

Maldon & District Financial Services Limited

ANNUAL REPORT 2019



Maldon & District Community Bank[®] Branch

ABN: 46 086 749 886

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On behalf of the Board of Maldon & District Financial Services Ltd (operating as the Maldon & District **Community Bank**[®] Branch), I have great pleasure in presenting this year's Chairman's report. Holding the chairmanship outright for the whole year has been an honour and privilege, mostly due to the connection to the community and decision making on their behalf.

The year has seen our great company surpass major milestones – notably 20 years of operation and \$3 million back to the community – as well as the provision of significant granting and very pleasing financial growth amid a competitive environment. These grand achievements have only been possible from the commitment, drive, passion and talent from the people behind our company – branch staff, directors, Communication Officer and our Executive Officer.

Our 20th Birthday on the 24th April was a milestone that was celebrated in style. We held an event at the Maldon Community Centre where we gave away \$150,000 in grant funding to community groups from around the region. We also acknowledged our original members who are the reason why the Maldon & District **Community Bank**[®] Branch is operating today. Thank you to these people who united and coordinated a successful pledge to raise \$250,000 to establish the branch at Maldon to keep the banking services local. We salute your boldness and courage and putting your heart soul and money behind our community. Twenty years later, our communities have received over \$3 million from our company and we have employed local people to further boost our prosperity.

The 2018/19 year saw us track positively against an ambitious budget which provided an increase in revenue and an operating profit of \$12,117. As a company, we were pleased to provide a 7% return on investment for our members.

Our branch team have been exemplary in maintaining professional and friendly service. Many people comment on the joy of banking in a branch, whether Dunolly, Maldon or Newstead, where you have a belonging and sense of community. A massive thanks to all our branch staff, Adam, Wendy, Jan, Tash, Mel, Lara, Narelle, Sean and Kyle for their great outcomes in branch operations and their support for our organisation and transition of Dunolly and Newstead to Customer Service Centres.

I would like to further express my appreciation to Branch Manager, Adam Balzan, for his absolute enthusiasm, hard work and strong performance in

branch operations as well as his commitment to immerse himself in our community model. Adam's leadership has also developed, enabling him to support our staff to perform to their potential and realise their talents. He is humble enough to be on the end of the humour that reverberates through the branch team, and provides great support to the Board through his availability, reporting and overall collaboration.

The Board continue to work hard to remain professional and improve at every opportunity. We predominantly do this via our portfolios (committees) of Finance, Audit & Governance, Communications and Community Investment. Each director continues to contribute value and I am proud to share the board responsibilities with them as well as time with them at meetings, functions, community events and at informal gatherings.

We welcomed new director Janet Purcell to the board in August 2018. Janet is a Maldon local and comes to the board with strong connection to the Maldon community, as well as tourism and events expertise. Director and former Chairman Genevieve Barlow was farewelled from the board at the October AGM. We wish her well in her future adventures.

Karly Smith is our Executive Officer (EO), who we affectionately refer to as our "EEO" as we apply the additional term of "excellent" in front of her title. She has supported the company to achieve another wonderful year assisting on many levels to realise our achievements. Karly's cooperative spirit, efficiency and initiative keeps all concerned in check and she has a natural way to progress actions. I appreciate Karly's energy, unique upfront approach and sharp wit telling it straight. She is an absolute joy to work with and the combination of trust, friendliness and productivity is rare and always appreciated.

Chair of Finance Portfolio and Treasurer, Kerry Healy, has flexed her finance flair to oversee the significant transition of our financial reporting to Xero software, a cloud-based accounting system that provides simplified processing and real time results. As a result of utilising this new software, the company no longer requires a dedicated bookkeeper role, resulting in the departure of bookkeeper Sandy Kyffin in December. I thank Sandy for all her efforts and wish her well in the future. Kerry's high standards, ethical principles, prudent approach and absolute attention to detail ensure we are prudent and efficient in managing our accounts. Our Assistant Treasurer, Kirsty Mackay, has been pivotal in utilising her knowledge of Xero and general accounting to contribute to our rigorous

financial reporting. Thank you Kirsty for fulfilling this significant role and for all your efforts and contributions as well as your humour. I look forward to the teamwork of Kerryn and Kirsty to continue in the future for greater transparency and responsible management. Adam Balzan and Karly Smith are also members of the Finance Portfolio and I thank them for their valuable contribution. Well done to the finance team for another year of hard work and progressing our financial arrangements to a level that adds great value to our company.

Katie Finlay enthusiastically leads the Communications Portfolio that is all about action action action. This approach has seen us build our social media and newsletter communication to a level required to ensure our brand and model continues to be front and centre for the community and another 'touch point' with our **Community Bank**[®] branch. We have seen a new position established this year, Communications Officer, which has driven the activities of the portfolio. Thanks to Katie McEachran for immersing herself into this part-time role and leading the connections and communication with our customers, members and community. Key messaging and event communications has been another area of focus and progress. I look forward to the collaboration of the Communications team in the future as we build on the foundations established in the 2018/19 year. Thanks to all the Communications portfolio, Katie Finlay, Katie McEachran, Janet Purcell and Karly Smith for embedding innovative ways to keep our **Community Bank**[®] up to date and abreast of local happenings.

The Audit & Governance Committee is chaired by Mahesh Kandasamy and well supported by Kirsty Mackay and Karly Smith. This team has taken on a significant piece of work to formalise our decision-making processes and identify our risks, to ensure we maintain our company's integrity and good judgement to control our operations and minimise risks.

Our Community Investment reached over \$220,000 for 2018/19. This included our regular monthly sponsorship grants and our larger grants night already mentioned. This is the heart of our community model where valuable financial resources are pumped back into the community to progress valued activities. It is a great privilege to connect with community groups and understand the many interests and passions that are thriving in our locality.

I would like to express my huge appreciation to Wendy Merlo, for chairing the Community Investment Portfolio and managing efficient decision-making amid careful reviewing and robust discussion. Wendy is supported by fellow Portfolio members Adam Balzan, Janet Purcell, Karly Smith and myself.

In our second year of our Tertiary Scholarship program, we were able to provide financial contribution to two worthy recipients, Ty Elliott-Thompson and Cedar Blazely. The Community Investment team were impressed with the calibre of scholarship applicants and we are committed to support the education of young people of our region in the future.

The Driver Training program continues to be an appealing choice for young drivers to spend five days navigating the knowledge of driver safety from our Driver Training Educator, Gary Clarke. Thanks again to Wendy Merlo for efficiently coordinating this program with enthusiasm and passion.

Many thanks to Bendigo Bank representatives, particularly to Bill den Hartog, Shaun Leech, Graham Hartland, State Manager Justine Minne, Nina Cass and Kim Schepers who support our franchise in many ways such as coaching, support, networking, HR, IT and invaluable training. This genuine support is very much appreciated.

Thank you to all our customers for your support and business and making the Maldon & District **Community Bank**[®] Branch a strong player in positively shaping our local communities. We have a high performing and united company made up of Branch Staff, Executive Officer, Communications Officer, Directors and members. We support each other and are committed to our model to support its development in future years.

Thanks



A handwritten signature in black ink, appearing to read 'Ross Egleton'.

Ross Egleton
Chairman

Manager's Report for the year ending 30 June 2019

It's my pleasure to present my third Branch Manager's report to the board, staff, members and our customers.

I am still enjoying this intense and challenging role; fostering connections with the local community and cementing my understanding how our customers and community groups do their banking.

Income from branch lending grew by \$3.5 million in 2018/19, against a target of \$3.2 million. This is an increase of 155.6% on the previous year. Loan discharges were down by 13.4%. Loan approvals were up 27.2% to \$19.1 million on the previous year. Loan settlements increased by 32.2% to \$18.3 million. As they say, home lending pays the bills and the increase in lending activity has strongly contributed to this year's increased profit.

The branch exceeded its deposit target of \$3.2 million, growing to \$7 million. This was a fantastic result given that interest rates are falling and the cash rate is low. Consumer confidence in cash continues to be high. It seems our customers like to have the added security that term deposits bring rather than alternate investment options.

Customer numbers increased across our three sites at Dunolly, Maldon and Newstead. We opened 429 new accounts for the year which was the same figure as 2017/18 year. In-branch teller transactions were down 3.8% on last year, reflecting a nationwide trend to bank more via the internet, telephone and ATM / EFTPOS. This figure is less than expected and our customers continue to enjoy coming into see our friendly and knowledgeable staff to do their banking and financial business.

The Board and I continue to review business as a whole to improve efficiencies and respond to customer preferences for banking and to maintain banking services across our three sites. In April the agencies at Dunolly and Newstead converted to customer service centres (CSCs). This change allows for better access for staff to Bendigo Bank systems. These sites also have increased security measures which keeps our staff and customers safer.

The highlight of the year for me was the grants night where we celebrated our 20th birthday by giving away \$150,000 to 40 different community groups and organisations across the Mount Alexander and Central Goldfields shires. January's information evening for the grants program saw the Maldon Community Centre packed to the rafters, with everyone full of excitement about the prospects of receiving these grants. I was

expecting maybe 50 people to turn up but was blown away when over 120 attended that night. We had a full house also for the presentation of the grants on 23 April 2019 when we celebrated the milestone of 20 years of community banking in Maldon and our region. I am looking forward to our next big grants night!

Congratulations to Dunolly staff member Melanie Schodde, and her husband Brad, on the arrival of their third daughter. Brad – you are now well and truly outnumbered!! Melanie enjoyed maternity leave during 2018/19 and we (and our Dunolly customers) look forward to her return to work in September 2019.

In September 2018 we welcomed new staff member Kyle Winstanley to our ranks. Kyle is a Maldon local who coaches the Maldon U17½ football side and also works part time at the Kangaroo Hotel. Kyle is bright and bubbly, and his personality is infectious. We have had lots of compliments already on his customer service skills.

Thanks to our staff - Wendy Merlo, Jan Brain, Sean Dupe, Natasha Tickner, Lara Mulholland, Narelle Rowland, Melanie Schodde and Katie McEachran - for everything you have done during the year. Thank you once again for always going that extra mile when a customer is in need and to support each other in the various roles at the branch.

Natasha is expecting her second child in January, so you won't be seeing her face in our branches for most of 2020. Good luck Ben and Tash, it's so much harder with two kids!!!

Katie McEachran has been doing a fantastic job in the new Communications Officer role. Our increased social media activity led by Katie has certainly helped increase business and boosted our profile in the community. It is satisfying to highlight to the public the great work that we do with our local communities.

My thanks to Chairman Ross Egleton who has done an exceptional job in his first year as chair. Thanks for your support and knowledge and allowing me to continue to run a tight ship with your guidance.

Kerryn Healy has taken on the Treasurer's role and has hit the ground running. A big thank you for working with me to set the budgets and making sure I stick to them. It hasn't been easy dealing with the "processes" but you got there. One year down nine to go!

Thanks also to the rest of the board – Katie Finlay, Mahesh Kandasamy, Kirsty Mackay and Janet Purcell –

for your support and guidance over the past 12 months.

My work for the company is made easier thanks to the support from our Executive Officer Karly Smith. She is always there to help and fix any issues that come up. The company is in a strong position thanks in part to Karly's work with our members, community groups and other stakeholders. The amount of work Karly put in the last 12 months to ensure the success of our 20th birthday celebration and grants program was outstanding.

We of course would not be here without our loyal customers and members whose continued support has seen our company return more than \$3 million to the local community since 1999; enabling more than 150 different community clubs and organisations to do great things across our region. Each customer and member is important to us and we look forward to continue working with you to provide excellent banking services to you all.

I am looking forward to continue to work with the community to ensure the continued success of your local bank for many years to come.



A handwritten signature in black ink, appearing to read 'Adam Balzan'.

Adam Balzan
Branch Manager



*Celebrating 45 years' of service in 2019:
(from left) Jan Brain: 20 years, Wendy Merlo 15 years and
Karly Smith 10 years.*



*Our staff (and bubs):
Lara, Melanie, Jan and Natasha (front)
Kyle, Narelle, Sean, Wendy and Adam (back)*



“Keep your money local and you’ll see the benefit on your doorstep!”

It’s been a big year for the Maldon & District **Community Bank** Branch with a massive \$230,000 invested on the “doorsteps” of the communities we serve. That is an amazing achievement – and all thanks to the customers that bank with our local **Community Bank**.

As the **Community Bank**’s profitability grows, so too does our ability to provide an important source of sustainable revenue for communities to help fund projects and initiatives that strengthen our communities for many years to come.

20th birthday grants program

We celebrated 20 years of community banking in style, distributing grant funding of \$150,000 in April.

There was overwhelming interest from the very start of the grants program. The Maldon Community Centre was at full capacity for the program launch, with over 120 people in attendance. The momentum continued with a record number of groups applying - over 70 eligible applications were submitted from around the region, requesting amounts from \$500 to \$35,000. The sheer number of applications and funding requested (over \$700,000) was both exciting and challenging when it came to allocating the funding. The board worked extremely hard to stretch the grants as far as possible across our communities.

Grants were presented to 41 community groups at bank’s 20th birthday celebrations on 23 April 2019. The grants and birthday celebrations recognised the significance and impact of two decades of community banking in the region.

The grant recipient groups came from throughout the bank’s service area of Maldon, Baringhup, Dunolly, Newstead, Eddington, Guildford, Moliagul, Muckleford, Harcourt and Mount Alexander Shire.

The diversity of projects is amazing - solar heated showers at the Maldon Swimming Pool, defibrillators at

community halls in Eddington, Maldon and Guildford, netting for the Dunolly Community Garden’s orchard, machinery at the Newstead Men’s Shed, walking trail upgrades at Guildford, fruit fly detection equipment for Harcourt, bookshelves for the Maldon Athenaeum Library, thermal imaging equipment for the Maldon Fire Brigade, and funding for the new Tarrangower Community Plan were just some of the projects funded. Festivals and events received a boost in the grants round, including Xtreme Inc.’s youth festival 2TX and a comedy film night in Maldon.

A significant amount of grant funding went to upgrades to community facilities around the region. Betley Mechanics Institute, Baringhup Community Centre and Maldon Racecourse received grants to install air conditioning. In Dunolly, new lighting will be installed in the town hall to improve productions, and a new roof will ensure the protection of artefacts and displays at the historic museum. Professional stage curtains were fitted at the Maldon Community Centre and the wider community will benefit from state-of-the-art multi-media facilities at the Maldon Golf Club. Accessibility will be enhanced at the Muckleford Cricket Club rooms with the installation of a disabled access ramp.

Filming community stories

As part of the 20th birthday celebrations, the MDFSL board commissioned a series of short films to tell the stories of the people behind these amazing projects. Castlemaine Secondary School (CSC), Dunolly Preschool and community garden, Maldon Fire Brigade and the Nalderun Aboriginal Services feature in these films, highlighting the partnership between these groups and the Community Bank. Look out for these videos on the bank’s Facebook page or online.



Castlemaine’s secondary school purchased wireless headsets for the school’s music and performance program. The headsets were used at this year’s musical ‘The Wedding Singer’ and the quality of sound was appreciated by both the audience and all involved. The new equipment will also save the school money as they won’t need to hire the headsets. CSC School Council President Beth Mellick noted in the film that, “the funding that we received from the Maldon & District Community Bank has a massive impact on our students and the music program.”



Aunty Julie featuring in the Nalderun film

The Nalderun film celebrates their ‘Talking with our Elders’ project. Bank funding will help the group capture the stories of elders in the local community, with young members of the local indigenous community creating videos of the elders’ stories.

Two projects from the grants program:

Making a difference at Newstead Preschool



Small grants make a big difference; and it’s not just the money that counts. This was evident from the bank’s funding of new flooring at the Newstead Preschool.

“The grant helped us fund the project; but more than anything, getting the grant made the project a priority for the preschool and actually made it happen,” said Preschool Director Amelia Stuparich (pictured above with Mahli and Flynn).

Defibrillators for our communities



The bank is supporting our communities to be safer places by funding the installation of accessible community defibrillators in Eddington, Guildford and Maldon, along with training for these communities.

Spark Grants for local schools

The Spark Grants Program was created by the Maldon & District **Community Bank** to support primary school students to use their talents and imagination to develop projects that will benefit the school community.

Four local primary schools shared in funding to “spark” ideas – and we were thrilled to see the projects roll out this year.

Maldon Primary School held a fun day of activities called ‘Gotcha Day’. Acting School Principal Alisa Burdett said the special grant “helped engage the children and sparked their enthusiasm.” And best of all the students loved the day – with one student announcing that the Derby Hill Fun Day was the “best day of his year” because the activities made him feel like he had achieved something.



Archery at Maldon Primary’s Gotcha Day

Senior students at Harcourt Primary School used their grant to organise a presentation relating to how best to manage anxiety. The school supported them to engage local community health educators to run informative age-appropriate sessions at the school.

Dunolly Primary School students created a quiet play space with their funds, that is a favourite area for many students.



A student-led fete was the successful outcome at Newstead Primary School. The senior students learnt many skills when organising, promoting and running the fete. And they had fun too!

Celebrating 400 driver training graduates

In 2018/19 we celebrated our 400th graduate from the driver training program. What an achievement - over 400 safer and more confident drivers on our roads!



The big celebration of 400 graduates at the Maldon Racecourse Reserve.

Amongst the 400th graduates was Newstead's Tilda Donkin, who commented, "I learnt lots from the course and feel more confident when driving, especially parking and emergency stopping. I highly recommend the course to other learner drivers."



Tilda, Bryce, Dane, Matthew and Lily at the 400th graduate celebrations in Maldon.

It's not only the learner drivers that appreciate the course; parents and family members value it as well.

Graduate Riley Farthing and his extended family were rapt with the course. Riley's mother Lisa Simmons said, "I was so pleased that Riley gained a position on the course. Despite Riley being nervous at the start of the course he has proven that he was able to quickly adapt to the activities and improve his basic driving skills. His confidence and attitude towards greater safety while behind the wheel has been a pleasure to witness."

Graduate Riley Farthing with driving instructor Gary Clarke and the bank's Wendy Merlo



Double the scholarships in 2019

Another scholarship was added to the annual Tertiary Scholarship program this year – with a major (\$2,000) and the new runners-up (\$1,000) scholarships on offer.

Ty Elliott-Thompson from Dunolly and Maldon's Cedar Blazely were the very deserved recipients of the 2019 scholarships. The scholarships help young community members with their tertiary studies. Recipients are selected on the basis of personal qualities, financial and other needs, and challenges they face to study.

Ty was awarded the major scholarship of \$2,000. Ty has followed his passion for acting and is currently in his second-year studying Acting for Stage and Screen at Ballarat's Federation University Arts Academy.

The \$1,000 scholarship went to Cedar. The funding assisted Cedar with the costs of living away in Melbourne for his Certificate 3 Science course at RMIT.

"Ty and Cedar are very worthy recipients of the scholarships. They were chosen from an outstanding field of applicants – it was a tough decision but these two definitely stood out." said Maldon & District **Community Bank**[®] Chairman Ross Egleton.



Children's resilience round 3 grants

Three projects shared \$25,000 of funding in the final round of Maldon & District **Community Bank**[®]'s building our children's resilience (BOCR) grants.

A joint Dunolly and Newstead primary schools project received a \$10,000 grant to roll out the Secret Agent Society Program at each school. The innovative program provides tools for parents and teachers to understand and support children with social and emotional challenges.

"The Dunolly PS community is thrilled to once again receive support from the Maldon & District **Community Bank**[®]. The Secret Agent Society program provides valuable social skills training for not only students but involves families as well in a 'wrap around' approach. We congratulate the Community Bank on their initiative to raise children's' resilience in our region," said Dunolly Principal Katie Lovel.

The Maldon Neighbourhood Centre was awarded \$4,000 for playgroup activities in Maldon. Training and support for volunteers are key components of the

project, as well educational activities to build skills and confidence in parents and carers. The playgroup will join with aged care residents at the Maldon Hospital throughout the year, bringing connections and joy to the young and old alike.



Winters Flat presentation of BOCR grant funding

The final grant of \$11,110 was presented to Castlemaine’s Winters Flat Primary School’s for a pilot program to develop reflective practice for teachers and early childhood educators.



Dunolly PS receiving news about funding for the Secret Agent Society program from the bank’s Narelle Rowland

This is the last round of funding addressing the priority of building children’s resilience in the region. The community identified this as a chief priority three years ago for the bank to address in a new grants program

Community news



The bank was delighted to become a major sponsor of the Newstead Echo, the much-loved monthly community newspaper.

Fruit fly early detection

Harcourt Valley Fruit Fly Action Group received a small grant to support the group to detect and monitor fruit fly (including placement of traps in Harcourt and Maldon). This will help with early detection and prevention of the spread of fruit fly in the region.

Events, festivals and fun activities

Community events and celebrations around the region were supported by the Maldon & District **Community Bank** in 2018/19.

Tarrangower Australia Day Community Awards received bank funding to celebrate the contributions of local people and community groups in the Maldon region. Young citizen Liam Anton (Maldon Fire Brigade & Maldon Football Netball Club) was presented with the Young Citizen of the Year Award, and \$100 bank account.

The bank also funded indigenous plants for the Nuggetty Land Protection Group to hand out at the Tarrangower Australia Day community event.



Liam Anton receiving his award from bank Chairman Ross Eggleton

The bank was the major sponsor of the Live 'n' Local stage at the 2019 Newstead Live! Festival, held over the Australia Day long weekend. We loved the idea behind this free stage showcasing local musicians.

Maldon Twilight Dinner is always a popular event, and the bank was a major sponsor of this year’s dinner. The main street was a splendid sight full of locals and visitors enjoying local produce and dancing the night away to the sounds of opera and Abba tribute band.



The bank were proud supporters and participants in Easter activities in Maldon. We proudly took out the best community entry with our birthday-themed float.



The bank was pleased to be a major sponsor of the biannual Castlemaine Billy Cart Challenge, which creates awareness raising and income generation for local mental health groups.

And the bank continued as platinum sponsors of the Maldon Show, providing ribbons for the spring show.

Active, healthy and vibrant communities

We continued to support local sporting clubs around the region this year. Our funding helps the clubs to field teams, run events and maintain their facilities; but it also helps ensure that these clubs remain as important social hubs for our communities, keeping people fit, healthy and connected.

We loved being a part of the Maldon Campdraft again in 2019 after the 'draft returned from a two-year hiatus. We funded the novice event that saw local and riders from around the state demonstrate their skills.



Football-netball clubs in Dunolly, Maldon and Newstead received major sponsorships for season 2019. Look out for new lights at Newstead Recreation Reserve that bank funding helped with, along with a new PA system at Maldon and playground fencing at the Dunolly Deleido Reserve.

The Maryborough Castlemaine & District Football Netball League (MCDNFL) 2019 season started with a bang with a Good Friday gala between Maldon and Harcourt clubs. A big crowd turned up to Bill Woodfull Reserve in Maldon and were treated to a great day of sport, with the kids kept busy with Easter egg hunts and inflatable slide. Bank staff helped collect donations on the day for the Children's Hospital and part of the prize money went to this great cause.



It was Harcourt's day in the end and they were presented with the inaugural Maldon & District **Community Bank** Cup for the most senior wins on the day from both netball and football games.

Laanecoorie-Dunolly club cricketers are looking sharp in their new uniforms, thanks to bank sponsorship. This is the first time we have supported this club.

Dunolly Golf Club and the Maldon Golf Club shared in funding to run events, helping to attract new members and fundraise for their clubs.

The bank is the major sponsor of the Maldon Golf Club's Easter hole-in-one competition, supporting this major annual fundraiser. Branch Manager Adam Balzan and directors Kerryn Healy and Kirsty Mackay were there to hand winner Andy Plapp his prize of a \$2,000 account with the Maldon bank.



Presenting Andy Plapp (far right) with the winner's cheque at the Maldon Golf Club

The Dunolly & District Field & Game Club's March tournament received bank sponsorship. This group has a dedicated committee of volunteers.

Guildford Saddle Club and the Maldon Pony Club's annual gymkhanas were supported with community partnerships in 2018/19. We were impressed with the skill and talent of those involved in these competitions.

And finally...

Not every investment we make costs dollars. Sometimes it's as simple as providing free resources such as our CommunityPOS EFTPOS facility, marquees or donations of resources such as pens and notepads for community groups and events they're holding. Our friendly bank staff are happy to help with these requests to support community events and fundraisers.

We'll finish this year's report with the words from one of our founding members, Judith Ridgway, who commented on the occasion of the bank's 20th birthday, "I wish to express as a small contributing member, my appreciation of the Board. I send congratulations and best wishes for the continued good community work and success of the bank, particularly in its assistance to community groups."



Wendy Merlo
Portfolio Chair



Karly Smith
Executive Officer

Community partnerships 2018-2019, supporting clubs and organisations in our communities:

COMMUNITY GROUP	PROJECT
Baringhup Community Committee	<i>Reverse cycle air conditioners for supper room</i>
Betley Mechanics Institute Hall	<i>Reverse cycle air conditioners</i>
Castlemaine Bowling Club	<i>Major sponsor annual Castlemaine 1000 tournament</i>
Castlemaine Goldfields Football Club	<i>Drinking fountain - Chewton Soldiers Memorial Park</i>
Driver Training Australia (DTA)	<i>Learner driver training 5-day program</i>
Dunolly & District Field & Game Club	<i>Annual tournament - major sponsor</i>
Dunolly & District Neighbourhood Centre	<i>"Let's Cook for One" (or Two) cooking program</i>
Dunolly Community Garden	<i>Community orchard, Dunolly Preschool</i>
Dunolly District Hospital Auxiliary	<i>Reconstructing the hospital's Red Cross Garden</i>
Dunolly Football Netball Club (DFNC)	<i>Major sponsor 2019 season & fencing for the playground</i>
Dunolly Golf Club	<i>Major sponsor annual golf tournament</i>
Dunolly Historic Precinct Committee	<i>New stage lighting for Dunolly Town Hall</i>
Dunolly Primary School	<i>Library books and resources</i>
Dunolly RTC - Central Goldfields Shire Council	<i>Dunolly community bus - local transport options</i>
Dunolly Senior Citizens Club	<i>New curtains for Dunolly senior citizens hall</i>
Eddington Community Centre	<i>Community defibrillator</i>
Goldfields Historical and Arts Society Inc	<i>New roof for Dunolly Museum</i>
Guildford Cemetery Trust	<i>Beautification of internment wall</i>
Guildford Progress Association	<i>Walking Trail upgrades</i>
Guildford Saddle Club	<i>Annual gymkhana & winter woollies event</i>
Harcourt Football Netball Club (HFNC)	<i>Winner Good Friday gala football netball games</i>
Harcourt Progress Association Inc	<i>Equipment for Harcourt Community Play Space</i>
Harcourt Valley Fruit Fly Action Group	<i>Early detection equipment for fruit fly</i>
John Powell Reserve Committee	<i>Community defibrillator</i>
Laane-Dunolly Cricket Club	<i>Club uniforms</i>
Maldon & Baringhup Agricultural show	<i>Installation of reverse cycle air conditioners</i>
Maldon & Baringhup Agricultural Society	<i>Ribbons for annual agricultural show</i>
Maldon & District Campdraft Assoc.	<i>Annual campdraft event - major sponsor</i>
Maldon & District Community Bank scholarships	<i>2019 Tertiary Scholarships (TAFE and University)</i>
Maldon Athenaeum Library Inc	<i>Bespoke wooden bookcases</i>
Maldon Community Centre	<i>Community defibrillator</i>
Maldon Eat Drink Events Inc.	<i>Funding for annual Maldon twilight dinner</i>
Maldon Fire Brigade	<i>Thermal Imaging Camera (TIC)</i>
Maldon Folk Festival Inc	<i>New stage curtains at Maldon Community Centre</i>
Maldon Football Netball Club (MFNC)	<i>Major sponsor season 2019 & new public announcement equipment</i>
Maldon Golden Movies Film Society	<i>MGM Comedy Kicks film night</i>
Maldon Golf Club	<i>Hole-in-one competition fundraiser & AV multi-media equipment</i>
Maldon Inc	<i>Maldon Visitor Souvenir Map</i>

Maldon Swimming Pool Committee / Maldon Focus	<i>Solar Heated Showers for Maldon Swimming Pool</i>
McKenzie Hill Landcare Group	<i>Removal trees at McKenzies Hill reserve</i>
Moliagul Reserves Committee of Management	<i>Renovation of amenities at hall</i>
Nalderun Aboriginal Services	<i>Talking with Our Elders: Filming elder stories</i>
Newstead Arts Hub	<i>Landscaping project: Wasteland to Wellspring</i>
Newstead Arts Open	<i>Sponsorship local arts trail event</i>
Newstead Bowling Club	<i>Five-A-Side annual tournament - major sponsor</i>
Newstead Country Women's Association (CWA)	<i>Newstead CWA Markets and Events equipment</i>
Newstead Community Centre	<i>Newstead Community Centre Upgrade - shelving</i>
Newstead Echo	<i>Major sponsor community newspaper</i>
Newstead Football Netball Club (NFNC)	<i>Major sponsor 2019 season - new oval lights</i>
Newstead Live Inc	<i>Local stage (Live 'n' Local) at music festival</i>
Newstead Men's Shed Incorporated	<i>Drum sander</i>
Newstead Preschool	<i>New flooring</i>
Newstead Primary School Council	<i>NPS Outdoor Uplift: outdoor area improvements</i>
Nuggetty Land Protection Group (NLPG)	<i>Plants for Maldon community Australia Day celebrations</i>
Race Ya Maldon fundraiser	<i>Ra Ya: Asthma Australia fundraiser and family fun day</i>
Royal Children's Hospital, Melbourne	<i>Good Friday Appeal</i>
Tarrangower Australia Day Committee	<i>Maldon Australia Day Celebrations & Young Citizen of the Year award</i>
Tarrangower Community Forum	<i>Tarrangower Community Plan</i>
Victoria State Emergency Service Castlemaine Unit	<i>Castlemaine SES Uniforms</i>
Victorian Goldfields Railway (VGR)	<i>Sponsorship Castlemaine-Maldon Steam Train</i>
Xtreme Inc. Youth Projects	<i>2 The Xtreme (2TX) Youth Festival 2019</i>
Building Our Children's Resilience (BOCR) - Round 3 grants	
Maldon Neighbourhood Centre (MNC)	<i>Playgroup support - elders Maldon Hospital</i>
Newstead Primary School - Dunolly Primary School	<i>Secret Agents program</i>
Winters Flat Primary School	<i>Teacher reflective practice project</i>



Baringhup Bus Committee member Andrew Leckie officially handing over ownership of the Baringhup – Maldon community bus to Jenny Merkus and the Maldon Neighbourhood Centre's (MNC) committee.

Bank funding assisted the MNC with the transfer of the bus and associated costs, ensuring that community transport options remain in place in the district.

The following images courtesy of Independent Creatives: Dunolly Preschool (cover), Castlemaine Secondary School (page 7) and Nalderun (page 8).

Directors' Report For the year ended 30 June 2019

Your directors submit the financial statements of the company for the financial year ended 30 June 2019.

Directors

The names and details of the company's directors who held office during or since the end of the financial year:

Ross Arthur Egleton

Chairman

Occupation: Project Manager

Qualifications, experience and expertise: Bachelor of Commerce; Human Resource Management - Graduate Certificate; Committee member Maldon Football Netball Club.

Portfolios: Community Investment, Finance, Recruitment & Remuneration

Karly Brenda Smith

Director, Company Secretary

Occupation: Executive Officer

Qualifications, experience and expertise: Bachelor of Arts (Hons). Graduate Australian Institute of Company Directors (GAICD). Executive Officer of MDFSL and director since 2007. Over fifteen years' experience as a geographer working in project management and research in corporate, academic and not-for-profit community organisations. President Newstead & District Swimming Pool Committee.

Portfolios: Audit & Governance, Communications, Community Investment, Finance.

Kerryn Margaret Healy

Treasurer

Occupation: Executive Director Corporate Services

Qualifications, experience and expertise: Bachelor of Business, CPA, Graduate Australian Institute of Company Directors (GAICD). Member of Women on Boards, 40 years in the health sector with the last 20 years in senior financial management and executive roles including 5 years as CEO, Honorary Treasurer and member of the Committee of Management of the Maldon Golf Club.

Portfolio: Finance (Chair)

Katherine 'Katie' Louise Finlay

Director

Occupation: Organic fruit-growing educator

Qualifications, experience and expertise: BSc (Monash), Graduate Australian Institute of Company Directors (GAICD); Recipient of RIRDC Rural Women's Award, 2015; Director of Community Food Marketplace Ltd (t/a Melbourne Farmers Markets). Owner of Mt Alexander Fruit Gardens certified organic mixed farm 1998-present; Grow Great Fruit Online teaching business 2012-present; and Carr's Heritage Fruit Tree Nursery.

Portfolio: Communications (Chair)

Maheswari 'Mahesh' Kandasamy

Director

Occupation: Co-operative Development Co-ord.

Qualifications, experience and expertise: Bachelor of Economics, Grad. Cert. in Social Impact and Masters Sustainability & Social Change. 20 years' experience working within the banking, social enterprise and microfinance sectors. Joined the MDFSL Board in July 2018. Volunteer for Localising Leanganook and a National not-for-profit group Australian Earthlaws Alliance. Currently working for Common Equity Housing Ltd (CEHL).

Portfolio: Audit & Governance (Chair)

Kirsty Sue Mackay

Director

Occupation: Office Manager

Qualifications, experience and expertise: Joined the MDFSL board in 2018. Active member of the Newstead community, having served on the Newstead Preschool Committee and volunteering at the Newstead Primary School and Newstead Pool. Applied science degree and working history in regulation, currently part of a team running a small family business focusing on compliance, training and best work practice.

Portfolios: Finance, Audit & Governance

Janet Mary Purcell

Director (*Appointed 28 August 2018*)

Occupation: Retired

Qualifications, experience and expertise: Bachelor of Tourism Management and diplomas in Tourism and Tourism: Marketing & Product Development. Background in event management, working in local, state and federal government. Volunteer and previous treasurer of the Maldon Museum and Archives Association Inc. Member of Tarrangower Community Plan Committee, assisting with community forums and engagement activities. Committee member of Maldon Focus and Maldon Streetscape Steering group. Volunteer at Tarrangower Cactus Warrior and Maldon's Clean-Up Australia activities.

Portfolios: Community Investment, Communications

Genevieve Mary Barlow

Director (*Resigned 30 October 2018*)

Occupation: Journalist, writer & story/content creator

Qualifications, experience and expertise: Self-employed journalist/writer/editor for 16 years. Background in print journalism. Member of Rural Press Club of Victoria, Member of Australian Women in Agriculture, President of Newstead 2021 Inc. and Renewable Newstead project member. Contracted communications and community engagement person for Renewable Newstead. MDFSL Chairman until 30 April 2018.

Portfolios: Community Investment, Communications, Finance

Company Secretary

The company secretary is Karly Brenda Smith.

Karly was appointed to the position of secretary on 24 November 2008.

Karly holds a Bachelor of Arts (Honours) and her employment history includes many years of experience in performing services as a geographer including working in project management and research for commercial, academic and not-for-profit organisations.

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

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

Principal Activities

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

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

Operating results

Operations have continued to perform in line with expectations. The profit of the company for the financial year after provision for income tax was:

Year ended 30 June 2019 \$	Year ended 30 June 2018 \$
12,117	1,540

Significant changes in the state of affairs

In the opinion of the directors there were no significant changes in the state of affairs of the company that occurred during the financial year under review not otherwise disclosed in this report or the financial statements.

Events since the end of the financial year

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

Likely developments

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

Environmental regulation

The company is not subject to any significant environmental regulation.

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 20 and 21 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.

Indemnification 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. The company has not provided any insurance for an auditor of the company or a related body corporate.

Directors' meetings For the year ended 30 June 2019

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

Directors	Board meetings		Portfolios							
			Community Investment		Communi-cations		Finance		Audit & Governance	
	A	B	A	B	A	B	A	B	A	B
Ross Arthur Egleton	11	10	12	11	-	-	12	9	-	-
Karly Brenda Smith	11	11	12	11	6	6	12	12	5	5
Kerryn Margaret Healy	11	11	-	-	-	-	12	12	-	-
Katherine 'Katie' Louise Finlay	11	9	-	-	6	6	-	-	-	-
Maheswari 'Mahesh' Kandasamy	11	9	-	-	-	-	-	-	5	5
Kirsty Sue Mackay	11	9	-	-	-	-	12	10	5	5
Janet Mary Purcell ¹	10	10	10	10	4	3	-	-	-	-
Genevieve Mary Barlow ²	4	3	4	4	2	1	-	-	-	-

A: Eligible to attend B: Number attended 1: Appointed 28 August 2018 2: Resigned 30 October 2018

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*.

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 the notes to the accounts.

The board of directors has considered the position, in accordance with the advice received from the finance committee and is satisfied that the provision of the non-audit services is compatible with the standard of independence for auditors imposed by the *Corporations Act 2001*.

The directors are satisfied that the provision of non-audit services by the auditor, as set out in the notes 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 finance committee to ensure they do not impact on the impartiality and objectivity of the auditor.
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Auditor's independence declaration

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 18.

Signed in accordance with a resolution of the board of directors at Maldon, Victoria on 25 September 2019.



Ross Arthur Egleton, Chairman

Auditor's Independence Declaration



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

As lead auditor for the audit of Maldon & District Financial Services Limited for the year ended 30 June 2019, 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: 25th September 2019

Joshua Griffin
Lead Auditor

Financial Statements

Statement of Profit or Loss and Other: Comprehensive Income

For the year ended 30 June 2019

	Notes	2019 \$	2018 \$
Revenue from ordinary activities	4	1,066,505	1,047,237
Employee benefits expense		(537,143)	(566,555)
Charitable donations, sponsorship, advertising and promotion		(221,161)	(156,122)
Occupancy and associated costs		(59,425)	(30,628)
Systems costs		(45,689)	(48,419)
Depreciation and amortisation expense	5	(34,052)	(37,942)
Finance costs	5	(31)	(75)
Interest paid to members	6	(16,964)	(15,504)
General administration expenses		(139,923)	(190,452)
Profit before income tax		12,117	1,540
Income tax	7	-	-
Profit after income tax		12,117	1,540
Total comprehensive income for the year		12,117	1,540

Balance Sheet

As at 30 June 2019

	Notes	2019 \$	2018 \$
ASSETS			
Current assets			
Cash and cash equivalents	8	175,235	108,054
Trade and other receivables	9	112,811	89,151
Total current assets		288,046	197,205
Non-current assets			
Property, plant and equipment	10	712,965	733,401
Intangible assets	11	63,722	11,419
Total non-current assets		776,687	744,820
Total assets		1,064,733	942,025
LIABILITIES			
Current liabilities			
Trade and other payables	12	215,199	150,611
Provisions	14	48,384	45,858
Total current liabilities		263,583	196,469
Non-current liabilities			
Trade and other payables	12	44,475	-
Borrowings	13	6	1,207
Provisions	14	16,631	13,997
Total non-current liabilities		61,112	15,204
Total liabilities		324,695	211,673
Net assets		740,038	730,352
EQUITY			
Member reserves	15	-	2,431
Retained earnings	17	740,038	727,921
Total equity		740,038	730,352

Statement of Changes in Equity
For the year ended 30 June 2019

	Member reserves \$	Retained earnings \$	Total equity \$
Balance at 1 July 2017	2,431	726,381	728,812
Total comprehensive income for the year	-	1,540	1,540
Balance at 30 June 2018	2,431	727,921	730,352
Balance at 1 July 2018	2,431	727,921	730,352
Total comprehensive income for the year	(2,431)	12,117	9,686
Balance at 30 June 2019	-	740,038	740,038

Statement of Cash Flows

As at 30 June 2019

	Notes	2019 \$	2018 \$
Cash flows from operating activities			
Receipts from customers		1,160,612	1,149,973
Payments to suppliers and employees		(1,062,963)	(1,050,659)
Interest paid		(17,257)	(19,424)
Net cash provided by operating activities	18	80,392	79,890
Cash flows from investing activities			
Payments for property, plant and equipment		-	(3,736)
Proceeds from property, plant and equipment		-	6,091
Payments for intangible assets		(12,010)	-
Net cash provided by / (used in) investing activities		(12,010)	2,355
Cash flows from financing activities			
Repayment of borrowings		(1,201)	-
Net cash used in financing activities		(1,201)	-
Net increase in cash held		67,181	82,245
Cash and cash equivalents at the beginning of the financial year		108,054	25,809
Cash and cash equivalents at the end of the financial year	8(a)	175,235	108,054

Notes to the Financial Statements

For the year ended 30 June 2019

Note 1. Summary of significant accounting policies

a) Basis of preparation

These general-purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The company is a for-profit entity for the purpose of preparing the financial statements.

Compliance with IFRS

These financial statements and notes comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. These areas involving a higher degree of judgement or complexities, or areas where assumptions and estimates which are significant to the financial statements are disclosed in note 3.

Historical cost convention

The financial statements have been prepared under the historical cost convention on an accruals basis as modified by the revaluation of financial assets and liabilities at fair value through profit or loss and where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

Comparative figures

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

Application of new and amended accounting standards

There are two new accounting standards which have been issued by the AASB that became mandatorily effective for accounting periods beginning on or after 1 January 2018, and are therefore relevant for the current financial year.

AASB 15 Revenue from Contracts with Customers

AASB 15 replaces *AASB 111 Construction Contracts*, *AASB 118 Revenue* and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. AASB 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

AASB 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The existing revenue recognition through the monthly Bendigo and Adelaide Bank Limited profit share provides an accurate reflection of consideration received in exchange for the transfer of services to the customer. Therefore, based on our assessment, this accounting standard has not materially affected any of the amounts recognised in the current period and is not likely to affect future periods.

AASB 9 Financial Instruments

AASB 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces *AASB 13 Financial Instruments: Recognition and Measurement*.

Based on our assessment this accounting standard has not had any impact on the carrying amounts of financial assets or liabilities at 1 July 2018. For additional information about accounting policies relating to financial instruments, see Note 1 k).

There are also a number of accounting standards and interpretations issued by the AASB that become effective in future accounting periods.

The company has elected not to apply any accounting standards or interpretations before their mandatory operative date for the annual reporting period beginning 1 July 2018. These future accounting standards and interpretations therefore have no impact on amounts recognised in the current period or any prior period.

AASB 16 Leases

Only AASB 16, effective for the annual reporting period beginning on or after 1 January 2019 is likely to impact the company. AASB 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

AASB 16 replaces existing leases guidance, including *AASB 117 Leases* and related Interpretations. This standard is mandatory for annual reporting periods beginning on or after 1 January 2019.

The company plans to apply AASB 16 initially on 1 July 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting AASB 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 July 2019, with no restatement of comparative information.

The company has assessed the estimated impact that initial application of AASB 16 will have on its financial statements. The actual impacts of adopting the standard on 1 July 2019 may change.

The company will recognise new assets and liabilities for operating leases of its office space and customer service centres. The nature of expenses related to these leases will now change as the company will recognise a depreciation charge for right-of-use assets and interest expense on lease liabilities. Previously, the company recognised operating lease expense on a straight-line basis over the term of the lease.

No significant impact is expected for the company's finance leases.

Based on the information currently available, the company estimates that it will recognise additional lease liabilities and new right-of-use assets of \$109,602. Details of this estimated amount are disclosed in Note 19.

Economic dependency - Bendigo and Adelaide Bank Limited

The company has entered into a franchise agreement with Bendigo and Adelaide Bank Limited that governs the management of the Community Bank® branch in Maldon, Victoria and customer service centres at Dunolly and Newstead, Victoria.

The branch operates 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.

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

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

Bendigo and Adelaide Bank Limited provides significant assistance in establishing and maintaining the Community Bank® branch 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 in relation to:

- design, layout and fit out of the Community Bank® branch
- 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.

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

b) Revenue

Revenue arises from the rendering of services through its franchise agreement with the Bendigo and Adelaide Bank Limited. The revenue recognised is measured by reference to the fair value of consideration received or receivable, excluding sales taxes, rebates, and trade discounts.

Interest and fee revenue is recognised when earned. The gain or loss on disposal of property, plant and equipment is recognised on a net basis and is classified as income rather than revenue. All revenue is stated net of the amount of Goods and Services Tax (GST).

The franchise agreement provides that three forms of revenue may be earned by the company – margin, commission and fee income. Bendigo and Adelaide Bank Limited 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.

Core banking products

Bendigo and Adelaide Bank Limited has identified some Bendigo Bank Group 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.

Margin

Margin is arrived at through the following calculation:

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

Note: In very simplified terms, currently, deposit return means the interest Bendigo and Adelaide Bank Limited gets when it invests the money the customer deposits with it. The cost of funds means the interest Bendigo and Adelaide Bank Limited pays when it borrows the money to give a customer a loan.

For those products and services on which margin is paid, the company is entitled to a share of the margin earned by Bendigo and Adelaide Bank Limited (i.e. income adjusted for Bendigo and Adelaide Bank Limited's interest expense and interest income return). However,

if this reflects a loss, the company incurs a share of that loss.

Products and services on which margin is paid include variable rate deposits and variable rate home loans.

Commission

Commission is a fee paid for products and services sold. It may be paid on the initial sale or on an ongoing basis. Commission is payable on the sale of an insurance product such as home contents. Examples of products and services on which ongoing commissions are paid include leasing and Sandhurst Trustees Limited products.

Fee income

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

In addition to margin, commission and fee income, and separate from the franchise agreement, Bendigo and Adelaide Bank Limited has also made discretionary financial payments to the company. These are referred to by Bendigo and Adelaide Bank Limited as a "Market Development Fund" (MDF).

The amount has been based on the volume of business attributed to a branch. The purpose of the discretionary payments is to assist with local market development activities, including community sponsorships and donations. It is for the board to decide how to use the MDF.

The payments from Bendigo and Adelaide Bank Limited are discretionary and Bendigo and Adelaide Bank Limited may change the amount or stop making them at any time.

Ability to change financial return

Under the franchise agreement, Bendigo and Adelaide Bank Limited may change the form and amount of financial return that the company receives. The reasons it may make a change include changes in industry or economic conditions or changes in the way Bendigo and Adelaide Bank Limited 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. The effect of the change on the revenue earned by the company is entirely dependent on the change.

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

Bendigo and Adelaide Bank Limited must give the company 30 days' notice before it changes the products and services on which margin, commission or fee income is paid, the method of calculation of margin and the amount of margin, commission or fee income.

Monitoring and changing financial return

Bendigo and Adelaide Bank Limited monitors the distribution of financial return between Community Bank[®] companies and Bendigo and Adelaide Bank Limited on an ongoing basis.

Overall, Bendigo and Adelaide Bank Limited has made it clear that the Community Bank[®] model is based on the principle of shared reward for shared effort. In particular, in relation to core banking products and services, the aim is to achieve an equal share of Bendigo and Adelaide Bank Limited's margin.

c) Employee entitlements

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

The company contributes to a defined contribution plan. Contributions to employee superannuation funds are charged against income as incurred.

d) Cash and cash equivalents

For the purposes of the Statement of Cash Flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the Balance Sheet.

e) Trade receivables and payables

Receivables are carried at their amounts due. The collectability of debts is assessed at balance date and specific provision is made for any doubtful accounts. Liabilities for trade creditors and other amounts are

carried at cost that is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the company.

f) Property, plant and equipment

Plant and equipment, leasehold improvements and equipment under finance lease are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land. Depreciation is calculated on a straight-line basis so as to write off the net cost of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated at the rate equivalent to the available building allowance using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

The following estimated useful lives are used in the calculation of depreciation:

Buildings	5 – 15 years
Leasehold improvements	5 – 15 years
Plant and equipment	2½ - 40 years
Motor vehicles	3 – 5 years
Computer equipment	2 -3 years

g) Intangibles

The franchise fee paid to Bendigo and Adelaide Bank Limited has been recorded at cost and is amortised on a straight-line basis over the life of the franchise agreement.

The renewal processing fee paid to Bendigo and Adelaide Bank Limited when renewing the franchise agreement has also been recorded at cost and is amortised on a straight-line basis over the life of the franchise agreement.

h) Payment terms

Receivables and payables are non-interest bearing and generally have payment terms of between 30 and 90 days.

i) Borrowings

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

j) Financial instruments

Recognition and initial measurement

Financial instruments, incorporating financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument.

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 15.63.

Classification and subsequent measurement

(i) Financial liabilities

Financial liabilities include borrowings, trade and other payables and non-derivative financial liabilities (excluding financial guarantees). They are subsequently measured at amortised cost using the effective interest rate method.

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.

(ii) Financial assets

Financial assets are subsequently measured at:

- amortised cost;
- fair value through other comprehensive income (FVOCI); or
- fair value through profit and loss (FVTPL).

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

- 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 principle amount outstanding on specified dates.

The company's trade and most other receivables are measured at amortised cost as well as deposits that

were previously classified as held-to-maturity under AASB 139.

A financial asset is subsequently measured at FVOCI if it meets the following conditions:

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principle amount outstanding on specified dates; and
- the business model for managing the financial assets comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the conditions of amortised cost and FVOCI's measurement condition are subsequently measured at FVTPL.

The company's investments in equity instruments are measured at FVTPL unless the company irrevocably elects at inception to measure at FVOCI.

Derecognition

(i) Derecognition of financial liabilities

A liability is derecognised when it is extinguished (ie when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability, is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(ii) Derecognition of financial assets

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

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Impairment

The company recognises a loss allowance for expected credit losses on:

- financial assets that are measured at fair value through other comprehensive income;
- lease receivables;

- loan commitments that are not measured at fair value through profit or loss; and
- financial guarantee contracts that are not measured at fair value through profit or loss.

Loss allowance is not recognised for:

- financial assets measured at fair value through profit of loss; or
- equity instruments measured at fair value through other comprehensive income.

Expected credit losses 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, all discounted at the original effective interest rate of the financial instrument.

The company uses the simplified approach to impairment, as applicable under AASB 9. The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times.

This approach is applicable to:

- trade receivables that result from transactions that are within the scope of AASB 15, that contain a significant financing component; and
- lease receivables.

In measuring the expected credit loss, a provision matrix for trade receivables is used, taking into consideration various data to get to an expected credit loss, (i.e. diversity of its customer base, appropriate groupings of its historical loss experience etc.).

Recognition of expected credit losses in financial statement

At each reporting date, the entity recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

Assets measured at fair value through other comprehensive income are recognised at fair value with changes in fair value recognised in other comprehensive income. The amount in relation to change in credit risk is transferred from other comprehensive income to profit or loss at every reporting period.

k) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership are transferred to the company are classified as finance leases. Finance leases are capitalised by recording an asset and a liability at the

lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term. Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred. Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

l) Provisions

Provisions are recognised 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.

m) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax (GST), except where the amount of GST incurred is not 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 expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Balance Sheet. Cash flows are included in the Statement of Cash Flows on a gross basis.

The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Note 2: Financial risk management

The company's activities expose it to a limited variety of financial risks: market risk (including currency risk, fair value interest risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. 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 entity. The entity does not use derivative instruments.

Risk management is carried out directly by the board of directors.

(i) Market risk

The company has no exposure to any transactions denominated in a currency other than Australian dollars.

(ii) 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.

(iii) Credit risk

The company has no significant concentrations of credit risk. It has policies in place to ensure that customers have an appropriate credit history.

Expected credit loss assessment for Bendigo and Adelaide Bank Limited

The company's franchise agreement limits the company's credit exposure to one financial institution, being Bendigo and Adelaide Bank Limited. Due to the reliance on Bendigo and Adelaide Bank Limited the company has reviewed the credit ratings provided by Standard & Poor, Moody's and Fitch Ratings to determine the level of credit risk exposure of the company. The most recent credit rating provided by the ratings agencies is as follows:

Ratings Agency	Long-term	Short-term	Outlook
Standard & Poor	BBB+	A-2	Stable
Fitch Ratings	A-	F-2	Stable
Moody's	A3	P-2	Stable

Based on the above risk ratings the company has classified Bendigo and Adelaide Bank Limited as low risk.

The company has performed a historical assessment of receivables from Bendigo and Adelaide Bank Limited and found no instances of default. As a result, no impairment loss allowance has been made in relation to the Bendigo & Adelaide Bank Limited receivable as at 30 June 2019.

Expected credit loss assessment for other customers

The company has performed a historical assessment of the revenue collected from other customers and found no instances of default. As a result, no impairment loss allowance has been made in relation to other customers as at 30 June 2019.

(iv) Liquidity risk

Prudent liquidity management implies maintaining sufficient cash and marketable securities and the availability of funding from credit facilities. The company believes that its sound relationship with Bendigo and Adelaide Bank Limited mitigates this risk significantly.

(v) Cash flow and fair value interest rate risk

Interest-bearing assets are held with Bendigo and Adelaide Bank Limited and subject to movements in market interest. Interest- rate risk could also arise from long-term borrowings. Borrowings issued at variable rates expose the company to cash flow interest-rate risk. The company believes that its sound relationship with Bendigo and Adelaide Bank Limited mitigates this risk significantly.

(vi) 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 interest paid to members. Capital is represented by total equity as recorded in the Balance Sheet.

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 2019 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 3. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience and the condition of the asset is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

Impairment of assets

At each reporting date, the company reviews the carrying amounts of its tangible and intangible assets that have an indefinite useful life to determine whether there is any indication that 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 the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

Note 4. Revenue from ordinary activities

	2019	2018
	\$	\$
Operating activities:		
- gross margin	890,858	866,472
- services commissions	73,102	83,690
- fee income	67,099	69,231
- market development fund	30,000	25,000
- other revenue	5,446	2,844
Total revenue from operating activities	1,066,505	1,047,237
Total revenues from ordinary activities	1,066,505	1,047,237

Note 5. Expenses

Depreciation of non-current assets:		
- buildings	17,081	17,081
- improvements	1,336	1,207
- plant and equipment	2,019	3,291
- motor vehicle	-	2,623
Amortisation of non-current assets:		
- franchise agreement	2,237	2,290
- franchise renewal fee	11,379	11,450
	34,052	37,942
Finance costs:		
- interest paid	31	75
Bad debts	(21)	1,316
Loss on disposal of non-current assets	-	15,480

Note 6. Interest paid to Members

Interest paid to members during the year	16,964	15,504
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Note 7. Income tax

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

Refer to note 25 for further information.

Note 8. Cash and cash equivalents

Cash at bank and on hand	175,235	108,054
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The company has an overdraft facility in place with an approved limit of \$247,809, however the facility remains undrawn at 30 June 2019. The bank overdraft is secured by a fixed and floating charge over the company's assets subject to an annual review each year.

Note 8 (a). Reconciliation to cash flow statement

The above figures reconcile to the amount of cash shown in the statement of cash flows at the end of the financial year as follows:

	2019 \$	2018 \$
Cash at bank and on hand	175,235	108,054

Note 9. Trade and other receivables

Trade receivables	87,881	78,886
Prepayments	16,623	9,748
Other receivables and accruals	8,307	517
	112,811	89,151

Note 10. Property, plant and equipment

Land (79-81 High Street)		
At cost	199,387	199,387
Buildings		
At cost	597,965	597,965
Less accumulated depreciation	(98,308)	(81,227)
	499,657	516,738
Customer service centre improvements		
At cost	7,861	7,861
Less accumulated depreciation	(3,190)	(1,854)
	4,671	6,007
Plant and equipment		
At cost	59,028	59,028
Less accumulated depreciation	(49,778)	(47,759)
	9,250	11,269
Computer equipment		
At cost	1,848	1,848
Less accumulated depreciation	(1,848)	-
	-	-
Total written down amount	712,965	733,401
Movements in carrying amounts:		
Land at carrying amount	199,387	199,387
Buildings		
Carrying amount at beginning	516,738	533,819
Additions	-	-
Disposals	-	-
Less: depreciation expense	(17,081)	(17,081)
Carrying amount at end	499,657	516,738

Note 10. Property, plant and equipment (continued)

	2019 \$	2018 \$
Customer service centre improvements		
Carrying amount at beginning	6,007	6,815
Additions	-	3,136
Disposals	-	(2,737)
Less: depreciation expense	(1,336)	(1,207)
Carrying amount at end	4,671	6,007
Plant and equipment		
Carrying amount at beginning	11,269	17,553
Additions	-	600
Disposals	-	(3,593)
Less: depreciation expense	(2,019)	(3,291)
Carrying amount at end	9,250	11,269
Motor vehicles		
Carrying amount at beginning	-	17,864
Additions	-	-
Disposals	-	(15,241)
Less: depreciation expense	-	(2,623)
Carrying amount at end	-	-
Total written down amount	712,965	733,401

Note 11. Property, plant and equipment

Franchise fee		
At cost	92,439	81,452
Less: accumulated amortisation	(81,818)	(79,581)
	10,621	1,871
Franchise Fee Renewal		
At cost	112,193	57,261
Less: accumulated amortisation	(59,092)	(47,713)
	53,101	9,548
Total written down amount	63,722	11,419

Note 12. Trade and other payables

Current:		
Trade creditors	175,172	96,453
Interest due to pledge holders	17,238	17,500
Other creditors and accruals	22,789	36,658
	215,199	150,611
Non-current:		
Other creditors and accruals	44,475	-

Note 13. Borrowings

	2019	2018
	\$	\$
Non-current:		
Bank loans	6	1,207

Maldon & District Financial Services Limited has paid down a 15-year bank loan used to pay for the construction of the branch building in 2013 but maintains a small balance to enable ready access to cash if required. At 30 June 2019 funds available for redraw is \$189,869. Interest is recognised at the applicable interest rate (6.4% at 30 June 2019). The loan is secured by a fixed and floating charge over the company's assets.

Note 14. Provisions

Current:

Provision for annual leave	26,079	22,873
Provision for long service leave	22,305	22,985
	48,384	45,858

Non-current:

Provision for long service leave	16,631	13,997
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Note 15. Member reserves

Balance at the beginning of the financial year	-	2,431
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Note 16. Member funds

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

As at 30 June 2019 the number of members was 161 (2018: 163)

Note 17. Retained earnings

Balance at the beginning of the financial year	727,921	726,381
Net profit from ordinary activities	12,117	1,540
Balance at the end of the financial year	740,038	727,921

Note 18. Statement of cash flows

	2019 \$	2018 \$
Reconciliation of profit from ordinary activities to net cash provided by operating activities		
Profit from ordinary activities	12,117	1,540
Non cash items:		
- depreciation	20,436	24,202
- amortisation	13,616	13,740
- loss on disposal of asset	-	15,480
- decrease in member reserve	(2,431)	-
Changes in assets and liabilities:		
- (increase)/decrease in receivables	(23,660)	(6,837)
- increase/(decrease) in payables	55,154	19,161
- increase/(decrease) in provisions	5,160	12,604
Net cash flows provided by operating activities		79,890

Note 19. Leases

Operating lease commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements

Payable - minimum lease payments:

- not later than 12 months	27,833	3,884
- between 12 months and 5 years	28,730	1,295
	56,563	5,179

The office lease is a non-cancellable lease with a three-year term which was entered into on 16 October 2016. Rent is payable monthly in advance.

The Dunolly Customer Service Centre lease is a non-cancellable lease with a three-year term which was entered into on 1 July 2018. There is one two-year renewal option available. Rent is payable monthly in advance.

The Newstead Customer Service Centre lease is a non-cancellable lease with a three-year term which was entered into on 1 July 2018. There is one two-year renewal option available. Rent is payable monthly in advance.

Expected lease liabilities and right-of-use assets at 1 July 2019

Current lease periods	Period (months)	Rent	Total
- Office lease	4	328	1,312
- Dunolly customer service centre	25	1,040	26,000
- Newstead customer service centre	25	1,170	29,250
Optional lease periods expected to be renewed			
- Dunolly customer service centre	24	1,040	24,960
- Newstead customer service centre	24	1,170	28,080
Total expected lease liabilities and right-of-use assets			109,602

Note 20. Auditor's remuneration

	2019	2018
	\$	\$
Amounts received or due and receivable by the auditor of the company for:		
- audit and review services	2,800	2,700
- non-audit services	3,930	5,605
	6,730	8,305

Note 21. Director and related party disclosures

The names of directors who have held office during the financial year are:

Ross Arthur Egleton

Karly Brenda Smith

Kerryn Margaret Healy

Katherine 'Katie' Louise Finlay

Maheswari 'Mahesh' Kandasamy

Kirsty Sue Mackay

Janet Mary Purcell (*Appointed 28 August 2018*)

Genevieve Mary Barlow (*Resigned 30 October 2018*)

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

Transactions with related parties:

	2019	2018
	\$	\$
Karly Smith has provided executive officer services to the Company as approved by the board at a fixed rate.	47,063	48,972

Note 22. Key management personnel disclosures

Remuneration report

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

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

KMP Remuneration Policy

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

- a base salary: based on factors such as length of service and experience
- superannuation: required by the government, which is currently 9.5%. KMP do not receive any other retirement benefits. KMP have the choice to sacrifice part of their salary to increase payments towards superannuation.
- a performance incentive: the performance incentive is a bonus (refer to section on performance-based remuneration below).

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

The Board believes this KMP remuneration policy of Maldon & District Financial Services Limited:

- has been designed to align key management personnel objectives with member and business objectives
- is appropriate and effective in its ability to attract and retain the best key management personnel to run the business and manage the company
- aligns the goals of directors, key management personnel and members

Non-executive director remuneration policy

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

The Board's policy is to remunerate non-executive directors a nominal amount as a substitute for the reimbursement by the company of ordinary expenses. Ordinary expenses include applicable travel and home office costs. The Chairman and Treasurer are paid more than other directors on the basis that their ordinary expenses will be higher due to the greater time commitment.

The Board determines payments to the non-executive directors and regularly reviews the amount of fees paid, based on duties and accountability. The Board believe that current payments are below market rates for time and responsibility.

The maximum aggregate amount of fees that can be paid to non-executive Directors requires approval by members as required by the Corporations Act 2001.

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

Performance based remuneration

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

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

The Company does not pay performance-based remuneration to any Director. The Executive Officer receives a performance-based remuneration component.

Relationship between Remuneration Policy and Company Performance

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

Company performance, member wealth and directors' and KMP' remuneration

The Board is of the opinion that revenue and profit will continue to grow due to the introduction of the previously described remuneration policy.

Note 23. Events occurring after the reporting date

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

Note 24. Contingent liabilities and contingent assets

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

Note 25. Income tax exempt status

No tax liability is recognised for the 2019 financial year as the ATO handed down a private ruling on 22 October 2012 which stated that the Company was tax exempt as it is a community services organisation.

Note 26. Community Enterprise Foundation™

During the period the company contributed funds to the Community Enterprise Foundation™ (CEF), the philanthropic arm of the Bendigo and Adelaide Bank Group. These contributions form part of charitable donations and sponsorship expenditure included in the Statement of Profit or Loss and Other Comprehensive Income.

The funds contributed are held by the CEF in trust on behalf of the company and are available for distribution as grants to eligible applicants. The balance of funds held by the CEF as at 30 June 2019 is as follows:

	2019 \$	2018 \$
Opening balance	123,990	64,713
Contributions	70,000	60,000
Grants paid	(146,900)	-
Interest	3,255	2,277
Management fees	(3,500)	(3,000)
Balance available for distribution	46,845	123,990

Note 27. Segment reporting

The economic entity operates in the service sector where it facilitates **Community Bank**® services in Maldon and surrounding districts, including Dunolly and Newstead, pursuant to a franchise agreement with Bendigo and Adelaide Bank Limited.

Note 28. Registered office / Principal place of business

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

Registered Office

93 High Street
Maldon VIC 3463

Principal Place of Business

81 High Street
Maldon VIC 3463

Note 29. Financial instruments

Financial Instrument Composition and Maturity Analysis

The table below reflects the undiscounted contractual settlement terms for all financial instruments as well as the settlement instruments with a fixed period of maturity and interest rate.

Financial instrument	Floating interest		Fixed interest rate maturing in						Non interest bearing		Weighted average	
			1 year or less		Over 1 to 5 years		Over 5 years					
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%
Financial assets												
Cash and cash equivalents	-	-	-	-	-	-	-	-	175,235	108,054	Nil	Nil
Receivables	-	-	-	-	-	-	-	-	87,881	78,886	N/A	N/A
Financial liabilities												
Interest bearing liabilities	6	1,207	-	-	-	-	-	-	-	-	7.53	6.58
Payables	-	-	-	-	-	-	-	-	175,172	96,453	N/A	N/A

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 the year end.

Credit Risk

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.

There are no material credit risk exposures to any single debtor or group of debtors under financial instruments entered into by the economic entity.

Interest Rate Risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from the interest bearing financial assets and liabilities in place subject to variable interest rates, as outlined above.

Sensitivity Analysis

The company has performed sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in interest rates.

As at 30 June 2019, the effect on profit and equity as a result of changes in interest rate, with all other variables remaining constant would be as follows:

	2019	2018
	\$	\$
Change in profit/(loss)		
Increase in interest rate by 1%	-	(12)
Decrease in interest rate by 1%	-	12
Change in equity		
Increase in interest rate by 1%	-	(12)
Decrease in interest rate by 1%	-	12

Directors' Declaration

In accordance with a resolution of the directors of Maldon & District Financial Services Limited (MDFSL), we state that:

In the opinion of the directors:

- (a) the financial statements and notes of the company are 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 2019 and of its performance for the financial year ended on that date; and
 - (ii) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
- (c) the audited remuneration disclosures set out in the remuneration report section of the directors' report comply with Accounting Standard AASB124 Related Party Disclosures and the Corporations Regulations 2001.

This declaration is made in accordance with a resolution of the board of directors.



Ross Arthur Egleton, Chairman
Signed on the 25 September 2019



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

Report on the audit of the financial report

Our opinion

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

- i. giving a true and fair view of the company's financial position as at 30 June 2019 and of its financial performance for the year ended; and
- ii. complying with Australian Accounting Standards.

What we have audited

Maldon & District Financial Services Limited's (the company) financial report comprises the:

- ✓ Statement of profit or loss and other comprehensive income
- ✓ Balance sheet
- ✓ Statement of changes in equity
- ✓ Statement of cash flows
- ✓ Notes comprising a summary of significant accounting policies and other explanatory notes
- ✓ The directors' declaration of the company.

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.

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other information

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

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

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

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

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

Directors' responsibility for the financial report

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

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

Auditor's responsibility for the audit of the financial report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/home.aspx>. This description forms part of our auditor's report.



Andrew Frewin Stewart
61 Bull Street, Bendigo, 3550
Dated: 25th September 2019



Joshua Griffin
Lead Auditor