

annual report 2009



Gympie & District Financial
Services Limited
ABN 79 113 293 173

Gympie & District **Community Bank®** Branch

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Chairman's report

For year ending 30 June 2009

As acting Chair, I take pleasure in presenting this report for 2009.

Globally we saw many changes as first one, and then another country felt the effects of financial crisis. Nationally we seemed cushioned to a degree. Locally, Gympie has managed to cruise steadily along.

The number of accounts has continued to grow and business slowly increase, due to the diligence and competence of our staff and the dedication of our ambassadors.

May 2009 saw the resignation of our inaugural Manager Michael Thornley, and the appointment of Mick McCarthy who is well known and highly respected within our Community. Following the resignation of Beven Webb, I became acting Chair.

The Market Development Fund has allowed us to continue a limited number of sponsorships, while a partnership agreement is slowly taking shape. We look forward to more partnership agreements in the future as they are designed to help the organisation, the Gympie & District **Community Bank**[®] Branch, and most importantly the Community as a whole.

We look forward to being in profit next year, and being able to pay dividends, and further increase our support of the Community, but, we can't achieve this alone. As a shareholder have you:

- Opened at least one account with the Bank?
- Spoken to our staff about all the services available?
- Made an appointment with the Manager regarding a loan?
- Made an appointment with the Financial Adviser regarding investments?
- If a business, have you made an appointment with our Business Banker?
- Urged any organisation you are part of to bank with us?
- Asked us to attend a meeting of your organisation?

Your assistance in any or all of these will grow our business at a much greater rate.

I wish to thank the staff, the **Community Bank**[®] department of Bendigo and Adelaide Bank Ltd and my fellow Directors, and look forward to strengthening our position in the market and being able to support more Community projects in the future.



Elaine Thomson

Acting Chair

Manager's report

For year ending 30 June 2009

It is my pleasure to submit my first Manager's report, since I was appointed on the 14 May 2009.

Firstly I would like to congratulate our previous Manager, Mr Michael Thornley, on doing an excellent job over the past four years. Michael was the Manager from the opening of the Branch in June 2005, starting from scratch to build the business to where we are now, with footings of just over \$43 million.

Whilst the past twelve months have been challenging, congratulations must go to the hardworking staff members, Andrea, Lezette, Kassandra and Sandie. Through the branch's dedication footings have grown by approximately \$11 million for the year which is a fantastic result. Over the past year account numbers have also grown from 2,137 to 2,484.

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

In order for our Company to continue this strong growth we need support from our shareholders. For those shareholders who are not currently making use of the **Community Bank®** branch's products and services, I invite you to come in and experience the high level of quality service and competitive products that we offer.

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

We must work together to achieve our desired results and I look forward to my first full financial year with the Company with great expectations.



Mick McCarthy
Branch Manager

Bendigo and Adelaide Bank Ltd report

For year ending 30 June 2009

2008/09 will go down as one of the most tumultuous financial years in history. The global financial crisis and its aftermath wiped trillions of dollars off the world's net wealth. Some of the biggest names in international banking disappeared; many other banks – vastly bigger than Bendigo and Adelaide Bank Ltd – turned to governments to bail them out. Not surprisingly, confidence sagged, reflected in rising unemployment and stock markets falling by around half their former valuations.

In short, we have seen the biggest financial meltdown since the Great Depression of nearly 80 years ago.

Amidst all that turmoil, though, our grassroots banking movement marched steadily on. Twenty new **Community Bank®** branches joined Bendigo and Adelaide Bank Ltd's national network. Around 120,000 new customers switched to the Bendigo style of banking. And 70 more communities continued their local campaign to open a **Community Bank®** branch.

Those statistics are impressive in themselves, but it is the story behind them that is really important.

That's the story of ordinary people – an awful phrase, but you know what I mean – who inherently understand that the role of a bank is to feed into prosperity, rather than profit from it. That lesson was forgotten by many bankers across the globe, with devastating consequences. But it is now well understood by the residents of 237 towns and suburbs that own their own **Community Bank®** branch, because every day they see the fruits of their investment in locally owned banking.

Again, the statistics are impressive enough – \$29 million paid out in community projects and nearly \$11 million in local shareholder dividends. But again, the real stories lie behind the numbers – new community centres and fire trucks, more local nurses, new walking tracks and swimming pools, safer young drivers, more trees and fewer wasteful incandescent globes, innovative water-saving projects... the list goes on.

And of course more money retained and spent locally. And more jobs. Fifteen hundred or so just in the branches alone. More because of the flow-on, or multiplier, effect of those wages being spent locally. And yet more because of the extra shopping now done in communities made more prosperous and active by having their own bank branch.

Community Bank® branches have not escaped the fallout from the global turmoil. Like Bendigo and Adelaide Bank Ltd, they have received less income than in normal times. But also like Bendigo and Adelaide Bank Ltd, they have not needed anyone's help to get through this crisis. And every day we are reminded that banks that are relevant and connected locally will be valued by their customers and communities. For the better of all.



Russell Jenkins
Chief General Manager

Directors' report

For year ending 30 June 2009

Your Directors submit their report of the Company for the financial year ended 30 June 2009.

Directors

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

Lesley Anne O'Hern

Director
Teacher and Primary Producer

Rens John Poels

Treasurer
Retired Computer Engineer

Beven Roy Webb

Director
Furniture Retailer
(Resigned 3 July 2009)

Vicki Shapcott

Company Secretary
Community Development Officer
(Resigned 30 September 2008)

David James Weller

Director
Event Co-ordinator

Elaine Gwen Thomson

Director/Acting Chair from 1 June 2009
Shop Owner

William Bauer

Company Secretary (Since 30 September 2008)
Retired Civil Engineer

Christopher James Hodges

Director
Business Owner

Rae Allison Gâté

Director
Shire Councillor

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

Other than stated below, no Directors have material interests in contracts or proposed contracts with the Company.

Principal activities

The principal activities of the Company during the course of the financial year were in providing **Community Bank®** services under management rights to operate a franchised branch of Bendigo and Adelaide Bank Ltd.

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

Operating results

The loss of the Company for the financial year after provision for income tax was \$31,784 (2008: \$64,368).

Directors' report continued

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.

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' report continued

Directors' meetings

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

Number of meetings held: 11

Number of meetings attended:

Rens John Poels	11
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Vicki Shapcott (resigned 30 September 2008)	3
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Elaine Gwen Thomson	11
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Lesley Anne O'Hern	8
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Christopher James Hodges	8
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David James Weller	1
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Rae Allison Gâté	7
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Beven Roy Webb (resigned 3 July 2009)	10
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William Bauer	10
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Company Secretary

Will Bauer was appointed Company Secretary on 30 September 2008. His qualifications and experience include a Degree in Civil Engineering, he worked in this profession until his retirement in 2006.

Will has been very active in community service in organisations such as YMCA, Apex and Lions Clubs receiving many awards.

Corporate governance

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

- (a) The establishment of an audit and governance committee. Members of this committee are Acting Chair Elaine Thomson, Secretary Will Bauer and Treasurer Rens Poels.
- (b) Director approval of operating budgets and monitoring of progress against these budgets;
- (c) All Directors have completed basic Director training; and
- (d) Monthly Director meetings to discuss performance and strategic plans.

Auditor independence declaration

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

Richmond Sinnott & Delahunty
Chartered Accountants

Directors' report continued

Richmond Sinnott & Delahunty Chartered Accountants



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

11 September 2009

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

Dear Directors

Auditor's Independence Declaration

In relation to our audit of the financial report of Gympie & District Financial Services Limited for the year ended 30 June 2009, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Warren Sinnott
Partner
Richmond Sinnott & Delahunty

Signed in accordance with a resolution of the Board of Directors at Gympie on 11 September 2009.

Rens Poels
Director

Financial statements

Income statement For year ending 30 June 2009

	Note	2009 \$	2008 \$
Revenue from ordinary activities	2	342,127	293,757
Employee benefits expense	3	(205,481)	(207,823)
Charitable donations and sponsorship		(5,229)	(292)
Depreciation and amortisation expense	3	(39,675)	(44,463)
Finance costs	3	(1,634)	(39)
Other expenses from ordinary activities		(134,755)	(128,416)
Loss before income tax benefit		(44,647)	(87,276)
Income tax benefit	4	12,863	22,908
Loss after income tax benefit		(31,784)	(64,368)
Earnings per share (cents per share)			
- basic for loss for the year	20	(3.97)	(8.05)
- diluted for loss for the year	20	(3.97)	(8.05)

The accompanying notes form part of these financial statements.

Financial statements continued

Balance sheet As at 30 June 2009

	Note	2009 \$	2008 \$
Current assets			
Cash assets	6	250	100
Receivables	7	28,089	22,196
Total current assets		28,339	22,296
Non-current assets			
Property, plant and equipment	8	158,339	172,951
Deferred income tax asset	4	178,595	165,732
Intangible assets	9	8,035	32,826
Total non-current assets		344,969	371,509
Total assets		373,308	393,805
Current liabilities			
Payables	10	18,501	12,554
Bank overdraft	6	31,519	15,951
Provisions	11	6,304	16,532
Total current liabilities		56,324	45,037
Total liabilities		56,324	45,037
Net assets		316,984	348,768
Equity			
Share capital	12	800,010	800,010
Accumulated losses	13	(483,026)	(451,242)
Total equity		316,984	348,768

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of cash flows As at 30 June 2009

	Note	2009 \$	2008 \$
Cash flows from operating activities			
Cash receipts in the course of operations		369,857	317,839
Cash payments in the course of operations		(383,370)	(364,313)
Interest paid		(1,634)	(39)
Interest received		1	242
Net cash provided from operating activities	14b	(15,146)	(46,271)
Cash flows from investing activities			
Purchase of property, plant & equipment		(272)	-
Net cash provided from investing activities		(272)	-
Net increase/(decrease) in cash held		(15,418)	(46,271)
Cash at the beginning of the year		(15,851)	30,420
Cash at the end of the year	14a	(31,269)	(15,851)

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of changes in equity As at 30 June 2009

	Note	2009 \$	2008 \$
Share capital			
Ordinary shares			
Balance at start of year		800,010	800,010
Issue of share capital		-	-
Share issue costs		-	-
Balance at end of year		800,010	800,010
Accumulated losses			
Balance at start of year		(451,242)	(386,874)
Loss after income tax expense		(31,784)	(64,368)
Dividends paid		-	-
Balance at end of year		(483,026)	(451,242)

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ending 30 June 2009

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 11 September 2009.

(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 2008 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 the financial statements continued

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 the financial statements continued

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 the 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.

	2009 \$	2008 \$
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Note 2. Revenue from ordinary activities

Operating activities

- services commissions	341,796	292,691
- other revenue	330	824
Total revenue from operating activities	342,126	293,515

Non-operating activities:

- interest received	1	242
Total revenue from ordinary activities	342,127	293,757

Note 3. Expenses

Employee benefits expense

- wages and salaries	188,735	191,306
- superannuation costs	16,746	16,517
- workers' compensation costs	-	-
	205,481	207,823

Depreciation of non-current assets:

- plant and equipment	6,086	10,875
- buildings	8,798	8,798

Notes to the financial statements continued

	2009 \$	2008 \$
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Note 3. Expenses (continued)

Amortisation of non-current assets:

- intangibles	24,791	24,790
	39,675	44,463

Finance costs:

- Interest paid	1,634	39
Bad debts	3,430	848

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%	(13,394)	(26,183)
Add tax effect of:		
- Non-deductible expenses	531	3,275
Current income tax benefit	(12,863)	(22,908)
Income tax benefit	(12,863)	(22,908)
Deferred income tax asset		
Future income tax benefits arising from tax losses are recognised at reporting date as realisation of the benefit is regarded as probable.	178,595	165,732

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
	3,650	3,650

Notes to the financial statements continued

	2009 \$	2008 \$
Note 6. Cash assets		
Cash at bank and on hand	250	100
Bank overdraft	(31,519)	(15,951)
	(31,269)	(15,851)

Note 7. Receivables

Trade debtors	28,089	22,196
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Note 8. Property, plant and equipment

Buildings

At cost	175,965	175,965
Less accumulated depreciation	(35,602)	(26,804)
	140,363	149,161

Plant and equipment

At cost	42,928	42,656
Less accumulated depreciation	(24,952)	(18,866)
	17,976	23,790

Computer software

At cost	12,345	12,345
Less accumulated depreciation	(12,345)	(12,345)
	-	-

Total written down amount	158,339	172,951
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Movements in carrying amounts

Building

Carrying amount at beginning of year	149,161	157,959
Additions	-	-
Disposals	-	-
Depreciation expense	(8,798)	(8,798)
Carrying amount at end of year	140,363	149,161

Notes to the financial statements continued

	2009 \$	2008 \$
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Note 8. Property, plant and equipment (continued)

Plant and equipment

Carrying amount at beginning of year	23,790	29,923
Additions	272	-
Disposals	-	-
Depreciation expense	(6,086)	(6,133)
Carrying amount at end of year	17,976	23,790

Computer software

Carrying amount at beginning of year	-	4,742
Additions	-	-
Disposals	-	-
Depreciation expense	-	(4,742)
Carrying amount at end of year	-	-

Note 9. Intangible assets

Franchise fee

At cost	60,000	60,000
Less accumulated amortisation	(60,000)	(48,000)
	-	12,000

Preliminary expenses

At cost	63,953	63,953
Less accumulated amortisation	(55,918)	(43,127)
	8,035	20,826
Total written down amount	8,035	32,826

Note 10. Payables

Trade creditors	4,050	1,225
GST payable	3,068	1,698
Other creditors and accruals	11,383	9,631
	18,501	12,554

Notes to the financial statements continued

	2009 \$	2008 \$
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Note 11. Provisions

Employee benefits	6,304	16,532
Number of employees at year end	5	6

Note 12. Share capital

800,010 Ordinary shares fully paid of \$1 each	800,010	800,010
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Note 13. Accumulated losses

Balance at the beginning of the financial year	(451,242)	(386,874)
Loss after income tax	(31,784)	(64,368)
Balance at the end of the financial year	(483,026)	(451,242)

Note 14. Cash flow statement

(a) Reconciliation of cash

Cash at bank and on hand	250	100
Bank overdraft	(31,519)	(15,951)
	(31,269)	(15,851)

(b) Reconciliation of loss after tax to net cash provided from/(used in) operating activities

Loss after income tax	(31,784)	(64,368)
Non cash items		
- Depreciation	14,884	19,673
- Amortisation	24,791	24,790
Changes in assets and liabilities		
- (Increase) decrease in receivables	(5,893)	(4,519)
- Increase (decrease) in payables	5,947	2,146
- Increase (decrease) in provisions	(10,228)	(1,085)
- (Increase) decrease in deferred tax asset	(12,863)	(22,908)
Net cash flows from/(used in) operating activities	(15,146)	(46,271)

Notes to the financial statements continued

Note 15. Director and related party disclosures

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

Rens John Poels

Vicki Shapcott (resigned 30 September 2008)

Elaine Gwen Thomson

Lesley Anne O'Hern

Christopher James Hodges

David James Weller

Rae Allison Gâté

Beven Roy Webb (resigned 3 July 2009)

William Bauer

No Director or related entity has entered into a material contract with the Company. No Directors' fees have been paid as the positions are held on a voluntary basis.

Directors' shareholdings	2009	2008
Rens John Poels	1,501	1,501
Vicki Shapcott (resigned 30 September 2008)	502	502
Elaine Gwen Thomson	4,001	4,001
Lesley Anne O'Hern	2,001	2,001
Christopher James Hodges	500	500
David James Weller	500	500
Rae Allison Gâté	-	-
Beven Roy Webb (resigned 3 July 2009)	501	501
William Bauer	2,000	2,000

There was no movement in Directors' shareholdings during the period. 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 the financial statements continued

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 & District 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.

	2009	2008
	\$	\$

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:

Loss after income tax expense	(31,784)	(64,368)
Weighted average number of ordinary shares for basic and diluted earnings per share	800,010	800,010

Notes to the financial statements continued

Note 21. Financial risk management

The Company has exposure to credit risk, liquidity risk and market risk from their use of financial instruments.

This note presents information about the Company's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board is assisted in the area of risk management by an internal audit function.

(a) Credit risk

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

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

	Carrying amount	
	2009	2008
	\$	\$
Cash assets	250	100
Receivables	28,089	22,196
	28,339	22,296

The Company's exposure to credit risk is limited to Australia by geographic area. The entire balance of receivables is due from Bendigo and Adelaide Bank Ltd.

None of the assets of the Company are past due (2008: 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 Ltd.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company ensures it will have enough liquidity to meet its liabilities when due under both normal and stressed conditions. Liquidity management is carried out within the guidelines set by the Board.

Typically, the Company maintains sufficient cash on hand to meet expected operational expenses, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

In addition, the Company has an established overdraft facility of \$65,000 with Bendigo and Adelaide Bank Ltd.

Notes to the financial statements continued

Note 21. Financial risk management (continued)

The following are the estimated contractual maturities of financial liabilities, including estimated interest payments.

	Carrying amount \$	Contractual cash flows \$	1 year or less \$	Over 1 to 5 years \$	More than 5 years \$
30 June 2009					
Bank overdraft	31,519	(31,519)	(31,519)		
Payables	18,501	(18,501)	(18,501)	–	–
	50,020	(50,020)	(50,020)	–	–
30 June 2008					
Bank overdraft	15,951	(15,951)	(15,951)		
Payables	12,554	(12,554)	(12,554)	–	–
	28,505	(28,505)	(28,505)	–	–

(c) Market risk

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

Interest rate risk

Interest rate risk is that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company reviews the exposure to interest rate risk as part of the regular Board meetings.

Notes to the financial statements continued

Note 21. Financial risk management (continued)

(c) Market risk (continued)

Sensitivity analysis

At the reporting date the interest rate profile of the Company's interest bearing financial instruments was:

	Carrying amount	
	2009	2008
	\$	\$
Fixed rate instruments		
Financial assets	-	-
Financial liabilities	-	-
	-	-
Variable rate instruments		
Financial assets	-	-
Financial liabilities	(31,519)	(15,951)
	(31,519)	(15,951)

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed interest rate financial assets or liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have no impact on profit or retained earnings. For the analysis performed on the same basis as at 30 June 2008 there was also no impact. As at both dates this assumes all other variables remain constant.

(d) Net fair values

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 year end.

Notes to the financial statements continued

Note 21. Financial risk management (continued)

(e) 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 Balance Sheet.

In accordance with the franchise agreement, in any 12 month period, the funds distributed to shareholders shall not exceed the Distribution Limit.

(i) the Distribution Limit is the greater of:

(a) 20% of the profit or funds of the Franchisee otherwise available for distribution to shareholders in that 12 month period; and

(b) subject to the availability of distributable profits, the Relevant Rate of Return multiplied by the average level of share capital of the Franchisee over that 12 month period; and

(ii) the Relevant Rate of Return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

The Board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the Company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the year ended 30 June 2009 can be seen in the Income Statement.

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

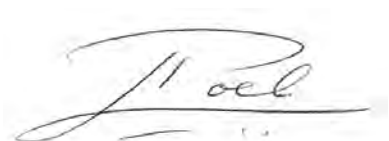
Directors' declaration

In accordance with a resolution of the Directors of Gympie & District Financial Services Limited,

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 2009 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 2009.



Rens Poels

Director

Signed at Gympie on 11 September 2009.

Independent audit report

Richmond Sinnott & Delahunty Chartered Accountants



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

Partners:
Kenneth J Richmond
Warren J Sinnott
Philip P Delahunty
Drew A Andrew

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 2009.

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 established 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.

Woodbury Court, 172 McIvor Road Bendigo 3550. PO Box 30 Bendigo 3552. Ph: (03) 5443 1177. Fax: (03) 5444 4344. Email: rsd@rsdadvincos.com.au

ABN 60 610 244 309

Liability limited by a scheme approved under Professional Standards Legislation

Independent audit report continued

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 2009 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: 11 September 2009

BSX report

Share information

In accordance with Bendigo Stock Exchange listing rules to Company provides the following information as at 25 September 2009, which is within 6 weeks of this report being available to the 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	215
1,001 to 5,000	96
5,001 to 10,000	19
10,001 to 100,000	6
100,001 and over	0
Total shareholders	336

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.

Shareholder	Number of 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
Mr Rodney Holzapfel	10,000	1.25
Mrs Betty Holzapfel	10,000	1.25
Mr Brian & Mrs Carmel Reason	10,000	1.25
	240,300	30

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

BSX report continued

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:

68 Mary Street,

Gympie QLD 4570

Phone: (07) 5481 1787

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**[®] 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/gympie
Bendigo and Adelaide Bank Limited,
The Bendigo Centre, Bendigo VIC 3550
ABN 11 068 049 178. AFSL 237879. (BMPAR9007) (07/09)

