25 years

Community Banking

win-win

2023-2024

ANNUAL REPORT

MALDON DISTRICT FINANCIAL SERVICES LTD

ABN: 46 086 749 886

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Acknowledgement of Country

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

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

Chair's Report

In the year 2023/4, our company progressed well toward our vision for thriving, sustainable and connected communities.

Our banking services provide the funds to realise our vision and strategy. Our Directors provide organisational governance and contribute to one or more board portfolios - Audit & Governance, Business Development, Community Investment & Finance.

It has been another successful year for the branch team. Our company is very fortunate to have the proficient skills, experience and character of Paul Simmons to lead our banking business. I congratulate the branch team for providing professional services with a smile. Well done to Paul and the team for another successful year, enabling us to fund our purpose.

Our Executive Officer, Jane Hoiting, Communications Officer, Nicki Renfrey, and Bookkeeper, Robyn Leach, make up our non-branch staff to administer operations and community giving. Thanks to Nicki and Jane who worked closely with our Community Investment portfolio to continue to streamline our partnerships and granting. Our communications are a vital and valuable link to showcasing our community impact and Nicki's work is to be commended.

Jane also supported the board with our operations as Company Secretary. Managing this as well as the significant partnership work is challenging and Jane navigated the complexity methodically including streamlining IT and operational efficiency.

I would like to express my immense appreciation to our Board Directors. We all have made valuable contributions across our portfolios, enjoyed robust discussions and always have a 'continued improvement' mindset. We farewelled Jane Goodrich and welcomed Kelly Clapham.

Massive thanks to our Treasurer, Kerryn Healy, who continues to ensure our accounts and processes are in order and meeting compliance. Kerryn is super organised and we continue to lean on her skills and experience across all of our work.

Chair's Report (cont.)

Thanks also to Matthew Gordon who was our Deputy Chair and lead significant Audit & Governance portfolio work such as consolidating policies and reviewing community investment. Meg Sattler performed a stellar role as Chair of Community Investment delivering great improvement to our processes. Helen Curran led our Business Development implementing strategy and articulated model to bring in more business, and continued to keep us aligned with our strategy and values in our community giving.

Michael Annear proved his value to be an 'all rounder' and his experience and counsel in governance and community investment was crucial to our improvements and collaboration. Jess Clarke- Kong has provided invaluable support to all areas especially Legal and Audit & Governance. Katie McEachran continued to be beneficial in all areas, particularly with finance and having a great 'pulse' on community and branch operations.

Planning for the Big Project was a significant component of work and I thank all for their contribution, particularly Michael Annear, Helen Curran and Matthew Gordon.

I am pleased to report another healthy profit of $465,837 for the 2023-24 financial year. Whilst this was down by $172,948 from last year it largely due to a reduction in revenue from our banking operation it provides us with significant funds to return to the Community. Revenue was down by $222,372 to $1,460,358 for the year which was offset somewhat by reduced operating expenses which were $878,253 for the year, down $60,347 from the previous year. Our community granting increased by about $5,000 to almost $110,000.

We continue to strive towards our vision, consolidate and improve our governance and operations, and look forward to allocating significant investment to the Big Project/s in the next year.

Ross Egleton
Chairperson
Maldon District Financial Services Ltd

Branch Manager’s Report

Wow...time really does fly; I can’t believe that it is time for my third Branch Manager’s report so quickly. This year has been an interesting one with plenty of change, plenty of talk about interest rates and cost of living in general.

Interest rates settled this year, and we only received the one interest rate rise from the RBA of 0.25%, taking the cash rate to 4.35%. It has stayed there since November even though there has been a lot a talk for months to reduce the rate to help with the current cost of living crisis affecting lots of people across the country.

Whilst the higher cash rate is good for investors it continues to hurt the home loan borrowers. With the cost of living as high as it has been the RBA has kept the rate high to try and drive down inflation. Hopefully we will come out the other end of this cycle sooner rather than later.

Our team has shown a great ability to adapt in this ever-changing world of banking. As Bendigo Bank continue to strive to be the Bank of Choice, there are always changes and improvements to processes and procedures that keeps the team on their toes, there is certainly always something happening.

I’ve enjoyed working with our Board which continues to grow and bring different skills and perspectives. Watch this space as we continue to work with the community for that BIG project that could be a game changer.

Branch Manager's Report (cont.)

Business Results

The current market conditions mentioned above has this year been just as challenging as the previous year. The constant high interest rate has again had customers re-assessing their investment strategies with many deciding that it was best to simplify their commitments.

We had some customers selling off their investment properties to reduce their overall debt levels. This combined with a really slow real estate market made customers very nervous about any interest rate rise and led to a decline in our loan book of $2.5 million. Whilst our loan book has reduced, that result is much improved on the previous year.

The continued high interest rates has been a blessing for investors and therefor our deposit book. As investors looked to take advantage of the higher interest rates this has meant that our deposit book has grown by a whopping $11.6 million. This was partially offset by the decrease in our financial market products.

Our high value financial market products decreased in business by $2.77 million. This is due to a shift in this book being re-aligned to Bendigo Bank. Last year we grew by $2.81 million in this sector, so this is a correction of that. We had budgeted for $0 growth in this sector.

Overall, our book size increased by a total of $6.2 million which is a fantastic result given the current market conditions and the high cost of living. There was an increase in overall customer numbers across our two branches by 3.28% which is almost one full percent up on last year's result.

525 new deposit accounts were opened for the year which is a net gain of 179 new deposit accounts, this is very pleasing to see. In-branch teller transactions continued to decline with the change in people's banking habits. We are seeing more customers adapt to internet banking and complete more transactions this way.

Branch Manager's Report (cont.)

Our community

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

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

We had to make the difficult decision at the end of last financial year to close our Newstead Customer Service Centre. It was closed in late July 2023 with the customers being re-domiciled over to the Maldon branch. The decision was made on the back of reducing over-the-counter transactions, sometimes as little as 4 transactions for the day. This was mainly due to the changing face of banking and more customers transacting online.

We continue to support the Newstead community the same way that we always have, it is only the in-person, over-the-counter service that has changed. Our support for Newstead continues.

Our people

We have had some staff movements across the 2023-2024 financial year and as the saying goes "where one door closes another door opens".

Melanie Schodde said farewell to us after almost 8 years in October 2023. Mel looked after our Dunolly Customer Service Centre so being a local in Dunolly she was certainly well known and loved over there. Mel took up an opportunity at the local primary school, which gives her the school holidays off to look after her 3 kids. Mel calls into the branch from time to time so we still get to see her smiling face.

Branch Manager's Report (cont.)

Our people (cont.)

Emma Beadle said goodbye in April 2024 as she had the opportunity of a lifetime to travel overseas and work on the LIV golf tournaments in Spain and the UK. Emma grabbed this opportunity with both hands and decided whilst she was over there she would stay on and work in London. We wish her all the best and I know as a golfer that I looked on in envy 😊

Lara Mulholland also said goodbye in April 2024 after almost 7 years with us. Lara held various positions over the years and was our Customer Relationship Manager at the time she left. Lara took some time off to look after herself and we wish her all the best in her next chapter of her life.

Linda Crumpton started with us in October 2023 to take over the daily running of our Dunolly Customer Service Centre. Linda is also a local Dunolly person having managed a café there for a number of years. Please drop in and say hello to Linda if you haven't already.

In May this year we were lucky to get Lyn Hartley to join us. Lyn already had Bendigo Bank experience as she was working at the Mitchell Street branch previously. Lyn is near enough to a local at Lockwood South and brings a wealth of knowledge with her. Lyn is full time in Maldon so no doubt you will see her around.

A huge thanks to Narelle Rowland and Emma Karst who were our constants for the full year and for everything you have done this year. I am impressed with how resourceful you are and appreciate all that you do to help each other out to ensure we can continue to deliver the best for our customers.

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

Branch Manager's Report (cont.)

Our customers

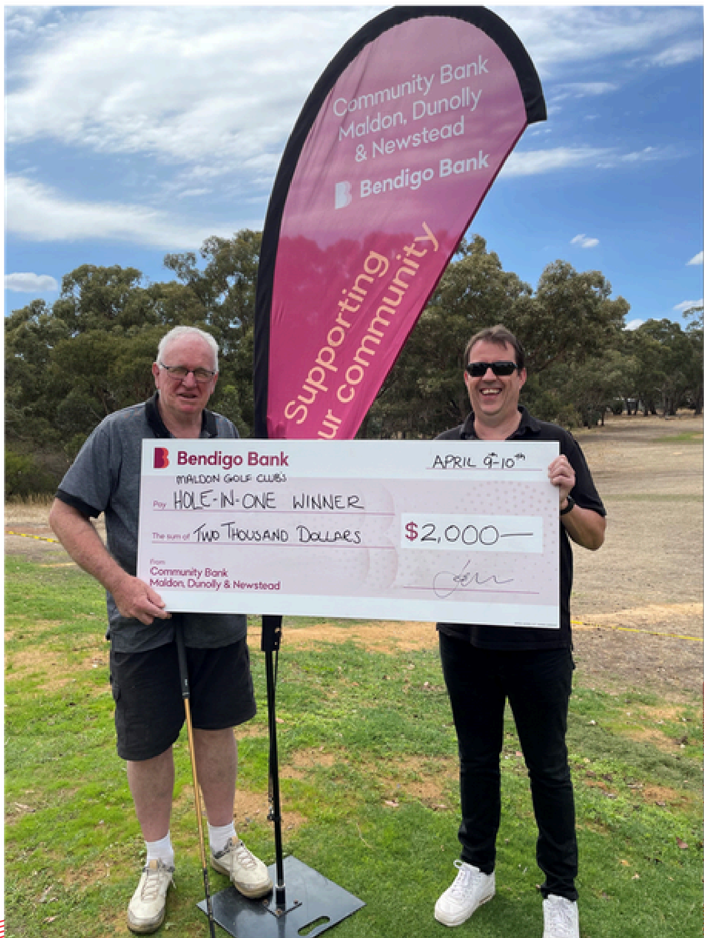
Now lastly, to our customers. Without you we could not achieve what we do. It is because you choose to bank with Community Bank Maldon & District that our local communities enjoy the benefits – over $3.8 million worth to date.

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 serve.



Paul Simmons
Branch Manager

Community Impact Report

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

In 2023/24 we proudly partnered with 27 community groups to deliver a wide range of important community outcomes through our Community Partnership Program. Each project was carefully selected to align with our values of sustainability, integrity, and connection. We want to send our heartfelt thanks to the dedicated volunteers whose passion and commitment made these projects possible.

We also continued to support important programs like learner driver training, defibrillator supply and maintenance, subsidised first aid training and supported students to thrive via our scholarship program.

In total we contributed $107,906 to community projects, positively impacting communities both locally and beyond.

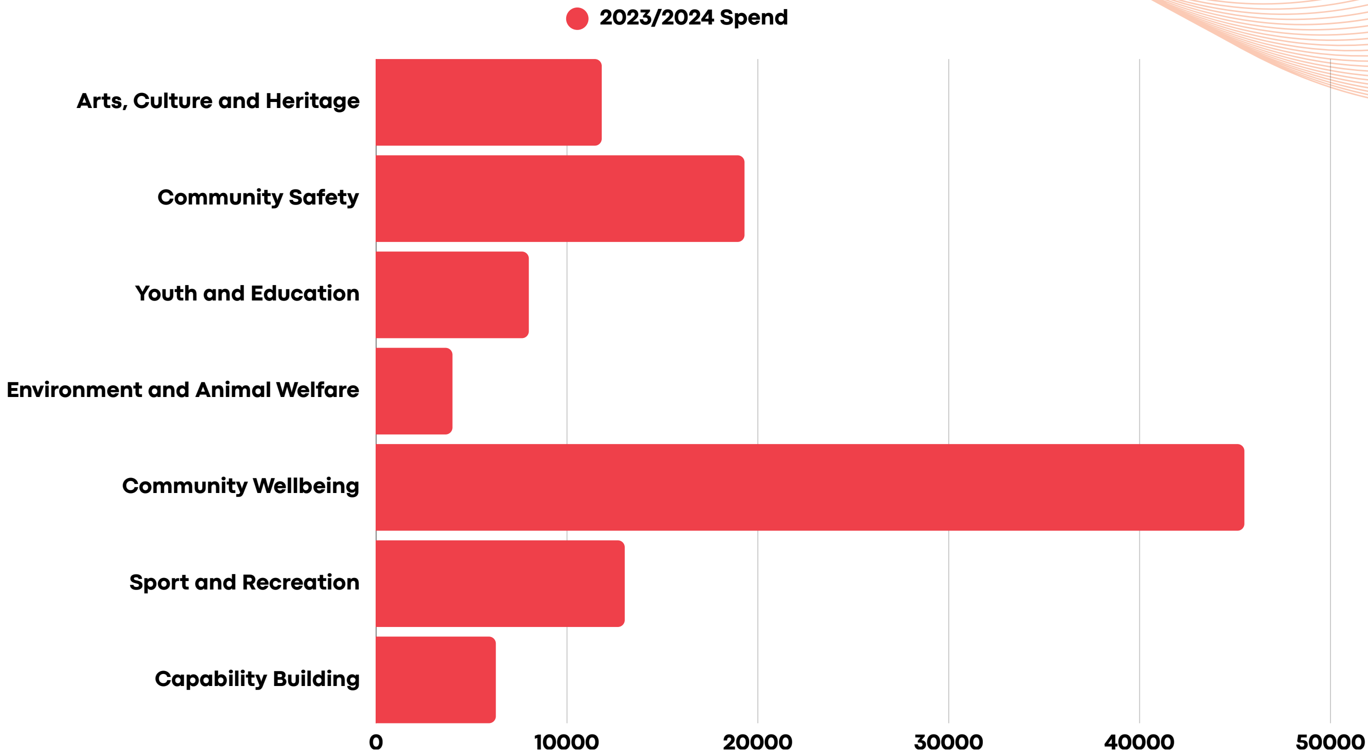
In 2024/25 we plan on strengthening our community impact even further. Our BIG Project will see up to $1 million over 5 years awarded to a big, bold, and long-lasting project(s) that will provide ongoing benefit to our communities.

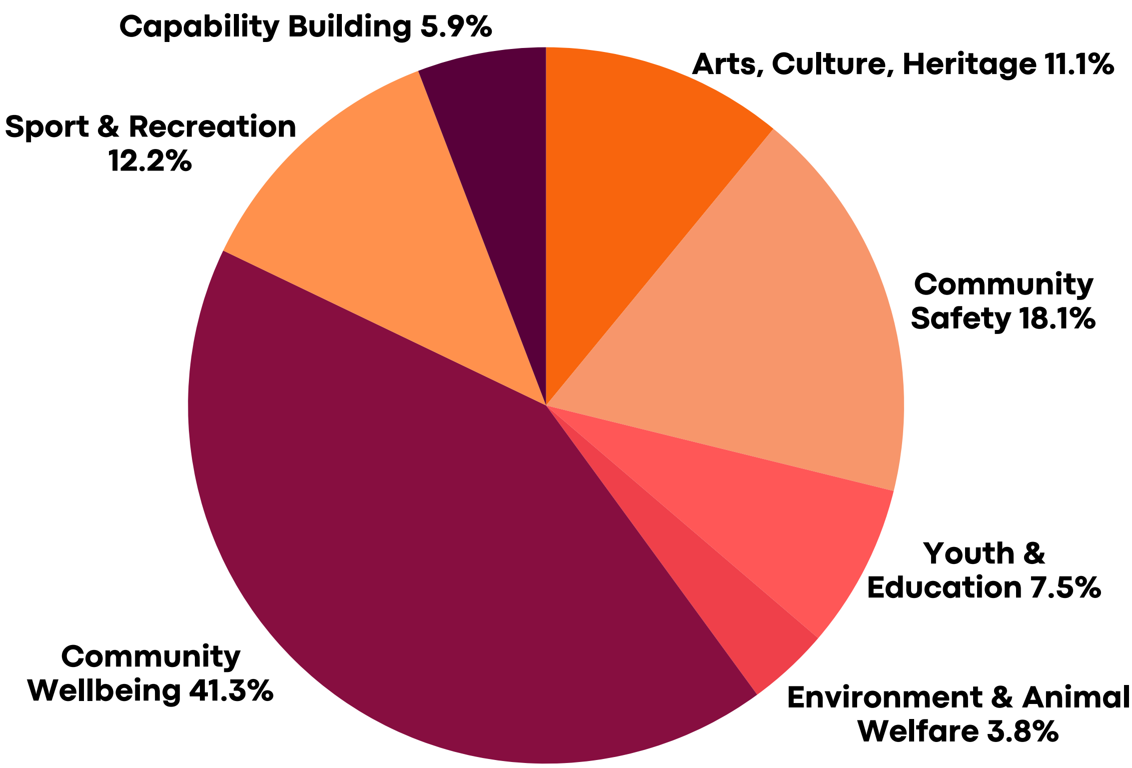
We have strengthened our capacity by engaging a dedicated Community Partnership Lead to help foster relationships while assisting the community to navigate the grant and partnership process. We are investing in making it easier and more efficient to help improve the process for both applicants and our team.

Michael Annear
Chairperson
Community Investment Portfolio

Community Impact Report

What we spent and where





Community Impact Report

Arts, Culture & Heritage

Newstead Live

Newstead Live is an exciting annual event and this year we partnered with them to present the "Live'n'Local" stage. This stage had a two-pronged outcome - to provide a stage for young and emerging artists to strut their stuff in front of a live audience (and have the chance to win time in a recording studio), but also to provide an opportunity for local young people to assist with running events and learning how everything works behind-the-scenes.

Baringhup Festival of Small Halls

For the first time in Mount Alexander Shire, the Festival of Small Halls was held in Baringhup and this was a great opportunity to support the community to host this event. Over 130 people attended for an evening of folk, fun and community, including a Welcome to Country and smoking ceremony. Additional funds raised will be put towards a community-accessible defibrillator.

Community Impact Report

Community Safety

Driver Training Program

This program continues to be the driving force (no pun intended) behind safer driving habits in our region. This year we saw 18 participants through the program which sees young people being taught and mentored through a range of driving skills and conditions.

“Thankyou for all the help and making me feel more confident” - Claudia

“I enjoyed the course and it helped me be less afraid of driving, especially around others” - Adyson

Rhythm First Aid

Rhythm First Aid and Maldon Getaways joined forces to offer nationally recognised First Aid training to local businesses and organisations throughout the year. The inaugural session took place at the Maldon Getaways hub, where we allocated funds to support local volunteers to attend the training. This initiative enhances the ability of our community members to effectively respond to situations that may require first aid.

Community Impact Report

Youth & Education

Scholarship Program

The Community Bank Maldon & District Scholarship program continues to be a sought-after program, with application numbers increasing. It's a difficult task to narrow down to only four recipients, so this year we approved 5 students for scholarships of up to $2000 each. The purpose of these scholarships is to support students in the Maldon, Newstead, Harcourt, Dunolly and Mount Alexander districts for new or ongoing studies into 2024.

Scholarships are awarded to cover costs associated with further education, such as course fees, rent, purchasing computers, books, equipment and/or expenses that may need to be met to enable students to undertake their course/training.

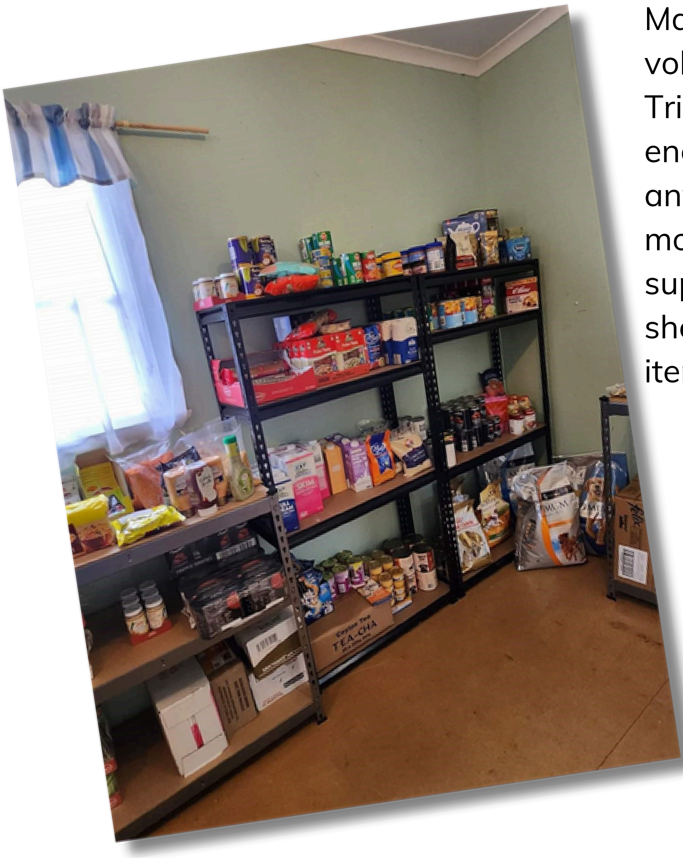
This year's recipients are pictured below with Branch Manager Paul Simmons and Executive Officer, Jane Hoiting and came from Maldon, Bealiba, Newstead and Campbells Creek.

Scholarship recipient, Nicholas Gardner Trott is pictured wth his Mum in Canberra on his first day at university - grateful for the financial contribution we made.

Community Impact Report

Community Wellbeing

Community Pantry



Maldon's Community Pantry is run by volunteers, once per week, from the Holy Trinity Church. Community members are encouraged to call in on Wednesdays to grab any grocery items they may need when money is tight. We were pleased to be able to support this important program with new shelving and a fridge for storing fresh food items.

Maldon Folk Festival

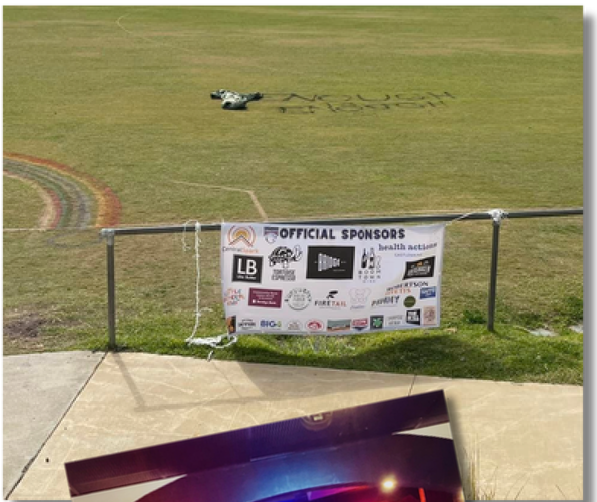
Even though the Maldon Folk Festival secured our partnership funding to purchase these great polycarbonate stemless wineglasses (along with some opaque polycarbonate beer glasses), they are all available for community use. This partnership fitted well with our value of sustainability and means that local events can minimise their landfill waste.

Community Impact Report

Sport & Recreation

Newstead Bowling Club

The annual tournament is a great opportunity for Newstead Bowling Club to raise funds for their clubhouse and greens upkeep, as well as spread joy and encourage team camaraderie. Our contribution to their end of year tournament provides a prize pool of which up to around 15 teams compete for.



Mt Alexander Falcons

Mt Alexander Falcons mission is to create a safe, respectful and inclusive environment where women and gender diverse people thrive through sport, on and off the field. We love that their values include equality, diversity, inclusion, and fairness and we have provided funds to support their first 3 years in existence, participating in the Riddell District Football League, but with Harcourt Recreation Reserve as their home ground. Having our funds means that they have reduced costs for members to participate, ensuring that everyone has access to play.

Capability Building

Mount Alexander Shire Business Awards

Director Meg Sattler and Comms Officer Nicki Renfrey attended this year's Business Awards for Mount Alexander Shire. As Silver Sponsors we were proud to support and present the award for Community Focused business, but it was also a terrific opportunity to share our story and the positive impact we have in our community.

Made by Many Minds Business Expo

This inaugural Maldon Business Expo was a great initiative to connect as many local businesses as possible, regardless of whether they sell products or services. The expo provided a platform for local businesses to introduce themselves and their product/service while the Small Business Bus provided expertise in marketing and sales advice.

Community Impact Report

Environment

Dunolly Neighbourhood House

Community Bank Maldon & District funded Dunolly Neighbourhood House for a solar system to be installed on their roof. This system will reduce emissions benefitting the environment as well as providing a reduction in costs to the Centre. This will then benefit the community with an increase in affordable and accessible programs, improving connectedness and reducing social isolation.

Other

The Good Coat Drive (Mk II)

Following last year's success, we again partnered with The Good Op Shop to run The Good Coat Drive. People again donated so many coats that we had multiple points for them to be distributed to including Maldon Neighbourhood Centre, Maldon Community Pantry, Dunolly RTC, Castlemaine Community House, Sac'O'Suds Laundromat and Castlemaine Church of Christ's weekly lunch program.

Director’s Report

The directors present their report, together with the financial statements, on the company for the financial year ended 30 June 2024.

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

Name: Ross Arthur Egleton
Title: Non-executive director
Experience and expertise: Bachelor of Commerce, Graduate Certificate - Human Resource Management & Mens Behaviour Change. Current Committee Member (Maldon Football Netball Club) and Program Coordinator, (Vic. Dept of Education). Ross has held leadership positions in international development, youth work, disability, housing, education, foster care, sustainability, renewable energy, correctional services, social enterprise and family violence
Special responsibilities: Chair of MDFSL; Committee Member: Audit & Governance, Business Development, Community Investment, Finance & Human Resources

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: Matthew Edwin Gordon
Title: Non-executive director
Experience and expertise: Matthew is an experienced business executive and public servant who’s career in public policy, project management, sales, start-up entrepreneurship and government has spanned 15 years. Matthew currently works at Capire – a specialist community engagement company and in his spare time is busy restoring an 1860’s miners cottage in Maldon.
Special responsibilities: Chair of Audit and Governance

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

Director’s Report (cont.)

Name: Michael Peter Annear
Title: Non-executive director
Experience and expertise: Michael Annear is an experienced executive focused on delivering positive outcomes for communities within Australian and internationally. Michael is currently the Director of Infrastructure and Development at Mount Alexander Shire Council and is responsible for the delivery of statutory functions including land use planning, development and building control, environmental health and waste management. Michael hods a Masters Business Administration, Masters Social Science, Bachelor Civil Engineering, and is the Treasurer Campbells Creek Colts Cricket Club.
Special responsibilities: Chair of Community Investment, member of Audit & Governance

Name: Jessica Jane Clarke-Hong
Title: Non-executive director
Experience and expertise: Governance Manager City of Greater Bendigo Council. Qualified Lawyer and experienced governance professional. Key areas of expertise are Governance Risk, Compliance, Law
Special responsibilities: Member of Audit & Governance

Name: Kelly Michael Clapham
Title: Non-executive director (appointed 12 December 2023)
Experience and expertise: Kelly is a Senior Partner at Tesserent Cyber Services Pty Ltd. Key skills of Senior Leadership, Business Management and Strategy, Finance Management, and Sales. Crew member of the Victoria State Emergency Service.
Special responsibilities: Member of Finance Committee

Name: Jane Louise Goodrich
Title: Non-executive director (resigned 31 August 2023)
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: Meghan Elizabeth Sattler
Title: Non-executive director (resigned 29 May 2024)
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

Director’s Report (cont.)

Name: Katie Lee McEachran
Title: Non-executive director, Assistant Treasurer (resigned 28 June 2024)
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 of Governance, Finance

Company Secretary

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

Principal Activity

The principal activity of the company during the financial year were facilitating the 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 $465,837 (30 June 2023: $638,785).
Operations have continued to perform in line with expectations.

Significant changes in the state of affairs

On 1 July 2023, Bendigo Bank updated the Funds Transfer Pricing (FTP) base rate on certain deposits which has reduced the income earned on these products.
There were no other 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 2024 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

No matter, circumstance or likely development in operations has arisen during or since the end of the financial year that has significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company.

Director’s Report (cont.)

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 Meetings Attended		Portfolio Meetings Attended							
			Community Investment		Finance		Business Development		Audit & Governance	
E = eligible to attend *A= number attended*	**E**	**A**	**E**	**A**	**E**	**A**	**E**	**A**	**E**	**A**
Ross Arthur Egleton	11	10	8	8	11	6	5	5	6	6
Kerryn Margaret Healy	11	11	-	-	11	11	5	4	-	-
Matthew Edwin Gordon	11	7	-	-	-	-	5	3	6	6
Helen Jane Curran	11	9	8	7	-	-	5	4	-	-
Michael Peter Annear	11	10	4	3	-	-	-	-	6	6
Jessica Jane Clarke-Hong	11	10	-	-	-	-	-	-	6	5
Kelly Michael Clapham	6	4	-	-	6	2	2	2	-	-
Jane Louise Goodrich	2	1	-	-	-	-	-	-	-	-
Meghan Elizabeth Sattler	9	6	7	3	-	-	-	-	-	-
Katie Lee McEachran	11	9	-	-	11	10	-	-	-	-

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 19 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 management in respect of liabilities to other persons (other than the company or related body corporate) that may arise from their position as directors or management 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.

Director’s Report (cont.)

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 21 to the accounts.

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

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

Auditor’s independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report. This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

Ross Arthur Egleton
Chair
24 September 2024

Auditor's Independence Declaration

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

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

As lead auditor for the audit of Maldon & District Financial Services Limited for the year ended 30 June 2024, 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: 24 September 2024

Adrian Downing
Lead Auditor

Maldon & District Financial Services Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2024

	Note	2024 $	2023 $
Revenue from contracts with customers	7	1,414,089	1,651,664
Other revenue		306	25,309
Finance revenue		45,963	5,757
Total revenue		1,460,358	1,682,730
Employee benefits expense	8	(624,426)	(699,028)
Advertising and marketing costs		(19,720)	(13,735)
Occupancy and associated costs		(57,184)	(25,126)
System costs		(38,280)	(37,144)
Depreciation and amortisation expense	8	(34,668)	(61,632)
Interest paid to members		(16,889)	(16,336)
Loss on disposal of assets		(653)	-
Finance costs	8	(1)	(1,105)
General administration expenses		(86,432)	(84,494)
Total expenses before community contributions and income tax expense		(878,253)	(938,600)
Profit before community contributions and income tax expense		582,105	744,130
Charitable donations and sponsorships expense	8	(116,268)	(105,345)
Profit before income tax expense		465,837	638,785
Income tax expense	9	-	-
Profit after income tax expense for the year		465,837	638,785
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		465,837	638,785

Maldon & District Financial Services Limited
Statement of financial position
As at 30 June 2024

	Note	2024 $	2023 $
Assets			
Current assets			
Cash and cash equivalents	10	1,099,165	653,100
Trade and other receivables	11	147,284	162,569
Investments	12	421,911	402,992
Total current assets		1,668,360	1,218,661
Non-current assets			
Property, plant and equipment	13	633,668	646,849
Intangible assets	14	67,962	10,988
Total non-current assets		701,630	657,837
Total assets		2,369,990	1,876,498
Liabilities			
Current liabilities			
Trade and other payables	15	106,302	103,870
Employee benefits		35,919	50,255
Member funds	16	241,760	246,460
Total current liabilities		383,981	400,585
Non-current liabilities			
Trade and other payables	15	46,402	-
Borrowings		8	7
Employee benefits		6,533	8,677
Provisions		1,430	1,430
Total non-current liabilities		54,373	10,114
Total liabilities		438,354	410,699
Net assets		1,931,636	1,465,799
Equity			
Retained earnings		1,931,636	1,465,799
Total equity		1,931,636	1,465,799

Maldon & District Financial Services Limited
Statement of changes in equity
For the year ended 30 June 2024

	Retained earnings $	Total equity $
Balance at 1 July 2022	827,014	827,014
Total comprehensive income	638,785	638,785
Balance at 30 June 2023	1,465,799	1,465,799
Balance at 1 July 2023	1,465,799	1,465,799
Total comprehensive income	465,837	465,837
Balance at 30 June 2024	1,931,636	1,931,636

Maldon & District Financial Services Limited
Statement of cash flows
For the year ended 30 June 2024

	Note	2024 $	2023 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		1,575,085	1,812,524
Payments to suppliers and employees (inclusive of GST)		(1,108,872)	(1,272,667)
Interest received		38,529	5,757
Interest and other finance costs paid	8	(16,890)	(16,336)
Net cash provided by operating activities	22	487,852	529,278
Cash flows from investing activities			
Redemption of/(investment in) term deposits		(18,919)	(402,992)
Payments for property, plant and equipment		(8,807)	-
Payments for intangible assets		(14,061)	(13,477)
Net cash used in investing activities		(41,787)	(416,469)
Cash flows from financing activities			
Repayment of lease liabilities		-	(29,210)
Net cash used in financing activities		-	(29,210)
Net increase in cash and cash equivalents		446,065	83,599
Cash and cash equivalents at the beginning of the financial year		653,100	569,501
Cash and cash equivalents at the end of the financial year	10	1,099,165	653,100

Maldon & District Financial Services Limited
Notes to the financial statements
30 June 2024

Note 1. Reporting entity

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

The entity is a not for profit company limited by guarantee, incorporated and domiciled in Australia. Its registered office and principal place of business is:

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

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

Note 2. Basis of preparation and statement of compliance

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

The directors have a reasonable expectation that the company has adequate resources to pay its debts as and when they fall due for the foreseeable future. For these reasons, the directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 24 September 2024. The directors have the power to amend and reissue the financial statements.

Note 3. Material accounting policy information

The accounting policies that are material to the company are set out either in the respective notes or below. The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

Adoption of new and revised accounting standards
The company has adopted all of the new or amended Accounting Standards and Interpretations issued by the AASB that are mandatory for the current financial year. A description of the impact of new or amended Accounting Standards and Interpretations that have had a material impact on the company during the current financial year is outlined below:

AASB 2021-2 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates* is mandatory for annual reporting periods beginning on or after 1 January 2023 and was adopted by the company in the preparation of the 30 June 2024 financial statements.

AASB 2021-2 includes amendments to AASB 101 *Presentation of Financial Statements*, requiring the company to disclose material accounting policy information in its financial statements rather than significant accounting policies which was required in previous financial years. Accounting policy information is material if it, when considered with other information, could reasonably be expected to influence decisions of primary users based on the financial statements.

Adoption of AASB 2021-2 has had no impact on the numerical information disclosed in the company's financial statements. Rather, adoption has required the company to remove significant accounting policy information from the notes to the financial statements that is not considered material.

Accounting standards issued but not yet effective
An assessment of accounting standards and interpretations issued by the AASB that are not yet mandatorily applicable to the company has been performed. No new or amended Accounting Standards or Interpretations that are not mandatory have been early adopted, nor are they expected to have a material impact on the company in future financial years.

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

Maldon & District Financial Services Limited
Notes to the financial statements
30 June 2024

Note 3. Material accounting policy information (continued)

Investments
Investments includes non-derivative financial assets with fixed or determinable payments and fixed maturities where the company has the positive intention and ability to hold the financial asset to maturity. This category excludes financial assets that are held for an undefined period. Investments are carried at amortised cost using the effective interest rate method adjusted for any principal repayments. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

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

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

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Note 4. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires the directors to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. The directors continually evaluate their judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses.

The directors base their judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events that it believes to be reasonable under the circumstances. Differences between the accounting judgements and estimates and actual results and outcomes are accounted for in future reporting periods. 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.

Judgements

Timing of revenue recognition associated with trail commission
The company receives trailing commission from Bendigo Bank for products and services sold. Ongoing trailing commission payments are recognised on a monthly basis when earned as there is insufficient detail readily available to estimate the most likely amount of revenue without a high probability of significant reversal in a subsequent reporting period. The receipt of ongoing trailing commission revenue is outside the control of the company.

Allowance for expected credit losses on trade and other receivables
The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

The company has not recognised an allowance for expected credit losses in relation to trade and other receivables for the following reasons:

- 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.
- The credit risk (i.e. the risk that a customer will not make repayments) is for Bendigo Bank to bear as long as the company has complied with the appropriate procedures and relevant obligations and has not exercised a discretion in granting or extending credit. The directors are not aware of any such non-compliance at balance date.
- 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 has not experienced any instances of default in relation to receivables owed to the company from Bendigo Bank.

Maldon & District Financial Services Limited
Notes to the financial statements
30 June 2024

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

Impairment of non-financial 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. The directors did not identify any impairment indications during the financial year.

Estimates and assumptions

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

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.

Note 5. Economic dependency

The company has entered into a franchise agreement with Bendigo Bank that governs the management of the Community Bank. The company is economically dependent on the ongoing receipt of income under the franchise agreement with Bendigo Bank. The directors have no reason to believe a new franchise arrangement under mutually acceptable terms will not be forthcoming following expiry in April 2029.

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

All deposits are made with Bendigo Bank, and all personal and investment products are products of Bendigo Bank, with the company facilitating the provision of those products. All loans, leases or hire purchase transactions, issues of new credit or debit cards, temporary or bridging finance and any other transaction that involves creating a new debt, or increasing or changing the terms of an existing debt owed to Bendigo Bank, must be approved by Bendigo Bank. All credit transactions are made with Bendigo Bank, and all credit products are products of Bendigo Bank.

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

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

Maldon & District Financial Services Limited
Notes to the financial statements
30 June 2024

Note 5. Economic dependency (continued)

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. Change to comparative figures

Classification of term deposits
During the year the directors reviewed the requirements of AASB 107 *Statement of Cash Flows* and noted term deposits normally qualify as a cash and cash equivalent only when they have initial investment periods of three months or less. In previous financial years the company classified all term deposits as cash and cash equivalents in the preparation of the financial statements even if they had initial investment periods greater than three months.

In the preparation of the financial statements for the current financial year, the directors updated its accounting policy to align to the requirements of AASB 107, restating comparatives figures to reclassify term deposits with initial investment periods greater than three months as current investments instead of cash and cash equivalents in the Statement of financial position.

The change in classification had the following impacts on comparative figures:

- Cash and cash equivalents decreased and investments increased by $402,992 at 30 June 2023 as reported in the Statement of financial position.
- Opening and closing cash balances were reduced to exclude term deposits with initial investment periods greater than three months as reported in the Statement of cash flows.
- Investments in and redemptions of term deposits with initial investment periods greater than three months are now classified within investment activities as reported in the Statement of cash flows.

The change in classification had no impact on the company's net profit or net asset position.

Note 7. Revenue from contracts with customers

	2024 $	2023 $
Margin income	1,276,341	1,520,770
Fee income	62,953	64,389
Commission income	74,795	66,505
	1,414,089	1,651,664

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

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

Maldon & District Financial Services Limited
Notes to the financial statements
30 June 2024

Note 7. Revenue from contracts with customers (continued)

Revenue is recognised on an accruals basis, at the fair value of consideration specified in the franchise agreement, as follows:

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

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

Revenue calculation
The franchise agreement provides that three forms of revenue may be earned by the company which are margin, commission and fee income. Bendigo Bank decides the form of revenue the company earns on different types of products and services. The revenue earned by the company is dependent on the business that it generates, interest rates and funds transfer pricing and other factors, such as economic and local conditions.

Margin income
Margin income on core banking products is arrived at through the following calculation:

	Interest paid by customers on loans less interest paid to customers on deposits
plus:	any deposit returns i.e. interest return applied by Bendigo Bank for a deposit
minus:	any costs of funds i.e. interest applied by Bendigo Bank to fund a loan.

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

Commission income
Commission income is generated from the sale of products and services. This commission is recognised at a point in time which reflects when the company has fulfilled its performance obligation. Refer to note 4 for further information regarding key judgements applied by the directors in relation to the timing of revenue recognition from trail commission.

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

Core banking products
Bendigo Bank has identified some products and services as 'core banking products'. It may change the products and services which are identified as core banking products by giving the company at least 30 days notice. Core banking products currently include Bendigo Bank branded home loans, term deposits and at call deposits.

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

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

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

Maldon & District Financial Services Limited
Notes to the financial statements
30 June 2024

Note 8. Expenses

Employee benefits expense

	2024 $	2023 $
Wages and salaries	472,952	532,769
Superannuation contributions	60,633	61,541
Expenses related to long service leave	(2,544)	10,669
Other expenses	93,385	94,049
	624,426	699,028

Depreciation and amortisation expense

	2024 $	2023 $
Depreciation of non-current assets		
Buildings	15,807	15,807
Leasehold improvements	2,524	2,686
Plant and equipment	753	2,023
Furniture and fittings	492	-
Computer equipment	1,759	770
	21,335	21,286
Depreciation of right-of-use assets		
Leased land and buildings	-	27,163
Amortisation of intangible assets		
Franchise fee	2,223	1,099
Franchise renewal fee	11,110	12,084
	13,333	13,183
	34,668	61,632

Interest paid to members

	2024 $	2023 $
Interest paid to members	16,889	16,336

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

Leases recognition exemption
Charitable donations, sponsorships and grants

	2024 $	2023 $
Direct donation, sponsorship and grant payments	116,268	105,345

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).

Maldon & District Financial Services Limited
Notes to the financial statements
30 June 2024

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

	2024 $	2023 $
Cash at bank and on hand	1,099,165	653,100

Note 11. Trade and other receivables

	2024 $	2023 $
Trade receivables	124,317	143,567
Accrued income	9,970	2,536
Prepayments	12,997	16,466
	22,967	19,002
	147,284	162,569

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. 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.

Note 12. Investments

	2024 $	2023 $
Current assets		
Term deposits	421,911	402,992

Maldon & District Financial Services Limited
Notes to the financial statements
30 June 2024

Note 13. Property, plant and equipment

	2024 $	2023 $
Land - at cost	199,387	199,387
Buildings - at cost	590,838	590,838
Less: Accumulated depreciation	(177,072)	(161,265)
	413,766	429,573
Leasehold improvements - at cost	24,869	25,470
Less: Accumulated depreciation	(17,102)	(15,136)
	7,767	10,334
Plant and equipment - at cost	25,100	44,663
Less: Accumulated depreciation	(18,635)	(39,779)
	6,465	4,884
Furniture and fittings - at cost	4,685	610
Less: Accumulated depreciation	(248)	(272)
	4,437	338
Computer equipment - at cost	5,268	4,523
Less: Accumulated depreciation	(3,422)	(2,190)
	1,846	2,333
	633,668	646,849

Reconciliations of the carrying 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 2022	199,387	445,380	13,020	6,907	338	3,103	668,135
Depreciation	-	(15,807)	(2,686)	(2,023)	-	(770)	(21,286)
Balance at 30 June 2023	199,387	429,573	10,334	4,884	338	2,333	646,849
Additions	-	-	-	2,850	4,685	1,272	8,807
Disposals	-	-	(43)	(516)	(94)	-	(653)
Depreciation	-	(15,807)	(2,524)	(753)	(492)	(1,759)	(21,335)
Balance at 30 June 2024	199,387	413,766	7,767	6,465	4,437	1,846	633,668

Accounting policy for property, plant and equipment
Property, plant and equipment are measured at cost or fair value as applicable, less accumulated depreciation and accumulated impairment losses. 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	6.5 to 40 years
Leasehold improvements	5 to 40 years
Plant and equipment	1 to 20 years
Furniture and fittings	5 years
Computer equipment	1 to 2.5 years

Maldon & District Financial Services Limited
Notes to the financial statements
30 June 2024

Note 13. Property, plant and equipment (continued)

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.

Note 14. Intangible assets

	2024 **$**	**2023** **$**
Franchise fee	104,157	92,439
Less: Accumulated amortisation	(91,732)	(89,509)
	12,425	2,930
Franchise renewal fee	170,782	112,193
Less: Accumulated amortisation	(115,245)	(104,135)
	55,537	8,058
	67,962	10,988

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

	Franchise fee $	Franchise renewal fee $	Total $
Balance at 1 July 2022	4,029	20,142	24,171
Amortisation expense	(1,099)	(12,084)	(13,183)
Balance at 30 June 2023	2,930	8,058	10,988
Additions	11,718	58,589	70,307
Amortisation expense	(2,223)	(11,110)	(13,333)
Balance at 30 June 2024	12,425	55,537	67,962

Additions
During the financial year, the company's franchise fee agreement was renewed. To be amortised over five years to April 2029.

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

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

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

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

Asset class	Method	Useful life	Expiry/renewal date
Franchise fee	Straight-line	Over the franchise term (5 years)	April 2029
Franchise Renewal Fee	Straight-line	Over the franchise term (5 years)	April 2029

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

Maldon & District Financial Services Limited
Notes to the financial statements
30 June 2024

Note 15. Trade and other payables

	2024 $	2023 $
Current liabilities		
Trade payables	27,184	12,215
Other payables and accruals	79,118	91,655
	106,302	103,870
Non-current liabilities		
Other payables and accruals	46,402	-

	2024 $	2023 $
Financial liabilities at amortised cost classified as trade and other payables		
Total trade and other payables	152,704	103,870
less other payables and accruals (net GST payable to the ATO)	(21,837)	(38,212)
	130,867	65,658

Note 16. Member funds

	2024 $	2023 $
Current liabilities		
Member - pledge holder funds	241,760	246,460

Member Funds
Member funds are monies loaned by members to the company on foundation.

The Company's Constitution allows for interest to be paid on monies borrowed from members at an interest rate no greater than the percentage charged by Bendigo and Adelaide Bank on overdrawn accounts.

Note 17. Members Guarantee

In accordance with the Association's Memorandum and Arcticles 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 2024 the number of members was 163 (2023: 208).

Note 18. Financial risk management

The company's financial instruments include trade receivables and payables, cash and cash equivalents, investments and lease liabilities. The company does not have any derivatives.

The directors are responsible for monitoring and managing the financial risk exposure of the company, to which end it monitors the financial risk management policies and exposures and approves financial transactions within the scope of its authority.

The directors have identified that the only significant financial risk exposures of the company are liquidity and market (price) risk. Other financial risks are not significant to the company due to the following factors:

Maldon & District Financial Services Limited
Notes to the financial statements
30 June 2024

Note 18. Financial risk management (continued)

- The company has no foreign exchange risk as all of its account balances and transactions are in Australian Dollars.
- The company's franchise agreement limits the company's credit exposure to one financial institution, being Bendigo Bank. The company monitors credit worthiness through review of credit ratings, Bendigo Bank is rated A- on Standard & Poor's credit ratings.
- The company has no direct exposure to movements in commodity prices.
- The company's interest-bearing instruments are held at amortised cost which have fair values that approximate their carrying value since all cash and payables have maturity dates within 12 months.

Further details regarding the categories of financial instruments held by the company that hold such exposure are detailed below.

	2024 $	2023 $
Financial assets at amortised cost		
Trade and other receivables (note 11)	134,287	146,103
Cash and cash equivalents (note 10)	1,099,165	653,100
Investments (note 12)	421,911	402,992
	1,655,363	1,202,195
Financial liabilities at amortised cost		
Trade and other payables (note 15)	130,867	65,658
Bank loans	8	7
Member funds (note 16)	241,760	246,460
	372,635	312,125

At balance date, the fair value of financial instruments approximated their carrying values.

Accounting policy for financial instruments

Financial assets

Classification
The company classifies its financial assets at amortised cost.

Financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial asset.

The company's financial assets measured at amortised cost comprise trade and other receivables, cash and cash equivalents and investments in term deposits.

Derecognition
A financial asset is derecognised when the company's contractual right to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

Impairment of trade and other receivables
Impairment of trade receivables is determined using the simplified approach which uses an estimation of lifetime expected credit losses. The company has not recognised an allowance for expected credit losses in relation to trade and other receivables. Refer to note 4 for further information.

Financial liabilities

Classification
The company classifies its financial liabilities at amortised cost.

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

Maldon & District Financial Services Limited
Notes to the financial statements
30 June 2024

Note 18. Financial risk management (continued)

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.

Interest-bearing liabilities are held with Bendigo Bank and earnings on those are subject to movements in market interest rates. Interest-rate risk could also arise from long-term borrowings. Borrowings issued at variable rates expose the company to cash flow interest-rate risk. The company held borrowings of $8 at 30 June 2024 (2023: $7).

Interest-bearing assets are held with Bendigo Bank and earnings on those are subject to movements in market interest rates. The company held cash and cash equivalents of $1,099,165 and term deposits of $421,911 at 30 June 2024 (2023: $653,100 and $402,992).

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.

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

The following are the company's 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.

2024	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Trade and other payables	106,302	46,402	-	152,704
Total non-derivatives	106,302	46,402	-	152,704

2023	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Trade and other payables	103,870	-	-	103,870
Total non-derivatives	103,870	-	-	103,870

Note 19. 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 11%. KMP do not receive any other retirement benefits. KMP have the choice to sacrifice part of their salary to increase payments towards superannuation.
- a performance incentive: the performance incentive is a bonus (refer to section on performance-based remuneration below).

Maldon & District Financial Services Limited
Notes to the financial statements
30 June 2024

Note 19. Key management personnel disclosures (continued)

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

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

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

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

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

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

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

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

Compensation
Key management personnel compensation comprised the following.

	2024 $	2023 $
Directors	58,830	56,230
Executives	197,965	182,616
	256,795	238,846

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

Note 20. Related party transactions

Key management personnel
Disclosures relating to key management personnel are set out in note 19.

Receivable from and payable to related parties
There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Maldon & District Financial Services Limited
Notes to the financial statements
30 June 2024

Note 20. Related party transactions (continued)

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

Transactions with related parties
The following transactions occurred with related parties:

	2024 $	2023 $
The company sponsored the Maldon Golf Club Hole in One event. The total benefit received was:	2,000	-
The company sponsored Maldon Football Club in the form of anniversary booklets. The total benefit received was:	2,000	-

Note 21. 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:

	2024 $	2023 $
Audit services		
Audit or review of the financial statements	5,200	3,780
Other services		
General advisory services	1,315	1,465
	6,515	5,245

Note 22. Reconciliation of profit after income tax to net cash provided by operating activities

	2024 $	2023 $
Profit after income tax expense for the year	465,837	638,785
Adjustments for:		
Depreciation and amortisation	34,668	61,632
Net loss on disposal of non-current assets	653	-
Lease liabilities interest	-	743
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	15,285	(30,778)
Decrease in trade and other payables	(12,111)	(135,763)
Increase/(decrease) in employee benefits	(16,480)	642
Decrease in other provisions	-	(5,983)
Net cash provided by operating activities	487,852	529,278

Note 23. Commitments

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

Maldon & District Financial Services Limited
Notes to the financial statements
30 June 2024

Note 24. Contingencies

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

Note 25. Events after the reporting period

No matter or circumstance has arisen since 30 June 2024 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.

Director's Declaration

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 2024 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- the company does not have any controlled entities and is not required by the Accounting Standards to prepare consolidated financial statements. Therefore, a consolidated entity disclosure statement has not been included as section 295(3A)(a) of the *Corporations Act 2001* does not apply to the entity.

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

24 September 2024

Independent Audit Report

Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550
ABN: 65 684 604 390
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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 (the company), which comprises:

- Statement of financial position as at 30 June 2024
- Statement of profit or loss and other comprehensive income for the year then ended
- Statement of changes in equity for the year then ended
- Statement of cash flows for the year then ended
- Notes to the financial statements, including material accounting policies
- The directors' declaration.

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 2024 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.

Independent Audit Report (cont.)

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

Other Information

The directors are responsible for the other information. The other information comprises the information included in the company's annual report for the year ended 30 June 2024, but does not include the financial report and our auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

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

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

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.

Independent Audit Report (cont.)

Andrew Frewin Stewart
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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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 24 September 2024

Adrian Downing
Lead Auditor

Community Bank
Maldon & District

Bendigo Bank

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Maldon District Financial Services Ltd