

GYMPIE & DISTRICT  
FINANCIAL SERVICES LIMITED  
ABN 79 113 293 173

2007  
**Annual**  
Report



# 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>4-7</b>
<b>Financial statements</b>	<b>8-11</b>
<b>Notes to the financial statements</b>	<b>12-23</b>
<b>Directors' declaration</b>	<b>24</b>
<b>Independent audit report</b>	<b>25-26</b>
<b>BSX report</b>	<b>27-28</b>

# Chairman's report

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For year ending 30 June 2007

It is my pleasure to report on the progress of Gympie & District Financial Services Limited during the year ended 30 June 2007. At the end of our second full year of trading the Gympie & District **Community Bank**<sup>®</sup> Branch has continued to enjoy very steady growth for the financial year. As we move closer to profit, we hope to be in the position to pay our first dividend to shareholders in the near future. I would like to thank our Board and staff, and of course you our Shareholders for the dedication and support we have received from you.

Two of our Directors resigned during the year for personal reasons but we were fortunate to replace them with three new faces. I'm pleased to report all three have settled in and our Board is working well together.

Our **Community Bank**<sup>®</sup> branch staff are providing service with a smile like banking used to be and I am told our competitors have also shown an improvement in performance behind the counter.

Once again we have handed out a number of grants to community groups over the year to a wide variety of organisations. A reminder of why we all support the Gympie & District **Community Bank**<sup>®</sup> Branch, so we can continue to distribute locally generated revenue to our community.

Our second birthday was celebrated with a morning tea in the branch which was very successful. My thanks go to the Directors who provided the wonderful array of food.

Our promotional stand at the Gympie Show was well received in May and I'm sure this will continue as a yearly event. A big thanks to all the volunteers who helped blow up hundreds of balloons and talk to people over the three days.

A highlight this year was our sponsorship of the Literacy Competition at the Gympie Library; we attended the launch in June and look forward to the awards in October. I am sure the \$1,500 will prove to be beneficial to our community.

I look forward with you to the future of our branch and accordingly, I take this opportunity to urge any shareholders who have not yet availed themselves of our services to consider transferring their business to the Gympie & District **Community Bank**<sup>®</sup> Branch.

Our Board has worked in harmony with our Manager and staff during the past year and as Chairman I would like to thank the Directors, shareholders, staff and customers for another great year for our **Community Bank**<sup>®</sup> branch and look forward an even better 2007/08. Let's keep empowering our community by increasing our business growth and profits along with further initiatives to support our community.



**Ray Bird**  
**Chairman**

# Manager's report

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For year ending 30 June 2007

I am pleased to report to the Board and Shareholders on another exciting and successful years trading at Gympie & District **Community Bank®** Branch.

From our business footing of approximately \$11 million as at the end of June 2006, our total lending and deposit business has grown to an amount in excess of \$25 million.

Congratulations must go to our hardworking staff Andrea, Lezette, Kassandra and Brett for their enormous contribution to achieving this wonderful result.

This growth has also been assisted by the expertise of our Business Banking team of Paul Hampson and Simon Knight, and our Financial Planner Michael Ansell, available to you all through our **Community Bank®** branch.

The above mentioned results are also reflected in our total account numbers which have increased from 1176 to 1764 during the 2006/07 financial year.

In order for our Company to continue this strong growth, we require the continued support of our shareholders. To those shareholders who have now transferred their business to our **Community Bank®** branch, thank you. I invite those shareholders who are not currently making use of our products and services to come in and experience the high level of quality service and competitive products that we offer.

I also urge you all as ambassadors of our Company to encourage your friends and family to call into the **Community Bank®** branch at 68 Mary Street and talk to my friendly staff about opening an account today. Remember, we are open for business from 9.00am to 5.00pm Monday to Friday, and 9.00am to 12.00noon on Saturdays.

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

A handwritten signature in black ink, appearing to read 'Michael Thornley', with a stylized flourish at the end.

**Michael Thornley**  
**Branch Manager**

# Directors' report

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For year ending 30 June 2007

Your Directors submit their report of the Company for the financial year ended 30 June 2007.

## Directors

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

### **Raymond John Bird**

Chairman  
Retired Manufacturing Business Operator  
(appointed 9 March 2005)

### **Michael Ellis Thornley**

Director  
**Community Bank®** Branch Manager  
(appointed 9 March 2005)

### **John Clifford Joyce**

Director  
Solicitor  
(resigned 11 October 2006)

### **Florence May Dennis**

Director  
Retired Shopkeeper and Farmer  
(resigned 11 October 2006)

### **Beven Roy Webb**

Director  
Furniture Retailer  
(appointed 23 March 2005)

### **David James Weller**

Director  
Event Co-ordinator  
(appointed 28 March 2007)

### **Rens John Poels**

Treasurer  
Retired Computer Engineer  
(appointed 9 March 2005)

### **Vicki Shapcott**

Company Secretary  
Community Development Officer  
(appointed 9 March 2005)

### **Elaine Gwen Thomson**

Director  
Shop Owner  
(appointed 9 March 2005)

### **Lesley Anne O'Hern**

Director  
Teacher and Primary Producer  
(appointed 9 March 2005)

### **Christopher James Hodges**

Director  
Business Owner  
(appointed 28 March 2007)

### **Rae Allison Gâté**

Director  
Secretary/Events Manager  
(appointed 28 March 2007)

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

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

# Directors' report continued

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## **Principal activities**

The principal activities of the Company during the course of the financial year were in providing community banking services under management rights to operate a franchised branch of Bendigo Bank Limited.

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

## **Operating results**

Operations have continued to perform in line with expectations. The loss of the Company for the financial year after provision for income tax was \$111,187 (2006: \$275,705).

## **Dividends**

The Directors recommend that no dividend be paid for the current year.

## **Significant changes in the state of affairs**

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

## **Significant events after the balance date**

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

## **Likely developments**

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

## **Directors' benefits**

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

## Directors' report continued

### Executive remuneration

	Primary benefits salary & fees \$	Post employment superannuation \$	Other *	Total \$
Michael Ellis Thornley (Branch Manager)				
Year ended 30 June 2007	55,777	5,019	147	60,943
Period ended 30 June 2006	61,346	5,521	145	67,012

### Indemnification and insurance of Directors and Officers

The Company has indemnified all Directors and the Manager in respect of liabilities to other persons (other than the Company or related body corporate) that may arise from their position as Directors or Managers of the Company except where the liability arises out of conduct involving the lack of good faith.

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 or a related body corporate.

### Directors meetings

The number of Directors meetings attended by each of the Directors of the Company during the period were:

<b>Number of meetings held:</b>	<b>12</b>
<b>Number of meetings attended:</b>	
Raymond John Bird	7
Rens John Poels	12
Michael Ellis Thornley	11
Vicki Shapcott	11
John Clifford Joyce (resigned 11 October 2006)	3
Elaine Gwen Thomson	11
Florence May Dennis (resigned 11 October 2006)	4
Lesley Anne O'Hern	9
Beven Roy Webb	12
Rae Allison Gâté (appointed 28 March 2007)	1
Christopher James Hodges (appointed 28 March 2007)	3
David James Weller (appointed 28 March 2007)	3

## Directors' report continued

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### **Company Secretary**

Vicki Shapcott has been the Company Secretary of Gympie & District Financial Services Ltd since its inception. Her qualifications include a BA in Australian and Comparative Studies and a Graduate Diploma in Library Science. Her experience includes small business ownership, four years in banking, ten years in local government and four years in community development.

### **Corporate governance**

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

(a) The establishment of several sub-committees. Members of these committees are:

Audit/Governance - Rens Poels and Vicki Shapcott.

Business Development, Marketing and Sponsorship - Michael Thornley and Chris Hodges

Succession and Human Resources - Ray Bird, Beven Webb and David Weller

Public Relations - Lesley O'Hern and Elaine Thomson.

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

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

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

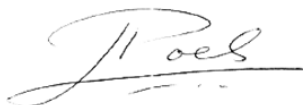
### **Auditor independence declaration**

The Directors received the following declaration from the Auditor of the Company:

Richmond Sinnott & Delahunty

Chartered Accountants

Signed in accordance with a resolution of the Board of Directors at Gympie on 12 September 2007.



**Rens Poels**

**Director**



# Financial statements

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## Income statement

For year ending 30 June 2007

	Note	2007 \$	2006 \$
Revenues from ordinary activities	2	228,336	86,529
Employee benefits expense	3	(197,417)	(202,601)
Depreciation and amortisation expense	3	(44,723)	(59,956)
Finance costs	3	(2)	(46)
Other expenses from ordinary activities		(138,631)	(201,187)
<b>Loss before income tax benefit</b>		<b>(152,437)</b>	<b>(377,261)</b>
Income tax benefit	4	41,268	101,556
<b>Loss after income tax benefit</b>		<b>(111,169)</b>	<b>(275,705)</b>
<b>Earnings per share (cents per share)</b>			
- basic for loss for the year	20	(13.90)	(34.46)
- diluted for loss for the year	20	(13.90)	(34.46)

The accompanying notes form part of these financial statements.

# Financial statements continued

## Balance sheet

As at 30 June 2007

	Note	2007 \$	2006 \$
<b>Current assets</b>			
Cash assets	6	30,420	148,899
Receivables	7	17,677	8,116
<b>Total current assets</b>		<b>48,097</b>	<b>157,015</b>
<b>Non-current assets</b>			
Property, plant and equipment	8	192,624	212,556
Deferred income tax asset	4	142,824	101,556
Intangible assets	9	57,616	82,407
<b>Total non-current assets</b>		<b>393,064</b>	<b>396,519</b>
<b>Total assets</b>		<b>441,161</b>	<b>553,534</b>
<b>Current liabilities</b>			
Payables	10	10,407	14,487
Provisions	11	17,617	14,742
<b>Total current liabilities</b>		<b>28,024</b>	<b>29,229</b>
<b>Total liabilities</b>		<b>28,024</b>	<b>29,229</b>
<b>Net assets</b>		<b>413,137</b>	<b>524,305</b>
<b>Equity</b>			
Share capital	12	800,010	800,010
Accumulated losses	13	(386,873)	(275,705)
<b>Total equity</b>		<b>413,137</b>	<b>524,305</b>

The accompanying notes form part of these financial statements.

# Financial statements continued

## Statement of cash flows

As at 30 June 2007

	Note	2007 \$	2006 \$
<b>Cash flows from operating activities</b>			
Cash receipts in the course of operations		221,048	81,792
Cash payments in the course of operations		(346,813)	(382,311)
Interest paid		(2)	(46)
Interest received		7,288	4,373
<b>Net cash flows from/(used in) operating activities</b>	<b>14b</b>	<b>(118,479)</b>	<b>(296,192)</b>
<b>Cash flows from investing activities</b>			
Payment for intangible assets		-	(123,953)
Payments for property, plant and equipment		-	(230,966)
<b>Net cash flows from/(used in) investing activities</b>		<b>-</b>	<b>(354,919)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		-	800,010
<b>Net cash flows from/(used in) financing activities</b>		<b>-</b>	<b>800,010</b>
<b>Net increase/(decrease) in cash held</b>		<b>(118,479)</b>	<b>148,899</b>
Add opening cash brought forward		148,899	-
<b>Closing cash carried forward</b>	<b>14a</b>	<b>30,420</b>	<b>148,899</b>

The accompanying notes form part of these financial statements.

# Financial statements continued

## Statement of changes in equity

As at 30 June 2007

	Note	2007 \$	2006 \$
<b>Share capital</b>			
<b>Ordinary shares</b>			
Balance at start of year		800,010	-
Issue of share capital		-	800,010
Share issue costs		-	-
<b>Balance at end of year</b>		<b>800,010</b>	<b>800,010</b>
<b>Accumulated losses</b>			
Balance at start of year		(275,705)	-
Loss after income tax expense		(111,169)	(275,705)
Dividends paid	-		-
<b>Balance at end of year</b>		<b>(386,874)</b>	<b>(275,705)</b>

The accompanying notes form part of these financial statements.

# Notes to the financial statements

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For year ending 30 June 2007

## Note 1. Basis of preparation of the financial report

### **(a) Basis of accounting**

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and applicable Australian Accounting Standards and other mandatory professional reporting requirements.

The financial report has been prepared on an accruals basis and is based on historical costs (except for land and buildings and available-for-sale financial assets that have been measured at fair value) and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The financial report was authorised for issue by the Directors on 12 September 2007.

### **(b) Statement of compliance**

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ('AIFRS'). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards ('IFRS'). Australian Accounting Standards that have been recently issued or amended, but are not yet effective, have not been adopted in the preparation of this financial report.

### **(c) Significant accounting policies**

The following is a summary of the material accounting policies adopted. The accounting policies have been consistently applied and are consistent with those applied in the 30 June 2006 financial statements.

#### **Income tax**

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

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

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

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

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

# Notes to financial statements continued

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## Note 1. Basis of preparation of the financial report (continued)

### Property, plant and equipment

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

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

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

Class of asset	Depreciation rate
Building improvements	5.0%
Furniture and fittings	2.5 - 20%
Computer software	40%

### Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

### Recoverable amount of assets

At each reporting date, the Company assesses whether there is any indication that an asset is impaired.

Where an indicator of impairment exists, the Company makes a formal estimate of the recoverable amount.

Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

### Goods and services tax

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

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

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet. Cash flows are included in the cash flow statement on a gross basis.

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

# Notes to financial statements continued

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## Note 1. Basis of preparation of the financial report (continued)

### **Employee benefits**

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

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

### **Intangibles**

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

### **Cash**

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

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

### **Revenue**

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

### **Receivables and payables**

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

### **Interest bearing liabilities**

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

### **Provisions**

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

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

# Notes to financial statements continued

## Note 1. Basis of preparation of the financial report (continued)

### Contributed capital

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

### Comparative figures

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

	2007	2006
	\$	\$

## Note 2. Revenue from ordinary activities

### Operating activities

- services commissions	220,732	80,178
- other revenue	316	1,978
<b>Total revenue from operating activities</b>	<b>221,048</b>	<b>82,156</b>
<b>Non-operating activities:</b>		
- interest received	7,288	4,373
- other revenue	-	-
<b>Total revenue from non-operating activities</b>	<b>7,288</b>	<b>4,373</b>
<b>Total revenue from ordinary activities</b>	<b>228,336</b>	<b>86,529</b>

## Note 3. Expenses

### Employee benefits expense

- wages and salaries	181,880	187,070
- superannuation costs	15,244	14,992
- workers' compensation costs	293	539
	<b>197,417</b>	<b>202,601</b>



## Notes to financial statements continued

	2007 \$	2006 \$
<b>Note 3. Expenses (continued)</b>		
<b>Depreciation of non-current assets:</b>		
- plant and equipment	11,134	9,202
- buildings	8,798	9,208
<b>Amortisation of non-current assets:</b>		
- intangibles	24,791	41,546
	<b>44,723</b>	<b>59,956</b>
<b>Finance costs:</b>		
- Interest paid	2	46
Bad debts	848	515

## Note 4. Income tax expense

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

Prima facie tax on loss before income tax at 30%	(45,739)	(113,179)
<b>Add tax effect of:</b>		
- Non-deductible expenses	4,463	11,623
<b>Current income tax benefit</b>	<b>(41,276)</b>	<b>(101,556)</b>
<b>Income tax benefit</b>	<b>(41,276)</b>	<b>(101,556)</b>
<b>Deferred income tax asset</b>		
<b>Future income tax benefits arising from tax losses are recognised at reporting date as realisation of the benefit is regarded as probable.</b>		
	<b>142,832</b>	<b>101,556</b>

## Note 5. Auditors' remuneration

Amounts received or due and receivable by  
Richmond, Sinnott & Delahunty for:

- Audit or review of the financial report of the Company	3,650	3,650
- Other services	498	-
	<b>4,148</b>	<b>3,650</b>

## Notes to financial statements continued

	2007	2006
	\$	\$

### Note 6. Cash assets

<b>Cash at bank and on hand</b>	<b>30,420</b>	<b>148,899</b>
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### Note 7. Receivables

Trade debtors	17,677	6,016
Withholding tax	-	2,100
	<b>17,677</b>	<b>8,116</b>

### Note 8. Property, plant and equipment

#### Buildings

At cost	175,965	175,965
Less accumulated depreciation	(18,006)	(9,208)
	<b>157,959</b>	<b>166,757</b>

#### Plant and equipment

At cost	42,656	42,656
Less accumulated depreciation	(12,733)	(6,537)
	<b>29,923</b>	<b>36,119</b>

#### Computer software

At cost	12,345	12,345
Less accumulated depreciation	(7,603)	(2,665)
	<b>4,742</b>	<b>9,680</b>

<b>Total written down amount</b>	<b>192,624</b>	<b>212,556</b>
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## Notes to financial statements continued

	2007 \$	2006 \$
Note 8. Property, plant and equipment (continued)		
<b>Movements in carrying amounts</b>		
<b>Building</b>		
Carrying amount at beginning of period	166,757	-
Additions	-	175,965
Disposals	-	-
Depreciation expense	(8,798)	(9,208)
<b>Carrying amount at end of period</b>	<b>157,959</b>	<b>166,757</b>
<b>Plant and equipment</b>		
Carrying amount at beginning of period	36,119	-
Additions	-	42,656
Disposals	-	-
Depreciation expense	(6,196)	(6,537)
<b>Carrying amount at end of period</b>	<b>29,923</b>	<b>36,119</b>
<b>Computer software</b>		
Carrying amount at beginning of period	9,680	-
Additions	-	12,345
Disposals	-	-
Depreciation expense	(4,938)	(2,665)
<b>Carrying amount at end of period</b>	<b>4,742</b>	<b>9,680</b>

## Notes to financial statements continued

	2007	2006
	\$	\$

### Note 9. Intangible assets

#### Franchise fee

At cost	60,000	60,000
Less accumulated amortisation	(36,000)	(24,000)
	<b>24,000</b>	<b>36,000</b>

#### Preliminary expenses

At cost	63,953	63,953
Less accumulated amortisation	(30,337)	(17,546)
	<b>33,616</b>	<b>46,407</b>

<b>Total written down amount</b>	<b>57,616</b>	<b>82,407</b>
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### Note 10. Payables

Trade creditors	369	4,717
GST Payable	716	75
Other creditors and accruals	9,322	9,695
	<b>10,407</b>	<b>14,487</b>

### Note 11. Provisions

Employee benefits	17,618	14,742
<b>Number of employees at period end</b>	<b>5</b>	<b>5</b>

### Note 12. Share capital

<b>800,010 Ordinary Shares fully paid of \$1 each</b>	<b>800,010</b>	<b>800,010</b>
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### Note 13. Accumulated losses

Balance at the beginning of the financial year	(275,705)	-
Loss after income tax	(111,169)	(275,705)
<b>Balance at the end of the financial year</b>	<b>(386,874)</b>	<b>(275,705)</b>

## Notes to financial statements continued

	2007 \$	2006 \$
<b>Note 14. Cash flow statement</b>		
<b>(a) Reconciliation of cash</b>		
<b>Cash assets</b>	<b>30,420</b>	<b>148,899</b>
<b>(b) Reconciliation of loss after tax to net cash provided from/(used in) operating activities</b>		
Loss after income tax	(111,169)	(275,705)
<b>Non cash items</b>		
- Depreciation	19,932	18,410
- Amortisation	24,791	41,546
<b>Changes in assets and liabilities</b>		
- (Increase) decrease in receivables	(9,561)	(8,116)
- Increase (decrease) in payables	(4,053)	14,487
- Increase (decrease) in provisions	2,875	14,742
- (Increase) decrease in deferred tax asset	(41,276)	(101,556)
<b>Net cashflows from/(used in) operating activities</b>	<b>(118,461)</b>	<b>(296,192)</b>

## Note 15. Director and related party disclosures

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

Raymond John Bird

Rens John Poels

Michael Ellis Thornley

Vicki Shapcott

John Clifford Joyce (resigned 11 October 2006)

Elaine Gwen Thomson

Florence May Dennis (resigned 11 October 2006)

Lesley Anne O'Hern

Beven Roy Webb

Rae Allison Gâté (appointed 28 March 2007)

Christopher James Hodges (appointed 28 March 2007)

David James Weller (appointed 28 March 2007)

No Director or related entity has entered into a material contract with the Company. Other than detailed below no Director's fees have been paid as the positions are held on a voluntary basis.

## Notes to financial statements continued

### Note 15. Director and related party disclosures (continued)

#### Executive remuneration

	Primary benefits salary & fees \$	Post employment superannuation \$	Other *	Total \$
Michael Ellis Thornley (Branch Manager)				
Year ended 30 June 2007	55,777	5,019	147	60,943
Period ended 30 June 2006	61,346	5,521	145	67,012

Directors shareholdings	2007	2006
Raymond John Bird	3,501	3,501
Rens John Poels	1,001	1,001
Michael Ellis Thornley	1,001	1,001
Vicki Shapcott	502	502
John Clifford Joyce (resigned 11 October 2006)	4,001	4,001
Elaine Gwen Thomson	4,001	4,001
Florence May Dennis (resigned 11 October 2006)	501	501
Lesley Anne O'Hern	2,001	2,001
Beven Roy Webb	501	501
Rae Allison Gâté (appointed 28 March 2007)	-	-
Christopher James Hodges (appointed 28 March 2007)	-	-
David James Weller (appointed 28 March 2007)	500	500

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

### Note 16. Subsequent events

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

## Notes to financial statements continued

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### Note 17. Contingent liabilities

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

### Note 18. Segment reporting

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

### Note 19. Corporate information

Gympie Community Financial Services Ltd is a Company limited by shares incorporated in Australia whose shares are publicly traded on the Bendigo Stock Exchange.

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

	2007	2006
	\$	\$

### Note 20. Earnings per share

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

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

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

<b>Loss after income tax expense</b>	<b>(111,169)</b>	<b>(275,705)</b>
<b>Weighted average number of ordinary shares for basic and diluted earnings per share</b>	<b>800,010</b>	<b>800,010</b>

## Notes to financial statements continued

### Note 21. Financial instruments

The net fair values of financial assets and liabilities approximate the carrying values as disclosed in the Balance Sheet. The Company does not have any unrecognised financial instruments at period end.

#### Credit risk

The maximum exposure to credit risk at balance date to recognised financial assets is the carrying amount of those assets as disclosed in the Balance Sheet and notes to the financial statements.

There are no material credit risk exposures to any single debtor or group of debtors under financial instruments entered into by the economic entity.

#### Interest rate risk

Financial instrument	Fixed interest rate maturing in											
	Floating interest rate		1 year or less		Over 1 to 5 years		Over 5 years		Non Interest bearing		Weighted average effective interest rate	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%

#### Financial

##### assets

Cash assets	8,645	148,899	21,775	-	-	-	-	-	-	-	3.14%	3.00%
Receivables	-	-	-	-	-	-	-	-	17,677	8,116	N/A	N/A

#### Financial

##### liabilities

Payables	-	-	-	-	-	-	-	-	10,434	14,487	N/A	N/A
Interest bearing liabilities	-	-	-	-	-	-	-	-	-	-	N/A	N/A



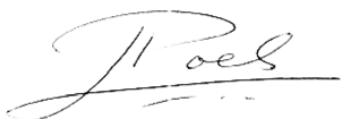
# Directors' declaration

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

In the opinion of the Directors:

- (a) the financial statements and notes of the Company are in accordance with the Corporations Act 2001,  
including:
  - (i) giving a true and fair view of the Company's financial position as at 30 June 2007 and of their  
performance for the year ended on that date; and
  - (ii) complying with Accounting Standards in Australia and Corporations Regulations 2001;
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they  
become due and payable; and
- (c) this declaration has been made after receiving the declarations required to be made to the Directors in  
accordance with section 295A of the Corporations Act 2001 for the financial year ending 30 June 2007.



**Rens Poels**  
**Director**

Signed at Gympie on 12 September 2007.

# Independent audit report

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## **Richmond Sinnott & Delahunty** Chartered Accountants



Partners:  
Kenneth J Richmond  
Warren J Sinnott  
Philip P Delahunty  
Brett A Andrews

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

#### ***SCOPE***

The financial report comprises the balance sheet, income statement, statement of changes in equity, cash flow statement, accompanying notes to the financial statements, and the directors' declaration for Gympie & District Financial Services Limited, for the year ended 30 June 2007.

The directors of the company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the company, and that complies with Accounting Standards in Australia, in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

#### ***Audit approach***

We conducted an independent audit of the financial report in order to express an opinion on it to the members of the company. Our audit has been conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly in accordance with the Corporations Act 2001, including compliance with Accounting Standards in Australia, and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report; and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant account estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

We performed procedures to assess whether the substance of business transactions was accurately reflected in the financial report. These and our other procedures did not include consideration or judgement of the appropriateness or reasonableness of the business plans or strategies adopted by the directors and management of the company.

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10 Forest Street Bendigo 3550. PO Box 30 Bendigo. 3552. Ph: 03 5443 1177. Fax: 03 5444 4344. Email: [rsd@rsdadvisors.com.au](mailto:rsd@rsdadvisors.com.au)  
ABN 60 616 244 309

## Independent audit report continued

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### **INDEPENDENCE**

We are independent of the company, and have met the independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

### **AUDIT OPINION**

In our opinion, the financial report of Gympie & District Financial Services Limited is in accordance with:

- (a) the Corporations Act 2001 including:
  - (i) giving a true and fair view of the company's financial position as at 30 June 2007 and of its performance for the year ended on that date; and
  - (ii) complying with Accounting Standards and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia.

*Richmond Sinnott & Delahunty*

**RICHMOND SINNOTT & DELAHUNTY**  
Chartered Accountants

*W. J. Sinnott*

**W. J. SINNOTT**  
Partner  
Bendigo

Date: 14 September 2007

# BSX report

## Share information

In accordance with Bendigo Stock Exchange listing rules to Company provides the following information as at 3 October 2007, which is within 6 weeks of this report being sent to shareholders.

The following table shows the number of shareholders, broken into various categories showing the total number of shares held.

Number of shares held	Number of shareholders
1 to 1,000	221
1,001 to 5,000	98
5,001 to 10,000	18
10,001 to 100,000	6
100,001 and over	0
<b>Total shareholders</b>	<b>343</b>

Each of the above shareholders are entitled to 1 vote, irrespective of the number of shares held.

There are no substantial shareholders (holding more than 5% of voting rights) as each shareholder is entitled to 1 vote. Normally holding more than 5% of total issued shares would create a substantial shareholder, but this is not applicable due to the voting restrictions for the Company.

There is 1 shareholders holding less than a marketable parcel of shares (\$500 in value).

There are no restricted securities on issue.

All shares on issue are ordinary shares fully paid to \$1 per share. There are no unquoted equity securities.

The following table shows the 10 largest shareholders.

	Number of shareholder shares	Percentage of capital
Mr Ralph & Mrs Paula Kelly	60,000	7.5
Mr Kurt & Mrs Ruth Steinscherer	50,000	6.25
Mr Christopher O'Hare	40,000	5
Skill Centtred Queensland Inc.	20,000	2.5
Winpar Holdings Limited	18,300	2.29
Mr Gavin & Mrs Lynette Burls	12,000	1.5
Mrs Mary Finselbach	10,000	1.25

# BSX report continued

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## Share information (continued)

	Number of shareholder shares	Percentage of capital
Mr Rodney Holzapfel	10,000	1.25
Mrs Betty Holzapfel	10,000	1.25
Mr Brian & Mrs Carmel Reason	10,000	1.25
	<b>240,300</b>	<b>30</b>

There are 10 more shareholders holding 10,000 shares each.

## Registered office and principal administrative office

The registered office of the Company is located at:

68 Mary Street  
Gympie, QLD 4570  
Phone: (07) 5481 1787

The principal administrative office of the Company is located at:

68 Mary Street  
Gympie, QLD 4570  
Phone: (07) 5481 1787

## Security register

The security register (share register) is kept at:

Computershare Investor services  
GPO Box 2975  
Melbourne, VIC 3001

## Other information

Please refer to the Directors report, within the annual report, for details of the Company Secretary and main corporate governance practices of the entity.

There are no material differences between the information in the Company's Annexure 3A and the information in the financial documents in its annual report.

Gympie & District **Community Bank**<sup>®</sup> Branch.  
68 Mary Street, Gympie QLD 4570  
Phone: (07) 5481 1787 Fax: (07) 5481 1232

Franchisee: Gympie & District Financial Services Limited  
68 Mary Street, Gympie QLD 4570  
ABN 79 113 293 173

[www.bendigobank.com.au](http://www.bendigobank.com.au) Bendigo Bank Limited, The Bendigo Centre,  
Bendigo, VIC 3550 ABN 11 068 049 178. AFSL 237879 (BMPAR7042) (09/07)