Gympie & District **Community Bank®** Branch

annual report 2012

Gympie & District
Financial Services Limited

ABN 79 113 293 173

Contents

Chairperson's report

For year ending 30 June 2012

With the close of yet another financial year thoughts turn to Annual Reports. I take pleasure in presenting this, my fourth as Chair of the Gympie & District Financial Services Limited. The global situation shows little sign of improving, but our parent company Bendigo and Adelaide Bank continues to move steadily ahead. Under their direction we continue to play our role in banking in the Gympie district.

My sincere thanks go to my fellow Directors Chris, Tim, Amanda, Will, Rae and Rens. Will stood down as Secretary early in the year and Rae has taken over this role. Owing to Rae's other commitments we have employed an assistant Secretary and I thank Kelly for her work.

Our staff also saw changes this year with both Lezette and Loretta having babies. Our two new staff members, Joanne and Kerri were quickly up to speed. Sandra, Andrea and Kassandra have guided them while continuing to perform so efficiently themselves. Our Manager Mick leads a friendly and competent staff, of which we are very proud.

We have continued to support Gold Rush Literary Awards, The Heart of Gold Film Festival, SCIC, JKS Karate, and the Mary River Festival. We also now sponsor The Andrew Fisher Portrait Competition, The New Year's Eve Family Fun Night, the Gympie Times 'Shop Locally' Campaign, The Cooloola Community Gardens, and The Chamber of Commerce Business Awards Night. Australia wide, Bendigo and Adelaide Bank branches supported 71 scholarships in what we believe is the largest scheme in Australia. In this region two students are supported, one being Amy Thompson, from Gympie who is studying at Griffith University. This support will continue in 2013, with another student will be given the same opportunity. We feel that an investment in youth is an investment in the future.

We are justly proud that we have given $65,000 back to the community, while paying $60,000 in dividends. With the continued support of our customers, shareholders and the community we look forward to an even brighter future.

E. G. Thomson

Elaine Thomson
Chairperson

Manager's report

For year ending 30 June 2012

I am pleased to report to the Board and shareholders on a successful years trading at Gympie & District **Community Bank®** Branch. After another challenging year, we have managed to increase our total business footings to $45 million; as well we have seen the company make another profit for the year.

Congratulations must go to our hard working staff members, Andrea, Kassandra, Sandie, Lezette who is currently on Maternity leave, Loretta who left us in December for the birth of her first child and Kerri and Joanne who joined us in November.

The branch has been ably assisted by the expertise of our Business Banking team of Paul Hampson and Simon Knight and our Financial Planner, Peter Bourke. Our specialists are available to you all through our **Community Bank®** branch.

In order for your company to continue to grow we need support from our shareholders. For those shareholders who are not currently making use of the **Community Bank®** branch products and services which include insurance products, I invite you to come in and experience the high level of quality service and competitive products that we offer.

I also ask you to be ambassadors for the company and encourage your family, friends and business connections to consider the **Community Bank®** branch as a local banking alternative. Ask them to call into our branch which is situated at 68 Mary Street to meet our friendly staff, open an account or make an appointment regarding all banking, lending and investment needs. Our branch is open for business from 9.00am to 5.00pm Monday to Friday and 9.00am to 12 noon Saturdays.

We must work together to achieve our desired results for continued success, not only for ourselves but for the greater community.

Mick McCarthy
Branch Manager

Directors' report

For the financial year ended 30 June 2012

Your Directors submit their report of the company for the financial year ended 30 June 2012.

Directors

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

Rens John Poels
Treasurer
Retired Computer Engineer
Board member since 2005

David James Weller (resigned 13 July 2011)
Director
Event Co-ordinator
Board member since 2007

William Bauer
Director
Retired Civil Engineer
Board member since2008

Amanda LePeilbet
Director
General Manager GCT
Board member since 2010

Rae Allison Gâté
Company Secretary
Shire Councillor
Board member since 2007

Elaine Gwen Thomson
Chairperson
Shop Owner
Board member since 2005

Christopher James Hodges
Director
Business Owner
Board member since 2007

Timothy Jensen
Director
Manager Transport Business
Board member since 2010

Directors were in office for this entire period 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.

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

Operating results

The profit of the company for the financial year after provision for income tax was $68,164 (2011: $60,693).

Financial position

The net assets of the company have increased by $28,164 from 30 June, 2011 to $403,807 in 2012. The increase is largely due to improved operating performance of the company.

Dividends	Year ended 30 June 2012	
	Cents per share	$
Dividends paid in the year:	5	40,000

Significant changes in the state of affairs

In the opinion of the Directors there were no significant changes in the state of affairs of the company that occurred during the financial year under review not otherwise disclosed in this report.

Events after the reporting period

Since balance date, the world financial markets have shown volatility that may have an impact on investment earnings in the 2012/2013 financial year. The company continues to maintain a conservative investment strategy to manage the exposure to market volatility.

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

Future developments

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

Environmental issues

The company is not subject to any significant environmental regulation.

Proceedings on behalf of company

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings. The company was not a party to any such proceedings during the year.

Remuneration report

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

Indemnification and Insurance of Directors and Officers

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 during the year were:

Director	Board meetings#	Audit committee meetings#
Rens John Poels	11 (11)	6 (6)
Elaine Gwen Thomson	11 (11)	6 (6)
Christopher James Hodges	5 (11)	N/A
David James Weller (resigned 13 July 2011)	0 (1)	N/A
Rae Allison Gâté	9 (11)	4(4)
William Bauer	10 (11)	4(4)
Amanda LePeilbet	3 (11)	N/A
Timothy Jensen	4 (11)	N/A

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

N/A - not a member of that Committee.

Company Secretary

Rae Gâté was appointed Company Secretary on 1 February 2012. Rae is a Councillor in the Gympie Regional Council. Rae has been active within the Gympie Community for many years in Community Action Inc. (Housing, Youth Services and Support for Domestic Violence victims) and Supporting Chemotherapy in Cooloola Inc and Zonta.

Corporate Governance

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

(a) The establishment of an audit and governance committee. Members of this committee are Chair Elaine Thomson, Secretary Rae Gâté and Treasurer Rens Poels;

(b) Director approval of operating budgets and monitoring of progress against these budgets;

(c) All Directors have completed basic Director training; and

(d) Monthly Director meetings to discuss performance and strategic plans.

Auditor independence declaration

The Auditor's independence declaration for the year ended 30 June 2012 has been received and can be found on the next page of this financial report.

Signed in accordance with a resolution of the Board of Directors at Gympie on 26 September 2012.

Rens Poels
Treasurer

Auditor's independence declaration

Richmond
Sinnott &
Delahunty
Chartered Accountants

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26 September 2012

The Directors
Gympie & District Financial Services Limited
PO Box 1173
GYMPIE QLD 4570

To the Directors of Gympie & District Financial Services Limited

Auditor's Independence Declaration under section 307C of the Corporations Act 2001

I declare that to the best of my knowledge and belief, during the year ended 30 June 2012 there has 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.

Richmond Sinnott & Delahunty

RICHMOND SINNOTT & DELAHUNTY
Chartered Accountants

W Sinnott

Warren Sinnott
Partner
Dated at Bendigo, 26 September 2012

Richmond Sinnott & Delahunty
ABN 60 616 244 309
Liability limited by a scheme approved under Professional Standards Legislation

Partners:
Warren Sinnott, Cara Hall, Brett Andrews, Philip Delahunty, Kathie Teasdale, David Richmond

Financial statements

Statement of comprehensive income for the year ended 30 June 2012

	Note	2012 $	2011 $
Revenue	2	553,747	490,203
Employee benefits expense	3	(257,043)	(232,391)
Depreciation and amortisation expense	3	(25,604)	(25,684)
Other expenses		(140,925)	(134,556)
Operating profit/(loss) before charitable donations & sponsorships		**130,175**	**97,572**
Charitable donations and sponsorship		(31,916)	(9,468)
Profit/(loss) before income tax expense		**98,259**	**88,104**
Income tax expense / (benefit)	4	30,095	27,411
Net Profit/(loss) for the year		**68,164**	**60,693**
Other comprehensive income		-	-
Total comprehensive income for the year		**68,164**	**60,693**
Earnings per share (cents per share)			
- basic for profit for the year	21	8.52	7.59
- diluted for profit for the year	21	8.52	7.59

The accompanying notes form part of these financial statements.

Statement of financial position as at 30 June 2012

	Note	2012 $	2011 $
Assets			
Current assets			
Cash and cash equivalents	6	134,851	104,451
Receivables	7	40,522	27,667
Total current assets		**175,373**	**132,118**
Non-current assets			
Property, plant and equipment	8	128,761	140,415
Deferred tax assets	4	110,326	140,422
Intangible assets	9	27,900	41,851
Total non-current assets		**266,987**	**322,688**
Total assets		**442,360**	**454,806**
Liabilities			
Current liabilities			
Payables	10	20,865	62,995
Provisions	11	17,688	16,168
Total current liabilities		**38,553**	**79,163**
Total liabilities		**38,553**	**79,163**
Net assets		**403,807**	**375,643**
Equity			
Issued capital	12	800,010	800,010
Accumulated losses	13	(396,203)	(424,367)
Total equity		**403,807**	**375,643**

The accompanying notes form part of these financial statements.

Statement of cash flows for the year ended 30 June 2012

	Note	2012 $	2011 $
Cash flows from operating activities			
Cash receipts in the course of operations		561,909	545,856
Cash payments in the course of operations		(496,536)	(447,581)
Interest received		5,027	1,368
Net cash provided from/(used in) operating activities	**14b**	**70,400**	**99,643**
Cash flows from investing activities			
Purchase of property, plant & equipment		-	-
Net cash used in investing activities		**-**	**-**
Cash flows from financing activities			
Dividend paid		(40,000)	(20,000)
Net cash used in investing activities		**(40,000)**	**(20,000)**
Net increase/(decrease) in cash held		**30,400**	**79,643**
Cash and cash equivalents at start of year		104,451	24,808
Cash and cash equivalents at end of year	**14a**	**134,851**	**104,451**

The accompanying notes form part of these financial statements.

Statement of changes in equity for the year ended 30 June 2012

	Note	2012 $	2011 $
Issued capital			
Balance at start of year		800,010	800,010
Issue of share capital		-	-
Share issue costs		-	-
Balance at end of year		**800,010**	**800,010**
Retained earnings / accumulated losses			
Balance at start of year		(424,367)	(465,060)
Profit after income tax expense		68,164	60,693
Dividends paid	20	(40,000)	(20,000)
Balance at end of year		**(396,203)**	**(424,367)**

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2012

Note 1. Summary of significant accounting policies

(a) Basis of preparation

Gympie & District Financial Services Limited ('the company') is domiciled in Australia. The financial statements for the year ending 30 June 2012 are presented in Australian dollars. The company was incorporated in Australia and the principal operations involve providing **Community Bank®** services.

The financial statements are general purpose financial statements, that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authorative 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, were 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 26 September 2012.

(b) Income tax

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

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

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

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

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

(c) Property, plant and equipment

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

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

Note 1. Summary of significant accounting policies (continued)

(c) Property, plant and equipment (continued)

Depreciation is calculated on a straight line basis over the estimated useful life of the asset as follows:

Class of asset	Depreciation rate
Leasehold improvements	5%
Furniture and fittings	2.5 - 20%
Computer software	40%

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.

(d) Impairment of assets

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

(e) Goods and services tax

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

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

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

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

(f) Employee benefits

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

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

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(g) Intangibles

Establishment costs have been initially recorded at cost and amortised on a straight line basis at a rate of 20% per annum.

(h) Cash

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

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

(i) Revenue

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

(j) Receivables and payables

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

(k) New accounting standards for application in future periods

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

(l) Loans and borrowings

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

(m) Provisions

Provisions are recognised when the economic entity 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.

(n) Share capital

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

(o) Comparative figures

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

Note 1. Summary of significant accounting policies (continued)

(p) Critical accounting estimates and judgements

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

<u>Estimation of useful lives of assets</u>

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.

<u>Income tax</u>

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

<u>Impairment</u>

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

(q) Financial instruments

<u>Initial recognition and measurement</u>

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.

<u>Classification and subsequent measurement</u>

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method or cost. Where available quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

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.

Note 1. Summary of significant accounting policies (continued)

(q) Financial instruments (continued)

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 debtors are experiencing significant financial difficulty or changes in economic conditions.

	2012 $	2011 $
Note 2. Revenue from continuing operations		
Revenue from continuing activities		
- services commissions	548,720	488,835
- other revenue	-	-
	548,720	**488,835**
Other revenue		
- interest received	5,027	1,368
	553,747	**490,203**
Note 3. Expenses		
Employee benefits expense		
- wages and salaries	236,588	213,217
- superannuation costs	19,736	18,636
- workers' compensation costs	719	538
	257,043	**232,391**
Depreciation of non-current assets:		
- plant and equipment	2,856	2,936
- leasehold improvements	8,798	8,798
Amortisation of non-current assets:		
- intangible assets	13,950	13,950
	25,604	**25,684**
Finance costs:		
- Interest paid	-	-
Bad debts	676	687

	2012 $	2011 $

Note 4. Income tax expense

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

Prima facie tax on profit before income tax at 30%	29,478	26,431
Add tax effect of:		
- Non-deductible expenses	617	980
Current income tax expense	**30,095**	**27,411**
Income tax expense	**30,095**	**27,411**
Deferred tax assets		
Future income tax benefits arising from tax losses are recognised at reporting date as realisation of the benefit is regarded as probable.	110,326	140,422

Note 5. Auditors' remuneration

Remuneration of the Auditor for:

- Audit or review of the financial report of the company	3,900	3,900
	3,900	**3,900**

Note 6. Cash and cash equivalents

Cash at bank and on hand	**134,851**	**104,451**

Note 7. Receivables

Trade debtors	**40,522**	**27,667**

Note 8. Property, plant and equipment

Leasehold improvements		
At cost	175,965	175,965
Less accumulated depreciation	(61,996)	(53,198)
	113,969	**122,767**
Plant and equipment		
At cost	51,536	51,536
Less accumulated depreciation	(36,743)	(33,888)
	14,793	**17,648**
Total written down amount	**128,762**	**140,415**

	2012 $	2011 $

Note 8. Property, plant and equipment (continued)

Movements in carrying amounts

	2012 $	2011 $
Leasehold improvements		
Carrying amount at beginning of year	122,767	131,565
Additions	-	-
Disposals	-	-
Depreciation expense	(8,798)	(8,798)
Carrying amount at end of year	**113,969**	**122,767**
Plant and equipment		
Carrying amount at beginning of year	17,648	20,584
Additions	-	-
Disposals	-	-
Depreciation expense	(2,856)	(2,936)
Carrying amount at end of year	**14,792**	**17,648**

Note 9. Intangible assets

	2012 $	2011 $
Franchise fee		
At cost	129,751	129,751
Less accumulated amortisation	(101,851)	(87,900)
	27,900	**41,851**
Preliminary expenses		
At cost	63,953	63,953
Less accumulated amortisation	(63,953)	(63,953)
	-	**-**
Total written down amount	**27,900**	**41,851**

Note 10. Payables

	2012 $	2011 $
Trade creditors	684	4,997
GST payable	2,297	4,046
Other creditors and accruals	17,884	53,952
	20,865	**62,995**

	2012 $	2011 $

Note 11. Provisions

	2012 $	2011 $
Employee benefits	**17,688**	**16,168**
Movement in employee benefits		
Opening balance	16,168	13,449
Additional provisions recognised	3,206	16,401
Amounts utilised during the year	(1,686)	(13,682)
Closing balance	**17,688**	**16,168**

Note 12. Share capital

	2012 $	2011 $
800,010 Ordinary shares fully paid of $1 each	**800,010**	**800,010**

Note 13. Retained earnings / (accumulated losses)

	2012 $	2011 $
Balance at the beginning of the financial year	(424,367)	(465,060)
Profit after income tax	68,164	60,693
Dividends paid	(40,000)	(20,000)
Balance at the end of the financial year	**(396,203)**	**(424,367)**

Note 14. Statement of cash flows

	2012 $	2011 $
(a) Cash and cash equivalents		
Cash at bank and on hand	**134,851**	**104,451**
(b) Reconciliation of profit after tax to net cash provided from/(used in) operating activities		
Profit after income tax	68,164	60,693
Non cash items		
- Depreciation	11,654	11,734
- Amortisation	13,950	13,950
Changes in assets and liabilities		
- (Increase) decrease in receivables	(12,854)	7,172
- Increase (decrease) in payables	(42,129)	(24,036)
- Increase (decrease) in provisions	1,520	2,719
- (Increase) decrease in deferred tax asset	30,095	27,411
Net cash flows from/(used in) operating activities	**70,400**	**99,643**

Note 15. Director and related party disclosures

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

Rens John Poels
Elaine Gwen Thomson
Christopher James Hodges
David James Weller (resigned 13 July 2011)
Rae Allison Gâté
William Bauer
Amanda LePeilbet
Timothy Jensen

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	**2012**	**2011**
Rens John Poels	4,001	4,001
Elaine Gwen Thomson	7,501	7,501
Christopher James Hodges	500	500
David James Weller (resigned 13 July 2011)	500	500
Rae Allison Gâté	501	501
William Bauer	5,501	5,501
Amanda LePeilbet	-	-
Timothy Jensen	-	-

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

Note 16. Events after the reporting period

Since balance date, the world financial markets have shown volatility that may have an impact on investment earnings in the 2012/2013 financial year. The company continues to maintain a conservative investment strategy to manage the exposure to market volatility.

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

Note 17. Contingent liabilities and assets

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

Note 18. Operating segments

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

Note 19. Corporate information

Gympie & District Financial Services Limited is a company limited by shares incorporated in Australia.

The registered office and principal place of business is: 68 Mary Street, Gympie QLD 4570.

	2012 $	2011 $
Note 20. Dividends paid or provided for on ordinary shares		
Unfranked dividends - 5 cents per share (2011: 2.5 cents per share)	**40,000**	**20,000**

Note 21. Earnings per share

Basic earnings per share amounts are calculated by dividing profit after income tax by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing profit after income tax by the weighted average number of ordinary shares outstanding during the period (adjusted for the effects of any dilutive options or preference shares).

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	2012 $	2011 $
Profit after income tax expense	**68,164**	**60,693**
Weighted average number of ordinary shares for basic and diluted earnings per share	**800,010**	**800,010**

Note 23. Financial risk management

The company's financial instruments consist mainly of deposits with banks, account receivables and payables, bank overdraft and loans.

The totals for each category of financial instruments measured in accordance with AASB 139 are as follows:

	Note	2012 $	2011 $
Financial assets			
Cash & cash equivalents	6	134,851	104,451
Receivables	7	40,522	27,667
Total financial assets		**175,373**	**132,118**

Note 23. Financial risk management (continued)

	Note	2012 $	2011 $
Financial liabilities			
Payables	10	20,865	62,995
Total financial liabilities		**20,865**	**62,995**

Financial risk management policies

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established an Audit Committee which reports regularly to the Board. The Audit Committee is assisted in the area of risk management by an internal audit function.

Specific financial risk exposure and management

The company has exposure to credit risk, liquidity risk and market risk from their use of financial instruments. There have been no substantive changes in the types of risks the company is exposed to, how the risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

(a) Credit risk

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

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

The company's maximum exposure to credit risk at reporting date was:

	Carrying amount	
	2012 $	2011 $
Cash and cash equivalents	134,851	104,451
Receivables	40,522	27,667
	175,373	**132,118**

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

None of the assets of the company are past due (2011: 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.

(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.

Note 23. Financial risk management (continued)

(b) Liquidity risk (continued)

Financial liability and financial asset maturity analysis

	Total $	Within 1 year $	1 to 5 years $	Over 5 years $
30 June 2012				
Financial liabilities due for payment				
Payables	20,865	20,865	–	–
Total expected outflows	**20,865**	**20,865**	**–**	**–**
Financial assets - cashflow realisable				
Cash & cash equivalents	134,851	134,851	–	–
Receivables	40,522	40,522	–	–
Total anticipated inflows	**175,373**	**175,373**	**–**	**–**
Net (outflow)/inflow on financial instruments	**154,508**	**154,508**	**–**	**–**

	Total $	Within 1 year $	1 to 5 years $	Over 5 years $
30 June 2011				
Financial liabilities due for payment				
Payables	62,995	62,995	–	–
Total expected outflows	**62,995**	**62,995**	**–**	**–**
Financial assets - cashflow realisable				
Cash & cash equivalents	104,451	104,451	–	–
Receivables	27,667	27,667	–	–
Total anticipated inflows	**132,118**	**132,118**	**–**	**–**
Net (outflow)/inflow on financial instruments	**69,123**	**69,123**	**–**	**–**

* The Bank overdraft has no set repayment period and as such all has been included as current.

Financial assets pledged as collateral

There are no material amounts of collateral held as security as at 30 June 2012 and 30 June 2011.

Note 23. Financial risk management (continued)

(c) Market risk

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

Interest rate risk 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 2012 $	2011 $
Fixed rate instruments		
Financial assets	-	-
Financial liabilities	-	-
	-	**-**
Floating rate instruments		
Financial assets	134,851	104,451
Financial liabilities	-	-
	134,851	**104,451**

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 2011 there was also no impact. As at both dates this assumes all other variables remain constant.

The company has no exposure to fluctuations in foreign currency.

(d) Price risk

The company is not exposed to any material price risk.

Fair values

The fair values of financial assets and liabilities approximate the carrying values as disclosed in the Statement of Financial Position. Fair value is the amount at which an asset could be exchanged, or liability settled, between knowledgeable, willing parties in an arm's length transaction. The company does not have any unrecognised financial instruments at year end.

Note 23. Financial risk management (continued)

(d) Price risk (continued)

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 2012 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 Gympie & District Financial Services Limited, the Directors of the company declare that:

In the opinion of the Directors:

1 the financial statements and notes of the company as set out on within this report are in accordance with the Corporations Act 2001 and:

   (i) giving a true and fair view of the company's financial position as at 30 June 2012 and of their performance for the year ended on that date; and

   (ii) complying with Accounting Standards in Australia and Corporations Regulations 2001; and

2 in the Directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Rens Poels
Director

Signed at Gympie on the 26 September 2012.

Richmond
Sinnott &
Delahunty
Chartered Accountants

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INDEPENDENT AUDIT REPORT TO THE MEMBERS OF GYMPIE & DISTRICT FINANCIAL SERVICES LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Gympie & District Financial Services Limited, which comprises the statement of financial position as at 30 June 2012, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the company for the year ended 30 June 2012.

Directors' Responsibility 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 is free from material misstatement, whether due to fraud or error. In Note 1(a), the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards (IFRS).

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Independent audit report (continued)

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

Independence

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

Auditor's Opinion

In our opinion:

(a) the financial report of Gympie & District Financial Services Limited is in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the company's financial position as at 30 June 2012 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

(b) the financial report also complies with the International Financial Reporting Standards as disclosed in Note 1(a).

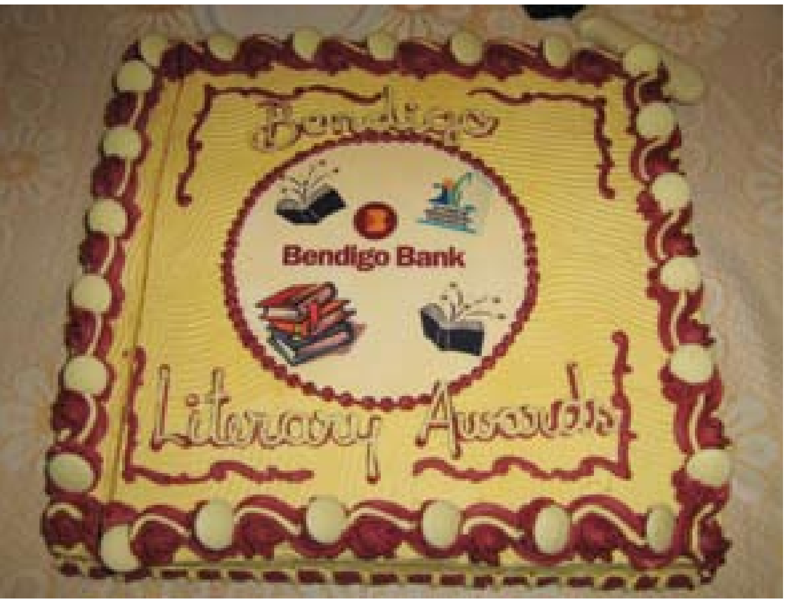
Richmond Sinnott & Delahunty

RICHMOND SINNOTT & DELAHUNTY
Chartered Accountants

W Sinnott

W. J. SINNOTT
Partner

Dated at Bendigo, 26 September 2012



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Bendigo Bank

(BMPAR12083) (09/12)