

Annual Report 2020

Mount Gambier & District
Financial Services Limited

Community Bank
Mount Gambier & District

ABN 42 096 059 997

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Chair's report

For year ending 30 June 2020

I am pleased to report as Chair of the Board of Mount Gambier & District Financial Services Limited, our local Community Bank company for the year ended 30 June 2020. We have certainly had a unique start to 2020 with the pandemic, COVID-19 has changed many plans we may have had for 2020, and we have all had to adjust to a different way of life. We have seen the effect on people's lives, businesses closed and people kept apart from loved ones. It is fair to assume that the impact will be felt well into the years ahead.

Through the COVID-19 pandemic, our branch has remained open as an essential service to the community. I thank our hard working staff for their ability to adapt to the changes that have been required of them, and for keeping our doors open and providing excellent service in these trying times.

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

Our strong performance is due to the leadership of our Branch Manager, Tracy Koop, and the dedicated and skilled work of staff, who are part of our community and provide exemplary customer service. This service has included collegiate support for Community Bank Penola & District as needed. The Board thanks Tracy and staff and acknowledges their work.

We have the benefit of being part of a national, highly respected brand, and can therefore provide a wide range of quality products to our customers.

As outlined elsewhere in the report, we have maintained our community investment program this year. Thanks to our customers, this year we have reached a huge milestone of more than \$1 million distributed to our local communities by our branch. This enormous contribution has funded many community groups, schools and sporting clubs. We have supported large scale projects such as

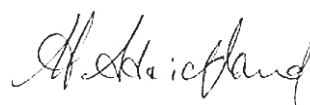
the Royal Flying Doctor Service, Limestone Coast Prostate Cancer Support Group, Foodbank, Western Border Football League and our scholarships program. If you belong to a community organisation or sporting body and have a worthwhile initiative that needs financial assistance, consider applying for one of our community investment grants.

This is what makes our Community Bank special – we give back and we see this as a critical factor in our company. We believe in community.

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

The Board continues to implement our Strategic Plan, which facilitates a clear vision for the future, a solid understanding of the Community Bank model and effective community engagement. We continue to discuss the changing nature of banking and the implications that has for the way we operate. We know that the way many people use our bank is changing, as online transactions continue to grow, and this has implications for the way we interact with our customers and the way that the branch is configured.

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



Helen Strickland
Chair

Manager's report

For year ending 30 June 2020

Hello all and welcome to another Annual Report.

It certainly doesn't seem like twelve months ago since the last report but what a year it has been!

What started as a time of great plans and new ideas was soon hindered with the arrival of COVID-19. The uncertainty and changes in how we go about our daily business, both personal and professional, has had a huge impact and one that has changed our future.

Customer service is – and always will be – our point of difference. In the branch, our main focus was to ensure our customers were contacted, not just for the financial needs but to let them know we were still open, and we were here for them throughout this time, even if it was just for a chat. We have had to change our idea of what branch banking is like. What was part of our five-year plan is now here with a focus on virtual queues via electronic avenues instead of person-to-person at times. This has given us the opportunity to also explore the skills of our group and how we continue to adapt to new roles.

The other main impact has been on our community involvement. Although not able to get out and about to attend functions, we have continued to offer grants and sponsorships throughout this time so that our community groups can continue to plan for events that have been postponed.

Although a challenging year, we have continued to post a profit above our budget, which means we can continue to be a major supporter of our District's projects. To be able to assist in funding much needed equipment with our local hospital and cancer groups shows that we can assist to make these projects achievable in a more timely manner. We are closing in on the magic \$1 million that has been given back to the local community which is something that staff, Directors (both past and present) and shareholders should be very proud of.

The consumer side of the business has also had a good year of growth. Although the business and agribusiness portfolios of our book had challenges which was to be expected in the current climate, the branch portfolio continued to increase by \$8 million,

bringing our overall book balance to over \$230 million at the end of the financial year. In a time of low interest rates, the staff have endeavoured to focus on what we can offer our clients in both lending and deposit base, along with a high level of service which has assisted in making this possible.

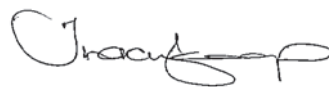
Our Business Banking team has seen Neil Medhurst take over the role of Business Banking Manager. Neil has an extensive background in business and merchant banking and is working closely with the branch staff to ensure a one-team approach to our clients.

I would like to thank all staff for the effort they continue to put in every day to ensure our customers needs are met and people can come into a branch where they are greeted in a friendly and welcomed manner. They do a fantastic job which shows in the profit growth that can then be put back into the community.

I am also fortunate to have a supportive and forward-thinking Board. Their dedication to ensure we move into the future as a strong and competitive business certainly means that we are well prepared to diversify and change with the times.

We will celebrate our 20th year in 2021. As you reflect on how far we have come since you first bought shares in a business to help our community, be proud. We have done great things and will continue to do so by supporting each other and ensuring we tell the story so that more of our community become customers of this great Community Bank.

Take care,



Tracy Koop
Branch Manager

Bendigo and Adelaide Bank report

For year ending 30 June 2020

In the 20-plus years since the opening of the very first Community Bank branch, it's fair to say we haven't seen a year quite like 2020.

After many years of drought, the 2019 calendar year ended with bushfires burning across several states. A number of our Community Bank companies were faced with an unprecedented natural disaster that impacted lives, homes, businesses and schools in local communities.

As fires took hold, Bendigo and Adelaide Bank's head office phones started to ring, emails came in from all over the world and our customers, and non-customers, headed into our branches to donate to an appeal that we were still in the process of setting up.

Our reputation as Australia's most trusted bank and the goodwill established by 321 Community Bank branches across the country meant that people instinctively knew that Bendigo, and our Community Bank partners, would be there to help. An appeal was established and donations were received in branch and online from 135,000 donors from all around the world. More than \$45 million was donated.

Just as the fires had been extinguished and the Bank's foundation was working with government, not-for-profit organisations and impacted communities to distribute donations, the global COVID-19 pandemic arrived.

The impact of this pandemic was, and continues to be, more than about health. The impacts are far-reaching and banking is not immune. Your support as a shareholder, and a customer, of your local Community Bank company has never been so important.

You should be proud of your investment in your local Community Bank company. As the Australian workforce had to adjust its way of working, your Community Bank branch staff were classified as essential workers and turned up for work every day throughout the pandemic to serve your local customers.

Your Community Bank company, led by your local Directors, were committed to supporting local economies. Often it was the little things like

purchasing coffees and meals from local cafes, not only for their branch staff but for other essential workers (teachers, nurses, hospital support staff, ambulance and police officers and aged care workers). This not only supported essential workers also supported many local businesses when they needed it the most.

What we've discovered in 2020 is that in times of crisis, Australia's Community Bank network has unofficially become Australia's 'second responder'. Local organisations and clubs look to their local Community Bank companies not only for financial assistance, but to take the lead in connecting groups and leading the community through a crisis.

So, what does this all mean? For Bendigo and Adelaide Bank, it reinforces the fact that you are a shareholder of a unique and caring company – run by locals to benefit not only your community but those in need.

As Australia's 5th largest bank with more than 1.9 million customers we are proud to partner with your community.

If 2020 has shown us anything, it's that we're stronger for the partnerships we have with the communities we operate in.

On behalf of Bendigo and Adelaide Bank, we thank all of our Community Bank company Directors and shareholders and your branch staff and customers for your continued support throughout the year.



Mark Cunneen
Head of Community Support
Bendigo and Adelaide Bank

Directors' report

Your Directors submit their report of the Company for the financial year ended 30 June 2020.

Directors

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

Ms. Helen Mary Strickland M.Ed B.Ed

Chair

Board Member since 16/04/2014

Ms. Anne Eitzen, FIPA

Secretary

Board Member since 16/04/2014

Mr Rodney George Summers

Board Member since 07/01/2009

Mrs. Karen Lee Olive

Board Member since 29/04/2009

Resigned 22/01/2020

Mr. Mark Fullford

Board Member since 16/04/2014

Ms. Barbara Winifred Munt

Board Member since 16/04/2014

Mr. Francis Charles Wilcox JP

Board Member since 24/06/2015

Ms Ute Herrmann-Bullock

Board Member since 22/03/2017

Mr. Joshua Heaver

Board Member since 22/03/2017

Mr John Millhouse

Board Member since 22/03/2017

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

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

Principal activities

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

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

Operating Results

Revenue was steady throughout the year and kept inline with budgeted expectations.

Expenses were below budgeted expectations and down slightly on the prior year.

This resulted in an increase of profit compared to the previous financial year by 41.5%.

The profit/(loss) of the Company for the financial year after provision for income tax was 2020: \$194,303 2019: \$137,290

Financial position

The net assets of the company have increased by \$170,730 from 30 June 2019 to \$1,556,997 in 2020. The increase is largely due to the repayment of the company debt.

Directors' report (continued)

Dividends	Year Ended 30 June 2020	
	Cents Per Share	\$
Final dividends recommended:	5	23,574
Dividends paid in the year:		
- Final for the year (as recommended in prior year report)	5	23,574

Events after the reporting period

There are no other matters or circumstances that have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company, in future years.

Future developments

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

Environmental issues

The company is not subject to any significant environmental regulation.

Proceedings on behalf of company

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

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

Remuneration report

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

Indemnifying officers or Auditor

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

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

Directors' report (continued)

Directors Meetings

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

Director	Board Meetings
Ms. Helen Mary Strickland	11 (11)
Ms. Anne Eitzen	9 (11)
Mr. Rodney George Summers	9 (11)
Mrs. Karen Lee Olive	3 (5)
Mr. Mark Fullford	11 (11)
Ms. Barbara Winifred Munt	10 (11)
Mr Joshua Heaver	9 (11)
Mr. Frank Wilcox	9 (11)
Mr. John Millhouse	10 (11)
Ms Ute Herrmann-Bullock	8 (11)

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

Company Secretary

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

Corporate Governance

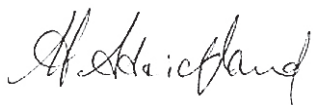
The Company has implemented various corporate governance practices, which include:

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

Auditor Independence Declaration

The auditor's independence declaration for the year ended 30 June 2020 has been received and can be found on page 32.

Signed in accordance with a resolution of the Board of Directors at Mount Gambier
on 23rd day of September 2020



Helen Strickland, Director

Financial statements

Mount Gambier District Financial Services Limited
ABN 42 096 059 997
Statement of Comprehensive Income
for the year ended 30 June 2020

	<u>Notes</u>	2020 \$	2019 \$
Revenue	2	1,540,660	1,492,365
Employee benefits expense	3	(677,269)	(732,793)
Depreciation and amortisation expense	3	(87,847)	(34,785)
Finance costs	3	(110,206)	(107,533)
Other expenses		<u>(288,499)</u>	<u>(349,397)</u>
Operating profit/(loss) before charitable donations & sponsorships		376,839	267,857
Charitable donations and sponsorship		<u>(117,560)</u>	<u>(76,914)</u>
Profit/(loss) before income tax expense		259,279	190,943
Income tax expense / (benefit)	4	<u>64,976</u>	<u>52,076</u>
Net Profit/(loss) for the year		194,303	138,867
Other comprehensive income			
Net profit/(loss) on disposal of non-current assets	5	<u>-</u>	<u>(1,577)</u>
Total comprehensive income for the year		<u><u>194,303</u></u>	<u><u>137,290</u></u>
Earnings per share (cents per share)		¢	¢
- basic for profit / (loss) for the year	26	41.21	29.12
- diluted for profit / (loss) for the year	26	41.21	29.12

The accompanying notes form part of these financial statements

Financial statements (continued)

Mount Gambier District Financial Services Limited
ABN 42 096 059 997
Statement of Financial Position
As at 30 June 2020

	<u>Notes</u>	2020 \$	2019 \$
Assets			
Current Assets			
Cash and cash equivalents	6	268,624	229,322
Receivables	7	135,360	143,711
Current Tax Receivable	4	-	-
Prepayments	8	12,887	16,536
Total Current Assets		<u>416,871</u>	<u>389,569</u>
Non-Current Assets			
Property, plant and equipment	9	95,014	102,726
Deferred tax assets	4	18,032	10,834
Intangible assets	10	2,767,693	2,767,693
Right-of-use assets	11	763,040	829,876
Total Non-Current Assets		<u>3,643,779</u>	<u>3,711,129</u>
Total Assets		<u>4,060,650</u>	<u>4,100,698</u>
Liabilities			
Current Liabilities			
Trade and Other Payables	12	62,968	99,595
Loans and borrowings	13	214,800	214,800
Current tax payable	4	31,281	28,036
Provisions	14	9,476	12,151
Lease Liability	15	74,667	72,492
Total Current Liabilities		<u>393,192</u>	<u>427,074</u>
Non-Current Liabilities			
Trade and Other Payables	12	-	-
Loans and borrowings	13	1,365,726	1,502,206
Provisions	14	25,339	23,154
Lease Liability	15	719,396	761,997
Total Non-Current Liabilities		<u>2,110,461</u>	<u>2,287,357</u>
Total Liabilities		<u>2,503,653</u>	<u>2,714,431</u>
Net Assets/(Liabilities)		<u>1,556,997</u>	<u>1,386,267</u>
Equity			
Share capital	16	471,458	471,458
Retained earnings / (accumulated losses)	17	1,085,539	914,809
Total Equity		<u>1,556,997</u>	<u>1,386,267</u>

The accompanying notes form part of these financial statements

Financial statements (continued)

Mount Gambier District Financial Services Limited
ABN 42 096 059 997
Statement of Cash Flows
For the year ended 30 June 2020

	<u>Notes</u>	2020 \$	2019 \$
Cash Flows From Operating Activities			
Cash receipts in the course of operations		1,084,137	1,050,756
Cash payments in the course of operations		(740,456)	(738,401)
Interest paid		-	(235)
Interest received		2,744	3,850
Income tax paid		(68,930)	(24,492)
Net cash flows from/(used in) operating activities	18b	<u>277,495</u>	<u>291,478</u>
Cash Flows From Investing Activities			
Payment for intangible assets		-	-
Payments for property, plant and equipment		-	-
Net cash flows from/(used in) investing activities		<u>-</u>	<u>-</u>
Cash Flows From Financing Activities			
Proceeds from issue of shares		-	-
Interest Paid		(78,140)	(101,803)
Proceeds from borrowings		-	-
Repayment of borrowings		(136,480)	(115,017)
Dividends paid		(23,574)	(23,574)
Net cash flows from/(used in) financing activities		<u>(238,194)</u>	<u>(240,394)</u>
Net increase/(decrease) in cash held		39,301	51,084
Cash and cash equivalents at start of year		229,322	178,238
Cash and cash equivalents at end of year	18a	<u><u>268,623</u></u>	<u><u>229,322</u></u>

The accompanying notes form part of these financial statements

Financial statements (continued)

Mount Gambier District Financial Services Limited
ABN 42 096 059 997
Statement of Changes in Equity
for the year ended 30 June 2020

	<u>Notes</u>	2020 \$	2019 \$
Issued Capital			
Balance at start of year		471,458	471,458
Issue of share capital		-	-
Share issue costs		-	-
Balance at end of year		<u><u>471,458</u></u>	<u><u>471,458</u></u>
Retained earnings/ (accumulated losses)			
Balance at start of year		914,809	801,092
Net Profit/(loss) for the year		194,303	137,290
Dividends paid	25	<u>(23,573)</u>	<u>(23,573)</u>
Balance at end of year		<u><u>1,085,539</u></u>	<u><u>914,809</u></u>

The accompanying notes form part of these financial statements

Notes to the financial statements

For year ended 30 June 2020

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 2020 are presented in Australian dollars. The company was incorporated in Australia and the principal operations involve providing community banking services under a franchise arrangement with Bendigo Bank.

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

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

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

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

The financial statements were authorised for issue by the Directors on 23 September 2020.

(b) Income tax

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

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

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

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

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

Notes to the financial statements (continued)

1. Summary of significant accounting policies (continued)

(c) Property, plant and equipment

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

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

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

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

Impairment

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

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

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

Revaluations

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

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

(d) Leases (as lessee)

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

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

Notes to the financial statements (continued)

1. Summary of significant accounting policies (continued)

(d) Leases (as lessee) (continued)

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

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

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

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

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

(e) Impairment of assets

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

(f) Goods and services tax

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

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

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

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

Notes to the financial statements (continued)

1. Summary of significant accounting policies (continued)

(g) Employee benefits

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

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

(h) Intangibles

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

(i) Cash

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

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

(j) Revenue

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

(k) Receivables and payables

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

(l) New accounting standards for application in future periods

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

(m) Loans and borrowings

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

Notes to the financial statements (continued)

1. Summary of significant accounting policies (continued)

(n) Provisions

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

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

(o) Share capital

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

(p) Comparative figures

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

An adjustment has been made to align the comparative figures with the presentation as required by AASB 16

(q) Critical accounting estimates and judgements

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

Estimation of useful lives of assets

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

Income tax

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

Impairment

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

Notes to the financial statements (continued)

1. Summary of significant accounting policies (continued)

(r) Financial instruments

Initial recognition and measurement

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

Classification and subsequent measurement

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

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

(i) Loans and receivables

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

(ii) Financial liabilities

Non derivative financial liabilities are subsequently measured at amortised cost.

Impairment

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

2. Revenue from ordinary activities

	2020	2019
	\$	\$
Operating activities		
- services commissions	1,489,173	1,459,002
- other revenue	25,741	29,513
- Government assistance - Covid-19	23,002	-
Total revenue from operating activities	<u>1,537,916</u>	<u>1,488,515</u>
Non-operating activities:		
- interest received	2,744	3,850
- other revenue	-	-
Total revenue from non-operating activities	<u>2,744</u>	<u>3,850</u>
Total revenue from ordinary activities	<u>1,540,660</u>	<u>1,492,365</u>

Notes to the financial statements (continued)

3. Expenses

	2020 \$	2019 \$
Employee benefits expense		
- wages and salaries	(567,313)	(611,060)
- superannuation costs	(55,087)	(61,908)
- post employment benefits (other than superannuation)	-	-
- workers' compensation costs	(2,531)	(2,960)
- other costs	(52,338)	(56,865)
	<u>(677,269)</u>	<u>(732,793)</u>
Depreciation of non-current assets:		
- plant and equipment	(7,712)	(9,213)
- buildings	-	-
- right-of-use asset	(66,836)	(11,139)
Amortisation of non-current assets:		
- intangibles	(13,299)	(14,433)
	<u>(87,847)</u>	<u>(34,785)</u>
Finance Costs:		
- Interest paid	(110,206)	(107,533)
Bad debts	(1,196)	(566)

4. Income Tax Expense

	2020 \$	2019 \$
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% (2019 - 27.5%)	64,976	52,076
Add tax effect of:		
- Non-deductible expenses	7,198	(147)
- Prior year tax losses not previously brought to account	-	-
- Future income tax benefit not brought to account	-	-
- Adjustment of prior year tax losses	-	-
<i>Current income tax expense</i>	<u>72,174</u>	<u>51,929</u>
Origination and reversal of temporary differences	(18,032)	(10,834)
<i>Deferred income tax expense</i>	<u>(18,032)</u>	<u>(10,834)</u>
Income tax expense/(benefit)	<u>54,142</u>	<u>41,095</u>
Tax liabilities		
Current tax payable/(receivable)	<u>31,281</u>	<u>28,036</u>
Deferred income tax asset		
Future income tax benefits arising from tax losses are recognised at reporting date as realisation of the benefit is regarded as probable.	<u>18,032</u>	<u>10,834</u>

Notes to the financial statements (continued)

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

	2020 \$	2019 \$
Profit/(loss) on disposal of non-current assets	-	(1,577)
	<u>-</u>	<u>(1,577)</u>

6. Cash and Cash Equivalents

	2020 \$	2019 \$
Cash at bank and on hand	268,624	229,322
	<u>268,624</u>	<u>229,322</u>

7. Receivables

	2020 \$	2019 \$
GST receivable	6,350	10,243
Trade Debtors	129,010	133,468
	<u>135,360</u>	<u>143,711</u>

8. Prepayments

	2020 \$	2019 \$
Prepaid Expense	12,887	16,536
Prepaid Borrowing Costs	-	-
	<u>12,887</u>	<u>16,536</u>

9. Property, Plant and Equipment

	2020 \$	2019 \$
<i>Plant and equipment</i>		
At cost	288,232	288,232
Less accumulated depreciation	(193,218)	(185,506)
	<u>95,014</u>	<u>102,726</u>
Total written down amount	<u>95,014</u>	<u>102,726</u>

Movements in carrying amounts

<i>Plant and equipment</i>		
Carrying amount at beginning of year	102,726	113,516
Additions	-	-
Disposals	-	(1,577)
Depreciation expense	(7,712)	(9,213)
Carrying amount at end of year	<u>95,014</u>	<u>102,726</u>

Notes to the financial statements (continued)

10. Intangible Assets

	2020	2019
	\$	\$
<i>Franchise Fee</i>		
At cost	100,000	100,000
Less accumulated amortisation	(100,000)	(100,000)
	<u>-</u>	<u>-</u>

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

Goodwill

At Cost	2,767,693	2,767,693
	<u>2,767,693</u>	<u>2,767,693</u>

11. Right of Use Assets

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

	2020	2019
	\$	\$
Leased Building	841,015	841,015
Accumulated Depreciation	- 77,975	- 11,139
Total Right of Use Asset	<u>763,040</u>	<u>829,876</u>

Movement in carrying amounts

Lease Building		
Carrying amount at beginning of year	829,876	
Recognised on initial application of AASB 16 (previously classified as operating leases under AASB 117)	-	841,015
Depreciation expense	- 66,836	- 11,139
Net carrying amount	<u>763,040</u>	<u>829,876</u>

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

Depreciation charge related to right-of-use assets	66,836	11,139
Interest expense on lease liabilities	32,066	5,496
Short-term leases expense	-	-
Low value asset leases expense	-	-

Notes to the financial statements (continued)

12. Payables

	2020	2019
	\$	\$
CURRENT		
Trade creditors	46,256	86,321
Franchise Fees Payable	-	-
Other creditors and accruals	16,712	13,274
	<u>62,968</u>	<u>99,595</u>
NON-CURRENT		
Franchise Fees payable	-	-
	<u>-</u>	<u>-</u>
(a) Financial Liabilities at amortised cost classified as trade and other payables		
- Total Current	62,968	99,595
- Total Non-Current	-	-
	<u>62,968</u>	<u>99,595</u>
Financial Liabilities as trade and other payables	<u>62,968</u>	<u>99,595</u>

13. Loans and Borrowings

	2020	2019
	\$	\$
Current		
Bank overdraft	-	-
Bank loan - secured	214,800	214,800
	<u>214,800</u>	<u>214,800</u>
Non-Current		
Bank loan - secured	1,365,726	1,502,206
	<u>1,580,526</u>	<u>1,717,006</u>

Notes to the financial statements (continued)

14. Provisions	2020	2019
	\$	\$
Current		
Unpaid declared dividend	268	523
Employee benefits	9,208	11,628
	<u>9,476</u>	<u>12,151</u>
Non-Current		
Employee benefits	25,339	23,154
	<u>25,339</u>	<u>23,154</u>
	<u>34,815</u>	<u>35,305</u>
Number of employees at year end	<u>7</u>	<u>7</u>
15. Lease Liabilities		
CURRENT		
Leased Building	74,667	72,492
	<u>74,667</u>	<u>72,492</u>
NON-CURRENT		
Leased Building	719,396	761,997
	<u>719,396</u>	<u>761,997</u>
16. Share Capital	2020	2019
471,458 Ordinary Shares fully paid of \$1 each	<u>471,458</u>	<u>471,458</u>
17. Retained Earnings / (Accumulated Losses)	2020	2019
	\$	\$
Balance at the beginning of the financial year	914,809	801,092
Profit/(loss) after income tax	194,303	137,290
Dividends	(23,573)	(23,573)
Balance at the end of the financial year	<u>1,085,539</u>	<u>914,809</u>

Notes to the financial statements (continued)

18. Statement of Cash Flows

(a) Cash and cash equivalents

	2020 \$	2019 \$
Cash assets	268,623	229,322
Bank overdraft	-	-
	<u>268,623</u>	<u>229,322</u>

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

Profit / (loss) after income tax	194,303	137,290
Interest relating to financing activities	78,140	101,803
Non cash items		
- Depreciation	74,548	20,352
- Amortisation	-	-
- (Profit)/Loss on disposal of non-current assets	-	1,577
Changes in assets and liabilities		
- (Increase) decrease in receivables	8,351	(13,424)
- (Increase) decrease in prepayments	3,649	(3,004)
- (Increase) decrease in deferred taxes payable	(36,627)	147
- Increase (decrease) in trade payables and accruals	3,245	30,451
- Increase (decrease) in income taxes payable	(7,198)	27,436
- Increase (decrease) in provisions	(490)	(4,625)
- Increase (decrease) in lease liability	(40,426)	(6,525)
Net cashflows from/(used in) operating activities	<u>277,495</u>	<u>291,478</u>

19. Auditors' Remuneration

	2020 \$	2019 \$
Amounts received or due and receivable		
- Audit or review of the financial report of the Company	7,000	6,870
- Other services in relation to the Company	-	-
	<u>7,000</u>	<u>6,870</u>

Notes to the financial statements (continued)

20. Director and Related Party Disclosures

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

Ms. Helen Mary Strickland	Ms. Anne Eitzen
Mr. Rodney George Summers	Mrs. Karen Lee Olive
Mr. Mark Fullford	Ms. Barbara Winifred Munt
Mr Joshua Heaver	Ms Ute Herrmann-Bullock
Mr. Frank Wilcox	Mr. John Millhouse

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

Directors shareholdings	2020	2019
Ms. Helen Mary Strickland	-	-
Ms. Anne Eitzen	250	250
Mr. Rodney George Summers	-	-
Mrs. Karen Lee Olive	1,000	1,000
Mr. Mark Fullford	-	-
Ms. Barbara Winifred Munt	-	-
Mr Joshua Heaver	-	-
Mr. Frank Wilcox	-	-
Mr. John Millhouse	-	-
Ms Ute Herrmann-Bullock	-	-

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

21. Events after the reporting period

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

22. Contingent liabilities and assets

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

23. Operating segments

The company operates in the financial services sector where it provides banking services to its clients. The company operates in one geographic area being Mount Gambier, South Australia. The company has a franchise agreement in place with Bendigo & Adelaide Bank Limited who account for 94% of the revenue (2019: 98%).

24. Corporate Information

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

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

Notes to the financial statements (continued)

25. Dividends paid or provided for on ordinary shares	2020	2019
	\$	\$
(a) Dividends proposed and recognised as a liability		
Franked dividends - nil cents per share (2019: nil cents)	-	-
(b) Dividends paid during the year		
(i) Current year interim		
Franked dividends - nil cents per share (2019: nil cents per share)	-	-
(ii) Previous year final		
Franked dividends - 5 cents per share (2019: 5 cents per share)	23,573	23,573
Unfranked dividends - nil cents per share (2019: nil cents per share)	-	-
(c) Dividends proposed and not recognised as a liability		
Unfranked dividends - nil cents per share (2019: nil cents per share)	-	-
Franked dividends - 5 cents per share (2019: 5 cents per share)	23,573	23,573
(d) Franking credit balance		
The amount of franking credits available for the subsequent financial year are:		
- Franking account balance as at the end of the financial year	473,406	413,418
- Franking credits that will arise from the payment of income tax payable as at the end of the financial year	31,281	28,036
- Franking debits that will arise from the payment of dividends as at the end of the financial year	-	-
- Franking credits that will arise from the payment of dividends recognised as receivables at the reporting date	-	-
- Franking credits that the entity may be prevented from distributing in the subsequent year	-	-
	<u>504,687</u>	<u>441,454</u>
The tax rate at which dividends have been franked is 27.5% (2019: 27.5%). Dividends proposed will be franked at a rate of 26% (2019: 27.5%).		
26. Earnings per share	¢	¢
Basic earnings per share amounts are calculated by dividing profit / (loss) after income tax by the weighted average number of ordinary shares outstanding during the year.	41.21	29.12
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).	41.21	29.12
The following reflects the income and share data used in the basic and diluted earnings per share computations:		
Profit/(loss) after income tax expense	<u>194,303</u>	<u>137,290</u>
Weighted average number of ordinary shares for basic and diluted earnings per share	<u>471,458</u>	<u>471,458</u>

Notes to the financial statements (continued)

27. Financial risk management

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

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

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

(a) Credit Risk

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

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

	<u>Carrying Amount</u>	
	<u>2020</u>	<u>2019</u>
	<u>\$</u>	<u>\$</u>
Cash assets	200	200
Receivables	135,360	143,711
	<u>135,560</u>	<u>143,911</u>

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

None of the assets of the Company are past due (2019: nil past due) and based on historic default rates, the Company believes that no impairment allowance is necessary in respect of assets not past due.

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

(b) Liquidity risk

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

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

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

Notes to the financial statements (continued)

27. Financial risk management (continued)

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

	Carrying amount	Contractual cash flows	1 year or less	over 1 to 5 years	more than 5 years
30 June 2020					
Payables	62,968	(62,968)	(62,968)	-	-
Loans and borrowings	1,580,526	(1,580,526)	(214,800)	(859,200)	(506,526)
	<u>1,643,494</u>	<u>(1,643,494)</u>	<u>(277,768)</u>	<u>(859,200)</u>	<u>(506,526)</u>
30 June 2019					
Payables	99,595	(99,595)	(99,595)	-	-
Loans and borrowings	1,717,006	(1,717,006)	(214,800)	(859,200)	(643,006)
	<u>1,816,601</u>	<u>(1,816,601)</u>	<u>(314,395)</u>	<u>(859,200)</u>	<u>(643,006)</u>

(c) Market risk

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

Interest Rate Risk

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

Sensitivity analysis

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

	Carrying Amount	
	2020	2019
	\$	\$
Fixed rate instruments		
Financial assets	150,000	150,000
Financial liabilities	(491)	(366)
	<u>149,509</u>	<u>149,634</u>
Variable rate instruments		
Financial assets	118,161	78,638
Financial liabilities	-	-
	<u>118,161</u>	<u>78,638</u>

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have no impact on profit or retained earnings. For the analysis performed on the same basis as at 30 June 2020 there was also no impact. As at both dates this assumes all other variables remain constant.

Notes to the financial statements (continued)

27. Financial risk management (continued)

(d) Net fair values

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

(e) Capital management

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

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

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

The Board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the Company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the year ended 30 June 2020 can be seen in the Statement of Comprehensive Income.

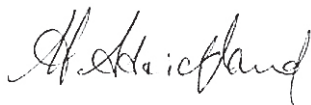
There were no changes in the Company's approach to capital management during the year.

Directors' declaration

In 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 2020 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 2020



Helen Strickland, Director

Signed at Mount Gambier on the 23rd of September 2020.

Detailed Statement of Comprehensive Income

For the Year Ended 30 June 2020

	2020 \$	2019 \$	2018 \$
INCOME			
Commission Received	1,455,243	1,444,984	1,407,519
OTHER INCOME			
Interest Received	2,744	3,850	5,734
Interest Rebate	-	-	-
Rent Received	-	-	-
Profit (Loss) on Sale of Asset	-	(1,577)	-
Sundry	82,673	43,531	19,747
	1,540,660	1,490,788	1,433,000
EXPENDITURE			
Accountancy Fees	17,800	16,700	17,375
Advertising & Promotion	41,637	44,422	47,398
Agent Commission	1,369	1,157	1,145
Amortisation	14,874	14,433	9,966
Annual Leave Accrual	11,568	30,644	21,189
ASIC Compliance Costs	1,350	1,370	1,201
ATM Fees	13,072	20,805	29,695
Auditors Remuneration	7,000	6,870	6,910
Bad Debts Written Off	1,196	566	292
Bank Charges	299	383	382
Board Expenses	6,208	6,803	8,630
Borrowing Costs	-	25	60
Cash Delivery	3,119	2,561	3,404
Cash Management	265	814	883
Cleaning & Gardening	6,748	5,805	10,634
Community Grants	117,560	76,915	60,332
Computer Expenses	37,285	33,989	37,346
Consultancy	-	-	5,062
Depreciation	72,974	20,352	12,909
Employee's Amenities	964	485	821
Freight & Cartage	11,717	10,775	11,391
Fringe Benefit Tax	4,495	4,536	6,562
Insurance	13,510	11,912	11,385
Interest Paid	110,206	107,533	102,715
LabourHire	35,976	-	-
Lease / Rent Office Equipment	-	-	-
Legal Costs	1,362	-	-
Light & Power	20,080	17,361	14,570
Long Service Leave Provision	1,197	(1,042)	4,560
Marketing	10,269	4,961	18,128
Minor Assets	729	1,625	25
Motor Vehicle Costs	2,840	2,534	2,947
Other Employer Expenses	7,974	8,395	6,990
Payroll Services	1,410	1,840	1,730
Payroll Tax	17,916	18,538	17,494

Detailed statement of comprehensive income (continued)

	2020	2019	2018
	\$	\$	\$
Postage	2,226	2,356	2,260
Printing & Stationery	11,915	13,229	13,005
Procedural Errors	365	(245)	(257)
Rates & Taxes	8,434	8,681	8,515
Rent	-	58,359	68,331
Repairs & Maintenance	3,384	3,877	2,662
Salaries & Wages	567,314	635,859	632,422
Search Fees	4,586	5,429	6,340
Security Costs	4,026	7,377	3,688
Share Registry	3,306	1,864	3,617
Sponsorship	-	-	-
Staff Recruitment & Training	11,350	11,591	11,023
Staff Uniforms	1,997	4,047	4,833
Subscriptions	170	170	150
Sundry Expenses	1,961	1,562	2,301
Superannuation Contributions	55,087	61,908	62,070
Telephone	5,544	7,631	9,353
Trailer Fees Expense	-	-	-
Travelling Expenses	2,216	700	3,344
Workcover	2,531	2,960	2,825
	1,281,381	1,301,422	1,310,613
NET PROFIT / (LOSS)	259,279	189,366	122,387

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 2020 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

24 September 2020

Liability limited by a scheme approved under Professional Standards Legislation

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 2020, 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 2020 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

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

Responsibilities of the Directors for the Financial Report

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

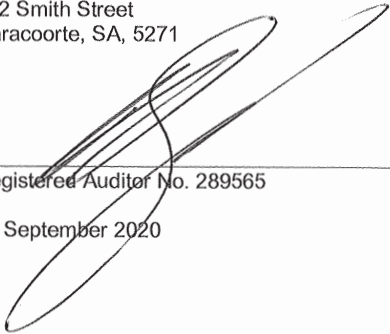
INDEPENDENT AUDITOR'S REPORT

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

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

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

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



Registered Auditor No. 289565

24 September 2020

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16 James Street, Mount Gambier SA 5290
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Web: bendigobank.com.au/mtgambier

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



/MountGambierDistrictCommunityBankBranch

