COMMUNITY BANK MALDON & DISTRICT

ANNUAL REPORT 2021



Community Bank
Maldon & District

Bendigo Bank

ABN 46 086 749 886

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

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

Introduction

The Community Bank Maldon & District is a locally owned and operated bank that gives 80% of its profits back to our community.

It's called a "Community Bank", which means it's owned and run by the community through a local company - the Maldon & District Financial Services Ltd (MDFSL). We're part of the bigger Bendigo Bank network which means we offer their full range of banking and financial products. We have branches in Maldon, Dunolly and Newstead.

Our team of passionate and professional banking staff really listen to our customers, because they want to help you achieve your financial goals, so you can enjoy and take control of your life. Even though we're deeply connected to our communities, we also offer complete confidentiality as part of our face-to-face, personalised service.

We're passionate about working with and supporting both our customers and communities to thrive and prosper. Our vision statement is to become an 'essential partner in shaping our communities'.

Our bank is a cornerstone of our communities - we've injected more than $3.4 million over the last 22 years to communities throughout the Central Victorian Goldfields region. The more we can do for you, the more we can do for everyone. By banking with us, you can contribute to how your community grows and thrives.

Everything we do is focused on our purpose to feed into prosperity, not off it.





Chair's report

I have great pleasure in presenting this year's Chair's report in yet another turbulent year. While we have again seen challenging times in the face of the global pandemic, the Community Bank Maldon & District has been able to maintain its banking service and provide ongoing support for the local community.

We appreciate and understand the importance of community support and are pleased to be able to tailor these in response to ongoing COVID-19 concerns. Specifically, some of the actions we have taken to provide support during the pandemic include:

- Ensuring that the branches remain open and fully functional. Providing hand- sanitising stations throughout our communities.
- Running the Small Business Action program, helping businesses to recover and thrive post COVID-19.
- Working closely with our customers in a compassionate and genuine manner to work through their personal and business banking situation.

Community Investment is the heart of our community model where valuable financial resources are injected into deserving and required community projects. In total we allocated over $220,000 for community investment for the financial year to 30 June 2021, where $120,000 has been injected into local community groups through grants, partnership or donations, and a further $100,000 added to our Community Enterprise Fund (CEF).

Maldon & District Financial Services Ltd (MDFSL) is a small company delivering amazing results which make a genuine difference in our communities.

I would like to acknowledge and pay my thanks to all of our dedicated staff, loyal customers, committed members, wonderful board as well as the community-minded pioneering group who first established our company twenty-two years ago.

Our staffing team

It's not easy to run a branch team across all three sites in Maldon, Dunolly and Newstead yet our team continue to adapt and work together to get things done. I truly appreciate all of the efforts and ongoing commitment to providing great service to our customers. A special thankyou and goodbye to Wendy Merlo who retired after 17 years with the Bank. In addition to her friendliness and professionalism, Wendy made an amazing contribution chairing the Community Investment portfolio and she also built the Learner Driver Training Program from the ground up. Wendy, thankyou wholeheartedly and may your valuable legacy contribute to future success. THANKYOU!

Strong leadership from our Branch Manager, Adam Balzan, has been the catalyst behind another successful year amid uncertain times. Our organisation is extremely fortunate to have Adam's experience, community connection, competence and passion. The Board sincerely appreciate Adam's can-do attitude, work ethic, humour, abilities in financial management and trailblazing a positive branch culture.

Our communications through our newsletters, website upgrade and social media platforms (Instagram & Facebook) have been due to the ongoing skill and commitment of Nicki Renfrey, our Communications Officer. Despite only working two days per week, Nicki always delivers high quality in a timely and friendly fashion. Her talents are greatly appreciated and it's simply fantastic.

Chair's report

Shannon Burdeu joined our team as Executive Officer, Company Secretary in March 2021. Shannon's experience, efficiency and ability to 'hit the ground running' has been highly valued and embraced and her role has been extremely supportive and impactful. I look forward to continued collaboration and a productive and exciting future.

Finally, a huge thanks to Karly Smith Whelan who finished up as Executive Officer in March 2021. Karly has been the backbone of our company for a number of years and a constant and reliable support to both myself and the Board. Karly continued her dual role as Director to ensure a smooth transiation with Shannon, and this knowledge exchange has been immensely appreciated. May others now reap the value of Karly's skills and individual traits.

The Board

The Board have a multi-purpose role and contribute more than the average board due to its "hands-on" nature in undertaking vital components of communications, governance, finance, HR and business development.

Kerryn Healy deserves utmost recognition for leading the finance portfolio as Treasurer. Her commitment to excellence in managing our monetary complexities is very much appreciated. As Deputy Chair and a member of our HR portfolio, her decision making nous and support ensure our effective functioning. Thanks Kerryn, "you're gold".

Katie McEachran is our Deputy Treasurer and her experience, commitment and passion for process, and outstanding communication skills have provided an invaluable contribution.



Janet Purcell provides great insight into the pulse of our communities as well as communications, and contributes positively as an 'allrounder.'

Jane Goodrich continues to enhance our organisation through business astuteness, community and communications.

Liesl Malan has joined our board with great business and community experience.

Farewell to Katie Finlay and Kirsty Mackay. Katie was instrumental in setting up our effective communications platforms and Kirsty contributed significantly to Audit & Governance and Finance.

Thank you wholeheartedly.

Results, figures and impact

As outlined in our financials, MDFSL made an operating profit of $3,744 in 2020/21. Revenue was $1,119,611 lower than previous year by $41,290. Our business volume or footings continues its upward trajectory growing over 22% from the previous year to $185 million in 2020/21.

As a company, we were pleased to provide a 7% return on investment for our members.

Chair's report

And finally...

Many thanks to Bendigo and Adelaide Bank representatives, particularly to Shaun Leech, Graham Hartland, Shannon Egan, Justine Minne and the Community Central team who support our franchise through our diverse activities. Thanks also to David Impey and Trish Madden and their team at the Community Enterprise Foundation. This genuine support is very much appreciated.

Thank you to all our customers and members for their support in making Maldon & District Financial Services Ltd realise our vision to be a strong player in positively shaping our local communities.

In a year that presented many challenges, it will be remembered for great projects, community spirit and most of all how we confronted adversity. It is an honour and privilege to be a part of a social enterprise that provides a valuable service, support to the community as well as local employment.

The year ahead seeks to further strengthen our current activities including workforce capacity and corporate sustainability, introduce new initiatives and refine our strategy to ensure our organisation has continued grwoth and profit to deliver excellent outcomes for our customers, members and community.

A bright future beckons for our Community Bank Maldon & District ahead.

In appreciation,

Ross Egleton







Manager's report

I am again very proud to be submitting my annual report for 2021, my fifth as Branch Manager.

I said in 2020 we had had a year like none before so I guess I can't say it again in 2021! Before I chat about the record-breaking growth our branch has seen yet again this year, let's talk about this amazing and resilient community we're so proud to be a part of.

I want to take the opportunity to reach out to all of our customers and members. It has been a very long 18 months with constant and changing COVID-19 restrictions impacting us all in different ways.

These challenging times allowed us to work with our customers in what we do best. Whether it was working closely with businesses that had to close or reduce trading, supporting customers whose incomes had been impacted or helping those that had to find alternative banking methods due to the restrictions that were bought in.

You have all remained strong and we are proud to have been able to have kept serving you throughout these trying times. The bank and our staff are here to help if you require support for any of your banking and financial matters.

I am very proud of the way the team have acted and demonstrated leadership and support for each other during these continuing trying times. And our Board, who have continued to meet regularly to ensure they were aware of all the constantly changing conditions and provided support not only for myself but all the staff.

Business results

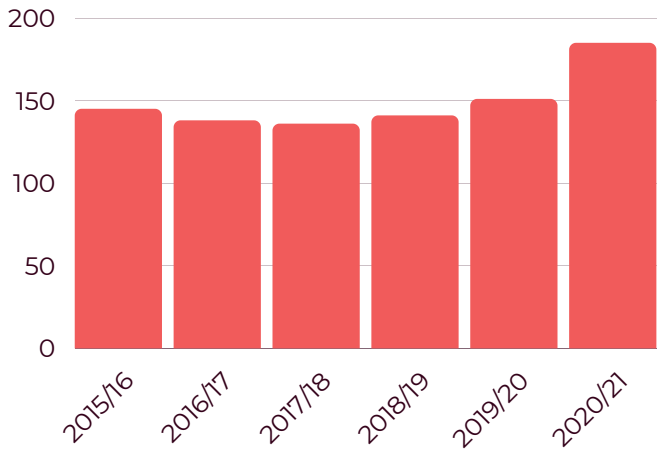
It was pleasing to see branch lending grow by $11.18 million in 2020/21, against a target of $2.45 million. This is an increase of 456% on the previous year. This was largely due to a strong residential home loan market and our regions starting to see the impact of 'tree-changers' leaving the city.

Despite sustained lower interest rates, home lending is the biggest source of income for the company, and continued improvement in lending is the corner stone of our success.

The company exceeded it's deposit target of $3.99 million, growing by a massive $20.28 million. This is an outstanding result as cash rates are some of the lowest they have ever been. Really pleasing is our increased growth in our wealth products, increasing business of $4.16 million, a whopping 867% above the budgeted growth of $48,000.

Our total footings again grew, to a now record $185 million.

Total footings ($million) for Maldon & District Community Bank, 2015/16 – 2020/21



Manager's report

There was a reduction in overall customer numbers across our three branches. 426 new accounts were opened for the year which is down slightly on last year. In-branch teller transactions were down almost 20% across the three sites on last year. this is a reflection of COVID-19 restrictions being in place for a significant proportion of the financial year, and also reflects a change in the way many customers chose to do their banking.

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

The results we achieved throughout the 20-21 financial year, represent the strength of our team and our commitment to our local communities. Our continued business growth in what has no doubt been one of the most challenging years we have ever encountered is a credit to the reputation our team have developed as trusted relationship bankers. Our customers and community members are advocates for us due to the unique business model. This enables us to assist people achieve their financial goals and, in turn assist in building stronger communities. We take a great level of satisfaction and reward when we see the benefit that our community enjoys as a result.

It was really pleasing to contribute to COVID-19 recovery in our region by again sponsoring the Small Business Action program, providing 20 hand sanitiser stations to community groups and again being able to partner with local sporting clubs who had difficult times in fundraising throughout the year.

Our people

During the year we farewelled Wendy Merlo our part-time Customer Relationship Officer. With 17 years' experience, Wendy will be sadly missed by all but I wish her all the best in the future.



A huge thanks to all of our staff - Jan Brain, Narelle Rowland, Melanie Schodde, Kyle Winstanley, Lara Mulholland and Paul Simmons - for everything you have done this year. I am impressed how resilient and resourceful you are and appreciate all that you do to help each other out to ensure we can continue to deliver the best for our customers.

I couldn't do my job without your support so once again a big thank you.









Manager's report



I would also like to thank the board's executive team of Ross Egleton, Kerryn Healy and newly appointed, Shannon Burdeu in the Executive Officer role. It's been big shoes to fill to take on the EO role which Karly Smith Whelan did for so long, but really appreciate all of your efforts and work with the team.



Thanks also to the rest of the board, past and present, for your support and guidance over the past 12 months.

Now lastly, to our customers, without you we could not achieve what we do. It is because you choose to bank with Community Bank Maldon & District that our local communities enjoy the benefits – over $3.4 million worth to date. If you only hold a portion of your banking with us, we would love the opportunity to compare and strengthen the relationship we have with you.



If you don't currently bank with Community Bank Maldon & District, please ask yourself – "Does the bank I choose to bank with, support and better the local community in which I live and work?" If the answer is no, please give us a call. The more who choose to support the local Community Bank branches, the more we can give back to our local communities which is needed now more than ever.

We hope to see more of you in person over the next 12 months. Our staff will still be here to serve our loyal customers and as always, to give back to the communities we service.

All the best for 2021/22.

Adam Balzan
Branch Manager

Corporate governance statement

We focus on our vision statement; to be an essential partner in shaping our communities

We are very proud as an organisation to provide our first Corporate governance statement. Our aims are to support an inclusive, fun and thriving community and we want to be held to account against this. While we have given over $3.4 million to the community in the last 22 years of our operation, we won't rest simply at the dollar value provided. We want to do better as an organisation and ensure we can set standards for our organisation, our people, and the community, by the way in which we do business.

Our approach to governance is drawn from our vision, strategy, values and purpose (see page 11). We are committed to high standards of corporate governance – both in our framework and in our policies and practices. We believe this leads to better decision-making for our business and therefore, the community.

Engaging with Indigenous communities

Australia is home to the oldest continuous living culture on earth. Recognising and respecting Aboriginal and Torres Strait Islander people and their cultures is important to us, and we're committed to reconciliation. We recognise this is an area where we can work to increase our engagement and have allocated funding and scholarships to do this in the coming financial year.

We're focused on promoting and practicing respect, building relationships and investing in development opportunities with, and for, Aboriginal and Torres Strait Islander employees and customers. This year Bendigo Bank is focused on establishing its inaugural Reconciliation Action Plan (RAP) which Community Bank Maldon & District will sign up to. See our Communities impact report on page 15 for further detail on indigenous support provided in 2020-21.

> **Recognising and respecting Aboriginal and Torres Strait Islander people and their cultures is important to us**

Building our values-driven, diverse and capable workforce

We want our Community Bank to reflect the rich diversity of the communities we live in, work in, and support. That's why we celebrate what's common and different, and value the qualities that make each of our people unique.

Everyone deserves to feel included and valued at work and in general. We are proud to welcome people from a range of backgrounds, with a variety of skills, ages and personalities because we believe our differences bring our people together and make our Community Bank stronger.

Our approach to diversity and inclusion is underpinned by our inclusive work policies, processes and practices to improve workplace participation. We are committed to creating a safe, inclusive and respectful workplace for all of our people.

Corporate governance statement

Vision statement: Essential partner in shaping our communities

Our mission: In partnership with our communities, grow a successful local bank which delivers excellent customer service, stimulates local business and returns profits to our communities



Thriving business

Achieve business growth and profit while looking after our customers and community

The Bank of choice for our communities



Organisational capability

To foster a collaborative, innovative and high performing culture

Build on existing skills and talents



Community connections and marketing

To engage with and build our community connections and networks



Strengthen impactful community partnerships

Local and diverse suppliers

Where possible, we seek to contribute to local economies by continuing to source products and services from nearby businesses. As an example, Bendigo Bank spent more than $17 million past financial year on goods and services procured from more than 130 suppliers in the Bendigo region (where the Bank has it's headquarters). This is a clear aim of Community Bank Maldon & District where we always seek to employ local and engage locally, first.

Lending and investing responsibly

As a values-based organisation with strong ties to the community, we recognise the positive, and sometimes negative, impact business can have on society. Community Bank Maldon & Districts considers the social and environmental outcomes of the business and lending decisions we make. We believe we can play a role in supporting a transition to a lower emissions future. As an example of these considerations, our Bank does not (and will not) lend directly to projects in Coal, Coal seam gas, Crude oil, Natural gas, Native forest logging.

Whilst the Bank does not provide finance directly to projects in these sectors, it does recognise there are individual and business customers and communities which rely on such projects for their livelihood and economic sustainability.

Community Bank Maldon & District will continue to provide finance and other services to those individuals and businesses who may provide support to those sectors. We recognise we play an important role in supporting communities, both today, and as we transition to a lower emissions future.

Corporate governance statement

Climate

With increasing staff, customer and community concerns about climate change and the impact that businesses have on the environment in which they operate, along with the growing focus of Australian regulators on climate change risk governance within corporations, we seek to reduce and mitigate risks and impacts wherever possible to feed into community prosperity, our long-held purpose.

There are four pillars Bendigo Bank has adopted in its Climate Change strategy. Community Bank Maldon & District will look to include these pillars as part of our own organisational strategy when our strategic review is conducted in late 2021.

The pillars we will focus on are:

"Bendigo and Adelaide Bank recognises climate change has far-reaching risks for the environment, the economy, society, our customers and their communities. We support the Paris Agreement objectives and the required transition to a low carbon economy. We are committed to playing our part in this transition. We will work to build climate mitigation and adaption into our business and work to assist our customers and their communities to build climate resilience into their futures."



1. Reduce our footprint

Reduce the carbon and environmental footprint of our own operations, by:

- Identifying opportunities and setting targets to improve the environmental impact of our operations
- Engaging and educating our people to take action to realise these opportunities
- Learn from best practice by listening to experts and observing other companies

Support our customers and communities by taking actions required to mitigate, adapt and respond to climate change, by:

- Enhancing and sharing our understanding of climate change impacts for customers, industries and communities,
- Developing targeted customer climate change solutions



2. Support our customers



3. Understand and manage the risks

Optimise our climate change risk governance and risk management framework, by:

- Assigning oversight of climate change strategy to the Board Integrating climate change risk into our risk management, strategy and business planning processes
- Undertaking climate scenario analysis to assess potential risks and opportunities and integrating the outcomes into our business planning
- Build a culture of commitment and accountability to realise the bank's climate change action plan

Disclose our climate-related performance, by:

- Express support for the Taskforce on Climate-related Financial Disclosures ("TCFD") and become involved in preparer forums
- Making and aligning our climate disclosures with the recommendations of the TCFD
- Tracking and disclosing our climate-related metrics and performance
- Openly communicating our Climate Change Action Plan, outcomes and learning



4. Be transparent

Corporate governance statement

Uniform recovery and reuse

While staff in our branch network are given an annual allowance for uniforms, sometimes they change size, find they don't wear an item they've chosen or leave the Bank. For over a decade, Community bank Maldon & District has participated in recycling uniforms, retrieving good quality garments, launder them and repurpose them for second-hand use.

Recently Bendigo Bank introduced new 'mix and match' uniforms and as such we have taken a further step in partnering with Upparel, through which at least 32 tonnes of old clothing will be shredded and used for stuffing in products like furniture and construction material.



Supporting our people

We know that when our people are at their best, our customers, communities and stakeholders benefit the most. Throughout the pandemic, our Community Bank Maldon & District teams have been available to assist customers and communities experiencing hardship, ensuring exceptional levels of hygiene and safety for themselves and the community, and providing continuity of service throughout what has been a challenging period.

In turn, we have supported our staff by:

- Providing up to date information regarding government directives and safety standards
- Installed safety screens, hand sanitiser stations, social distancing signage and masks to protect our people and customers
- Supported our staff with additional leave to access COVID-19 vaccinations
- Encouraged and facilitated our people to work from home where possible and flexibly where needed
- Strengthened our remote working infrastructure and reduced the need for travel
- Developed dedicated COVID-19 wellbeing resources and continued to provide access to our Employee Assistance Program for our people and their families.



We believe we can play a role in supporting a transition to a lower emissions future

Corporate governance statement

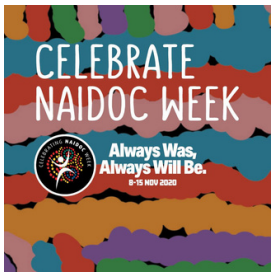
We support causes you support

There is a growing trend in socially conscious consumers who choose to buy from businesses who demonstrate they care about social impact, rather than solely focus on making a profit. This clearly aligns with our focus to feed into prosperity, and not off it.

Community Bank Maldon & District believe you don't need to leave your heart at the door of your business. In fact, the sustainability and success of our banking model is dependent upon our ability to be human, connect to our values and demonstrate to others that we genuinely care. The below are just some of the amazing causes we have supported financially through donations or fundraising or more broadly through awareness, throughout the year.

We thank our generous and values-driven team who come up with and participate in many of the initiatives!





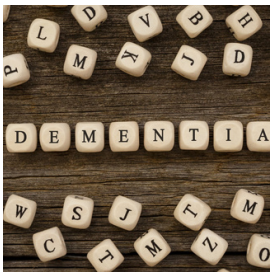


























MALDON HOSPITAL

ASTHMA AUSTRALIA

CHIRP Community Health

murraytomoyne
In memory of 'Woody'

International Day of
People with Disability
3 December











Community impact report

Giving back to our communities is at the heart of the Community Bank Maldon & District

It always has been and is the reason why we have existed for the past 22 years. Over the past year, we continued to strive to act with care and compassion, with our customers and communities top of mind.

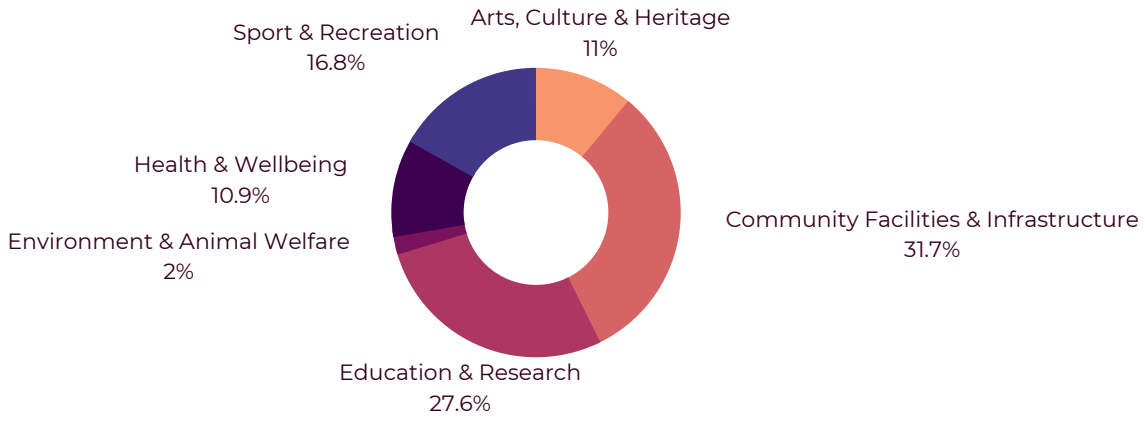
We are proud to have supported our customers, their communities, and all our stakeholders throughout the past financial year. Strongly aligned to our purpose to feed into prosperity, not off it, is our commitment to strengthening communities.

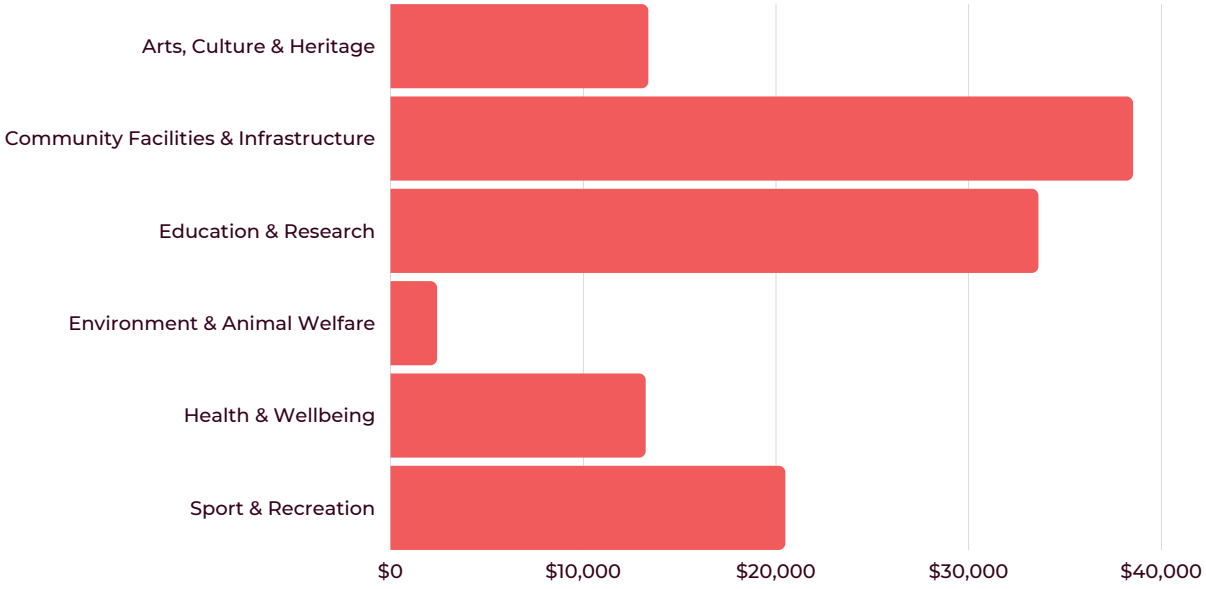
To date, through Bendigo Bank's unique Community Bank model, more than $270 million has been returned to communities, providing infrastructure, invigorating local activity, and strengthening for the long term the social and economic fabric of the places we call home.

Community Bank Maldon & District again committed $100,000 to the Community Enterprise Foundation enabling us to carry funds forward so we can continue to be ready to provide for the community where needed.
We also delivered over $120,000 directly into the community throughout 2020/21 to the following recipients:

Asthma Foundation donation on behalf of Race Ya foundation	MAINfm – In Maldon Today sponsorship
Bealiba Primary School grant	Maldon Eat Drinks Events Inc. (MEDE) photography event sponsor
Brian Cummins Group hand sanitisers	Maldon Easter Fair Inc sponsor
Castlemaine Festival of Gardens sponsorship	Maldon Football Netball Club partner
Castlemaine Golf Club signage and event sponsorship	Maldon Golf Club partner
Castlemaine Health support for AED training	Maldon Golf Club hole in 1 Easter competition
Defib for Life Zol AED x 12 for primary schools	Maldon Hospital donation on behalf of Murray to Moyne Foundation
Defib for Life Zol AED for Maldon Croquet Club	Maldon Petanque Club event sponsor
Dunolly Bowling Club partner	Maryborough Golf Club fundraiser sponsor
Dunolly Field & Game event sponsorship	Mirawara Outdoor Experiences Inc. program sponsor
Dunolly Golf Club partner	Newstead Bowling Club partner
Dunolly Football Netball Club partner	Newstead Echo sponsorship
Dunolly Welcome Record sponsor	Newstead Football Netball Club partner
Driver Training graduate payments	Red Shed Arts Workshop partner
Driver Training Academies of Australia instructor fee	Sorted. Small Business Action program
Harcourt Football Netball Club partner	Scholarship recipients for University and TAFE x 4
Harcourt Core sponsor	Tarrangower Times sponsorship
Laanecoorie-Dunolly Cricket Club partner	

Community impact report





Broad reach

We are proud to have again been able to support a wide range of events, businesses and groups which reflect the diverse interest and communities where we operate. We assess our partnership applications on a month-by-month basis and also initiate our own programs and funding where a need is identified in the community, for example our 'Defibs for Schools' program. Similar to 2020, this year a large focus was on COVID-19 resilience and providing support for local business and community groups who may be having cashflow and fundraising concerns.

Given ongoing lockdown restrictions in our region, many events and activities supported by Community Bank Maldon & District were postponed and later cancelled. Despite this, we continued to find ways to support community groups, schools and sporting clubs.

Community impact report

Community facilities and infrastructure

Our largest spend category throughout the year, Community Bank Maldon & District contributed 32% of our spend, or over $38,000 towards community facilities and infrastructure spend. We provided direct funding to Castlemaine Health to support their training and development equipment and programs. The majority of this category funding, was in relation to our flagship 'Defibs for Schools' program.

Defibs for schools

The communities of Maldon, Newstead, Dunolly, Harcourt, Castlemaine and surrounds can now access a defibrillator any time of the day or night at their local primary schools thanks to the Community Bank Maldon & District. A public access defibrillator has been installed at 12 local primary schools in an initiative to give back to the community from the Bank.

The new defibrillators, which are fixed externally to buildings throughout the community, are accessible 24/7 and are designed to assist in emergency scenarios. As well as providing a priceless benefit to the community, the new defibrillators will relieve some of the stress for emergency services workers and volunteers, who respond to these calls.

We thank the schools for their patience with a COVID-interrupted delivery and thank CHIRP Community Healthnurse, Bronwyn Grieve, for her ongoing training and support with this program.
Schools who received a defibrillator from Community Bank Maldon & District are Dunolly Primary, Maldon Primary, Newstead Primary, Harcourt Valley Primary, Bealiba Primary, Castlemaine Primary, Winters Flat Primary, Campbells Creek Primary, Chewton Primary, Elphinstone Primary, Taradale Primary and Castlemaine Secondary School.











Community impact report

Education and research

Community Bank Maldon and District has again shown our commitment to education by continuing to offer University and TAFE scholarships, running our successful driver training program and running a second successful year of the Small Business Action Program. Over **$34,000, approximately 27%** of our overall community spend, was spent on education and research.





'This program could not have come at a better time for us with our orchard lease kicking off at the same time. A great overview of all the moving parts of small business with practical tools, templates and ideas to get things sorted!' - **Ingrid from the Orchard Keepers**



Small Business Action Program

For the second year Community Bank Maldon & District ran its Small Business Action Program in conjunction with Clare Fountain from sorted. In line with the Bank ethos, Clare believes in the resilience of strong communities, and that building stronger businesses helps to build stronger communities.

The aim of the program was to support local small businesses to recover, reshape and rebound as we emerge from COVID-19 restrictions.

The course was designed to increase participant's knowledge, identify new opportunities and build collaboration with other businesses in the region. The value noted by the participants in both years we have run the course has been far greater than the aims outlined.

Congratulations to all of the graduates of our Small Business Action Program for showing their commitment to the success of their business and to strengthening their communities.

We're very proud to have played a small part in your business journeys.





Community impact report

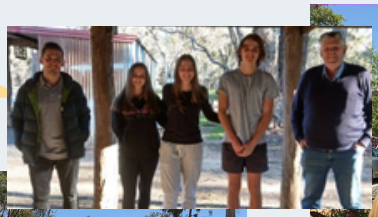
Safer learner drivers

Community Bank Maldon & District has contributed over $400,000 since 2003 to run a hands-on driver training program. This funding supports learner drivers to participate in a tailored 5-day intensive program. The participants drive in a group of three, with a qualified instructor, in a range of different environments and traffic conditions, including un-sealed country roads, highway and city driving, as well as defensive driving.

The graduates from 2021 take total graduate numbers up to over 400! Graduates receive a reward of a $50 bank account at the completion of the course.



'Gary the instructor was very calm and easy to talk to, very good at teaching' - Forest







'Fantastic program! I really enjoyed the variety of activities throughout the week and now have a lot more confidence in parking and driving in general' – Uma





"The money has already helped me to purchase a new computer for my studies, my laptop was becoming a bit worse for wear and had already died once so this is a big boost for me to continue studying' - Caleb



Uma said 'receiving this scholarship will provide me with the financial means with which to relocate from Chewton to Melbourne where I plan to undertake my studies without the stress and financial strain of daily commuting'

Scholarships

Interest in the Community Bank Maldon & District TAFE and university scholarship program again grew in 2021. We were able to provide one major and three minor scholarships, to the value of $5,000 to support four aspiring students with the ongoing costs of undertaking their studies.

In 2021 the major winner was Ethan Freemantle with Caleb Kuhle, Amy Lamport, and Uma Dingemans all receiving minor scholarships. We wish them all well in their studies!

Community impact report

Sport and recreation

Our third largest category of community spend throughout 2021 was for sport and recreation facilities. Community Bank Maldon & District provided nearly **$20,000 to 18 recipients**, keeping community clubs afloat during a second difficult year for fundraising as grass roots organisations were severely impacted by COVID-19 restrictions.

We supported the ongoing costs of running football netball clubs at Maldon, Dunolly, Newstead and Harcourt, as well as supporting events and tournaments at the Maldon, Dunolly and Newstead bowling clubs, Maldon Croquet Club, Dunolly Field and Game Club, cricket clubs in Newstead and Laanecoorie-Dunolly, Castlemaine, Maldon and Dunolly golf clubs, Maldon Petanque club, and the Maldon Campdraft held in early March.

We look forward to being present in person at many more sporting and recreation events throughout 2021-2022!













Community impact report

Sport and recreation

















Community impact report

Sport and recreation

















Community impact report

Arts and culture

Ten groups received funding relating to arts, events and cultural activities in our region. While many of these have been postponed, we look forward to supporting these activities ongoing throughout 2021-2022.

Community Bank Maldon & District is proud to be a sponsor of the main regional papers in the areas we operate. Specifically we advertise regularly in Maldon's newspaper The Tarrangower Times, and support Dunolly's Welcome Record, Newstead's The Echo, The Baringhup Community Newsletter and The Core in Harcourt, recognising the vital role local of newspapers and community newsletters.

We are major sponsors of MAINfm's "In Maldon Today" program and appreciate having our former EO Karly Smith Whelan and EO Shannon Burdeu both appear several times on the program.

We were able to partner with Maldon Eat Drink Events in their Maldon 2021 photography competition. The competition saw some amazing entrants in both the amateur and professional sections and we look forward to our ongoing partnership with this event.

The Maldon Twilight Dinner transformed Main Street into a marvellous alfresco dining experience in January. The Bank were once again proud major sponsors of this event, which is popular with both locals and visitors from around the region and state.













Community impact report

Health and wellbeing

In the 2021 financial year, Community Bank Maldon & District spent over $13,000 in support for hospitals, fundraisers and the purchase of hand sanitiser stations for community group use.

The Nuggetty Landcare Group were on site to hand out indigenous plants, courtesy of Community Bank funding.

Although COVID-19 restrictions saw the annual Race Ya! family day - Asthma Australia fundraiser (in memory of Ned Cameron) postponed, the Community Bank honoured our commitment with a donation of $500 to support this important Asthma awareness fundraiser.

A donation of $5,000 was made in partnership with the local Murray-to-Moyne team (Maldon M2M) to the Maldon Hospital to support this vital community institution.









Community impact report

Acknowledgments

The Community Investment Portfolio, the team behind the sponsorship and grants programs, are a talented team. We are thankful for and acknowledge the passion and hard work of members Janet Purcell, Liesl Malan, Karly Smith Whelan, Ross Egleton and Community Bank Maldon & District Customer Service Officer Kyle Winstanley, who work alongside Adam Balzan (Portfolio Chair and Branch Manager) and Shannon Burdeu (Executive Officer).

We appreciate the team's connection to our region and community groups, and commitment to building stronger communities.

An additional thanks to Wendy Merlo and Karly Smith Whelan, both of whom changed roles throughout 2021 with Wendy retiring from the Community Bank Maldon & District branch and Chair of the Community Investment portfolio and Karly moving on from her role as former Executive Officer. You both leave the portfolio in a strong and stable position and should be enormously proud of the accomplishments of the last 12 months.

The Portfolio is strongly supported by the board, branch team and Communications Officer to deliver our program and celebrate its successes, so a big thankyou to all involved. We look forward to continuing to have a positive and lasting impact in our communities into the future.



Lastly, please stay in touch. Come to us with your ideas and tell us what the community needs and wants. It is the community voice we want to hear and we truly believe given the resilience in our community we have seen over the last 18 months, that there is a renewed sense of optimism as we look beyond current challenges towards a prosperous, engaged and connected future.

Adam Balzan
Portfolio Chair

Shannon Burdeu
Executive Officer

Director's report

The directors present their report together with the financial statements of the company for the financial year ended 30 June 2021.

The directors of the company who held office during the financial year and to the date of this report are:

Ross Arthur Egleton, Chair
Occupation: Mens Behaviour Change Worker
Qualifications, experience and expertise: Bachelor of Commerce. Graduate Certificate Human Resource Management. Committee Member - Maldon Football Netball Club. Project Manager, Annie North (2017-2021). Program Coordinator, Corrections Victoria (2014-17).
Portfolios: Audit & Governance, HR (Chair), Community Investment, Finance, Business Development

Karly Brenda Smith Whelan, Director, Company Secretary
Occupation: Grants Program Manager
Qualifications, experience and expertise: Bachelor of Arts (Hons). Graduate Australian Institute of Company Directors (GAICD). Joined the MDFSL board as a director in 2007, and was the Company Secretary from 2008- June 2021. Twenty years' experience working in project management and research in corporate, academic and not-for-profit community organisations. Currently employed as the Victorian Grants Program Manager at the Foundation Rural and Regional Renewal (FRRR). Prior to this she was employed as MDFSL's Executive Officer. School council member at Castlemaine Primary School.
Portfolios: Member of all portfolios (except HR): 1 July 2020 - 28 February 2021, Member Community Investment and Finance Portfolios: 1 March - 30 June 2021.

Kerryn Margaret Healy, Treasurer, Deputy Chair
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. Portfolios: Finance (Chair)

Janet Mary Purcell, Non-executive director
Occupation: Retirement
Qualifications, experience and expertise: Maldon Museum and Archives Inc. – Volunteer with regular commitments and opening up the Museum for visitors. Maldon Focus Inc. – committee member. Maldon Streetscape – Committee member with fantastic results this year with underground power poles in the street. Tarrangower Cactus Warriors – volunteer working on removing cactus. Maldon Athenaeum Library – Member. Friends of Maldon Historic Reserve – working with Parks Victoria to refresh walking tracks and removing weeds.
Portfolios: Community Investment, Communications

Jane Louise Goodrich, Non-executive director
Occupation: Manager
Qualifications, experience and expertise: Current committee member of Castlemaine Circus Inc and Lot19 Art. Previous board member of Castlemaine Artists Market and the Environment Centre of the Northern Territory. Background in event management and community events. Co-founder of the Castlemaine Billy Cart Challenge. Portfolios: Communications

Director's report

Directors: Continued

Katie Lee McEachran, Non-executive director, Assistant Treasurer
Occupation: Cyber Security Analyst
Qualifications, experience and expertise: Double Diploma of Conservation & Land Management/Diploma of Sustainability. Certificate III Financial Services. Long-term Bendigo Bank staff member: five years at the Maldon & District Community Bank and currently a Cyber Security Analyst. Currently studying Bachelor of IT Cyber Security.
Portfolios: Audit & Governance, Finance Portfolio

Liesl Suzanne Malan, Non-executive director (appointed 26 February 2021)
Occupation: Business owner
Qualifications, experience and expertise: Board Member MDFSL (February 2021 - current). Secretary Harcourt Progress Association (August 2019 - April 2021). Member of Australian Food Sovereignty Alliance (current). Member of Australian Institute of Landscape Architects National Board (2012 - 2015). Business owner of Liesl Malan Landscape Architects (LMLA) 2006 - 2019. Registered Landscape Architect (AILA) (2001 - 2019). Graduate Diploma of Landscape Architecture - QUT (1998). Travelled extensively and worked abroad in South Africa, the United Kingdom, Japan (1989 – 1995). Bachelor of Arts - UQ (1988). Portfolios: Community Investment Portfolio

Kirsty Sue Mackay, Non-executive director (resigned 31 January 2021)
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. Moved interstate Jan 2021.
Portfolios: Audit & Governance (Chair), Finance (Deputy Chair).

Katherine 'Katie' Louise Finlay, Non-executive director (resigned 28 October 2020)
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.
Portfolios: Communications (Chair)

Directors were in office for this entire year unless otherwise stated.
No directors have material interest in contracts or proposed contracts with the company.

Company secretary

The company secretary is Karly Brenda Smith. Karly was appointed to the position of secretary on 24 November 2008. Karly is also a Director as per above. There have been two company secretaries holding the position during the financial year:

- Shannon Laura Fernie Burdeu was appointed company secretary on 1 July 2021.
- Karly Brenda Smith was appointed as company secretary on 24 November 2008 and ceased on 30 June 2021.

Director's report

Principal Activity

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 financial year.

Operating results

The profit of the company for the financial year was:

Year ended 30 June 2021 $	Year eneded 30 June 2020 $
3,744	62,803

Significant changes in the state of affairs

Since January 2020, COVID-19 has developed and spread globally. In response, the Commonwealth and State Government introduced a range of social isolation measures to limit the spread of the virus. Such measures have been revised, as appropriate, based on case numbers and the level of community transmission. Whilst there has been no significant changes on the company's financial performance so far, uncertainty remains on the future impact of COVID-19 to the company’s operations.

In the opinion of the directors there were no other 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.

Director's 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 26 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.

Director's report

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

The number of directors' meetings (including meetings of portfolios of directors) attended by each of the directors of the company during the financial year were:

E - eligible to attend
A - number attended

	Board Meetings Attended		Portfolio Meetings Attended									
			Community Investment		Finance		Communication		Audit & Governance		Business Development	
	E	A	E	A	E	A	E	A	E	A	E	A
Ross Arthur Egleton	11	11	11	10	12	10	6	2	4	4	5	5
Karly Brenda Smith Whelan	11	11	11	10	12	11	4	4	4	3	5	5
Kerryn Margaret Healy	11	11	-	-	12	12	-	-	-	-	-	-
Janet Mary Purcell	11	9	11	10	-	-	6	4	-	-	-	-
Jane Louise Goodrich	11	9	-	-	-	-	6	6	-	-	-	-
Katie Lee McEachran	11	11	-	-	6	6	-	-	4	4	-	-
Liesl Suzanne Malan	4	4	4	3	-	-	-	-	-	-	-	-
Kirsty Sue Mackay	7	7	-	-	7	7	-	-	4	4	-	-
Katherine 'Katie' Louise Finlay	4	4	-	-	-	-	2	2	-	-	-	-

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 note 25 to the accounts.
The board of directors has considered the non-audit services provided during the year by the auditor and, in accordance with the advice received from the Finance Committee, is satisfied that the provision of the non-audit services is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the Finance Committee to ensure they do not impact on the impartiality, integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the company, acting as an advocate for the company or jointly sharing risks and rewards.

Director's report

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

Signed in accordance with a resolution of the directors at Maldon, Victoria.



Ross Arthur Egleton, Chair
Dated this 30th day of September 2021

Auditor's independent declaration

AFS
Partners in success
Chartered Accountants

61 Bull Street
Bendigo VIC 3550

afs@afsbendigo.com.au
03 5443 0344

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

As lead auditor for the audit of Maldon & District Financial Services Limited for the year ended 30 June 2021, 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: 30 September 2021

Joshua Griffin
Lead Auditor

Financial statement and notes

Maldon & District Financial Services Limited
Statement of Profit or Loss and Other Comprehensive Income
for the year ended 30 June 2021

	Notes	2021 $	2020 $
Revenue from contracts with customers	7	1,036,051	1,052,720
Other revenue	8	83,560	108,181
Employee benefit expenses	9f)	(665,067)	(614,905)
Charitable donations, sponsorship, advertising and promotion	9d)	(197,655)	(244,688)
Occupancy and associated costs		(24,662)	(17,916)
Systems costs		(44,871)	(46,401)
Depreciation and amortisation expense	9a)	(62,422)	(62,441)
Finance costs	9b)	(3,684)	(4,934)
Interest paid to members	9c)	(17,496)	(17,227)
General administration expenses		(100,010)	(89,586)
Profit before income tax credit		**3,744**	**62,803**
Income tax	10	-	-
Profit after income tax credit		**3,744**	**62,803**
Total comprehensive income for the year:		**3,744**	**62,803**

The accompanying notes on each page form part of these financial statements

Maldon & District Financial Services Limited
Statement of Financial Position
as at 30 June 2021

	Notes	2021 $	2020 $
ASSETS			
Current assets			
Cash and cash equivalents	11	524,831	223,503
Trade and other receivables	12a)	111,982	153,413
Total current assets		**636,813**	**376,916**
Non-current assets			
Property, plant and equipment	13a)	683,617	699,545
Right-of-use assets	14a)	54,182	81,025
Intangible assets	15a)	37,354	50,538
Total non-current assets		**775,153**	**831,108**
Total assets		**1,411,966**	**1,208,024**
LIABILITIES			
Current liabilities			
Trade and other payables	16a)	226,693	236,894
Lease liabilities	18a)	28,877	27,104
Employee benefits	20a)	54,677	49,634
Member funds	21	243,480	-
Total current liabilities		**553,727**	**313,632**
Non-current liabilities			
Trade and other payables	16b)	14,825	29,650
Loans and borrowings	17a)	6	6
Lease liabilities	18b)	27,274	55,237
Employee benefits	20b)	8,303	5,742
Provisions	19a)	7,067	6,737
Total non-current liabilities		**57,475**	**97,372**
Total liabilities		**611,202**	**411,004**
Net assets		**800,764**	**797,020**
EQUITY			
Retained earnings	22	800,764	797,020
Total equity		**800,764**	**797,020**

Maldon & District Financial Services Limited
Statement of Changes in Equity
for the year ended 30 June 2021

	Retained earnings $	Total equity $
Balance at 1 July 2019	734,217	736,648
Total comprehensive income for the year	62,803	60,372
Balance at 30 June 2020	**797,020**	**797,020**
Balance at 1 July 2020	797,020	797,020
Total comprehensive income for the year	3,744	3,744
Balance at 30 June 2021	**800,764**	**800,764**

Maldon & District Financial Services Limited
Statement of Cash Flows
for the year ended 30 June 2021

	Notes	2021 $	2020 $
Cash flows from operating activities			
Receipts from customers		1,225,787	1,268,226
Payments to suppliers and employees		(1,084,619)	(1,134,006)
Interest paid		(17,496)	(17,228)
Lease payments (interest component)	9b)	(3,354)	(4,619)
Lease payments not included in the measurement of lease liabilities	9g)	(17,669)	(18,042)
Net cash provided by operating activities	23	**102,649**	**94,331**
Cash flows from investing activities			
Payments for property, plant and equipment		(5,555)	(8,083)
Payments for intangible assets		(12,142)	(12,142)
Net cash used in investing activities		**(17,697)**	**(20,225)**
Cash flows from financing activities			
Lease payments (principal component)		(27,104)	(25,838)
Net cash used in financing activities		**(27,104)**	**(25,838)**
Net cash increase in cash held		**57,848**	**48,268**
Cash and cash equivalents at the beginning of the financial year		223,503	175,235
Cash and cash equivalents recognsied from change in accounting policy		243,480	-
Cash and cash equivalents at the end of the financial year	11	**524,831**	**223,503**

Note 1 Reporting entity

This is the financial report for Maldon & District Financial Services Limited (the company). The company is a for profit entity for the purpose of preparing the financial statements. The entity is a company limited by guarantee and incorporated and domiciled in Australia. The registered office and principal place of business is:

Registered Office	Principal Place of Business
93 High Street Maldon VIC 3463	81 High Street Maldon VIC 3463

Further information on the nature of the operations and principal activity of the company is provided in the directors' report. Information on the company's related party relationships is provided in Note 26.

Note 2 Basis of preparation and statement of compliance

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards and Interpretations adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The financial statements comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB).

The financial statements have been prepared on an accrual and historical cost basis, except for certain properties, financial instruments, and equity financial assets that are measured at revalued amounts or fair values at the end of each reporting period. The financial report is presented in Australian dollars and all values are rounded to the nearest dollar, unless otherwise stated.

These financial statements for the year ended 30 June 2021 were authorised for issue in accordance with a resolution of the directors on 30 September 2021.

Note 3 Changes in accounting policies, standards and interpretations

The company utilises a Community Bank Trust Account which is operated by the company and not Bendigo and Adelaide Bank. The account was set up in 1998 when the company was established to hold pledges which are repayable to pledgeholders at face value upon request. Historically the bank account and 'Funds held in Trust' liability have not been presented in the financial statements due to overall immaterial effect on net assets. The company has chosen to now recognise both the previously mentioned asset and liability to ensure fully transparency.

There are a number of amendments to accounting standards issued by the AASB that became mandatorily effective for accounting periods beginning on or after 1 July 2020, and are therefore relevant for the current financial year. The amendments did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

Note 4 Summary of significant accounting policies

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

a) Revenue from contracts with customers

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

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

Note 4 Summary of significant accounting policies *(continued)*

a) Revenue from contracts with customers *(continued)*

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

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

All revenue is stated net of the amount of Goods and Services Tax (GST). There was no revenue from contracts with customers recognised over time during the financial year.

Revenue calculation

The franchise agreement provides that three forms of revenue may be earned by the company – margin, commission and fee income. Bendigo Bank decides the form of revenue the company earns on different types of products and services.

The revenue earned by the company is dependent on the business that it generates. It may also be affected by other factors, such as economic and local conditions, for example, interest rates.

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 Bank for a deposit,
- *minus* any costs of funds i.e. interest applied by to fund a loan.

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

Commission

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

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

Fee income

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

Core banking products

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

Note 4 Summary of significant accounting policies *(continued)*

a) Revenue from contracts with customers *(continued)*

Ability to change financial return

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

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

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

b) Other revenue

The company's activities include the generation of income from sources other than the core products under the franchise agreement. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and can be reliably measured.

Revenue	Revenue recognition policy
Discretionary financial contributions (also "Market Development Fund" or "MDF" income)	MDF income is recognised when the right to receive the payment is established. MDF income is discretionary and provided and receivable at month-end and paid within 14 days after month-end.
Cash flow boost	Cash flow boost income is recognised when the right to the payment is established (e.g. monthly or quarterly in the activity statement).
Other income	All other revenues that did not contain contracts with customers are recognised as goods and services are provided.

All revenue is stated net of the amount of Goods and Services Tax (GST).

Discretionary financial contributions

In addition to margin, commission and fee income, and separate from the franchise agreement, Bendigo Bank has also made MDF payments to the company.

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 grants. It is for the board to decide how to use the MDF.

The payments from Bendigo Bank are discretionary and may change the amount or stop making them at any time. The company retains control over the funds, the funds are not refundable to Bendigo Bank.

Cash flow boost

In response to the COVID-19 outbreak, Boosting Cash Flow for Employers (Coronavirus Economic Response Package) Act 2020 (CFB Act) was enacted. The purpose was to provide temporary cash flow to small and medium sized businesses that employ staff and have been affected by the economic downturn associated with COVID-19.

The amounts received are in relation to amounts withheld as withholding tax reported in the activity statement. This essentially subsidises the company's obligation to remit withholding tax to the Australian Taxation Office. For reporting purposes, the amounts subsidised are recognised as revenue.

The amounts are not assessable for tax purposes and there is no obligation to repay the amounts.

Note 4 Summary of significant accounting policies *(continued)*

c) Economic dependency - Bendigo Bank

The company has entered into a franchise agreement with Bendigo Bank that governs the management of the Community Bank.

The company is economically dependent on the ongoing receipt of income under the franchise agreement with Bendigo Bank. The directors have no reason to believe a new franchise arrangement under mutually acceptable terms will not be forthcoming following expiry.

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

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

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

The credit risk (i.e. the risk that a customer will not make repayments) is for the relevant Bendigo Bank 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 Bank provides significant assistance in establishing and maintaining the Community Bank franchise operations. It also continues to provide ongoing management and operational support and other assistance and guidance in relation to all aspects of the franchise operation, including advice and assistance in relation to:

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

d) Employee benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for salary and wages where the employee has provided the service but payment has not yet occurred at the reporting date. They are measured at amounts expected to be paid, plus related on-costs. Non-accumulating sick leave is expensed when the leave is taken and measured at the rates paid or payable.

An annual leave liability is recognised for the amount expected to be paid if the company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be reliably estimated. The company's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as part of current trade and other payables in the statement of financial position. The company's obligations for employees' annual leave and long service leave entitlements are recognised in employee benefits in the statement of financial position.

Note 4 Summary of significant accounting policies *(continued)*

d) Employee benefits *(continued)*

Defined superannuation contribution plans

The company contributes to a defined contribution plan. Obligations for superannuation contributions to defined contribution plans are expensed as the related service is provided.

Other long-term employee benefits

The company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior reporting periods.

That benefit is discounted to determine its present value. Consideration is given to expected future wage and salary levels plus related on-costs, experience of employee departures, and years of service achieved. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

Remeasurements are recognised in profit or loss in the period in which they arise.

e) Taxes

Goods and Services Tax

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

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

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

f) Cash and cash equivalents

For the purposes of the statement of financial position and statement of cash flows, cash and cash equivalents comprise cash on hand and deposits held with banks. This now includes funds held on behalf of the members which were offset against the trust account.

g) Property, plant and equipment

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

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the company.

Depreciation is calculated to write-off the cost of items of property, plant and equipment less their estimated residual values using straight-line and/or diminishing value method over their estimated useful lives, and is recognised in profit or loss. Land is not depreciated.

Note 4 Summary of significant accounting policies *(continued)*

g) Property, plant and equipment *(continued)*

The estimated useful lives of property, plant and equipment for the current and comparative periods are as follows:

Asset class	Method	Useful life
Building	Straight-line	7 to 40 years
Leasehold improvements	Straight-line	5 to 40 years
Plant and equipment	Straight-line and diminishing value	1 to 20 years
Furniture and fittings	Straight-line	5 years

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

h) Intangible assets

Intangible assets of the company include the franchise fees paid to Bendigo Bank conveying the right to operate the Community Bank franchise.

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

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

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

Asset class	Method	Useful life
Franchise fee	Straight-line	Over the franchise term (5 years)
Franchise renewal process fee	Straight-line	Over the franchise term (5 years)

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

i) Financial instruments

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

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

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

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

Note 4 Summary of significant accounting policies *(continued)*

j) Impairment

Non-derivative financial assets

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

Most of the company's trade receivables are limited to the monthly profit share distribution from Bendigo Bank, which is received 10 business days post month end. Due to the reliance on Bendigo Bank the company has reviewed credit ratings provided by Standard & Poors, Moody's and Fitch Ratings to determine the level of credit exposure to the company. The company also performed a historical assessment of receivables from Bendigo Bank and found no instances of default. As a result no ECL has been made in relation to trade receivables as at 30 June 2021.

Non-financial 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 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).

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 is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately.

k) 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.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

l) Leases

At inception of a contract, the company assesses whether a contract contains or is a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration and obtain substantially all the economic benefits from the use of that asset.

As a lessee

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the company's incremental borrowing rate.

The company determines its incremental borrowing rate by obtaining interest rates from funding sources and where necessary makes certain adjustments to reflect the terms of the lease and type of asset leased.

Lease payments included in the measurement of the lease liability comprise fixed or variable lease payments that depend on an index or rate and lease payments in a renewal option if the company is reasonably certain to exercise that option. For leases of property the company has elected not to separate lease and non-lease components when calculating the lease liability.

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

Note 4 Summary of significant accounting policies *(continued)*

l) Leases *(continued)*

As a lessee (continued)

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

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

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

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

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Short-term leases and leases of low-value assets

The company has elected not to recognise right-of-use assets and lease liabilities for leases of short-term leases and low-value assets, including IT equipment. The company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

A short-term lease is a lease that, at commencement date, has a lease term of 12 months or less.

Note 5 Significant accounting judgements, estimates, and assumptions

In preparing these financial statements, management has made judgements and estimates that affect the application of the company's accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

a) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

Note		Judgement	
- Note 18 - leases:			
a)	control	a)	whether a contract is or contains a lease at inception by assessing whether the company has the right to direct the use of the identified asset and obtain substantially all the economic benefits from the use of that asset;
b)	lease term	b)	whether the company is reasonably certain to exercise extension options, termination periods, and purchase options;
c)	discount rates	c)	judgement is required to determine the discount rate, where the discount rate is the company's incremental borrowing rate if the rate implicit in the lease cannot be readily determined. The incremental borrowing rate is determined with reference to factors specific to the company and underlying asset including the amount, the lease term, economic environment and other relevant factors.

Note 5 Significant accounting judgements, estimates, and assumptions *(continued)*

b) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at 30 June 2021 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

Note	Assumptions
- Note 13 - estimation of useful lives of assets	key assumptions on historical experience and the condition of the asset;
- Note 20 - long service leave provision	key assumptions on attrition rate and pay increases though promotion and inflation;
- Note 19 - make-good provision	key assumptions on future cost estimates in restoring the leased premises in accordance with the lease agreement.

Note 6 Financial risk management

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

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

a) Credit risk

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

The company's franchise agreement limits the company's credit exposure to one financial institution, being Bendigo Bank. The company monitors credit worthiness through review of credit ratings of the bank.

b) Liquidity risk

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

The company maintains the following lines of credit with Bendigo Bank:

- $139,168 commercial loan facility secured by the company's assets currently drawn to $6. Interest is payable at a rate of 4.99% (2020: 4.99%)

The following are the remaining contractual maturities of financial liabilities. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements.

30 June 2021

		Contractual cash flows		
Non-derivative financial liability	Carrying amount	Not later than 12 months	Between 12 months and five years	Greater than five years
Bank loans	6	6	-	-
Lease liabilities	56,151	30,938	27,985	-
Trade and other payables	241,518	226,693	14,825	-
	297,675	257,637	42,810	-

Note 6 Financial risk management *(continued)*

b) Liquidity risk *(continued)*

30 June 2020

Non-derivative financial liability	Carrying amount	Contractual cash flows: Not later than 12 months	Contractual cash flows: Between 12 months and five years	Contractual cash flows: Greater than five years
Bank loans	6	6	-	-
Lease liabilities	82,341	30,458	57,963	-
Trade and other payables	266,544	236,894	29,650	-
	348,891	267,358	87,613	-

c) Market risk

Market risk

Market risk is the risk that changes in market prices - e.g. foreign exchange rates, interest rates, and equity prices - will affect the company's income or the value of its holdings in financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

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

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.

Cash flow and fair value interest rate risk

Interest-bearing assets are held with Bendigo Bank 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 held cash and cash equivalents of $524,831 at 30 June 2021 (2020: $223,503). The cash and cash equivalents are held with Bendigo Bank, which are rated BBB on Standard & Poor's credit ratings.

Note 7 Revenue from contracts with customers

	2021 $	2020 $
- Margin income	900,610	918,986
- Fee income	66,230	67,448
- Commission income	69,211	66,286
	1,036,051	1,052,720

Note 8 Other revenue

	2021 $	2020 $
- Market development fund income	38,750	45,000
- Cash flow boost	36,808	61,348
- Other income	8,002	1,833
	83,560	108,181

Note 9 Expenses

a) Depreciation and amortisation expense

	2021 $	2020 $
Depreciation of non-current assets:		
- Buildings	15,807	16,825
- Leasehold improvements	2,684	2,601
- Plant and equipment	2,222	2,048
- Furniture and fittings	122	28
- Computer equipment	648	-
	21,483	21,502
Depreciation of right-of-use assets		
- Leased land and buildings	27,755	27,755
Amortisation of intangible assets:		
- Franchise fee	2,197	2,198
- Franchise renewal process fee	10,987	10,986
	13,184	13,184
Total depreciation and amortisation expense	62,422	62,441

b) Finance costs

- Lease interest expense	3,354	4,619
- Unwinding of make-good provision	330	315
	3,684	4,934

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

c) Interest paid to members

Interest paid to members during the year	17,496	17,227

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

d) Charitable donations, sponsorship, advertising and promotion

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

	Note	2021 $	2020 $
- Direct sponsorship, advertising, and promotion payments		47,655	119,688
- Contribution to the Community Enterprise Foundation™	9e)	150,000	125,000
		197,655	244,688

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

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

Note 9 Expenses *(continued)*

e) Community Enterprise Foundation™ contributions

During the financial year the company contributed funds to the CEF, the philanthropic arm of the Bendigo Bank. These contributions paid in form part of charitable donations and sponsorship expenditure included in profit or loss.

Disaggregation of CEF funds	Note	2021 $	2020 $
Opening balance		152,342	47,802
Contributions paid in	9d)	150,000	125,000
Grants paid out		(20,008)	(15,300)
Interest received		1,813	1,679
Management fees incurred		(7,893)	(6,840)
Balance available for distribution		276,254	152,342

f) Employee benefit expenses

	2021 $	2020 $
Wages and salaries	517,110	469,019
Contributions to defined contribution plans	52,748	50,168
Other expenses	85,503	95,718
	665,067	614,905

g) Recognition exemption

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

	2021 $	2020 $
Expenses relating to low-value leases	17,669	18,042

Note 10 Income tax expense

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

Note 11 Cash and cash equivalents

	2021 $	2020 $
Cash at bank and on hand	281,351	223,503
Trust account - member funds	243,480	-
	524,831	223,503

During the period the company had a change in accounting policy on the way it accounted for the members funds. Previously the obligation of the funds held on behalf of the members were offset against the trust account. These have now been split out and individually recognised as an asset in 'cash and cash equivalents and a liability in 'members funds'.

Note 12 Trade and other receivables

a) Current assets	2021 $	2020 $
Trade receivables	92,712	91,366
Prepayments	17,270	15,198
Other receivables and accruals	2,000	46,849
	111,982	153,413

Note 13 Property, plant and equipment

a) Carrying amounts	2021 $	2020 $
Land		
At cost	199,387	199,387
Buildings		
At cost	590,838	590,838
Less: accumulated depreciation	(129,651)	(113,844)
	461,187	476,994
Leasehold improvements		
At cost	20,835	20,835
Less: accumulated depreciation	(9,764)	(7,080)
	11,071	13,755
Plant and equipment		
At cost	48,577	46,382
Less: accumulated depreciation	(39,777)	(37,555)
	8,800	8,827
Furniture and fittings		
At cost	610	610
Less: accumulated depreciation	(150)	(28)
	460	582
Computer equipment		
At cost	3,360	-
Less: accumulated depreciation and impairment	(648)	-
	2,712	-
Total written down amount	683,617	699,545
b) Reconciliation of carrying amounts		
Land	199,387	199,387
Buildings		
Carrying amount at beginning	476,994	493,819
Depreciation	(15,807)	(16,825)
	461,187	476,994

Note 13 Property, plant and equipment *(continued)*

b) Reconciliation of carrying amounts *(continued)*

	2021 $	2020 $
Leasehold improvements		
Carrying amount at beginning	13,755	10,509
Additions	-	5,847
Depreciation	(2,684)	(2,601)
	11,071	13,755
Plant and equipment		
Carrying amount at beginning	8,827	9,250
Additions	2,195	1,625
Depreciation	(2,222)	(2,048)
	8,800	8,827
Furniture and fittings		
Carrying amount at beginning	582	-
Additions	-	610
Depreciation	(122)	(28)
	460	582
Computer equipment		
Carrying amount at beginning	-	-
Additions	3,360	-
Depreciation	(648)	-
Carrying amount at end	2,712	-
Total written down amount	683,617	699,545

c) Changes in estimates

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

Note 14 Right-of-use assets

a) Carrying amounts

	2021 $	2020 $
Leased land and buildings		
At cost	151,648	150,735
Less: accumulated depreciation	(97,466)	(69,710)
Total written down amount	54,182	81,025

Note 14 Right-of-use assets *(continued)*

b) Reconciliation of carrying amounts

	2021 $	2020 $
Leased land and buildings		
Carrying amount at beginning	81,025	-
Initial recognition on transition	-	150,735
Accumulated depreciation on adoption	-	(41,955)
Remeasurement adjustments	912	-
Depreciation	(27,755)	(27,755)
Total written down amount	54,182	81,025

Note 15 Intangible assets

a) Carrying amounts

	2021 $	2020 $
Franchise fee		
At cost	92,439	92,439
Less: accumulated amortisation	(86,213)	(84,016)
	6,226	8,423
Franchise renewal process fee		
At cost	112,193	112,193
Less: accumulated amortisation	(81,065)	(70,078)
	31,128	42,115
Total written down amount	37,354	50,538

b) Reconciliation of carrying amounts

Franchise fee		
Carrying amount at beginning	8,423	10,621
Amortisation	(2,197)	(2,198)
	6,226	8,423
Franchise renewal process fee		
Carrying amount at beginning	42,115	53,101
Amortisation	(10,987)	(10,986)
	31,128	42,115
Total written down amount	37,354	50,538

c) Changes in estimates

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

Note 16 Trade creditors and other payables

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

a) Current liabilities

	2021 $	2020 $
Trade creditors	168,152	164,922
Interest due to pledge holders	17,480	17,500
Other creditors and accruals	41,061	54,472
	226,693	236,894

b) Non-current liabilities

Other creditors and accruals	14,825	29,650

Note 17 Loans and borrowings

a) Non-current liabilities

	2021 $	2020 $
Secured bank loans	6	6

b) Terms and repayment schedule

	Weighted average	Year of maturity	30 June 2021 Face value	30 June 2021 Carrying value	30 June 2020 Face value	30 June 2020 Carrying value
Secured bank loans	0.0%	Floating	6	6	6	6

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 2021 funds available for redraw is $139,161. The loan is secured by a fixed and floating charge over the company's assets.

Note 18 Lease liabilities

Lease liabilities were measured at amounts equal to the present value of enforceable future payments of the term reasonably expected to be exercised, discounted at the appropriate incremental borrowing rate on the adoption date. The discount rate used on recognition was 4.79%.

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

The company's lease portfolio includes:

- **Administration Office** — The lease agreement commenced in October 2019 for a three year term. The company has no renewal options available in the current lease agreement. As such, the lease term end date used in the calculation of the lease liability is October 2022.
- **Dunolly Rural Transaction Centre (RTC)** — The lease agreement commenced in July 2018 for a three year term. A 2 year renewal option was exercised in July 2021. As such, the lease term end date used in the calculation of the lease liability is July 2023.
- **Newstead Rural Transaction Centre (RTC)** — The lease agreement commenced in July 2018 for a three year term. A 2 year renewal option was exercised in July 2021. As such, the lease term end date used in the calculation of the lease liability is July 2023.

Note 18 Lease liabilities *(continued)*

a) Current lease liabilities

	2021 $	2020 $
Property lease liabilities	30,938	30,458
Unexpired interest	(2,061)	(3,354)
	28,877	27,104

b) Non-current lease liabilities

Property lease liabilities	27,985	57,963
Unexpired interest	(711)	(2,726)
	27,274	55,237

c) Reconciliation of lease liabilities

	2021 $	2020 $
Balance at the beginning (finance lease liabilities)	82,341	-
Initial recognition on AASB 16 transition	-	108,179
Remeasurement adjustments	914	-
Lease interest expense	3,354	4,619
Lease payments - total cash outflow	(30,458)	(30,457)
	56,151	82,341

d) Maturity analysis

- Not later than 12 months	30,938	30,458
- Between 12 months and 5 years	27,985	57,963
Total undiscounted lease payments	58,923	88,421
Unexpired interest	(2,772)	(6,080)
Present value of lease liabilities	56,151	82,341

Note 19 Provisions

a) Non-current liabilities

	2021 $	2020 $
Make-good on leased premises	7,067	6,737

In accordance with the branch lease agreements, the company must restore the leased premises to their original condition before the expiry of the lease term. The company has estimated the provision based on experience and consideration of the expected future costs to remove all fittings and the ATM as well as cost to remedy any damages caused during the removal process. The leases are due to expire per below at which time it is expected the face-value costs to restore the premises will fall due.

Lease	Lease term expiry date per AASB 16	Estimated provision
Dunolly Branch	July 2023	$1,430
Newstead Branch	July 2023	$6,345
Administration Office	October 2022	$0

Note 20 Employee benefits

a) Current liabilities

	2021 $	2020 $
Provision for annual leave	33,152	25,090
Provision for long service leave	21,525	24,544
	54,677	49,634

b) Non-current liabilities

Provision for long service leave	8,303	5,742

c) Key judgement and assumptions

The company uses historical employee attrition rates in determining the probability of an employee, at a given date, achieving continuous employment eligible for entitlement in accordance with long service leave legislation.

Note 21 Members funds

	2021 $	2020 $
Member - pledge holder funds	243,480	-

During the period the company had a change in accounting policy on the way it accounted for the pledge holders funds. Previously the funds held on behalf of the pledge holders were offset against the trust account. These have now been split out and individually recognised as an asset and liability.

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 2021 the number of members was 161 (2020: 163).

Note 22 Retained earnings

	2021 $	2020 $
Balance at beginning of reporting period	797,020	740,038
Adjustment for transition to AASB 16	-	(5,821)
Net profit after tax from ordinary activities	3,744	62,803
Balance at end of reporting period	800,764	797,020

Note 23 Reconciliation of cash flows from operating activities

	2021 $	2020 $
Net profit after tax from ordinary activities	3,744	62,803
Adjustments for:		
- Depreciation	49,238	49,257
- Amortisation	13,184	13,184
Changes in assets and liabilities:		
- (Increase)/decrease in trade and other receivables	42,432	(40,603)
- Increase/(decrease) in trade and other payables	(13,884)	19,016
- Increase/(decrease) in employee benefits	7,605	(9,640)
- Increase/(decrease) in provisions	330	314
Net cash flows provided by operating activities	102,649	94,331

Note 24 Financial instruments

The following shows the carrying amounts for all financial instruments at amortised costs. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Note	2021 $	2020 $
Financial assets			
Cash and cash equivalents	11	281,351	223,503
Trade and other receivables	12	94,712	138,215
		376,063	361,718
Financial liabilities			
Trade and other payables	16	241,518	266,544
Secured bank loans	17	6	6
Lease liabilities	18	56,151	82,341
Member funds	21	243,480	-
		541,155	266,550

Note 25 Auditor's remuneration

Amount received or due and receivable by the auditor of the company for the financial year.

Audit and review services	2021 $	2020 $
- Audit and review of financial statements	3,000	2,800
Non audit services		
- Taxation advice and tax compliance services	250	400
- General advisory services	2,565	3,530
Total auditor's remuneration	5,815	6,730

Note 26 Related parties

a) Details of key management personnel

The directors of the company during the financial year were:

Ross Arthur Egleton
Karly Brenda Smith Whelan
Kerryn Margaret Healy
Janet Mary Purcell
Jane Louise Goodrich
Katie Lee McEachran
Liesl Suzanne Malan
Kirsty Sue Mackay
Katherine 'Katie' Louise Finlay

b) Related party transactions

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	2021 $	2020 $
- Karly Smith has provided executive officer services to the Company as approved by the board at a fixed rate. The total benefit received was:	72,959	53,067
Total transactions with related parties	72,959	53,067

Note 27 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, except for Karly Smith who was also the Executive Officer and Company Secretary throughout the financial year.

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 10%. 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
- 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

Note 27 Key management personnel disclosures *(continued)*

Remuneration report (continued)

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 Chair, Deputy Chair, Treasurer and Assistant Treasurer are paid additional fees on top of their Director fee, to assist in compensating for additional time and duties involved in holding these roles.

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

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

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

Performance based remuneration

Performance based remuneration 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.

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.

Key management personnel compensation comprised the following.	2021 $	2020 $
Short-term employee benefits	27,126	33,456
Post-employment benefits	2,653	3,150
	29,779	36,606

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

Note 28 Commitments

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

Note 29 Contingencies

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

Note 30 Subsequent events

There have been no significant events occurring after the reporting period which may affect either the company's operations or the results of those operations or the company's state of affairs.

Director's declaration

In accordance with a resolution of the directors of Maldon & District Financial Services Limited, 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 2021 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.

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



Ross Arthur Egleton, Chair

Dated this 30th day of September 2021

Independent auditor's report

AFS Partners in success Chartered Accountants

61 Bull Street
Bendigo VIC 3550

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03 5443 0344

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Maldon & District Financial Services Limited's (the company), which comprises:

- Statement of financial position as at 30 June 2021
- Statement of profit or loss and other comprehensive income
- Statement of changes in equity
- Statement of cash flows
- Notes to the financial statements, including a summary of significant accounting policies
- The directors' declaration of the company.

In our opinion, the accompanying financial report of 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 2021 and of its financial performance for the year ended on that date; and
ii. complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

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

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

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

Independent auditor's report

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.

Responsibilities of the Directors for the Financial Report

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

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

Auditor's responsibilities for the Audit of the Financial Report

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

Independent auditor's report

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

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

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

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

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

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

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 30 September 2021

Joshua Griffin
Lead Auditor

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Community Bank
Maldon & District

Bendigo Bank