

# 2021

# Annual Report

**Mansfield & District  
Community Enterprises  
Limited**

ABN 92 124 069 914



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# Chair's report

For year ending 30 June 2021

The 2020 financial year was a year when most of us thought that COVID-19 was over and 2021 was the year to return to normal. Unfortunately, this year has been more uncertain than the previous.

Mansfield & District Community Enterprises Limited (MDCEL) has worked closely with the Council and other organisations to focus on the resilience of our community through this difficult time. Our core focus was to ensure Community Bank Mansfield & District and community continued to grow and thrive.

With the support of Bendigo Bank, we continued our COVID-19 safe environment for both our customers and our staff. Our full suite of health and safety procedures ensured we continued to minimise any opportunity for the virus to spread. Masks, hand sanitiser, gloves and customer information ensured Community Bank Mansfield & District remained safe for staff and customers and complied with COVID-19 requirements. This placed us in a strong position when the third through to fifth lockdowns were required in Victoria. While we changed our hours during the lockdowns, disruption to customer service was minimised.

The company reports a before tax profit of \$94,653 after community contributions and a significant contribution to the Community Enterprise Foundation™. Our contributions into our community continues to grow, reaching \$674,477 at the end of the 2020/21 financial year. Many projects have been supported which has increased the liveability and sustainability of our community and the participation of many within the community in their chosen interests. Our youth mental health and wellbeing program continued and has been a tremendous help to the youth of our community. We have also continued to support the Community Bank Mansfield & District Scholarship and are reviewing how to enhance this program in the years ahead.

I would like to take this opportunity to thank my fellow Directors and our staff. While we all assumed the pandemic would be over this year, everyone has continued to focus on keeping our environment and community safe and resilient. I would also like to offer a special thanks to Matthew Currie who left us in June to pursue other interests after nearly eight years as our Branch Manager. Matt help grow our branch over those years and has put us in a strong position to continue to grow in the years ahead.

Thank you again to our shareholders past and present for their continued support for Community Bank Mansfield & District, now in its thirteenth year. You should be proud of the contribution that this vision has made into your community.

The Board of Directors was pleased to announce the declaration of our eleventh dividend. This year the dividend will be 4c per share fully franked; paid in December 2021.

The banking environment continues to change and we are changing with it. While most transactions are moving online, we continue to offer exceptional, personalised customer service in our branch and see this as a major differentiation from our competitors. The Board of Directors of (MDCEL) continue to look for innovative ways to improve the company's strategy and ensure it is relevant for the future of our community and customers.

With our unique banking model, we are able to better service our customers and continue to give back to our community, so please tell your friends and family that the more people that bank with us the more we will contribute back into our community. Every customer that we attract to Community Bank Mansfield & District means the Mansfield and district community directly benefits. Our friendly staff are more than happy to help, so come and talk to the branch team about how we can support your banking needs and continue our enduring good news story.



**David Mayne**  
Chair

# Bendigo and Adelaide Bank report

For year ending 30 June 2021

On behalf of Bendigo and Adelaide Bank, thank you! As a shareholder of your local Community Bank company, you are playing an important role in supporting your community.

It has been a tumultuous year for every community across Australia, and across the world. For our business, recognition that banking is an essential service has meant that we've kept the doors open, albeit with conditions that none of us could ever imagine having to work with.

Face masks, perspex screens, signed documents to cross state borders, checking in customers with QR codes and ensuring hand sanitiser stations are filled aren't what you would expect as a bank employee.

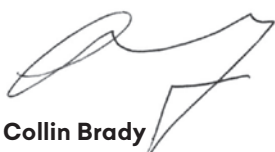
Then there's the fact that while communities have been, and continue to go in and out of lockdown, digital and online banking has become the norm.

So, what does that mean for Bendigo Bank and the Community Bank that you are invested in both as a shareholder, and a customer?

What we're seeing is that your Community Bank is still as important, if not more so, than when you first invested as a shareholder. If the pandemic has taught us anything, it has taught us the importance of place, of our local community, our local economy, our community-based organisations, the importance of social connection and the importance of your local Community Enterprise – your Community Bank in providing, leadership, support, and assistance in these difficult times.

As we continue to adapt to this rapidly changing world one thing that continues to be important to us all is supporting each another and our strong sense of community.

Your continued support as a shareholder is essential to the success of your local community. Thank you for continuing to back your Community Bank company and your community.



**Collin Brady**  
Head of Community Development

# Directors' report

For the financial year ended 30 June 2021

The Directors present their report of the company for the financial year ended 30 June 2021.

## Directors

The following persons were Directors of Mansfield & District Community Enterprises Limited during or since the end of the financial year up to the date of this report:

### David John Mayne

<b>Position</b>	Chairman, Director
<b>Professional qualifications</b>	Corporate management, Consultant, Director
<b>Experience and expertise</b>	David worked in the communication industry for over 35 years, holding positions in engineering, sales and marketing and commercial management. He has also worked in the mining industry. David has extensive management level experience with a major communication company and was a consultant in infrastructure. David is married with two children and lives in Mansfield, Victoria

### Haley Kate Tudor-Harrop

<b>Position</b>	Vice Chair
<b>Professional qualifications</b>	Accountant
<b>Experience and expertise</b>	B.Bus(Acc), Chartered Accountant, GAICD. Elected member of the Community Bank National Council, Ex-Director at Lake Mountain Resort Management Board, Ex Director at MACE Inc, Committee member Mansfield Kindergarten Inc.

### Janene Alice Ridley

<b>Position</b>	Director
<b>Professional qualifications</b>	Manager - Small Business
<b>Experience and expertise</b>	General Manager of Mount Terrible Wines Pty Ltd. Former CEO of Mansfield District Hospital. GAICD - Graduate Australian Institute of Company Director, MHSM - Masters of Health Services Management, BA - Bachelor of Arts, RN - Registered Nurse Division 1. Current member - Jamieson CFA - 41h Lieutenant. Current member - Mansfield Musical & Dramatic Society (MMUDS).

### John Bowen

<b>Position</b>	Company Secretary
<b>Professional qualifications</b>	Lawyer
<b>Experience and expertise</b>	John has worked in legal practice for 36 years.

### Amy Lee Clapham

<b>Position</b>	Treasurer
<b>Professional qualifications</b>	Accountant
<b>Experience and expertise</b>	B.Bus (Acc) CPA. Accountant at Proactive Tax & Business Services. Previously employed at Langley McKimmie Chartered Accountants & Stephen Bates CPA. Previous Treasurer - Mansfield Football Netball Club and Woodend Hesket Football Netball Club.

## Directors' report (continued)

### Directors (continued)

#### Nicole Su-Yin Nally

<b>Position</b>	Director
<b>Professional qualifications</b>	Business Development and Regional Representative, Aquatic Informatics
<b>Experience and expertise</b>	A registered professional Engineer. Business Development and Regional Representative for Aquatic informatics. Past committee member Australian Water Association, Engineers Without Borders and Institute of Engineers Australia. MBA.

#### Peter Valerio

<b>Position</b>	Director
<b>Professional qualifications</b>	Director
<b>Experience and expertise</b>	Marketing Strategy, Research & Strategic planning. Undertaken global marketing strategy work for a wide range of government and semi government bodies.

#### Caroline Trenfield

<b>Position</b>	Director
<b>Professional qualifications</b>	Human Resources Manager
<b>Experience and expertise</b>	Over 10 years experience in various Human Resources Manager roles and currently employed at Mansfield Autism Statewide Services

#### Lucy Marks

<b>Position</b>	Director (Appointed November 2020)
<b>Professional qualifications</b>	Accredited Practicing Dietitian and Nutritionist
<b>Experience and expertise</b>	Currently employed at Mansfield District hospital as dietitian and health promotion worker.

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

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

### Directors' meetings

Attendances by each Director during the year were as follows:

	Board Meetings		Committee meetings attended					
	A	B	Development		Finance		Governance	
	A	B	A	B	A	B	A	B
Haley Kate Tudor-Harrop	12	11	10	9	N/A	N/A	N/A	N/A
Janene Alice Ridley	12	12	N/A	N/A	N/A	N/A	4	4
Amy Lee Clapham	12	11	N/A	N/A	11	11	N/A	N/A
Nicole Sun Nally	12	11	3	2	11	8	4	4
Peter Valerio	12	11	10	9	N/A	N/A	N/A	N/A
John Bowen	12	12	N/A	N/A	N/A	N/A	4	4
Lucy Marks	6	6	5	3	N/A	N/A	N/A	N/A
Caroline Trenfield	12	10	N/A	N/A	11	9	4	2
David John Mayne	12	12	10	8	11	10	N/A	N/A

A - The number of meetings eligible to attend. B - The number of meetings attended. N/A - not a member of that committee.

### Company Secretary

John Bowen became the Company Secretary of Mansfield & District Community Enterprises Limited in November 2018.

John is a qualified legal practitioner.

# Directors' report (continued)

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## Principal activities

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

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

## Review of operations

The profit of the company for the financial year after provision for income tax was \$58,903 (2020: \$117,200).

## COVID-19 Impact on Operations

The spread of COVID-19 has severely impacted many local economies around the globe. In many countries, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in economic slowdown. Global stock markets have also experienced great volatility and significant weakening. Governments and central banks have responded with monetary interventions to stabilise economic conditions. The entity continues to comply with government directions re social distancing and the implementations of measures to ensure the safety of the staff and members of the public during the COVID-19 pandemic. To date there has been no detrimental effect on the entity's financial position or performance. This will be continued to be monitored in the coming months.

The company has determined that these events have not required any specific adjustments with the financial reports. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank response, remain unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as any impact on the financial position and results of the company for future periods.

## Dividends

Dividends paid or declared since the start of the financial year.

A fully franked final dividend of 6 cents per share was declared and paid during the year for the year ended 30 June 2021 (2020: 6 cents franked).

## Options

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

## Significant changes in the state of affairs

No significant changes in the company's state of affairs occurred during the financial year.

## Events subsequent to the end of the reporting period

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

## Likely developments

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

## Environmental regulations

The company is not subject to any significant environmental regulation.

## Indemnifying Officers or Auditor

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 lack of good faith. The company also has Directors and Officers insurance for the benefit of Officers of the company against any liability occurred by the officer, which includes officer's liability for legal costs, in or arising out of the conduct of the business of the company or in or arising out of the discharge of the officer's duties.



## Directors' report (continued)

### Indemnifying Officers or Auditor (continued)

Disclosure of the nature of the liability and the amount of the premium is prohibited by the confidentiality clause of the contract of insurance. The company has not provided any insurance for an Auditor of the company.

### Proceedings on behalf of company

No person has applied for leave of court to bring proceedings on behalf of the company or 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 any part of those proceedings. The company was not a party to any such proceedings during the year.

### Auditor independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set at page 10 of this financial report. No Officer of the company is or has been a partner of the Auditor of the company.

### Remuneration report

#### Remuneration policy

There has been no remuneration policy developed as Director positions are held on a voluntary basis and Directors are not remunerated for their services.

#### Remuneration benefits and payments

Other than detailed below, 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. 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.

#### Equity holdings of key management personnel

The number of ordinary shares in the company held during the financial year and prior year by each Director and other key management personnel, including their related parties, are set out below:

Director's Name	Balance at 30th June 2020	Net change in holdings	Balance at 30th June 2021
Haley Kate Tudor-Harrop	5,503	-	5,503
Janene Alice Ridley	-	-	-
Amy Lee Clapham	1,000	-	1,000
Nicole Su-Yin Nally	3,000	-	3,000
Peter Valerio	-	-	-
John Bowen	-	-	-
Lucinda May Marks	-	-	-
Caroline Trenfield	-	-	-
David John Mayne	-	1,890	1,890

Signed in accordance with a resolution of the Board of Directors at Mansfield, Victoria on 4/11/2021.



**John Bowen**  
Secretary



# Auditor's independence declaration

## Best Accounting & Audit

**Auditor's Independence Declaration under Section 307C of the *Corporations Act 2001* to the Directors of Mansfield and District Community Enterprises Limited.**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2021 there have been no contraventions of:

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

**BEST ACCOUNTING & AUDIT**



**Paul Best**  
**Registered Company Auditor**

**211 Anstruther Street**  
**Echuca VIC 3564**

**Date this 14<sup>th</sup> day of October, 2021**

ABN: 98 122 378 774

P O Box 336, Echuca VIC 3564

211 Anstruther Street, Echuca VIC 3564

Phone (03) 5482 1198

# Financial statements

## Statement of Comprehensive Income for the 12 months ended 30 June 2021

	Notes	2021 \$	2020 \$
Revenues from ordinary activities	2	909,002	951,857
Other Income	2	29,428	50,690
Employee benefits expense	3	(442,863)	(412,355)
Charitable donations and sponsorship	3	(199,824)	(203,321)
Occupancy Expenses		(28,456)	(25,828)
Systems Costs		(22,247)	(21,961)
Depreciation and amortisation expense	3	(63,886)	(66,163)
Finance costs	3	(3,957)	(9,208)
Other expenses from ordinary activities		(82,544)	(79,433)
<b>Profit before income tax expense</b>		<b>94,653</b>	<b>184,278</b>
Income tax expense	4	(35,750)	(67,078)
<b>Profit after income tax expense</b>		<b>58,903</b>	<b>117,200</b>
Other comprehensive income:			
<b>Total comprehensive income attributable to members</b>		<b>58,903</b>	<b>117,200</b>
Earnings per share (cents per share)			
- basic/ diluted earnings per share	23	0.11	0.22
- dividends paid per share		0.06	0.06

The accompanying notes form part of these financial statements.

## Financial statements (continued)

### Statement of Financial Position as at 30 June 2021

	Notes	2021 \$	2020 \$
<b>Current assets</b>			
Cash and cash equivalents	6	461,926	544,219
Trade and other receivables	7	81,317	93,772
Other assets	8	7,382	6,607
<b>Total current assets</b>		<b>550,625</b>	<b>644,598</b>
<b>Non-current assets</b>			
Property, plant and equipment	9	133,703	144,106
Intangible assets	10	2,592	2,592
Right Of Use Asset	8	37,932	75,863
<b>Total non-current assets</b>		<b>174,227</b>	<b>222,561</b>
<b>Total assets</b>		<b>724,852</b>	<b>867,159</b>
<b>Current liabilities</b>			
Tax payable	4	(1,739)	24,725
Trade and other payables	11	47,302	136,895
Borrowings	12	0	2,613
Short-term provisions	13	54,946	30,350
Lease Liability	8	44,781	44,781
<b>Total current liabilities</b>		<b>145,290</b>	<b>239,364</b>
<b>Non-current liabilities</b>			
Deferred income tax liability	4	13,444	33,033
Lease Liability	8	9,734	50,558
Long-term provisions	13	2,531	14,195
<b>Total non-current Liabilities</b>		<b>25,709</b>	<b>97,786</b>
<b>Total liabilities</b>		<b>170,999</b>	<b>337,151</b>
<b>Net assets</b>		<b>553,853</b>	<b>530,009</b>
<b>Equity</b>			
Share capital	14	540,893	540,893
Retained earnings	15	12,960	(10,884)
<b>Total equity</b>		<b>553,853</b>	<b>530,009</b>

The accompanying notes form part of these financial statements.

## Financial statements (continued)

### Statement of Changes in Equity for the year ended 30 June 2021

	Notes	Issued Capital \$	Accumulated Profits \$	Reserves \$	Total Equity \$
<b>Balance at 1 July 2019</b>		540,893	(76,914)	-	463,979
Profit/Loss for the year			117,200	-	117,200
Adjustments due to change in AASB	16		(18,219)	-	(18,219)
<b>Total Comprehensive income for the year</b>			<b>98,981</b>	<b>-</b>	<b>98,981</b>
<b>Transactions with owners, in their capacity as owners</b>					
Share issued during the year			-	-	-
Share buyback issued during the year			-	-	-
Dividends paid or provided	17		(32,950)	-	(32,950)
<b>Balance at 30 June 2020</b>		<b>540,893</b>	<b>(10,883)</b>	<b>-</b>	<b>530,010</b>
<b>Balance at 1 July 2020</b>		540,893	(10,883)	-	530,010
Profit/Loss for the year			58,903	-	58,903
Adjustments due to previous period errors			(1,055)	-	(1,055)
<b>Total Comprehensive income for the year</b>			<b>46,965</b>	<b>-</b>	<b>46,965</b>
<b>Transactions with owners, in their capacity as owners</b>					
Share issued during the year			-	-	-
Share buyback issued during the year			-	-	-
Dividends paid or provided	17		(34,005)	-	(34,005)
<b>Balance at 30 June 2021</b>		<b>540,893</b>	<b>12,960</b>	<b>-</b>	<b>553,853</b>

The accompanying notes form part of these financial statements.

## Financial statements (continued)

### Statement of Cash Flows for the year ended 30 June 2021

	2021 \$	2020 \$
<b>Cash flows from operating activities</b>		
Cash receipts in the course of operations	906,799	955,222
Cash receipts from other sources	42,868	31,538
Cash payments in the course of operations	(900,017)	(639,863)
Interest received	1,538	4,207
Interest Paid	(3,956)	(9,207)
Income tax paid	(36,529)	(8,759)
<b>Net cash flows from operating activities</b>	<b>10,703</b>	<b>333,138</b>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	-	-
(Payments)/Withdrawal for financial assets / term deposits	-	-
Payments for Intangible assets	(15,553)	(15,553)
<b>Net cash flows used in investing activities</b>	<b>(15,553)</b>	<b>(15,553)</b>
<b>Cash flows from financing activities</b>		
Repayment of borrowings	(2,613)	(7,589)
Repayment of Lease liability	(40,825)	(36,674)
Dividend paid	(34,005)	(32,950)
<b>Net cash flows used in financing activities</b>	<b>(77,443)</b>	<b>(77,213)</b>
<b>Net increase in cash held</b>	<b>(82,293)</b>	<b>240,372</b>
Cash at beginning of financial year	544,219	303,847
<b>Cash at the end of financial year</b>	<b>461,926</b>	<b>544,219</b>

The accompanying notes form part of these financial statements.

## Financial statements (continued)

### Statement of Cash Flows for the year ended 30 June 2021

	2021 \$	2020 \$
<b>(a) Reconciliation of cash</b>		
Cash and cash equivalents	461,926	544,219
	<b>461,926</b>	<b>544,219</b>
<b>(b) Reconciliation of profit after tax to net cash provided from/(used in) operating activities</b>		
Profit after income tax	58,903	117,200
<i>Add (Less) non-cash flows in profit from ordinary activities:</i>		
Depreciation & amortisation	63,886	66,163
<i>Add (Less): changes in assets &amp; liabilities</i>		
- (Increase) decrease in receivables	12,455	(11,271)
- (Increase) decrease in other assets	(775)	27,596
- Increase (decrease) in payables	(116,057)	122,924
- Increase (decrease) in provisions	(6,657)	10,526
- Adjustment to Accounts from prior period	(1,052)	
<b>Net cash flows from/(used in) operating activities</b>	<b>10,703</b>	<b>333,138</b>

# Notes to the financial statements

For the year ended 30 June 2021

## Note 1. Basis of preparation of the Financial Report

### (a) Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

The financial statements were authorised for issue on 20th October 2021 by the directors of the Company.

#### *Economic dependency*

The company has entered a franchise agreement with Bendigo & Adelaide Bank Limited that governs the management of the Community Bank branch at Mansfield.

The branch operate as a franchise of Bendigo and Adelaide Bank Limited, using the name “Bendigo Bank” and the logo and system of operations of Bendigo and Adelaide Bank Limited. The company manages the CommunityBank branch on behalf of Bendigo and Adelaide Bank Limited, however all transactions with customers conducted through the CommunityBank branch are effectively conducted between the customers and Bendigo and Adelaide Bank Limited.

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

### (b) Income tax

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.



# Notes to the financial statements (continued)

## Note 1. Basis of preparation of the Financial Report (continued)

### (c) Property, plant and equipment

#### *Plant and equipment*

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present for details of impairment.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the company includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

#### *Depreciation*

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Asset	Depreciation rate
Buildings	2.5%
Plant & Equipment	10-67%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

### (d) Leases

At inception of a contract, the Company assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by the Company where the Company is a lessee. However, all contracts that are classified as short-term leases (lease with remaining lease term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially the lease liability is measured at the present value of the lease payments still to be paid at the commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Company uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease

# Notes to the financial statements (continued)

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## Note 1. Basis of preparation of the Financial Report (continued)

### **(d) Leases (continued)**

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset whichever is the shortest.

Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

### **(e) Financial Instruments**

#### *Initial recognition and measurement*

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the Company commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in AASB 15: Revenue from Contracts with Customers.

#### *Initial recognition and measurement*

#### Financial Liabilities

Financial liabilities are subsequently measured at:

- amortised cost; or
- fair value through profit or loss.

A financial liability is measured at fair value through profit or loss if the financial liability is initially designated as at fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense over in profit or loss over the relevant period.

The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability cannot be reclassified.

#### Financial Assets

Financial assets are subsequently measured at:

- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit or loss

Measurement is on the basis of two primary criteria:

- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.

A financial asset that meets the following conditions is subsequently measured at amortised cost:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset that meets the following conditions is subsequently measured at fair value through other comprehensive income:

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates; and

# Notes to the financial statements (continued)

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Note 1. Basis of preparation of the Financial Report (continued)

## **(e) Financial Instruments (continued)**

*Initial recognition and measurement (continued)*

### Financial Assets (continued)

- the business model for managing the financial asset comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

## **(f) Goods and services tax**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

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 ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

## **(g) Employee benefits**

### *Short-term employee benefits*

Provision is made for the Company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The company's obligations for short-term employee benefits such as wages, salaries and sick leave 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 as provisions in the statement of financial position.

### *Other long-term employee benefits*

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees.

Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The company's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the company does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

## **(h) Intangibles**

Franchise Fees have been initially recorded at cost annually and amortised on a straight line basis at a rate of 100% per annum.

## **(i) Revenue**

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. When the inflow of consideration is deferred it is treated as the provision of financing and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest revenue is recognised using the effective interest method. Dividend revenue is recognised when the right to receive a dividend has been established. All revenue is stated net of the amounts of goods and services tax.

# Notes to the financial statements (continued)

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## Note 1. Basis of preparation of the Financial Report (continued)

### **(i) Revenue (continued)**

Revenue is deferred when management fees are received upfront but where associated services are yet to be performed.

All revenue is stated net of the amount of goods and services tax.

### **(j) Trade and Other Receivables**

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

### **(k) Interest bearing liabilities**

All loans are measured at the principal amount. Interest is recognised as an expense as it accrues.

### **(l) Provisions**

Provisions are recognised that when the economic entity has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation. A provision for dividend is not recognised as a liability unless the dividends are declared, determined or publicly recommended on or before the reporting date.

### **(m) Contributed capital**

Issued and paid up capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

### **(n) Comparative Figures**

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

Where the company retrospectively applies an accounting policy, makes a retrospective restatement or reclassifies items in its financial statements, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

### **(o) Critical Accounting Estimates and Judgements**

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

### **(p) Derecognition**

Financial assets are derecognised when the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

### **(q) Cash and cash equivalents**

Cash and cash equivalents include cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown as borrowings in current liabilities on the statement of financial position.

### **(r) Trade and Other Payables**

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

### **(s) Going Concern**

The financial statements have been prepared on a going concern basis.

## Notes to the financial statements (continued)

Note 1. Basis of preparation of the Financial Report (continued)

### (t) New and Amended Accounting Standards Adopted by the Group

#### Initial application of AASB 16

The Company has recognised a lease liability and right-of-use asset for all leases (with the exception of short-term and low-value leases) recognised as operating leases under AASB 116 Leases where the Company is the lessee.

The lease liabilities are measured at the present value of the remaining lease payments. “

The right of use assets for the property leases were measured and recognised in the statement of financial position. Leases had been applied since the commencement date, but discounted using the Company's incremental borrowing rate per lease term.

	2021 \$	2020 \$
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### Note 2. Revenue from ordinary activities

Operating activities		
- fees	909,002	951,857
<b>Total revenue from operating activities</b>	<b>909,002</b>	<b>951,857</b>
Non-operating activities:		
- interest received	1,538	4,207
- government payments	27,890	46,483
<b>Total revenue from non-operating activities</b>	<b>29,428</b>	<b>50,690</b>
<b>Total revenue from ordinary activities</b>	<b>938,430</b>	<b>1,002,547</b>

### 3. Expenses

Profit from ordinary activities before income tax expense has been determined after:

Employee benefits expense		
- wages and salaries, leave	380,023	351,812
- superannuation costs	38,581	31,453
- other costs	24,259	29,090
	<b>442,863</b>	<b>412,355</b>
Community Contributions		
- sponsorship	139,801	160,546
- donations	-	1,141
Other advertising and promotions		
- advertising	7,775	4,646
- marketing	8,248	3,348
- marketing contractor	44,000	33,640
	<b>199,824</b>	<b>203,321</b>
Depreciation and amortisation:		
Depreciation		
- furniture & fittings	3,649	4,797
- computer equipment	137	195
- leasehold improvements	3,402	3,402
- motor vehicle	3,215	4,286

## Notes to the financial statements (continued)

	2021 \$	2020 \$
3. Expenses (continued)		
Amortisation		
- intangibles	15,552	15,552
- Right-of-Use Amortisation	37,931	37,931
	<b>63,886</b>	<b>66,163</b>
Finance Costs:		
- interest paid	-	330
- interest paid lease liability	3,957	8,878
	<b>3,957</b>	<b>9,208</b>

## 4. Income tax expense

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

Prima facie tax on profit before income tax at 26% (2020 - 27.5%)	24,610	37,894
Add tax effect of:		
- timing difference expenses	11,140	29,184
<b>Current income tax expense</b>	<b>35,750</b>	<b>67,078</b>
The components of tax expense comprise:		
Current tax	35,750	37,894
Deferred tax	(11,140)	29,184
	<b>24,610</b>	<b>67,078</b>
<b>Tax payable</b>		
Current tax (refundable)/payable	(1,739)	24,725
	<b>(1,739)</b>	<b>24,725</b>
<b>Deferred income tax liability</b>		
Future income tax benefits arising from deductible temporary differences are recognised to the extent that profits will be available against which such differences can be utilised.	(13,444)	(33,033)
	<b>(13,444)</b>	<b>(33,033)</b>

## 5. Auditor's remuneration

- Audit or review of the financial report of the Company	3,500	3,600
	<b>3,500</b>	<b>3,600</b>

## 6. Cash and cash equivalent

Cash at bank and on hand	61,926	154,219
Term Deposits	400,000	390,000
	<b>461,926</b>	<b>544,219</b>

## Notes to the financial statements (continued)

	2021 \$	2020 \$
<b>7. Trade and other receivables</b>		
Trade debtors	81,179	78,756
Other receivables	138	15,016
	<b>81,317</b>	<b>93,772</b>

## 8. Other

### Current:

Prepayments	7,382	6,607
	<b>7,382</b>	<b>6,607</b>

### Non-Current

Right of Use Asset	189,656	189,656
Less: accumulated depreciation	(151,724)	(113,793)
	<b>37,932</b>	<b>75,863</b>

The Company's lease relates to the Branch Building. The lease has a 5-year term expiring August 2022.

### i) AASB 16 related amounts recognised in the balance sheet

Right of use assets - Leased Property:		
Make Good Asset		-
Right-of-use asset (net of accumulated depreciation)	37,932	75,863
Straight Line Lease liability	-	-
Make Good Provision	-	-
Lease Incentive Accrual	-	-
Lease liability (current)	(44,781)	(44,781)
Lease liability (non current)	(9,734)	(50,558)

### ii) AASB 16 related amounts recognised in the statement of profit or loss

Depreciation charge related to right-of-use assets	37,931	37,931
Interest expense on lease liabilities	3,957	8,878
<b>Total 12 month cash outflows for lease</b>	<b>41,888</b>	<b>46,809</b>

## 9. Property, Plant and Equipment

<i>Leasehold Improvements</i>		
At cost	136,068	136,068
Less: accumulated depreciation	(27,219)	(23,817)
	<b>108,849</b>	<b>112,251</b>
<i>Computer Software</i>		
At cost	12,336	12,336
Less: accumulated depreciation	(12,018)	(11,881)
	<b>318</b>	<b>455</b>



## Notes to the financial statements (continued)

	2021 \$	2020 \$
9. Property, Plant and Equipment (continued)		
<i>Motor Vehicles</i>		
At cost	35,504	35,504
Less: accumulated depreciation	(25,862)	(22,647)
	<b>9,642</b>	<b>12,857</b>
<i>Furniture &amp; Fittings</i>		
At cost	151,771	151,771
Less: accumulated depreciation	(136,877)	(133,228)
	<b>14,894</b>	<b>18,543</b>
<b>Total written down amount</b>	<b>133,703</b>	<b>144,106</b>
<b>Movements in carrying amounts</b>		
<i>Leasehold Improvements</i>		
Carrying amount at beginning of year	112,251	115,653
Additions	-	-
Disposals	-	-
Depreciation expense	(3,402)	(3,402)
<b>Carrying amount at end of year</b>	<b>108,849</b>	<b>112,251</b>
<i>Computer Software</i>		
Carrying amount at beginning of year	455	650
Additions	-	-
Disposals / Adjustments	-	-
Depreciation expense	(137)	(195)
<b>Carrying amount at end of year</b>	<b>318</b>	<b>455</b>
<i>Motor Vehicles</i>		
Carrying amount at beginning of year	12,858	17,144
Additions	-	-
Disposals / Adjustments	-	-
Depreciation expense	(3,215)	(4,286)
<b>Carrying amount at end of year</b>	<b>9,643</b>	<b>12,858</b>
<i>Furniture &amp; Fittings</i>		
Carrying amount at beginning of year	18,543	23,340
Additions	-	-
Disposals / Adjustments	-	-
Depreciation expense	(3,649)	(4,797)
<b>Carrying amount at end of year</b>	<b>14,894</b>	<b>18,543</b>
<b>Total Plant &amp; Equipment</b>		
Carrying amount at beginning of year	144,106	156,786
Additions	-	-
Disposals / Adjustments	-	-
Depreciation expense	(10,403)	(12,680)
<b>Carrying amount at end of year</b>	<b>133,703</b>	<b>144,106</b>

## Notes to the financial statements (continued)

	2021 \$	2020 \$
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### 10. Intangible assets

<i>Franchise Fee</i>		
At Cost	15,553	15,553
Less accumulated amortisation	(12,961)	(12,961)
<b>Total Intangible Assets</b>	<b>2,592</b>	<b>2,592</b>
<i>Franchise Fee</i>		
Balance at beginning of year	2,592	2,592
Additions	15,553	15,553
Disposals	-	-
Amortisation expense	(15,553)	(15,553)
<b>Balance at end of year</b>	<b>2,592</b>	<b>2,592</b>

### 11. Trade and other payables

<i>Unsecured liabilities</i>		
Trade creditors	10,510	115,727
Other creditors and accruals	36,792	21,168
	<b>47,302</b>	<b>136,895</b>

### 12. Borrowings

Current		
Chattel Mortgage	-	2,613
<b>Total Borrowings</b>	<b>-</b>	<b>2,613</b>

### 13. Provisions

Current:		
Provision for annual leave	23,946	20,572
Provision for long service leave	31,000	9,778
	<b>54,946</b>	<b>30,350</b>
Non-Current		
Provision for long service leave	2,531	14,195
	<b>2,531</b>	<b>14,195</b>

### 14. Share capital

566,753 Ordinary Shares fully paid of \$1 each	566,753	566,753
Less: Equity Raising Costs	(25,860)	(25,860)
	<b>540,893</b>	<b>540,893</b>

## Notes to the financial statements (continued)

	2021 \$	2020 \$
<b>15. Retained Earnings</b>		
Balance at the beginning of the financial year	(10,884)	(76,914)
Profit after income tax	58,903	117,200
Dividends paid	(34,005)	(32,950)
Adjustments to AASB Accounting Standards	-	(18,220)
Adjustment to Accounts post financial report	(1,054)	-
<b>Balance at the end of the financial year</b>	<b>12,960</b>	<b>(10,884)</b>

## 16. Related party disclosures

No Director or related entity has entered into a material contract with the Company.

## 17. Directors shareholdings

Haley Tudor Harrop	5,503	5,503
Amy Clapham	1,000	1,000
Nicole Nally	3,000	3,000
David Mayne	1,890	-

Each share held has a paid up value of \$1 and is fully paid.

## 18. Subsequent events

There have been no other events after the end of the financial year that would materially affect the financial statements.

## 19. Contingent liabilities

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

## 20. Segment reporting

The economic entity operates in the financial services sector where it provides banking services to its clients. The economic entity operates in regional areas of Eastern Victoria.

The economic entity operates in one area being Mansfield, Victoria. The company has a franchise agreement in place with Bendigo and Adelaide bank Limited who account for 100% of the revenue.

## 21. Corporate information

Mansfield & District Community Enterprises Ltd is a Company limited by shares incorporated in Australia.

The registered office and principal place of business is:

**Registered Office:**

96-98 High St  
Mansfield VIC 3722

**Principal places of Business:**

96-98 High St  
Mansfield VIC 3722

## Notes to the financial statements (continued)

	2021 \$	2020 \$
<b>22. Dividends paid or provided for on ordinary shares</b>		
Franked dividends Paid - 6 cents per share.	34,005	32,950
The tax rate at which dividends have been franked is 27.5%		
Franking Account Balance		
- Franking Credits Available at the end of the financial year	110,705	53,125

## 23. Earnings per share

Basic earnings per share amounts are calculated by dividing profit / (loss) after income tax by the weighted average number of ordinary shares outstanding during the year.	0.11	0.22
Diluted earnings per share amounts are calculated by dividing profit / (loss) after income tax by the weighted average number of ordinary shares outstanding during the year (adjusted for the effects of any dilutive options or preference shares).	0.11	0.22
The following reflects the income and share data used in the basic and diluted earnings per share computations:		
Profit after income tax expense	58,903	117,200
Weighted average number of ordinary shares for basic and diluted earnings per share earnings per share	566,753	566,753
Earnings per share	0.11	0.22

## 24. Financial Risk Management

### Net fair values

The net fair values of financial assets and liabilities approximate the carrying values as disclosed in the statement of financial position. The Company does not have any unrecognised financial instruments at year end.

### Maturity analysis

	Floating interest rate		Within one year		1 to 5 years		Non interest bearing		Weighted average effective interest rate	
Financial Instrument	2021 \$	2020 \$	2021 \$	2020 \$	2021 \$	2020 \$	2021 \$	2020 \$	2021 \$	2020 \$
Cash and cash equivalent	461,926	544,219	461,926	544,219	-	-	-	-		0.35%
Trade and other receivables	81,317	93,772	81,317	93,772	-	-	81,317	93,772	N/A	N/A
<b>Total financial assets</b>	<b>543,243</b>	<b>637,991</b>	<b>543,243</b>	<b>637,991</b>	<b>-</b>	<b>-</b>	<b>81,317</b>	<b>93,772</b>		
Trade and other payables	47,302	136,895	47,302	136,895	-	-	47,302	136,895	N/A	N/A
Borrowings	-	2,613	-	2,613	-	-	-	-	N/A	4.88%
<b>Total financial liabilities</b>	<b>47,302</b>	<b>139,508</b>	<b>47,302</b>	<b>139,508</b>	<b>-</b>	<b>-</b>	<b>47,302</b>	<b>136,895</b>		

The Company has exposure to credit risk, liquidity risk and market risk from their use of financial instruments.

This note presents information about the Company's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

## Notes to the financial statements (continued)

### 24. Financial Risk Management (continued)

#### (a) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. For the Company it arises from receivables and cash assets.

The maximum exposure to credit risk at balance date to recognised financial assets is the carrying amount of those assets as disclosed in the Balance Sheet and notes to the financial statements. The Company's maximum exposure to credit risk at reporting date was:

	2021 \$	2020 \$
Cash and cash equivalents	461,926	544,219
Trade and other receivables	81,317	93,772
	<b>543,243</b>	<b>637,991</b>

The Company's exposure to credit risk is limited to Australia by geographic area. Significant part of this balance is due from Bendigo Bank Ltd.

None of the assets of the Company are past due and based on historic default rates, the Company believes that no impairment allowance is necessary in respect of assets not past due.

The Company limits its exposure to credit risk by only investing in liquid securities with Bendigo and Adelaide Bank Ltd.

#### (b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company ensures it will have enough liquidity to meet its liabilities when due under both normal and stressed conditions. Liquidity management is carried out within the guidelines set by the Board.

Typically, the Company maintains sufficient cash on hand to meet expected operational expenses, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The following are the estimated contractual maturities of financial liabilities, including estimated interest payments.

Cash and cash equivalents, trade and other receivables, and trade and other payables

are short-term instruments whose carrying amounts approximate their fair values. Trade and other payables exclude amounts relating to the provision of annual leave and deferred revenue, which are outside the scope of AASB 139.

	Carrying amount \$	Contractual cash flows \$	1 year or less \$	Over 1 to 5 years \$	More than 5 years \$
<b>30-Jun-21</b>					
Trade and other payables	47,302	-	47,302	-	-
Borrowings	-	-	-	-	-
	<b>47,302</b>	<b>-</b>	<b>47,302</b>	<b>-</b>	<b>-</b>
<b>30-Jun-20</b>					
Trade and other payables	136,895	-	136,895	-	-
Borrowings	2,613	-	2,613	-	-
	<b>139,508</b>	<b>-</b>	<b>139,508</b>	<b>-</b>	<b>-</b>

#### (c) Market risk

Market risk is the risk that changes in market prices, such as interest rates, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

##### *Interest Rate Risk*

Interest rate risk is that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company reviews the exposure to interest rate risk as part of the regular board meetings.

## Notes to the financial statements (continued)

### 24. Financial Risk Management (continued)

#### (c) Market risk (continued)

##### *Sensitivity analysis*

At the reporting date the interest rate profile of the Company's interest bearing financial instruments was:

##### *Fixed rate instruments*

	2021 \$	2020 \$
Financial assets (fixed rate)	400,000	390,000
Financial assets (floating rate)	61,926	154,219
Financial liabilities (floating rate)	-	-
	<b>461,926</b>	<b>544,219</b>

Fair value sensitivity analysis for fixed rate instruments.

The Company does not account for any fixed interest rate financial assets or liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

#### (d) Net fair values

The net fair values of financial assets and liabilities approximate the carrying values as disclosed in the Balance Sheet. The Company does not have any unrecognised financial instruments at year end.

#### (e) Capital management

The Board's policy is to maintain a strong capital base so as to sustain future development of the Company. The Board of Directors monitor the return on capital and the level of dividends to shareholders. Capital is represented by total equity as recorded in the Balance Sheet.

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

(i) the Distribution Limit is the greater of:

- (a) 20% of the profit or funds of the Franchisee otherwise available for distribution to shareholders in that 12 month period; and
- (b) subject to the availability of distributable profits, the Relevant Rate of Return multiplied by the average level of share capital of the Franchisee over that 12 month period; and

(ii) the Relevant Rate of Return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

The Board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the Company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the year ended 30 June 2021 can be seen in the Income Statement. There were no changes in the Company's approach during the year.

# Directors' declaration

In accordance with a resolution of the directors of Mansfield & District Community Enterprises Limited, the directors of the company declare that:

- 1) the financial statements and notes are in accordance with the Corporations Act 2001 and:
  - (a) comply with Australian Accounting Standards – Reduced Disclosure Requirements; and
  - (b) give a true and fair view of the financial position as at 30 June 2021 and of the performance for the 12 months ended on that date of the company;
- 2) in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;

A handwritten signature in dark ink, appearing to read 'John Bowen', with a stylized, cursive script.

**John Bowen**  
**Secretary**



# Independent audit report

## Best Accounting & Audit

### *Independent Auditors Report to the Members of Mansfield & District Community Enterprises Limited*

#### Report on the Audit of the Financial Report

##### Opinion

We have audited the financial report of Mansfield & District Community Enterprises Limited (the company), which comprises the statement of financial position as at 30 June 2021, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

##### In our opinion:

The financial report of Mansfield & District Community Enterprises Limited is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the company's financial position as at June 2021 and of its performance for the year then ended; and
- (b) 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 *Auditors 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* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

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211 Anstruther Street, Echuca VIC 3564  
Phone (03) 5482 1198

## **Information Other than the Financial Report and the Auditor's Report Thereon**

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 2021, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is 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 gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the 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 to 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. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion.

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

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### BEST ACCOUNTING & AUDIT



**Paul J Best**  
Registered Company Auditor

211 Anstruther Street  
Echuca, VIC 3564

Dated this 14<sup>th</sup> day of October 2021

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**Community Bank · Mansfield & District**

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[/communitybankmansfelddistrict](https://www.facebook.com/communitybankmansfelddistrict)

Franchisee:

Mansfield & District Community Enterprises Limited

ABN: 92 124 069 914

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(BNPAR21056) (11/21)