Annual Report 2023

Meander Valley Financial Services Limited

Community Bank
Deloraine & Districts

ABN 27 111 858 078

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Chair's report

On behalf of the Board of Meander Valley Financial Services Limited, I have great pleasure in presenting the 2023 Chairman's Report.

Bendigo Bank's Community Bank network is one of the world's largest social enterprise style businesses. We are proud to be a part of one of Australia's biggest banks, and one of the country's most trusted brands.

We have continued with our vision to create strong, connected, and vibrant communities, making contributions to many worthwhile projects and initiatives. We remain committed to our community partners and the incredible level of trust, respect, and goodwill we have generated over the last 18 years.

We maintain our commitment to re-invest in the Meander Valley with over $2.5 million returned to the community since 2005, through grants, sponsorships, donations, dividends, and scholarships.

Our grant round recipients in 2022 were Westbury Preservation Association, Deloraine Community Band, Westbury Agricultural Society, Arts Deloraine, Parkham Community Inc, Chudleigh Memorial Hall, Whitemore Tennis Club, Dymocks Children Charities, Deloraine Primary School and Hagley Farm Primary School. We look forward to seeing their projects develop and come to fruition.

The townships in the Meander Valley area have a fantastic community spirit which again shone through during the flood in October 2022. The support from neighbours, friends, community groups and strangers were immense for the initial clean up and the ongoing work to repair and replace assets damaged. We were proud to play a small part in supporting many local community groups in their recovery.

I wish to acknowledge our Community Bank Deloraine & Districts team for their professionalism, resilience, patience, and care for our customers. I sincerely thank Katie, Susan, Oliver, Cassie, Kels and James, who joined the team this year as a Customer Relationship Officer. Thank you also to the wider Bendigo Bank state network who continue to support our branch team and Board.

We would like to thank Judy Hawkes who was a long-standing team member. Her contribution to the bank and the community has been significant and we wish her well in her new adventures.

I thank my fellow directors for their passion and dedication to the community and the business. Our volunteer directors are generous with their time and skills. They drive the strategies that make the business a success, distribute the profits to the community and ensure we have a big local impact.

We farewelled David Cameron from the Board after 12 years. I thank him for his contributions to the board, the bank team and the community. We welcomed new director, Jason Taylor, who brings varied experience and significant community connections to the Board.

I urge you to continue to refer your family, friends and colleagues to Community Bank Deloraine and Districts. We are making great things happen for our customers and the community and I thank you for being part of it.

Melinda Norton
Chair

Manager's report

2023 brought with it the completion of eighteen years in business. Meander Valley Financial Services Limited continue to generate regular monthly profits which are being distributed back into the community in many shapes and forms and it is this distribution of profits back to the community that gives us, the staff, a great deal of pride and satisfaction in the role that we play within Community Bank Deloraine & Districts. It is worth noting a very important milestone was achieved during the past year, with in excess of $2.5 million having now been returned to the local community by way of sponsorships, donations and grants.

This year we have focused on our individual and team development that continues to enable us to offer face to face services including, Bendigo Bank:

- home and personal lending,
- deposit, superannuation and insurance products,
- everyday banking needs,
- and many more banking services.

Our point of difference is that we are here, we are local and we do our job so that we can give back to those who support us, our community. This is accompanied by many years of banking knowledge and experience - our specialists are ready to support you whenever you need.

We have developed a wonderful team of staff and as such we would like to acknowledge and thank the following current staff for their efforts: Susan Drake, Oli Bissett-Proudfoot, Cassie Hazeldine, Kels Taylor and James Newsum for their commitment and on-going support. We would like to also acknowledge a previous valued member of our team, Judy Hawkes, Customer Service Officer. We sincerely thank Judy for her contribution to our Community Bank and wish her much success into the future. Kels and James joined us this year and both of them have fit into the team really well and are equally succeeding in their given roles.

Given our growth over the past year, our staff have been requested to support the wider Tasmanian network, with several of our team members spending time supporting the other Community and Bendigo Bank branches. We are regarded by our peers as being the 'go to' branch and we are proud of our growth and ability to help staff and customers far and wide. It is unprecedented to house such valuable knowledge and experience right here in Deloraine.

We do this with the continuous support from our board of directors. It is an honour to work with such a passionate group of people who give freely of their own time, doing a thankless job for the benefit of the community and voluntarily use their expert knowledge and skills to continue to develop such a successful business. To our Bendigo Bank Team - led by Martyn Neville, Regional Manager Tasmania and Jon Pedler, Risk and Compliance Manager - thank you for your continued support throughout the year, it truly is a pleasure to work with you. It is your contribution to the success of our Community Bank, which ensures that the value of our partnership with Bendigo and Adelaide Bank Limited is maximised.

Finally, we wish to thank all of our customers and shareholders for their support, and we trust that our personal service and commitment to the community will ensure the continued future success of Community Bank Deloraine and Districts.

Katie Blandford
Branch Manager

Director’s report

Meander Valley Financial Services Limited
Directors' report
30 June 2023

The directors present their report, together with the financial statements, on the company for the year ended 30 June 2023.

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

Name:	Melinda Kaye Norton
Title:	Non-executive director
Experience and expertise:	Melinda is the Chair of MVFSL and Treasurer of Weegena Hall Committee and is a volunteer fire fighter.
Special responsibilities:	Chair, Governance and Audit Committee

Name:	Laura Jane Richardson
Title:	Non-executive director
Experience and expertise:	Significant governance, management and community experience, including Executive Officer and Regional Manager, Senior Ministerial Adviser, Past Chair and Company Secretary of Meander Valley Financial Services Limited. Current President of the Chudleigh Agricultural & Horticultural Society, Past President and Service Award recipient of Rural Youth Tasmania. 2022 Meander Valley Citizen of the Year. Life member Deloraine Amateur Basketball Association and Founding Committee Deloraine Devils Netball cCub.
Special responsibilities:	Marketing and Communications Committee

Name:	Graham Stephen Dent
Title:	Non-executive director
Experience and expertise:	Primary producer, seed cleaner, rotary, fire service. Former chair and director of Tasmanian Seeds Ltd.
Special responsibilities:	Vice Chair, Farmers Night Chair, Business Development Committee.

Name:	Anne Margaret Harvey
Title:	Non-executive director
Experience and expertise:	Teacher. Current Dairy Farmer/Agistment Business. Diploma of Teaching and Bachelor of Education. Current life member of Deloraine Community band. Life member of Deloraine Primary School Association.
Special responsibilities:	Business Development Committee

Name:	Barry Gordon Pearn
Title:	Non-executive director
Experience and expertise:	Semi Retired/IT Consultant. Barry has completed a Bachelor of Business (Accounting), Graduate Diploma of Applied Computing and a Masters of Computing. He has worked in a number of industries such as earthmoving and land clearing, managing onsite contracting at Woodchip Mill, earthmoving and farm drainage, civil contract administration and IT consulting. He is also a member of the Rotary Club of Westbury, Whitemore Fire Brigade and served as a National Councillor and Treasurer of the Civil Contractors Federation.
Special responsibilities:	Treasurer

Name:	Andrew Raymond Johnston
Title:	Non-executive director
Experience and expertise:	Primary Producer managing a mixed farming enterprise at Exton, Member and Past President of the Rotary Club of Deloraine. Past Director of Wool Producers Australia, and Vice Chair of the Wool Council for Tasmanian Farmers & Graziers Association. Chair of the Rotary Pratt Foundation.
Special responsibilities:	Vice Chair, Business Development Committee

Meander Valley Financial Services Limited
Directors' report
30 June 2023

Name:	Carmen Elizabeth Cresswell
Title:	Non-executive director
Experience and expertise:	Farmer. Studied at the University of Tasmania before returning to work on the family farm. Owner of a White Suffolk sheep stud. Current vice-president of the Deloraine Show Society. Secretarial and administrative experience through past involvement with local sporting groups.
Special responsibilities:	Marketing and Communications Committee

Name:	Kim Maree Anne Rootes
Title:	Non-executive director
Experience and expertise:	School Business Manager. Worked for Tasmania Temptations from 1983-1994.
Special responsibilities:	Company Secretary, Governance and Audit Committee

Name:	Kristopher Kenneth Eade
Title:	Non-executive Director
Experience and expertise:	Current director of Facilities at St Patrick's College, previously Team Leader Facilities at Meander Valley Council.
Special responsibilities:	Governance and Audit Committee

Name:	Jason Donald Taylor
Title:	Non-executive director (appointed 27 April 2023)
Experience and expertise:	Deloraine Community Big band, Bachelor of Agricultural Science, Agronomist, Agricultural contractor, Deloraine Apex Club, JFH Student Club Committee President.
Special responsibilities:	Nil.

Name:	David Frank Cameron
Title:	Non-executive director (resigned 31 July 2022)
Experience and expertise:	Farmer and Butcher, Rotary, Football, Badminton.
Special responsibilities:	Nil

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

Company secretary
The company secretary is Kim Maree Anne Rootes. Kim was appointed to the position of company secretary on 25 November 2021.

Principal activity
The principal activity of the company during the financial year was facilitating Community Bank services under management rights of Bendigo and Adelaide Bank Limited (Bendigo Bank).

There have been no significant changes in the nature of this activity during the financial year.

Review of operations
The profit for the company after providing for income tax amounted to $125,531 (30 June 2022: $46,206).

The company has seen a significant increase in its revenue during the financial year. This is a result of the Reserve Bank of Australia (RBA) increasing the cash rate by 3.25% during the financial year moving from 0.85% to 4.10% as at 30 June 2023. The increased cash rate has had a direct impact on the revenue received by the company, increasing the net interest margin income received under the revenue share arrangement the company has with Bendigo Bank.

Dividends
During the financial year, the following dividends were provided for and paid. The dividends have been provided for in the financial statements.

	2023 $
Fully franked dividend of 7 cents per share (2022: 6.5 cents)	45,500

Meander Valley Financial Services Limited
Directors' report
30 June 2023

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

Matters subsequent to the end of the financial year
No matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Likely developments
The company will continue its policy of facilitating banking services to the community.

Environmental regulation
The company is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Meetings of directors
The number of directors' meetings attended by each of the directors' of the company during the financial year were:

	Board	
	Eligible	Attended
Melinda Kaye Norton	11	10
Laura Jane Richardson	11	10
Graham Stephen Dent	11	11
Anne Margaret Harvey	11	11
Barry Gordon Pearn	11	11
Andrew Raymond Johnston	11	9
Carmen Elizabeth Cresswell	11	10
Kim Maree Anne Rootes	11	10
Kristopher Kenneth Eade	11	8
Jason Donald Taylor	5	5
David Frank Cameron	1	1

Directors' benefits
No director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a director, a firm which a director is a member or an entity in which a director has a substantial financial interest except as disclosed in note 22 to the financial statements. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the company's accounts, or the fixed salary of a full-time employee of the company, controlled entity or related body corporate.

Directors' interests
The interest in company shareholdings for each director are:

	Balance at the start of the year	Changes	Balance at the end of the year
Melinda Kaye Norton	500	-	500
Laura Jane Richardson	751	-	751
Graham Stephen Dent	28,000	-	28,000
Anne Margaret Harvey	1,000	-	1,000
Barry Gordon Pearn	-	-	-
Andrew Raymond Johnston	500	-	500
Carmen Elizabeth Cresswell	1,000	-	1,000
Kim Maree Anne Rootes	-	-	-
Kristopher Kenneth Eade	-	-	-
Jason Donald Taylor	-	-	-
David Frank Cameron	2,000	-	2,000

Meander Valley Financial Services Limited
Directors' report
30 June 2023

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

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

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

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

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

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

Non-audit services
The company may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the company are important. Details of the amounts paid or payable to the auditor (Andrew Frewin Stewart) for audit and non-audit services provided during the year are set out in note 24 to the accounts.

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

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

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

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

On behalf of the directors

Melinda Kaye Norton
Chair

24 August 2023

Auditor’s independence declaration

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

Independent auditor’s independence declaration under section 307C of the *Corporations Act 2001* to the Directors of Meander Valley Financial Services Limited

As lead auditor for the audit of Meander Valley Financial Services Limited for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been:

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 24 August 2023

Joshua Griffin
Lead Auditor

afsbendigo.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

Financial statements

Meander Valley Financial Services Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2023

	Note	2023 $	2022 $
Revenue from contracts with customers	6	1,831,732	1,028,776
Other revenue		18,925	16,919
Finance revenue		7,953	632
Total revenue		1,858,610	1,046,327
Employee benefits expense	7	(503,860)	(430,622)
Advertising and marketing costs		(4,974)	(2,083)
Occupancy and associated costs		(31,974)	(24,557)
System costs		(17,369)	(18,908)
Depreciation and amortisation expense	7	(66,370)	(62,726)
Finance costs	7	(8,247)	(8,721)
General administration expenses		(108,984)	(113,510)
Total expenses before community contributions and income tax		(741,778)	(661,127)
Profit before community contributions and income tax expense		1,116,832	385,200
Charitable donations, sponsorships and grants expense	7	(948,828)	(319,816)
Profit before income tax expense		168,004	65,384
Income tax expense	8	(42,473)	(19,178)
Profit after income tax expense for the year	18	125,531	46,206
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		125,531	46,206
		Cents	**Cents**
Basic earnings per share	26	19.31	7.11
Diluted earnings per share	26	19.31	7.11

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

Meander Valley Financial Services Limited
Statement of financial position
As at 30 June 2023

	Note	2023 $	2022 $
Assets			
Current assets			
Cash and cash equivalents	9	362,348	317,201
Trade and other receivables	10	153,542	81,837
Total current assets		515,890	399,038
Non-current assets			
Investment properties	13	-	35,168
Property, plant and equipment	11	233,739	191,423
Right-of-use assets	12	206,896	187,341
Intangible assets	14	25,941	38,913
Total non-current assets		466,576	452,845
Total assets		982,466	851,883
Liabilities			
Current liabilities			
Trade and other payables	15	257,798	191,382
Lease liabilities	16	27,389	24,980
Current tax liabilities	8	18,673	12,876
Total current liabilities		303,860	229,238
Non-current liabilities			
Trade and other payables	15	15,821	31,642
Lease liabilities	16	189,190	204,639
Deferred tax liabilities	8	23,895	16,844
Lease make good provision		4,282	4,133
Total non-current liabilities		233,188	257,258
Total liabilities		537,048	486,496
Net assets		445,418	365,387
Equity			
Issued capital	17	618,894	618,894
Accumulated losses	18	(173,476)	(253,507)
Total equity		445,418	365,387

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

Meander Valley Financial Services Limited
Statement of changes in equity
For the year ended 30 June 2023

	Note	Issued capital $	Accumulated losses $	Total equity $
Balance at 1 July 2021		618,894	(257,463)	361,431
Profit after income tax expense		-	46,206	46,206
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	46,206	46,206
Transactions with owners in their capacity as owners:				
Dividends provided for	20	-	(42,250)	(42,250)
Balance at 30 June 2022		618,894	(253,507)	365,387

	Note	Issued capital $	Accumulated losses $	Total equity $
Balance at 1 July 2022		618,894	(253,507)	365,387
Profit after income tax expense		-	125,531	125,531
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	125,531	125,531
Transactions with owners in their capacity as owners:				
Dividends provided for	20	-	(45,500)	(45,500)
Balance at 30 June 2023		618,894	(173,476)	445,418

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

Meander Valley Financial Services Limited
Statement of cash flows
For the year ended 30 June 2023

	Note	2023 $	2022 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		1,983,126	1,131,303
Payments to suppliers and employees (inclusive of GST)		(1,762,768)	(919,141
Interest received		7,953	632
Income taxes refunded/(paid)		(22,042)	5,993
Net cash provided by operating activities	25	206,269	218,787
Cash flows from investing activities			
Payments for property, plant and equipment	11	(66,785)	(17,674
Payments for intangible assets		(14,383)	(14,383
Net cash used in investing activities		(81,168)	(32,057
Cash flows from financing activities			
Dividends paid	20	(45,500)	(42,250
Repayment of lease liabilities	16	(34,454)	(32,678
Net cash used in financing activities		(79,954)	(74,928
Net increase in cash and cash equivalents		45,147	111,802
Cash and cash equivalents at the beginning of the financial year		317,201	205,399
Cash and cash equivalents at the end of the financial year	9	362,348	317,201

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

Meander Valley Financial Services Limited
Notes to the financial statements
30 June 2023

Note 1. Reporting entity

The financial statements cover Meander Valley Financial Services Limited (the company) as an individual entity, which is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The company is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is 49 Emu Bay Road, Deloraine TAS 7304

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

Note 2. Basis of preparation and statement of compliance

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 24 August 2023. The directors have the power to amend and reissue the financial statements.

Note 3. Significant accounting policies

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

Changes in accounting policies, standards and interpretations
There are a number of amendments to accounting standards issued by the AASB that became mandatorily effective for accounting periods beginning on or after 1 July 2022, and are therefore relevant for the current financial year. The amendments did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

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

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

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

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

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

Meander Valley Financial Services Limited
Notes to the financial statements
30 June 2023

Note 3. Significant accounting policies (continued)

The company's trade receivables are limited to the monthly profit share distribution from Bendigo Bank, which is received 10 business days post month end. Due to the reliance on Bendigo Bank the company has reviewed credit ratings provided by Standard & Poors, Moody's and Fitch Ratings to determine the level of credit exposure to the company. The company also performed a historical assessment of receivables from Bendigo Bank and found no instances of default. As a result no ECL has been made in relation to trade receivables as at 30 June 2023.

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

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

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

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

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

Note 4. Critical accounting judgements, estimates and assumptions

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

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

Impairment of non-financial assets
The company assesses impairment of non-financial assets at each reporting date by evaluating conditions specific to the company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined as the higher of its fair value less costs of disposal or value-in-use, each of which incorporate a number of key estimates and assumptions.

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences only if the company considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Meander Valley Financial Services Limited
Notes to the financial statements
30 June 2023

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

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

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

Sublease classification
Judgement is required to determine the classification of the sublease as either an operating or a finance sublease.

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

Note 5. Economic dependency

The company has entered into a franchise agreement with Bendigo Bank that governs the management of the Community Bank. The company is economically dependent on the ongoing receipt of income under the franchise agreement with Bendigo Bank. The directors have no reason to believe a new franchise arrangement under mutually acceptable terms will not be forthcoming following expiry in July 2025.

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

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

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

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

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Note 5. Economic dependency (continued)

Bendigo Bank provides significant assistance in establishing and maintaining the Community Bank franchise operations. It also continues to provide ongoing management and operational support and other assistance and guidance in relation to all aspects of the franchise operation, including advice and assistance in relation to:

- the design, layout and fit out of the Community Bank premises
- training for the branch manager and other employees in banking, management systems and interface protocol
- methods and procedures for the sale of products and provision of services
- security and cash logistic controls
- calculation of company revenue and payment of many operating and administrative expenses
- the formulation and implementation of advertising and promotional programs
- sales techniques and proper customer relations
- providing payroll services.

Note 6. Revenue from contracts with customers

	2023 $	2022 $
Margin income	1,583,483	760,752
Fee income	80,045	86,493
Commission income	168,204	181,531
	1,831,732	1,028,776

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

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

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

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

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

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

Meander Valley Financial Services Limited
Notes to the financial statements
30 June 2023

Note 6. Revenue from contracts with customers (continued)

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

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

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

Commission income
Commission income is in the form of commission generated for products and services sold. This commission is recognised at a point in time which reflects when the company has fulfilled its performance obligation.

The company receives trailing commission for products and services sold. Ongoing trailing commission payments are recognised on receipt as there is insufficient detail readily available to estimate the most likely amount of income without a high probability of significant reversal in a subsequent reporting period. The receipt of ongoing trailing commission income is outside the control of the company, and is a significant judgement area.

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

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

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

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

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

Note 7. Expenses

Employee benefits expense

	2023 $	**2022 $**
Wages and salaries	404,243	307,706
Superannuation contributions	44,276	33,491
Expenses related to long service leave	9,682	4,825
Other expenses	45,659	84,600
	503,860	430,622

Accounting policy for employee benefits
Bendigo Bank seconds employees to work for the company. Bendigo Bank charges the cost of these employees through the monthly profit share arrangement. The company recognises these expenses when recording the monthly invoice. No annual leave or long service leave liabilities are recognised for the company as these are Bendigo Bank employees.

Meander Valley Financial Services Limited
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Note 7. Expenses (continued)

Depreciation and amortisation expense

	2023 $	2022 $
Depreciation of non-current assets		
Leasehold improvements	17,816	17,145
Plant and equipment	5,726	5,134
Motor vehicles	927	-
	24,469	22,279
Depreciation of right-of-use assets		
Leased land and buildings	28,929	27,475
Amortisation of intangible assets		
Franchise fee	2,162	2,162
Franchise renewal fee	10,810	10,810
	12,972	12,972
	66,370	62,726

Finance costs

	2023 $	2022 $
Lease interest expense	8,098	8,577
Unwinding of make good provision	149	144
	8,247	8,721

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

Leases recognition exemption

	2023 $	2022 $
Expenses relating to low-value leases	6,750	7,844
Expenses relating to short-term leases	1,637	1,635
	8,387	9,479

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

The company pays for the right to use a self-storage unit. The lease agreement is expired and continues on existing terms on a month-by-month basis with no significant penalty for termination. As such the lease has been assessed as short term and exempted from recognition under *AASB 16 leases*. Expenses relating to short term exempt leases are included in occupancy and associated costs expenses.

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Note 7. Expenses (continued)

Charitable donations, sponsorships and grants expense

	2023 $	2022 $
Direct donation, sponsorship and grant payments	201,782	35,605
Contribution to the Community Enterprise Foundation™	747,046	284,211
	948,828	319,816

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

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

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

Note 8. Income tax

	2023 $	2022 $
Income tax expense		
Current tax	35,422	17,974
Movement in deferred tax	7,051	(1,396)
Under/over adjustment	-	2,600
Aggregate income tax expense	42,473	19,178
Prima facie income tax reconciliation		
Profit before income tax expense	168,004	65,384
Tax at the statutory tax rate of 25%	42,001	16,346
Tax effect of:		
Non-deductible expenses	472	232
	42,473	16,578
Under/over adjustment	-	2,600
Income tax expense	42,473	19,178

	2023 $	2022 $
Deferred tax liabilities/(assets)		
Property, plant and equipment	28,636	20,849
Right-of-use assets	51,724	55,628
Lease liabilities	(54,145)	(57,405)
Employee benefits	-	(29)
Provision for lease make good	(1,071)	(1,033)
Accrued expenses	(1,249)	(1,166)
Deferred tax liability	23,895	16,844

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Note 8. Income tax (continued)

	2023 $	2022 $
Provision for income tax	18,673	12,876

Accounting policy for income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

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

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

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

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

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

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

Note 9. Cash and cash equivalents

	2023 $	2022 $
Cash at bank and on hand	44,537	65,277
Term deposits	317,811	251,924
	362,348	317,201

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

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Note 10. Trade and other receivables

	2023 $	2022 $
Trade receivables	110,730	58,695
Other receivables and accruals	34,923	15,212
Prepayments	7,889	7,930
	42,812	23,142
	153,542	81,837

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

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

Note 11. Property, plant and equipment

	2023 $	2022 $
Leasehold improvements - at cost	289,356	271,670
Less: Accumulated depreciation	(137,918)	(120,102)
	151,438	151,568
Plant and equipment - at cost	128,346	122,927
Less: Accumulated depreciation	(88,798)	(83,072)
	39,548	39,855
Motor vehicles - at cost	43,680	-
Less: Accumulated depreciation	(927)	-
	42,753	-
	233,739	191,423

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

	Leasehold improvements $	Plant and equipment $	Motor Vehicle $	Total $
Balance at 1 July 2021	152,752	43,276	-	196,028
Additions	15,961	1,713	-	17,674
Depreciation	(17,145)	(5,134)	-	(22,279)
Balance at 30 June 2022	151,568	39,855	-	191,423
Additions	17,686	5,419	43,680	66,785
Depreciation	(17,816)	(5,726)	(927)	(24,469)
Balance at 30 June 2023	151,438	39,548	42,753	233,739

Accounting policy for property, plant and equipment
Items of property, plant and equipment are measured at cost or fair value as applicable, less accumulated depreciation. Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

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Note 11. Property, plant and equipment (continued)

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

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

Leasehold improvements	10 years
Plant and equipment	2 to 10 years
Motor vehicle	4 years

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

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

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

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

Note 12. Right-of-use assets

	2023 $	**2022 $**
Land and buildings - right-of-use	327,300	276,939
Less: Accumulated depreciation	(120,404)	(89,598)
	206,896	187,341

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

	Land and buildings $
Balance at 1 July 2021	215,198
Remeasurement adjustments	(382)
Depreciation expense	(27,475)
Balance at 30 June 2022	187,341
Remeasurement adjustments	13,316
Transfers in/(out)	35,168
Depreciation expense	(28,929)
Balance at 30 June 2023	206,896

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

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

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Note 12. Right-of-use assets (continued)

During the period the lease agreement for the sublease expired and not renewed. The sublet premises will be put to another and subsequently transferred back to right-of-use assets.

Refer to note 16 for more information on lease arrangements.

Note 13. Investment properties

	2023 $	2022 $
Investment property - at cost	-	37,046
Less: Accumulated depreciation	-	(1,878)
	-	35,168

Reconciliation
Reconciliation of the beginning and end of the current and previous financial year are set out below:

	2023 $	2022 $
Opening amount	35,168	32,045
Transfer in/(out)	(35,168)	21,933
Depreciation expense	-	(18,810)
Closing amount	-	35,168

Accounting policy for investment properties - sublease
The company subleases some of its property. The company initially measures the head lease in accordance with the accounting polices in note 16 'Lease liabilities' and note 12 'Right-of-use assets' before separately identifying the sublease portion under *AASB 140: Investment property*. The investment property is initially measured at cost under *AASB 16: leases* and subsequently measured at cost less accumulated depreciation under *AASB 140: investment properties*. The separately identifiable portion is calculated based on the sublease term and size of subleased area as a percentage of the head lease term and area.

During the year the company terminated the sub-lease prior to the end of the term and now uses the office space for meetings and hiring out to other companies.

Note 14. Intangible assets

	2023 $	2022 $
Franchise fee	93,722	93,722
Less: Accumulated amortisation	(89,399)	(87,237)
	4,323	6,485
Franchise renewal fee	168,613	168,613
Less: Accumulated amortisation	(146,995)	(136,185)
	21,618	32,428
	25,941	38,913

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Note 14. Intangible assets (continued)

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

	Franchise fee $	Franchise renewal fee $	Total $
Balance at 1 July 2021	8,647	43,238	51,885
Amortisation expense	(2,162)	(10,810)	(12,972)
Balance at 30 June 2022	6,485	32,428	38,913
Amortisation expense	(2,162)	(10,810)	(12,972)
Balance at 30 June 2023	4,323	21,618	25,941

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

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

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

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

Asset class	Method	Useful life	Expiry/renewal date
Franchise fee	Straight-line	Over the franchise term (5 years)	July 2025
Franchise renewal fee	Straight-line	Over the franchise term (5 years)	July 2025

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

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

Note 15. Trade and other payables

	2023 **$**	**2022** **$**
Current liabilities		
Trade payables	231,015	175,961
Other payables and accruals	26,783	15,421
	257,798	191,382
Non-current liabilities		
Other payables and accruals	15,821	31,642

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

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

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Note 16. Lease liabilities

	2023 $	2022 $
Current liabilities		
Land and buildings lease liabilities	34,614	32,706
Unexpired interest	(7,225)	(7,726)
	27,389	24,980
Non-current liabilities		
Land and buildings lease liabilities	210,569	231,667
Unexpired interest	(21,379)	(27,028)
	189,190	204,639

Reconciliation of lease liabilities

	2023 $	2022 $
Opening balance	229,619	250,977
Remeasurement adjustments	13,316	2,743
Lease interest expense	8,098	8,577
Lease payments - total cash outflow	(34,454)	(32,678)
	216,579	229,619

Maturity analysis

	2023 $	2022 $
Not later than 12 months	34,614	32,706
Between 12 months and 5 years	138,456	130,824
Greater than 5 years	72,113	100,843
	245,183	264,373

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

Lease payments included in the measurement of the lease liability comprise variable lease payments that depend on an index or rate and lease payments in a renewal option if the company is reasonably certain to exercise that option. For leases of property the company has elected to separate lease and non-lease components when calculating the lease liability.

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

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

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

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Note 16. Lease liabilities (continued)

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

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

The company's lease portfolio includes:

Lease	Discount rate	Non-cancellable term	Renewal options available	Reasonably certain to exercise options	Lease term end date used in calculations
Branch	3.54%	5 years	1 x 5 years	Yes	July 2030

Note 17. Issued capital

	2023 Shares	2022 Shares	2023 $	2022 $
Ordinary shares - fully paid	650,000	650,000	650,000	650,000
Less: Equity raising costs	-	-	(31,106)	(31,106)
	650,000	650,000	618,894	618,894

Accounting policy for issued capital
Ordinary shares are recognised at the fair value of the consideration received by the company being $1 per share. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

Rights attached to issued capital

Ordinary shares
Voting rights
Subject to some limited exceptions, each member has the right to vote at a general meeting.

On a show of hands or a poll, each member attending the meeting (whether they are attending the meeting in person or by attorney, corporate representative or proxy) has one vote, regardless of the number of shares held. However, where a person attends a meeting in person and is entitled to vote in more than one capacity (for example, the person is a member and has also been appointed as proxy for another member) that person may only exercise one vote on a show of hands. On a poll, that person may exercise one vote as a member and one vote for each other member that person represents as duly appointed attorney, corporate representative or proxy.

The purpose of giving each member only one vote, regardless of the number of shares held, is to reflect the nature of the company as a community based company, by providing that all members of the community who have contributed to the establishment and ongoing operation of the Community Bank branch have the same ability to influence the operation of the company.

Dividends
Generally, dividends are payable to members in proportion to the amount of the share capital paid up on the shares held by them, subject to any special rights and restrictions for the time being attaching to shares. The franchise agreement with Bendigo Bank contains a limit on the level of profits or funds that may be distributed to shareholders. There is also a restriction on the payment of dividends to certain shareholders if they have a prohibited shareholding interest (see below).

Transfer
Generally, ordinary shares are freely transferable. However, the directors have a discretion to refuse to register a transfer of shares.

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Note 17. Issued capital (continued)

Subject to the foregoing, shareholders may transfer shares by a proper transfer effected in accordance with the company's constitution and the *Corporations Act 2001*.

Prohibited shareholding interest
A person must not have a prohibited shareholding interest in the company.

In summary, a person has a prohibited shareholding interest if any of the following applies:

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").
- Where the person is a shareholder, after the transfer of shares in the company to that person the number of shareholders in the company is (or would be) lower than the base number (the "base number test"). The base number is 316. As at the date of this report, the company had 336 shareholders (2022: 338 shareholders).

As with voting rights, the purpose of this prohibited shareholding provision is to reflect the community-based nature of the company.

Where a person has a prohibited shareholding interest, the voting and dividend rights attaching to the shares in which the person (and their associates) has a prohibited shareholding interest in are suspended.

The board has the power to request information from a person who has (or is suspected by the board of having) a legal or beneficial interest in any shares in the company or any voting power in the company, for the purpose of determining whether a person has a prohibited shareholding interest. If the board becomes aware that a member has a prohibited shareholding interest, it must serve a notice requiring the member (or the member's associate) to dispose of the number of shares the board considers necessary to remedy the breach. If a person fails to comply with such a notice within a specified period (that must be between three and six months), the board is authorised to sell the specified shares on behalf of that person. The holder will be entitled to the consideration from the sale of the shares, less any expenses incurred by the board in selling or otherwise dealing with those shares.

In the constitution, members acknowledge and recognise that the exercise of the powers given to the board may cause considerable disadvantage to individual members, but that such a result may be necessary to enforce the prohibition.

Note 18. Accumulated losses

	2023 $	2022 $
Accumulated losses at the beginning of the financial year	(253,507)	(257,463)
Profit after income tax expense for the year	125,531	46,206
Dividends paid (note 20)	(45,500)	(42,250)
Accumulated losses at the end of the financial year	(173,476)	(253,507)

Note 19. Capital management

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

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

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Note 19. Capital management (continued)

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

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

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

Note 20. Dividends

The following dividends were provided for and paid to shareholders during the financial year as presented in the Statement of changes in equity and Statement of cash flows.

	2023 $	2022 $
Fully franked dividend of 7 cents per share (2022: 6.5 cents)	45,500	42,250

Franking credits

	2023 $	2022 $
Franking account balance at the beginning of the financial year	(651)	19,425
Franking credits (debits) arising from income taxes paid (refunded)	22,042	(5,993)
Franking debits from the payment of franked distributions	(15,167)	(14,083)
	6,224	(651)
Franking transactions that will arise subsequent to the financial year end:		
Balance at the end of the financial year	6,224	(651)
Franking credits (debits) that will arise from payment (refund) of income tax	23,256	12,876
Franking credits available for future reporting periods	29,480	12,225

The ability to utilise franking credits is dependent upon the company's ability to declare dividends. The tax rate at which future dividends will be franked is 25%.

Accounting policy for dividends
Dividends are recognised in the financial year they are declared.

Meander Valley Financial Services Limited
Notes to the financial statements
30 June 2023

Note 21. Financial instruments

	2023 $	2022 $
Financial assets		
Trade and other receivables	145,653	73,907
Cash and cash equivalents	362,348	317,201
	508,001	391,108
Financial liabilities		
Trade and other payables	273,619	223,024
Lease liabilities	216,579	229,619
	490,198	452,643

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

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

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

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

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

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

Interest-bearing assets and liabilities are held with Bendigo Bank and earnings on those are subject to movements in market interest rates. The company held cash and cash equivalents of $362,348 at 30 June 2023 (2022: $317,201).

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

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

Meander Valley Financial Services Limited
Notes to the financial statements
30 June 2023

Note 21. Financial instruments (continued)

The company's franchise agreement limits the company's credit exposure to one financial institution, being Bendigo Bank. The company monitors credit worthiness through review of credit ratings, Bendigo Bank is rated BBB+ on Standard & Poor's credit ratings.

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

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

2023	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Trade and other payables	257,798	15,821	-	273,619
Lease liabilities	34,614	138,456	72,113	245,183
Total non-derivatives	292,412	154,277	72,113	518,802

2022	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Trade and other payables	191,382	31,642	-	223,024
Lease liabilities	32,706	130,824	100,843	264,373
Total non-derivatives	224,088	162,466	100,843	487,397

Note 22. Key management personnel disclosures

The following persons were directors of Meander Valley Financial Services Limited during the financial year and/or up to the date of signing of these Financial Statements.

Melinda Kaye Norton
Graham Stephen Dent
Barry Gordon Pearn
Carmen Elizabeth Cresswell
Kristopher Kenneth Eade
Laura Jane Richardson
Anne Margaret Harvey
Andrew Raymond Johnston
Kim Maree Anne Rootes
Jason Donald Taylor
David Frank Cameron

Key management personnel compensation comprised the following.

	2023 $	**2022 $**
Short-term employee benefits	12,000	12,000
Post-employment benefits	1,260	-
	13,260	12,000

Compensation of the company's key management personnel includes salaries and contributions to a post-employment defined contribution plan.

Meander Valley Financial Services Limited
Notes to the financial statements
30 June 2023

Note 23. Related party transactions

Besides the key management personnel transactions disclosed above, there were no transactions with related parties during the current and previous financial year.

Note 24. Remuneration of auditors

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

	2023 $	2022 $
Audit services		
Audit or review of the financial statements	5,400	5,200
Other services		
General advisory services	3,180	2,090
Share registry services	4,601	4,453
	7,781	6,543
	13,181	11,743

Note 25. Reconciliation of profit after income tax to net cash provided by operating activities

	2023 $	2022 $
Profit after income tax expense for the year	125,531	46,206
Adjustments for:		
Depreciation and amortisation	66,370	62,727
Lease liabilities interest	8,098	8,577
Change in operating assets and liabilities:		
Increase in trade and other receivables	(71,705)	(34,865)
Decrease in income tax refund due	7,583	13,691
Increase in trade and other payables	57,395	110,828
Increase in provision for income tax	5,797	12,876
Increase/(decrease) in deferred tax liabilities	7,051	(1,396)
Increase in other provisions	149	143
Net cash provided by operating activities	206,269	218,787

Note 26. Earnings per share

	2023 $	2022 $
Profit after income tax	125,531	46,206
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	650,000	650,000
Weighted average number of ordinary shares used in calculating diluted earnings per share	650,000	650,000

Meander Valley Financial Services Limited
Notes to the financial statements
30 June 2023

Note 26. Earnings per share (continued)

	Cents	Cents
Basic earnings per share	19.31	7.11
Diluted earnings per share	19.31	7.11

Accounting policy for earnings per share
Basic and diluted earnings per share is calculated by dividing the profit attributable to the owners of Meander Valley Financial Services Limited, by the weighted average number of ordinary shares outstanding during the financial year.

Note 27. Commitments

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

Note 28. Contingencies

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

Note 29. Events after the reporting period

No matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Director's declaration

Meander Valley Financial Services Limited
Directors' declaration
30 June 2023

In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in the notes to the financial statements;

- the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors

Melinda Kaye Norton
Chair

24 August 2023

Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550
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Independent auditor's report to the Directors of Meander Valley Financial Services Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Meander Valley Financial Services Limited (the company), which comprises:

- Statement of financial position as at 30 June 2023
- Statement of profit or loss and other comprehensive income
- Statement of changes in equity
- Statement of cash flows
- Notes to the financial statements, including a summary of significant accounting policies
- The directors' declaration of the company.

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

i. giving a true and fair view of the company's financial position as at 30 June 2023 and of its financial performance for the year ended on that date; and
ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

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

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

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

Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550
ABN: 65 684 604 390
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Other Information

The other information comprises the information included in the company’s annual report for the year ended 30 June 2023, but does not include the financial report and our auditor’s report thereon. The annual report may also include “other information” on the company’s operations and financial results and financial position as set out in the financial report, typically in a Chairman’s report and Manager’s report, and reports covering governance and shareholder matters.

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

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

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

If we identify that a material inconsistency appears to exist when we read the annual report (or become aware that the other information appears to be materially misstated), we will discuss the matter with the directors and where we believe that a material misstatement of the other information exists, we will request management to correct the other information. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

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

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

The directors are responsible for overseeing the company’s financial reporting process.

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.

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors’ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 24 August 2023

Joshua Griffin
Lead Auditor

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Bendigo Bank

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