

**Mount Gambier & District Financial Services
Limited**

ABN: 42 096 059 997

Financial Statements

as at

31 December 2016

MOUNT GAMBIER & DISTRICT FINANCIAL SERVICES LTD
A.C.N. 096 059 997
CONDENSED FINANCIAL STATEMENTS
DIRECTORS' REPORT

Your Directors submit the financial report of the company for the half year ended 31 December 2016.

Directors

The names of directors who held office during the half year and until the date of this report are as below:

| | |
|-----------------------|--------------------|
| Helen Strickland | Anne Eitzen |
| Rodney Summers | Karen Olive |
| Mark Fulford | Barbara Munt |
| Jane Featherstonhaugh | Roberta Coke |
| Francis Wilcox | Rosangela Crispino |
| Terasa Nearmy | |

Principal activities

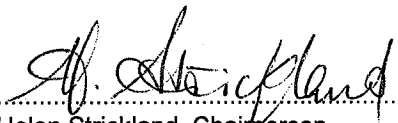
The principal activities of the company during the course of the financial period were in providing **Community Bank®** services under management rights to operate a franchised branch of Bendigo and Adelaide Bank Limited.

Review and results of operations

Operations have continued to perform in line with expectations and budget. The profit/(loss) of the Company for the financial period after provision for income tax was: \$72,245 [2015: \$65,258]
A change to the revenue share model from August 2016 has had little impact on the operating income of the company.

Signed in accordance with a resolution of the Directors

on 22nd of February 2017.


.....
Helen Strickland, Chairperson

.....

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INDEPENDENCE DECLARATION

The following independence declaration has been obtained from the Company's auditor, Mark Edwards of Murray Nankivell & Associates Pty Ltd.

Auditor's Independence Declaration to the Directors of MOUNT GAMBIER & DISTRICT FINANCIAL SERVICES LIMITED

In relation to our review of the financial report of Mount Gambier & District Financial Services Limited for the half-year ended 31 December 2016, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Mark Stephen Edwards
Chartered Accountant

172 Smith Street
Naracoorte, SA, 5271



Registered Auditor: Mark Edwards
Registered Auditor No. 289565

Date: **2 March 2017**

MOUNT GAMBIER & DISTRICT FINANCIAL SERVICES LTD
A.C.N. 096 059 997
CONDENSED INCOME STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

| | 31-Dec 2016 \$ | 31-Dec 2015 \$ |
|---|-------------------------------|-------------------------------|
| Revenue from ordinary activities | 713,224 | 734,373 |
| Other revenue | 8,935 | 1,329 |
| Salaries and employee benefit expense | (351,474) | (361,798) |
| Depreciation and amortisation expense | (12,526) | (14,785) |
| Other expenses from ordinary activities | <u>(254,952)</u> | <u>(265,908)</u> |
| Profit/(loss) from ordinary activities before income tax expense | 103,207 | 93,211 |
| Income tax expense relating to ordinary activities | <u>(30,962)</u> | <u>(27,953)</u> |
| Net profit/(loss) attributable to members of the entity | <u>72,245</u> | <u>65,258</u> |
| Total changes in equity other than those resulting from transactions with owners as owners | <u><u>72,245</u></u> | <u><u>65,258</u></u> |
| Basic Earnings per share (cents per share) | 15 | 14 |

The accompanying notes form part of these financial statements

MOUNT GAMBIER & DISTRICT FINANCIAL SERVICES LTD
A.C.N. 096 059 997
CONDENSED BALANCE SHEET STATEMENT
AS AT 31 DECEMBER 2016

| | 31-Dec 2016 \$ | 30-Jun 2016 \$ |
|---------------------------------------|----------------------|----------------------|
| Current Assets | | |
| Cash and cash equivalents | 263,326 | 200,853 |
| Receivables | 135,978 | 137,365 |
| Current tax receivable | 0 | 13,608.00 |
| Prepayments | 1,828 | 3,914 |
| Total Current Assets | <u>401,132</u> | <u>355,740</u> |
| Non-Current Assets | | |
| Property, plant and equipment | 133,312 | 141,671 |
| Deferred income tax asset | 12,467 | 10,968 |
| Intangible Assets | 2,767,693 | 2,771,860 |
| Total Non-Current Assets | <u>2,913,472</u> | <u>2,924,499</u> |
| Total Assets | <u>3,314,604</u> | <u>3,280,239</u> |
| Current Liabilities | | |
| Payables | 70,783 | 84,208 |
| Interest bearing liabilities | 228,563 | 228,000 |
| Current tax payable | 22,832 | - |
| Provisions | 11,790 | 8,721 |
| Total Current Liabilities | <u>333,968</u> | <u>320,929</u> |
| Non-Current Liabilities | | |
| Interest bearing liabilities | 1,786,136 | 1,838,984 |
| Provisions | 29,768 | 27,839 |
| Trade and other payables | - | - |
| Total Non-Current Liabilities | <u>1,815,904</u> | <u>1,866,823</u> |
| Total Liabilities | <u>2,149,872</u> | <u>2,187,752</u> |
| Net Assets/(Liabilities) | <u>1,164,732</u> | <u>1,092,487</u> |
| Equity | | |
| Issued capital | 471,458 | 471,458 |
| Retained profits/(Accumulated losses) | 693,274 | 621,029 |
| Total Equity | <u>1,164,732</u> | <u>1,092,487</u> |

The accompanying notes form part of these financial statements

MOUNT GAMBIER & DISTRICT FINANCIAL SERVICES LTD
A.C.N. 096 059 997
CONDENSED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

| | 2016 | 2015 |
|--|-----------------------|-----------------------|
| | \$ | \$ |
| Cash Flows From Operating Activities | | |
| Cash receipts in the course of operations | 510,062 | 826,262 |
| Cash payments in the course of operations | (341,204) | (657,065) |
| Interest paid | (8) | - |
| Interest received | 3,554 | 1,329 |
| Income Tax Received (paid) | 3,979 | (34,515) |
| | <u>176,383</u> | <u>136,011</u> |
| Net cash provided by (used in) operating activities | 176,383 | 136,011 |
| Cash Flows From Investing Activities | | |
| Proceeds from sale of non current assets | - | - |
| Payments for property, plant and equipment | - | - |
| Payments for improvements | - | - |
| Payments for intangible assets | - | - |
| | <u>-</u> | <u>-</u> |
| Net cash provided by (used in) investing activities | - | - |
| Cash Flows From Financing Activities | | |
| Proceeds from issue of shares | - | - |
| Proceeds from borrowings | - | - |
| Repayment of borrowings | (52,847) | (46,884) |
| Interest Paid | (61,063) | (67,026) |
| | <u>(113,910)</u> | <u>(113,910)</u> |
| Net cash provided by (used in) financing activities | (113,910) | (113,910) |
| Net increase (decrease) in cash held | 62,473 | 22,101 |
| Cash at beginning of period | <u>200,853</u> | <u>216,744</u> |
| Cash at end of period | <u><u>263,326</u></u> | <u><u>238,845</u></u> |

The accompanying notes form part of these financial statements

MOUNT GAMBIER & DISTRICT FINANCIAL SERVICES LTD
A.C.N. 096 059 997
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

1. Basis of preparation of the Half-Year Financial Statements

Basis of Preparation

These general purpose interim financial statements for the half-year reporting period ended 31 December 2016 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: Interim Financial Reporting.

The interim financial report is intended to provide users with an update on the latest annual financial statements of Mount Gambier & District Financial Services Ltd. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year. It is therefore recommended that this financial report be read in conjunction with the annual financial statements for the year ended 30 June 2016, together with any public announcements made during the following half-year.

Accounting Policies

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

Critical Accounting Estimates and Judgements

The critical estimates and judgements are consistent with those applied and disclosed in the 30 June 2016 annual report.

Reporting Basis and Conventions

The half-yearly report has been prepared on an accruals basis and is based on historical costs less any accumulated depreciation and any accumulated impairment losses of selected non-current assets, financial assets and financial liabilities.

2. Events subsequent to Reporting Date

There have been no events subsequent to reporting date that would materially affect the financial statements at the reporting date.

3. Contingent Assets and Liabilities

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

4. Segment Reporting

The economic entity operates in the financial services sector where it provides banking services to its clients. The economic entity operates in one geographic area being Mount Gambier and surrounding district.

5. Franchise Agreement

There has been a delay in signing the new franchise agreement contract. This will be signed by June 2017 and the franchise fee of \$55,000 plus GST will also be paid upon signing.

The accompanying notes form part of these financial statements

MOUNT GAMBIER & DISTRICT FINANCIAL SERVICES LTD
A.C.N. 096 059 997
CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

| | \$ | \$ | \$ |
|-----------------------------------|----------------------|------------------|------------------|
| | Share Capital | | |
| Note | Ordinary | Retained Profits | Total |
| Balance at 01/07/15 | 471,458 | 554,730 | 1,026,188 |
| Profit for six months to 31/12/15 | - | 65,258 | 65,258 |
| Balance at 31/12/15 | <u>471,458</u> | <u>619,988</u> | <u>1,091,446</u> |
| Balance at 01/07/16 | 471,458 | 621,029 | 1,092,487 |
| Profit for six months to 31/12/16 | - | 72,245 | 72,245 |
| Balance at 31/12/16 | <u>471,458</u> | <u>693,274</u> | <u>1,164,732</u> |

The accompanying notes form part of these financial statements

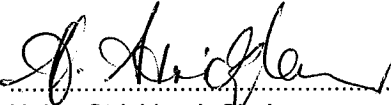
MOUNT GAMBIER & DISTRICT FINANCIAL SERVICES LTD
A.C.N. 096 059 997
CONDENSED FINANCIAL STATEMENTS
DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Mt Gambier & District Financial Services Ltd, we state that:

In the opinion of the directors:

1. The Financial Statements and notes of the company:
 - (i) give a true and fair view of the company's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and
 - (ii) comply with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations.
2. In the directors opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.


.....
Helen Strickland, Chairperson

.....

Dated this 22nd day of February 2017

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of MOUNT GAMBIER & DISTRICT FINANCIAL SERVICES LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of MOUNT GAMBIER & DISTRICT FINANCIAL SERVICES LIMITED ('the company'), which comprises the condensed statement of financial position as at 31 December 2016, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of 'the company' are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of 'the company' financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of 'the company', ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.


Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. 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.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report 'the company' is not in accordance with the *Corporations Act 2001* including:

giving a true and fair view of 'the company's' financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.



.....
Mark Stephen Edwards
Registered Auditor No. 289565
172 Smith St Naracoorte SA 5271
Date: 2 March 2017