



# Annual Report 2016

Mount Gambier & District  
Financial Services Limited

ABN 42 096 059 997

# Contents

---

<b>Chair's report</b>	<b>2</b>
<b>Manager's report</b>	<b>4</b>
<b>Bendigo and Adelaide Bank report</b>	<b>5</b>
<b>Directors' report</b>	<b>6</b>
<b>Financial statements</b>	<b>9</b>
<b>Notes to the financial statements</b>	<b>13</b>
<b>Directors' declaration</b>	<b>29</b>
<b>Detailed financials</b>	<b>30</b>
<b>Independent audit report</b>	<b>32</b>
<b>Auditor's independence declaration</b>	<b>34</b>

# Chair's report

---

For year ending 30 June 2016

I am pleased to report as Chair of the Board of Mount Gambier & District Financial Services Limited, our local **Community Bank**<sup>®</sup> branch owner for the year ended June 2016.

As outlined in the financial reports, the **Community Bank**<sup>®</sup> branch has performed well this year in a challenging environment. This is due to the leadership of our Branch Manager, Tracey Koop, and the dedicated and skilled work of staff, who are part of our community and provide exemplary customer service. The Board thanks them and acknowledges their work.

As outlined elsewhere in the report, we have maintained our community investment program this year, and provided over \$78,000 in financial support for a number of community initiatives. Prominent community investments this year included \$10,000 to the Western Border Football League, \$5,000 to the City of Mount Gambier Junior Sports Assistance Fund and \$12,500 in scholarships for regional students undertaking university degrees in metropolitan areas. We have also provided funding for additional defibrillator machines in the city, continued supporting WIN TV's breast cancer awareness fundraising and provided grants to smaller community groups such as Sunset Community Kitchen, South East Animal Welfare League, Bayside Festival, Riding for Disabled, South East Arts Society plus many local sporting organisations.

This is what makes our **Community Bank**<sup>®</sup> branch special, we give back and we see this as a critical factor in our company.

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.

This year the Board has focused on our Strategic Plan which provides direction for the period 2015 to 2018. Specifically this plan:

Our focus is:

- To ensure Board policies, systems and processes are reviewed and documented.
- To ensure a coordinated Director education program is implemented.
- To ensure clarity in the Board's role with community engagement.
- To develop a process to gather data to support Board intelligence for forward planning.
- To ensure that all our staff are connected to our strategy, to our Board and to their community.
- To ensure our shareholders are informed and engaged in our activities.

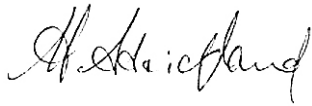
Ultimately the Board is responsible to drive the bottom line and provide appropriate returns to shareholders and the community. This involves:

- Achieving the efficient conduct of the business
- Effective governance of the enterprise
- Setting strategic direction for the enterprise
- Safeguarding the assets of the company
- Strengthening partnership with key agencies and community groups to progress the objectives of the company

## Chair's report (continued)

---

The Board has spent considerable time this year in understanding the Project Horizon model, which brings changes to the method of funding within Bendigo Bank to our **Community Bank**<sup>®</sup> company. Our Board has a good understanding of this. 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.



**Helen Strickland**  
**Chair**

# Manager's report

---

For year ending 30 June 2016

I hope everyone has had a happy and productive 2015/16.

Our year has been one of learning new skills, training new staff and delivering more diverse products to our customers to ensure all of their financial needs are met.

We welcome Jade, Janet and Jane to the team. We have said goodbye to Michelle and Catherine who have moved on to other adventures. Larnka and Alisha have taken time to enjoy new additions to their families and we look forward to welcoming them back later this year.

Our Shop Local campaign continued to be a huge success. It enabled us to get our brand out into the marketplace along with supporting other local businesses within our area. This year, we have had 90 businesses involved in the competition and thirty appreciative winners who are now great advocates for our branch.

Once again, we have achieved our target for after tax profit. We have also met 99.8% of our budgeted growth for the year. These are achievements that I am very proud of and it is a reflection of the hard work and dedication to good service that the staff continue to provide. Our team of Branch Staff, together with the Business and Rural Bankers deliver a high level of expertise and friendliness to all of our clients.

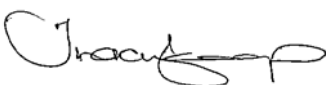
We can confidently offer a full range of banking services including lending, insurance, telco facilities, financial planning, business, commercial and rural banking. We not only have a team of friendly and helpful staff within the Mount Gambier **Community Bank**<sup>®</sup> Branch, but also have access to specialists who can come down on a monthly basis to ensure your needs are met.

A major focus of our branch continues to be the ability to contribute back to the community in which we live. This year alone, we have been able to contribute another \$78,973 bringing our overall total to a wonderful amount of \$625,450. This is one of the reasons that our **Community Bank**<sup>®</sup> branch was established in 2001 and it is very fulfilling to be a part of seeing this dream come to fruition.

However, the competition for business is fierce and we can only contribute back from profits that we make. We need your help in being able to grow the business so that this community contribution continues. Please contact one of the team and ask for a review of your banking, whether it is with us already or with another financial institution. I am sure you will be pleasantly surprised. Always remember the reason you decided to become a shareholder. You are a part of our team and by doing your daily banking business and referring others to do the same, we can continue to support the ventures that you are involved with in your personal life.

Later this year we will celebrate 15 years of the **Community Bank**<sup>®</sup> model in Mount Gambier. We invite you to be part of this wonderful milestone and come down to the branch on 1 December to help us celebrate.

I hope you all have a wonderful 2016/17 and I look forward to seeing what this year may hold for us all.



**Tracy Koop**  
**Branch Manager**

# Bendigo and Adelaide Bank report

---

For year ending 30 June 2016

It's been 18 years since Bendigo Bank and two rural communities announced they were joining forces to open **Community Bank**<sup>®</sup> branches.

The initial aim was to return traditional bank branches to regional communities.

It was soon obvious that the 'community' aspect of this unique banking model was going to be just as important to all types of communities; whether they are rural, regional or urban.

Today, there are 312 **Community Bank**<sup>®</sup> communities in every state and territory of Australia.

The statistics are impressive:

- More than \$148 million in community contributions returned to local communities
- 1,900 Directors
- 1,500 staff
- More than \$38 million in shareholder dividends.

Yes, these figures are staggering.

But dig a little deeper and what's more significant is that social issues affecting every community in Australia have received funding from **Community Bank**<sup>®</sup> companies.

- Aged care
- Youth disengagement
- Homelessness
- Domestic and family violence
- Mental health
- Unemployment
- Environment

I have no doubt that your **Community Bank**<sup>®</sup> company has already had a role to play, either in a funding grant, sponsorship support or connecting locals with relevant government, corporate and not-for-profit organisations.

Behind every **Community Bank**<sup>®</sup> branch is a company Board of Directors. These people are local mums and dads, tradespeople, small business operators, farmers, lawyers, accountants, school teachers, office workers... and the list goes on.

As **Community Bank**<sup>®</sup> company Directors they volunteer their time, their professional expertise and their local knowledge to make your **Community Bank**<sup>®</sup> branch the success it is today.

To every single one of our 1,900-plus **Community Bank**<sup>®</sup> company Directors, thank you for your commitment, your confidence in Bendigo and Adelaide Bank and your vision to make your community a better place to live.

As a **Community Bank**<sup>®</sup> community, you're all change makers.

As a shareholder, you're critical to helping make things happen for the benefit of your community.

On behalf of Bendigo Bank, thank you.

Thank you for your support as a shareholder, your belief in your community and your faith in what a **Community Bank**<sup>®</sup> community can achieve.



**Robert Musgrove**  
**Executive Community Engagement**

# Directors' report

---

For the financial year ended 30 June 2016

Your Directors submit their report of the company for the financial year ended 30 June 2016.

## 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**

Chairman

Board Member since 16/04/2014

**Mr. Herman Augustinus Bersee LLB**

Board Member since 28/02/2001

Resigned 18/11/2015

**Mrs. Karen Lee Olive**

Board Member since 29/04/2009

**Ms. Barbara Winifred Munt**

Board Member since 16/04/2014

**Ms. Roberta Lee Coke**

Board Member since 22/10/2014

**Miss. Rosangela Crispino**

Board Member since 24/06/2015

**Ms. Anne Eitzen, FIPA**

Secretary

Board Member since 16/04/2014

**Mr Rodney George Summers**

Board Member since 07/01/2009

**Mr. Mark Fullford**

Board Member since 16/04/2014

**Mrs. Jane Fetherstonhaugh, MBA, GACID**

Board Member since 16/04/2014

**Mr. Francis Charles Wilcox JP**

Board Member since 24/06/2015

**Ms. Terasa Lee Nearmy**

Board Member since 24/06/2015

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

Operations have performed in line with expectations for the 2015/16 year. Revenue was down due to decreased margins, and the company's expenses increased, which was reflected in the reduction of profit from last year. The profit/(loss) of the company for the financial year after provision for income tax was 2016: \$89,960 2015:\$155,871.

## Financial position

The net assets of the company have increased by \$66,299 from 30 June 2015 to \$1,092,487 in 2016. The increase is largely due to the repayment of the company debt.

# Directors' report (continued)

---

## Dividends

	Year ended 30 June 2016	
	Cents	\$
Final dividends recommended:	3.5	16,501
Dividends paid in the year:		
- Final for the year (as recommended in prior year report)	5	23,573

## Events after the reporting period

Since balance date, the world financial markets have shown some volatility that may have an impact on investment earnings in the 2016/2017 financial year. The company continues to maintain a conservative investment strategy to manage the exposure to market volatility.

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:

	Board Meetings
Ms. Helen Mary Strickland	10 (11)
Ms. Anne Eitzen	10 (11)
Mr. Rodney George Summers	10 (11)
Mrs. Karen Lee Olive	8 (11)
Mr. Mark Fullford	10 (11)
Ms. Barbara Winifred Munt	6 (11)
Mrs. Jane Frances Fetherstonhaugh	6 (11)
Ms. Roberta Coke	8 (11)
Mr. Frank Wilcox	9 (11)
Miss. Ros Crispino	3 (11)
Ms. Terasa Nearmy	10 (11)
Mr. Herman Augustinus Bersee	1 (4)

# 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 25 years experience as a former Company Secretary/Accountant with the Scott Group of Companies.

## Corporate Governance

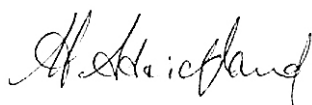
The company has implemented various corporate governance practices, which include:

- (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 2016 has been received and can be found on page 34.

Signed in accordance with a resolution of the Board of Directors at Mount Gambier on 28 September 2016.



**Helen Strickland,**  
**Director**

# Financial statements

## Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2016

	Notes	2016 \$	2015 \$
Revenue	2	1,489,607	1,517,667
Employee benefits expense	3	(716,161)	(657,567)
Depreciation and amortisation expense	3	(29,468)	(33,312)
Finance costs	3	(133,105)	(145,674)
Other expenses		(399,262)	(391,142)
<b>Operating profit/(loss) before charitable donations &amp; sponsorships</b>		<b>211,611</b>	<b>289,972</b>
Charitable donations and sponsorship		(83,135)	(67,299)
<b>Profit/(loss) before income tax expense</b>		<b>128,476</b>	<b>222,673</b>
Income tax expense / (benefit)	4	38,516	66,802
<b>Net Profit/(loss) for the year</b>		<b>89,960</b>	<b>155,871</b>
Other comprehensive income			
<b>Net profit/(loss) on disposal of non-current assets</b>	<b>5</b>	<b>(88)</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>89,872</b>	<b>155,871</b>
<b>Earnings per share (cents per share)</b>		<b>¢</b>	<b>¢</b>
- basic for profit / (loss) for the year	24	19.06	33.06
- diluted for profit / (loss) for the year	24	19.06	33.06

The accompanying notes form part of these financial statements.

# Financial statements (continued)

## Statement of Financial Position as at 30 June 2016

	Notes	2016 \$	2015 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	6	200,853	216,744
Receivables	7	137,365	162,865
Current tax receivable	4	13,608	-
Prepayments	8	3,914	5,334
<b>Total current assets</b>		<b>355,740</b>	<b>384,943</b>
<b>Non-current assets</b>			
Property, plant and equipment	9	141,671	161,227
Deferred tax assets	4	10,968	11,720
Intangible assets	10	2,771,860	2,781,860
<b>Total non-current assets</b>		<b>2,924,499</b>	<b>2,954,807</b>
<b>Total assets</b>		<b>3,280,239</b>	<b>3,339,750</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	11	84,208	96,146
Loans and borrowings	12	228,000	228,000
Current tax payable	4	-	16,651
Provisions	13	8,721	16,154
<b>Total current liabilities</b>		<b>320,929</b>	<b>356,951</b>
<b>Non-current liabilities</b>			
Trade and other payables	11	-	-
Loans and borrowings	12	1,838,984	1,933,698
Provisions	13	27,839	22,913
<b>Total non-current liabilities</b>		<b>1,866,823</b>	<b>1,956,611</b>
<b>Total liabilities</b>		<b>2,187,752</b>	<b>2,313,562</b>
<b>Net assets/(liabilities)</b>		<b>1,092,487</b>	<b>1,026,188</b>
<b>Equity</b>			
Share capital	14	471,458	471,458
Retained earnings / (accumulated losses)	15	621,029	554,730
<b>Total equity</b>		<b>1,092,487</b>	<b>1,026,188</b>

The accompanying notes form part of these financial statements.

# Financial statements (continued)

## Statement of Cash Flows for the year ended 30 June 2016

	Notes	2016 \$	2015 \$
<b>Cash flows from operating activities</b>			
Cash receipts in the course of operations		1,662,967	1,668,195
Cash payments in the course of operations		(1,360,771)	(1,248,368)
Interest paid		-	(4)
Interest received		1,329	3,282
Income tax paid		(68,023)	(54,430)
<b>Net cash flows from/(used in) operating activities</b>	<b>16b</b>	<b>235,502</b>	<b>368,675</b>
<b>Cash flows from investing activities</b>			
Payment for intangible assets		-	-
Payments for property, plant and equipment		-	-
<b>Net cash flows from/(used in) investing activities</b>		<b>-</b>	<b>-</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		-	-
Interest paid		(133,105)	(145,669)
Proceeds from borrowings		-	-
Repayment of borrowings		(94,715)	(101,595)
Dividends paid		(23,573)	(23,573)
<b>Net cash flows from/(used in) financing activities</b>		<b>(251,393)</b>	<b>(270,837)</b>
Net increase/(decrease) in cash held		(15,891)	97,838
Cash and cash equivalents at start of year		216,744	118,906
<b>Cash and cash equivalents at end of year</b>	<b>16a</b>	<b>200,853</b>	<b>216,744</b>

The accompanying notes form part of these financial statements.

## Financial statements (continued)

---

### Statement of Changes in Equity for the year ended 30 June 2016

	Notes	2016 \$	2015 \$
<b>Issued capital</b>			
Balance at start of year		471,458	471,458
Issue of share capital		-	-
Share issue costs		-	-
<b>Balance at end of year</b>		<b>471,458</b>	<b>471,458</b>
<b>Retained earnings/ (accumulated losses)</b>			
Balance at start of year		554,730	422,432
Net Profit/(loss) for the year		89,872	155,871
Dividends paid	23	(23,573)	(23,573)
<b>Balance at end of year</b>		<b>621,029</b>	<b>554,730</b>

The accompanying notes form part of these financial statements.

# Notes to the financial statements

---

For year ended 30 June 2016

## Note 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 2016 are presented in Australian dollars. The company was incorporated in Australia and the principal operations involve providing **Community Bank**<sup>®</sup> services.

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 28 September 2016.

### (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.

### (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.

# Notes to the financial statements (continued)

---

## Note 1. Summary of significant accounting policies (continued)

### (c) Property, plant and equipment (continued)

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

<b>Class of asset</b>	<b>Depreciation rate</b>
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) 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.

### (e) 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)

---

## Note 1. Summary of significant accounting policies (continued)

### **(f) 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.

### **(g) 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.

### **(h) 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.

### **(i) Revenue**

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

### **(j) 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.

### **(k) 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.

### **(l) Loans and borrowings**

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

### **(m) 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.



# Notes to the financial statements (continued)

---

## Note 1. Summary of significant accounting policies (continued)

### **(n) 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.

### **(o) Comparative figures**

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

### **(p) 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.

### **(q) 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.

# Notes to the financial statements (continued)

## Note 1. Summary of significant accounting policies (continued)

### (q) Financial instruments (continued)

#### Classification and subsequent measurement (continued)

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.

	2016 \$	2015 \$
<b>Note 2. Revenue from ordinary activities</b>		
Operating activities		
- services commissions	1,469,829	1,514,234
- other revenue	18,449	150
<b>Total revenue from operating activities</b>	<b>1,488,278</b>	<b>1,514,384</b>
Non-operating activities:		
- interest received	1,329	3,283
- other revenue	-	-
<b>Total revenue from non-operating activities</b>	<b>1,329</b>	<b>3,283</b>
<b>Total revenue from ordinary activities</b>	<b>1,489,607</b>	<b>1,517,667</b>

## Notes to the financial statements (continued)

	2016 \$	2015 \$
<b>Note 3. Expenses</b>		
Employee benefits expense		
- wages and salaries	(617,334)	(554,852)
- superannuation costs	(59,424)	(53,552)
- post employment benefits (other than superannuation)	-	-
- workers' compensation costs	(2,952)	(2,661)
- other costs	(36,451)	(46,502)
	<b>(716,161)</b>	<b>(657,567)</b>
Depreciation of non-current assets:		
- plant and equipment	(19,468)	(23,312)
- buildings	-	-
Amortisation of non-current assets:		
- intangibles	(10,000)	(10,000)
	<b>(29,468)</b>	<b>(33,312)</b>
Finance Costs:		
- Interest paid	(133,105)	(145,674)
Bad debts	(2,055)	(292)

## Note 4. Income tax expense

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 30%	38,516	66,802
Add tax effect of:		
- Non-deductible expenses	10,968	11,720
- Prior year tax losses not previously brought to account	-	-
- Future income tax benefit not brought to account	-	-
- Adjustment of prior year tax losses	-	-
<b>Current income tax expense</b>	<b>49,484</b>	<b>78,522</b>
Origination and reversal of temporary differences	(11,720)	(8,520)
<b>Deferred income tax expense</b>	<b>(11,720)</b>	<b>(8,520)</b>
<b>Income tax expense/(benefit)</b>	<b>37,764</b>	<b>70,002</b>

## Notes to the financial statements (continued)

	2016 \$	2015 \$
--	------------	------------

Note 4. Income tax expense (continued)

### Tax liabilities

<b>Current tax payable/(receivable)</b>	<b>(13,608)</b>	<b>16,651</b>
<b>Deferred income tax asset</b>		
<b>Future income tax benefits arising from tax losses are recognised at reporting date as realisation of the benefit is regarded as probable.</b>	<b>10,968</b>	<b>11,720</b>

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

Profit/(loss) on disposal of non-current assets	(88)	-
	<b>(88)</b>	-

Note 6. Cash and Cash Equivalents

<b>Cash at bank and on hand</b>	<b>200,853</b>	<b>216,744</b>
---------------------------------	----------------	----------------

Note 7. Receivables

GST receivable	9,262	7,911
Trade Debtors	128,103	154,954
	<b>137,365</b>	<b>162,865</b>

Note 8. Prepayments

Prepaid Expense	3,769	5,129
Prepaid Borrowing Costs	145	205
	<b>3,914</b>	<b>5,334</b>

Note 9. Property, plant and equipment

### Plant and equipment

At cost	294,526	296,406
Less accumulated depreciation	(152,855)	(135,179)
	<b>141,671</b>	<b>161,227</b>
<b>Total written down amount</b>	<b>141,671</b>	<b>161,227</b>

## Notes to the financial statements (continued)

	2016 \$	2015 \$
<b>Note 9. Property, plant and equipment</b>		
<b>Movements in carrying amounts</b>		
<b>Plant and equipment</b>		
Carrying amount at beginning of year	161,227	184,539
Additions		-
Disposals	(88)	-
Depreciation expense	(19,468)	(23,312)
<b>Carrying amount at end of year</b>	<b>141,671</b>	<b>161,227</b>

## Note 10. Intangible Assets

<b>Franchise Fee</b>		
At cost	50,000	50,000
Less accumulated amortisation	(45,833)	(35,833)
	<b>4,167</b>	<b>14,167</b>
The company pays a franchise fee upfront every 5 years.		
<b>Goodwill</b>		
At Cost	2,767,693	2,767,693
	<b>2,771,860</b>	<b>2,781,860</b>

## Note 11. Payables

<b>Current</b>		
Trade creditors	64,862	78,674
Franchise Fees Payable	-	-
Other creditors and accruals	19,346	17,472
	<b>84,208</b>	<b>96,146</b>
<b>Non-current</b>		
Franchise Fees payable	-	-
	-	-
<b>(a) Financial Liabilities at amortised cost classified</b>		
as trade and other payables		
- Total Current	72,202	82,344
- Total Non-Current	-	-
	<b>72,202</b>	<b>82,344</b>
<b>Financial Liabilities as trade and other payables</b>	<b>72,202</b>	<b>82,344</b>

## Notes to the financial statements (continued)

	2016 \$	2015 \$
<b>Note 12. Loans and borrowings</b>		
<b>Current</b>		
Bank overdraft	-	-
Bank loan - secured	228,000	228,000
	<b>228,000</b>	<b>228,000</b>
<b>Non-Current</b>		
Bank loan - secured	1,838,984	1,933,698
	<b>2,066,984</b>	<b>2,161,698</b>

## Note 13. Provisions

<b>Current</b>		
Unpaid declared dividend	-	-
Employee benefits	8,721	16,154
	<b>8,721</b>	<b>16,154</b>
<b>Non-Current</b>		
Employee benefits	27,839	22,913
	<b>27,839</b>	<b>22,913</b>
	<b>36,560</b>	<b>39,067</b>
<b>Number of employees at year end</b>	<b>7</b>	<b>7</b>

## Note 14. Share capital

<b>471,458 Ordinary Shares fully paid of \$1 each</b>	<b>471,458</b>	<b>471,458</b>
---	----------------	----------------

## Note 15. Retained earnings / (accumulated losses)

Balance at the beginning of the financial year	554,730	422,432
Profit/(loss) after income tax	89,872	155,871
Dividends	(23,573)	(23,573)
<b>Balance at the end of the financial year</b>	<b>621,029</b>	<b>554,730</b>

## Notes to the financial statements (continued)

	2016 \$	2015 \$
<b>Note 16. Statement of cash flows</b>		
<b>(a) Cash and cash equivalents</b>		
Cash assets	200,853	216,744
Bank overdraft	-	-
	<b>200,853</b>	<b>216,744</b>
<b>(b) Reconciliation of profit / (loss) after tax to net cash provided from/(used in) operating activities</b>		
Profit / (loss) after income tax	89,872	155,871
Interest relating to financing activities	133,105	145,669
Non cash items		
- Depreciation	19,468	23,312
- Amortisation	10,000	10,000
- (Profit)/Loss on disposal of non-current assets	88	-
Changes in assets and liabilities		
- (Increase) decrease in receivables	25,500	(5,721)
- (Increase) decrease in prepayments	1,420	60
- (Increase) decrease in deferred taxes payable	752	(3,200)
- Increase (decrease) in trade payables and accruals	(11,938)	11,362
- Increase (decrease) in income taxes payable	(30,258)	20,656
- Increase (decrease) in provisions	(2,507)	10,666
<b>Net cashflows from/(used in) operating activities</b>	<b>235,502</b>	<b>368,675</b>

## Note 17. Auditors' remuneration

Amounts received or due and receivable

- Audit or review of the financial report of the company	6,940	6,760
- Other services in relation to the company	-	-
	<b>6,940</b>	<b>6,760</b>

# Notes to the financial statements (continued)

## Note 18. 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	Mrs. Karen Lee Olive
Mr. Mark Fullford	Ms. Barbara Winifred Munt
Mrs. Jane Frances Fetherstonhaugh	Ms. Roberta Coke
Mr. Frank Wilcox	Miss. Ros Crispino
Ms. Terasa Nearmy	Mr. Herman Augustinus Bersee

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.

	2016	2015
<b>Directors' shareholdings</b>		
Ms. Helen Mary Strickland	-	-
Ms. Anne Eitzen	250	250
Mr. Rodney George Summers	-	-
Mrs. Karen Lee Olive	-	-
Mr. Mark Fullford	-	-
Ms. Barbara Winifred Munt	-	-
Mrs. Jane Frances Fetherstonhaugh	-	-
Ms. Roberta Coke	-	-
Mr. Frank Wilcox	-	-
Miss. Ros Crispino	-	-
Ms. Terasa Nearmy	-	-
Mr. Herman Augustinus Bersee	14,501	10,001

Each share held has a paid up value of \$1 and is fully paid.

## Note 19. Events after the reporting period

Since balance date, the world financial markets have shown volatility that may have an impact on investment earnings in the 2016/17 financial year. The company continues to maintain a conservative investment strategy to manage the exposure to market volatility.

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

## Note 20. Contingent liabilities and assets

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



# Notes to the financial statements (continued)

## Note 21. 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 and Adelaide Bank Limited who account for 98% of the revenue (2015: 99%).

## Note 22. 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.

	2016 \$	2015 \$
<b>Note 23. Dividends paid or provided for on ordinary shares</b>		
<b>(a) Dividends proposed and recognised as a liability</b>		
Franked dividends - nil cents per share (2015: nil cents)	-	-
<b>(b) Dividends paid during the year</b>		
(i) Current year interim		
Franked dividends - nil cents per share (2015: nil cents per share)	-	-
(ii) Previous year final		
Franked dividends - 5 cents per share (2015: 5 cents per share)	23,573	23,573
Unfranked dividends - nil cents per share (2015: nil cents per share)	-	-
<b>(c) Dividends proposed and not recognised as a liability</b>		
Unfranked dividends - nil cents per share (2015: nil cents per share)	-	-
Franked dividends - 3.5 cents per share (2015: 5 cents per share)	16,501	23,573
<b>(d) Franking credit balance</b>		
The amount of franking credits available for the subsequent financial year are:		
- Franking account balance as at the end of the financial year	342,389	284,468
- Franking credits that will arise from the payment of income tax payable as at the end of the financial year	(13,608)	16,651
- 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	-	-
	<b>328,781</b>	<b>301,119</b>

The tax rate at which dividends have been franked is 30% (2015: 30%).

Dividends proposed will be franked at a rate of 30% (2015: 30%).

## Notes to the financial statements (continued)

	2016 ¢	2015 ¢
<b>Note 24. Earnings per share</b>		
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.	19.06	33.06
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).	19.06	33.06
The following reflects the income and share data used in the basic and diluted earnings per share computations:		
<b>Profit/(loss) after income tax expense</b>	<b>89,872</b>	<b>155,871</b>
<b>Weighted average number of ordinary shares for basic and diluted earnings per share</b>	<b>471,458</b>	<b>471,458</b>

	2016 \$	2015 \$
<b>Note 25. Capital and leasing commitments</b>		
<b>Operating lease commitments</b>		
Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Payable - minimum lease statements		
- not later than 12 months	62,909	73,278
- between 12 months and 5 years	-	61,065

The property lease is a non-cancellable lease with a five-year term, with rent payable in advance. The current lease expires in April 2017.

Rent increase as per the lease by CPI in May 2016.

An option exists to renew the lease at the end of the current five-year term for an additional term of five years.

## Note 26. 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.

# Notes to the financial statements (continued)

## Note 26. Financial risk management (continued)

### (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:

	Carrying Amount	
	2016 \$	2015 \$
Cash assets	200	200
Receivables	137,365	162,865
	<b>137,565</b>	<b>163,065</b>

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 Limited.

None of the assets of the company are past due (2015: 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 Limited.

### (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.

In addition, the company has an established overdraft facility of \$50,000 with Bendigo and Adelaide Bank Limited.

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
<b>30 June 2016</b>					
Payables	84,208	(84,208)	(84,208)	-	-
Loans and borrowings	2,066,984	(2,066,984)	(228,000)	(912,000)	(926,984)
	<b>2,151,192</b>	<b>(2,151,192)</b>	<b>(312,208)</b>	<b>(912,000)</b>	<b>(926,984)</b>
<b>30 June 2015</b>					
Payables	96,146	(96,146)	(96,146)	-	-
Loans and borrowings	2,161,698	(2,161,698)	(228,000)	(912,000)	(1,021,698)
	<b>2,257,844</b>	<b>(2,257,844)</b>	<b>(324,146)</b>	<b>(912,000)</b>	<b>(1,021,698)</b>

# Notes to the financial statements (continued)

## Note 26. Financial risk management (continued)

### (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	
	2016	2015
	\$	\$
<b>Fixed rate instruments</b>		
Financial assets	150,000	100,000
Financial liabilities	361	-
	<b>150,361</b>	<b>100,000</b>
<b>Variable rate instruments</b>		
Financial assets	50,653	116,544
Financial liabilities	-	-
	<b>50,653</b>	<b>116,544</b>

#### 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 2015 there was also no impact. As at both dates this assumes all other variables remain constant.

### (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.

# Notes to the financial statements (continued)

---

## Note 26. Financial risk management (continued)

### **(e) Capital management (continued)**

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 2016 can be seen in the Statement of Comprehensive Income.

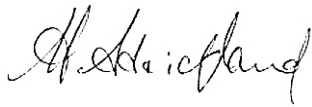
There were no changes in the company's approach to capital management during the year.

# Directors' declaration

---

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 2016 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 2016.



**Helen Strickland,**  
**Director**

Signed at Mount Gambier on 28 September 2016.

# Detailed financials

## Detailed Statement of Comprehensive Income for the year ended 30 June 2016

	Notes	2016 \$	2015 \$
<b>Income</b>			
Commission received		1,469,829	1,514,234
<b>Other income</b>			
Interest received		1,329	3,283
Interest rebate		-	-
Rent received		-	-
Profit (loss) on sale of asset		(88)	-
Sundry		18,449	150
		<b>1,489,519</b>	<b>1,517,667</b>
<b>Expenditure</b>			
Accountancy fees		15,600	16,000
Annual leave accrual		18,541	19,134
Asic compliance costs		1,161	1,146
Advertising & promotion		41,137	52,203
Agent commission		394	464
Amortisation		10,000	10,000
ATM Fees		20,919	25,371
Auditors remuneration		6,940	6,760
Bank charges		226	202
Bad debts written off		2,055	292
Board expenses		8,109	6,746
Borrowing costs		60	60
Cash delivery		2,513	2,586
Cash management		811	708
Cleaning & gardening		12,715	12,736
Community grants		83,135	67,299
Computer expenses		37,489	15,211
Depreciation		19,468	23,312
Employee's amenities		1,237	662
Fixed assets <\$300		65	1,202
Freight & cartage		23,394	20,809
Fringe benefit tax		6,817	7,622

## Detailed financials (continued)

	Notes	2016 \$	2015 \$
<b>Expenditure (continued)</b>			
Hire of plant & equipment		-	-
Insurance		11,847	6,809
Interest paid		133,105	145,674
Lease / rent office equipment		1,685	2,221
Legal costs		116	217
Light & power		14,050	15,151
Long service leave provision		17,456	26,892
Marketing		10,869	14,301
Motor vehicle costs		2,220	2,082
Other employer expenses		5,562	6,186
Payroll services		1,930	1,700
Payroll tax		16,801	15,995
Postage		2,943	2,573
Printing & stationary		18,198	15,628
Procedural errors		10	385
Rates & taxes		8,565	8,656
Rent		73,647	71,500
Repairs & maintenance		3,236	7,330
Salaries & wages		617,334	554,852
Search fees		6,124	3,749
Security costs		1,937	4,497
Share registry		3,648	3,470
Sponsorship		-	109
Staff recruitment & training		12,515	11,116
Staff uniforms		3,003	2,653
Subscriptions		-	-
Sundry expenses		2,843	3,044
Superannuation contributions		59,424	53,552
Telephone		8,266	5,613
Trailer fees expense		-	(1,298)
Travelling expenses		8,059	17,151
Workcover		2,952	2,661
		<b>1,361,131</b>	<b>1,294,994</b>
<b>Net profit / (loss)</b>		<b>128,388</b>	<b>222,673</b>



# Independent audit report

**Bordertown** T 08 8752 1300  
PO Box 270, Bordertown SA 5268  
E bordertown@murraynankivell.com.au

**Naracoorte** T 08 8762 1544  
PO Box 403, Naracoorte SA 5271  
E naracoorte@murraynankivell.com.au  
www.murraynankivell.com.au  
ABN 68 191 400 792

**Millicent** T 08 8733 3122  
PO Box 534, Millicent SA 5280  
E millicent@murraynankivell.com.au

**Murray Bridge** T 08 8531 1563  
PO Box 3007, Murray Bridge SA 5253  
E mb@murraynankivell.com.au



## INDEPENDENT AUDIT REPORT TO THE MEMBER OF MOUNT GAMBIER & DISTRICT FINANCIAL SERVICES LTD

### *Independence*

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, provided to the directors of Mount Gambier & District Financial Services Ltd on the 28<sup>th</sup> of September 2016, would be in the same terms if provided to the directors as at the date of this auditor's report.

### *Auditor's Opinion*

In our opinion:

- (a) The financial report of Mount Gambier & District Financial Services Ltd is in accordance with the Corporations Act 2001 including:
  - (i) giving a true and fair view of the company's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.
  
- (b) The financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

**Mark Stephen Edwards**  
Chartered Accountant

172 Smith Street  
Naracoorte SA 5271



Registered Auditor: Mark Edwards  
Registered Auditor No. 289565

**28 September 2016**

Liability limited by a scheme approved under Professional Standards Legislation

**Bordertown** T 08 8752 1300  
PO Box 270, Bordertown SA 5268  
E bordertown@murraynankivell.com.au

**Naracoorte** T 08 8762 1544  
PO Box 403, Naracoorte SA 5271  
E naracoorte@murraynankivell.com.au  
www.murraynankivell.com.au  
ABN 68 191 400 792

**Millicent** T 08 8733 3122  
PO Box 534, Millicent SA 5280  
E millicent@murraynankivell.com.au

**Murray Bridge** T 08 8531 1563  
PO Box 3007, Murray Bridge SA 5253  
E mb@murraynankivell.com.au



## **INDEPENDENT AUDIT REPORT TO THE MEMBER OF MOUNT GAMBIER & DISTRICT FINANCIAL SERVICES LTD**

### **Report on the Financial Report**

We have audited the accompanying financial report of Mount Gambier & District Financial Services Ltd (the company) which comprises the balance sheet as at 30 June 2016 and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the director's declaration.

#### *Directors' Responsibility for the Financial Report*

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: 'Presentation of Financial Statements', that compliance with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with IFRS.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

# Auditor's independence declaration

---

**Bordertown** T 08 8752 1300  
PO Box 270, Bordertown SA 5268  
E bordertown@murraynankivell.com.au

**Naracoorte** T 08 8762 1544  
PO Box 403, Naracoorte SA 5271  
E naracoorte@murraynankivell.com.au  
www.murraynankivell.com.au  
ABN 68 191 400 792

**Millicent** T 08 8733 3122  
PO Box 534, Millicent SA 5280  
E millicent@murraynankivell.com.au

**Murray Bridge** T 08 8531 1563  
PO Box 3007, Murray Bridge SA 5253  
E mb@murraynankivell.com.au



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

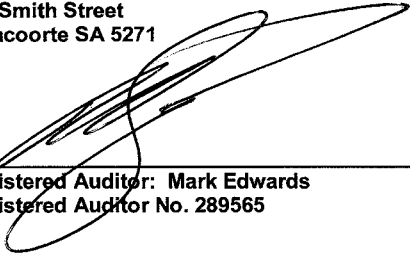
### **TO THE DIRECTORS OF MOUNT GAMBIER & DISTRICT FINANCIAL SERVICES LTD**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2016 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

**28 September 2016**

Liability limited by a scheme approved under Professional Standards Legislation

Mount Gambier & District **Community Bank**<sup>®</sup> Branch  
16 James Street, Mount Gambier SA 5290  
Phone: (08) 8726 3200

Franchisee: Mount Gambier & District Financial Services Limited  
16 James Street, Mount Gambier SA 5290  
Phone: (08) 8726 3200  
ABN: 42 096 059 997

[www.bendigobank.com.au/mtgambier](http://www.bendigobank.com.au/mtgambier)  
[www.facebook.com/MountGambierDistrictCommunityBankBranch](https://www.facebook.com/MountGambierDistrictCommunityBankBranch)  
(BNPAR16044) (08/16)



[bendigobank.com.au](http://bendigobank.com.au)

