

Annual Report 2023

2023 Annual Report

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 2023

I am pleased to report as Chair of the Board of Mount Gambier & District Financial Services Limited, our local Community Bank branch owner for the year ended June 2023.

As outlined in the financial reports, the Community Bank has performed well this year. In our current changing environment, the Board regularly analyses our financial situation, to ensure we fulfil our responsibilities. We recognise your key role as our shareholders and 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.

As outlined elsewhere in the report, we have maintained our community investment program this year, and have now provided over \$1.2 million in financial support for community initiatives and projects. Community investments this last financial year included South East Art Society (major sponsor of Open Art Awards), Mount Gambier Showjumping Club (sponsorship for junior riders carnival), Mount Gambier Cancer Support Group (donation for food hampers), SA Rostrum (sponsorship for annual schools public speaking competition) and Mount Gambier Private Hospital (Tertiary Health Education Grant Program). We have also continued to be the major sponsor for Western Border Football League and the Limestone Coast Football 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.

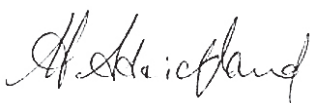
We have put time and energy towards three exciting initiatives this year.

Firstly, we have almost completed a refresh of the branch in Mount Gambier, to reflect shifts in the way we carry out banking. This refresh includes not only a more contemporary look for the branch, but also the update of IT resources to enable staff to work more effectively and provide a better service to our customers.

Secondly, we now have a presence in Millicent on one day a week, in the 5280 Business Centre. This office gives us the opportunity to provide services and resources to the wider Millicent community, which is something we have worked toward over a period of time.

Thirdly, we have recruited a new position to our branch, a Mobile Relationship Manager. This position will focus on driving and managing new to bank consumer lending, and the person filling this role will be, as the title says, mobile.

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



Helen Strickland
Chair

Manager's report

For year ending 30 June 2023

To our valued Community,

We are happy to be continuing the big impact that we are known for in our local community. We are the only bank that can give back 80% of our profits to the community. This year our support doubled by providing support to our local community groups and sporting clubs. It's exciting to see some normality from previous years that allows us to get back out into the community and support these events.

At the branch we continue to work hard and deliver excellent service to our existing and increasing new customers to the branch. With new staff and customers, we have built new relationships and continued to provide professional service.

With a hard-working Board, they are always looking for ways to compliment our business and meeting monthly to discuss possible projects big and small. One key focus is to grow the support of the Community Bank in the area. With an agency in Port MacDonnell and recently branching out into Wattle Range Council in opening an office in Millicent in the 5280 Business Centre, we also look forward to working with local councils to assist and continue this model of Community Banking to the local area.

I am pleased to be reporting on what has been another successful year with the increase in interest rates for both deposits and lending. This was a tough time for some trying to get into the housing market. With lending down this year, it was all about retention. Homeowners took to the pavement and walked the streets to find the best deal, and we found them walking in through our doors. They were able to discover that although the rates are all comparative, our point of difference being:

1. we provide face to face service, and
2. we are local.

We have exceeded expectations this financial year showing the continuous growth and being the bank of choice, we will welcome a new look to our James Street Branch later this year. This will include upgrade to our technology and space to make all customers feel inclusive.

Exciting times ahead for Mount Gambier & District Financial Services Limited and I thank you all for being a part of it. I also look forward to you telling your family, friends and clubs that you are involved with to also come along for the experience of good customer service and banking locally.



Emma Horrigan
Branch Manager

Bendigo and Adelaide Bank report

For year ending 30 June 2023

Community and customer will always be at the heart of what we do at Bendigo and Adelaide Bank.

Together, we're setting up Community Banking for the future – growing our impact as a leading social impact movement to transform communities across Australia.

As we continue to evolve to meet the needs of our customers, we should feel proud that more Australians are choosing to do their banking with us and trust us with their financial goals. Our position as Australia's most trusted bank (Roy Morgan) reflects the esteem we are held in by our customers, and communities.

This year has been particularly significant for us. After five years apart, we had the opportunity to come together in person and connect through our State Connect program and in Bendigo at our National Conference in September. It has also been a record-breaking year for Community Bank with more than \$32 million invested into local communities nationwide. This is our highest year on record and underscores our ongoing commitment to our customers and communities.

Reflecting on the 25 years since we opened our first Community Bank, I'm so grateful to the hard work of many passionate Directors (past and present). Everything we have done and continue to do is focused on our purpose to feed into the prosperity of our customers and communities, not off it.

On behalf of the Bank, thank you for continuing to play an essential role in supporting your community. I look forward to seeing us grow together and make a positive impact for generations to come.



Justine Minne
Bendigo and Adelaide Bank

Directors' report

Your Directors submit their report of the Company for the financial year ended 30 June 2023.

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

Mr. Joshua Heaver

Board Member since 22/03/2017

Ms. Simmonette Lorna Doreen Thompson

Appointed 24/08/2022

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 2023: \$775,457 2022: \$189,625

Financial position

The net assets of the company have increased by \$751,884 from 30 June 2022 to \$2,650,174 in 2023

Dividends	Year Ended 30 June 2023	
	Cents Per Share	\$
Final dividends recommended:	5	23,573
Special dividends recommended:	5	23,573
Dividends paid in the year:		
- Final for the year (as recommended in prior year report)	5	23,573

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	9 (10)
Ms. Anne Eitzen	5 (10)
Mr. Rodney George Summers	8 (10)
Mr. Mark Fullford	8 (10)
Ms. Barbara Winifred Munt	9 (10)
Mr Joshua Heaver	10 (10)
Mr. Frank Wilcox	8 (10)
Mr. John Millhouse	8 (10)
Ms. Simmonette Thompson	8 (9)

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

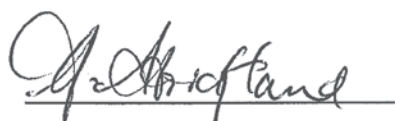
The Company has implemented various corporate governance practices, which include:

- (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 2023 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 21st day of September 2023



Helen Strickland, Director

Financial statements

Statement of Comprehensive Income for the year ended 30 June 2023

	<u>Notes</u>	2023 \$	2022 \$
Revenue	2	2,244,736	1,375,630
Employee benefits expense	3	(626,782)	(630,485)
Depreciation and amortisation expense	3	(78,899)	(85,261)
Finance costs	3	(141,735)	(100,551)
Other expenses		<u>(244,378)</u>	<u>(239,165)</u>
Operating profit/(loss) before charitable donations & sponsorships		1,152,942	320,168
Charitable donations and sponsorship		<u>(118,839)</u>	<u>(66,109)</u>
Profit/(loss) before income tax expense		1,034,103	254,059
Income tax expense / (benefit)	4	<u>257,916</u>	<u>64,434</u>
Net Profit/(loss) for the year		776,187	189,625
Other comprehensive income			
Net profit/(loss) on disposal of non-current assets	5	<u>(730)</u>	<u>-</u>
Total comprehensive income for the year		<u><u>775,457</u></u>	<u><u>189,625</u></u>
Earnings per share (cents per share)		¢	¢
- basic for profit / (loss) for the year	26	164.48	40.22
- diluted for profit / (loss) for the year	26	164.48	40.22

The accompanying notes form part of these financial statements

Financial statements (continued)

Statement of Financial Position As at 30 June 2023

	<u>Notes</u>	2023 \$	2022 \$
Assets			
Current Assets			
Cash and cash equivalents	6	590,844	388,313
Receivables	7	218,164	147,379
Prepayments	8	4,408	5,675
Total Current Assets		813,416	541,367
Non-Current Assets			
Property, plant and equipment	9	136,334	82,637
Deferred tax assets	4	44,347	32,105
Intangible assets	10	2,812,261	2,825,391
Right-of-use assets	11	722,041	846,731
Total Non-Current Assets		3,714,983	3,786,864
Total Assets		4,528,399	4,328,231
Liabilities			
Current Liabilities			
Trade and Other Payables	12	74,701	93,740
Loans and borrowings	13	222,083	196,315
Current tax payable	4	214,578	25,061
Provisions	14	52,177	38,791
Lease Liability	15	84,670	78,310
Total Current Liabilities		648,209	432,217
Non-Current Liabilities			
Trade and Other Payables	12	31,427	47,140
Loans and borrowings	13	435,953	1,092,480
Provisions	14	3,471	4,602
Lease Liability	15	759,165	853,502
Total Non-Current Liabilities		1,230,016	1,997,724
Total Liabilities		1,878,225	2,429,941
Net Assets/(Liabilities)		2,650,174	1,898,290
Equity			
Share capital	16	471,458	471,458
Retained earnings / (accumulated losses)	17	2,178,716	1,426,832
Total Equity		2,650,174	1,898,290

The accompanying notes form part of these financial statements

Financial statements (continued)

Statement of Cash Flows For the year ended 30 June 2023

	<u>Notes</u>	2023 \$	2022 \$
Cash Flows From Operating Activities			
Cash receipts in the course of operations		2,051,102	1,006,893
Cash payments in the course of operations		(970,608)	(642,229)
Interest paid		(5)	(16)
Interest received		1,939	432
Income tax paid		(80,641)	(62,418)
Net cash flows from/(used in) operating activities	18b	<u>1,001,787</u>	<u>302,662</u>
Cash Flows From Investing Activities			
Payment for intangible assets		-	-
Payments for property, plant and equipment		(63,680)	-
Net cash flows from/(used in) investing activities		<u>(63,680)</u>	<u>-</u>
Cash Flows From Financing Activities			
Proceeds from issue of shares		-	-
Interest Paid		(81,245)	(54,190)
Proceeds from borrowings		-	-
Repayment of borrowings		(630,758)	(140,030)
Dividends paid		(23,573)	(23,573)
Net cash flows from/(used in) financing activities		<u>(735,576)</u>	<u>(217,793)</u>
Net increase/(decrease) in cash held		202,531	84,869
Cash and cash equivalents at start of year		388,313	303,444
Cash and cash equivalents at end of year	18a	<u>590,844</u>	<u>388,313</u>

The accompanying notes form part of these financial statements

Financial statements (continued)

Statement of Changes in Equity for the year ended 30 June 2023

	<u>Notes</u>	2023 \$	2022 \$
Issued Capital			
Balance at start of year		471,458	471,458
Issue of share capital		-	-
Share issue costs		-	-
Balance at end of year		<u>471,458</u>	<u>471,458</u>
Retained earnings/ (accumulated losses)			
Balance at start of year		1,426,832	1,260,780
Net Profit/(loss) for the year		775,457	189,625
Dividends paid	25	<u>(23,573)</u>	<u>(23,573)</u>
Balance at end of year		<u>2,178,716</u>	<u>1,426,832</u>

The accompanying notes form part of these financial statements

Notes to the financial statements

For the year ended 30 June 2023

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 2023 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 AASB. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, 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 21st of September 2023.

(b) Income tax

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income for the current period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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	10-70%
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.

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 (i.e. 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.

(s) New and Amended Accounting Policies Not Yet Adopted by the Company

AASB 2020-1: Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current

- The amendment amends AASB 101 to clarify whether a liability should be presented as current or non-current.
- The Company plans on adopting the amendment for the reporting period ending 30 June 2024 along with the adoption of AASB 2022-6. The amendment is not expected to have a material impact on the financial statements once adopted.

AASB 2021-5: Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

- The amendment amends the initial recognition exemption in AASB 112: Income Taxes such that it is not applicable to leases and decommissioning obligations – transactions for which companies recognise both an asset and liability and that give rise to equal taxable and deductible temporary differences.
- The Company plans on adopting the amendment for the reporting period ending 31 December 2023. The impact of the initial application is not yet know.

Notes to the financial statements (continued)

2. Revenue from ordinary activities

	2023 \$	2022 \$
Operating activities		
- services commissions	2,242,797	1,360,567
- other revenue	-	14,631
Total revenue from operating activities	<u>2,242,797</u>	<u>1,375,198</u>
Non-operating activities:		
- interest received	1,939	432
Total revenue from non-operating activities	<u>1,939</u>	<u>432</u>
Total revenue from ordinary activities	<u>2,244,736</u>	<u>1,375,630</u>

3. Expenses

Employee benefits expense		
- wages and salaries	(522,464)	(531,783)
- superannuation costs	(64,727)	(62,630)
- workers' compensation costs	(1,801)	(2,376)
- other costs	(37,790)	(33,696)
	<u>(626,782)</u>	<u>(630,485)</u>
Depreciation of non-current assets:		
- plant and equipment	(9,253)	(6,783)
- right-of-use asset	(56,516)	(61,661)
Amortisation of non-current assets:		
- intangibles	(13,130)	(16,817)
	<u>(78,899)</u>	<u>(85,261)</u>
Finance Costs:		
- Interest paid	(141,735)	(100,551)
Bad debts	97	(8,125)

Notes to the financial statements (continued)

4. Income Tax Expense

	2023 \$	2022 \$
The prima facie tax on profit/(loss) before income tax is reconciled to the income tax expense as follows:		
Prima facie tax on profit/(loss) before income tax at 25% (2022 - 25%)	258,343	63,515
Add/less tax effect of		
- Non-assessable income	-	-
- Non-temporary differences	(427)	
Reduction in opening deferred taxes resulting from reduction in tax rate	-	919
Income tax expense/(benefit)	<u>257,916</u>	<u>64,434</u>
Tax Expense - Current year	257,916	63,515
Add/less tax effect of:		
- Non-deductible expenses	12,242	9,141
- 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>270,158</u>	<u>72,656</u>
Origination and reversal of temporary differences	(44,347)	(32,105)
<i>Deferred income tax expense</i>	<u>(44,347)</u>	<u>(32,105)</u>
Income tax expense/(benefit) attributable to entity	<u>225,811</u>	<u>40,551</u>
Tax liabilities		
Current tax payable/(receivable)	<u>214,578</u>	<u>25,061</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>44,347</u>	<u>32,105</u>

Notes to the financial statements (continued)

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

	2023 \$	2022 \$
Profit/(loss) on disposal of non-current assets	(730)	-
	<u>(730)</u>	<u>-</u>

6. Cash and Cash Equivalents

Cash at bank and on hand	<u>590,844</u>	<u>388,313</u>
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7. Receivables

GST receivable	11,777	4,926
Trade Debtors	206,387	142,453
	<u>218,164</u>	<u>147,379</u>

8. Prepayments

Prepaid Expense	4,408	5,675
	<u>4,408</u>	<u>5,675</u>

9. Property, Plant and Equipment

Plant, Equipment and Building Improvements

At cost	340,125	289,765
Less accumulated depreciation	(203,791)	(207,128)
	<u>136,334</u>	<u>82,637</u>
Total written down amount	<u>136,334</u>	<u>82,637</u>

Movements in carrying amounts

Plant and equipment

Carrying amount at beginning of year	82,637	89,420
Additions	63,680	-
Disposals	(730)	-
Depreciation expense	(9,253)	(6,783)
Carrying amount at end of year	<u>136,334</u>	<u>82,637</u>

Notes to the financial statements (continued)

10. Intangible Assets

	2023	2022
	\$	\$
<i>Franchise Fee</i>		
At cost	65,649	65,649
Less accumulated amortisation	(21,081)	(7,951)
	<u>44,568</u>	<u>57,698</u>

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

Goodwill

At Cost	2,767,693	2,767,693
	<u>2,812,261</u>	<u>2,825,391</u>

11. Right of Use Assets

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

Leased Building	985,029	1,053,203
Accumulated Depreciation	(262,988)	(206,472)
Total Right of Use Asset	<u>722,041</u>	<u>846,731</u>

Movement in carrying amounts

Lease Building		
Carrying amount at beginning of year	846,731	696,204
Adjustment due to change in interest rate	- 68,174	-
Adjustment due to lease renewal	-	212,188
Depreciation expense	(56,516)	(61,661)
Net carrying amount	<u>722,041</u>	<u>846,731</u>

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

Depreciation charge related to right-of-use assets	56,516	61,661
Interest expense on lease liabilities	60,485	46,344
Short-term leases expense	-	-
Low value asset leases expense	-	-

Notes to the financial statements (continued)

12. Payables

	2023	2022
	\$	\$
CURRENT		
Trade creditors	33,918	59,413
Franchise Fees Payable	15,713	15,713
Other creditors and accruals	25,070	18,614
	<u>74,701</u>	<u>93,740</u>
NON-CURRENT		
Franchise Fees payable	31,427	47,140
	<u>31,427</u>	<u>47,140</u>
(a) Financial Liabilities at amortised cost classified as trade and other payables		
- Total Current	74,701	93,740
- Total Non-Current	31,427	47,140
	<u>106,128</u>	<u>140,880</u>
Financial Liabilities as trade and other payables	<u>106,128</u>	<u>140,880</u>

13. Loans and Borrowings

Current

Bank loan - secured	222,083	196,315
	<u>222,083</u>	<u>196,315</u>

Non-Current

Bank loan - secured	435,953	1,092,480
	<u>658,036</u>	<u>1,288,795</u>

Notes to the financial statements (continued)

14. Provisions

	2023	2022
	\$	\$
Current		
Unpaid declared dividend	55	55
Employee benefits	52,122	38,736
	<u>52,177</u>	<u>38,791</u>
Non-Current		
Employee benefits	3,471	4,602
	<u>3,471</u>	<u>4,602</u>
	<u>55,648</u>	<u>43,393</u>
Number of employees at year end	<u>9</u>	<u>7</u>

15. Lease Liabilities

Current		
Leased Building	84,670	78,310
	<u>84,670</u>	<u>78,310</u>
Non-Current		
Leased Building	759,165	853,502
	<u>759,165</u>	<u>853,502</u>

16. Share Capital

	2023	2022
471,458 Ordinary Shares fully paid of \$1 each	<u>471,458</u>	<u>471,458</u>

17. Retained Earnings / (Accumulated Losses)

	2023	2022
	\$	\$
Balance at the beginning of the financial year	1,426,832	1,260,780
Profit/(loss) after income tax	775,457	189,625
Dividends	(23,573)	(23,573)
Balance at the end of the financial year	<u>2,178,716</u>	<u>1,426,832</u>

Notes to the financial statements (continued)

18. Statement of Cash Flows

	2023 \$	2022 \$
(a) Cash and cash equivalents		
Cash assets	590,844	388,313
	<u>590,844</u>	<u>388,313</u>
(b) Reconciliation of profit / (loss) after tax to net cash provided from/(used in) operating activities		
Profit / (loss) after income tax	775,457	189,625
Interest relating to financing activities	81,245	54,190
Non cash items		
- Depreciation	65,769	68,444
- Amortisation	13,130	16,817
- (Profit)/Loss on disposal of non-current assets	730	-
Changes in assets and liabilities		
- (Increase) decrease in receivables	(70,785)	(7,647)
- (Increase) decrease in prepayments	1,267	7,586
- (Increase) decrease in intangible assets	-	(74,515)
- (Increase) decrease in deferred taxes receivable	(12,242)	(8,223)
- Increase (decrease) in trade payables and accruals	(34,753)	71,456
- Increase (decrease) in income taxes payable	189,517	10,238
- Increase (decrease) in provisions	12,255	4,871
- Increase (decrease) in lease liability	(19,803)	(30,180)
Net cashflows from/(used in) operating activities	<u>1,001,787</u>	<u>302,662</u>

19. Auditors' Remuneration

Amounts received or due and receivable		
- Audit or review of the financial report of the Company	7,770	7,460
- Other services in relation to the Company	-	-
	<u>7,770</u>	<u>7,460</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	Mr. Frank Wilcox
Mr Joshua Heaver	Mr. John Millhouse
Ms. Simmonette Thompson	

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	2023	2022
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. Simmonette Thompson	-	-

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 (2022: 99%).

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	2023	2022
	\$	\$
(a) Dividends proposed and recognised as a liability		
Franked dividends - nil cents per share (2022: nil cents)	-	-
(b) Dividends paid during the year		
(i) Current year interim		
Franked dividends - nil cents per share (2022: nil cents per share)	-	-
(ii) Previous year final		
Franked dividends - 5 cents per share (2022: 5 cents per share)	23,573	23,573
Unfranked dividends - nil cents per share (2022: nil cents per share)	-	-
(c) Dividends proposed and not recognised as a liability		
Unfranked dividends - nil cents per share (2022: nil cents per share)	-	-
Franked dividends - 10 cents per share (2022: 5 cents per share)	47,146	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	657,243	602,851
- Franking credits that will arise from the payment of income tax payable as at the end of the financial year	214,578	25,061
- 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>871,821</u>	<u>627,912</u>

The tax rate at which dividends have been franked is 25% (2022: 25%).
Dividends proposed will be franked at a rate of 25% (2022: 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.	164.48	40.22
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).	164.48	40.22
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>775,457</u>	<u>189,625</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>2023</u>	<u>2022</u>
	<u>\$</u>	<u>\$</u>
Cash assets	200	200
Receivables	218,164	147,379
	<u>218,364</u>	<u>147,579</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 (2022: 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 2023					
Payables	106,128	(106,128)	(74,701)	(31,427)	-
Loans and borrowings	658,036	(658,036)	(222,084)	(435,952)	-
	<u>764,164</u>	<u>(764,164)</u>	<u>(296,785)</u>	<u>(467,379)</u>	<u>-</u>
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>

(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	
	2023	2022
	\$	\$
Fixed rate instruments		
Financial assets	150,000	150,000
Financial liabilities	(348)	(351)
	<u>149,652</u>	<u>149,649</u>
Variable rate instruments		
Financial assets	440,844	238,113
Financial liabilities	(658,036)	(1,288,795)
	<u>(217,192)</u>	<u>(1,050,682)</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 2023 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 2023 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 2023

	2023 \$	2022 \$	2021 \$
INCOME			
Commission Received	2,242,797	1,360,567	1,355,039
OTHER INCOME			
Interest Received	1,939	432	2,024
Profit (Loss) on Sale of Asset	(730)	-	-
Sundry	-	14,631	52,947
	2,244,006	1,375,630	1,410,010
EXPENDITURE			
Accountancy Fees	19,200	18,500	18,325
Advertising & Promotion	17,873	18,405	21,431
Agent Commission	634	914	1,333
Amortisation	13,130	16,817	13,300
Annual Leave Accrual	13,482	7,802	6,589
ASIC Compliance Costs	1,595	1,562	1,599
ATM Fees	7,530	7,492	13,004
Auditors Remuneration	7,770	7,460	7,220
Bad Debts Written Off	(97)	8,125	(14,868)
Bank Charges	298	314	293
Board Expenses	25,926	6,623	5,859
Cash Delivery	1,618	1,839	1,150
Cleaning & Gardening	7,199	7,613	7,485
Community Grants	118,839	66,109	50,349
Computer Expenses	30,636	32,842	33,638
Depreciation	65,769	68,444	73,963
Employee's Amenities	1,310	1,418	1,612
Freight & Cartage	16,860	14,332	12,789
Fringe Benefit Tax	4,594	4,051	4,375
Insurance	13,859	15,137	14,838
Interest Paid	141,735	100,551	89,935
Labour Hire	9,166	1,960	25,634
Legal Costs	1,205	248	12
Light & Power	20,792	19,859	19,484
Long Service Leave Provision	1,343	3,358	(4,427)
Marketing	2,188	2,399	11,682
Minor Assets	1,528	491	664
Motor Vehicle Costs	3,431	2,922	2,312
Other Employer Expenses	1,921	13,315	1,311
Payroll Services	1,990	1,630	1,560
Payroll Tax	7,331	17,896	18,228
Postage	1,470	1,594	1,506
Printing & Stationery	8,580	8,317	11,018
Procedural Errors	660	(691)	1,854

Detailed statement of comprehensive income (continued)

Detailed Statement of Comprehensive Income (continued)

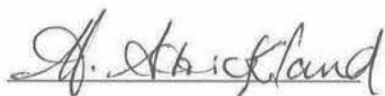
	2023	2022	2021
	\$	\$	\$
Rates & Taxes	8,416	8,166	8,066
Repairs & Maintenance	3,855	3,272	5,330
Salaries & Wages	522,464	531,783	583,780
Search Fees	5,304	6,618	8,659
Security Costs	4,530	2,593	2,183
Share Registry	3,937	3,708	2,985
Staff Recruitment & Training	10,650	9,900	10,069
Staff Uniforms	5,975	5,842	3,674
Subscriptions	374	170	200
Sundry Expenses	3,905	2,439	2,024
Superannuation Contributions	64,727	62,630	61,735
Telephone	2,691	2,425	4,068
Travelling Expenses	639	-	942
Workcover	1,801	2,377	2,275
	1,210,633	1,121,571	1,151,047
NET PROFIT / (LOSS)	1,033,373	254,059	258,963

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 2023 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 2023



Helen Strickland, Director

Signed on the 21st day of September 2023.

Auditor's independence declaration

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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 2023 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

25 September 2023

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 2023, 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 2023 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.

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.

INDEPENDENT AUDITOR'S REPORT

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

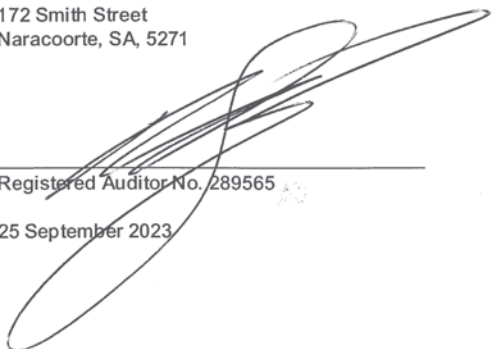
- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a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

INDEPENDENT AUDITOR'S REPORT

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

25 September 2023

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