

Annual Report 2022

Mount Gambier & District
Financial Services Limited

Community Bank
Mount Gambier & District
ABN 42 096 059 997

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Chair's report

For year ending 30 June 2022

I am pleased to report as Chair of the Board of Mount Gambier and District Financial Services Limited, our local Community Bank branch owner for the year ended June 2022.

As outlined in the financial reports, the Community Bank has performed well this year in an environment which continues to be challenging. This environment is one which requires constant analysis by the Board, to ensure we fulfil our responsibilities. We recognise your key role as our shareholders, thank you for your support.

Our strong performance is due to the leadership of our Branch Manager, Emma Horrigan, and the dedicated and skilled work of staff, who are part of our community and provide exemplary customer service. Thank you to all staff for your work this financial year, which has led to outstanding results for the company. This means that we are a high performing branch that can deliver great services and make a profit that benefits our shareholders and our community. The Board Directors have asked that I make our thanks very clear – we know that when staff and the Board Directors pull in the same direction, we can achieve at a level that is recognised as excellent. We know that the ongoing impact of COVID-19 has made this especially challenging.

As outlined elsewhere in the report, we have maintained our Community Investment Program this year, and have now provided over \$1.15 million in financial support for community initiatives and projects. Community investments this year included Tarpeena Progress Association (purchase of first aid kits), Mount Gambier Showjumping Club (sponsorship for junior riders carnival), Nangwarry Primary School (funding for community garden project), SA Rostrum (sponsorship for annual schools public speaking competition) and Mount Gambier Private Hospital (Tertiary Health Education Grant Program). We have also been the major sponsor for Western Border Football League, Limestone Coast Football Association and Limestone Coast Football Referees Association.

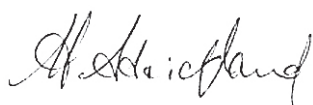
This is what makes our Community Bank special – we give back and we see this as a critical factor in our company. In addition, we have the benefit of being part of a national, highly respected Bendigo Bank brand, and can therefore provide a wide range of quality products to our customers.

The Board collectively has a strong skill set to provide strategic direction. In particular, Board members have excellent skills in the areas of finance, governance, strategic planning, promotion, business development and community engagement. The Board is comprised of individuals from the community, elected for a three year period. We fulfill our responsibilities to the business and the community by ensuring we are well informed and take part in workshops and briefings. The voluntary work of Directors in providing leadership is acknowledged and appreciated, thank you. We all enjoy being a part of and supporting such a great business.

The Board is currently reviewing our Strategic Plan, which provides a clear vision for the future, a solid understanding of the Community Bank model and effective community engagement. We continue to discuss the changing nature of banking and the implications this has for the way we operate.

We know that the way that many people use our bank is changing, as online transactions continue to grow, and this has implications for the way we interact with our customers and the way that the branch is configured. That is why we are currently carrying out an external and internal refurbishment of our branch, so that it meets modern banking needs and provides an efficient and pleasant environment for customers and staff.

I encourage all of you to help spread our story and promote our branch with friends and neighbours, because a stronger Community Bank can do more for our community.



Helen Strickland
Chair

Manager's report

For year ending 30 June 2022

I am pleased to be reporting on what has been another successful year. In my first year in the role of Branch Manager it gives me great pleasure to present the 2021-22 Branch Manager's report for Mount Gambier & District Financial Services Limited.

We have exceeded expectations this financial year showing the continuous growth in our lending and deposit and continuing to be the bank of choice.

This year we said goodbye to Tracy Koop, and we wish her all the best, with the team adjusting to a different style of management they have all embraced, changed and continue to provide a high level of service along with our products continuing to be competitive and of a high standard.

What strange times we still find ourselves in. COVID-19 has certainly had an effect on the branch foot traffic where we have seen the number of transactions greatly reduce and, in some ways, fundamentally change the way customers do their banking.

COVID-19 has become part of the normal day-to-day, and we have continued to listen to our customers, shareholders, community organisations and most importantly our staff. In July we revisited the closure of Saturday morning trading. Being the only branch open in South Australia, the decision was supported by the Board and Bendigo Bank to close. This decision was due to low Saturday morning foot traffic and minimal transactions and allowing time for our staff to regroup in these trying times.

Over the past twelve months COVID-19 has reduced the amount of community events that we have been able to attend but we see light at the end of the tunnel, and it is very exciting to see community events in our calendars again and being able to attend and support them.

I recommend that the committee of your local groups and organisations call into our branch to discuss how we can assist with marquees, prizes, and promotions of your events and in return we can have the opportunity to promote our banking services with your members.

I would also like to express my thanks and support to our Board of Directors who volunteer their time and our Board Assistant Kristyn. Their expertise and support through the year is very much appreciated and I thank them for the opportunity.

Most importantly I would like to thank the customers and shareholders who understand that we are the bank of choice and for putting your trust in our staff with your banking needs.

We look forward to seeing what we can achieve in the new financial year.



Emma Horrigan
Branch Manager

Bendigo and Adelaide Bank report

For year ending 30 June 2022

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

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

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

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

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

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

Warmest regards,

A handwritten signature in dark ink, appearing to read 'Justine Minne', with a large, stylized loop at the end.

Justine Minne
Bendigo and Adelaide Bank

Directors' report

Your Directors submit their report of the Company for the financial year ended 30 June 2022.

Directors

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

Ms. Helen Mary Strickland M.Ed B.Ed
Chair
Board Member since 16/04/2014

Ms. Anne Eitzen, FIPA
Secretary
Board Member since 16/04/2014

Mr Rodney George Summers
Board Member since 07/01/2009

Ms. Barbara Winifred Munt
Board Member since 16/04/2014

Mr. Mark Fullford
Board Member since 16/04/2014

Mr. Francis Charles Wilcox JP
Board Member since 24/06/2015

Mr John Millhouse
Board Member since 22/03/2017

Ms Ute Herrmann-Bullock
Board Member since 22/03/2017
Resigned 17/11/2021

Mr. Joshua Heaver
Board Member since 22/03/2017

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

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

Principal activities

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

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

Operating Results

The profit/(loss) of the Company for the financial year after provision for income tax was 2022: \$189,625 2021: \$198,814

Financial position

The net assets of the company have increased by \$166,052 from 30 June 2021 to \$1,898,290 in 2022

| Dividends | Year Ended 30 June 2022 | |
|--|-------------------------|--------|
| | Cents Per Share | \$ |
| Final dividends recommended: | 5 | 23,573 |
| Dividends paid in the year: | | |
| - Final for the year (as recommended in prior year report) | 5 | 23,573 |

Directors' report (continued)

Events after the reporting period

There are no other 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.

Future developments

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

Environmental issues

The company is not subject to any significant environmental regulation.

Proceedings on behalf of company

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

Remuneration report

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

Indemnifying officers or Auditor

The company has agreed to indemnify each Officer (Director, Secretary or employee) out of assets of the company to the relevant extent against any liability incurred by that person arising out of the discharge of their duties, except where the liability arises out of conduct involving dishonesty, negligence, breach of duty or the lack of good faith. The company also has Officers Insurance for the benefit of Officers of the company against any liability occurred by the Officer, which includes the Officer's liability for legal costs, in or arising out of the conduct of the business of the company or in or arising out of the discharge of the Officer's duties.

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

Directors' report (continued)

Directors Meetings

The number of Directors meetings attended by each of the Directors of the Company during the year were:

| Director | Board Meetings |
|---|----------------|
| Ms. Helen Mary Strickland | 12 (12) |
| Ms. Anne Eitzen | 12 (12) |
| Mr. Rodney George Summers | 10 (12) |
| Mr. Mark Fullford | 8 (12) |
| Ms. Barbara Winifred Munt | 12 (12) |
| Mr Joshua Heaver | 10 (12) |
| Mr. Frank Wilcox | 9 (12) |
| Mr. John Millhouse | 10 (12) |
| Ms Ute Herrmann-Bullock (resigned 17/11/2021) | 5 (5) |

The first number is the meetings attended while in brackets is the number of meetings eligible to attend.

Company Secretary

Anne Eitzen, a member of the Institute of Public Accountants has been the company secretary since 24/07/2014, and has had over 26 years experience as a former Company Secretary/Accountant with the Scott Group of Companies.

Corporate Governance

The Company has implemented various corporate governance practices, which include:

- (a) Director approval of operating budgets and monitoring of progress against these budgets;
- (b) Ongoing Director training; and
- (c) Monthly Director meetings to discuss performance and strategic plans.

Auditor Independence Declaration

The auditor's independence declaration for the year ended 30 June 2022 has been received and can be found on page 33.

Signed in accordance with a resolution of the Board of Directors at Mount Gambier on the 28th day of September 2022


Rodney Summers, Director

Financial statements

Mount Gambier District Financial Services Limited
ABN 42 096 059 997
Statement of Comprehensive Income
for the year ended 30 June 2022

| | <u>Notes</u> | 2022 \$ | 2021 \$ |
|---|--------------|--------------------------|--------------------------|
| Revenue | 2 | 1,375,630 | 1,410,010 |
| Employee benefits expense | 3 | (630,485) | (676,897) |
| Depreciation and amortisation expense | 3 | (85,261) | (87,263) |
| Finance costs | 3 | (100,551) | (89,935) |
| Other expenses | | <u>(239,165)</u> | <u>(246,603)</u> |
| Operating profit/(loss) before charitable donations & sponsorships | | 320,168 | 309,312 |
| Charitable donations and sponsorship | | <u>(66,109)</u> | <u>(50,349)</u> |
| Profit/(loss) before income tax expense | | 254,059 | 258,963 |
| Income tax expense / (benefit) | 4 | <u>64,434</u> | <u>60,149</u> |
| Net Profit/(loss) for the year | | 189,625 | 198,814 |
| Other comprehensive income | | | |
| Net profit/(loss) on disposal of non-current assets | 5 | <u>-</u> | <u>-</u> |
| Total comprehensive income for the year | | <u><u>189,625</u></u> | <u><u>198,814</u></u> |
| Earnings per share (cents per share) | | ¢ | ¢ |
| - basic for profit / (loss) for the year | 26 | 40.22 | 42.17 |
| - diluted for profit / (loss) for the year | 26 | 40.22 | 42.17 |

The accompanying notes form part of these financial statements

Financial statements (continued)

Mount Gambier District Financial Services Limited
ABN 42 096 059 997
Statement of Financial Position
As at 30 June 2022

| | <u>Notes</u> | 2022 \$ | 2021 \$ |
|--|--------------|-------------------|-------------------|
| Assets | | | |
| Current Assets | | | |
| Cash and cash equivalents | 6 | 388,313 | 303,444 |
| Receivables | 7 | 147,379 | 139,732 |
| Prepayments | 8 | 5,675 | 13,261 |
| Total Current Assets | | 541,367 | 456,437 |
| Non-Current Assets | | | |
| Property, plant and equipment | 9 | 82,637 | 89,420 |
| Deferred tax assets | 4 | 32,105 | 23,882 |
| Intangible assets | 10 | 2,825,391 | 2,767,693 |
| Right-of-use assets | 11 | 846,731 | 696,204 |
| Total Non-Current Assets | | 3,786,864 | 3,577,199 |
| Total Assets | | 4,328,231 | 4,033,636 |
| Liabilities | | | |
| Current Liabilities | | | |
| Trade and Other Payables | 12 | 93,740 | 69,424 |
| Loans and borrowings | 13 | 196,315 | 193,513 |
| Current tax payable | 4 | 25,061 | 14,823 |
| Provisions | 14 | 13,334 | 10,922 |
| Lease Liability | 15 | 78,310 | 48,309 |
| Total Current Liabilities | | 406,760 | 336,991 |
| Non-Current Liabilities | | | |
| Trade and Other Payables | 12 | 47,140 | - |
| Loans and borrowings | 13 | 1,092,480 | 1,235,311 |
| Provisions | 14 | 30,059 | 27,600 |
| Lease Liability | 15 | 853,502 | 701,496 |
| Total Non-Current Liabilities | | 2,023,181 | 1,964,407 |
| Total Liabilities | | 2,429,941 | 2,301,398 |
| Net Assets/(Liabilities) | | 1,898,290 | 1,732,238 |
| Equity | | | |
| Share capital | 16 | 471,458 | 471,458 |
| Retained earnings / (accumulated losses) | 17 | 1,426,832 | 1,260,780 |
| Total Equity | | 1,898,290 | 1,732,238 |

The accompanying notes form part of these financial statements

Financial statements (continued)

Mount Gambier District Financial Services Limited
ABN 42 096 059 997
Statement of Cash Flows
For the year ended 30 June 2022

| | <u>Notes</u> | 2022 \$ | 2021 \$ |
|---|--------------|-------------------|-------------------|
| Cash Flows From Operating Activities | | | |
| Cash receipts in the course of operations | | 1,006,893 | 947,703 |
| Cash payments in the course of operations | | (642,229) | (596,121) |
| Interest paid | | (16) | - |
| Interest received | | 432 | 2,024 |
| Income tax paid | | (62,418) | (82,458) |
| Net cash flows from/(used in) operating activities | 18b | 302,662 | 271,148 |
| Cash Flows From Investing Activities | | | |
| Payment for intangible assets | | - | - |
| Payments for property, plant and equipment | | - | (1,533) |
| Net cash flows from/(used in) investing activities | | - | (1,533) |
| Cash Flows From Financing Activities | | | |
| Proceeds from issue of shares | | - | - |
| Interest Paid | | (54,190) | (59,525) |
| Proceeds from borrowings | | - | - |
| Repayment of borrowings | | (140,030) | (151,695) |
| Dividends paid | | (23,573) | (23,574) |
| Net cash flows from/(used in) financing activities | | (217,793) | (234,794) |
| Net increase/(decrease) in cash held | | 84,869 | 34,821 |
| Cash and cash equivalents at start of year | | 303,444 | 268,623 |
| Cash and cash equivalents at end of year | 18a | 388,313 | 303,444 |

The accompanying notes form part of these financial statements

Financial statements (continued)

Mount Gambier District Financial Services Limited
ABN 42 096 059 997
Statement of Changes in Equity
for the year ended 30 June 2022

| | <u>Notes</u> | 2022 \$ | 2021 \$ |
|--|--------------|-------------------------|-------------------------|
| Issued Capital | | | |
| Balance at start of year | | 471,458 | 471,458 |
| Issue of share capital | | - | - |
| Share issue costs | | - | - |
| Balance at end of year | | <u><u>471,458</u></u> | <u><u>471,458</u></u> |
| Retained earnings/ (accumulated losses) | | | |
| Balance at start of year | | 1,260,780 | 1,085,539 |
| Net Profit/(loss) for the year | | 189,625 | 198,814 |
| Dividends paid | 25 | <u>(23,573)</u> | <u>(23,573)</u> |
| Balance at end of year | | <u><u>1,426,832</u></u> | <u><u>1,260,780</u></u> |

The accompanying notes form part of these financial statements

Notes to the financial statements

For the year ended 30 June 2022

1. Summary of significant accounting policies

(a) Basis of preparation

Mount Gambier & Districts Financial Services Limited ('the company') is domiciled in Australia. The financial statements for the year ending 30 June 2022 are presented in Australian dollars. The company was incorporated in Australia and the principal operations involve providing community banking services under a franchise arrangement with Bendigo Bank.

The financial statements are general purpose financial statements, that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The company is a for profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the IASB. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement of fair value of selected non current assets, financial assets and financial liabilities.

The financial statements require judgements, estimates and assumptions to be made that affect the application of accounting policies. Actual results may differ from these estimates.

The financial statements were authorised for issue by the Directors on the 28th day of September 2022.

(b) Income tax

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised.

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

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled.

Notes to the financial statements (continued)

1. Summary of significant accounting policies (continued)

(c) Property, plant and equipment

Property, plant and equipment are brought to account at cost less accumulated depreciation and any impairment in value.

Land and buildings are measured at fair value less accumulated depreciation.

Depreciation is calculated based upon the estimated useful life of the asset as follows:

| <i>Class of asset</i> | <i>Depreciation rate</i> |
|-----------------------|--------------------------|
| Buildings | 2.50% |
| Plant & equipment | 10-20% |
| Motor Vehicles | 25% |

Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Revaluations

Following initial recognition at cost, land and buildings are carried at a revalued amount which is the fair value at the date of the revaluation less any subsequent accumulated depreciation on buildings and accumulated impairment losses.

Fair value is determined by reference to market based evidence, which is the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date.

(d) Leases (as lessee)

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

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

Notes to the financial statements (continued)

1. Summary of significant accounting policies (continued)

(d) Leases (as lessee) (continued)

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

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

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

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

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

(e) Impairment of assets

At each reporting date, the company assesses whether there is any indication that an asset is impaired. Where an indicator of impairment exists, the company makes a formal estimate of the recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

(f) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position. Cash flows are included in the Statement of Cash Flows on a gross basis.

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

Notes to the financial statements (continued)

1. Summary of significant accounting policies (continued)

(g) Employee benefits

The provision for employee benefits to wages, salaries and annual leave represents the amount which the company has a present obligation to pay resulting from employees' services provided up to the reporting date. The provision has been calculated on undiscounted amounts based on wage and salary rates expected to be paid and includes related on-costs.

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

(h) Intangibles

Establishment costs have been initially recorded at cost and amortised on a straight line basis at a rate of 20% per annum. The current amortisation charges for intangible assets are included under depreciation and amortisation expense per the Statement of Comprehensive Income. The goodwill from the purchases of the James Street branch of Bendigo and Adelaide Bank, in December 2010, has been initially recorded at cost.

(i) Cash

Cash on hand and in banks are stated at nominal value.

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts.

(j) Revenue

Interest and fee revenue is recognised when earned. All revenue is stated net of the amount of goods and services tax (GST).

(k) Receivables and payables

Receivables and payables are non interest bearing and generally have payment terms of between 30 and 90 days. Receivables are recognised and carried at original invoice amount less a provision for any uncollected debts. Liabilities for trade creditors and other amounts are carried at cost that is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the company.

(l) New accounting standards for application in future periods

Australian Accounting Standards that have been recently issued or amended but not yet effective have not been adopted in the preparation of these financial statements. These changes have been assessed by Directors and determined they will not have a material impact on the company's financial statements.

(m) Loans and borrowings

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

Notes to the financial statements (continued)

1. Summary of significant accounting policies (continued)

(n) Provisions

Provisions are recognised when the company has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

A provision for dividends is not recognised as a liability unless the dividends are declared, determined or publicly recommended on or before the reporting date.

(o) Share capital

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

(p) Comparative figures

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

(q) Critical accounting estimates and judgements

The Directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company. Estimates and judgements are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The estimates and judgements that have a significant risk of causing material adjustments to the carrying values of assets and liabilities are as follows:

Estimation of useful lives of assets

The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and intangible assets. The depreciation and amortisation charge will increase where useful lives are less than previously estimated lives.

Income tax

The company is subject to income tax. Significant judgement is required in determining the provision for income tax.

Impairment

The company assesses impairment at the end of each reporting period by calculating conditions and events specific to the company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value in use calculations which incorporate various key assumptions.

Notes to the financial statements (continued)

1. Summary of significant accounting policies (continued)

(r) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (ie trade date accounting is adopted). Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to the profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method or cost.

Fair value represents the amount for which an asset would be exchanged or a liability settled, between knowledgeable willing parties. Where available quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are applied to determine the fair value. Amortised costs is calculated as the amount which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

(i) Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost

(ii) Financial liabilities

Non derivative financial liabilities are subsequently measured at amortised cost.

Impairment

At the end of each reporting period, the company assesses whether there is objective evidence that a financial asset has been impaired. A financial asset is deemed impaired if and only if, there is objective evidence of impairment as a result of one or more events (a loss event) having occurred, which has an impact on the estimated future cash flows of the financial asset. In the case of financial assets carried at amortised cost, loss events may include indications that the debtor are experiencing significant financial difficulty or changes in economic conditions.

Notes to the financial statements (continued)

2. Revenue from ordinary activities

| | 2022 | 2021 |
|---|------------------|------------------|
| | \$ | \$ |
| Operating activities | | |
| - services commissions | 1,360,567 | 1,355,039 |
| - other revenue | 14,631 | 21,545 |
| - Government assistance - Covid-19 | - | 31,402 |
| Total revenue from operating activities | <u>1,375,198</u> | <u>1,407,986</u> |
| Non-operating activities: | | |
| - interest received | 432 | 2,024 |
| Total revenue from non-operating activities | <u>432</u> | <u>2,024</u> |
| Total revenue from ordinary activities | <u>1,375,630</u> | <u>1,410,010</u> |

3. Expenses

| | 2022 | 2021 |
|--|------------------|------------------|
| | \$ | \$ |
| Employee benefits expense | | |
| - wages and salaries | (531,783) | (583,780) |
| - superannuation costs | (62,630) | (61,735) |
| - post employment benefits (other than superannuation) | - | - |
| - workers' compensation costs | (2,376) | (2,275) |
| - other costs | (33,696) | (29,107) |
| | <u>(630,485)</u> | <u>(676,897)</u> |
| Depreciation of non-current assets: | | |
| - plant and equipment | (6,783) | (7,127) |
| - buildings | - | - |
| - right-of-use asset | (61,661) | (66,836) |
| Amortisation of non-current assets: | | |
| - intangibles | (16,817) | (13,300) |
| | <u>(85,261)</u> | <u>(87,263)</u> |
| Finance Costs: | | |
| - Interest paid | (100,551) | (89,935) |
| Bad debts | (8,125) | 14,868 |

Notes to the financial statements (continued)

4. Income Tax Expense

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

| | 2022 \$ | 2021 \$ |
|--|----------------------|----------------------|
| Prima facie tax on profit/(loss) before income tax at 25% (2021 - 26%) | 63,515 | 67,330 |
| Add/less tax effect of | | |
| - Non-assessable income | - | (8,165) |
| Reduction in opening deferred taxes resulting from reduction in tax rate | 919 | 984 |
| Income tax expense/(benefit) | <u>64,434</u> | <u>60,149</u> |
| Tax Expense - Current year | 63,515 | 59,165 |
| Add/less tax effect of: | | |
| - Non-deductible expenses | 9,141 | 6,834 |
| - Prior year tax losses not previously brought to account | - | - |
| - Future income tax benefit not brought to account | - | - |
| - Adjustment of prior year tax losses | - | - |
| <i>Current income tax expense</i> | <u>72,656</u> | <u>65,999</u> |
| Origination and reversal of temporary differences | (32,105) | (23,882) |
| <i>Deferred income tax expense</i> | <u>(32,105)</u> | <u>(23,882)</u> |
| Income tax expense/(benefit) attributable to entity | <u><u>40,551</u></u> | <u><u>42,117</u></u> |
| Tax liabilities | | |
| Current tax payable/(receivable) | <u><u>25,061</u></u> | <u><u>14,823</u></u> |
| Deferred income tax asset | | |
| Future income tax benefits arising from tax losses are recognised at reporting date as realisation of the benefit is regarded as probable. | <u><u>32,105</u></u> | <u><u>23,882</u></u> |

Notes to the financial statements (continued)

5. Net profit/(loss) on disposal of non-current assets

| | 2022 | 2021 |
|---|----------|----------|
| | \$ | \$ |
| Profit/(loss) on disposal of non-current assets | - | - |
| | <u>-</u> | <u>-</u> |

6. Cash and Cash Equivalents

| | 2022 | 2021 |
|--------------------------|----------------|----------------|
| | \$ | \$ |
| Cash at bank and on hand | 388,313 | 303,444 |
| | <u>388,313</u> | <u>303,444</u> |

7. Receivables

| | 2022 | 2021 |
|----------------|----------------|----------------|
| | \$ | \$ |
| GST receivable | 4,926 | 6,100 |
| Trade Debtors | 142,453 | 133,632 |
| | <u>147,379</u> | <u>139,732</u> |

8. Prepayments

| | 2022 | 2021 |
|-----------------|--------------|---------------|
| | \$ | \$ |
| Prepaid Expense | 5,675 | 13,261 |
| | <u>5,675</u> | <u>13,261</u> |

9. Property, Plant and Equipment

| | 2022 | 2021 |
|-------------------------------|---------------|---------------|
| | \$ | \$ |
| <i>Plant and equipment</i> | | |
| At cost | 289,765 | 289,765 |
| Less accumulated depreciation | (207,128) | (200,345) |
| | <u>82,637</u> | <u>89,420</u> |
| Total written down amount | <u>82,637</u> | <u>89,420</u> |

Movements in carrying amounts

| | | |
|--------------------------------------|---------------|---------------|
| <i>Plant and equipment</i> | | |
| Carrying amount at beginning of year | 89,420 | 95,014 |
| Additions | - | 1,533 |
| Disposals | - | - |
| Depreciation expense | (6,783) | (7,127) |
| Carrying amount at end of year | <u>82,637</u> | <u>89,420</u> |

Notes to the financial statements (continued)

10. Intangible Assets

Franchise Fee

At cost

Less accumulated amortisation

| 2022 | 2021 |
|---------------|-----------|
| \$ | \$ |
| 65,649 | 100,000 |
| (7,951) | (100,000) |
| <u>57,698</u> | <u>-</u> |

The company pays a franchise fee every 5 years over 5 yearly instalments

Goodwill

At Cost

| 2022 | 2021 |
|------------------|------------------|
| 2,767,693 | 2,767,693 |
| <u>2,825,391</u> | <u>2,767,693</u> |

11. Right of Use Assets

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

Leased Building

Accumulated Depreciation

Total Right of Use Asset

| 2022 | 2021 |
|----------------|----------------|
| \$ | \$ |
| 1,053,203 | 841,015 |
| (206,472) | (144,811) |
| <u>846,731</u> | <u>696,204</u> |

Movement in carrying amounts

Lease Building

Carrying amount at beginning of year

Adjustment due to extension of lease term

Depreciation expense

Net carrying amount

| 2022 | 2021 |
|----------------|----------------|
| 696,204 | 763,040 |
| 212,188 | |
| (61,661) | (66,836) |
| <u>846,731</u> | <u>696,204</u> |

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

Depreciation charge related to right-of-use assets

Interest expense on lease liabilities

Short-term leases expense

Low value asset leases expense

| 2022 | 2021 |
|--------|--------|
| 61,661 | 66,836 |
| 46,344 | 30,409 |
| - | - |
| - | - |

Notes to the financial statements (continued)

12. Payables

| | 2022 | 2021 |
|--|----------------|---------------|
| | \$ | \$ |
| CURRENT | | |
| Trade creditors | 59,413 | 53,513 |
| Franchise Fees Payable | 15,713 | - |
| Other creditors and accruals | 18,614 | 15,911 |
| | <u>93,740</u> | <u>69,424</u> |
| NON-CURRENT | | |
| Franchise Fees payable | 47,140 | - |
| | <u>47,140</u> | <u>-</u> |
| (a) Financial Liabilities at amortised cost classified as trade and other payables | | |
| - Total Current | 93,740 | 69,424 |
| - Total Non-Current | 47,140 | - |
| | <u>140,880</u> | <u>69,424</u> |
| Financial Liabilities as trade and other payables | <u>140,880</u> | <u>69,424</u> |

13. Loans and Borrowings

| | 2022 | 2021 |
|---------------------|------------------|------------------|
| | \$ | \$ |
| Current | | |
| Bank loan - secured | 196,315 | 193,513 |
| | <u>196,315</u> | <u>193,513</u> |
| Non-Current | | |
| Bank loan - secured | 1,092,480 | 1,235,311 |
| | <u>1,288,795</u> | <u>1,428,824</u> |

Notes to the financial statements (continued)

14. Provisions

| | 2022 \$ | 2021 \$ |
|---------------------------------|---------------|---------------|
| Current | | |
| Unpaid declared dividend | 55 | 268 |
| Employee benefits | 13,279 | 10,654 |
| | <u>13,334</u> | <u>10,922</u> |
| Non-Current | | |
| Employee benefits | 30,059 | 27,600 |
| | <u>30,059</u> | <u>27,600</u> |
| | <u>43,393</u> | <u>38,522</u> |
| Number of employees at year end | <u>7</u> | <u>6</u> |

15. Lease Liabilities

CURRENT

| | | |
|-----------------|---------------|---------------|
| Leased Building | 78,310 | 48,309 |
| | <u>78,310</u> | <u>48,309</u> |

NON-CURRENT

| | | |
|-----------------|----------------|----------------|
| Leased Building | 853,502 | 701,496 |
| | <u>853,502</u> | <u>701,496</u> |

16. Share Capital

| | 2022 | 2021 |
|--|----------------|----------------|
| 471,458 Ordinary Shares fully paid of \$1 each | <u>471,458</u> | <u>471,458</u> |

17. Retained Earnings / (Accumulated Losses)

| | 2022 \$ | 2021 \$ |
|--|------------------|------------------|
| Balance at the beginning of the financial year | 1,260,780 | 1,085,539 |
| Profit/(loss) after income tax | 189,625 | 198,814 |
| Dividends | (23,573) | (23,573) |
| Balance at the end of the financial year | <u>1,426,832</u> | <u>1,260,780</u> |

Notes to the financial statements (continued)

18. Statement of Cash Flows

(a) Cash and cash equivalents

| | 2022 \$ | 2021 \$ |
|-------------|----------------|----------------|
| Cash assets | 388,313 | 303,444 |
| | <u>388,313</u> | <u>303,444</u> |

(b) Reconciliation of profit / (loss) after tax to net cash provided from/(used in) operating activities

| | | |
|--|----------------|----------------|
| Profit / (loss) after income tax | 189,625 | 198,814 |
| Interest relating to financing activities | 54,190 | 59,525 |
| Non cash items | | |
| - Depreciation | 68,444 | 73,963 |
| - Amortisation | 16,817 | - |
| - (Profit)/Loss on disposal of non-current assets | - | - |
| Changes in assets and liabilities | | |
| - (Increase) decrease in receivables | (7,647) | (4,373) |
| - (Increase) decrease in prepayments | 7,586 | (374) |
| - (Increase) decrease in intangible assets | (74,515) | - |
| - (Increase) decrease in deferred taxes receivable | (8,223) | (5,851) |
| - Increase (decrease) in trade payables and accruals | 71,456 | 6,455 |
| - Increase (decrease) in income taxes payable | 10,238 | (16,458) |
| - Increase (decrease) in provisions | 4,871 | 3,705 |
| - Increase (decrease) in lease liability | (30,180) | (44,258) |
| Net cashflows from/(used in) operating activities | <u>302,662</u> | <u>271,148</u> |

19. Auditors' Remuneration

| | 2022 \$ | 2021 \$ |
|--|--------------|--------------|
| Amounts received or due and receivable | | |
| - Audit or review of the financial report of the Company | 7,460 | 7,220 |
| - Other services in relation to the Company | - | - |
| | <u>7,460</u> | <u>7,220</u> |

Notes to the financial statements (continued)

20. Director and Related Party Disclosures

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

| | |
|---------------------------|---|
| Ms. Helen Mary Strickland | Ms. Anne Eitzen |
| Mr. Rodney George Summers | Ms. Barbara Winifred Munt |
| Mr. Mark Fullford | Ms Ute Herrmann-Bullock (resigned 17/11/2021) |
| Mr Joshua Heaver | Mr. John Millhouse |
| Mr. Frank Wilcox | |

No director or related entity has entered into a material contract with the Company. No director's fees have been paid as the positions are held on a voluntary basis.

| Directors shareholdings | 2022 | 2021 |
|---|------|------|
| Ms. Helen Mary Strickland | - | - |
| Ms. Anne Eitzen | 250 | 250 |
| Mr. Rodney George Summers | - | - |
| Mr. Mark Fullford | - | - |
| Ms. Barbara Winifred Munt | - | - |
| Mr Joshua Heaver | - | - |
| Mr. Frank Wilcox | - | - |
| Mr. John Millhouse | - | - |
| Ms Ute Herrmann-Bullock (resigned 17/11/2021) | - | - |

There was movement in directors shareholdings during the year, as shown above. Each share held has a paid up value of \$1 and is fully paid.

21. Events after the reporting period

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

22. Contingent liabilities and assets

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

23. Operating segments

The company operates in the financial services sector where it provides banking services to its clients. The company operates in one geographic area being Mount Gambier, South Australia. The company has a franchise agreement in place with Bendigo & Adelaide Bank Limited who account for 99% of the revenue (2021: 96%).

24. Corporate Information

Mount Gambier And District Financial Services Ltd is a company limited by shares incorporated in Australia.

The registered office and principal place of business is: 16 James Street, Mount Gambier, South Australia, 5290.

Notes to the financial statements (continued)

| 25. Dividends paid or provided for on ordinary shares | 2022 | 2021 |
|---|----------------|----------------|
| | \$ | \$ |
| (a) Dividends proposed and recognised as a liability | | |
| Franked dividends - nil cents per share (2021: nil cents) | - | - |
| (b) Dividends paid during the year | | |
| (i) Current year interim | | |
| Franked dividends - nil cents per share (2021: nil cents per share) | - | - |
| (ii) Previous year final | | |
| Franked dividends - 5 cents per share (2021: 5 cents per share) | 23,573 | 23,573 |
| Unfranked dividends - nil cents per share (2021: nil cents per share) | - | - |
| (c) Dividends proposed and not recognised as a liability | | |
| Unfranked dividends - nil cents per share (2021: nil cents per share) | - | - |
| Franked dividends - 5 cents per share (2021: 5 cents per share) | 23,573 | 23,573 |
| (d) Franking credit balance | | |
| The amount of franking credits available for the subsequent financial year are: | | |
| - Franking account balance as at the end of the financial year | 602,851 | 548,291 |
| - Franking credits that will arise from the payment of income tax payable as at the end of the financial year | 25,061 | 14,823 |
| - Franking debits that will arise from the payment of dividends as at the end of the financial year | - | - |
| - Franking credits that will arise from the payment of dividends recognised as receivables at the reporting date | - | - |
| - Franking credits that the entity may be prevented from distributing in the subsequent year | - | - |
| | <u>627,912</u> | <u>563,114</u> |
| The tax rate at which dividends have been franked is 25% (2021: 26%). Dividends proposed will be franked at a rate of 25% (2021: 25%). | | |
| 26. Earnings per share | ¢ | ¢ |
| Basic earnings per share amounts are calculated by dividing profit / (loss) after income tax by the weighted average number of ordinary shares outstanding during the year. | 40.22 | 42.17 |
| Diluted earnings per share amounts are calculated by dividing profit / (loss) after income tax by the weighted average number of ordinary shares outstanding during the year (adjusted for the effects of any dilutive options or preference shares). | 40.22 | 42.17 |
| The following reflects the income and share data used in the basic and diluted earnings per share computations: | | |
| Profit/(loss) after income tax expense | <u>189,625</u> | <u>198,814</u> |
| Weighted average number of ordinary shares for basic and diluted earnings per share | <u>471,458</u> | <u>471,458</u> |

Notes to the financial statements (continued)

27. Financial risk management

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

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

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

(a) Credit Risk

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

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

| | <u>Carrying Amount</u> | |
|-------------|------------------------|----------------|
| | <u>2022</u> | <u>2021</u> |
| | <u>\$</u> | <u>\$</u> |
| Cash assets | 200 | 200 |
| Receivables | 147,379 | 139,732 |
| | <u>147,579</u> | <u>139,932</u> |

The Company's exposure to credit risk is limited to Australia by geographic area. The majority balance of receivables is due from Bendigo and Adelaide Bank Ltd.

None of the assets of the Company are past due (2021: nil past due) and based on historic default rates, the Company believes that no impairment allowance is necessary in respect of assets not past due.

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

(b) Liquidity risk

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

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

Notes to the financial statements (continued)

27. Financial risk management (continued)

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

| | Carrying amount | Contractual cash flows | 1 year or less | over 1 to 5 years | more than 5 years |
|----------------------|------------------|------------------------|------------------|-------------------|-------------------|
| 30 June 2022 | | | | | |
| Payables | 140,880 | (140,880) | (90,701) | (47,140) | - |
| Loans and borrowings | 1,288,795 | (1,288,795) | (196,315) | (785,260) | (307,220) |
| | <u>1,429,675</u> | <u>(1,429,675)</u> | <u>(287,016)</u> | <u>(832,400)</u> | <u>(307,220)</u> |
| 30 June 2021 | | | | | |
| Payables | 69,424 | (69,424) | (69,424) | - | - |
| Loans and borrowings | 1,428,824 | (1,428,824) | (193,513) | (774,052) | (461,259) |
| | <u>1,498,248</u> | <u>(1,498,248)</u> | <u>(262,937)</u> | <u>(774,052)</u> | <u>(461,259)</u> |

(c) Market risk

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

Interest Rate Risk

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

Sensitivity analysis

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

| | Carrying Amount | |
|----------------------------------|-----------------|----------------|
| | 2022 | 2021 |
| | \$ | \$ |
| Fixed rate instruments | | |
| Financial assets | 150,000 | 150,000 |
| Financial liabilities | (351) | (429) |
| | <u>149,649</u> | <u>149,571</u> |
| Variable rate instruments | | |
| Financial assets | 238,113 | 152,981 |
| Financial liabilities | - | - |
| | <u>238,113</u> | <u>152,981</u> |

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have no impact on profit or retained earnings. For the analysis performed on the same basis as at 30 June 2022 there was also no impact. As at both dates this assumes all other variables remain constant.

Notes to the financial statements (continued)

27. Financial risk management (continued)

(d) Net fair values

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

(e) Capital management

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

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

- (i) the Distribution Limit is the greater of:
 - (a) 20% of the profit or funds of the Franchisee otherwise available for distribution to shareholders in that 12 month period; and
 - (b) subject to the availability of distributable profits, the Relevant Rate of Return multiplied by the average level of share capital of the Franchisee over that 12 month period; and
- (ii) the Relevant Rate of Return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

The Board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the Company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the year ended 30 June 2022 can be seen in the Statement of Comprehensive Income.

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

Detailed Statement of Comprehensive Income

For the Year Ended 30 June 2022

| | 2022 \$ | 2021 \$ | 2020 \$ |
|------------------------------|------------------|------------------|------------------|
| INCOME | | | |
| Commission Received | 1,360,567 | 1,355,039 | 1,455,243 |
| OTHER INCOME | | | |
| Interest Received | 432 | 2,024 | 2,744 |
| Sundry | 14,631 | 52,947 | 82,673 |
| | <u>1,375,630</u> | <u>1,410,010</u> | <u>1,540,660</u> |
| EXPENDITURE | | | |
| Accountancy Fees | 18,500 | 18,325 | 17,800 |
| Advertising & Promotion | 18,405 | 21,431 | 41,637 |
| Agent Commission | 914 | 1,333 | 1,369 |
| Amortisation | 16,817 | 13,300 | 14,874 |
| Annual Leave Accrual | 7,802 | 6,589 | 11,568 |
| ASIC Compliance Costs | 1,562 | 1,599 | 1,350 |
| ATM Fees | 7,492 | 13,004 | 13,072 |
| Auditors Remuneration | 7,460 | 7,220 | 7,000 |
| Bad Debts Written Off | 8,125 | (14,868) | 1,196 |
| Bank Charges | 314 | 293 | 299 |
| Board Expenses | 6,623 | 5,859 | 6,208 |
| Cash Delivery | 1,839 | 1,150 | 3,119 |
| Cash Management | - | - | 265 |
| Cleaning & Gardening | 7,613 | 7,485 | 6,748 |
| Community Grants | 66,109 | 50,349 | 117,560 |
| Computer Expenses | 32,842 | 33,638 | 37,285 |
| Depreciation | 68,444 | 73,963 | 72,974 |
| Employee's Amenities | 1,418 | 1,612 | 964 |
| Freight & Cartage | 14,332 | 12,789 | 11,717 |
| Fringe Benefit Tax | 4,051 | 4,375 | 4,495 |
| Insurance | 15,137 | 14,838 | 13,510 |
| Interest Paid | 100,551 | 89,935 | 110,206 |
| Labour Hire | 1,960 | 25,634 | 35,976 |
| Legal Costs | 248 | 12 | 1,362 |
| Light & Power | 19,859 | 19,484 | 20,080 |
| Long Service Leave Provision | 3,358 | (4,427) | 1,197 |
| Marketing | 2,399 | 11,682 | 10,269 |
| Minor Assets | 491 | 664 | 729 |
| Motor Vehicle Costs | 2,922 | 2,312 | 2,840 |
| Other Employer Expenses | 13,315 | 1,311 | 7,974 |
| Payroll Services | 1,630 | 1,560 | 1,410 |
| Payroll Tax | 17,896 | 18,228 | 17,916 |
| Postage | 1,594 | 1,506 | 2,226 |
| Printing & Stationery | 8,317 | 11,018 | 11,915 |
| Procedural Errors | (691) | 1,854 | 365 |

Detailed Statement of Comprehensive Income (continued)

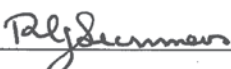
| | 2022 | 2021 | 2020 |
|------------------------------|----------------|----------------|----------------|
| | \$ | \$ | \$ |
| Rates & Taxes | 8,166 | 8,066 | 8,434 |
| Repairs & Maintenance | 3,272 | 5,330 | 3,384 |
| Salaries & Wages | 531,783 | 583,780 | 567,314 |
| Search Fees | 6,618 | 8,659 | 4,586 |
| Security Costs | 2,593 | 2,183 | 4,026 |
| Share Registry | 3,708 | 2,985 | 3,306 |
| Staff Recruitment & Training | 9,900 | 10,069 | 11,350 |
| Staff Uniforms | 5,842 | 3,674 | 1,997 |
| Subscriptions | 170 | 200 | 170 |
| Sundry Expenses | 2,439 | 2,024 | 1,961 |
| Superannuation Contributions | 62,630 | 61,735 | 55,087 |
| Telephone | 2,425 | 4,068 | 5,544 |
| Travelling Expenses | - | 942 | 2,216 |
| Workcover | 2,377 | 2,275 | 2,531 |
| | 1,121,571 | 1,151,047 | 1,281,381 |
| NET PROFIT / (LOSS) | 254,059 | 258,963 | 259,279 |

Directors' declaration

In accordance with a resolution of the directors of Mount Gambier and District Financial Services Limited, I 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 2022 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and Corporations Regulations 2001;
- (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; and
- (c) this declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the Corporations Act 2001 for the financial year ending 30 June 2022


Rodney Summers, Director

Signed at Mount Gambier on the 28th day of September 2022.

Auditor's independence declaration

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ABN 68 191 400 792



AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

TO THE DIRECTORS OF MOUNT GAMBIER & DISTRICT FINANCIAL SERVICES LIMITED

I declare that, to the best of my knowledge and beliefs, during the year ended 30 June 2022 there have been:

- (i) No contraventions of the auditor independence requirements as set out in 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.

Mark Stephen Edwards
Chartered Accountant

172 Smith Street
Naracoorte, SA, 5271

Registered Auditor: Mark Edwards
Registered Auditor No. 289565

29 September 2022

Independent audit report

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INDEPENDENT AUDITOR'S REPORT

To the Members of Mount Gambier & District Financial Services Limited Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Mount Gambier & District Financial Services Limited ('the Company') which comprises the statement of financial position as at 30 June 2022, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- (a) giving a true and fair view of the company's financial position as at 30 June 2022 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the 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 (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

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

Those charged with governance are responsible for the other information. The other information comprises the information included in the Annual Report for the respective year, but does not include the financial report and our auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

INDEPENDENT AUDITOR'S REPORT

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT

- 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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Mark Stephen Edwards
Chartered Accountant
172 Smith Street
Naracoorte, SA, 5271



Registered Auditor No. 289565

29 September 2022

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Phone: 08 8726 3200
Email: MtGambierRetailMailbox@bendigoadelaide.com.au
Web: bendigobank.com.au/mtgambier

Franchisee: Mount Gambier & District Financial Services Limited
ABN: 42 096 059 997
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