Annual Report 2017

Gympie & District Financial Services Limited

ABN 79 113 293 173

Gympie & District **Community Bank**® Branch

Contents

Chairperson's report

For year ending 30 June 2017

Last year I spoke of Project Horizon and the prospect of positive outcomes for both Bendigo Bank and **Community Bank**® branches. One of these changes has seen the formation of Cluster Groups of **Community Bank**® branches.

These Clusters are funded in part by the Marketing Development Fund which was previously paid directly to each **Community Bank**® company and partly by Bendigo. This has allowed broader approaches to advertising, the purchase of a Piggy Suit just for the Sunshine Coast Cluster and an extra amount spent on promotional merchandise. The Piggy suit so willingly worn by Director Sean makes appearances at numerous events. Imaging doing Zumba, in the piggy suit at the Gympie Show.

In spite of difficult financial constraints both locally and nationally, we have managed to maintain all our commitments to customers, shareholders and the community as a whole. Our change to bi-annual Information Nights, followed by receipt of applications for sponsorship, and presentation nights have been, in spite of a few hitches, well accepted and very positive occasions.

The November presentation was held in conjunction with the 2016 Annual General Meeting, and as this was so successful will continue. Sponsorship for Round 2 in the 2016/17 financial year, saw two new applicants, namely the Queensland Eisteddfod, which was held in Gympie over Easter and the Education Trail which was part of the 2017 Gympie Show, held in May. Both these events were well attended and I had an opportunity to speak after the Eisteddfod, to encourage other towns hosting future Queensland eisteddfods to bring their banking to their local **Community Bank**® branch.

Several past sponsorships such as Albert Bowls, both Ladies and Men's, the Gold Rush Literary Awards the Chamber of Commerce Business Awards, Roadcraft, the Life Education Van co-hosted with Sunshine Coast Financial Services Limited and various sporting teams continued.

Following our long and mutually beneficial association with Albert Bowls Club, they kindly allowed us the use of their facilities for events such as this.

Our Scholarship Program to assist students who may experience financial difficulties continues to be our major Sponsorship Program. In conjunction with the University of the Sunshine Coast, the Scholarship Program for Tertiary Preparation Program students has been revamped to encourage more applicants. Our sponsorship to date now amounts to $325,000 of which $80,000 has been for scholarships.

Chairperson's report (continued)

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
2015/16	52,035
Total	**313,748**

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
2015/16	5.0	40,000
Total		**296,000**

As encouraging as the community contributions are, they can only be made through continued growth and support from our customers and shareholders. May I encourage everyone to talk to family and friends of the wonderful service provided by our staff of Andrea, Kassandra, Sandie, Jo and Doret, led so capably by Manager Mick McCarthy; and the whole of the Bendigo Bank team, who are only a phone call away and regularly visit Gympie. We are extremely fortunate to have Rebecca Barbaro from Community Sector Banking based in Gympie. Rebecca's role is to work with not-for-profit organisations advising of the services available to them.

We continue our search for suitable Directors, so if you know someone with the necessary skills please encourage them to speak with us. While the commitment can be quite time consuming it is also very rewarding. As this will be my final report as Chair, I wish to thank everyone for their assistance and support over the past eight years, especially Rens Poels who was also part of the Steering Committee formed in 2004, and who manages our finances so capably, and my husband Jim who has always been there for me and supported me in everything I do. I wish the new Chair every success and look forward to working together in the future.

E. G. Thomson

Elaine Thomson
Chairperson

Manager’s report

For year ending 30 June 2017

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 229 to 3,633 accounts held. However due to a unusually high number of home loans being paid out due to houses being sold our business growth in dollar terms was only approx. $220,000 to a total of $62 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.

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 Chairperson’s report, the branch has now contributed in excess of $300,000 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, Corey Stitt our Business Banker, 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.

Financial Planner Peter Bourke, Business Banker Corey Stitt, 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 Bank 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 our Bank and encourage their family, friends and business connections to consider Gympie & District **Community Bank**® Branch all of their banking needs.

Mick McCarthy
Branch Manager

Directors' report

For the financial year ended 30 June 2017

The Directors present their report of the company for the financial year ended 30 June 2017.

Directors

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

Elaine Thomson

Position	Chairperson
Professional qualifications	Retired School Teacher and Shop Owner.
Experience and expertise	Board member of Heart of Gold International Film Festival, Member of Cooloola Human Services Network, Coolarts and the Garden Group. Responsibilities: Marketing, Governance/Audit.

Julie Calvert

Position	Company Secretary since 7 December 2016
Professional qualifications	Level 3 Administration
Experience and expertise	Community Development Event Coordinator. Responsibilities: Marketing Plan, Human Resources.

Rens Poels

Position	Treasurer
Professional qualifications	Retired Computer Engineer
Experience and expertise	Qualified Electrical Mechanic, Dip Electrical Engineering. Volunteered with SES and RFS. Responsibilities: Marketing, Governance/Audit, Share Listing (LVM) Administrator, Scholarship Administrator.

Rae Gâté

Position	Deputy Chair appointed 7 December 2016. Company Secretary from 2012 to 7 December 2016
Professional qualifications	Assoc. Dip Business, Dip Local Government Admin, Cert 4 Training Assessment.
Experience and expertise	Sales Consultant Gympie Regional Realty, Treasurer Community Action Inc Board.

Prue Sheehan

Position	Director
Professional qualifications	Artist/Ceramicist, School Teacher, Bachelor of Visual Arts, Graduate Diploma of Education Cert IV Workplace Training and Assessment.
Experience and expertise	Special responsibilities - Governance/Audit. Volunteer for Neighbourhood Watch and Local Church. Past Board member of Qld Potters Association.

Directors (continued)

Sean Connelly

Position	Director
Professional qualifications	Community Development Worker, Dip Business, Dip Management, Dip Vocations Education & Training, Dip Leadership and Management, Dip Training and Design, Cert IV Mental Health Cert IV Front Line Management.
Experience and expertise	Current Board Committee Member Cooloola Aboriginal Services Inc, Gympie NAIDOC Committee, Gympie Relay for Life. 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	9	6	6
Julie Calvert	11	10	n/a	n/a
Rens Poels	11	11	6	6
Rae Gâté	11	7	n/a	n/a
Prue Sheehan	11	11	6	6
Sean Connelly	11	9	n/a	n/a

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

Company Secretary

Rae Gâté was Company Secretary from 1 July 2016 to 6 December 2016

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.

Julie Calvert has been the Company Secretary of Gympie & District Financial Services Limited since 7 December 2016.

Julie's qualifications and experiences include Level III Administration and Community Development Event Coordination.

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.

The profit of the company for the financial year after provision for income tax was $22,185 (2016 loss: $1,228).

Directors’ report (continued)

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 2017. An unfranked dividend of 5 cents per share was paid in the year ended 30 June 2016.

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.

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 8 of this financial report. No Officer of the company is or has been a partner of the Auditor of the company.

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

Rens Poels
Director

Auditor's independence declaration

rsd Audit

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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 2017 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.

RSD Audit
Chartered Accountants

P. P. Delahunty
Partner
Bendigo
Dated: 28 September 2017

Financial statements

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

	Notes	2017 $	2016 $
Revenue	2	544,065	535,151
Expenses			
Employee benefits expense	3	(308,730)	(325,684)
Depreciation and amortisation	3	(24,031)	(24,131)
Bad and doubtful debts expense	3	(219)	(1,234)
Administration and general costs		(33,697)	(35,276)
Occupancy expenses		(31,471)	(31,007)
IT expenses		(17,176)	(16,710)
Advertising and Marketing		(3,261)	(5,698)
Other expenses		(53,073)	(46,691)
		(471,656)	**(486,431)**
Operating profit before charitable donations and sponsorships		**72,409**	**48,720**
Charitable donations and sponsorships		(41,335)	(45,898)
Profit before income tax		**31,074**	**2,822**
Income tax expense	4	(8,889)	(4,050)
Profit/(loss) for the year		**22,185**	**(1,228)**
Other comprehensive income		-	-
Total comprehensive income for the year		**22,185**	**(1,228)**
Profit / (loss) attributable to members of the company		22,185	(1,228)
Total comprehensive income attributable to members of the company		**22,185**	**(1,228)**
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company (cents per share):			
- basic earnings per share	14	2.77	(0.15)

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

Statement of Financial Position
as at 30 June 2017

	Notes	2017 $	2016 $
Assets			
Current assets			
Cash and cash equivalents	5	96,417	93,883
Trade and other receivables	6	44,209	44,197
Total current assets		**140,627**	**138,080**
Non-current assets			
Property, plant and equipment	7	78,669	89,089
Intangible assets	8	27,222	40,834
Deferred tax assets	4	73,893	82,782
Total non-current assets		**179,784**	**212,705**
Total assets		**320,411**	**350,785**
Liabilities			
Current liabilities			
Trade and other payables	9	52,249	67,768
Provisions	10	38,653	38,681
Total current liabilities		**90,902**	**106,449**
Non-current liabilities			
Provisions	10	2,988	-
Total non-current liabilities		**2,988**	**-**
Total liabilities		**93,890**	**106,449**
Net assets		**226,521**	**244,336**
Equity			
Issued capital	11	800,010	800,010
Accumulated losses	12	(573,489)	(555,674)
Total equity		**226,521**	**244,336**

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

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

	Note	Issued capital $	Retained earnings $	Total equity $
Balance at 1 July 2015		800,010	(514,446)	285,564
Loss for the year		-	(1,228)	(1,228)
Other comprehensive income for the year		-	-	-
Total comprehensive income for the year		**-**	**(1,228)**	**(1,228)**
Transactions with owners, in their capacity as owners				
Dividends paid or provided	13	-	(40,000)	(40,000)
Balance at 30 June 2016		**800,010**	**(555,674)**	**244,336**
Balance at 1 July 2016		800,010	(555,674)	244,336
Profit for the year		-	22,185	22,185
Other comprehensive income for the year		-	-	-
Total comprehensive income for the year		**-**	**22,185**	**22,185**
Transactions with owners, in their capacity as owners				
Dividends paid or provided	13	-	(40,000)	(40,000)
Balance at 30 June 2017		**800,010**	**(573,489)**	**226,521**

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

Statement of Cash Flows
for the year ended 30 June 2017

	Notes	2017 $	2016 $
Cash flows from operating activities			
Receipts from customers		551,798	581,695
Payments to suppliers and employees		(497,016)	(568,223)
Interest paid		1,363	2,122
Net cash provided by operating activities	**15b**	**56,145**	**15,594**
Cash flows from investing activities			
Purchase of intangible assets		(13,611)	-
Net cash flows used in investing activities		**(13,611)**	**-**
Cash flows from financing activities			
Dividends paid		(40,000)	(40,000)
Net cash used in financing activities		**(40,000)**	**(40,000)**
Net increase / (decrease) in cash held		**2,534**	**(24,406)**
Cash and cash equivalents at beginning of financial year		93,883	118,289
Cash and cash equivalents at end of financial year	**15a**	**96,417**	**93,883**

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

Notes to the financial statements

For year ended 30 June 2017

These financial statements and notes represent those of Gympie & 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 28 September 2017.

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**® branches at Gympie.

The branches 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**® branches on behalf of Bendigo and Adelaide Bank Limited, however all transactions with customers conducted through the **Community Bank**® branches 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**® branches 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**® branches;
- 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;
- The formulation and implementation of advertising and promotional programs; and
- Sale techniques and proper customer relations.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(b) 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.

(c) 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.

(d) 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.

(e) Comparative figures

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

(f) 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 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.

<u>Fair value assessment of non-current physical assets</u>

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.

<u>Employee benefits provision</u>

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.

Note 1. Summary of significant accounting policies (continued)

(f) Critical accounting estimates and judgements (continued)

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.

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.

(g) 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.

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.

Note 1. Summary of significant accounting policies (continued)

(g) 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)

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-for-Profit 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.

(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;

Note 1. Summary of significant accounting policies (continued)

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

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

- 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.

Note 2. Revenue

Revenue arises from the rendering of services through its franchise agreement with the Bendigo and Adelaide Bank Limited. The revenue recognised is measured by reference to the fair value of consideration received or receivable, excluding sales taxes, rebates, and trade discounts.

The entity applies the revenue recognition criteria set out below to each separately identifiable sales transaction in order to reflect the substance of the transaction.

Rendering of services

The entity generates service commissions on a range of products issued by the Bendigo and Adelaide Bank Limited. The revenue includes upfront and trailing commissions, sales fees and margin fees.

Interest, dividend and other income

Interest income is recognised on an accrual basis using the effective interest rate method.

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

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

	2017 $	**2016 $**
Revenue		
- service commissions	542,703	533,029
	542,703	**533,029**
Other revenue		
- interest received	1,363	2,122
	1,363	**2,122**
Total revenue	**544,065**	**535,151**

Note 3. Expenses

Operating expenses

Operating expenses are recognised in profit or loss on an accruals basis, which is typically upon utilisation of the service or at the date upon which the entity becomes liable.

Note 3. Expenses (continued)

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**
Buildings	5%	SL
Plant and equipment	2.5 - 50%	DV & SL

	2017 $	**2016 $**
Profit before income tax includes the following specific expenses:		
Employee benefits expense		
- wages and salaries	272,305	290,427
- superannuation costs	35,731	34,650
- other costs	694	607
	308,730	**325,684**
Depreciation and amortisation		
Depreciation		
- plant and equipment	1,622	1,722
- leasehold improvements	8,798	8,798
	10,420	**10,520**
Amortisation		
- franchise fees	13,611	13,611
Total depreciation and amortisation	**24,031**	**24,131**
Bad and doubtful debts expenses	**219**	**1,234**
Auditors' remuneration		
Remuneration of the Auditor, Richmond, Sinnott & Delahunty, for:		
- Audit or review of the financial report	4,900	4,850
	4,900	**4,850**

Note 4. Income tax

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

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.

	2017 $	2016 $
a. The components of tax expense / (income) comprise:		
Deferred tax expense / (income) relating	8,889	4,050
	8,889	**4,050**
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 27.5% (2016: 28.5%)	8,545	805
Add tax effect of:		
- Non-deductible expenses	(2,343)	3,245
- Change in company tax rates	2,687	
Income tax attributable to the entity	**8,889**	**4,050**
The applicable weighted average effective tax rate is	28.61%	143.50%
c. Deferred tax asset / (liability)		
Deferred tax relates to the following:		
Deferred tax assets balance comprises:		
Employee provisions	11,451	10,637
Unused tax losses	62,442	72,145
Net deferred tax asset / (liability)	**73,893**	**82,782**
d. Deferred income tax (revenue)/expense included in income tax expense comprises:		
Decrease / (increase) in deferred tax assets	8,889	4,005
	8,889	**4,005**

Note 5. 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.

	2017 $	2016 $
Cash at bank and on hand	27,934	26,762
Short-term bank deposits	68,483	67,121
	96,417	**93,883**

The effective interest rate on short-term bank deposits was 2.05% (2016: 2%); these deposits have an average maturity of 90 days.

Note 6. 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 there is 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.

	2017 $	2016 $
Current		
Trade receivables	44,209	44,197
	44,209	**44,197**

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.

Note 6. Trade and other receivables (continued)

	Gross amount $	Not past due $	Past due but not impaired			Past due and impaired $
			< 30 days $	31-60 days $	> 60 days $	
2017						
Trade receivables	44,209	44,209	-	-	-	-
Total	**44,209**	**44,209**	**-**	**-**	**-**	**-**
2016						
Trade receivables	44,198	44,198	-	-	-	-
Total	**44,198**	**44,198**	**-**	**-**	**-**	**-**

Note 7. Property, plant and equipment

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.

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.

	2017 $	2016 $
Leasehold improvements		
At cost	175,965	175,965
Less accumulated depreciation	(105,986)	(97,188)
	69,979	**78,777**

Notes to the financial statements (continued)

	2017 $	2016 $
Note 7. Property, plant and equipment (continued)		
Plant and equipment		
At cost	71,189	71,189
Less accumulated depreciation	(62,499)	(60,877)
	8,690	**10,312**
Total property, plant and equipment	**78,669**	**89,089**
Movements in carrying amounts		
Leasehold improvements		
Balance at the beginning of the reporting period	78,777	87,575
Additions	-	
Disposals	-	-
Depreciation expense	(8,795)	(8,798)
Balance at the end of the reporting period	**69,982**	**78,777**
Plant and equipment		
Balance at the beginning of the reporting period	10,312	12,033
Additions	-	-
Disposals	-	-
Depreciation expense	(1,622)	(1,721)
Balance at the end of the reporting period	**8,690**	**10,312**
Total property, plant and equipment		
Balance at the beginning of the reporting period	89,089	99,608
Additions	-	-
Disposals	-	-
Depreciation expense	(10,420)	(10,519)
Balance at the end of the reporting period	**78,669**	**89,089**

Note 8. Intangible assets

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.

	2017 $	2016 $
Franchise fee		
At cost	68,056	68,056
Less accumulated amortisation	(40,834)	(27,222)
	27,222	**40,834**

Note 8. Intangible assets (continued)

	2017 $	2016 $
Preliminary expenses		
At cost	63,953	63,953
Less accumulated amortisation	(63,953)	(63,953)
	-	**-**
Total intangible assets	**27,222**	**40,834**
Movements in carrying amounts		
Franchise fee		
Balance at the beginning of the reporting period	40,834	54,445
Additions	-	-
Disposals	-	-
Amortisation expense	(13,612)	(13,611)
Balance at the end of the reporting period	**27,222**	**40,834**
Preliminary expenses		
Balance at the beginning of the reporting period	63,958	63,953
Additions	-	-
Disposals	-	-
Amortisation expense	(63,958)	(63,953)
Balance at the end of the reporting period	**-**	**-**
Total intangible assets		
Balance at the beginning of the reporting period	40,834	118,398
Additions	-	-
Disposals	-	-
Amortisation expense	(13,612)	(77,564)
Balance at the end of the reporting period	**27,222**	**40,834**

Note 9. 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.

	2017 $	2016 $
Current		
Unsecured liabilities:		
Trade creditors	1,598	3,000
Other creditors and accruals	50,651	64,768
	52,249	**67,768**

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

Note 10. Provisions

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.

	2017 $	2016 $

Note 10. Provisions (continued)

	2017 $	2016 $
Current		
Employee benefits	38,653	38,681
Non-current		
Employee benefits	2,988	-
Total provisions	**41,641**	**38,681**

Note 11. Share capital

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.

	2017 $	2016 $
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

(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%.

Note 11. Share capital (continued)

Capital management (continued)

The Board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid 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.

Note 12. Accumulated losses

	2017 $	2016 $
Balance at the beginning of the reporting period	(555,674)	(514,446)
Profit/(loss) after income tax	22,185	(1,228)
Dividends paid	(40,000)	(40,000)
Balance at the end of the reporting period	**(573,489)**	**(555,674)**

Note 13. Dividends paid or provided for on ordinary shares

Dividends paid or provided for during the year

	2017 $	2016 $
Unfranked ordinary dividend of 5 cents per share	40,000	40,000

Note 14. Earnings per share

<u>Basic earnings per share</u>

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

	2017 $	2016 $
Basic earnings per share (cents)	2.77	(0.15)
Earnings used in calculating basic earnings per share	22,185	(1,228)
Weighted average number of ordinary shares used in calculating basic earnings per share.	800,010	800,010

Note 15. Statement of cash flows

	2017 $	2016 $
(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)	96,417	93,883
As per the Statement of Cash Flow	**96,417**	**93,883**
(b) Reconciliation of cash flow from operations with profit after income tax		
Profit / (loss) after income tax	22,185	(1,228)
Non-cash flows in profit		
- Depreciation	10,420	10,520
- Amortisation	13,611	13,611
- Bad debts	-	1,234
Changes in assets and liabilities		
- (Increase) / decrease in trade and other receivables	(12)	(5,149)
- (Increase) / decrease in deferred tax asset	8,889	4,050
- Increase / (decrease) in trade and other payables	(1,908)	(18,832)
- Increase / (decrease) in provisions	2,961	11,388
Net cash flows from operating activities	**56,145**	**15,594**

Note 16. 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.

No Director of the company receives remuneration for services as a company Director or committee member. There are no executives within the company whose remuneration is required to be disclosed.

(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 any goods and services under normal terms and conditions, from any related parties.

Note 16. Key management personnel and related party disclosures (continued)

(c) Transactions with key management personnel and related parties (continued)

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:

	2017	2016
Elaine Thomson	47,501	47,501
Julie Calvert	-	-
Rens Poels	15,100	11,601
Rae Gâté	501	501
Prue Sheehan	-	-
Sean Connelly	-	-
	63,102	**59,603**

Elaine Thomson purchased 40,000 shares and Rens Poels purchased 4,000 shares 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 17. 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 18. Contingent liabilities and contingent assets

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

Note 19. Operating segments

The company operates in the financial services sector where it provides banking services to its clients. The company operates in one 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 (2016: 100%).

Note 20. Commitments

Operating lease commitments

Non-cancellable operating leases contracted for but not capitalised in the Statement of Financial Position.

	2017 $	2016 $
Payable:		
- no later than 12 months	31,587	31,006
- between 12 months and five years	102,656	-
Minimum lease payments	**134,243**	**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 21. Company details

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

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	2017 $	2016 $
Financial assets			
Cash and cash equivalents	5	96,417	93,883
Trade and other receivables	6	44,209	44,197
Total financial assets		**140,627**	**138,080**
Financial liabilities			
Trade and other payables	9	52,249	67,768
Total financial liabilities		**52,249**	**67,768**

Note 22. Financial risk management (continued)

(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.

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 (2016: nil past due) and based on historic default rates, the company believes that no impairment allowance is necessary in respect of assets not past due.

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

Note 22. Financial risk management (continued)

(b) Liquidity risk (continued)

Financial liability and financial asset maturity analysis:

30 June 2017	Weighted average interest rate %	Total $	Within 1 year $	1 to 5 years $	Over 5 years $
Financial assets					
Cash and cash equivalents	2.05%	96,417	96,417	-	-
Trade and other receivables	0.00%	44,209	44,209	-	-
Total anticipated inflows		**140,627**	**140,627**	**-**	**-**
Financial liabilities					
Trade and other payables	0.00%	52,249	52,249	-	-
Total expected outflows		**52,249**	**52,249**	**-**	**-**
Net inflow / (outflow) on financial instruments		**88,378**	**88,378**	**-**	**-**

30 June 2016	Weighted average interest rate %	Total $	Within 1 year $	1 to 5 years $	Over 5 years $
Financial assets					
Cash and cash equivalents	2.00%	93,883	93,883	-	-
Trade and other receivables	0.00%	44,197	44,197	-	-
Total anticipated inflows		**138,080**	**138,080**	**-**	**-**
Financial liabilities					
Trade and other payables	0.00%	67,768	67,768	-	-
Total expected outflows		**67,768**	**67,768**	**-**	**-**
Net inflow / (outflow) on financial instruments		**70,312**	**70,312**	**-**	**-**

(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.

The financial instruments that primarily expose the company to interest rate risk are fixed interest securities, and cash and cash equivalents.

Note 22. Financial risk management (continued)

(c) Market risk (continued)

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 2017		
+/- 1% in interest rates (interest income)	964	964
	964	**964**
Year ended 30 June 2016		
+/- 1% in interest rates (interest income)	939	939
	939	**939**

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.

	2017		2016	
	Carrying amount $	Fair value $	Carrying amount $	Fair Value $
Financial assets				
Cash and cash equivalents (i)	96,417	96,417	93,883	93,883
Trade and other receivables (i)	44,209	44,209	44,197	44,197
Total financial assets	**140,627**	**140,627**	**138,080**	**138,080**
Financial liabilities				
Trade and other payables (i)	52,249	52,249	67,768	67,768
Total financial liabilities	**52,249**	**52,249**	**67,768**	**67,768**

(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 9 to 32 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 2017 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 27 September 2017.

Independent audit report

rsd Audit

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF GYMPIE & DISTRICT FINANCIAL SERVICES LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of Gympie & District Financial Services Limited, which comprises the statement of financial position as at 30 June 2017, 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, and notes to the financial statements, including a summary of significant accounting policies and the directors' declaration.

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 2017 and of its performance for the year then ended; 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.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements related to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report.

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

Independence

We are independent of the entity in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

Auditor's Responsibility

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

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit.
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 entity's preparation of the financial report that gives a true and fair view 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 entity's internal control.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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 conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion.

Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

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

We obtain sufficient appropriate audit evidence regarding the financial information of the entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. On connection with our audit of the financial report, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RSD AUDIT
Chartered Accountants

P. P. Delahunty
Partner
Bendigo
Dated: 28 September 2017

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