

Annual Report 2022

Mansfield & District
Community Enterprises
Limited

Community Bank
Mansfield & District

ABN 92 124 069 914



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Chairman's report

For year ending 30 June 2022

The 2021-22 financial year continues to show mixed result due to the tail of COVID-19 and uncertainty in the market. While the economy is showing different signs (high employment and high inflation) we are encourage with our performance going forward.

We continue to work closely with our key partners, Bendigo Bank and organisation in our area such as the Mansfield Shire Council, MACE, Goughs Bay community, WiNE and other organisations; focussing on the resilience of our community through difficult times. Our core focus was to ensure our branch and community continued to grow and thrive.

While uncertainty continues to linger, our total business reached \$167 million, with a growth of \$10.6 million for the year. Staffing has remained a challenge however our branch team continues to focus on serving our customers and we are the only bank in Mansfield to have a full-service offering.

The company reports a before tax profit of \$91,917 after community contributions and a significant contribution to the Community Enterprise Foundation™. Our contributions into our community continues to grow, reaching \$808,046 at the end of the 2021-22 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 Community Bank Mansfield & District Scholarship and are reviewing how to enhance this program in the years ahead.

Thank you to my fellow Directors and our support staff, Emma and Georgina. We have had several changes to our staff structure over the last 12 months and I would like to thank them for quickly "coming up to speed" and their dedication to serving our customer base. I would also like to offer a special thanks to Ryan Daykin our Branch Manager who has worked hard to ensure our staff are fully supported in the work they do.

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

The Board of Directors was pleased to announce the declaration of our twelfth dividend. This year the dividend will be 5c per share fully franked; paid in November 2022.

While most other banks are moving online and reducing their presence in Mansfield, we continue to offer a full-service banking experience and personalised in branch customer service and this has helped us increase our customer base over the last 12 months. The Board of Directors of Mansfield & District Community Enterprises Limited (MDCE) continue to look for innovative ways to improve the company's strategy and are in the process of finalizing our next three-year strategy. This will ensure we remain relevant for the future of our community and customers. We will also hold our 15th year of celebration in the second half of 2022. Our unique banking model continues to enable us 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 Community Bank Mansfield & District, the more we will contribute back into our community. Every customer that we attract to the Community Bank branch 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 – Mansfield and District Community Enterprise Limited

Manager's report

For year ending 30 June 2022

I am very pleased to submit this annual Branch Manager's report for Community Bank Mansfield & District.

I would like to thank Matthew Currie for his work leading the team for many years, up until I commenced in the position of Branch Manager in October 2021. It is certainly a role which is not without its challenges, but I am very excited to see what the future brings us as a Community Bank moving forward.

The 2021-22 financial year definitely continued to bring challenges which proceeded to affect our staff and our customer base. With the continuing changes that the COVID-19 pandemic made to our daily lives, and the ongoing adaptations we had to make in order to have the doors open servicing customers, often every day brought something new. I've been very humbled to see the resilience in our customers, our community and our team as we all worked to support each other during these unprecedented times.

With changing economic climate and the predominantly low interest rate environment for the 2020-21 financial year, Community Bank Mansfield & District finished the year with total business of \$167 million, which reflects growth of \$10.6 million on the previous financial year, a growth of 6.8%. This is spread between our main focus areas being deposit funds, consumer and small business lending, and Rural Bank lending.

The knowledge of the Community Bank model has continued to grow over the course of the most recent financial year, which I believe has been key in giving us the ability to keep demonstrating growth even in this low interest rate environment. Being a 'profit-for-purpose' model gives us a distinguished point of difference amongst our competitors, meaning the profits that we generate are put back into our community via various avenues of funding opportunities. The change in operating hours for several competing branches in Mansfield has also led to a surge in customer growth for us over the most recent financial year, as we've continued to maintain our 9.30-5.00pm opening hours we are known for. I'd like to mention Emma Wiking whose expertise has helped to ensure that the Community Banking model has been consistent and at the forefront of our marketing.

Over the past 12 months, we have been proud to provide sponsorship opportunities to a wide range of community organisations, including Mansfield Cubby House, MMuDS, Radio Mansfield, CWA Mansfield, Bonnie Doon Football & Netball Club, Mansfield Kindergarten, as well as St Mary's, Merrijig and Mansfield Primary Schools. At the end of the financial year, the total amount of profits invested back into the community was sitting at approx. \$765,000, and rapidly approaching the \$1 million mark. I look forward to seeing this number continue to rise as time goes on.

The Community Bank scholarship program was a huge success this year also, and we were able to support a further four local students as they move from secondary schooling into tertiary education.

Our branch team continued to expand this year with the addition of Tamara Rabie and Isadora Tirtowalujo to our team. They have each proven themselves to bring excellent customer service skills, as well as a great sense of vibrancy and energy to our branch team. I do firmly believe that in addition to our Community Banking model, our customer service skills are truly our point of difference in the Mansfield Community. The team truly do know and care about all their customers, and I'd personally like to thank Jess, Clare, Riley and Stevie for their efforts with their customers on a daily basis. Stevie (temporarily) departed in September 2021 when she went on maternity leave – a huge congratulations to Stevie and her husband Jesse on the birth of their daughter. We're very much looking forward to her return in the future.

I am grateful for the continued support our branch receives from our Regional Bendigo and Adelaide Bank support team, comprising of Tracie Kyne and Kendall Beattie (Regional Managers), Tim Dean (Risk & Compliance) and Jy Pertzelt (Branch Operations) – your support has been invaluable. Our partnership with Rural Bank has continued to develop, and we love seeing the work and energy that Georgia Sheahan (Agribusiness Relationship Manager) brings to her client base. Our involvement with our Business Banking companions of Michael Tedesco and Jim Guilline has also continued to develop over the last 12 months, helping our customers reach some of their financial goals.

Manager's report (continued)

I could quite easily continue to write multiple pages going into how much I appreciate the support that our spectacular Board of Directors has given myself and the Branch team over the last 12 months, however I will try my best to keep it brief! It has been a fantastic experience to work alongside a group of such intelligent, community-minded people. We've continued to be faced with various challenges from a multitude of standpoints, and their guidance has been crucial in helping us as Community Bank Mansfield & District to develop, adapt and grow.

Then of course, there's our customers and shareholders, our community groups, and our local businesses that make the choice to bank with Community Bank Mansfield & District without you, we are able to continue to provide the support that we do to our community.

I've always said, banking is something that we all have to do, so we may as well do it for the benefit of our community! On behalf of the Branch staff, thank you all for your continued support, and we look forward to seeing you in the branch again sometime soon!

Thank you

Ryan Daykin
Branch Manager

Bendigo and Adelaide Bank report

For year ending 30 June 2022

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

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

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

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

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

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

Warmest regards,



Justine Minne
Bendigo and Adelaide Bank

Community Bank National Council report

For year ending 30 June 2022

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

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

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

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

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

The three strategic pillars of the 2022-23 CBNC strategy are to:

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

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

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

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

Warm regards



Sarah Franklyn
CBNC Chair

Directors' report

For the financial year ended 30 June 2022

The Directors present their report of the company for the financial year ended 30 June 2022.

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

Position	Chairman, Director
Professional qualifications	Corporate management, Consultant, Director
Experience and expertise	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

Position	Vice Chair
Professional qualifications	Accountant
Experience and expertise	B.Bus(Acc), Chartered Accountant, GAICD. Elected member of the Community Bank National Council, Non - Executive Director Goulburn Valley Water, Committee Member Mansfield & District Basketball Assoc Inc, Previous Non Executive Director at Lake Mountain Resort Management Board, Previous Board member at MACE Inc.

Janene Alice Ridley

Position	Director
Professional qualifications	Manager - Small Business
Experience and expertise	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).

Jon Gifford Director (Appointed November 2021)

Position	Company Secretary
Professional qualifications	Lawyer
Experience and expertise	Lawyer with PAE of 4 years, marketing and product development for small business, current President of the Mansfield and District Business Association

Directors' report (continued)

Directors (continued)

Amy Lee Clapham

Position	Treasurer
Professional qualifications	Accountant
Experience and expertise	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 Heskett Football Netball Club. Committee member Bonnie Doon Football Netball Club

Nicole Su-Yin Nally

Position	Director
Professional qualifications	Business Development and Regional Representative, Aquatic Informatics
Experience and expertise	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

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

Caroline Trenfield

Position	Director
Professional qualifications	Human Resources Manager
Experience and expertise	Human Resources professional with experience working across a number of different sectors and currently employed at Mansfield Autism Statewide Services as a Human Resources Manager

Lucy Marks

Position	Director
Professional qualifications	Accredited Practicing Dietitian and Nutritionist
Experience and expertise	Currently employed at Mansfield District hospital as dietitian and health promotion worker.

John Bowen

Position	Company Secretary (Resigned 14/12/2021)
Professional qualifications	Lawyer
Experience and expertise	John has worked in legal practice for 36 years

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' report (continued)

Directors' meetings

Attendances by each Director during the year were as follows:

	Committee meetings attended							
	Board Meetings		Community Impact Team		Finance		Governance	
	A	B	A	B	A	B	A	B
Haley Kate Tudor-Harrop	12	8	11	8	N/A	N/A	N/A	N/A
Janene Alice Ridley	12	11	N/A	N/A	N/A	N/A	4	4
Amy Lee Clapham	12	11	N/A	N/A	10	10	N/A	N/A
Nicole Sun Nally	12	10	N/A	N/A	10	6	4	4
Peter Valerio	12	7	11	9	N/A	N/A	N/A	N/A
John Bowen	7	6	N/A	N/A	N/A	N/A	2	1
Lucy Marks	12	10	11	9	N/A	N/A	N/A	N/A
Jon Gifford	12	10	N/A	N/A	N/A	N/A	4	3
Caroline Trenfield	12	7	N/A	N/A	10	8	4	4
David John Mayne	12	11	11	10	10	8	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

Jon Gifford became the Company Secretary of Mansfield & District Community Enterprises Limited in November 2021.

Jon is a qualified legal practitioner.

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 \$78,880 (2021: \$58,903).

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.

Directors' report (continued)

Dividends

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

A fully franked final dividend of 4 cents per share was declared and paid during the year for the year ended 30 June 2022 (2021: 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.

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 included in 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.

Directors' report (continued)

Remuneration report (continued)

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 2021	Net change in holdings	Balance at 30th June 2022
Haley Kate Tudor-Harrop	5,503	-	5,503
Janene Alice Ridley	-	756	756
Amy Lee Clapham	1,000	-	1,000
Nicole Su-Yin Nally	3,000	-	3,000
Peter Valerio	-	-	-
Jon Gifford	-	-	-
Lucinda May Marks	-	-	-
Caroline Trenfield	-	-	-
David John Mayne	1890	9,438	11,328

Signed in accordance with a resolution of the Board of Directors at Mansfield, Victoria on 30 / 9 / 2022.



Jon Gifford
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 2022 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 7th day of September, 2022

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 Profit or Loss and Other Comprehensive Income for the year ended 30 June 2022

	Note	2022 \$	2021 \$
Revenues from ordinary activities	2	908,206	909,002
Other Income	2	842	29,428
Employee benefits expense	3	(427,699)	(442,863)
Charitable donations and sponsorship	3	(200,708)	(199,824)
Occupancy Expenses		(26,347)	(28,456)
Systems Costs		(19,680)	(22,247)
Depreciation and amortisation expense	3	(57,690)	(63,886)
Finance costs	3	(2,266)	(3,957)
Other expenses from ordinary activities		(82,741)	(82,544)
Profit before income tax expense		91,917	94,653
Income tax expense	4	(13,037)	(35,750)
Profit after income tax expense		78,880	58,903
Other comprehensive income:			
Total comprehensive income attributable to members		78,880	58,903
Earnings per share (cents per share)			
- basic/ diluted earnings per share	22	0.14	0.11
- dividends paid per share		0.04	0.06

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of Financial Position as at 30 June 2022

	Note	2022 \$	2021 \$
Current assets			
Cash and cash equivalents	6	468,853	461,926
Trade and other receivables	7	91,521	81,317
Other assets	8	7,460	7,382
Tax Receivable	4	22,158	1,739
Total current assets		589,992	552,364
Non-current assets			
Property, plant and equipment	9	124,961	133,703
Intangible assets	10	2,592	2,592
Right Of Use Asset	8	0	37,932
Total non-current assets		127,553	174,227
Total assets		717,545	726,591
Current liabilities			
Trade and other payables	11	36,875	47,302
Short-term provisions	12	33,219	54,946
Lease Liability	8	7,464	44,781
Total current liabilities		77,558	147,029
Non-current liabilities			
Deferred income tax liability	4	8,239	13,444
Lease Liability	8	0	9,734
Long-term provisions	12	5,075	2,531
Total non-current Liabilities		13,314	25,709
Total liabilities		90,872	172,738
Net assets		626,673	553,853
Equity			
Share capital	13	540,893	540,893
Retained earnings	14	85,780	12,960
Total equity		626,673	553,853

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of Changes in Equity for the year ended 30 June 2022

	Note	Issued capital \$	Accumulated profits \$	Reserves \$	Total equity \$
Balance at 1 July 2020		540,893	(10,883)	-	530,010
Profit/Loss for the year			58,903	-	58,903
Adjustments due to change in AASB	14		(1,055)	-	(1,055)
Total Comprehensive income for the year			46,965	-	587,858
<i>Transactions with owners, in their capacity as owners</i>					
Share issued during the year			-	-	-
Share buyback issued during the year			-	-	-
Dividends paid or provided	14		(34,005)	-	(34,005)
Balance at 30 June 2021		540,893	12,960	-	553,853
Balance at 1 July 2021		540,893	12,960	-	553,853
Profit/Loss for the year			78,880	-	78,880
Overprovision for tax			16,610	-	16,610
Total Comprehensive income for the year			108,450	-	649,343
<i>Transactions with owners, in their capacity as owners</i>					
Share issued during the year			-	-	-
Share buyback issued during the year			-	-	-
Dividends paid or provided	14		(22,670)	-	(22,670)
Balance at 30 June 2022		540,893	85,780	-	626,673

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of Cash Flows for the year ended 30 June 2022

	2022 \$	2021 \$
Cash flows from operating activities		
Cash receipts in the course of operations	898,873	906,799
Cash receipts from other sources	-	42,868
Cash payments in the course of operations	(780,270)	(900,017)
Interest received	903	1,538
Interest Paid	(2,266)	(3,956)
Income tax paid	(29,576)	(36,529)
Net cash flows from operating activities	87,664	10,703
Cash flows from investing activities		
Payments for property, plant and equipment	-	-
(Payments)/Withdrawal for financial assets / term deposits	-	-
Payments for Intangible assets	(15,553)	(15,553)
Net cash flows used in investing activities	(15,553)	(15,553)
Cash flows from financing activities		
Repayment of borrowings	-	(2,613)
Repayment of Lease liability	(42,514)	(40,825)
Dividend paid	(22,670)	(34,005)
Net cash flows used in financing activities	(65,184)	(77,443)
Net increase in cash held	6,927	(82,293)
Cash at beginning of financial year	461,926	544,219
Cash at the end of financial year	468,853	461,926

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of Cash Flows for the year ended 30 June 2022

	2022 \$	2021 \$
(a) Reconciliation of cash		
Cash and cash equivalents	468,853	461,926
	468,853	461,926
(b) Reconciliation of profit after tax to net cash provided from/(used in) operating activities		
Profit after income tax	78,880	58,903
Add (Less) non-cash flows in profit from ordinary activities:		
Depreciation & amortisation	57,690	63,886
Add (Less): changes in assets & liabilities		
- (Increase) decrease in receivables	(10,204)	12,455
- (Increase) decrease in other assets	(15,389)	(775)
- Increase (decrease) in payables	(15,535)	(116,057)
- Increase (decrease) in provisions	(24,388)	(6,657)
- Overprovision for Tax	16,610	(1,052)
Net cash flows from/(used in) operating activities	87,664	10,703

The accompanying notes form part of these financial statements.

Notes to the financial statements

For the year ended 30 June 2022

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 September 2022 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 Community Bank branch on behalf of Bendigo and Adelaide Bank Limited, however all transactions with customers conducted through the Community Bank 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.

Notes to the financial statements (continued)

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

(a) Basis of preparation (continued)

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.

(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;

Notes to the financial statements (continued)

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

(d) Leases (continued)

- 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

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 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

Notes to the financial statements (continued)

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

(e) Financial Instruments (continued)

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
- 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.

Notes to the financial statements (continued)

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

(g) Employee benefits (continued)

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 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.

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

(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.

Notes to the financial statements (continued)

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

(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.

	2022 \$	2021 \$
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Note 2. Revenue from ordinary activities

Operating activities		
- fees	908,206	909,002
Total revenue from operating activities	908,206	909,002
Non-operating activities:		
- interest received	842	1,538
- government payments	-	27,890
Total revenue from non-operating activities	842	29,428
Total revenue from ordinary activities	909,048	938,430

3. Expenses

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

Employee benefits expense		
- wages and salaries, leave	391,129	380,023
- superannuation costs	39,578	38,581
- other costs	(3,008)	24,259
	427,699	442,863

Notes to the financial statements (continued)

	2022 \$	2021 \$
3. Expenses (continued)		
Community Contributions		
- sponsorship	135,586	139,801
Other advertising and promotions		
- advertising	10,273	7,775
- marketing	7,329	8,248
- marketing contractor	47,520	44,000
	200,708	199,824
Depreciation and amortisation:		
Depreciation		
- furniture & fittings	2,834	3,649
- computer equipment	96	137
- leasehold improvements	3,402	3,402
- motor vehicle	2,411	3,215
Amortisation		
- intangibles	15,552	15,552
- Right-of-Use Amortisation	33,395	37,931
	57,690	63,886
Finance Costs:		
- interest paid lease liability	2,266	3,957
	2,266	3,957

Note 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 25% (2021 - 26%)	22,979	24,610
Add tax effect of:		
- timing difference expenses	(9,942)	11,140
Current income tax expense	13,037	35,750
The components of tax expense comprise:		
Current tax	13,037	35,750
Deferred tax	9,942	(11,140)
	22,979	24,610
Tax payable		
Current tax (refundable)/payable	(22,158)	(1,739)
	(22,158)	(1,739)
Deferred income tax liability		
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.	(8,239)	(13,444)
	(8,239)	(13,444)

Notes to the financial statements (continued)

	2022 \$	2021 \$
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Note 5. Auditor's remuneration

- Audit or review of the financial report of the Company	3,500	3,500
	3,500	3,500

Note 6. Cash and cash equivalent

Cash at bank and on hand	68,853	61,926
Term Deposits	400,000	400,000
	468,853	461,926

Note 7. Trade and other receivables

Trade debtors	91,444	81,179
Other receivables	77	138
	91,521	81,317

Note 8. Other

<i>Current:</i>		
Prepayments	7,460	7,382
	7,460	7,382
<i>Non-Current</i>		
Right of Use Asset	189,656	189,656
Less: accumulated depreciation	(189,656)	(151,724)
	-	37,932

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

<i>Right of use assets - Leased Property:</i>		
Make Good Asset		-
Right-of-use asset (net of accumulated depreciation)	-	37,932
Straight Line Lease liability	-	-
Make Good Provision	-	-
Lease Incentive Accrual	-	-
Lease liability (current)	(7,464)	(44,781)
Lease liability (non current)	-	(9,734)

Notes to the financial statements (continued)

	2022 \$	2021 \$
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Note 8. Other (continued)

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	2,266	3,957
Adjustment for Overclaimed Interest/Amortisation prior years	-4,536	
Total 12 month cash outflows for lease	35,661	41,888

Note 9. Property, Plant and Equipment

<i>Leasehold Improvements</i>		
At cost	136,068	136,068
Less: accumulated depreciation	(30,621)	(27,219)
	105,447	108,849
<i>Computer Software</i>		
At cost	12,336	12,336
Less: accumulated depreciation	(12,114)	(12,018)
	222	318
<i>Motor Vehicles</i>		
At cost	35,504	35,504
Less: accumulated depreciation	(28,272)	(25,862)
	7,232	9,642
<i>Furniture & Fittings</i>		
At cost	151,771	151,771
Less: accumulated depreciation	(139,711)	(136,877)
	12,060	14,894
Total written down amount	124,961	133,703
Movements in carrying amounts		
<i>Leasehold Improvements</i>		
Carrying amount at beginning of year	108,849	112,251
Additions	-	-
Disposals	-	-
Depreciation expense	(3,402)	(3,402)
Carrying amount at end of year	105,447	108,849
<i>Computer Software</i>		
Carrying amount at beginning of year	318	455
Additions	-	-
Disposals / Adjustments	-	-
Depreciation expense	(96)	(137)
Carrying amount at end of year	222	318

Notes to the financial statements (continued)

	2022 \$	2021 \$
Note 9. Property, Plant and Equipment (continued)		
<i>Motor Vehicles</i>		
Carrying amount at beginning of year	9,643	12,858
Additions	-	-
Disposals / Adjustments	-	-
Depreciation expense	(2,411)	(3,215)
Carrying amount at end of year	7,232	9,643
<i>Furniture & Fittings</i>		
Carrying amount at beginning of year	14,894	18,543
Additions	-	-
Disposals / Adjustments	-	-
Depreciation expense	(2,834)	(3,649)
Carrying amount at end of year	12,060	14,894
Total Plant & Equipment		
Carrying amount at beginning of year	133,703	144,106
Additions	-	-
Disposals / Adjustments	-	-
Depreciation expense	(8,743)	(10,403)
Carrying amount at end of year	124,960	133,703

Note 10. Intangible assets

Franchise Fee		
At Cost	15,553	15,553
Less accumulated amortisation	(12,961)	(12,961)
Total Intangible Assets	2,592	2,592
<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)
Balance at end of year	2,592	2,592

Note 11. Trade and other payables

<i>Unsecured liabilities</i>		
Trade creditors	6,835	10,510
Other creditors and accruals	30,040	36,792
	36,875	47,302

Notes to the financial statements (continued)

	2022 \$	2021 \$
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Note 12. Provisions

<i>Current:</i>		
Provision for annual leave	20,375	23,946
Provision for long service leave	12,844	31,000
	33,219	54,946
<i>Non-Current</i>		
Provision for long service leave	5,075	2,531
	5,075	2,531

Note 13. Share capital

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

Note 14. Retained Earnings

Balance at the beginning of the financial year	12,960	(10,884)
Profit after income tax	78,880	58,903
Dividends paid	(22,670)	(34,005)
Adjustments to AASB Accounting Standards	-	-
Overprovision for tax	16,610	(1,054)
Balance at the end of the financial year	85,780	12,960

Note 15. Related party disclosures

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

Note 16. Directors shareholdings

Haley Tudor Harrop	5,503	5,503
Amy Clapham	1,000	1,000
Nicole Nally	3,000	3,000
David Mayne	11,328	1,890
Janene Ridley	756	-

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

Note 17. Subsequent events

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

Notes to the financial statements (continued)

Note 18. Contingent liabilities

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

Note 19. 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.

Note 20. 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

	2022 \$	2021 \$
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Note 21. Dividends paid or provided for on ordinary shares

Franked dividends Paid - 4 cents per share (6 cents 2021)	22,670	34,005
The tax rate at which dividends have been franked is 26%		
Franking Account Balance		
- Franking Credits Available at the end of the financial year	132,316	110,705

Note 22. 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.	0.14	0.11
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).	0.14	0.11
The following reflects the income and share data used in the basic and diluted earnings per share computations:		
Profit after income tax expense	78,880	58,903
Weighted average number of ordinary shares for basic and diluted earnings per share earnings per share	566,753	566,753
Earnings per share	0.14	0.11

Notes to the financial statements (continued)

Note 23. 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

Financial Instrument	Floating interest rate		Within one year		1 to 5 years		Non interest bearing		Weighted average effective interest rate	
	2022 \$	2021 \$	2022 \$	2021 \$	2022 \$	2021 \$	2022 \$	2021 \$	2022 \$	2021 \$
Cash and cash equivalent	468,853	461,926	468,853	461,926	-	-	-	-		
Trade and other receivables	91,521	81,317	91,521	81,317	-	-	91,521	81,317	N/A	N/A
Total financial assets	560,374	543,243	560,374	543,243	-	-	91,521	81,317		
Trade and other payables	36,875	47,302	36,875	47,302	-	-	36,875	47,302	N/A	N/A
Borrowings	-	0	-	0	-	-	-	-	N/A	
Total financial liabilities	36,875	47,302	36,875	47,302	-	-	36,875	47,302		

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.

(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:

	2022 \$	2021 \$
Cash and cash equivalents	468,853	461,926
Trade and other receivables	91,521	81,317
	560,374	543,243

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

Notes to the financial statements (continued)

Note 23. Financial Risk Management (continued)

(b) Liquidity risk (continued)

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 \$
30-Jun-22					
Trade and other payables	36,875	-	36,875	-	-
Borrowings	-	-	-	-	-
	36,875	-	36,875	-	-
30-Jun-21					
Trade and other payables	47,302	-	47,302	-	-
Borrowings	0	-	0	-	-
	47,302	-	47,302	-	-

(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.

Sensitivity analysis

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

	2022 \$	2021 \$
<i>Fixed rate instruments</i>		
Financial assets (fixed rate)	400,000	400,000
Financial assets (floating rate)	68,853	61,926
Financial liabilities (floating rate)	-	-
	468,853	461,926

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.

Notes to the financial statements (continued)

Note 23. Financial Risk Management (continued)

(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 2022 can be seen in the Income Statement. There were no changes in the Company's approach during the year.

Directors' declaration

For the financial year ended 30 June 2022

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 2022 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;



Jon Gifford
Secretary

Signed at Mansfield, Victoria on 30 September 2022

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 2022, 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 2022 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 2022, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is 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.

BEST ACCOUNTING & AUDIT



Paul J Best
Registered Company Auditor

211 Anstruther Street
Echuca, VIC 3564

Dated this 7th day of September 2022

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