivables

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

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Note 12. Property, plant and equipment

	2022 \$	2021 \$
Land - at cost	199,387	199,387
Buildings - at cost	590,838	590,838
Less: Accumulated depreciation	(145,458)	(129,651)
	<u>445,380</u>	<u>461,187</u>
Leasehold improvements - at cost	25,470	20,835
Less: Accumulated depreciation	(12,450)	(9,764)
	<u>13,020</u>	<u>11,071</u>
Plant and equipment - at cost	44,663	48,577
Less: Accumulated depreciation	(37,756)	(39,777)
	<u>6,907</u>	<u>8,800</u>
Fixtures and fittings - at cost	610	610
Less: Accumulated depreciation	(272)	(150)
	<u>338</u>	<u>460</u>
Computer equipment - at cost	4,523	3,360
Less: Accumulated depreciation	(1,420)	(648)
	<u>3,103</u>	<u>2,712</u>
	<u>668,135</u>	<u>683,617</u>

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Note 12. Property, plant and equipment (continued)

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

	Land \$	Buildings \$	Leasehold improvements \$	Plant and equipment \$	Furniture and fittings \$	Computer Equipment \$	Total \$
Balance at 1 July 2020	199,387	476,994	13,755	8,827	582	-	699,545
Additions	-	-	-	2,195	-	3,360	5,555
Depreciation	-	(15,807)	(2,684)	(2,222)	(122)	(648)	(21,483)
Balance at 30 June 2021	199,387	461,187	11,071	8,800	460	2,712	683,617
Additions	-	-	4,635	-	-	1,163	5,798
Depreciation	-	(15,807)	(2,686)	(1,893)	(122)	(772)	(21,280)
Balance at 30 June 2022	<u>199,387</u>	<u>445,380</u>	<u>13,020</u>	<u>6,907</u>	<u>338</u>	<u>3,103</u>	<u>668,135</u>

Accounting policy for property, plant and equipment

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

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

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

Building	7 to 40 years
Leasehold improvements	1 to 20 years
Plant and equipment	4 to 40 years
Furniture and fittings	5 years
Computer equipment	1 to 5 years

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

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

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

Changes in estimates

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

Note 13. Right-of-use assets

	2022 \$	2021 \$
Land and buildings - right-of-use	152,841	151,648
Less: Accumulated depreciation	<u>(125,678)</u>	<u>(97,466)</u>
	<u>27,163</u>	<u>54,182</u>

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Note 13. Right-of-use assets (continued)

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

	Land and buildings \$	Total \$
Balance at 1 July 2020	81,025	81,025
Remeasurement adjustments	912	912
Depreciation expense	(27,755)	(27,755)
Balance at 30 June 2021	54,182	54,182
Additions	1,193	1,193
Depreciation expense	(28,212)	(28,212)
Balance at 30 June 2022	<u>27,163</u>	<u>27,163</u>

Accounting policy for right-of-use assets

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

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

Refer to note 17 for more information on lease arrangements.

Note 14. Intangibles

	2022 \$	2021 \$
Franchise fee	92,439	92,439
Less: Accumulated amortisation	(88,410)	(86,213)
	<u>4,029</u>	<u>6,226</u>
Franchise renewal fee	112,193	112,193
Less: Accumulated amortisation	(92,051)	(81,065)
	<u>20,142</u>	<u>31,128</u>
	<u>24,171</u>	<u>37,354</u>

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Note 14. Intangibles (continued)

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

	Franchise fee \$	Franchise renewal fee \$	Total \$
Balance at 1 July 2020	8,423	42,115	50,538
Amortisation expense	(2,197)	(10,987)	(13,184)
Balance at 30 June 2021	6,226	31,128	37,354
Amortisation expense	(2,197)	(10,986)	(13,183)
Balance at 30 June 2022	<u>4,029</u>	<u>20,142</u>	<u>24,171</u>

Accounting policy for intangible assets

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

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

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

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

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

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

Change in estimates

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

Note 15. Trade and other payables

	2022 \$	2021 \$
<i>Current liabilities</i>		
Trade payables	187,141	168,152
Other payables and accruals	<u>65,470</u>	<u>58,541</u>
	<u>252,611</u>	<u>226,693</u>
<i>Non-current liabilities</i>		
Other payables and accruals	<u>-</u>	<u>14,825</u>

Accounting policy for trade and other payables

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

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Note 15. Trade and other payables (continued)

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

Note 16. Borrowings

	2022 \$	2021 \$
<i>Non-current liabilities</i>		
Bank loans	<u>6</u>	<u>6</u>

Unrestricted access was available at the reporting date to the following lines of credit:

	2022 \$	2021 \$
Total facilities		
Bank loans	<u>113,451</u>	<u>139,167</u>
Used at the reporting date		
Bank loans	<u>6</u>	<u>6</u>
Unused at the reporting date		
Bank loans	<u>113,445</u>	<u>139,161</u>

Bank loans

Interest is recognised at rate of 5.74% (2021: 0.00%). The loan is secured by a fixed and floating charge over the company's assets.

Accounting policy for borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Note 17. Lease liabilities

	2022 \$	2021 \$
<i>Current liabilities</i>		
Land and buildings lease liabilities	29,209	30,938
Unexpired interest	<u>(742)</u>	<u>(2,061)</u>
	<u>28,467</u>	<u>28,877</u>
<i>Non-current liabilities</i>		
Land and buildings lease liabilities	-	27,985
Unexpired interest	<u>-</u>	<u>(711)</u>
	<u>-</u>	<u>27,274</u>

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Note 17. Lease liabilities (continued)

Reconciliation of lease liabilities

	2022	2021
	\$	\$
Opening balance	56,151	82,341
Remeasurement adjustments	1,193	914
Lease interest expense	2,061	3,354
Lease payments - total cash outflow	(30,938)	(30,458)
	<u>28,467</u>	<u>56,151</u>

Maturity analysis

	2022	2021
	\$	\$
Not later than 12 months	29,209	30,938
Between 12 months and 5 years	-	27,985
	<u>29,209</u>	<u>58,923</u>

Accounting policy for lease liabilities

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

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

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

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

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

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

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

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Note 17. Lease liabilities (continued)

The company's lease portfolio includes:

Administration Office	The lease agreement commenced in October 2019 for a three year term. The company has no renewal options available. As such, the lease term end date used in the calculation of the lease liability is October 2022. The discount rate used in calculations is 4.79%.
Dunolly Rural Transaction Centre (TRC)	The lease commenced on July 2018 for a three year term. A 2 year renewal option was exercised in July 2021. As such, the lease term end date used in the calculation of the lease liability is July 2023. The discount rate used in calculations is 4.79%.
Newstead Rural Transaction Centre (TRC)	The lease commenced on July 2018 for a three year term. A 2 year renewal option was exercised in July 2021. As such, the lease term end date used in the calculation of the lease liability is July 2023. The discount rate used in calculations is 4.79%.

Note 18. Employee benefits

	2022 \$	2021 \$
<i>Current liabilities</i>		
Annual leave	39,736	33,152
Long service leave	11,911	21,525
	<u>51,647</u>	<u>54,677</u>
<i>Non-current liabilities</i>		
Long service leave	<u>6,643</u>	<u>8,303</u>

Accounting policy for employee benefits

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

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

Superannuation contributions

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

Short-term employee benefits

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

Other long-term employee benefits

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

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

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

Maldon & District Financial Services Limited
Notes to the financial statements
30 June 2022

Note 19. Provisions

	2022 \$	2021 \$
Lease make good	<u>7,413</u>	<u>7,067</u>

Lease make good

In accordance with the branch lease agreements, the company must restore the leased premises to their original condition before the expiry of the lease term. The company has estimated the provision based on experience and consideration of the expected future costs to remove all fittings and the ATM as well as cost to remedy any damages caused during the removal process. The leases are due to expire per below at which time it is expected the face-value costs to restore the premises will fall due.

<u>Lease</u>	<u>Lease term expiry date per AASB 16</u>	<u>Estimated provisions</u>
Administration Office	October 2022	\$0
Dunolly Branch	July 2023	\$1,430
Newstead Branch	July 2023	\$6,345

Accounting policy for provisions

Provisions are recognised when the company has a present (legal or constructive) obligation as a result of a past event, it is probable the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Note 20. Member funds

	2022 \$	2021 \$
<i>Current liabilities</i>		
Member - pledge holder funds	<u>246,960</u>	<u>243,480</u>

During the prior year the company had a change in accounting policy on the way it accounted for the pledge holder funds. Previously the funds held on behalf of the pledge holders were offset against the trust account. These have now been split out and individually recognised as an asset and liability.

In accordance with the Association's Memorandum and Articles of Association, Maldon & District Financial Services Limited is limited by guarantee and does not have share capital. Each member is required to contribute a maximum of \$10 towards meeting any outstanding obligations of the Company.

As at 30 June 2022 the number of members was 165 (2021: 161).

Note 21. Retained earnings

	2022 \$	2021 \$
Retained earnings at the beginning of the financial year	800,764	797,020
Profit after income tax expense for the year	<u>26,250</u>	<u>3,744</u>
Retained earnings at the end of the financial year	<u>827,014</u>	<u>800,764</u>

Maldon & District Financial Services Limited
Notes to the financial statements
30 June 2022

Note 22. Capital management

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

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

The distribution limit is the greater of:

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

The Board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the financial year can be seen in the statement of profit or loss and other comprehensive Income.

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

Note 23. Financial instruments

	2022 \$	2021 \$
Financial assets		
Trade and other receivables	114,408	94,712
Cash and cash equivalents	569,501	524,831
	<u>683,909</u>	<u>619,543</u>
Financial liabilities		
Trade and other payables	252,611	241,518
Lease liabilities	28,467	56,151
Bank loans	6	6
Member funds	246,960	243,480
	<u>528,044</u>	<u>541,155</u>

Accounting policy for financial instruments

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

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

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

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

Maldon & District Financial Services Limited
Notes to the financial statements
30 June 2022

Note 23. Financial instruments (continued)

Financial risk management

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

Market risk

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

Price risk

The company is not exposed to equity securities price risk as it does not hold investments for sale or at fair value. The company is not exposed to commodity price risk.

Cash flow and fair value interest rate risk

Interest-bearing assets and liabilities are held with Bendigo 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 \$569,501 at 30 June 2022 (2021: \$524,831). The cash and cash equivalents are held with Bendigo Bank, which are rated BBB+ on Standard & Poor's credit ratings.

Credit risk

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

The company's franchise agreement limits the company's credit exposure to one financial institution, being Bendigo Bank. The company monitors credit worthiness through review of credit ratings of the bank.

Liquidity risk

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

Financing arrangements

Unused borrowing facilities at the reporting date:

	2022	2021
	\$	\$
Bank loans	113,445	139,161

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

Maldon & District Financial Services Limited
Notes to the financial statements
30 June 2022

Note 23. Financial instruments (continued)

Exposure to liquidity risk

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

	1 year or less \$	Between 1 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
2022				
Non-derivatives				
Trade and other payables	252,611	-	-	252,611
Lease liabilities	29,209	-	-	29,209
Total non-derivatives	<u>281,820</u>	<u>-</u>	<u>-</u>	<u>281,820</u>
	1 year or less \$	Between 1 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
2021				
Non-derivatives				
Trade and other payables	226,693	14,825	-	241,518
Lease liabilities	30,938	27,985	-	58,923
Total non-derivatives	<u>257,631</u>	<u>42,810</u>	<u>-</u>	<u>300,441</u>

Note 24. Key management personnel disclosures

Remuneration report

This Report discloses the basis of the remuneration paid by Maldon & District Financial Services Limited to:

- (a) Key Management Personnel (KMP): at Maldon & District Financial Services Limited this is the Branch Manager and Executive Officer
- (b) Directors: all of whom are non-executive directors.

KMP Remuneration Policy

The remuneration policy of the company is to enter into an employment agreement with key management personnel. The agreement includes:

- a base salary: based on factors such as length of service and experience
- superannuation: required by the government, which is currently 10.5%. KMP do not receive any other retirement benefits. KMP have the choice to sacrifice part of their salary to increase payments towards superannuation.
- a performance incentive: the performance incentive is a bonus (refer to section on performance-based remuneration below).

The contracts for service between the company and key management personnel are on a continuing basis, the terms of which are not expected to change in the immediate future. Upon retirement key management personnel are paid employee benefit entitlements accrued to date of retirement.

Maldon & District Financial Services Limited
Notes to the financial statements
30 June 2022

Note 24. Key management personnel disclosures (continued)

KMP Remuneration Policy

All directors are independent non-executive Directors and are paid Directors' fees as disclosed below.

The Board's policy is to remunerate non-executive directors a nominal amount as a substitute for the reimbursement by the company of ordinary expenses. Ordinary expenses include applicable travel and home office costs. The Chair, Deputy Chair, Treasurer and Assistant Treasurer are paid additional fees on top of their Director fee, to assist in compensating for additional time and duties involved in holding these roles.

The Board determines payments to the non-executive directors and regularly reviews the amount of fees paid, based on duties and accountability. The Board believe that current payments are below market rates for time and responsibility. The maximum aggregate amount of fees that can be paid to non-executive Directors requires approval by members as required by the Corporations Act 2001.

Fees for non-executive Directors are not linked to the performance of the Company.

Performance Based Remuneration

Performance based remuneration can be paid to Key Management Personnel. The key performance indicators (KPIs) are set annually, with a certain level of consultation with key management personnel to ensure buy-in. The measures are specifically tailored to the area each individual is involved in and has a level of control over. The KPIs target areas the Board believes hold greater potential for expansion and profit, covering financial and non financial as well as short and long-term goals. The level set for each KPI is based on budgeted figures for the Company and respective industry standards.

Performance in relation to the KPIs is assessed annually, with bonuses being awarded depending on the number and deemed difficulty of the KPIs achieved. Following the assessment, the KPIs are reviewed by the board in light of the desired and actual outcomes, and their efficiency is assessed in relation to the Company's goals and member wealth, before the KPIs are set for the following year.

Relationship between Remuneration Policy and Company Performance

The remuneration policy has been tailored to align the goals of members, directors and key management personnel. Performance-based bonus is based on key performance indicators as disclosed above.

Compensation

Key management personnel compensation comprised the following.

	2022	2021
	\$	\$
Directors	54,452	27,126
Executives	166,017	2,653
	<u>220,469</u>	<u>29,779</u>

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

Maldon & District Financial Services Limited
Notes to the financial statements
30 June 2022

Note 25. Related party transactions

The following transactions occurred with related parties:

	2022 \$	2021 \$
A former director has provided executive officer services to the Company as approved by the board at fixed rate. The total benefit received was:	-	72,959

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

Note 26. Remuneration of auditors

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

	2022 \$	2021 \$
<i>Audit services</i>		
Audit or review of the financial statements	3,100	3,000
<i>Other services</i>		
Taxation advice and tax compliance services	-	250
General advisory services	1,695	2,565
	1,695	2,815
	4,795	5,815

Note 27. Reconciliation of profit after income tax to net cash provided by operating activities

	2022 \$	2021 \$
Profit after income tax expense for the year	26,250	3,744
Adjustments for:		
Depreciation and amortisation	62,675	62,422
Lease liabilities interest	2,061	3,354
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(24,444)	42,432
Increase/(decrease) in trade and other payables	28,050	(13,884)
Increase/(decrease) in employee benefits	(4,690)	7,605
Increase in other provisions	346	330
Net cash provided by operating activities	90,248	106,003

Note 28. Commitments

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

Note 29. Contingencies

There were no contingent liabilities or contingent assets at the date of this report to affect the financial statements.

Maldon & District Financial Services Limited
Notes to the financial statements
30 June 2022

Note 30. Events after the reporting period

No matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Maldon & District Financial Services Limited

Directors' declaration, 30 June 2022

In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in the notes to the financial statements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors



Ross Arthur Egleton
Chair

27 September 2022



Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550

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03 5443 0344

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

Report on the Audit of the Financial Report

Opinion

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

- Statement of financial position as at 30 June 2022
- Statement of profit or loss and other comprehensive income
- Statement of changes in equity
- Statement of cash flows
- Notes to the financial statements, including a summary of significant accounting policies
- The directors' declaration of the company.

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

- i. giving a true and fair view of the company's financial position as at 30 June 2022 and of its financial performance for the year ended on that date; and
- ii. complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

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

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

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



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Other Information

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

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

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's responsibilities for the Audit of the Financial Report

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



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

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

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 27 September 2022

Joshua Griffin
Lead Auditor



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Community Bank
Maldon, Dunolly
& Newstead

 **Bendigo Bank**

2021-22 MDFSL Annual Report