



# Annual Report 2017

Mount Gambier & District  
Financial Services Limited

ABN 42 096 059 997

Mount Gambier & District **Community Bank**<sup>®</sup> Branch

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# Chairman's report

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For year ending 30 June 2017

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 30 June 2017.

As outlined in the financial reports, the **Community Bank**<sup>®</sup> company has performed well this year in a challenging environment. This is due to the leadership of our Branch Manager, Tracy 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 have now provided over \$700,000 in financial support for community initiatives and projects since commencing the program. Prominent community investments this year included \$10,000 to the Western Border Football League, \$10,000 to the local Foodbank and \$10,000 in scholarships for regional students undertaking university degrees in metropolitan areas. We have also provided funding for additional defibrillator machines to sporting groups, continued supporting WIN TV's Breast Cancer Awareness Fundraising and provided grants to smaller community groups such as Bayside Festival, Riding for Disabled, Port MacDonnell Bowling Club, Blue Lake Dog Obedience Club and many local sporting and community organisations.

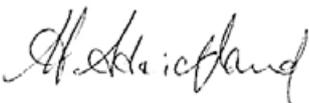
This is what makes our **Community Bank**<sup>®</sup> branch special. We give back to the community and we see this as a critical factor in our company.

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. We fulfill our responsibilities to the business and the community by ensuring we are well informed and take part in workshops and briefings.

At last year's Annual General Meeting we farewelled Directors Jane Fetherstonhaugh and Ros Crispino. They have both contributed significantly to the success of the company and will be missed. We also welcomed three new Directors to the Board – Josh Heaver, Ute Herrmann-Bullock and John Millhouse. They have been a valuable addition to the Board and are an asset to the team.

The Board is now reviewing our Strategic Plan, which will help facilitate a clear vision for the future, a solid understanding of the **Community Bank**<sup>®</sup> model and effective community engagement. We are also discussing the changing nature of banking and the implications that has for the way we operate. 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.

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



**Helen Strickland**  
Chair

# Manager's report

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For year ending 30 June 2017

A warm hello to all of the shareholders of our company.

It seems the years are passing a lot quicker than they used to and our lives are becoming a lot busier. This is also true with the world of finance. It has been a year of celebration, determination and realisation.

Firstly, we celebrated our 15th birthday in November. I am sure a lot of you remember when the concept of a **Community Bank**<sup>®</sup> branch for our town was first raised and the hard work everyone put in to ensure Mount Gambier had a bank that placed great emphasis on our community and the people within it. Thank you to those that attended our birthday celebration in branch.

It has been a year of strong competition across all financial institutions. We may not always have the best rate or the cheapest fees but the staff are always determined to deliver the best service at all times. That is one of our points of difference. Your **Community Bank**<sup>®</sup> branch prides itself on making all customers, whether regular or new, feel welcome and they are committed to exploring the financial journey with their customers to offer products that will meet your needs. We again exceeded budget for after tax profit which is pleasing for shareholders and a great achievement for our team.

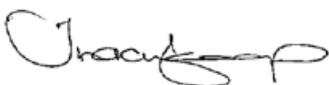
I would also like to thank the Rural and Business teams who are situated in the Mount Gambier office for their expertise and service they provide to our customers on an ongoing basis. This broader team working together allows us to be a one-stop-shop with the ability to offer a wide range of products. As a **Community Bank**<sup>®</sup> branch, we can offer everything and more than any of the other banks can. As shareholders, we also rely on you to spread the word to family and friends who may require banking, insurances, financial planning, telco products and foreign currency. Keep us in mind if you know of people who may benefit from having a chat to one of our wonderful staff. Always remember that we can work with them on their financial needs whether they be large or small, agribusiness needs, travel or telephone. Also, they will have the satisfaction in knowing that as we help them, they are helping their local community through sponsorships that their banking enables us to do.

Which brings me to current realisation. The past year has seen our community involvement hit the \$700,000 mark. It is the realisation that we can make a difference to so many people in our area through funding to schools, sporting groups and service groups. We have also offered financial literacy programmes to groups to assist with budgeting and confidence when dealing with money matters on a day-to-day basis. The staff are still actively involved in contacting the elderly in conjunction with Red Cross so that we can have a chat and make sure they are okay for the day. We see the pride in the faces of competitors of sporting and arts groups when they participate in their chosen field. We have helped a variety of groups to hold their functions and achieve their personal goals. We as Directors, shareholders, customers and staff can celebrate in the realisation that our **Community Bank**<sup>®</sup> branch is a large part of their determination to succeed, not only for themselves but also for their community.

I think that is a great thing to be proud of and I am sure you do too.

In closing, I look forward to seeing those who support us with your everyday banking and meeting those who will bring their banking to us over the next 12 months.

Stay safe and happy in 2017/18.



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

# Bendigo and Adelaide Bank report

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For year ending 30 June 2017

As we approach 20 years since the first **Community Bank**<sup>®</sup> branch opened its doors, it's timely to reflect on the role of our network's 70,000-strong shareholders and its army of nearly 2,000 passionate local Directors.

As a group of people you are a powerful force that continues to influence change both locally and nationally.

United for a shared purpose in your communities, you are making big things happen beyond the delivery of great banking products and services; you're creating jobs, helping businesses to thrive, solving problems and achieving outcomes that will make your communities better places to live and do business.

Amongst other things, you are providing hundreds of thousands of people in communities around Australia with new opportunities to:

- Play sport in new **Community Bank**<sup>®</sup> funded centres.
- Continue their education thanks to a **Community Bank**<sup>®</sup> scholarship.
- Seek treatment in hospitals closer to home with equipment funded through a **Community Bank**<sup>®</sup> grant.
- Reap the environmental benefits of **Community Bank**<sup>®</sup> funded solar panels and LED lighting, and
- Access mental health services for teenage children with a service supported by a local **Community Bank**<sup>®</sup> branch.

In fact, since the model's inception your investment in local communities exceeds \$165 million and that figure continues to grow every year. This amount excludes the significant co-investment on key projects that many companies have obtained from Government and other parties.

Nationally our voices are increasingly being heard, and our collaborative approach recognised and celebrated.

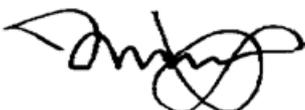
Representing us all at a recent forum at Canberra's Parliament House, Bendigo Bank's Managing Director and Chairman reinforced the significance of the **Community Bank**<sup>®</sup> model's achievements and called for regulatory change that would help us compete in a crowded and ever-evolving banking sector. Just two months later, the Federal Government announced a levy on Australia's biggest banks that is set to re-level the playing field as we've regularly advocated for.

But for us this is more than a levy. The Turnbull Government's announcement recognises the importance of customers having access to a robust, competitive and customer-focused banking sector. On this note Bendigo Bank was recently recognised as the banking provider of choice in the annual Mozo People's Choice Awards. Better yet, out of 110 banking providers nationally, we were the only bank recognised in all eight banking categories – and were rated the leading bank in six of those eight categories.

This is an extraordinary achievement for you and our bank. Not only does it demonstrate that, in the eyes of our customers, we are doing something right – it very clearly outlines that together we can continue to achieve results.

As we've long known, the more successful our customers are, the stronger our communities become. In this regard the **Community Bank**<sup>®</sup> model enables these outcomes for customers and communities, as increasingly recognised by more and more Australians.

So thank you for your investment in your local **Community Bank**<sup>®</sup> company, for your ongoing contribution and support, tireless advocacy and continued commitment to building strong local communities. Without this, our **Community Bank**<sup>®</sup> branches would be just another bank.



**Robert Musgrove**  
**Executive Engagement Innovation**

# Directors' report

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For the financial year ended 30 June 2017

Your Directors submit their report of the company for the financial year ended 30 June 2017.

## 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. Joshua Heaver**

Board Member since 22/03/2017

**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

**Mr John Millhouse**

Board Member since 22/03/2017

**Ms Rosangela Crispino**

Board member since 24/6/2015

Resigned 28/09/2016

**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

**Ms Ute Hermann-Bullock**

Board Member since 22/03/2017

**Mr. Francis Charles Wilcox JP**

Board Member since 24/06/2015

**Ms. Terasa Lee Nearmy**

Board Member since 24/06/2015

**Mrs Jane Featherstonhaugh, MBA, GAICD**

Board member since 16/4/2014

Resigned 16/11/2016

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 exceeded budgeted expectations for the 2016/17 year. Revenue was steady under the new FTP revenue sharing model, while the company's expenses decreased, which was reflected in an increased profit compared to last year. The profit/(loss) of the company for the financial year after provision for income tax was 2017: \$131,407  
2016: \$89,960

## Financial position

The net assets of the company have increased by \$114,906 from 30 June 2016 to \$1,207,393 in 2017. The increase is largely due to the repayment of the company debt.

# Directors' report (continued)

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## Dividends

	Year ended 30 June 2017	
	Cents per share	\$'000
Final dividends recommended:	5	
Dividends paid in the year:		
- Final for the year (as recommended in prior year report)	3.5	16,501

## 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 2017/2018 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)

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## 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	10 (10)
Ms. Anne Eitzen	9 (10)
Mr. Rodney George Summers	8 (10)
Mrs. Karen Lee Olive	9 (10)
Mr. Mark Fullford	9 (10)
Ms. Barbara Winifred Munt	8 (10)
Mr Joshua Heaver	4 (4)
Ms. Roberta Coke	9 (10)
Mr. Frank Wilcox	6 (10)
Mr. John Millhouse	7 (10)
Ms. Terasa Nearmy	4 (4)
Ms Ute Hermann-Bullock	4 (4)
Ms. Rosangela Crispino	0 (4)
Mrs. Jane Featherstonhaugh	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

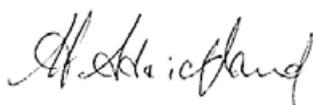
The company has implemented various corporate governance practices, which include:

- (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 2017 has been received and can be found on page 31.

Signed in accordance with a resolution of the Board of Directors at Mount Gambier on 27 September 2017.



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

# Financial statements

## Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2017

	Notes	2017 \$	2016 \$
Revenue	2	1,449,386	1,489,607
Employee benefits expense	3	(695,355)	(716,161)
Depreciation and amortisation expense	3	(26,167)	(29,468)
Finance costs	3	(117,982)	(133,105)
Other expenses		(366,949)	(399,262)
<b>Operating profit/(loss) before charitable donations &amp; sponsorships</b>		<b>242,933</b>	<b>211,611</b>
Charitable donations and sponsorship		(60,421)	(83,135)
<b>Profit/(loss) before income tax expense</b>		<b>182,512</b>	<b>128,476</b>
Income tax expense / (benefit)	4	51,105	38,516
<b>Net Profit/(loss) for the year</b>		<b>131,407</b>	<b>89,960</b>
<b>Other comprehensive income</b>			
Net profit/(loss) on disposal of non-current assets	5	-	(88)
<b>Total comprehensive income for the year</b>		<b>131,407</b>	<b>89,872</b>
<b>Earnings per share (cents per share)</b>		<b>¢</b>	<b>¢</b>
- basic for profit / (loss) for the year	24	27.87	19.06
- diluted for profit / (loss) for the year	24	27.87	19.06

These financial statements should be read in conjunction with the accompanying notes.

# Financial statements (continued)

## Statement of Financial Position as at 30 June 2017

	Notes	2017 \$	2016 \$
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	6	261,580	200,853
Receivables	7	130,938	137,365
Current Tax Receivable	4	-	13,608
Prepayments	8	10,489	3,914
<b>Total Current Assets</b>		<b>403,007</b>	<b>355,740</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	9	125,095	141,671
Deferred tax assets	4	14,583	10,968
Intangible assets	10	2,767,693	2,771,860
<b>Total Non-Current Assets</b>		<b>2,907,371</b>	<b>2,924,499</b>
<b>Total Assets</b>		<b>3,310,378</b>	<b>3,280,239</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and Other Payables	11	66,989	84,208
Loans and borrowings	12	228,000	228,000
Current tax payable	4	25,832	-
Provisions	13	14,389	8,721
<b>Total Current Liabilities</b>		<b>335,210</b>	<b>320,929</b>
<b>Non-Current Liabilities</b>			
Trade and Other Payables	11	-	-
Loans and borrowings	12	1,729,135	1,838,984
Provisions	13	38,640	27,839
<b>Total Non-Current Liabilities</b>		<b>1,767,775</b>	<b>1,866,823</b>
<b>Total Liabilities</b>		<b>2,102,985</b>	<b>2,187,752</b>
<b>Net Assets/(Liabilities)</b>		<b>1,207,393</b>	<b>1,092,487</b>
<b>Equity</b>			
Share capital	14	471,458	471,458
Retained earnings / (accumulated losses)	15	735,935	621,029
<b>Total Equity</b>		<b>1,207,393</b>	<b>1,092,487</b>

These financial statements should be read in conjunction with the accompanying notes.

# Financial statements (continued)

## Statement of Cash Flows for the year ended 30 June 2017

	Notes	2017 \$	2016 \$
<b>Cash Flows From Operating Activities</b>			
Cash receipts in the course of operations		1,018,274	1,662,967
Cash payments in the course of operations		(702,031)	(1,360,771)
Interest paid		(10)	-
Interest received		4,209	1,329
Income tax paid		(15,393)	(68,023)
<b>Net cash flows from/(used in) operating activities</b>	<b>16b</b>	<b>305,049</b>	<b>235,502</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		(117,972)	(133,105)
Proceeds from borrowings		-	-
Repayment of borrowings		(109,848)	(94,715)
Dividends paid		(16,502)	(23,573)
<b>Net cash flows from/(used in) financing activities</b>		<b>(244,322)</b>	<b>(251,393)</b>
Net increase/(decrease) in cash held		60,727	(15,891)
Cash and cash equivalents at start of year		200,853	216,744
<b>Cash and cash equivalents at end of year</b>	<b>16a</b>	<b>261,580</b>	<b>200,853</b>

These financial statements should be read in conjunction with the accompanying notes.

## Financial statements (continued)

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### Statement of Changes in Equity for the year ended 30 June 2017

	Notes	2017 \$	2016 \$
<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		621,029	554,730
Net Profit/(loss) for the year		131,407	89,872
Dividends paid	23	(16,501)	(23,573)
<b>Balance at end of year</b>		<b>735,935</b>	<b>621,029</b>

These financial statements should be read in conjunction with the accompanying notes.

# Notes to the financial statements

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For year ended 30 June 2017

## 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 2017 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 27 September 2017.

### **(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)

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## 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)

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## 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)

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## 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.

	2017 \$	2016 \$
<b>Note 2. Revenue from ordinary activities</b>		
Operating activities		
- services commissions	1,428,386	1,469,829
- other revenue	16,790	18,449
<b>Total revenue from operating activities</b>	<b>1,445,176</b>	<b>1,488,278</b>
Non-operating activities:		
- interest received	4,210	1,329
- other revenue	-	-
<b>Total revenue from non-operating activities</b>	<b>4,210</b>	<b>1,329</b>
<b>Total revenue from ordinary activities</b>	<b>1,449,386</b>	<b>1,489,607</b>

## Notes to the financial statements (continued)

	2017 \$	2016 \$
<b>Note 3. Expenses</b>		
Employee benefits expense		
- wages and salaries	(576,607)	(617,334)
- superannuation costs	(61,811)	(59,424)
- post employment benefits (other than superannuation)	-	-
- workers' compensation costs	(2,688)	(2,952)
- other costs	(54,249)	(36,451)
	<b>(695,355)</b>	<b>(716,161)</b>
Depreciation of non-current assets:		
- plant and equipment	(16,576)	(19,468)
- buildings	-	-
Amortisation of non-current assets:		
- intangibles	(9,591)	(10,000)
	<b>(26,167)</b>	<b>(29,468)</b>
Finance Costs:		
- Interest paid	(117,982)	(133,105)
Bad debts	1,968	(2,055)

## 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 27.5% (2016 - 30%)	51,105	38,516
Add tax effect of:		
- Non-deductible expenses	14,583	10,968
- 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>65,688</b>	<b>49,484</b>
Origination and reversal of temporary differences	(10,968)	(11,720)
<b>Deferred income tax expense</b>	<b>(10,968)</b>	<b>(11,720)</b>
Income tax expense/(benefit)	54,720	37,764
<b>Tax liabilities</b>		
<b>Current tax payable/(receivable)</b>	<b>25,832</b>	<b>(13,608)</b>

## Notes to the financial statements (continued)

	2017 \$	2016 \$
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Note 4. Income tax expense (continued)

### Deferred income tax asset

<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>14,583</b>	<b>10,968</b>
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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>261,580</b>	<b>200,853</b>
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Note 7. Receivables

GST receivable	6,262	9,262
Trade Debtors	124,676	128,103
	<b>130,938</b>	<b>137,365</b>

Note 8. Prepayments

Prepaid Expense	10,404	3,769
Prepaid Borrowing Costs	85	145
	<b>10,489</b>	<b>3,914</b>

Note 9. Property, plant and equipment

### Plant and equipment

At cost	294,526	294,526
Less accumulated depreciation	(169,431)	(152,855)
	<b>125,095</b>	<b>141,671</b>

<b>Total written down amount</b>	<b>125,095</b>	<b>141,671</b>
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### Movements in carrying amounts

#### Plant and equipment

Carrying amount at beginning of year	141,671	161,227
Additions	-	-
Disposals	-	(88)
Depreciation expense	(16,576)	(19,468)
<b>Carrying amount at end of year</b>	<b>125,095</b>	<b>141,671</b>

## Notes to the financial statements (continued)

	2017 \$	2016 \$
<b>Note 10. Intangible assets</b>		
<b>Franchise fee</b>		
At cost	100,000	50,000
Less accumulated amortisation	(100,000)	(45,833)
	-	<b>4,167</b>

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

<b>Goodwill</b>		
At cost	2,767,693	2,767,693
	<b>2,767,693</b>	<b>2,771,860</b>

## Note 11. Payables

### Current

Trade creditors	46,665	64,862
Franchise Fees Payable	-	-
Other creditors and accruals	20,324	19,346
	<b>66,989</b>	<b>84,208</b>

### Non-current

Franchise Fees payable	-	-
	-	-

### (a) Financial Liabilities at amortised cost classified

as trade and other payables

- Total Current	54,555	72,202
- Total Non-Current	-	-
	<b>54,555</b>	<b>72,202</b>
<b>Financial Liabilities as trade and other payables</b>	<b>54,555</b>	<b>72,202</b>

## Note 12. Loans and borrowings

### Current

Bank overdraft	-	-
Bank loan - secured	228,000	228,000
	<b>228,000</b>	<b>228,000</b>

### Non-current

Bank loan - secured	1,729,135	1,838,984
	<b>1,957,135</b>	<b>2,066,984</b>

## Notes to the financial statements (continued)

	2017 \$	2016 \$
<b>Note 13. Provisions</b>		
<b>Current</b>		
Unpaid declared dividend	-	-
Employee benefits	14,389	8,721
	<b>14,389</b>	<b>8,721</b>
<b>Non-current</b>		
Employee benefits	38,640	27,839
	<b>38,640</b>	<b>27,839</b>
	<b>53,029</b>	<b>36,560</b>
Number of employees at year end	7	7

## Note 14. Share capital

<b>471,458 Ordinary shares fully paid of \$1 each</b>	<b>471,458</b>	<b>471,458</b>
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## Note 15. Retained earnings / (accumulated losses)

Balance at the beginning of the financial year	621,029	554,730
Profit/(loss) after income tax	131,407	89,872
Dividends	(16,501)	(23,573)
<b>Balance at the end of the financial year</b>	<b>735,935</b>	<b>621,029</b>

## Note 16. Statement of cash flows

### (a) Cash and cash equivalents

Cash assets	261,580	200,853
Bank overdraft	-	-
	<b>261,580</b>	<b>200,853</b>

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

Profit / (loss) after income tax	131,407	89,872
Interest relating to financing activities	117,972	133,105
Non cash items		
- Depreciation	16,576	19,468
- Amortisation	4,167	10,000
- (Profit)/Loss on disposal of non-current assets	-	88

## Notes to the financial statements (continued)

	2017 \$	2016 \$
<b>Note 16. Statement of cash flows (continued)</b>		
Changes in assets and liabilities		
- (Increase) decrease in receivables	6,427	25,500
- (Increase) decrease in prepayments	(6,575)	1,420
- (Increase) decrease in deferred taxes payable	(3,615)	752
- Increase (decrease) in trade payables and accruals	(17,219)	(11,938)
- Increase (decrease) in income taxes payable	39,440	(30,258)
- Increase (decrease) in provisions	16,469	(2,507)
<b>Net cash flows from/(used in) operating activities</b>	<b>305,049</b>	<b>235,502</b>

## Note 17. Auditors' remuneration

Amounts received or due and receivable

- Audit or review of the financial report of the company	7,170	6,940
- Other services in relation to the company	-	-
	<b>7,170</b>	<b>6,940</b>

## 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
Mr. Joshua Heaver	Ms. Roberta Coke
Mr. Frank Wilcox	Ms. Ute Hermann-Bullock
Ms. Terasa Nearmy	Mr. John Millhouse
Ms. Rosangela Crispino	Mrs. Jane Featherstonhaugh

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.

	2017	2016
<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	-	-
Mr. Josh Heaver	-	-

# Notes to the financial statements (continued)

## Note 18. Director and related party disclosures (continued)

	2017	2016
<b>Directors' shareholdings (continued)</b>		
Ms. Roberta Coke	-	-
Mr. Frank Wilcox	-	-
Ms Ute Hermann-Bullock	-	-
Ms. Terasa Nearmy	-	-
Mr John Millhouse	-	-
Ms. Rosangela Crispino	-	-
Mrs. Jane Featherstonhaugh	-	-

There was no movement in Directors' shareholdings during the year. 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 2017/18 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.

## 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 99% of the revenue (2016: 98%).

## 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.

## Notes to the financial statements (continued)

	2017 \$	2016 \$
<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 (2016: nil cents)	-	-
<b>(b) Dividends paid during the year</b>		
<b>(i) Current year interim</b>		
Franked dividends - nil cents per share (2016: nil cents per share)	-	-
<b>(ii) Previous year final</b>		
Franked dividends - 3.5 cents per share (2016: 5 cents per share)	16,501	23,573
Unfranked dividends - nil cents per share (2016: nil cents per share)	-	-
<b>(c) Dividends proposed and not recognised as a liability</b>		
Unfranked dividends - nil cents per share (2016: nil cents per share)	-	-
Franked dividends - 5 cents per share (2016: 3.5 cents per share)	23,573	16,501
<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	351,523	342,389
- Franking credits that will arise from the payment of income tax payable as at the end of the financial year	25,832	(13,608)
- 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>377,355</b>	<b>328,781</b>

The tax rate at which dividends have been franked is 27.5% (2016: 30%).

Dividends proposed will be franked at a rate of 27.5% (2016: 30%).

	2017 ¢	2016 ¢
<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.	27.87	19.06
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).	27.87	19.06

## Notes to the financial statements (continued)

	2017 \$	2016 \$
Note 24. Earnings per share (continued)		
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>131,407</b>	<b>89,872</b>
<b>Weighted average number of ordinary shares for basic and diluted earnings per share</b>	<b>471,458</b>	<b>471,458</b>

## Note 25. Capital and leasing commitments

### Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised

in the financial statements

Payable - minimum lease statements

- not later than 12 months	67,980	62,909
- between 12 months and 5 years	56,650	-

The property lease is a non-cancellable lease with a two-year term, with rent payable monthly in advance. The current lease expires in April 2019.

Rent increase as per the lease by CPI in May 2018.

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

## 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.

### (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	
	2017 \$	2016 \$
Cash assets	200	200
Receivables	130,938	137,365
	<b>131,138</b>	<b>137,565</b>

# Notes to the financial statements (continued)

## Note 26. Financial risk management (continued)

### (a) Credit risk (continued)

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 (2016: 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 2017</b>					
Payables	66,989	(66,989)	(66,989)	56,650	-
Loans and borrowings	1,957,135	(1,957,135)	(228,000)	(912,000)	(817,135)
	<b>2,024,124</b>	<b>(2,024,124)</b>	<b>(294,989)</b>	<b>(855,350)</b>	<b>(817,135)</b>
<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>

### (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.

# Notes to the financial statements (continued)

## Note 26. Financial risk management (continued)

### (c) Market risk (continued)

#### Sensitivity analysis

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

	Carrying Amount	
	2017	2016
	\$	\$
<b>Fixed rate instruments</b>		
Financial assets	150,000	150,000
Financial liabilities	(382)	(361)
	<b>149,618</b>	<b>149,639</b>
<b>Variable rate instruments</b>		
Financial assets	111,380	50,653
Financial liabilities	-	-
	<b>111,380</b>	<b>50,653</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 2017 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.

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%.

# Notes to the financial statements (continued)

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Note 26. Financial risk management (continued)

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

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 2017 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

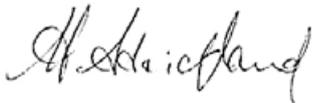
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In accordance with a resolution of the Directors of Mount Gambier and District Financial Services Limited,

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 2017 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 2017.



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

Signed at Mount Gambier on the 27 September 2017.

# Detailed financials

## Detailed Statement of Comprehensive Income for the year ended 30 June 2017

	2017 \$	2016 \$	2015 \$
<b>Income</b>			
Commission received	1,428,386	1,469,829	1,514,234
<b>Other income</b>			
Interest received	4,210	1,329	3,283
Interest rebate	-	-	-
Rent received	-	-	-
Profit (loss) on sale of asset	-	(88)	-
Sundry	16,790	18,449	150
	<b>1,449,386</b>	<b>1,489,519</b>	<b>1,517,667</b>
<b>Expenditure</b>			
Accountancy fees	16,500	15,600	16,000
Annual leave accrual	32,218	18,541	19,134
ASIC Compliance costs	1,176	1,161	1,146
Advertising & promotion	33,577	41,137	52,203
Agent commission	1,235	394	464
Amortisation	9,591	10,000	10,000
ATM Fees	28,490	20,919	25,371
Auditors remuneration	7,170	6,940	6,760
Bank charges	262	226	202
Bad debts written off	(1,968)	2,055	292
Board expenses	6,408	8,109	6,746
Borrowing costs	60	60	60
Cash delivery	2,916	2,513	2,586
Cash management	836	811	708
Cleaning & gardening	10,178	12,715	12,736
Community grants	60,421	83,135	67,299
Computer expenses	33,314	37,489	15,211
Depreciation	16,576	19,468	23,312
Employee's amenities	1,091	1,237	662
Fixed assets <\$300	556	65	1,202
Freight & cartage	19,814	23,394	20,809
Fringe benefit tax	7,240	6,817	7,622

## Detailed financials (continued)

### Detailed Statement of Comprehensive Income for the year ended 30 June 2017 (continued)

	<b>2017</b>	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Expenditure (continued)</b>			
Insurance	10,547	11,847	6,809
Interest paid	117,982	133,105	145,674
Lease / rent office equipment	-	1,685	2,221
Legal costs	4,218	116	217
Light & power	12,453	14,050	15,151
Long service leave provision	21,119	17,456	26,892
Marketing	17,898	10,869	14,301
Motor vehicle costs	2,419	2,220	2,082
Other employer expenses	5,313	5,562	6,186
Payroll services	1,710	1,930	1,700
Payroll tax	16,716	16,801	15,995
Postage	3,075	2,943	2,573
Printing & stationary	10,953	18,198	15,628
Procedural errors	(72)	10	385
Rates & taxes	8,404	8,565	8,656
Rent	74,361	73,647	71,500
Repairs & maintenance	2,329	3,236	7,330
Salaries & wages	576,607	617,334	554,852
Search fees	3,953	6,124	3,749
Security costs	1,782	1,937	4,497
Share registry	3,757	3,648	3,470
Sponsorship	-	-	109
Staff recruitment & training	5,943	12,515	11,116
Staff uniforms	1,563	3,003	2,653
Sundry expenses	2,383	2,843	3,044
Superannuation contributions	61,811	59,424	53,552
Telephone	8,882	8,266	5,613
Trailer fees expense	-	-	(1,298)
Travelling expenses	419	8,059	17,151
Workcover	2,688	2,952	2,661
	<b>1,266,874</b>	<b>1,361,131</b>	<b>1,294,994</b>
<b>Net profit / (loss)</b>	<b>182,512</b>	<b>128,388</b>	<b>222,673</b>

# Auditor's independence declaration

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

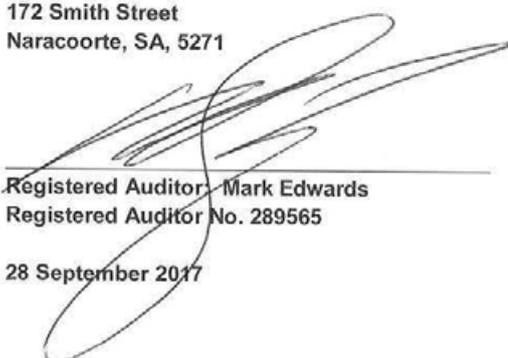
**TO THE DIRECTORS OF  
MOUNT GAMBIER & DISTRICT FINANCIAL SERVICES LIMITED**

I declare that, to the best of my knowledge and beliefs, during the year ended 30 June 2017 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 2017**

# 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 2017, 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 2017 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.

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## INDEPENDENT AUDITOR'S REPORT

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

### Responsibilities of the Directors for the Financial Report

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

### Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

# Independent audit report (continued)

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## INDEPENDENT AUDITOR'S REPORT

to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

28 September 2017

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