

# Gympie & District Financial Services Limited

ABN 79 113 293 173



# 2019

## *Annual Report*

Gympie & District **Community Bank** Branch

# Contents

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<b>Chairman's report</b>	<b>2</b>
<b>Manager's report</b>	<b>3</b>
<b>Directors' report</b>	<b>4</b>
<b>Auditor's independence declaration</b>	<b>7</b>
<b>Financial statements</b>	<b>8</b>
<b>Notes to the financial statements</b>	<b>12</b>
<b>Directors' declaration</b>	<b>36</b>
<b>Independent audit report</b>	<b>37</b>

# Chairman's report

For year ending 30 June 2019

It is my pleasure to present this report on matters related to the Gympie & District Financial Services Limited (G&DFSL) and its performance for the year ended 30 June 2019 – to our shareholders, my fellow Board members and our partners.

Our branch has continued to play a vital role in the community, working with Bendigo and Adelaide Bank Limited to ensure a continuation of services to customers. Our staff are an integral part of this service and make our customers feel welcome each time they enter the building. They continue to act as responsible members of the community, attending events at various schools and community events. Thank you to Manager Mick and the team!

The Board approved and distributed payment of a dividend of 5 cents per share in February 2019. I would like to acknowledge the work done by Rens Poels as Treasurer, who takes on this task and performs it admirably.

This year we welcomed on to the Board – Debra Cook. Debra has her own business, Dissection Connection and also manages the Gympie Bone Museum.

We celebrated our 14th Birthday in June with a selection of cupcakes at the Branch for our customers. Very much enjoyed by all.

We donated two defibrillators in Gympie this financial year. One to the Albert Park Bowls Club, and the second to the Albert Park Sporting Committee for use by all who utilise the grounds. These were well received by both organisations.

Director Rens Poels and I attended the State Conference in Brisbane in August. There was a record attendance with 250 from across the State. It was most informative and several branches gave snapshot updates of the work that is being done in their communities.

I take this opportunity to thank each Board Director for their contribution, attendance and support throughout the year. Your volunteer hours are truly appreciated.

On behalf of the Board and staff I would like to thank all our shareholders for your support, without you we would not be here. We look forward to you continuing to support the branch with your business so that we can continue to grow and return profits to you and the community.

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
2016/17	52,035
2017/18	49,326
2018/19	69,471
<b>Totals</b>	<b>432,545</b>

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
2016/17	5.0	40,000
2017/18	5.0	40,000
2018/19	5.0	40,000
<b>Totals</b>		<b>376,000</b>



**Rae Gâté**

**Chair**

# Manager's report

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For year ending 30 June 2019

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, enabling us to increase our account numbers by 525 to 4,225 accounts held. As far as business growth in dollar terms, the business experienced one of its best with total business growing by \$9 million to \$82 million in deposits and loans held.

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

For the next twelve months the branch has been set a target for total business growth of \$5 million. The branch has had a good start to achieving this growth target and with shareholders assisting us by bringing all their banking and insurance 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.

The branch has now contributed in excess of \$435,000 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 and Adelaide Bank Limited network. This includes the staff in the State Support team, Corey Stitt our Business Banker, Luke Anstey, our Small Business Manager, Kurt Empen from Rural Bank who assists the Farming community, Robyn Kirkham from Merchant Services and Rebecca Barbaro who is with the Community Sector Banking team.

Business Banker Corey Stitt, Small Business Manager Luke Anstey, Kurt Empen from Rural Bank, and Rebecca Barbaro of Community Sector Banking 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 the Bank and encourage their family, friends and business connections to consider Bendigo's Gympie & District **Community Bank** Branch for their total banking needs.



**Mick McCarthy**  
**Branch Manager**



# Directors' report

For the financial year ended 30 June 2019

The Directors present their report of the company for the financial year ended 30 June 2019.

## 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:

<b>Rae Gâté</b>	
Position	Director Since 2007. Chairperson appointed 6 December 2017.
Professional qualifications	Assoc. Dip. Business, Dip. Local Government Admin, Cert 4 Training & Assessment.
Experience and expertise	Treasurer Community Action Inc Board, Treasurer Gympie Community Place Committee, Vice President Gympie & District Women's Health Committee, Treasurer Weeroona Assoc Inc

<b>Julie Calvert</b>	
Position	Director from 2016 to 2018. Resigned as Director and Company Secretary on 4 November 2018
Professional qualifications	Level 3 Administration
Experience and expertise	Community Development Event Coordinator. Responsibilities: Marketing Plan, Human Resources, Governance & Audit

<b>Rens Poels</b>	
Position	Director and Treasurer since 2005. Appointed Company Secretary 5 December 2018
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

<b>Sean Connelly</b>	
Position	Director since 2014, Deputy Chair
Professional qualifications	Community Development Worker, Dip Business, Dip Management, Dip Vocations Education & Training,
Experience and expertise	Current Board Committee Member Cooloola Aboriginal Services Inc. Gympie NAIDOC Committee, Gympie Relay for Life. Responsibilities: Human Resources, Sponsorship Business Development & Public Relations.

<b>Elaine Thomson</b>	
Position	Director since 2005.
Professional qualifications	Retired School Teacher and Shop Owner
Experience and expertise	Board member of Gympie Community Gardens Inc. Treasurer of Gympie Family History Society Inc. Responsibilities: Marketing, Sponsorship Business Development & Public Relations.

<b>Prue Sheehan</b>	
Position	Director since 2014
Professional qualifications	Artist/Ceramicist, School Teacher, Bachelor of Visual Arts, Graduate Diploma of Education, Cert IV
Experience and expertise	Volunteer for Neighbourhood Watch and Local Church. Past member of Qld Potters Association. Responsibilities:

<b>Seci Tuiwai Sekinini</b>	
Position	Director since 11 April 2018, resigned 11 November 2018
Professional qualifications	Professional Development MBA Certificate in Strategic Development in Business Cooperatives and Mutual Funds. Masters in International Law and Mutual Funds. Bachelor in Political Science Government & Sustainability Comparative Development, Diploma in Sports Science.
Experience and expertise	Policy Research Writing, Policy Program Implementations, Sustainable Policy Governances, Sustainable Program Strategies, Government Administration, Foreign Relations Protocol, International Development,

<b>Paul Blackburn</b>	
Position	Director since 2 May 2018
Professional qualifications	Diploma's in Business, Policing, Occupational Health & Safety, Risk Management & Security.
Experience and expertise	Numerous Management roles in Government & Private Sector, past and present member of a number of Community Group Committees.

# Directors' report (continued)

<b>Debra Cook</b>	
Position	Director, appointed 3 April 2019
Professional qualifications	Tertiary Qualification Industrial Chemistry at QUT; 10+ years in Science Education; 8 years Qld Gov. Public Service;
Experience and expertise	10 years small business owner/operator in retail to science & medical education sectors. Founding Director of the Gympie Bone Museum; Lifelong Volunteer.

	Board meetings		Audit Committee meetings	
	A	B	A	B
<b>Director</b>				
Rae Gâté	11	9	4	4
Julie Calvert	6	4	2	2
Rens Poels	11	10	4	4
Sean Connelly	11	10	4	4
Elaine Thomson	11	11	2	2
Prue Sheehan	11	9	-	-
Seci Tuiwai Sekinini	6	3	-	-
Paul Blackburn	11	6	-	-
Debra Cook	6	6	-	-

A - The number of meetings eligible to attend.

B - The number of meetings attended.

## Company Secretary

Julie Calvert has been the Company Secretary of Gympie & District Financial Services Limited from 7 Dec 2016 to 4 Nov 2018. Rens Poels was appointed Company Secretary on 5 Dec 2018.

## 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 of the company for the financial year after provision for income tax was \$44,285 (2018 profit \$37,546) which is an 18% increase as compared with the previous year.

## Dividends

A unfranked dividend of 5.0 cents per share was declared and paid during the year for the year ended 30 June 2019.

## 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.

# Directors' report (continued)

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## 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 incurred 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.

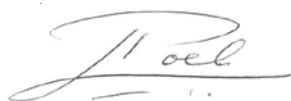
Disclosure of the nature of the liability and the amount of the premium is prohibited by the confidentiality clause of the contract of insurance. The company has not provided any insurance for an Auditor of the company.

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 5 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 20 September 2019.



**Rens Poels**  
**Secretary/Treasurer**

# Auditor's independence declaration



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Bendigo, Victoria  
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www.rsdaudit.com.au

## Auditors Independence Declaration under section 307C of the *Corporations Act 2001* to the Directors Gympie & District Community Financial Services Limited

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2019 there have been no contraventions of:

- (i) The auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) Any applicable code of professional conduct in relation to the audit.

**RSD Audit**

A handwritten signature in black ink, appearing to read 'P. P. Delahunty', with a large, stylized flourish at the end.

**P. P. Delahunty**  
Partner  
41A Breen Street  
Bendigo VIC 3550

Dated: 24 September 2019

Richmond Sinnott & Delahunty, trading as RSD Audit  
ABN 85 619 186 908  
Liability limited by a scheme approved under Professional Standards Legislation



# Financial statements

Gympie & District Financial Services Limited  
ABN 79 113 293 173  
Statement of Profit or Loss and Other Comprehensive Income  
for the year ended 30 June 2019

	Note	2019 \$	2018 \$
<b>Revenue</b>	2	613,070	569,963
<b>Expenses</b>			
Employee benefits expense	3	(323,537)	(316,333)
Depreciation and amortisation	3	(23,826)	(24,002)
Bad and doubtful debts expense	3	(315)	(88)
Administration and general costs		(31,779)	(32,657)
Occupancy expenses		(32,197)	(31,587)
IT expenses		(17,673)	(18,113)
Advertising and Marketing		(2,968)	(5,630)
Other expenses		(64,074)	(56,467)
		<u>(496,369)</u>	<u>(484,877)</u>
<b>Operating profit before charitable donations &amp; sponsorship</b>		<b>116,701</b>	<b>85,086</b>
Charitable donations and sponsorships		<u>(55,655)</u>	<u>(39,789)</u>
<b>Profit before income tax</b>		<b>61,046</b>	<b>45,297</b>
Income tax expense	4	<u>(16,761)</u>	<u>(7,751)</u>
<b>Profit for the year after income tax</b>		<b>44,285</b>	<b>37,546</b>
Other comprehensive income		<u>-</u>	<u>-</u>
<b>Total comprehensive income for the year</b>		<b><u>44,285</u></b>	<b><u>37,546</u></b>
Profit attributable to members of the company		44,285	37,546
<b>Total comprehensive income attributable to members of the company</b>		<b><u>44,285</u></b>	<b><u>37,546</u></b>
<b>Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company (cents per share):</b>			
- basic earnings per share	15	5.54	4.69

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

# Financial statements (continued)

Gympie & District Financial Services Limited  
ABN 79 113 293 173  
Statement of Financial Position  
as at 30 June 2019

	Note	2019 \$	2018 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	144,115	109,465
Trade and other receivables	6	47,526	42,331
<b>Total current assets</b>		<b>191,641</b>	<b>151,796</b>
<b>Non-current assets</b>			
Property, plant and equipment	7	66,398	76,613
Intangible assets	8	-	13,611
Deferred tax assets	4	49,381	66,142
<b>Total non-current assets</b>		<b>115,779</b>	<b>156,366</b>
<b>Total assets</b>		<b>307,420</b>	<b>308,162</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	10	27,997	38,236
Provisions	11	48,697	44,783
<b>Total current liabilities</b>		<b>76,694</b>	<b>83,019</b>
<b>Non-current liabilities</b>			
Provisions	11	2,375	1,076
<b>Total non-current liabilities</b>		<b>2,375</b>	<b>1,076</b>
<b>Total liabilities</b>		<b>79,069</b>	<b>84,095</b>
<b>Net assets</b>		<b>228,351</b>	<b>224,067</b>
<b>Equity</b>			
Issued capital	12	800,010	800,010
Accumulated losses	13	(571,659)	(575,943)
Reserves	18	-	-
<b>Total equity</b>		<b>228,351</b>	<b>224,067</b>

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

# Financial statements (continued)

## Gympie & District Financial Services Limited

ABN 79 113 293 173

### Statement of Changes in Equity for the year ended 30 June 2019

	Note	Issued capital \$	Accumulated losses \$	Total equity \$
<b>Balance at 1 July 2018</b>		800,010	(575,943)	224,067
<i>Comprehensive income for the year</i>				
Profit for the year		-	44,285	44,285
<i>Transactions with owners in their capacity as owners</i>				
Dividends paid or provided	14	-	(40,001)	(40,001)
<b>Balance at 30 June 2019</b>		<u>800,010</u>	<u>(571,659)</u>	<u>228,351</u>
<b>Balance at 1 July 2017</b>		800,010	(573,489)	226,521
<i>Comprehensive income for the year</i>				
Profit for the year		-	37,546	37,546
<i>Transactions with owners in their capacity as owners</i>				
Dividends paid or provided	14	-	(40,000)	(40,000)
<b>Balance at 30 June 2018</b>		<u>800,010</u>	<u>(575,943)</u>	<u>224,067</u>

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

# Financial statements (continued)

**Gympie & District Financial Services Limited**  
**ABN 79 113 293 173**  
**Statement of Cash Flows**  
**for the year ended 30 June 2019**

	Note	2019 \$	2018 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		667,115	627,503
Payments to suppliers and employees		(580,362)	(562,250)
Interest received		1,508	1,406
<b>Net cash flows provided by operating activities</b>	16b	<u>88,261</u>	<u>66,659</u>
<b>Cash flows from investing activities</b>			
Purchase of intangible assets		(13,611)	(13,611)
<b>Net cash flows used in investing activities</b>		<u>(13,611)</u>	<u>(13,611)</u>
<b>Cash flows from financing activities</b>			
Dividends paid		(40,000)	(40,000)
<b>Net cash flows used in financing activities</b>		<u>(40,000)</u>	<u>(40,000)</u>
<b>Net increase in cash held</b>		<b>34,650</b>	<b>13,048</b>
Cash and cash equivalents at beginning of financial year		109,465	96,417
<b>Cash and cash equivalents at end of financial year</b>	16a	<u><u>144,115</u></u>	<u><u>109,465</u></u>

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

# Notes to the financial statements

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For year ended 30 June 2019

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 20 September 2019.

## 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, where applicable, by the measurement at fair value of selected non current assets, financial assets and financial liabilities.

#### *Economic dependency*

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 branch operates 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)

## 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) Comparative figures

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

### (e) 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

#### *Fair value assessment of non-current physical assets*

The AASB 13 Fair Value standard requires fair value assessments that may involve 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.



# Notes to the financial statements (continued)

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

### *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.

### *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.

## **(f) New and revised standards that are effective for these financial statements**

With the exception of the below, these financial statements have been prepared in accordance with the same accounting policies adopted in the entity's last annual financial statements for the year ended 30 June 2018. Note that the changes in accounting policies

### **AASB 9 Financial Instruments**

AASB 9 *Financial Instruments* replaces AASB 139's '*Financial Instruments: Recognition and Measurement*' requirements. It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an 'expected credit loss' model for impairment of financial assets.

When adopting AASB9, the entity elected not to restate prior periods. Rather, differences arising from the adoption of AASB 9 in relation to classification, measurement, and impairment are recognised in opening retained earnings as at 1 July 2018.

Based on our assessment, there has not been any effect on the financial report from the adoption of this standard.

### **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.

# Notes to the financial statements (continued)

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

### (g) Change in accounting policies

The standard will primarily affect the accounting for the company's operating leases. As at the reporting date, the company has non-cancellable operating lease commitments of \$79,688. However, the company has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the company's profit and classification

The standard is mandatory for first interim periods within annual reporting periods beginning on or after 1 January 2019. The company does not intend to adopt the standard before its effective date.

### **Revenue**

Revenue arises from the rendering of services through its franchise agreement with the Bendigo and Adelaide Bank Limited. The

To determine whether to recognise revenue, the company follows a 5-step process:

1. Identifying the contract with a customer

Given the nature of the agreement with Bendigo and Adelaide Bank Limited, there are no performance obligations, therefore the revenue

- a) when the entity has a right to receive the income and it can be reliably measured; or

# Notes to the financial statements (continued)

## 2. Revenue

	2019 \$	2018 \$
Revenue		
- service commissions	611,562	568,557
	<u>611,562</u>	<u>568,557</u>
Other revenue		
- interest received	1,508	1,406
	<u>1,508</u>	<u>1,406</u>
<b>Total revenue</b>	<b><u>613,070</u></b>	<b><u>569,963</u></b>

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.

### Interest income

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

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

### Rendering of services

As detailed in the franchise agreement, companies earn three types of revenue - margin, commission and fee income. Bendigo and Adelaide Bank Limited decide the method of calculation of revenue the company earns on different types of products and services and this is dependent on the type of business the company generates also taking into account other factors including economic conditions, including interest rates.

#### Core Banking Products

Bendigo and Adelaide Bank Limited identify specific products and services as 'core banking products', however it also reserves the right to change the products and services identified as 'core banking products', providing 30 days notice is given.

#### Margin

Margin is earned on all core banking products. A Funds Transfer Pricing (FTP) model is used for the method of calculation of the cost of funds, deposit return and margin. Margin is determined by taking the interest paid by customers on loans less interest paid to customers on deposits, plus any deposit returns, i.e. interest return applied by Bendigo and Adelaide Bank Limited for a deposit, minus any costs of funds i.e. interest applied by Bendigo and Adelaide Bank Limited to fund a loan.

#### Commission

Commission is a fee earned on products and services sold. Depending on the product or services, it may be paid on the initial sale or on an ongoing basis.

#### Fee Income

Fee income is a share of 'bank fees and charges' charged to customers by Bendigo and Adelaide Bank Limited, including fees for loan applications and account transactions.

# Notes to the financial statements (continued)

## 2. Revenue (continued)

### *Discretionary Financial Contributions*

Bendigo and Adelaide Bank Limited has made discretionary financial payments to the company, outside of the franchise agreement and in addition to margin, commission and fee income. This income received by the company is classified as "Market Development Fund" (MDF) income. The purpose of these payments is to assist the company with local market development activities, however, it is for the board to decide how to use the MDF. Due to their discretionary nature, Bendigo and Adelaide Bank Limited may change or stop these payments at any time.

### **Form and Amount of Financial Return**

The franchise agreement stipulates that Bendigo and Adelaide Bank Limited may change the form, method of calculation or amount of financial return the company receives. The reasons behind making a change may include, but not limited to, changes in Bendigo and Adelaide Bank Limited's revenue streams/processes; economic factors or industry changes.

Bendigo and Adelaide Bank Limited may make any of the following changes to form, method of calculation or amount of financial returns:

- A change to the products and services identified as 'core banking products and services'
- A change as to whether it pays the company margin, commission or fee income on any product or service.
- A change to the method of calculation of costs of funds, deposit return and margin and a change to the amount of any margin, commission and fee income.

These abovementioned changes, may impact the revenue received by the company on a particular product or service, or a range of products and services.

However, if Bendigo and Adelaide Bank Limited make any of the above changes, per the franchise agreement, it must comply with the following constraints in doing so.

- a) If margin or commission is paid on a core banking product or service, Bendigo and Adelaide Bank Limited cannot change it to fee income;
- b) In changing a margin to a commission or a commission to a margin on a core banking product or service, **OR** changing the method of calculation of a cost of funds, deposit return or margin or amount of margin or commission on a core product or service, Bendigo and Adelaide Bank Limited must not reduce the company's share of Bendigo and Adelaide Bank Limited's margin on core banking product and services when aggregated to less than 50% of Bendigo and Adelaide Bank Limited's margin on core banking products attributed to the company's retail branch operation; and
- c) Bendigo and Adelaide Bank Limited must publish the change at least 30 days before making the change.

## 3. Expenses

	2019 \$	2018 \$
<b>Profit before income tax includes the following specific expenses:</b>		
Employee benefits expense		
- wages and salaries	275,709	271,002
- superannuation costs	46,755	44,823
- other costs	1,073	508
	<u>323,537</u>	<u>316,333</u>

# Notes to the financial statements (continued)

## 3. Expenses (continued)

	2019 \$	2018 \$
Depreciation and amortisation		
<i>Depreciation</i>		
- leasehold improvements	9,006	8,837
- plant and equipment	1,209	1,554
	<u>10,215</u>	<u>10,391</u>
<i>Amortisation</i>		
- franchise fees	13,611	13,611
	<u>13,611</u>	<u>13,611</u>
Total depreciation and amortisation	<u>23,826</u>	<u>24,002</u>
Bad and doubtful debts expenses	315	88
Auditors' remuneration		
<i>Remuneration of the Auditor, RSD Audit, for:</i>		
- Audit or review of the financial report	5,180	5,040
	<u>5,180</u>	<u>5,040</u>

### *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.

### *Depreciation and amortisation*

The depreciable amount of all fixed assets, is 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:

<i>Class of asset</i>	<i>Rate</i>	<i>Method</i>
Leasehold improvements	2.5 - 5%	Straight line
Plant and equipment	2.5 - 50%	Straight line
Franchise Fee	20%	Straight line

## 4. Income tax

	2019 \$	2018 \$
<b>a. The components of tax expense comprise:</b>		
Current tax expense	-	-
Deferred tax expense	16,761	12,457
Under / (over) provision of prior years	-	(4,706)
	<u>16,761</u>	<u>7,751</u>

# Notes to the financial statements (continued)

## 4. Income tax (continued)

	2019 \$	2018 \$
<b>b. Prima facie tax payable</b>		
The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Prima facie tax on profit before income tax at 27.5% (2018: 27.5%)	16,788	12,457
Add tax effect of:		
- Under / (over) provision of prior years	(27)	(4,706)
<b>Income tax attributable to the entity</b>	<b>16,761</b>	<b>7,751</b>
The applicable weighted average effective tax rate is:	27.46%	17.11%
<b>c. Current tax liability</b>		
Current tax relates to the following:		
<i>Current tax liabilities</i>		
Opening balance	-	-
Current tax	18,249	6,620
Recoupment of prior year tax losses	(18,249)	(6,620)
	-	-
<b>c. Deferred tax asset</b>		
Deferred tax relates to the following:		
<b>Deferred tax assets comprise:</b>		
Accruals	4,761	4,733
Employee provisions	14,044	12,611
Unused tax losses	30,576	48,798
	<b>49,381</b>	<b>66,142</b>
	-	-
<b>Net deferred tax asset</b>	<b>49,381</b>	<b>66,142</b>
<b>e. Deferred income tax included in income tax expense comprises:</b>		
Decrease / (increase) in deferred tax assets	16,761	7,751
Under / (over) provision prior years	27	-
	<b>16,788</b>	<b>7,751</b>



# Notes to the financial statements (continued)

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## 4. Income tax (continued)

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 are measured at the amounts expected to be paid to 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.

# Notes to the financial statements (continued)

## 5. Cash and cash equivalents

	2019	2018
	\$	\$
Cash at bank and on hand	62,718	39,575
Short-term bank deposits	81,397	69,890
	<u>144,115</u>	<u>109,465</u>

Cash and cash equivalents include cash on hand, deposits available on demand with banks, and other short-term highly liquid investments with original maturities of three months or less.

The effective interest rate on short-term bank deposits was 2% (2018: 2%); these deposits have an average maturity of 365 days.

## 6. Trade and other receivables

	2019	2018
	\$	\$
<b>Current</b>		
Trade receivables	47,526	42,331
	<u>47,526</u>	<u>42,331</u>

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 in accordance with the expected credit loss model, or 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.

### 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.

# Notes to the financial statements (continued)

## 6. Trade and other receivables (continued)

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

	Gross amount	Not past due	Past due but not impaired			Past due and impaired
	\$	\$	< 30 days \$	31-60 days \$	> 60 days \$	\$
<b>2019</b>						
Trade receivables	47,526	47,526	-	-	-	-
<b>Total</b>	<b>47,526</b>	<b>47,526</b>	-	-	-	-
<b>2018</b>						
Trade receivables	42,331	42,331	-	-	-	-
<b>Total</b>	<b>42,331</b>	<b>42,331</b>	-	-	-	-

# Notes to the financial statements (continued)

## 7. Property, plant and equipment

	2019			2018		
	\$			\$		
	At Cost	Accumulated depreciation	Written down value	At Cost	Accumulated depreciation	Written down value
Leasehold improvements	184,300	(123,829)	60,471	184,300	(114,823)	69,477
Plant and equipment	71,189	(65,262)	5,927	71,189	(64,053)	7,136
<b>Total property, plant and equipment</b>	<b>255,489</b>	<b>(189,091)</b>	<b>66,398</b>	<b>255,489</b>	<b>(178,876)</b>	<b>76,613</b>

### Plant and equipment

Plant and equipment are measured on the cost basis 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.

### (a) Capital expenditure commitments

The entity does not have any capital expenditure commitments at 30 June 2019 (2018: None)

# Notes to the financial statements (continued)

## 7. Property, plant and equipment (continued)

### (b) Movements in carrying amounts of PP&E

2019	Opening written down value	Additions	Depreciation	Closing written down value
Leasehold improvements	69,477	-	(9,006)	60,471
Plant and equipment	7,136	-	(1,209)	5,927
<b>Total property, plant and equipment</b>	<b>76,613</b>	<b>-</b>	<b>(10,215)</b>	<b>66,398</b>

2018	Opening written down value	Additions	Depreciation	Closing written down value
Leasehold improvements	69,979	8,335	(8,837)	69,477
Plant and equipment	8,690	-	(1,554)	7,136
<b>Total property, plant and equipment</b>	<b>78,669</b>	<b>8,335</b>	<b>(10,391)</b>	<b>76,613</b>

## 8. Intangible assets

	2019		2018	
	\$		\$	
	At cost	Accumulated amortisation	At cost	Accumulated amortisation
Franchise fees	68,056	(68,056)	68,056	(54,445)
Establishment costs	63,953	(63,953)	63,953	(63,953)
<b>Total intangible assets</b>	<b>132,009</b>	<b>(132,009)</b>	<b>132,009</b>	<b>(118,398)</b>
				<b>13,611</b>
				<b>-</b>
				<b>13,611</b>

Franchise fees and establishment costs (if applicable) 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.

# Notes to the financial statements (continued)

## 8. Intangible assets (continued)

### Movements in carrying amounts

	2019		
	Opening written down value	Amortisation	Closing written down value
Franchise fees	13,611	(13,611)	-
<b>Total intangible assets</b>	<b>13,611</b>	<b>(13,611)</b>	<b>-</b>

	2018		
	Opening written down value	Amortisation	Closing written down value
Franchise fees	27,222	(13,611)	13,611
<b>Total intangible assets</b>	<b>27,222</b>	<b>(13,611)</b>	<b>13,611</b>



# Notes to the financial statements (continued)

## 9. Financial liabilities

Financial liabilities include trade payables, other creditors, loans from third parties and loans from or other amounts due to related entities. Financial liabilities are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Financial liabilities are initially measured at fair value plus transaction costs, except where the instrument is classified as "fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

## 10. Trade and other payables

	2019 \$	2018 \$
<b>Current</b>		
<i>Unsecured liabilities:</i>		
Trade creditors	3,099	268
Franchise fee payable	13,611	13,610
Other creditors and accruals	11,287	24,358
	<u>27,997</u>	<u>38,236</u>

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.

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

## 11. Provisions

	2019 \$	2018 \$
<b>Current</b>		
Employee benefits	<u>48,697</u>	<u>44,783</u>
<b>Non-current</b>		
Employee benefits	<u>2,375</u>	<u>1,076</u>
<b>Total provisions</b>	<u>51,072</u>	<u>45,859</u>

### *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.

# Notes to the financial statements (continued)

## 11. Provisions (Continued)

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.

## 12. Share capital

	2019 \$	2018 \$
800,010 Ordinary shares fully paid	<u>800,010</u>	<u>800,010</u>
	<u><b>800,010</b></u>	<u><b>800,010</b></u>

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.

### (a) 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	<u><b>800,010</b></u>	<u><b>800,010</b></u>

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.

### (b) 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%.

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.

# Notes to the financial statements (continued)

## 13. Accumulated losses

	2019	2018
	\$	\$
Balance at the beginning of the reporting period	(575,943)	(573,489)
Profit for the year after income tax	44,285	37,546
Dividends paid	(40,001)	(40,000)
Balance at the end of the reporting period	<u>(571,659)</u>	<u>(575,943)</u>

## 14. Dividends paid or provided for on ordinary shares

	2019	2018
	\$	\$
<b>Dividends paid or provided for during the year</b>		
Final unfranked ordinary dividend of 5 cents per share (2018: 5 cent per share) (2018: 27.5%).	40,001	40,000

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

## 15. Earnings per share

	2019	2018
	\$	\$
Basic earnings per share (cents)	5.54	4.69
Earnings used in calculating basic earnings per share	44,285	37,546
Weighted average number of ordinary shares used in calculating basic earnings per share	800,010	800,010

### *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 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.

# Notes to the financial statements (continued)

## 16. Statement of cash flows

	2019 \$	2018 \$
<b>(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:</b>		
Cash and cash equivalents (Note 5)	144,115	109,465
As per the Statement of Cash Flow	<u>144,115</u>	<u>109,465</u>
<b>(b) Reconciliation of cash flow from operations with profit/loss after income tax</b>		
Profit for the year after income tax	44,285	37,546
Non-cash flows in profit		
- Depreciation and amortisation	23,826	24,002
Changes in assets and liabilities		
- (Increase) / decrease in trade and other receivables	(5,195)	1,878
- (increase) / decrease in prepayments and other assets	-	-
- (Increase) / decrease in deferred tax asset	16,761	7,751
- Increase / (decrease) in trade and other payables	3,371	(14,013)
- Increase / (decrease) in provisions	5,213	4,218
Net cash flows from operating activities	<u>88,261</u>	<u>61,382</u>

## 17. Key management personnel and related party disclosures

### (a) Key management personnel

Key management personnel includes any person 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.

No director of the company receives remuneration for services as a company director or committee member. There are no executives with 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

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.

The Gympie & District Financial Services Limited have 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.

# Notes to the financial statements (continued)

## 17. Key management personnel and related party disclosures (continued)

### (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:

	2019	2018
Rae Gâté	500	500
Rens Poels	16,800	15,600
Elaine Thomson	47,510	47,510
	<u>64,810</u>	<u>63,610</u>

Rens Poels purchased 1200 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 key management or related parties other than those described above.

## 18. Community Enterprise Foundation™

The Community Enterprise Foundation™ (CEF) is the philanthropic arm of the Bendigo and Adelaide Bank Group to which **Community Bank** branches can make financial contributions. These contributions made by the company are included in the charitable donations and sponsorship expenditure in the Statement of Profit or Loss and Other Comprehensive Income.

	2019	2018
	\$	\$
Opening Balance	1,155	11,095
Contributions	10,500	-
Grants Paid	(10,000)	(10,000)
Interest	30	60
GST	(955)	-
Management fees	(477)	-
Balance available for distribution in future periods	<u>253</u>	<u>1,155</u>

## 19. Events after the reporting period

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

## 20. Contingent liabilities and contingent assets

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

## 21. 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 (2018: 100%).

# Notes to the financial statements (continued)

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## 22. Commitments

### Operating lease commitments

	2019	2018
	\$	\$
Payable:		
- no later than 12 months	32,197	32,197
- between 12 months and five years	32,197	64,395
<b>Minimum lease payments</b>	<b>64,394</b>	<b>96,592</b>

## 23. Company Details

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



# Notes to the financial statements (continued)

## 24. Financial instrument risk

### *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 9 *Financial Instrument*. As detailed in the accounting policies are as follows:

	Note	2019 \$	2018 \$
<b>Financial assets</b>			
Cash and cash equivalents	5	144,115	109,465
Trade and other receivables	6	47,526	42,331
<b>Total financial assets</b>		<u>191,641</u>	<u>151,796</u>
<b>Financial liabilities</b>			
Trade and other payables	10	27,997	38,236
<b>Total financial liabilities</b>		<u>27,997</u>	<u>38,236</u>

### **(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.

# Notes to the financial statements (continued)

## 24. Financial instrument risk (continued)

### (a) Credit risk (continued)

None of the assets of the company are past due (2018: 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

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 2019	Weighted average interest rate %	Total \$	Within 1 year \$	1 to 5 years \$	Over 5 years \$
<b>Financial assets</b>					
Cash and cash equivalents	1.14%	144,115	144,115	-	-
Trade and other receivables		47,526	47,526	-	-
<b>Total anticipated inflows</b>		191,641	191,641	-	-
<b>Financial liabilities</b>					
Trade and other payables		27,997	27,997	-	-
<b>Total expected outflows</b>		27,997	27,997	-	-
<b>Net inflow / (outflow) on financial instruments</b>		<b>163,644</b>	<b>163,644</b>	<b>-</b>	<b>-</b>

# Notes to the financial statements (continued)

## 24. Financial instrument risk (continued)

### (b) Liquidity risk (continued)

30 June 2018	Weighted average interest rate %	Total \$	Within 1 year \$	1 to 5 years \$	Over 5 years \$
<b>Financial assets</b>					
Cash and cash equivalents	2.00%	109,465	109,465	-	-
Trade and other receivables		42,331	42,331	-	-
<b>Total anticipated inflows</b>		<u>151,796</u>	<u>151,796</u>	<u>-</u>	<u>-</u>
<b>Financial liabilities</b>					
Trade and other payables		38,236	38,236	-	-
<b>Total expected outflows</b>		<u>38,236</u>	<u>38,236</u>	<u>-</u>	<u>-</u>
<b>Net inflow / (outflow) on financial instruments</b>		<u><u>113,560</u></u>	<u><u>113,560</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

### (c) Market risk

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

The primary risks the company is exposed to is interest rate risk. The company has no exposure to fluctuations in foreign currency or other price risk.

#### *Interest rate risk*

Exposure to interest rate risk arises on financial assets recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows.

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

# Notes to the financial statements (continued)

## 24. Financial instrument risk (continued)

### Sensitivity analysis

The following table illustrates sensitivities to the company's exposures to changes in interest rates. 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.

	2019		2018	
	Profit	Equity	Profit	Equity
	\$	\$	\$	\$
+/- 1% in interest rates (interest income)	1,441	1,441	1,095	1,095
	<u>1,441</u>	<u>1,441</u>	<u>1,095</u>	<u>1,095</u>

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

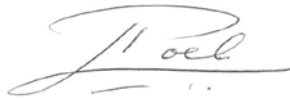
# Directors' declaration

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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 4 to 35 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 2019 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**  
**Secretary/Treasurer**

Signed at Gympie on 20 September 2019.

# Independent audit report



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

### REPORT ON THE AUDIT OF THE FINANCIAL REPORT

#### Opinion

We have audited the financial report of Gympie & District Community Financial Services Limited, which comprises the statement of financial position as at 30 June 2019, 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 the financial report of Gympie & District Community 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 2019 and of its performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

#### 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 Company 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.

Richmond Sinnott & Delahunty, trading as RSD Audit  
ABN 60 616 244 309  
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# Independent audit report (continued)



## Auditor's Responsibility for the Audit of the Financial Report

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.

# Independent audit report (continued)



## 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 2019, 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

A handwritten signature in dark ink, appearing to read 'P. P. Delahunty', written over a light grey background.

**P. P. Delahunty**  
Partner  
Bendigo  
Dated: 24 September 2019



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