Annual Report 2016

Gympie & District Financial Services Limited

ABN 79 113 293 173

Gympie & District **Community Bank**® Branch

Contents

Chairperson's report	**2**
Manager's report	**4**
Directors' report	**5**
Auditor's independence declaration	**10**
Financial statements	**11**
Notes to the financial statements	**15**
Directors' declaration	**37**
Independent audit report	**38**

Chairperson's report

For year ending 30 June 2016

The current financial year has seen a number of challenges affecting our company. Project Horizon, which has been a topic of discussion at State and National conferences for a number of years, is now being implemented. The final outcome should prove positive for both Bendigo Bank and their **Community Bank**® branches. Banking and the finance sector are experiencing more competition than ever and Bendigo has been forced to tighten margins on products.

This presents us all with new challenges. Are you a customer as well as a shareholder? Have you brought as much business as possible to your **Community Bank**® Branch? Do you tell friends and neighbours about the branch and the contributions made to our local community? The success of our **Community Bank**® branch depends on growing our business and doing even more in the community. If you are a member of a club or organisation, do they bank with us? Have they asked us to do a presentation to explain how we can work together for our mutual benefit? More business means more profit which means higher dividends and more money for the community.

This year we changed from considering each application for sponsorship as it was received to having two information nights, one in February and one in September each year. Following these nights, application forms are available either on line or at the branch, and all applications then receive due consideration before a presentation night is held. Each successful applicant is required to be in attendance and also to give a short talk on how they will use the money and also how they will promote Bendigo Bank. This saw some now applicants who opened accounts.

In total we have now given in excess of $260,000 in sponsorships to such organisations as Heart of gold International Short Film Festival, The Literary Awards, Mary Valley Arts Festival, Andrew Fisher Portrait competition, the inaugural Glenwood Arts Festival, The Poultry Club, Gympie Cats AFL Club, Gympie Hammers Rugby Union, Careers Expo, JKS Karate, Roadcraft Bicycle Safety, the Life Education Van, Albert Bowls Club Men's and Ladies Bowls, Hope Reins, Mary River Festival, Far-A-Way Riders Association, and the Chamber of Commerce Awards.

Financial Year	Community Contributions
2005/06	1,060
2006/07	1,500
2007/08	2,566
2008/09	5,444
2009/10	7,150
2010/11	9,700
2011/12	33,868
2012/13	44,050
2013/14	38,985
2014/15	66,760
2015/16	50,630
Totals	**261,713**

Financial Year	Dividends to Shareholders	
	Cents per share	Total Dividends
2010/11	2.5	20,000
2011/12	5.0	40,000
2012/13	7.5	60,000
2013/14	6.0	48,000
2014/15	6.0	48,000
2015/16	5.0	40,000
Totals		**256,000**

Chairperson's report (continued)

The biggest single sponsorship remains the scholarships to assist students who may find it difficult to afford to attend University without assistance. The five students receiving $5,000 a year for two years have undertaken a variety of courses including Environmental Science, Vetinary Sciences, Advanced Science and Biomedical Science.

One student plans to go on to do medical research at the University of the Sunshine Coast. We have also given three smaller scholarships to local students who completed the Tertiary Preparation Pathway (TPP) course at the Gympie Campus and then continued their studies there.

Our marquee has continues to be used around the district for numerous events and thanks to Director Sean the Piggy Suit is often seen at events, with the less courageous of us accompanying him. For the most recent 'Winter on Mary' we also had a photo frame for people to take photos with Piggy and send as Instagram.

I would like to take this opportunity to thank Chris Hodges for his years as a Director and welcome Julie Calvert to the team. We are looking for more Directors so if you know of someone who has skills in marketing/promotion, accounting, secretarial, legal and contractual obligations, please advise us.

As always I thank the dedicated staff for the tremendous job they do. People stop me to say how happy they are with the friendliness and efficiency shown by the staff. We are fortunate to have such stability. I also thank my fellow Directors and the team from Bendigo for the ongoing support they offer to both the staff and the Board.

E. G. Thomson

Elaine Thomson
Chairperson

Manager's report

For year ending 30 June 2016

I am pleased to report to the Board and shareholders on another successful year of trading for Gympie & District **Community Bank**® Branch.

The branch has experienced another good year in a very competitive market, enabling us to increase our account numbers by 239 to 3404 accounts held. This has in turn seen our business grow in Dollar terms by approx. $3.5 million to a total of $61.8 million.

I would like to thank our hard working staff, Andrea, Doret, Kasandra, Jo and Sandie whose dedication and excellent service has ensured the continued grow in business experienced each year. There haven't been any changes to our staffing for almost three years. Having such a stable, experienced staff can only be a benefit to our customers.

During the past 12 months the branch has introduced some exciting new products, including new transaction and savings accounts, additional discounts in home loan interest rates available, loans for students 18-25 years of age and possible rebates on insurance premiums on new insurance policies taken out. So come in and speak to our friendly staff to find out more.

For the next 12 months the Branch has set an ambitious target for total business growth of $6 million and with shareholders assisting us by bringing all their financial business to us, I am sure we can reach this target. The benefit of growing the business is increased profits, which in turn leads to continuing dividends being paid to shareholders and increased contributions to the community.

As mentioned in the Chair's report, the branch has now contributed in excess of $260,000 to the community. These contributions have supported diverse areas i.e. the Arts, Sporting Clubs, Education scholarships, Children's health, road safety and many more worthwhile groups.

Over the year the branch has received valuable support from within the Bendigo Bank network. This includes the staff in the State Support team, Peter Bourke our Financial Planner, Wealth Consultant Michael Cheung, Ian Herd from Rural Bank who assists the farming community, Robyn Kirkham from Merchant Services and Bec Barbaro who is with the Community Sector Banking team. Bec is based at Gympie & District **Community Bank**® Branch is available to all not-for-profit groups to assist with their Banking needs.

I would like to make special mention of our Business Banker Mr Paul Hampson who has expertly assisted Business customers with their lending needs for over 10 years. Sadly for us, Paul has accepted a well-deserved promotion within the Bendigo Bank as from July this year. Paul will be greatly missed, however I am sure his replacement will be able to provide the same professional assistance our business customers.

Financial Planner Peter Bourke, Ian Herd from Rural Bank, and Bec Barbaro of Community Sector Banking and our new Business Banker are available to our customers by appointment.

To finish off my report, I would like to encourage all shareholders to come in to their **Community Bank**® branch and meet our fantastic staff, who can make their banking experience a pleasurable one. Also I would call on our shareholders to become ambassadors for the **Community Bank**® branch and encourage their family, friends and business connections to consider Bendigo Bank's Gympie & District **Community Bank**® Branch for their total banking needs.

Mick McCarthy
Branch Manager

Directors' report

For the financial year ended 30 June 2016

The Directors present their report of the company for the financial year ended 30 June 2016.

Directors

The following persons were Directors of Gympie & District Finanical Services Ltd during or since the end of the financial year up to the date of this report:

Elaine Thomson Chairperson

Experience and expertise	Retired School Teacher and Shop Owner. Board member of Heart of Gold International Film Festival, Member of Cooloola Human Services Network, Coolarts and the Core Garden Group.
Other current Directorships	Nil
Former Directorships in last 3 years	Nil
Special responsibilities	Marketing, Governance/Audit,

Rae Gâté, Company Secreatay

Experience and expertise	Sales Consultant Gympie Regional Realty. Assoc. Dip Business, Dip Local Government Admin, Cert 4 Training and Assessment, Treasurer Community Action Inc. Board.
Other current Directorships	Nil
Former Directorships in last 3 years	Nil
Special responsibilities	Nil

Rens Poels, Company Treasurer

Experience and expertise	Retired Computer Engineer. Qualified Electrical Mechanic. Dip Electrical Enginaaring. Volunteered with SES and RFS.
Other current Directorships	Nil
Former Directorships in last 3 years	Nil
Special responsibilities	Marketing, Governance/Audit, Share listing (LVM) Administrator, Scholarships Administrator

Christopher Hodges (Resigned 6 April 2016)

Experience and expertise	Business Owner.
Other current Directorships	Nil
Former Directorships in last 3 years	Nil
Special responsibilities	Nil

Prue Sheehan

Experience and expertise	Artist/Ceramicist. School Teacher. Bachelor of Visual Arts. Graduate Diploma of Education. Cert 4 Workplace Training ans Assessment Volunteer for Neighbourhood Watch and Local Church. Past Board member of Qld Potters Association.
Other current Directorships	Nil
Former Directorships in last 3 years	Nil
Special responsibilities	Governance/Audit

Directors (continued)

Sean Connelly

Experience and expertise	Community Development Worker. Dip Business. Dip Management. Dip Vocational Education & Training. Dip Leadership & Management. Dip Training & Design. Cert IV Community Services Work. Cert IV Training & Assesment. Cert IV Mental health. Cert IV Front Line Management. Current Board Committee member: Cooloola Aboriginal Services Inc, Gympie NAIDOC Committee, Gympie Relay for Life.
Other current Directorships	Nil
Former Directorships in last 3 years	Nil
Special responsibilities	Human Resources & Policy, Facebook Administrator

Gaylene Smith (Resigned 2 November 2015)

Experience and expertise	Extend Consulting: Funding, Planning, Development.
Other current Directorships	Nil
Former Directorships in last 3 years	Company Secretary of Rattler Railway Company Limited
Special responsibilities	Nil

Julie Calvert (Appointed 6 April 2016)

Experience and expertise	Level 3 Administration and Communtiy Development Event Coordinator.'
Other current Directorships	Nil
Former Directorships in last 3 years	Nil
Special responsibilities	Marketing Plan, Human Resources

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

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

Directors' meetings

Attendances by each Director during the year were as follows:

	Board meetings		Audit committee meetings	
Director	**A**	**B**	**A**	**B**
Elaine Thomson	11	11	6	6
Rae Gâté	11	10	N/A	-
Rens Poels	11	11	6	6
Chris Hodges	9	3	N/A	-
Sean Connelly	11	7	N/A	-
Prue Sheenan	11	10	6	6
Gaylene Smith	4	4	N/A	-
Julie Calvert	4	4	N/A	-
Name	XX	XX	XX	XX
Name	XX	XX	XX	XX

A - The number of meetings eligible to attend.
B - The number of meetings attended.
N/A - not a member of that committee.

Directors' report (continued)

Company Secretary

Rae Gâté has been the Company Secretary of Gympie & District Financial Services Limited since 2012.

Rae's qualifications and experience include Councillor in the Gynpie Regional Council. Rae has been active wthin 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.

Principal activities

The principal activities of the company during the course of the financial year were in providing **Community Bank®** branch 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.

Review of operations

The profit/(loss) of the company for the financial year after provision for income tax was ($1,227) (2015 loss:($16,504)).

Dividends

Dividends paid or declared since the start of the financial year.

An unfranked final dividend of 5 cents per share was declared and paid during the year for the year ended 30 June 2016. An unfranked Dividend of 6 cents per share was paid in the 2015 year.

Options

No options over issued shares were granted during or since the end of the financial year and there were no options outstanding as at the date of this report.

Significant changes in the state of affairs

No significant changes in the company's state of affairs occurred during the financial year.

Events subsequent to the end of the reporting period

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

Likely developments

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

Environmental regulations

The company is not subject to any significant environmental regulation.

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.

Indemnifying Officers or Auditor (continued)

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.

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.

Auditor independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set at page 10 of this financial report. No Officer of the company is or has been a partner of the Auditor of the company.

Remuneration report

Remuneration policy

There has been no remuneration policy developed as Director positions are held on a voluntary basis and Directors are not remunerated for their services.

Remuneration benefits and payments

Other than detailed below, 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.

The Gympie & District Financial Services Limited has not accepted the Bendigo and Adelaide Bank Limited's **Community Bank**® Directors Privileges package. The package is available to all Directors who can elect to avail themselves of the benefits based on their personal banking with the branch. There is no requirement to own Bendigo and Adelaide Bank Limited shares and there is no qualification period to qualify to utilise the benefits. The package mirrors the benefits currently available to Bendigo and Adelaide Bank Limited shareholders. The Directors have estimated the total benefits received from the Directors Privilege Package to be $Nil for the year ended 30 June 2016.

Remuneration report (continued)

Equity holdings of key management personnel

The number of ordinary shares in the company held during the financial year and prior year by each Director and other key management personnel, including their related parties, are set out below:

Name	Balance at 30 June 2015	Net change in holdings	Balance at 30 June 2016
Directors			
Elaine Thomson	7,501	-	7,501
Rae Gâté	501	-	501
Rens Poels	11,601	-	11,601
Chris Hodges	500	-	500
Sean Connelly	-	-	-
Prue Sheenan	-	-	-
Gaylene Smith	-	-	-
Julie Calvert	-	-	-

Loans to key management personnel

There were no loans to key management personnel during the current or prior reporting period.

Signed in accordance with a resolution of the Board of Directors at Gympie on 29 September 2016.

Rens Poels
Director

Auditor's independence declaration

Richmond Sinnott & Delahunty
Chartered Accountants
Level 2, 10-16 Forest Street
Bendigo, VICTORIA
PO Box 30, Bendigo VICTORIA 3552
Ph: (03) 5445 4200
Fax: (03) 5444 4344
rsd@rsdadvisors.com.au
www.rsdadvisors.com.au

Auditor's Independence Declaration under section 307C of the *Corporations Act 2001* to the Directors of Gympie & District Financial Services Limited.

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2016 there has been no contraventions of:

(i) the Auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

RICHMOND SINNOTT & DELAHUNTY
Chartered Accountants

Phil Delahunty
Bendigo
Dated at Bendigo, 29 September 2016

Financial statements

Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2016

	Notes	2016 $	2015 $
Revenue	2	535,151	521,671
Expenses			
Employee benefits expense	3	(325,684)	(294,102)
Depreciation and amortisation	3	(24,131)	(26,314)
Administration and general costs		(35,276)	-
Bad and doubtful debts expense	3	(1,234)	(904)
Occupancy expenses		(31,007)	(30,420)
IT costs		(16,710)	-
Advertising and marketing		(5,698)	-
Other expenses		(46,691)	(123,420)
Operating profit / (loss) before charitable donations and sponsorships		**48,720**	**46,511**
Charitable donations and sponsorships		(45,898)	(65,137)
Profit / (loss) before income tax		**2,822**	**(18,626)**
Income tax expense / (benefit)	4	4,050	(2,122)
Profit/(loss) for the year		**(1,228)**	**(16,504)**
Other comprehensive income		-	-
Total comprehensive income for the year		**(1,228)**	**(16,504)**
Profit / (loss) attributable to members of the company		(1,228)	(16,504)
Total comprehensive income attributable to members of the company		**(1,228)**	**(16,504)**

arnings per share for profit from continuing operations attributable to the ordinary equity holders of the company (cents per share):

- basic earnings per share	14	(0.15)	(2.06)

The accompanying notes form part of these financial statements.

Statement of Financial Position as at 30 June 2016

	Notes	2016 $	2015 $
Assets			
Current assets			
Cash and cash equivalents	5	93,883	118,289
Trade and other receivables	6	44,197	40,283
Total current assets		**138,080**	**158,572**
Non-current assets			
Property, plant and equipment	7	89,089	99,608
Intangible assets	8	40,834	54,445
Deferred tax assets	4	82,782	86,832
Total non-current assets		**212,705**	**240,885**
Total assets		**350,785**	**399,457**
Liabilities			
Current liabilities			
Trade and other payables	9	67,768	86,600
Current tax liability	4	-	-
Provisions	10	38,681	27,293
Total current liabilities		**106,449**	**113,893**
Total liabilities		**106,449**	**113,893**
Net assets		**244,336**	**285,564**
Equity			
Issued capital	11	800,010	800,010
Retained earnings / (Accumulated losses)	12	(555,674)	(514,446)
Total equity		**244,336**	**285,564**

The accompanying notes form part of these financial statements.

Statement of Changes in Equity
for the year ended 30 June 2016

	Note	Issued capital $	Retained earnings $	Total equity $
Balance at 1 July 2014		800,010	(449,941)	350,069
Profit / (loss) for the year		-	(16,504)	(16,504)
Other comprehensive income for the year		-	-	-
Total comprehensive income for the year		**800,010**	**(466,445)**	**333,565**
Transactions with owners, in their capacity as owners				
Dividends paid or provided	21	-	(48,001)	(48,001)
Balance at 30 June 2015		**800,010**	**(514,446)**	**285,564**
Balance at 1 July 2015		800,010	(514,446)	285,564
Profit / (loss) for the year		-	(1,228)	(1,228)
Other comprehensive income for the year		-	-	-
Total comprehensive income for the year		**800,010**	**(515,674)**	**284,336**
Transactions with owners, in their capacity as owners				
Dividends paid or provided	21	-	(40,000)	(40,000)
Balance at 30 June 2016		**800,010**	**(555,674)**	**244,336**

The accompanying notes form part of these financial statements.

Statement of Cash Flows
for the year ended 30 June 2016

	Notes	2016 $	2015 $
Cash flows from operating activities			
Receipts from customers		581,695	518,000
Payments to suppliers and employees		(568,223)	(502,103)
Interest received		2,122	3,671
Net cash provided by / (used in) operating activities	**13b**	**15,594**	**19,568**
Cash flows from investing activities			
Purchase of property, plant and equipment		-	(1,272)
Net cash flows from / (used in) investing activities		**-**	**(1,272)**
Cash flows from financing activities			
Dividends paid		(40,000)	(48,001)
Net cash provided by / (used in) financing activities		**(40,000)**	**(48,001)**
Net increase / (decrease) in cash held		**(24,406)**	**(29,705)**
Cash and cash equivalents at beginning of financial year		118,289	147,994
Cash and cash equivalents at end of financial year	**13a**	**93,883**	**118,289**

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2016

These financial statements and notes represent those ofGympie & District Financial Services Limited.

Gympie & District Financial Services Limited ('the company') is a company limited by shares, incorporated and domiciled in Australia.

The financial statements were authorised for issue by the Directors on 29 September 2016.

Note 1. Summary of significant accounting policies

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. The company is a for profit entity for financial reporting purposes under Australian Accounting Standards. 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, except for cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, were applicable, by the measurement at fair value of selected non current assets, financial assets and financial liabilities.

<u>Economic dependency</u>

The company has entered into a franchise agreement with Bendigo and Adelaide Bank Limited that governs the management of the **Community Bank**® branch at Gympie.

The branch operate as a franchise of Bendigo and Adelaide Bank Limited, using the name "Bendigo Bank", the logo, and systems of operation of Bendigo and Adelaide Bank Limited. The company manages the **Community Bank**® branch on behalf of Bendigo and Adelaide Bank Limited, however all transactions with customers conducted through the **Community Bank**® branch are effectively conducted between the customers and Bendigo and Adelaide Bank Limited.

All deposits are made with Bendigo and Adelaide Bank Limited, and all personal and investment products are products of Bendigo and Adelaide Bank Limited, with the company facilitating the provision of those products. All loans, leases or hire purchase transactions, issues of new credit or debit cards, temporary or bridging finance and any other transaction that involves creating a new debt, or increasing or changing the terms of an existing debt owed to Bendigo and Adelaide Bank Limited, must be approved by Bendigo and Adelaide Bank Limited. All credit transactions are made with Bendigo and Adelaide Bank Limited, and all credit products are products of Bendigo and Adelaide Bank Limited.

Bendigo and Adelaide Bank Limited provides significant assistance in establishing and maintaining the **Community Bank**® branch franchise operations. It also continues to provide ongoing management and operational support, and other assistance and guidance in relation to all aspects of the franchise operation, including advice in relation to:

- Advice and assistance in relation to the design, layout and fit out of the **Community Bank**® branch;
- Training for the Branch Managers and other employees in banking, management systems and interface protocol;
- Methods and procedures for the sale of products and provision of services;
- Security and cash logistic controls;
- Calculation of company revenue and payment of many operating and administrative expenses;

Note 1. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Economic dependency (continued)

- The formulation and implementation of advertising and promotional programs; and
- Sale techniques and proper customer relations.

(b) Income tax

The income tax expense / (income) for the year comprises current income tax expense / (income) and deferred tax expense / (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities/ (assets) are measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Deferred income tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

(c) Fair value of assets and liabilities

The company may measure some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the company would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair value of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant’s ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

(d) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated, less, where applicable, any accumulated depreciation and impairment losses.

Note 1. Summary of significant accounting policies (continued)

(d) Property, plant and equipment (continued)

Plant and equipment

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised in profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount of these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets, are depreciated over the asset's useful life to the company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable asset are:

Class of asset	Rate	Method
Leasehold improvements	5%	SL
Plant and equipment	2.5 - 50%	DV

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

(e) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset - but not the legal ownership - are transferred to the company, are classified as finance leases.

Finance leases are capitalised by recognising an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses in the periods in which they are incurred.

Note 1. Summary of significant accounting policies (continued)

(f) Impairment of assets

At the end of each reporting period, the company assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less cost to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard. Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

(g) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(h) Employee benefits

Short-term employee benefits

Provision is made for the company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The liability for annual leave is recognised in the provision for employee benefits. All other short term employee benefit obligations are presented as payables.

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurement for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The company's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the company does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

Note 1. Summary of significant accounting policies (continued)

(i) Intangible assets

Establishment costs and franchise fees 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 in the Statement of Profit or Loss and Other Comprehensive Income.

(j) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are reported within short-term borrowings in current liabilities in the statement of financial position.

(k) Revenue and other income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any discounts and volume rebates allowed. Revenue comprises service commissions and other income received by the company.

Interest revenue is recognised on a time proportional basis that taken into account the effective yield on the financial asset.

Dividend revenue is recognised when the right to the income has been established.

Rental income is recognised on a straight line basis over the lease term.

All revenue is stated net of the amount of goods and services tax (GST).

(l) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost, less any provision for doubtful debts. Trade and other receivables are due for settlement usually no more than 30 days from the date of recognition.

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts, which are known to be uncollectable, are written off. A provision for doubtful debts is established when ther eis objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the assets carrying amount and the present value of estimated cash flows, discounted at the effective interest rate. The amount of the provision is recognised on profit or loss.

(m) Trade and other payables

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(n) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

(o) Dividends

Provision is made for the amount of any dividends declared being appropriately authorised and no longer at the discretion of the entity, on or before the end of the financial year, but not distributed at balance date.

Note 1. Summary of significant accounting policies (continued)

(p) New and amended accounting policies adopted by the company

There are no new and amended accounting policies that have been adopted by the company this financial year.

(q) Comparative figures

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

(r) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to owners of the company, excluding any costs of servcing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the year, adjsuted for bonus elements in ordinary shares issues during the year.

(s) New accounting standards for application in future periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the company.

The company has decided not to early adopt any of the new and amended pronouncements. The company's assessment of the new and amended pronouncements that are relevant to the company but applicable in the future reporting periods is set below:

(i) AASB 9 Financial Instruments and associated Amending Standards (applicable for annual reporting periods beginning on or after 1 January 2018).

AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities and includes a forward-looking 'expected loss' impairment model and a substantially-changed approach to hedge accounting.

These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are:

a) Financial assets that are debt instruments will be classified based on:

   (i) the objective of the entity's business model for managing the financial assets; and

   (ii) the characteristics of the contractual cash flows.

b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income (instead of in profit or loss). Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.

c) Introduces a 'fair value through other comprehensive income' measurement category for particular simple debt instruments.

d) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.

Note 1. Summary of significant accounting policies (continued)

(s) New accounting standards for application in future periods (continued)

(i) AASB 9 Financial Instruments and associated Amending Standards (applicable for annual reporting periods beginning on or after 1 January 2018). (continued)

e) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:

- the change attributable to changes in credit risk are presented in Other Comprehensive Income (OCI)
- the remaining change is presented in profit or loss If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.

Otherwise, the following requirements have generally been carried forward unchanged from AASB 139 into AASB 9:

- classification and measurement of financial liabilities; and
- derecognition requirements for financial assets and liabilities

AASB 9 requirements regarding hedge accounting represent a substantial overhaul of hedge accounting that enable entities to better reflect their risk management activities in the financial statements.

Furthermore, AASB 9 introduces a new impairment model based on expected credit losses. This model makes use of more forward-looking information and applies to all financial instruments that are subject to impairment accounting.

When this standard is first adopted for the year ending 30 June 2019, there will be no material impact on the transactions and balances recognised in the financial statements.

(ii) AASB 15: Revenue from Contracts with Customers (applicable for annual reporting periods commencing on or after 1 January 2018).

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with customers;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied."

In May 2015, the AASB issued ED 260 Income of Not-forProfit Entities, proposing to replace the income recognition requirements of AASB 1004 Contributions and provide guidance to assist not-for-profit entities to apply the principles of AASB 15. The ED was open for comment until 14 August 2015 and the AASB is currently in the process of redeliberating its proposals with the aim of releasing the final amendments in late 2016.

This Standard will require retrospective restatement, as well as enhanced disclosure regarding revenue.

When this Standard is first adopted for the year ending 30 June 2019, it is not expected that there will be a material impact on the transactions and balances recognised in the financial statements.

Note 1. Summary of significant accounting policies (continued)

(s) New accounting standards for application in future periods (continued)

(i) AASB 9 Financial Instruments and associated Amending Standards (applicable for annual reporting periods beginning on or after 1 January 2018). (continued)

(iii) AASB 16: Leases (applicable for annual reporting periods commencing on or after 1 January 2019).

AASB 16:

- replaces AASB 117 Leases and some lease-related Interpretations;
- requires all leases to be accounted for ‘on-balance sheet’ by lessees, other than short-term and low value asset leases;
- provides new guidance on the application of the definition of lease and on sale and lease back accounting;
- largely retains the existing lessor accounting requirements in AASB 117; and
- requires new and different disclosures about leases.

The entity is yet to undertake a detailed assessment of the impact of AASB 16. However, based on the entity’s preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2020.

(t) Critical accounting estimates and judgements

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

Estimation of useful lives of assets

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

Fair value assessment of non-current physical assets

The AASB 13 Fair Value standard requires fair value assessments that may involved both complex and significant judgement and experts. The value of land and buildings may be materially misstated and potential classification and disclosure risks may occur.

Employee benefits provision

Assumptions are required for wage growth and CPI movements. The likelihood of employees reaching unconditional service is estimated. The timing of when employee benefit obligations are to be settled is also estimated.

Income tax

The company is subject to income tax. Significant judgement is required in determining the deferred tax asset. Deferred tax assets are recognised only when it is considered sufficient future profits will be generated. The assumptions made regarding future profits is based on the company’s assessment of future cash flows.

Note 1. Summary of significant accounting policies (continued)

(t) Critical accounting estimates and judgements (continued)

Impairment

The company assesses impairment at the end of each reporting period by evaluating 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.

	2016 $	2015 $
Note 2. Revenue		
Revenue		
- services commissions	533,029	518,000
	533,029	**518,000**
Other revenue		
- interest received	2,122	3,671
	2,122	**3,671**
Total revenue	**535,151**	**521,671**

Note 3. Expenses

Profit before income tax inculdes the following specific expenses:

	2016 $	2015 $
Employee benefits expense		
- wages and salaries	290,427	267,332
- superannuation costs	34,650	26,346
- other costs	607	424
	325,684	**294,102**
Depreciation and amortisation		
Depreciation		
- plant and equipment	1,722	3,905
- leasehold improvements	8,798	8,798
	10,520	**12,703**
Amortisation		
- franchise fees	13,611	13,611
Total depreciation and amortisation	**24,131**	**26,314**
Bad and doubtful debts expenses	1,234	904

	2016 $	2015 $
Note 3. Expenses (continued)		
Auditors' remuneration		
Remuneration of the Auditor for:		
- Audit or review of the financial report	4,850	4,450
	4,850	**4,450**

Note 4. Income tax

	2016 $	2015 $
a. The components of tax expense / (income) comprise:		
Deferred tax expense relating	4,050	(2,122)
Income tax expense/(income)	**4,050**	**(2,122)**
b. Prima facie tax payable		
The prima facie tax on profit / (loss) from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Prima facie tax on profit / (loss) before income tax at 28.5% (2015: 30%)	805	(5,588)
Add tax effect of:		
- Non-deductible expenses	3,245	3,466
Income tax attributable to the entity	**4,050**	**(2,122)**
The applicable weighted average effective tax rate is	143.52%	0.00%
c. Deferred tax asset / (liability)		
Deferred tax relates to the following:		
Deferred tax assets balance comprises:		
Employee provisions	10,637	8,188
Unused tax losses	72,145	78,644
Net deferred tax asset / (liability)	**82,782**	**86,832**
Total carried forward tax losses not recognised as deferred tax assets	-	-
d. Deferred income tax (revenue)/expense included in income tax expense comprises:		
Decrease / (increase) in deferred tax assets	4,005	(2,122)
	4,005	**(2,122)**

	2016 $	2015 $

Note 5. Cash and cash equivalents

	2016 $	2015 $
Cash at bank and on hand	26,762	18,289
Short-term bank deposits	67,121	100,000
	93,883	**118,289**

The effective interest rate on short-term bank deposits was 2% (2015: 2%); these deposits have an average maturity of 60 days.

Note 6. Trade and other receivables

Current

	2016 $	2015 $
Trade receivables	44,197	40,283
	44,197	**40,283**

Credit risk

The main source of credit risk relates to a concentration of trade receivables owing by Bendigo and Adelaide Bank Limited, which is the source of the majority of the company's income.

The following table details the company's trade and other receivables exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as "past due" when the debt has not been settled, within the terms and conditions agreed between the company and the customer or counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the company.

The balances of receivables that remain within initial trade terms (as detailed in the table below) are considered to be high credit quality.

			Past due but not impaired			
	Gross amount $	Past due and impaired $	< 30 days $	31-60 days $	> 60 days $	Not past due $
2016						
Trade receivables	44,198	-	-	-	-	44,198
Other receivables	-	-	-	-	-	-
Total	**44,198**	**-**	**-**	**-**	**-**	**44,198**
2015						
Trade receivables	40,283	-	-	-	-	40,283
Other receivables	-	-	-	-	-	-
Total	**40,283**	**-**	**-**	**-**	**-**	**40,283**

	2016 $	2015 $

Note 7. Property, plant and equipment

	2016 $	2015 $
Leasehold improvements		
At cost	175,965	175,965
Less accumulated depreciation	(97,188)	(88,390)
	78,777	**87,575**
Plant and equipment		
At cost	71,189	71,199
Less accumulated depreciation	(60,877)	(59,166)
	10,312	**12,033**
Total property, plant and equipment	**89,089**	**99,608**
Movements in carrying amounts		
Leasehold improvements		
Balance at the beginning of the reporting period	87,575	96,373
Additions	-	-
Disposals	-	-
Depreciation expense	(8,798)	(8,798)
Balance at the end of the reporting period	**78,777**	**87,575**
Plant and equipment		
Balance at the beginning of the reporting period	12,033	14,666
Additions	-	1,272
Disposals	-	-
Depreciation expense	(1,721)	(3,905)
Balance at the end of the reporting period	**10,312**	**12,033**
Total property, plant and equipment		
Balance at the beginning of the reporting period	99,608	111,039
Additions	-	1,272
Disposals	-	-
Depreciation expense	(10,519)	(12,703)
Balance at the end of the reporting period	**89,089**	**99,608**

Note 8. Intangible assets

	2016 $	2015 $
Franchise fee		
At cost	68,056	68,056
Less accumulated amortisation	(27,222)	(13,611)
	40,834	**54,445**
Preliminary expenses		
At cost	63,953	63,953
Less accumulated amortisation	(63,953)	(63,953)
	-	**-**
Total intangible assets	**40,834**	**54,445**
Movements in carrying amounts		
Franchise fee		
Balance at the beginning of the reporting period	54,445	-
Additions	-	68,056
Disposals	-	-
Amortisation expense	(13,611)	(13,611)
Balance at the end of the reporting period	**40,834**	**54,445**
Preliminary expenses		
Balance at the beginning of the reporting period	63,953	63,953
Additions	-	-
Disposals	-	-
Amortisation expense	(63,953)	(63,953)
Balance at the end of the reporting period	**40,834**	**54,445**
Total intangible assets		
Balance at the beginning of the reporting period	118,398	-
Additions	-	68,056
Disposals	-	-
Amortisation expense	(77,564)	(13,611)
Balance at the end of the reporting period	**40,834**	**54,445**

	2016 $	2015 $

Note 9. Trade and other payables

	2016 $	2015 $
Current		
Unsecured liabilities:		
Trade creditors	3,000	82,739
Other creditors and accruals	64,768	3,861
	67,768	**86,600**

The average credit period on trade and other payables is one month.

Note 10. Provisions

	2016 $	2015 $
Current		
Employee benefits	38,681	27,293
Total provisions	**38,681**	**27,293**

Note 11. Share capital

	2016 $	2015 $
800,010 Ordinary shares fully paid	800,010	800,010
	800,010	**800,010**
Movements in share capital		
Fully paid ordinary shares:		
At the beginning of the reporting period	800,010	800,010
At the end of the reporting period	**800,010**	**800,010**

Ordinary shares participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held. At the shareholders' meetings each shareholder is entitled to one vote when a poll is called, or on a show of hands. The company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid. All shares rank equally with regard to the company's residual assets.

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 company 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

Note 11. Share capital (continued)

Capital management (continued)

(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 can be seen in the Statement of Profit or Loss and Comprehensive Income.

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

	2016 $	2015 $

Note 12. Accumulated losses

	2016 $	2015 $
Balance at the beginning of the reporting period	(514,446)	(449,941)
Loss after income tax	(1,228)	(16,504)
Dividends paid	(40,000)	(48,001)
Balance at the end of the reporting period	**(555,674)**	**(514,446)**

Note 13. Statement of cash flows

	2016 $	2015 $
(a) Cash and cash equivalents balances as shown in the Statement of Financial Position can be reconciled to that shown in the Statement of Cash Flows as follows:		
Cash and cash equivalents (Note 5)	93,883	118,289
As per the Statement of Cash Flow	**93,883**	**118,289**
(b) Reconciliation of cash flow from operations with profit after income tax		
Profit / (loss) after income tax	(1,228)	(16,504)
Non-cash flows in profit		
- Depreciation	10,520	12,703
- Amortisation	13,611	13,611
- Bad debts	1,234	-

	2016 $	2015 $

Note 13. Statement of cash flows (continued)

Changes in assets and liabilities

	2016 $	2015 $
- (Increase) / decrease in intangible assets	-	(68,056)
- (Increase) / decrease in trade and other receivables	(5,149)	1,583
- (increase) / decrease in prepayments and other assets	-	(68,056)
- (Increase) / decrease in deferred tax asset	4,050	(2,122)
- Increase / (decrease) in trade and other payables	(18,832)	68,478
- Increase / (decrease) in provisions	11,388	9,875
Net cash flows from / (used in) operating activities	**15,594**	**19,568**

Note 14. Earnings per share

	2016 $	2015 $
Basic earnings per share (cents)	(0.15)	(2.06)
Earnings used in calculating basic per share	(1,228)	(16,504)
Weighted average number of ordinary shares used in calculating basic and diluted earnings per share.	800,010	800,010

Note 15. Key management personnel and related party disclosures

(a) Key management personnel

Any person(s) having authority or responsibility for planning, directing or controlling the activities of the entity, directly or indirectly including any Director (whether executive or otherwise) of that company is considered key management personnel.

The totals of remuneration paid to key management personnel of the company during the year are as follows:

	2016 $	2015 $
Short-term employee benefits	-	-
Post-employment benefits	-	-
Other long-term benefits	-	-
Share-based payments	-	-
Total key management personnel compensation	**-**	**-**

Short-term employee benefits

These amounts include fees and benefits paid to the non-executive Chair and non-executive Directors as well as all salary, paid leave benefits, fringe benefits and cash bonuses awarded to Executive Directors and other key management personnel.

Note 15. Key management personnel and related party disclosures (continued)

(a) Key management personnel (continued)

Post-employment benefits

These amounts are the current year's estimated cost of providing the company's defined benefits scheme post-retirement, superannuation contributions made during the year and post-employment life insurance benefits.

Other long-term benefits

These amounts represent long service leave benefits accruing during the year, long-term disability benefits and deferred bonus payments.

Share-based payments

These amounts represent the expense related to the participation of key management personnel in equity-settled benefits schemes as measured by the fair value of the options, rights and shares granted on grant date.

(b) Other related parties

Other related parties include close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel, individually or collectively with their close family members.

(c) Transactions with key management personnel and related parties

Other than detailed below, no key management personnel or related party has entered into any contracts with the company. No Director fees have been paid as the positions are held on a voluntary basis.

During the year, the company did not purchased goods and services under normal terms and conditions, from any related parties.

The Gympie & District Financial Services Limited has not accepted the Bendigo and Adelaide Bank Limited's **Community Bank**® Directors Privileges package. The package is available to all Directors who can elect to avail themselves of the benefits based on their personal banking with the branch. There is no requirement to own Bendigo and Adelaide Bank Limited shares and there is no qualification period to qualify to utilise the benefits.

(d) Key management personnel shareholdings

The number of ordinary shares in Gympie & District Financial Services Limited held by each key management personnel of the company during the financial year is as follows:

	2016 $	2015 $
Elaine Thomson	7,501	7,501
Rae Gâté	501	501
Rens Poels	11,601	11,601
Chris Hodges	500	500
Sean Connelly	-	-
Prue Sheenan	-	-
Gaylene Smith	-	-
Julie Calvert	-	-

Note 15. Key management personnel and related party disclosures (continued)

(d) Key management personnel shareholdings (continued)

There was no movement in key management personnel shareholdings during the year. Each share held has a paid up value of $1 and is fully paid.

(e) Other key management transactions

There has been no other transactions involving equity instruments other than those described above.

Note 16. Events after the reporting period

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

Note 17. Contingent liabilities and contingent assets

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

Note 18. 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 Gympie, Qld. The company has a franchise agreement in place with Bendigo and Adelaide Bank Limited who account for 100% of the revenue (2015: 100%).

	2016 $	2015 $
Note 19. Commitments		
Operating lease commitments		
Non-cancellable operating leases contracted for but not capitalised in the Statement of Financial Position.		
Payable:		
- no later than 12 months	-	31,006
- between 12 months and five years	124,204	-
- greater than five years	-	-
Minimum lease payments	**124,204**	**31,006**

The property lease is a non-cancellable lease with a five year term, with rent payable monthly in advance and with CPI increases each year.

Note 20. Company details

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

	2016 $	2015 $

Note 21. Dividends paid or provided for on ordinary shares

Dividends paid or provided for during the year		
Interim and/or final unfranked ordinary dividend of 5 cents per share (2015:6 cents)	40,000	48,001

Note 22. Financial risk management

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.

Specific financial risk exposure and management

The main risks the company is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk and other price risk. There have been no substantial 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.

The company's financial instruments consist mainly of deposits with banks, short term investments, account receivables and payables, bank overdraft and loans. The totals for each category of financial instruments measured in accordance with AASB 139 Financial Instruments: Recognition and Measurement as detailed in the accounting policies are as follows:

	Note	2016 $	2015 $
Financial assets			
Cash and cash equivalents	5	93,883	118,289
Trade and other receivables	6	44,197	40,283
Total financial assets		**138,080**	**158,572**
Financial liabilities			
Trade and other payables	9	67,768	86,600
Total financial liabilities		**67,768**	**86,600**

(a) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the company.

Credit risk is managed through maintaining procedures ensuring, to the extent possible, that clients and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment. Credit terms for normal fee income are generally 30 days from the date of invoice. For fees with longer settlements, terms are specified in the individual client contracts. In the case of loans advanced, the terms are specific to each loan.

Note 22. Financial risk management (continued)

(a) Credit risk (continued)

Credit risk exposures

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period is equivalent to the carrying amount and classification of those financial assets as presented in the table above.

The company has significant concentrations of credit risk with Bendigo and Adelaide Bank Limited. The company's exposure to credit risk is limited to Australia by geographic area.

None of the assets of the company are past due (2015: nil past due) and based on historic default rates, the company believes that no impairment allowance is necessary in respect of assets not past due.

The company limits its exposure to credit risk by only investing in liquid securities with Bendigo and Adelaide Bank Limited and therefore credit risk is considered minimal.

(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.

The table below reflects an undiscounted contractual maturity analysis for financial liabilities.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward.

Financial liability and financial asset maturity analysis:

30 June 2016	Weighted average interest rate %	Total $	Within 1 year $	1 to 5 years $	Over 5 years $
Financial assets					
Cash and cash equivalents	2%	93,883	93,883	-	-
Trade and other receivables	0%	44,197	44,197	-	-
Total anticipated inflows		**138,080**	**138,080**	**-**	**-**
Financial liabilities					
Trade and other payables	0%	67,768	67,768	-	-
Total expected outflows		**67,768**	**67,768**	**-**	**-**
Net inflow / (outflow) on financial instruments		**70,312**	**70,312**	**-**	**-**

Note 22. Financial risk management (continued)

(b) Liquidity risk (continued)

30 June 2015	Weighted average interest rate %	Total $	Within 1 year $	1 to 5 years $	Over 5 years $
Financial assets					
Cash and cash equivalents	2%	118,289	118,289	-	-
Trade and other receivables	0%	40,283	40,283	-	-
Total anticipated inflows		**158,572**	**158,572**	**-**	**-**
Financial liabilities					
Trade and other payables	0%	86,600	86,600	-	-
Total expected outflows		**86,600**	**86,600**	**-**	**-**
Net inflow / (outflow) on financial instruments		**71,972**	**71,972**	**-**	**-**

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

(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.

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments.

Sensitivity analysis

The following table illustrates sensitivities to the company's exposures to changes in interest rates and equity prices. The table indicates the impact on how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible.

These sensitivities assume that the movement in a particular variable is independent of other variables.

	Profit $	Equity $
Year ended 30 June 2016		
+/- 1% in interest rates (interest income)	939	939
+/- 1% in interest rates (interest expense)	-	-
	939	**939**
Year ended 30 June 2015		
+/- 1% in interest rates (interest income)	1,183	1,183
+/- 1% in interest rates (interest expense)	-	-
	1,183	**1,183**

Note 22. Financial risk management (continued)

(c) Market risk (continued)

Sensitivity analysis (continued)

There have been no changes in any of the methods or assumptions used to prepare the above sensitivity analysis from the prior year.

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

Fair value estimation

The fair values of financial assets and liabilities are presented in the following table and can be compared to their carrying amounts as presented in the statement of financial position.

Differences between fair values and the carrying amounts of financial instruments with fixed interest rates are due to the change in discount rates being applied to the market since their initial recognition by the company.

	2016		2015	
	Carrying amount $	**Fair value $**	**Carrying amount $**	**Fair Value $**
Financial assets				
Cash and cash equivalents (i)	93,883	93,883	118,289	118,289
Trade and other receivables (i)	44,197	44,197	40,283	40,283
Total financial assets	**138,080**	**138,080**	**158,572**	**158,572**
Financial liabilities				
Trade and other payables (i)	67,768	67,768	86,600	86,600
Total financial liabilities	**67,768**	**67,768**	**86,600**	**86,600**

(i) Cash and cash equivalents, trade and other receivables, and trade and other payables are short-term instruments in nature whose carrying amounts are equivalent to their fair values.

Directors' declaration

In accordance with a resolution of the Directors of Gympie & District Financial Services Limited, the Directors of the company declare that:

1. The financial statements and notes, as set out on pages 11 to 36 are in accordance with the Corporations Act 2001 and:

   (i) comply with Australian Accounting Standards which, as stated in accounting policy Note 1(a) to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and

   (ii) give a true and fair view of the company's financial position as at 30 June 2016 and of the performance for the year ended on that date;

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

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

Rens Poels
Director

Signed at Gympie on 29 September 2016.

Independent audit report

Richmond
Sinnott &
Delahunty

Chartered Accountants

Level 2, 10-16 Forest Street
Bendigo, VICTORIA
PO Box 30, Bendigo VICTORIA 3552

Ph: (03) 5445 4200
Fax: (03) 5444 4344
rsd@rsdadvisors.com.au
www.rsdadvisors.com.au

INDEPENDENT AUDITOR'S 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 2016, the statement of profit or loss and other 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 at the year's end.

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 gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, 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 about 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.

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

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 2016 and of its performance for the year ended on that date; and

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

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

RICHMOND SINNOTT & DELAHUNTY
Chartered Accountants

P. P. Delahunty
Partner

Dated at Bendigo, 29th September 2016

Gympie & District **Community Bank**® Branch
68 Mary Street, Gympie QLD 4570
Phone: (07) 5481 1787 Fax: (07) 5481 1232
gympiemailbox@bendigoadelaide.com.au

Franchisee: Gympie & District Financial Services Limited
PO Box 1173, Gympie QLD 4570
Phone: (07) 5481 1787 Fax: (07) 5481 1232
ABN: 79 113 293 173

www.bendigobank.com.au/gympie
(BNPAR16066) (08/16)