

# Annual Report 2021

Mount Gambier & District  
Financial Services Limited



Mount Gambier & District

ABN 42 096 059 997

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# Chair's report

For year ending 30 June 2021

As Chair of the Mount Gambier & District Financial Services Limited Board of Directors, I am pleased to be reporting on what has been a very successful year.

The past year has seen COVID-19 continue to be a presence and may well be for some time. As an essential service, the branch has remained open, even during lockdowns, so that our customers can have full access to funds and services throughout these trying times.

Our staff have embraced a new way of banking and this has resulted in the ability to deliver a more diversified method of dealing with clients. Electronic and face-to-face banking is now the norm. This has helped our branch to achieve a solid profit and a substantial growth to our overall book.

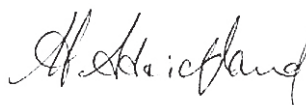
This financial year saw Mount Gambier achieve the strongest growth of any Community Bank in South Australia.

As a Board, our focus has been to strategically position our business in a way that will continue this growth and enable us to move ahead of the competitors in the years to come. Our volunteer Board members meet regularly to ensure there is a clear understanding of our business and the impact that the changing world of finance may have on it. By setting a strong strategic plan that works hand-in-hand with the branch's operational plan, our common goal of a successful business for our shareholders and customers is our main focus.

As we enter the 2021/22 financial year, we look forward to celebrating 20 years of having a strong presence in Mount Gambier. With our ability to place funds back into the local community through sponsorships and support, we continue to uphold the model that was envisaged all those years ago when the first steering committee wished to establish our local branch. Over this time we have grown into a strong and fruitful business led by both a strong Board and skilled Manager and staff.

This is a story that needs to be shared so that profits can also be shared. Please, as shareholders, continue to support the branch and become its biggest advocate.

I look forward to seeing what can be achieved in the new financial year.



**Helen Strickland**  
**Chair**

# Manager's report

For year ending 30 June 2021

Hello to everyone and welcome to another reflection of the year that was.

What a rollercoaster year we have had. COVID-19 still remains a large part of our lives and has impacted on our customers, both professionally and personally. We have seen lockdowns, border restrictions and just an overall uncertainty of what will happen as we continue to navigate our new 'normal'.

Throughout this time, we have continued to be available to listen and assist our customers, whether it be in their savings, lending or just to assure them that we are here for them.

The team have been very busy with the renewed interest in local property across the region and this has reflected in a strong growth year for the branch, along with a good profit achieved, even after grants and scholarships have been given out to the local community.

To be able to show such a large increase in growth across both lending and deposit base shows that we are indeed the bank of choice with a large section of our community. Our products are competitive and of a high standard. Our customer service is front of mind in everything we do. Our ability to share our profits, not only with shareholders but also within the local community sets us apart from the rest. It is indeed very satisfying to see that the community are supporting us in return and have the belief in what we do.

Over the past twelve months we have continued to support events and organisations with both financial and hands-on means. With the limited ability for functions to be held, it is hard for some groups to raise the funds needed to continue in these times. We have been able to take some of the pressure off by ensuring sports continued, school breakfasts were given and young people needing a scholarship to assist with their expenses of further education were able to still follow their dreams.

Our growth for last financial year has been our strongest yet. We have achieved a status that we set ourselves of becoming a quarter billion company. We have, in fact, this financial year achieved the largest growth

of all Community Banks across South Australia. This is something we are proud of and is due to the hard work and dedication of the whole team here at Mount Gambier.

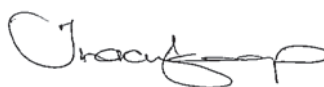
With Retail, Business Banking and Agri Banking on offer, we have continued to provide a one-stop-shop, catering for all needs, including insurances and financial planning.

Our Community Bank is strong if we work together. There are four parts to our branch and each one is equally important for our success. These are the staff, who always deliver a high standard of service as well as living and breathing the Bendigo Community Story every day, our Board who continuously work on the strategic direction of the branch with a clear vision for the future, the customers who trust us with their funds so that they can achieve their dreams and you, the shareholders, who have the capacity to be a very interactive part of our future through just banking with the business that you helped establish.

Our goal for this financial year is to continue this strong growth and delivery of superior service and products. This goal can only be achieved through your help. Do not just consider whether you are going to pick up the phone or drop in and see us regarding your banking. Do it. Do not just consider recommending us to others. Do it. Do not just see our branding at your sports events on the weekend. Support us in return. Every bit helps and if we do not continue to grow then we cannot continue to support. Remember the reason you wanted a Community Bank. You are a shareholder. Now is also the time to become a customer.

I look forward to a very busy and exciting 2021/22.

Take care.



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

# Bendigo and Adelaide Bank report

For year ending 30 June 2021

On behalf of Bendigo and Adelaide Bank, thank you! As a shareholder of your local Community Bank company, you are playing an important role in supporting your community.

It has been a tumultuous year for every community across Australia, and across the world. For our business, recognition that banking is an essential service has meant that we've kept the doors open, albeit with conditions that none of us could ever imagine having to work with.

Face masks, perspex screens, signed documents to cross state borders, checking in customers with QR codes and ensuring hand sanitiser stations are filled aren't what you would expect as a bank employee.

Then there's the fact that while communities have been, and continue to go in and out of lockdown, digital and online banking has become the norm.

So, what does that mean for Bendigo Bank and the Community Bank that you are invested in both as a shareholder, and a customer?

What we're seeing is that your Community Bank is still as important, if not more so, than when you first invested as a shareholder. If the pandemic has taught us anything, it has taught us the importance

of place, of our local community, our local economy, our community-based organisations, the importance of social connection and the importance of your local Community Enterprise – your Community Bank in providing, leadership, support, and assistance in these difficult times.

As we continue to adapt to this rapidly changing world one thing that continues to be important to us all is supporting each another and our strong sense of community.

Your continued support as a shareholder is essential to the success of your local community. Thank you for continuing to back your Community Bank company and your community.



**Collin Brady**  
**Head of Community Development**

# Directors' report

Your Directors submit their report of the Company for the financial year ended 30 June 2021.

## Directors

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

**Ms. Helen Mary Strickland M.Ed B.Ed**  
Chair  
Board Member since 16/04/2014

**Ms. Anne Eitzen, FIPA**  
Secretary  
Board Member since 16/04/2014

**Mr Rodney George Summers**  
Board Member since 07/01/2009

**Ms. Barbara Winifred Munt**  
Board Member since 16/04/2014

**Mr. Mark Fullford**  
Board Member since 16/04/2014

**Mr. Francis Charles Wilcox JP**  
Board Member since 24/06/2015

**Mr John Millhouse**  
Board Member since 22/03/2017

**Ms Ute Herrmann-Bullock**  
Board Member since 22/03/2017

**Mr. Joshua Heaver**  
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 2.17%. The profit/(loss) of the Company for the financial year after provision for income tax was 2021: \$198,814 2020: \$194,303

## Financial position

The net assets of the company have increased by \$175,241 from 30 June 2020 to \$1,732,238 in 2021. The increase is largely due to the repayment of the company debt.

Dividends	Year Ended 30 June 2021	
	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	14 (14)
Ms. Anne Eitzen	14 (14)
Mr. Rodney George Summers	14 (14)
Mr. Mark Fullford	13 (14)
Ms. Barbara Winifred Munt	14 (14)
Mr Joshua Heaver	11 (14)
Mr. Frank Wilcox	9 (14)
Mr. John Millhouse	11 (14)
Ms Ute Herrmann-Bullock	12 (14)

# 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

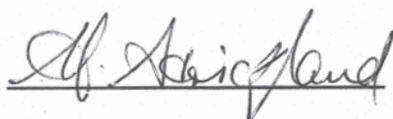
The Company has implemented various corporate governance practices, which include:

- (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 2021 has been received and can be found on page 26.

Signed in accordance with a resolution of the Board of Directors at Mount Gambier  
on 8<sup>th</sup> day of September 2021



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 2021**

	<u>Notes</u>	<b>2021</b> <b>\$</b>	<b>2020</b> <b>\$</b>
Revenue	2	1,410,010	1,540,660
Employee benefits expense	3	(676,897)	(677,269)
Depreciation and amortisation expense	3	(87,263)	(87,847)
Finance costs	3	(89,935)	(110,206)
Other expenses		<u>(246,603)</u>	<u>(288,499)</u>
<b>Operating profit/(loss) before charitable donations &amp; sponsorships</b>		309,312	376,839
Charitable donations and sponsorship		<u>(50,349)</u>	<u>(117,560)</u>
<b>Profit/(loss) before income tax expense</b>		258,963	259,279
Income tax expense / (benefit)	4	<u>60,149</u>	<u>64,976</u>
<b>Net Profit/(loss) for the year</b>		198,814	194,303
<b>Other comprehensive income</b>			
Net profit/(loss) on disposal of non-current assets	5	<u>-</u>	<u>-</u>
<b>Total comprehensive income for the year</b>		<u><u>198,814</u></u>	<u><u>194,303</u></u>
<b>Earnings per share (cents per share)</b>		<b>¢</b>	<b>¢</b>
- basic for profit / (loss) for the year	26	42.17	41.21
- diluted for profit / (loss) for the year	26	42.17	41.21

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 2021**

	<u>Notes</u>	<b>2021</b> <b>\$</b>	<b>2020</b> <b>\$</b>
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	6	303,444	268,624
Receivables	7	139,732	135,360
Current Tax Receivable	4	-	-
Prepayments	8	13,261	12,887
<b>Total Current Assets</b>		<u>456,437</u>	<u>416,871</u>
<b>Non-Current Assets</b>			
Property, plant and equipment	9	89,420	95,014
Deferred tax assets	4	23,882	18,032
Intangible assets	10	2,767,693	2,767,693
Right-of-use assets	11	696,204	763,040
<b>Total Non-Current Assets</b>		<u>3,577,199</u>	<u>3,643,779</u>
<b>Total Assets</b>		<u>4,033,636</u>	<u>4,060,650</u>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and Other Payables	12	69,424	62,968
Loans and borrowings	13	193,513	214,800
Current tax payable	4	14,823	31,281
Provisions	14	10,922	9,476
Lease Liability	15	48,309	74,667
<b>Total Current Liabilities</b>		<u>336,991</u>	<u>393,192</u>
<b>Non-Current Liabilities</b>			
Trade and Other Payables	12	-	-
Loans and borrowings	13	1,235,311	1,365,726
Provisions	14	27,600	25,339
Lease Liability	15	701,496	719,396
<b>Total Non-Current Liabilities</b>		<u>1,964,407</u>	<u>2,110,461</u>
<b>Total Liabilities</b>		<u>2,301,398</u>	<u>2,503,653</u>
<b>Net Assets/(Liabilities)</b>		<u>1,732,238</u>	<u>1,556,997</u>
<b>Equity</b>			
Share capital	16	471,458	471,458
Retained earnings / (accumulated losses)	17	1,260,780	1,085,539
<b>Total Equity</b>		<u>1,732,238</u>	<u>1,556,997</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 2021**

	<u>Notes</u>	<b>2021</b> <b>\$</b>	<b>2020</b> <b>\$</b>
<b>Cash Flows From Operating Activities</b>			
Cash receipts in the course of operations		947,703	1,084,137
Cash payments in the course of operations		(596,121)	(740,456)
Interest paid		-	-
Interest received		2,024	2,744
Income tax paid		(82,458)	(68,930)
<b>Net cash flows from/(used in) operating activities</b>	18b	271,148	277,495
<b>Cash Flows From Investing Activities</b>			
Payment for intangible assets		-	-
Payments for property, plant and equipment		(1,533)	-
<b>Net cash flows from/(used in) investing activities</b>		(1,533)	-
<b>Cash Flows From Financing Activities</b>			
Proceeds from issue of shares		-	-
Interest Paid		(59,525)	(78,140)
Proceeds from borrowings		-	-
Repayment of borrowings		(151,695)	(136,480)
Dividends paid		(23,574)	(23,574)
<b>Net cash flows from/(used in) financing activities</b>		(234,794)	(238,194)
<b>Net increase/(decrease) in cash held</b>		34,821	39,301
Cash and cash equivalents at start of year		268,623	229,322
<b>Cash and cash equivalents at end of year</b>	18a	303,444	268,623

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 2021**

	<u>Notes</u>	<b>2021</b> <b>\$</b>	<b>2020</b> <b>\$</b>
<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>		<u><u>471,458</u></u>	<u><u>471,458</u></u>
<b>Retained earnings/ (accumulated losses)</b>			
Balance at start of year		1,085,539	914,809
Net Profit/(loss) for the year		198,814	194,303
Dividends paid	25	<u>(23,573)</u>	<u>(23,573)</u>
<b>Balance at end of year</b>		<u><u>1,260,780</u></u>	<u><u>1,085,539</u></u>

The accompanying notes form part of these financial statements

# Notes to the financial statements

For the year ended 30 June 2021

## 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 2021 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 2021.

### (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)

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## 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)

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## 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)

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

### (n) Provisions

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

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

### (o) Share capital

Issued and paid up capital is recognised at the fair value of the consideration received by the company.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

### (p) Comparative figures

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

### (q) Critical accounting estimates and judgements

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

#### *Estimation of useful lives of assets*

The company determines the estimated useful lives and related depreciation and amortisation changes 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)

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## 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.

## Notes to the financial statements (continued)

### 2. Revenue from ordinary activities

	2021 \$	2020 \$
Operating activities		
- services commissions	1,355,039	1,489,173
- other revenue	21,545	25,741
- Government assistance - Covid-19	31,402	23,002
Total revenue from operating activities	<u>1,407,986</u>	<u>1,537,916</u>
Non-operating activities:		
- interest received	2,024	2,744
- other revenue	-	-
Total revenue from non-operating activities	<u>2,024</u>	<u>2,744</u>
Total revenue from ordinary activities	<u>1,410,010</u>	<u>1,540,660</u>

### 3. Expenses

	2021 \$	2020 \$
Employee benefits expense		
- wages and salaries	(583,780)	(567,313)
- superannuation costs	(61,735)	(55,087)
- post employment benefits (other than superannuation)	-	-
- workers' compensation costs	(2,275)	(2,531)
- other costs	(29,107)	(52,338)
	<u>(676,897)</u>	<u>(677,269)</u>
Depreciation of non-current assets:		
- plant and equipment	(7,127)	(7,712)
- buildings	-	-
- right-of-use asset	(66,836)	(66,836)
Amortisation of non-current assets:		
- intangibles	(13,300)	(13,299)
	<u>(87,263)</u>	<u>(87,847)</u>
Finance Costs:		
- Interest paid	(89,935)	(110,206)
Bad debts	14,868	(1,196)

## Notes to the financial statements (continued)

### 4. Income Tax Expense

The prima facie tax on profit/(loss) before income tax is reconciled to the income tax expense as follows:

	2021 \$	2020 \$
Prima facie tax on profit/(loss) before income tax at 26% (2020 - 27.5%)	67,330	71,302
Add/less tax effect of		
- Non-assessable income	(8,165)	(6,326)
Reduction in opening deferred taxes resulting from reduction in tax rate	984	
Income tax expense/(benefit)	<u>60,149</u>	<u>64,976</u>
Tax Expense - Current year	59,165	
Add/less tax effect of:		
- Non-deductible expenses	6,834	7,198
- 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>65,999</u>	<u>72,174</u>
Origination and reversal of temporary differences	(23,882)	(18,032)
<i>Deferred income tax expense</i>	<u>(23,882)</u>	<u>(18,032)</u>
Income tax expense/(benefit) attributable to entity	<u>42,117</u>	<u>54,142</u>
<b>Tax liabilities</b>		
Current tax payable/(receivable)	<u>14,823</u>	<u>31,281</u>
<b>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.	<u>23,882</u>	<u>18,032</u>

## Notes to the financial statements (continued)

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

	2021 \$	2020 \$
Profit/(loss) on disposal of non-current assets	-	-
	<u>-</u>	<u>-</u>

### 6. Cash and Cash Equivalents

	2021 \$	2020 \$
Cash at bank and on hand	303,444	268,624
	<u>303,444</u>	<u>268,624</u>

### 7. Receivables

	2021 \$	2020 \$
GST receivable	6,100	6,350
Trade Debtors	133,632	129,010
	<u>139,732</u>	<u>135,360</u>

### 8. Prepayments

	2021 \$	2020 \$
Prepaid Expense	13,261	12,887
Prepaid Borrowing Costs	-	-
	<u>13,261</u>	<u>12,887</u>

### 9. Property, Plant and Equipment

	2021 \$	2020 \$
<i>Plant and equipment</i>		
At cost	289,765	288,232
Less accumulated depreciation	(200,345)	(193,218)
	<u>89,420</u>	<u>95,014</u>
Total written down amount	<u>89,420</u>	<u>95,014</u>

### Movements in carrying amounts

<i>Plant and equipment</i>		
Carrying amount at beginning of year	95,014	102,726
Additions	1,533	-
Disposals	-	-
Depreciation expense	(7,127)	(7,712)
Carrying amount at end of year	<u>89,420</u>	<u>95,014</u>

## Notes to the financial statements (continued)

### 10. Intangible Assets

	2021 \$	2020 \$
<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

	2021 \$	2020 \$
Leased Building	841,015	841,015
Accumulated Depreciation	- 144,811	- 77,975
Total Right of Use Asset	<u>696,204</u>	<u>763,040</u>

#### Movement in carrying amounts

Lease Building		
Carrying amount at beginning of year	763,040	829,876
Recognised on initial application of AASB 16 (previously classified as operating leases under AASB 117)	-	-
Depreciation expense	- 66,836	- 66,836
Net carrying amount	<u>696,204</u>	<u>763,040</u>

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

Depreciation charge related to right-of-use assets	66,836	66,836
Interest expense on lease liabilities	30,409	32,066
Short-term leases expense	-	-
Low value asset leases expense	-	-

## Notes to the financial statements (continued)

### 12. Payables

	2021 \$	2020 \$
<b>CURRENT</b>		
Trade creditors	53,513	46,256
Franchise Fees Payable	-	-
Other creditors and accruals	15,911	16,712
	<u>69,424</u>	<u>62,968</u>
<b>NON-CURRENT</b>		
Franchise Fees payable	-	-
	<u>-</u>	<u>-</u>
(a) Financial Liabilities at amortised cost classified as trade and other payables		
- Total Current	69,424	62,968
- Total Non-Current	-	-
	<u>69,424</u>	<u>62,968</u>
Financial Liabilities as trade and other payables	<u>69,424</u>	<u>62,968</u>

### 13. Loans and Borrowings

	2021 \$	2020 \$
<b>Current</b>		
Bank overdraft	-	-
Bank loan - secured	193,513	214,800
	<u>193,513</u>	<u>214,800</u>
<b>Non-Current</b>		
Bank loan - secured	1,235,311	1,365,726
	<u>1,428,824</u>	<u>1,580,526</u>

## Notes to the financial statements (continued)

### 14. Provisions

#### Current

Unpaid declared dividend  
Employee benefits

2021	2020
\$	\$
268	268
10,654	9,208
<u>10,922</u>	<u>9,476</u>

#### Non-Current

Employee benefits

27,600	25,339
<u>27,600</u>	<u>25,339</u>
<u>38,522</u>	<u>34,815</u>

Number of employees at year end

<u>6</u>	<u>7</u>
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### 15. Lease Liabilities

#### CURRENT

Leased Building

48,309	74,667
<u>48,309</u>	<u>74,667</u>

#### NON-CURRENT

Leased Building

701,496	719,396
<u>701,496</u>	<u>719,396</u>

### 16. Share Capital

471,458 Ordinary Shares fully paid of \$1 each

2021	2020
<u>471,458</u>	<u>471,458</u>

### 17. Retained Earnings / (Accumulated Losses)

Balance at the beginning of the financial year  
Profit/(loss) after income tax  
Dividends  
Balance at the end of the financial year

2021	2020
\$	\$
1,085,539	914,809
198,814	194,303
(23,573)	(23,573)
<u>1,260,780</u>	<u>1,085,539</u>



## Notes to the financial statements (continued)

### 18. Statement of Cash Flows

	2021 \$	2020 \$
<b>(a) Cash and cash equivalents</b>		
Cash assets	303,444	268,623
Bank overdraft	-	-
	<u>303,444</u>	<u>268,623</u>
<b>(b) Reconciliation of profit / (loss) after tax to net cash provided from/(used in) operating activities</b>		
Profit / (loss) after income tax	198,814	194,303
Interest relating to financing activities	59,525	78,140
Non cash items		
- Depreciation	73,963	74,548
- Amortisation	-	-
- (Profit)/Loss on disposal of non-current assets	-	-
Changes in assets and liabilities		
- (Increase) decrease in receivables	(4,373)	8,351
- (Increase) decrease in prepayments	(374)	3,649
- (Increase) decrease in deferred taxes payable	(5,851)	(36,627)
- Increase (decrease) in trade payables and accruals	6,455	3,245
- Increase (decrease) in income taxes payable	(16,458)	(7,198)
- Increase (decrease) in provisions	3,705	(490)
- Increase (decrease) in lease liability	(44,258)	(40,426)
Net cashflows from/(used in) operating activities	<u>271,148</u>	<u>277,495</u>

### 19. Auditors' Remuneration

	2021 \$	2020 \$
Amounts received or due and receivable		
- Audit or review of the financial report of the Company	7,220	7,000
- Other services in relation to the Company	-	-
	<u>7,220</u>	<u>7,000</u>

# Notes to the financial statements (continued)

## 20. Director and Related Party Disclosures

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

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

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	2021	2020
Ms. Helen Mary Strickland	-	-
Ms. Anne Eitzen	250	250
Mr. Rodney George Summers	-	-
Mr. Mark Fullford	-	-
Ms. Barbara Winifred Munt	-	-
Mr Joshua Heaver	-	-
Mr. Frank Wilcox	-	-
Mr. John Millhouse	-	-
Ms 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 96% of the revenue (2020: 94%).

## 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)

<b>25. Dividends paid or provided for on ordinary shares</b>	<b>2021 \$</b>	<b>2020 \$</b>
<b>(a) Dividends proposed and recognised as a liability</b>		
Franked dividends - nil cents per share (2020: nil cents)	-	-
<b>(b) Dividends paid during the year</b>		
(i) Current year interim		
Franked dividends - nil cents per share (2020: nil cents per share)	-	-
(ii) Previous year final		
Franked dividends - 5 cents per share (2020: 5 cents per share)	23,573	23,573
Unfranked dividends - nil cents per share (2020: nil cents per share)	-	-
<b>(c) Dividends proposed and not recognised as a liability</b>		
Unfranked dividends - nil cents per share (2020: nil cents per share)	-	-
Franked dividends - 5 cents per share (2020: 5 cents per share)	23,573	23,573
<b>(d) Franking credit balance</b>		
The amount of franking credits available for the subsequent financial year are:		
- Franking account balance as at the end of the financial year	548,291	473,406
- Franking credits that will arise from the payment of income tax payable as at the end of the financial year	14,823	31,281
- 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>563,114</u>	<u>504,687</u>
The tax rate at which dividends have been franked is 26% (2020: 27.5%). Dividends proposed will be franked at a rate of 25% (2020: 26%).		
<b>26. Earnings per share</b>	<b>¢</b>	<b>¢</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.	42.17	41.21
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).	42.17	41.21
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>198,814</u>	<u>194,303</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>2021</u>	<u>2020</u>
	<u>\$</u>	<u>\$</u>
Cash assets	200	200
Receivables	139,732	135,360
	<u>139,932</u>	<u>135,560</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 (2020: 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
<b>30 June 2021</b>					
Payables	69,424	(69,424)	(69,424)	-	-
Loans and borrowings	1,428,824	(1,428,824)	(193,513)	(774,052)	(461,259)
	<u>1,498,248</u>	<u>(1,498,248)</u>	<u>(262,937)</u>	<u>(774,052)</u>	<u>(461,259)</u>
<b>30 June 2020</b>					
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>

### (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	
	2021	2020
	\$	\$
<b>Fixed rate instruments</b>		
Financial assets	150,000	150,000
Financial liabilities	(429)	(491)
	<u>149,571</u>	<u>149,509</u>
<b>Variable rate instruments</b>		
Financial assets	152,981	118,161
Financial liabilities	-	-
	<u>152,981</u>	<u>118,161</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 2021 there was also no impact. As at both dates this assumes all other variables remain constant.

## Notes to the financial statements (continued)

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### 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 2021 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 2021 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 2021



Helen Strickland, Director

Signed at Mount Gambier on the 8<sup>th</sup> of September 2021.

# Detailed Statement of Comprehensive Income

## Detailed Statement of Comprehensive Income

For the Year Ended 30 June 2021

	2021 \$	2020 \$	2019 \$
<b>INCOME</b>			
Commission Received	1,355,039	1,455,243	1,444,984
<b>OTHER INCOME</b>			
Interest Received	2,024	2,744	3,850
Interest Rebate	-	-	-
Rent Received	-	-	-
Profit (Loss) on Sale of Asset	-	-	(1,577)
Sundry	52,947	82,673	43,531
	1,410,010	1,540,660	1,490,788
<b>EXPENDITURE</b>			
Accountancy Fees	18,325	17,800	16,700
Advertising & Promotion	21,431	41,637	44,422
Agent Commission	1,333	1,369	1,157
Amortisation	13,300	14,874	14,433
Annual Leave Accrual	6,589	11,568	30,644
ASIC Compliance Costs	1,599	1,350	1,370
ATM Fees	13,004	13,072	20,805
Auditors Remuneration	7,220	7,000	6,870
Bad Debts Written Off	(14,868)	1,196	566
Bank Charges	293	299	383
Board Expenses	5,859	6,208	6,803
Borrowing Costs	-	-	25
Cash Delivery	1,150	3,119	2,561
Cash Management	-	265	814
Cleaning & Gardening	7,485	6,748	5,805
Community Grants	50,349	117,560	76,915
Computer Expenses	33,638	37,285	33,989
Consultancy	-	-	-
Depreciation	73,963	72,974	20,352
Employee's Amenities	1,612	964	485
Freight & Cartage	12,789	11,717	10,775
Fringe Benefit Tax	4,375	4,495	4,536
Insurance	14,838	13,510	11,912
Interest Paid	89,935	110,206	107,533
LabourHire	25,634	35,976	-
Lease / Rent Office Equipment	-	-	-
Legal Costs	12	1,362	-
Light & Power	19,484	20,080	17,361
Long Service Leave Provision	(4,427)	1,197	(1,042)
Marketing	11,682	10,269	4,961
Minor Assets	664	729	1,625
Motor Vehicle Costs	2,312	2,840	2,534
Other Employer Expenses	1,311	7,974	8,395
Payroll Services	1,560	1,410	1,840
Payroll Tax	18,228	17,916	18,538
Postage	1,506	2,226	2,356
Printing & Stationery	11,018	11,915	13,229
Procedural Errors	1,854	365	(245)



## Detailed Statement of Comprehensive Income (continued)

### Detailed Statement of Comprehensive Income (continued)

	2021	2020	2019
	\$	\$	\$
Rates & Taxes	8,066	8,434	8,681
Rent		-	58,359
Repairs & Maintenance	5,330	3,384	3,877
Salaries & Wages	583,780	567,314	635,859
Search Fees	8,659	4,586	5,429
Security Costs	2,183	4,026	7,377
Share Registry	2,985	3,306	1,864
Sponsorship		-	-
Staff Recruitment & Training	10,069	11,350	11,591
Staff Uniforms	3,674	1,997	4,047
Subscriptions	200	170	170
Sundry Expenses	2,024	1,961	1,562
Superannuation Contributions	61,735	55,087	61,908
Telephone	4,068	5,544	7,631
Trailer Fees Expense		-	-
Travelling Expenses	942	2,216	700
Workcover	2,275	2,531	2,960
	1,151,047	1,281,381	1,301,422
<b>NET PROFIT / (LOSS)</b>	<b>258,963</b>	<b>259,279</b>	<b>189,366</b>

# Auditor's independence declaration

**Bordertown** T 08 8752 1300  
PO Box 270, Bordertown SA 5268  
E [bordertown@murraynankivell.com.au](mailto:bordertown@murraynankivell.com.au)

**Naracoorte** T 08 8762 1544  
PO Box 403, Naracoorte SA 5271  
E [naracoorte@murraynankivell.com.au](mailto:naracoorte@murraynankivell.com.au)

**Murray Bridge** T 08 8531 1563  
PO Box 3007, Murray Bridge SA 5253  
E [mb@murraynankivell.com.au](mailto:mb@murraynankivell.com.au)

[www.murraynankivell.com.au](http://www.murraynankivell.com.au)  
ABN 68 191 400 792



## 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 2021 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

20 September 2021

# Independent audit report

Bordertown T 08 8752 8888  
PO Box 270, Bordertown SA 5268  
E bordertown@murraynankivell.com.au

Naracoorte T 08 8765 7777  
PO Box 403, Naracoorte SA 5271  
E naracoorte@murraynankivell.com.au

Murray Bridge T 08 8535 5999  
PO Box 3007, Murray Bridge SA 5253  
E mb@murraynankivell.com.au

www.murraynankivell.com.au  
ABN 68 191 400 792



## 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 2021, 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 2021 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards and the Corporations Regulations 2001.

#### Basis for Opinion

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

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

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

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

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

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

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

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

Liability limited by a scheme approved under Professional Standards Legislation

## **INDEPENDENT AUDITOR'S REPORT**

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### **Responsibilities of the Directors for the Financial Report**

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

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

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

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

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

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

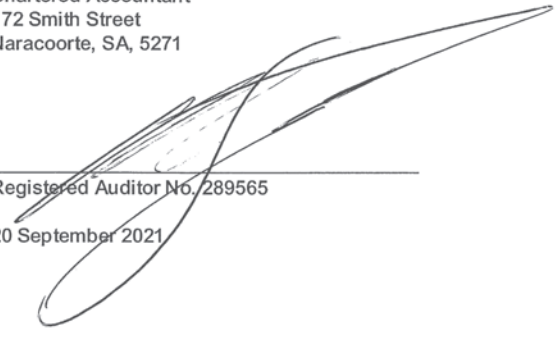
### INDEPENDENT AUDITOR'S REPORT

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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



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Registered Auditor No. 289565

20 September 2021

Community Bank - Mt Gambier & District  
16 James Street,  
Mount Gambier SA 5290  
Phone: 08 8726 3200  
Email: MtGambierRetailMailbox@bendigoadelaide.com.au  
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  
Email: info.mgdfs@gmail.com

Share Registry: AFS & Associates Pty Ltd  
PO Box 454,  
Bendigo VIC 3552  
Phone: 03 5443 0344  
Email: shareregistry@afsbendigo.com.au



/communitybankmountgambierdistrict



/bendigocb\_\_mtgambier\_\_district

