

18 August 2016

**Goldfields Money Limited – Full Year Final Report  
(Appendix 4E) for the year ended 30 June 2016**

The Directors of Goldfields Money Limited (the “Company”) are pleased to announce the audited results of the Company for the year ended 30 June 2016 as follows:

**Results for announcement to the market**

<b>Extracted from the audited Financial Statements for the year ended</b>	<b>Change</b>	<b>\$ 30 June 2016</b>	<b>\$ 30 June 2015</b>
Revenue from operations	-6%	7,230,499	7,663,343
Profit/(loss) after tax attributable to members	-168%	(95,187)	139,951

No dividend was paid or declared by the Company in the period and up to the date of this report. The Directors do not recommend that any amount be paid by way of dividend, for the financial year ended 30 June 2016. No dividends were paid or declared by the Company in respect of the previous year.

	<b>\$ 30 June 2016</b>	<b>\$ 30 June 2015</b>
Net Tangible Assets per share	0.92	0.94

The remainder of the information requiring disclosure to comply with Listing Rule 4.3A is contained in the attached copy of the Financial Statements and comments on performance of the Company included in the Investor Presentation dated 18 August 2016.

Further information regarding Goldfields Money Limited and its business activities can be obtained by visiting the Company’s website at [www.goldfieldsmoney.com.au](http://www.goldfieldsmoney.com.au).

Yours faithfully

Michael Verkuylen  
Company Secretary  
Phone (08) 9438 8888

**Banking on Better Service  
Goldfields Money Limited**

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WA 6004  
T 08 9325 7300

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Kalgoorlie (Registered Office)**  
PO Box 10155 Kalgoorlie WA 6433  
120 Egan Street Kalgoorlie WA 6430  
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90 Dempster Street  
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## Financial Report

ACN:087 651 849

**30 June 2016**

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## Corporate Information

**ACN:** 087 651 849

### Directors

Mr. Peter Wallace	(Chairman and Non-executive Director)
Mr. Derek La Ferla	(Deputy Chairman and Non-executive Director)
Mr. Peter Hall	(Non-executive Director)
Mr. James Austin	(Non-executive Director)
Mr. Keith John	(Non-executive Director)

### Chief Executive Officer

Mr. Simon Lyons

### Company Secretary

Mr. Michael Verkuylen

### The registered office and principal place of business of the Company is:

120 Egan Street  
KALGOORLIE WA 6430  
Phone: 08 9021 6444

### Other Locations:

Esperance Branch	Corporate Office
90 Dempster Street	Suite 30,118 Royal Street
Esperance WA 6450	East Perth WA 6004

### Share Registry:

Advanced Share Registry  
110 Stirling Hwy  
Nedlands WA 6009  
Tel:(618) 9389 8033  
Fax:( 618) 9262 3723

### Exchange Listing

Australian Securities Exchange Limited  
Exchange Plaza  
2 The Esplanade  
Perth, Western Australia 6000  
ASX Code: GMY

### Auditors:

RSM Australia Partners  
8 St Georges Terrace  
Perth WA 6000

### Website Address:

[www.goldfieldsmoney.com.au](http://www.goldfieldsmoney.com.au)

### Corporate Governance:

A copy of the Corporate Governance Policy Statement can be located using the following website address:  
[http://www.goldfieldsmoney.com.au/about\\_us/investors/corporate-governance](http://www.goldfieldsmoney.com.au/about_us/investors/corporate-governance)

The material in this report has been prepared by Goldfields Money Limited ABN 63 087 651 849 ("Goldfields Money" or the "Company") and is current at the date of this report. It is general background information about Goldfields Money's activities, is given in summary form and does not purport to be complete. It is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor. These should be considered with professional advice when deciding if an investment is appropriate.

## **DIRECTORS' REPORT**

Your Directors present their report of Goldfields Money Limited (the "Company") for the year ended 30 June 2016 (FY'2016).

### **DIRECTORS**

The names of the Company's Directors in office during the financial year and until the date of this report are set out below. Directors were in office for the entire period unless otherwise stated.

Mr. Peter Wallace	Chairman and Non-executive Director	
Mr. Derek La Ferla	Deputy Chairman and Non-executive Director	Appointed 13 November 2015
Mr. Peter Hall	Non-executive Director	Appointed 13 November 2015
Mr. James Austin	Non-executive Director	
Mr. Keith John	Non-executive Director	Appointed 27 May 2016
Mr. Robert Bransby	Non-executive Director	Resigned 27 May 2016
Mr. Allan Pendal	Non-executive Director	Resigned 13 November 2015
Mr. William McKenzie	Non-executive Director	Resigned 13 November 2015

### **OPERATING AND FINANCIAL REVIEW**

Key operating and financial metrics for the period are as follows:

<b>Key Metric</b>	<b>30 June 2016</b>	<b>30 June 2015</b>	<b>Movement %</b>
<b>Total assets</b>	156,579,653	158,984,195	-1.5%
<b>Loans</b>	128,798,590	126,040,931	2.2%
<b>Loans held in off balance sheet facility</b>	26,035,307	19,751,001	31.8%
<b>Total loans under management</b>	154,833,897	145,791,932	6.2%
<b>Deposits</b>	138,665,272	143,214,317	-3.2%
<b>Ave. Net Interest Margin</b>	1.98%	1.87%	0.11%
<b>Capital adequacy ratio</b>	20.92%	19.20%	1.72%
<b>Net statutory (loss)/profit after tax</b>	(95,187)	139,951	-168.0%

\* Expressed as absolute change

A total of \$24.6m of new loans were originated during the year resulting in a net increase in loans under management of \$9m after repayments. This growth has been funded both on-balance sheet and through the off-balance sheet funding facility. Utilisation of the off-balance sheet funding facility commenced in FY'2015 and the continued increase has seen service and residual fee income increase from \$19,300 in FY2015 to \$151,467 for FY'2016. As at 30 June 2016 the facility was drawn by \$26m with \$34m remaining available within the existing facility, and some scope to grow this facility if needed.

Net interest income and margin continued to improve over FY'2016 due in part to improved yields on the lending book following an interest rate increase in December 2015 and relatively stable funding costs. Net interest revenue for the year grew by 5.77% to \$3,109,875 (2015: \$2,940,211).

The overall quality of the lending portfolio remains strong, although there has been some increase in the value of loans in arrears over the past 12 months. Loans greater than 30 days increased slightly to 1.02% of loans compared to 0.91% at 30 June 2015. Impaired loans are well secured and have been adequately provisioned for with impairment losses of \$50,124 recognised during the year.

The net statutory loss for the year includes termination payments for former management of \$300,395 and an additional \$57,000 in other costs associated with appointing a new management team. These balances include the termination payment made to the former Chief Executive Officer. Reversing the impact of these two items, net profit after tax would have been \$154,989, an improvement of 10.7% over the prior year

In May 2016, the Company successfully completed a capital raising to institutional and sophisticated investors of 2,350,024 shares at \$0.90 per share to raise proceeds of approximately \$2.11million. The price achieved was at premium to the closing price, prior to the placement, and the issue was managed internally so no fees were paid to corporate advisors.

## DIRECTORS' REPORT (continued)

The funds raised will be used to:

Digitise the back office and develop a banking platform to enable more effective third party distribution to existing and new distribution partners

- Revamp the brand and website capability of Goldfields Money
- Increase the Tier 1 Common Equity capital to facilitate more growth in the loan portfolio
- Provide working capital to fund further business expansion

The capital raising has increased the Company's regulatory capital adequacy ratio to 20.92% as at 30 June 2016.

### PRINCIPAL ACTIVITY

The principal activities of the Company were the provision of a range of banking products and services to existing and new customers. Goldfields Money Limited is an authorised deposit taking institution. There was no significant change in these activities throughout the year.

### DIVIDENDS

No dividend was paid or declared by the Company in the period and up to the date of this report. The Directors do not recommend that any amount be paid by way of dividend, for the financial period ended 30 June 2016.

### DIRECTORS

The names and details of the Company's Directors in office at any time during or since the end of the year up to the date of this report are as follows. Directors were in office for the entire period unless otherwise stated.

#### Peter Wallace (Chairman and Non-executive Director)

Mr Wallace was appointed a director in August 2014. He has more than 40 years of experience from a range of appointments held within the banking and financial services industry. Mr. Wallace was previously the Head of Corporate (Western Australia) for Bell Potter Securities Ltd where he directed capital raisings for several large publicly listed companies as well as provided a variety of corporate advisory services to both private and publicly owned companies. Over the past 25 years he also held executive management positions with Westpac Banking Corporation, Challenge Bank Ltd and National Australia Bank Ltd. Previous public company experience includes directorships with Tethyan Copper Ltd, RuralAus Investments Ltd and Decmil Engineering Ltd.

During the past three years he has served as a director of the following listed companies:

- Katana Capital Limited –appointed 19 September 2005
- Neptune Marine Services Limited – appointed 8 July 2011

Mr Wallace is a Senior Fellow of the Financial Services Institute of Australia, a Fellow of the Australian Institute of Company Directors and an Associate Fellow of the Australian Institute of Management. He is Chair of the Remuneration Committee.

#### Derek La Ferla (Deputy Chairman and Non-executive Director)

Mr La Ferla was elected as a Director in November 2015. He has over 30 years' experience as a corporate lawyer and Company Director, and has held senior positions with some of Australia's leading law firms. At present, Mr La Ferla is a Partner with Western Australian firm, Lavan Legal, in the firm's Corporate Advisory Group. Mr La Ferla is a member of the firm's Advisory Board and previously served on the Norton Rose Australia National Board (while the firm was known as Deacons).

During the past three years he has served as a director of the following listed companies:

- OTOC Limited –appointed 28 October 2011
- Sandfire Resources NL – appointed 17 May 2010
- Threat Protect Australia Limited – 3 September 2015

Previously a Director of the listed company, Katana Capital Limited, Mr La Ferla is a Fellow of the Australian Institute of Company Directors and a member of the AICD Council (WA Division).

Mr La Ferla is Chair of the Audit Committee and is also a member of the Risk & Compliance and Remuneration Committees.

## **DIRECTORS' REPORT (continued)**

### **James Austin (Non-executive Director)**

Mr Austin was appointed a Director in November 2013. He is currently the CFO of Firstmac Limited, one of Australia's largest non-bank lenders, a role he has held since 2005. Mr Austin studied at Queensland University of Technology where he obtained his Bachelor of Business (Accounting) and is a member of the Institute of Chartered Accountants. Mr Austin gained international finance experience while working for CSFB and Abbey National London in London. Upon returning to Australia Mr Austin worked for HSBC in Sydney for three years, before being promoted to the position of Chief Operating Officer HSBC Japan where he stayed for a further six years. At Firstmac, he managed the acquisition and integration of HSBC's \$2.2 billion residential mortgage portfolio in 2006, and has overseen the issuance of more than \$7 billion of RMBS in his time with the group.

Mr Austin is a member of the Audit Committee.

### **Keith John (Non-executive Director)**

Mr John was appointed a Director in May 2016. Mr John is the Founder and Managing Director of ASX listed financial services provider Pioneer Credit Limited (ASX: PNC) and has over 20 years' experience in the receivables management industry. He is a former director of ACA International Inc (the US based representative body of the receivables management industry worldwide) and TCM Group International Inc (the largest independent network of affiliated agents in the world).

Mr John is a Director of the peak industry body of the Debt Purchase Industry in Australia, Australian Collectors & Debt Buyers Association Limited, Midbridge Investments Pty Ltd and Box International Pty Ltd, publisher of the leading Australian luxury magazine 'Box Magazine'.

Mr John is a member of the Risk & Compliance Committee and Remuneration Committee.

### **Peter Hall (Non-executive Director)**

Mr Hall was elected as a Director in November 2015 and is an experienced financial services industry professional. Previous Board and industry appointments include: Non Executive Director of BLSSA Pty Ltd (the licensing Board for Advantaged Financial Services, a NAB subsidiary), Chair of the CoreLogic RP Data sponsored Residential Valuation Industry Advisory Group, Ministerial Advisory Board Member for NSW Housing Minister and Chairman and Council Member of the Lenders Mortgage Insurance sub-committee. Mr Hall has also held the senior executive position of Country Executive of Genworth Financial Aust. & NZ and Managing Director of Genworth Financial Mortgage Insurance Aust. & NZ.

Mr Hall holds a Graduate Diploma of Management, has completed Executive Management Programs at GE's global management college, is a Fellow of the Australian Institute of Company Directors, an Associate Fellow of the Australian Institute of Management, a Senior Associate of the Financial Services Institute of Australia and has received a Distinguished Service Award from the Australian Securitization Forum.

Mr Hall is the Chair of the Risk & Compliance Committee and is also a member of the Audit Committee.

### **Allan Pandal (Resigned 13 November 2015)**

Mr Pandal was elected the Chairman of the Board in October 2005 after serving as a Director since November 2002. Following 22 years experience in banking and 6 years experience as chief financial officer of a public company, Mr Pandal became a partner in a real estate business and is a former State Councillor of the Real Estate Institute of WA. He is also Deputy Mayor of the City of Kalgoorlie Boulder and a Board member of the Small Business Development Corporation.

### **William McKenzie (Resigned 13 November 2015)**

Mr McKenzie has served as a Director since October 1994. He was Chairman of the Board of Directors from April 2003 to October 2005. He practices Law in partnership with his wife in their law firm.

## DIRECTORS' REPORT (continued)

### Michael Verkuylen (Company Secretary)

Mr Verkuylen was appointed as Company Secretary on 25 June 2012 and is also the Chief Financial Officer. He is a Chartered Accountant with over 10 years' experience in the banking and financial services. He previously held a position with a major international accounting firm and is a graduate member of the Governance Institute of Australia.

### INTEREST IN SHARES AND OPTION OF THE COMPANY

As at the date of this report, the Directors hold shares of the company in their own name or a related body corporate as follows:

	Number of ordinary shares	Number of options over ordinary shares
Peter Wallace	68,535	-
Derek La Ferla	-	-
Peter Hall	13,534	-
James Austin	-	-
Keith John	-	-

Interest in shares and options above were acquired by the Directors at their own expense and does not form part of their remuneration.

### SHARE OPTIONS

The Company has on issue 4,500,000 free attaching options. The 4,500,000 options over ordinary shares issued are unlisted, have an exercise price of \$1.50 and expire in May 2019.

### INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company has paid or agreed to pay a premium in relation to a contract insuring the Directors and Officers listed in this report against those liabilities for which insurance is permitted under Section 199B of the Corporations Act 2001. The terms of the policy prohibit disclosure of details of the amount of the insurance cover and the premium paid.

The Company has not otherwise, during or since the relevant period, indemnified or agreed to indemnify an Officer or auditor of the Company or of any related body corporate against a liability incurred as such an Officer or auditor.

### MEETINGS OF DIRECTORS

The number of Board and Committee meetings held during the financial year, and attendance by each Director is as follows:

	Board		Audit Committee		Risk & Compliance Committee		Remuneration	
	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible
P Wallace	8	8	1	1	1	1	2	2
D La Ferla	4	4	3	3	3	3	1	1
P Hall	4	4	3	3	3	3	-	-
J Austin	7	8	4	4	1	1	1	1
K John	1	1	-	-	1	1	-	-
A Pandal	4	4	-	-	-	-	1	1
W McKenzie	3	4	1	1	1	1	-	-
R Bransby	8	8	-	-	2	2	-	-

### CHANGES IN THE STATE OF AFFAIRS

Except for the matters discussed elsewhere in this directors' report, in the opinion of the Directors, there were no significant changes in the state of affairs of the Company that occurred during the financial period under review, not otherwise disclosed in these financial statements.

### EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

In the opinion of the Directors there has not arisen in the period between the end of the financial year and the date of this report any material item, transactions or event that is likely to significantly affect the operations of the Company.



## **DIRECTORS' REPORT (continued)**

### **PROCEEDINGS ON BEHALF OF THE COMPANY**

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to 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 part of those proceedings.

### **ENVIRONMENTAL REGULATIONS**

The Company's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation.

### **LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS**

The company intends to continue to implement its strategic objectives and plans as presented in its Investor Presentations announced on the ASX. This includes continuing to leverage strategic partnerships and distribution arrangements to generate the required level of balance sheet growth, enhance operational efficiency and seek corporate transactions needed to build adequate shareholder returns.

No other matter, circumstance or likely development in the operations has arisen since the end of the financial year that has significantly affected or may significantly affect:

- (i) The operations of the Company;
- (ii) The results of those operations; or
- (iii) The state of affairs of the Company

in the financial years subsequent to this financial year.

### **RISK MANAGEMENT POLICIES**

The Company has in place appropriate risk management policies covering significant identifiable risks. These include policies and procedures for credit, liquidity, operations, data, and market risks. Risk management policies are reviewed at least annually and are subject to audit. Further information on the Company's risk management policies are located in this document and also considered in the Corporate Governance Policy Statement at:

[http://www.goldfieldsmoney.com.au/about\\_us/investors/corporate-governance](http://www.goldfieldsmoney.com.au/about_us/investors/corporate-governance)

### **AUDITORS INDEPENDENCE DECLARATION**

Our auditor, RSM Australia Partners, has provided the Board of Directors with an independence declaration in accordance with section 307C of the Corporations Act 2001. The independence declaration is included within the financial statements.

### **NON-AUDIT SERVICES**

The following non-audit services were provided by the entity's auditor, RSM Australia Partners. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

RSM Australia Partners received or is due to receive the following amounts for the provision of non-audit services:

	\$
Tax compliance services	6,600
Non assurance related	4,000
	<hr/> 10,600 <hr/>

## DIRECTORS' REPORT (continued)

### REMUNERATION REPORT (AUDITED)

This remuneration report for the year ended 30 June 2016 outlines the remuneration arrangements of the Company in accordance with the requirements of the Corporations Act 2001 (the Act) and its regulations. This information has been audited as required by section 308(3C) of the Act. The remuneration report is presented under the following sections:

1. Introduction
2. Remuneration governance
3. Executive remuneration arrangements
  - A. Remuneration principles and strategy
  - B. Approach to setting remuneration
  - C. Detail of incentive plans
4. Executive remuneration outcomes for 2016 (including link to performance)
5. Executive contracts
6. Non-executive director remuneration (including statutory remuneration disclosures)
7. Additional disclosures relating to options and shares
8. Loans to key management personnel and their related parties
9. Other transactions and balances with key management personnel and their related parties

#### 1. Introduction

The remuneration report details the remuneration arrangements for key management personnel (KMP) who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company. For the purposes of this report, the term "executive" includes the Chief Executive Officer (CEO), Chief Financial Officer (CFO) and Joint Company Secretaries of the Company.

The table below outlines the KMP of the Group and their movements during FY'2016:

#### (i) Non-executive directors (NEDs)

Peter Wallace	Chairman (non-executive)
Derek La Ferla	Deputy Chairman (non-executive) - Appointed 13 November 2015
James Austin	Director (non-executive)
Peter Hall	Director (non-executive) - Appointed 13 November 2015
Keith John	Director (non-executive) - Appointed 27 May 2016
Robert Bransby	Director (non-executive) - Resigned 27 May 2016
Allan Pandal	Director, Chairman (non-executive) - Resigned 13 November 2015
William McKenzie	Director, Deputy Chairman (non-executive) - Resigned 13 November 2015

#### (ii) Other executives

Simon Lyons	Chief Executive Officer - Appointed 18 January 2016
David Holden	Chief Executive Officer - Terminated 11 September 2015
Michael Verkuylen	Joint Company Secretary and Chief Financial Officer
Robert Whittingham	Joint Company Secretary - Resigned 22 July 2016

All KMP were appointed for the full year unless stated otherwise.

#### 2. Remuneration governance

The board of directors is responsible for determining and reviewing compensation arrangements for the executive team. The remuneration committee was established to assist the Board in meeting its responsibilities.

## DIRECTORS' REPORT (continued)

### Remuneration committee

The remuneration committee comprises three NEDs with a majority being independent. The remuneration committee meets at least twice a year and is required to make recommendations to the board on matters related to the remuneration arrangements for NEDs and executives. The CEO attends certain remuneration committee meetings by invitation, where management input is required. Executives are not present during any discussions related to their own remuneration arrangements.

The board approves the remuneration arrangements of the CEO and other executives and all awards including incentive plans and other employee benefit programs. The board also sets the aggregate remuneration of NEDs, which is then subject to shareholder approval, and NED fee levels.

Further information on the remuneration committee's role, responsibilities and membership can be seen at [http://www.goldfieldsmoney.com.au/about\\_us/investors/corporate-governance](http://www.goldfieldsmoney.com.au/about_us/investors/corporate-governance).

### Use of remuneration consultants

To ensure the remuneration committee is fully informed when making remuneration decisions, the remuneration committee may seek external remuneration advice. During the year the Company did not seek external advice in relation to remuneration.

### Remuneration report approval at 2015 Annual General Meeting (AGM)

The 2015 remuneration report received positive shareholder support at the 2015 AGM with a vote of 99%.

## 3. Executive remuneration arrangements

### 3A. Remuneration principles and strategy

Goldfields Money Limited's executive remuneration strategy aims to attract and retain executives who will create shareholder value and fairly and responsibly reward them for performance.

The following diagram illustrates how the Company's remuneration strategy aligns with the strategic direction and links remuneration outcomes to performance.

Business Objective	
<i>"To become a Significant Financial Institution."</i>	
Link between remuneration strategy and business objectives	
<b>Align the interests of executives with shareholders</b> <ul style="list-style-type: none"> <li>The remuneration framework incorporates "at-risk" components, including a performance based incentive</li> <li>Performance is assessed against a suite of financial and non-financial measures relevant to the success of the company and generating returns for shareholders</li> </ul>	<b>Attract, motivate and retain high performing individuals</b> <ul style="list-style-type: none"> <li>The remuneration offering is competitive for companies of a similar size, nature and complexity</li> <li>Longer-term remuneration encourages retention and multi-year performance focus.</li> </ul>

## DIRECTORS' REPORT (continued)

### REMUNERATION REPORT (AUDITED)

Remuneration component	Vehicle	Purpose	Link to performance
Fixed remuneration	<ul style="list-style-type: none"> <li>Represented by total employment cost (TEC).</li> <li>Comprises base salary, superannuation contributions and other benefits.</li> </ul>	To provide competitive fixed remuneration set with reference to role, market and experience.	Company and individual performance are considered during the annual remuneration review.
Short term performance based incentive	<ul style="list-style-type: none"> <li>Paid in cash</li> </ul>	Rewards executives for their contribution to achievement Company outcomes, as well as individual key performance indicators (KPIs).	<ul style="list-style-type: none"> <li>Net profit after tax is the key financial metric.</li> <li>Linked to other internal financial measures, strategic objectives, risk management, compliance and leadership.</li> </ul>
Long term incentive plan (LTI)	<ul style="list-style-type: none"> <li>Benefits settled in cash</li> </ul>	Rewards executives for their contribution to the creation of shareholder value over the longer term.	<ul style="list-style-type: none"> <li>Vesting of incentive is dependent on achieving key strategic objectives, including implementation of products distribution arrangements, shareholder returns and corporate transaction.</li> </ul>

#### 3B. Approach to setting remuneration

The Company aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Company and aligned with market practice of entities of a similar size, nature and complexity.

Remuneration levels are considered annually through a remuneration review that considers market data, insights into remuneration trends, the performance of the company and individual, and the broader economic environment.

For financial year 2016 the CEO's remuneration comprised a base salary plus a short term incentive component of up to 40% (2015: 25%) of the base salary.

#### 3C. Detail of incentive plans

##### Short-term incentive (STI)

The CEO and other executives are eligible for an annual performance based incentive of up to 40% of their base salary (excluding superannuation). In determining the extent of any performance based incentive the Board will assess achievement of clearly defined key performance indicators.

Performance based incentives awarded to the CEO and other executives depend on the extent to which specific targets set at the beginning of the financial year are met. The targets consist of a number of key performance indicators (KPIs) covering financial and non-financial, corporate and individual measures of performance. A summary of the measures are set out below.

Financial measures	Non-financial measures
Financial Year 2016	
<ul style="list-style-type: none"> <li>Grow profit by customer acquisition &amp; retention and margin management</li> </ul>	<ul style="list-style-type: none"> <li>Develop an aligned and engaged culture</li> <li>Increase customer numbers and profitability</li> <li>Grow profile and engagement with investment community and stakeholders</li> <li>Enhance internal effectiveness and efficiency</li> <li>Embedding of risk management culture as foundation to profitable growth</li> </ul>

## DIRECTORS' REPORT (continued)

### REMUNERATION REPORT (AUDITED)

These performance measures were chosen as they represent the key drivers for the achievement of the business objectives and overall success of the business and provide a framework for delivering sustainable value. On an annual basis, after consideration of performance against KPIs, the Board, in line with their responsibilities, determines the amount, if any, of the short-term incentive to be paid to each executive, seeking recommendations from the CEO as appropriate.

There were no STI payments paid or payable during the period.

#### Long-term incentive (LTI)

LTI awards will be made to executives in order to align remuneration with the creation of shareholder value over the long-term. As such, LTI awards are only made to executives and other key talent who have an impact on the Company's performance against the relevant long-term performance measure.

During the year there was a change in CEO resulting in the appointment of Simon Lyons on 18 January 2016. As part of determining an appropriate remuneration structure the Remuneration Committee agreed, subject to shareholder approval, that Mr Lyons LTI should comprise equity based incentives. Further information regarding the proposed LTI, including information on the equity based incentives to be issued will be provided as part of the Notice of Meeting for the 2016 Annual General Meeting. Other executives will also be offered similar LTI structures.

The former CEO and other executives were not paid or awarded any LTI during the period.

#### Termination and change of control provisions

Where a participant ceases employment prior to their award vesting due to resignation or termination for cause, awards will be forfeited. Where a participant ceases employment for any other reason, they may retain a portion of the unvested benefit pro-rated to reflect participant's period of service during the LTI grant performance period. These unvested benefits only vest subject to meeting the relevant LTI performance measures.

In the event of a change of control of the Company, the performance period end date will generally be brought forward to the date of the change of control and awards will vest subject to performance over this shortened period, subject to ultimate Board discretion.

#### Hedging of equity awards

Currently the Company does not have any equity awards. However the Company has a policy which in the event equity awards were issued, prohibits executives from entering into arrangements to protect the value of the equity awards. The prohibition includes entering into contracts to hedge their exposure to options awarded as part of their remuneration package.

### 4. Executive remuneration outcomes for 2016 (including link to performance)

#### Company performance and its link to short-term incentives

The financial performance measures driving performance based incentive payment outcomes is net profit after tax (NPAT). The following table shows the link between performance based incentives and shareholder wealth (or member wealth prior to listing) over the last 5 years:

Financial Year Ending 30 June	Net profit after tax \$	Share price at balance date (cents)
2012	468,451	105.0
2013	196,709	100.0
2014	190,052	102.0
2015	139,951	85.0
2016	(95,187)	91.0

#### Performance against FY2016 NPAT targets

FY2016 incentives were determined by the Board after taking into account performance against the KPI's.

# DIRECTORS' REPORT (continued)

## REMUNERATION REPORT (AUDITED)

### Remuneration of key management personnel

		Short-term benefits				Post-employment	Long-term benefits		Shared-based payments		Termination	Total	Performance related
		Salary & fees	Cash bonus	Non-monetary benefits	Other	Superannuation	Cash Incentive	Long service leave	Share Options	Shares			
		\$	\$	\$	\$	\$	\$	\$					
<b>Executives</b>	<b>Year</b>												
Simon Lyons <sup>1</sup>	2016	126,923	-	4,605	-	8,169	-	-	-	-	-	139,697	-
	2015	-	-	-	-	-	-	-	-	-	-	-	-
David Holden <sup>2</sup>	2016	79,061	-	928	-	31,957	-	-	-	-	245,333	357,279	-
	2015	250,000	12,000	2,945	-	23,750	-	-	-	-	-	288,695	4.20
Michael Verkuylen	2016	205,019	-	5,401	-	27,081	-	-	-	-	-	237,501	-
	2015	180,000	8,000	2,466	-	17,100	-	-	-	-	-	207,566	3.90
Rob Whittingham <sup>3</sup>	2016	98,654	-	425	-	9,372	-	-	-	-	-	108,451	-
	2015	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	2016	509,657	-	11,359	-	76,579	-	-	-	-	245,333	842,928	-
	2015	430,000	20,000	5,411	-	40,850	-	-	-	-	-	496,261	8.1

<sup>1</sup>Appointed on 18 January 2016

<sup>2</sup>Terminated employment as at 11 September 2015

<sup>3</sup>Appointed Joint Company Secretary on 18 September 2015

## DIRECTORS' REPORT (continued)

### REMUNERATION REPORT (AUDITED)

#### 5. Executive Contracts

Remuneration arrangements for KMP are formalised in employment agreements. Details of these contracts are provided below:

Executives	Salary per annum	Term for cause	Term of agreement and notice period
Simon Lyons	\$300,000 plus superannuation up to the Maximum Superannuation Contribution Base	None	Continuing with 12 months notice by the Company or six months by employee
David Holden	\$260,000 plus superannuation contributions currently at 9.5%	None	Continuing with 12 months notice by the Company or three months by employee
Michael Verkuylen	\$190,000 plus superannuation contributions currently at 9.5%	None	Continuing with 3 months notice by either party
Rob Whittingham	\$135,000 plus superannuation contributions currently at 9.5%	None	Continuing with 1 month notice by either party

#### Termination payments:

On 11 September 2015 Mr David Holden's employment was terminated. In accordance with the terms of his agreement, payment in lieu of \$245,333 was made plus superannuation contributions of \$23,306.

#### 6. Non-executive director remuneration arrangements (including statutory remuneration disclosures)

##### Remuneration policy

The board seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders. The amount of aggregate remuneration sought to be approved by shareholders and the fee structure is reviewed annually against fees paid to NEDs.

The Company's constitution and the ASX listing rules specify that the NED fee pool shall be determined from time to time by a general meeting. The latest determination was at the 2013 AGM held on 15 November 2013 when shareholders approved an aggregate fee pool of \$200,000 per year.

The board will seek an increase for the NED pool at the 2016 AGM from \$200,000 to \$500,000.

##### Structure

The remuneration of NEDs consists of directors' fees. The table below summarises the NED fees excluding superannuation contributions for financial year 2016:

Type of Fee	Amount per annum
Chairman	\$50,000
Deputy Chairman	\$35,000
Non-executive Director	\$30,000

NEDs receive superannuation contributions of 9.5% of earnings but do not receive any other retirement benefits, nor do they participate in any incentive programs.

## DIRECTORS' REPORT (continued)

### REMUNERATION REPORT (AUDITED)

The remuneration of NEDs for the years ended 30 June 2016 and 30 June 2015 is detailed in table below.

		Short-term benefits			Post-employment	Long-term benefits	
		Salary & fees \$	Non-monetary benefits	Other	Superannuation	Long service leave	Total
Non-executive directors							
Peter Wallace	2016	35,301	-	-	3,354	-	38,655
	2015	20,147	-	-	1,914	-	22,061
Derek La Ferla <sup>1</sup>	2016	18,336	-	-	1,742	-	20,078
	2015	-	-	-	-	-	-
Peter Hall <sup>1</sup>	2016	16,632	-	-	1,580	-	18,212
	2015	-	-	-	-	-	-
James Austin	2016	25,333	-	-	2,407	-	27,740
	2015	20,500	-	-	1,947	-	22,447
Keith John <sup>2</sup>	2016	2,500	-	-	237	-	2,737
	2015	-	-	-	-	-	-
Allan Pandal <sup>3</sup>	2016	10,660	-	-	1,013	-	11,673
	2015	27,500	-	-	2,613	-	30,113
Bill McKenzie <sup>3</sup>	2016	8,486	-	-	806	-	9,292
	2015	20,500	-	-	1,947	-	22,447
Robert Bransby <sup>4</sup>	2016	22,833	-	-	2,169	-	25,002
	2015	12,133	-	-	1,153	-	13,286
Total	2016	140,081	-	-	13,308	-	153,389
	2015	100,780	-	-	9,574	-	110,354

<sup>1</sup> Appointed 13 November 2015

<sup>2</sup> Appointed 27 May 2016

<sup>3</sup> Resigned 13 November 2015

<sup>4</sup> Resigned 27 May 2016

### 7. Additional disclosures relating to options and shares

The numbers of shares in the company held during the financial year by each director of the Company and other key management personnel, including their personally related parties, are set out below. There were no shares granted during the reporting period as compensation.

#### Shareholdings of key management personnel

2016	Balance at the start of the year	Received on exercise of options during the year	Other movement	Balance at the end of the year
<b>Director</b>				
Peter Wallace	-	-	68,535	68,535
Derek La Ferla	-	-	-	-
Peter Hall	-	-	13,534	13,534
James Austin	-	-	-	-
Keith John	-	-	-	-
Allan Pandal	39,606	-	-	39,606
William McKenzie	65,303	-	-	65,303
Robert Bransby	20,000	-	13,000	33,000
<b>Executives</b>				
Simon Lyons	-	-	150,000	150,000
Michael Verkuylen	9,400	-	85,000	94,400
David Holden	228,747	-	-	228,747



## DIRECTORS' REPORT (continued)

### REMUNERATION REPORT (AUDITED)

#### Option holdings of key management personnel

2016	Balance at start of year	Granted as remuneration	Options exercised	Net change other	Balance at end of the year	Vested (exercisable)	Non-vested (Non-exercisable)
<b>Director</b>							
Peter Wallace	-	-	-	-	-	-	-
Derek La Ferla	-	-	-	-	-	-	-
Peter Hall	-	-	-	-	-	-	-
James Austin	-	-	-	-	-	-	-
Keith John							
Allan Pandal	17,500	-	-	-	17,500	17,500	-
William McKenzie	25,000	-	-	-	25,000	25,000	-
Robert Bransby	10,000	-	-	-	10,000	10,000	-
<b>Executives</b>							
Simon Lyons	-	-	-	-	-	-	-
Michael Verkuylen	-	-	-	-	-	-	-
David Holden	100,000	-	-	-	100,000	100,000	-

#### 8. Loans to key management and their related parties

(i) Details of aggregate of loans to key management personnel and their related parties:

Aggregate	Balance at beginning of period	Interest charged	Interest relating to key related parties during key personnel employment period	Interest relating to key related parties during key personnel non-employment period	Write-off or allowance for doubtful debt	Balance at end of period	Number of KMP in group
2016	2,252,533	95,410	27,040	68,370	0	2,109,549	2

(ii) Details of key management personnel and their related parties with aggregate of loans above \$100,000 in the reporting period:

KMP and related party	Balance at beginning of period	Interest charged	Interest relating to key related parties during key personnel employment period	Interest relating to key related parties during key personnel non-employment period	Write-off or allowance for doubtful debt	Balance at end of period	Highest amount of indebtedness during period
David Holden *	1,298,766	53,028	11,091	41,936	0	1,245,670	1,298,766
William McKenzie**	953,252	42,364	15,949	26,434	0	863,879	954,024

\* Terminated on 11 September 2015

\*\*Loans are to closely related parties. Resigned 13 November 2015

(iii) Terms and conditions of loans to key management personnel and their related parties

Loans to key management personnel are made on terms equivalent to an arm's length transaction, that is terms and conditions are similar to those offered to other customers at the time a loan is funded. All loans are secured by a registered first mortgage over property.

## DIRECTORS' REPORT (continued)

### 9. Other transactions and balances with key management personnel and their related parties

During the period, the Company paid \$27,436 to Avy Nominees Pty Ltd in relation to leased premises. Non-Executive Director, Mr Keith John is a beneficiary of The John Family Primary Investments Trust and the sole Director and Secretary of Avy Nominees Pty Ltd, which is trustee of The John Family Primary Investments Trust. The amount paid excludes variable outgoings and management fees.

All other transactions have occurred within a normal employee, customer or supplier relationship on terms and conditions no more favourable than those that it is reasonable to expect the Company would have adopted if dealing at arms-length with an unrelated person. Refer to Note 29 for further information.

### End of Remuneration Report



Signed in accordance with a Resolution of Directors

Peter Wallace - Chairman

Dated this 18<sup>th</sup> day of August 2016

**RSM Australia Partners**

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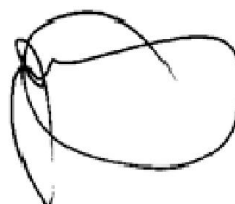
**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the audit of the financial report of Goldfields Money Limited for the year ended 30 June 2016, I declare that, to the best of my knowledge and belief, 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.

A handwritten signature in black ink that reads 'RSM'.

RSM AUSTRALIA PARTNERS

A handwritten signature in black ink, appearing to be 'J A Komninos'.

Perth, WA  
Dated: 18 August 2016

J A KOMNINOS  
Partner

## STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2016

	Note	2016 \$	2015 \$
Interest revenue	2	6,722,634	7,259,134
Interest expense	2	<u>(3,612,759)</u>	<u>(4,318,923)</u>
Net interest revenue	2	3,109,875	2,940,211
Non-interest revenue	2	507,865	404,209
Impairment (loss) on loans and advances	2	(50,124)	(20,000)
Other expenses	3	<u>(3,784,756)</u>	<u>(3,234,359)</u>
<b>(Loss)/Profit before income tax</b>		<b>(217,140)</b>	<b>90,061</b>
Income tax benefit	4	<u>121,953</u>	<u>49,890</u>
<b>(Loss)/Profit for the year from continuing operations</b>		<b>(95,187)</b>	<b>139,951</b>
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Income tax effect		<u>-</u>	<u>-</u>
		<u>-</u>	<u>-</u>
<b>Total comprehensive (loss)/income</b>		<b>(95,187)</b>	<b>139,951</b>
Basic earnings per share	30	(0.006)	0.009
Diluted earnings per share	30	(0.006)	0.009

The accompanying notes form part of these financial statements

**STATEMENT OF FINANCIAL POSITION**

**As at 30 June 2016**

	Note	2016 \$	2015 \$
<b>ASSETS</b>			
Cash and cash equivalents	5	2,433,831	2,170,697
Due from other financial institutions	6	14,460,639	21,951,890
Loans and advances	7	128,798,590	126,040,931
Other financial assets	9	9,207,785	7,197,112
Other assets	10	305,844	332,408
Current tax asset	13	-	58,903
Property, plant and equipment	11	716,718	691,044
Intangible assets	12	225,524	181,986
Deferred tax assets	13	430,722	359,224
<b>TOTAL ASSETS</b>		<u>156,579,653</u>	<u>158,984,195</u>
<b>LIABILITIES</b>			
Deposits	14	138,665,272	143,214,317
Creditors and other payables	15	655,914	463,902
Provisions	16	225,154	233,262
Deferred tax liabilities	13	165,212	166,939
<b>TOTAL LIABILITIES</b>		<u>139,711,552</u>	<u>144,078,420</u>
<b>NET ASSETS</b>		<u>16,868,101</u>	<u>14,905,775</u>
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS</b>			
<b>Contributed equity</b>			
Issued capital	17	15,062,064	12,955,824
Other contributed equity	17	1,830,600	1,830,600
Equity raising costs	18	(1,208,329)	(1,159,602)
<b>Total contributed equity</b>		<u>15,684,335</u>	<u>13,626,822</u>
Property, plant and equipment revaluation reserve	19	190,549	190,549
General reserve for credit losses	19	319,551	319,551
Retained earnings		<u>673,666</u>	<u>768,853</u>
		<u>16,868,101</u>	<u>14,905,775</u>

The accompanying notes form part of these financial statements

## STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2016

Attributable to equity holders	Issued Capital	Other contributed equity	Equity Raising Costs	Property, Plant and Equipment Revaluation Reserve	General Reserve for Credit Losses	Retained Profits	Total Equity
	\$	\$	\$	\$	\$	\$	\$
<b>Balance as at 1 July 2014</b>	<b>12,955,824</b>	<b>1,830,600</b>	<b>(1,088,366)</b>	<b>190,549</b>	<b>281,132</b>	<b>667,321</b>	<b>14,837,060</b>
Profit for the year	-	-	-	-	-	139,951	139,951
Other comprehensive income	-	-	-	-	-	-	-
<b>Total comprehensive income</b>	-	-	-	-	-	139,951	139,951
Equity raising costs – unwind of deferred tax	-	-	(71,236)	-	-	-	(71,236)
Transfer from/to retained earnings/general reserve for credit losses	-	-	-	-	38,419	(38,419)	-
<b>As at 30 June 2015</b>	<b>12,955,824</b>	<b>1,830,600</b>	<b>(1,159,602)</b>	<b>190,549</b>	<b>319,551</b>	<b>768,853</b>	<b>14,905,775</b>
<b>Balance as at 1 July 2015</b>	<b>12,955,824</b>	<b>1,830,600</b>	<b>(1,159,602)</b>	<b>190,549</b>	<b>319,551</b>	<b>768,853</b>	<b>14,905,775</b>
Loss for the year	-	-	-	-	-	(95,187)	(95,187)
Other comprehensive income	-	-	-	-	-	-	-
<b>Total comprehensive income</b>	-	-	-	-	-	(95,187)	(95,187)
Issue of share capital	2,106,240	-	-	-	-	-	2,106,240
Equity raising costs – unwind of deferred tax	-	-	(48,727)	-	-	-	(48,727)
Transfer from/to retained earnings/general reserve for credit losses	-	-	-	-	-	-	-
<b>As at 30 June 2016</b>	<b>15,062,064</b>	<b>1,830,600</b>	<b>(1,208,329)</b>	<b>190,549</b>	<b>319,551</b>	<b>673,666</b>	<b>16,868,101</b>

The accompanying notes form part of these financial statements

## STATEMENT OF CASH FLOWS

For the year ended 30 June 2016

	Note	2016 \$	2015 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Interest received		6,958,903	7,403,595
Fees and commissions received		469,302	363,260
Dividends received		20,111	20,111
Other income		18,451	20,838
Interest and other costs of finance paid		(3,741,126)	(3,983,717)
Payments to suppliers and employees		(3,560,449)	(2,993,671)
Income tax refunded		50,121	105,617
<b>Net cash provided by operating activities</b>	26(c)	<u>215,313</u>	<u>936,033</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Net increase in loans, advances and other receivables		(2,871,816)	(8,721,961)
Net (payments)/receipts for investments		5,444,484	(5,558,006)
Payments for property, plant and equipment		(79,563)	(25,178)
Payments for intangible assets		(138,625)	(104,028)
<b>Net cash from/(used in) investing activities</b>		<u>2,354,480</u>	<u>(14,409,173)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Net (decrease)/increase in deposits and other borrowings		(4,421,681)	15,189,412
Proceeds from the issue of capital		2,115,022	-
<b>Net (used in)/cash from financing activities</b>		<u>(2,306,659)</u>	<u>15,189,412</u>
Net increase in cash held		263,134	1,716,272
Cash and cash equivalents at beginning of the financial year		<u>2,170,697</u>	<u>454,425</u>
Cash and cash equivalents at the end of the financial year	26(a)	<u>2,433,831</u>	<u>2,170,697</u>

The accompanying notes form part of these financial statements

## NOTES TO THE FINANCIAL REPORT

### CORPORATE INFORMATION

Goldfields Money Limited (the “Company” or “Goldfields Money”) provides a range of retail banking products and services to the public.

Goldfields Money Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is 120 Egan Street, Kalgoorlie Western Australia. Goldfields Money is listed on the Australian Securities Exchange.

The financial statements for the year ended 30 June 2016 were authorised for issue in accordance with a resolution of the directors on 18 August 2016.

### 1. SUMMARY OF ACCOUNTING POLICIES

#### Basis of preparation

This financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated. Cost is based on the fair values of the consideration given in exchange for assets.

The report is presented in Australian dollars.

Except as disclosed below, the accounting policies adopted are consistent with those disclosed in the Annual Financial Report for the year ended 30 June 2015. Certain comparative information has been reclassified to be presented on a consistent basis with the current year’s presentation.

#### Presentation of financial statements

The Company presents its statement of financial position broadly in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in the notes to the financial statements.

#### Statement of compliance

The financial report complies with the Corporations Act 2001, Australian Accounting Standards and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

#### Changes in accounting policy and disclosures

The accounting policies adopted are consistent with those of the previous financial year except for all new and amended Australian Accounting Standards and Interpretations the company has adopted effective from 1 July 2016 including:

- AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments
- AASB 2015-3 Amendments to Australian Accounting Standards arising from the withdrawal of AASB 1031

Other new and amended standards and interpretation that become effective 1 July 2015 are not applicable. New and amended Standards and Interpretations did not result in any significant changes to the company’s accounting policies. The adoption of the standards or interpretations is described below:



## NOTES TO THE FINANCIAL REPORT

### Significant accounting policies (continued)

*AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments:*

Part A of this AASB 2013-9 makes various editorial corrections to Australian Accounting Standards, as a consequence of the issue of AASB CF 2013-1 in December 2013, provides minor editorial amendments to various other standards including incorporating Chapter 6, Hedge Accounting into AASB 9 Financial instruments. The amendments have no impact on the Company's financial position, performance or disclosures.

*AASB 2015-3 Amendments to Australian Accounting Standards arising from the withdrawal of AASB 1031:*

The objective of this amendment is to effect the withdrawal of AASB 1031 Materiality and to delete references to AASB 1031 in the Australian Accounting Standards, as set out in paragraph 13 of AASB 2015-3. This withdrawal is consistent with the view that the principle-based guidance on materiality which the Company has adopted in line with Australian Accounting Standards (that incorporate IFRSs) and the IASB Conceptual Framework is adequate. The amendments have no impact on the Company's financial position, performance or disclosures.

The amendments have no impact on the Company's financial position, performance or disclosures. The company has not elected to early adopt any other new or amended Standards or Interpretations that are issued but not yet effective (refer Note 1(v)).

The following significant accounting policies have been adopted in the preparation and presentation of the financial report. The accounting policies have been consistently applied unless otherwise stated.

#### (a) Property, Plant and Equipment

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

##### *Property*

Freehold land and buildings are shown at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic valuations by external independent valuers, less subsequent depreciation for buildings. Valuations are performed with sufficient frequency to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Increases in the carrying amount arising on revaluation of land and buildings are recorded in other comprehensive income and credited to a revaluation reserve in shareholders' equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the profit and loss. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the statement of comprehensive income and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings.

##### *Plant and Equipment*

Plant and equipment are measured on the cost basis less depreciation and impairment losses. The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

## NOTES TO THE FINANCIAL REPORT

### Significant accounting policies (continued)

The cost of fixed assets constructed within the economic entity includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's 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 charged to the statement of comprehensive income during the financial period in which they are incurred.

#### *Depreciation*

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over their useful lives to the economic entity 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 assets are:

<i>Class of fixed asset</i>	<i>Depreciation rate</i>	<i>Method of Depreciation</i>
Buildings	2%	Straight-line
Office plant and equipment	15-33%	Straight-line
Motor vehicles	12.5% - 22.5%	Straight-line
Computer equipment and programs	20-33%	Straight-line

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

#### (b) Income tax

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

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

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

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss. Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability where there is no effect on accounting or taxable profit or loss.

Deferred 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.

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.

## NOTES TO THE FINANCIAL REPORT

### Significant accounting policies (continued)

Where temporary differences exist in relation to investments in subsidiaries, branches, associates and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities, where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

#### (c) Employee benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to the reporting date. Employee benefits that are due to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Contributions are made by the Company to the employee superannuation funds and are charged as expenses when incurred.

#### (d) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of 3 months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

#### *Cash flows on net basis*

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Cash flows arising from deposits, share capital, and investments are presented on a net basis in the Statement of Cash Flows.

#### (e) Loans and advances

All loans are initially recognised at fair value, net of transaction costs incurred and inclusive of loan origination fees. Loans are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of comprehensive income over the period of the loans using the effective interest method.

Loans and advances are reported at their recoverable amount representing the aggregate amount of principal and unpaid interest owing to the Company at the reporting date, less any allowance or provision for impairment.

All loans and advances are reviewed and graded according to the anticipated level of credit risk. The classification adopted is described below:

- Non-accrual loans - are loans and advances where the recovery of all interest and principal is considered to be reasonably doubtful and hence provisions for impairment are recognised.
- Restructured loans - arise when the borrower is granted a concession due to continuing difficulties in meeting the original terms. Loans with revised terms are included in non-accrual loans when impairment provisions are required.
- Past-due loans - are loans where payments of principal and/or interest are at least 90 days in arrears but due to mortgage security available full recovery of both principal and interest is expected.

## NOTES TO THE FINANCIAL REPORT

### Significant accounting policies (continued)

#### (f) Impairment of financial assets

##### *Specific provision*

Losses for impaired loans are recognised when there is objective evidence that the impairment of a loan has occurred. Impairment losses are calculated on individual loans. The amount provided for impairment is determined by management and the Board to recognise the probability of loan amounts not being collected in accordance with terms of the loan agreement.

##### *Collective provision*

A collective provision is made for groups of loans with similar credit risk characteristics. Loans that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

The amount of impairment loss is based upon estimated losses incurred within the portfolio, based upon objective evidence of impairment, the estimated probability of default and the expected loss given default having regard to the historical experience of the Company. The provision increase or decrease is recognised in the statement of comprehensive income.

##### *General reserve for credit losses*

In addition to the above provisions, the Board has recognised the need to make an allocation from retained earnings to ensure there is adequate protection for equity holders against the prospect that some loans and advances will experience loan repayment difficulties. The reserve is based on estimation of potential risk in the loan portfolio based upon: the level of security taken as collateral.

#### (g) Impairment of property, plant and equipment

At each reporting date, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income. Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

#### (h) Bad debts written off

Bad debts are written off when identified. If a provision for impairment has been recognised in relation to a loan, write-offs for bad debts are made against the provision. If no provision for impairment has previously been recognised, write-offs for bad debts are recognised as expenses in the statement of comprehensive income.

#### (i) Deposits

Savings and term deposits are quoted at the aggregate amount of money owing to depositors. Interest on savings deposit balances is calculated and accrued on a daily basis at current rates and credited to depositors' accounts on a monthly basis. Interest on term deposits is calculated and accrued on a daily basis at agreed rates and is paid or credited to depositors in accordance with the terms of the deposit.

#### (j) Borrowings

All loans and borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of comprehensive income over the period of the loans and borrowings using the effective interest method.

## NOTES TO THE FINANCIAL REPORT

### Significant accounting policies (continued)

#### (k) Payables

Liabilities for trade creditors and other amounts are carried at cost, which 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. The terms and conditions for creditors and other liabilities are payable between 7 and 30 days.

#### (l) Recognition of revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The principal sources of revenue are interest income, fees and commissions.

#### *Interest income*

For all financial instruments measured at amortised cost and interest-bearing financial assets classified as available-for-sale, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in the statement of comprehensive income.

#### *Dividends*

Revenue is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

#### *Rental income*

Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of comprehensive income due to its operating nature.

#### *Fees and commissions*

Fees and commissions are recognised upon the rendering of the service to the customers.

#### (m) Financial instruments

The Company utilises a range of financial instruments. Financial instruments are classified and measured as follows:

#### *Loans and advances*

This category includes non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are measured at amortised cost; refer Note 1(e) for further details.

#### *Held to maturity investments*

This category includes non-derivative financial assets with fixed or determinable payments and a fixed maturity that the Company has a positive intention and ability to hold to maturity. They are measured at amortised cost.

#### *Available for sale assets*

This category includes investments in equity instruments. Available-for-sale financial assets are recognised on acquisition at cost on a trade date basis and thereafter at fair value. Changes in the fair value of available-for-sale assets are reported in the revaluation reserve net of applicable income taxes until the investments are sold, collected or otherwise disposed of, or until such investments are impaired. On disposal the accumulated change in fair value is transferred to the statement of comprehensive income.

Refer to Note 27 regarding the fair value of available for sale assets.

## NOTES TO THE FINANCIAL REPORT

### Significant accounting policies (continued)

#### *Other financial liabilities*

These liabilities are measured at amortised cost. Investments in shares which do not have a quoted market price in an active market and are not capable of being reliably valued are measured at cost less any provision for impairment.

#### (n) 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 Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

#### (o) Intangibles

##### *Computer software*

Costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to computer software. Costs capitalised include external direct costs of materials, service, direct payroll, and payroll related costs of employees' time spent on the project. Amortisation is calculated on a straight-line basis over periods generally ranging from 3 to 5 years.

#### (p) Contingent liabilities and commitments

Transactions are classified as contingent liabilities where the company's obligations depend on uncertain future events and principally consist of obligations to third parties.

Items are classified as commitments where the company has irrevocably committed itself to future transactions. These transactions will either result in the recognition of an asset or liability in future periods.

#### (q) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

##### *Company as a lessee*

Operating lease payments are recognised as an operating expense in the statement of comprehensive income on a straight-line basis over the lease term.

##### *Company as a lessor*

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

#### (r) Earnings per share

Basic earnings per share is calculated by dividing the entity's profit attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the financial year. Diluted earnings per share is calculated by dividing the entity's profit attributable to ordinary equity holders by the weighted average number of ordinary shares that would be issued on the exchange of all the dilutive potential ordinary shares into ordinary shares.

## NOTES TO THE FINANCIAL REPORT

### Significant accounting policies (continued)

#### (s) Fair value measurement

The Company measures most financial instruments at amortised cost, however disclosure of fair value is made throughout these financial statements. Land and buildings are also revalued from time to time as described in Note 11.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as land and buildings. Involvement of external valuers is decided upon annually by the valuation committee after discussion with and approval by the Company's Audit Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

#### (t) Comparative information

Where necessary, comparative figures have been adjusted to conform with changes in presentation in these financial statements.

## NOTES TO THE FINANCIAL REPORT

### Significant accounting policies (continued)

#### (u) Critical accounting estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period on which the estimate is revised and in any future periods affected.

#### *Impairment losses on Loans and Advances*

Loans and advances are recognised at recoverable amount, after assessing required provisions for impairment. Impairment of a loan is recognised when there is reasonable doubt that not all the principal and interest can be collected in accordance with the terms of the loan agreement. Impairment is assessed by specific identification in relation to individual loans and by estimation of expected losses in relation to loan portfolios where specific identification is impracticable. The loan interest is calculated on the daily balance and is charged in arrears to a customer's account on the last day of each month.

Bad debts are written off when identified. If a provision for impairment has previously been recognised in relation to a loan, write-offs for bad debts are made against the provision. If no provision for impairment has previously been recognised, write-offs for bad debts are recognised as expenses in the Statement of Comprehensive Income.

All loans and advances are reviewed and graded according to the anticipated level of credit risk. The classification adopted is described below:

- Non-accrual loans, being loans classified as categories two, three and four under the APRA Prudential Standard APS 220 - Credit Quality, where statutory provisioning is required.
- Restructured loans, consisting of all loans for which the original contractual terms have been revised to provide for concessions of interest, principal or repayment. Loans with revised terms are included in non-accrual loans when impairment provisions are required.
- Other real estate and assets owned are assets acquired in full or partial settlement of a loan or similar facility through enforcement of security arrangements.
- Past due loans, consisting of loans classified as category one under APS 220 where payments of principal or interest are at least 90 days in arrears but the loans are well secured.

#### *Revaluation of property, plant and equipment*

The Company measures land and buildings at revalued amounts with changes in fair value being recognised in OCI. The Company engaged an independent valuation specialist to assess fair value as at 31 May 2014 for revalued land and buildings. Land and buildings were valued by reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the property.

The key assumptions used to determine the fair value of the investment properties and sensitivity analyses are provided in Note 11.

#### *Fair value of financial instruments*

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See Note 27 for further disclosures.



## NOTES TO THE FINANCIAL REPORT

### Significant accounting policies (continued)

#### Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies. The Company has \$1,032,879 (2015: \$669,738) of tax losses carried forward.

#### (v) New Accounting Standards for Application in Future Periods

A number of Australian Accounting Standards and Interpretations that have been issued or amended but are not yet effective have not been adopted by the Company for the annual reporting period ended 30 June 2016. The effect of these new or amended Accounting Standards is expected to give rise to additional disclosures and new policies being adopted. The new standard is not expected to significantly affect the company's accounting policies, financial position or performance. Refer below for the Standards and Interpretations relevant to Goldfields Money that are not yet effective and have not been early adopted.

Reference	Title	Summary	Application date of standard	Application date for Company
AASB 9	Financial Instruments	<p>AASB 9 (December 2014) is a new standard which Replaces AASB 139. This new version supersedes AASB issued in December 2009 (as amended) and AASB 9 (issued in December 2010) and includes a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially reformed approach to hedge accounting.</p> <p>AASB 9 is effective for annual periods beginning on or after 1 January 2018. However, the Standard is available for early adoption. The own credit changes can be early adopted in isolation without otherwise changing the accounting for financial instruments.</p> <p>Classification and measurement</p> <p>AASB 9 includes requirements for a simpler approach for classification and measurement of financial assets compared with the requirements of AASB 139. There are also some changes made in relation to financial liabilities.</p> <p>The main changes are described below.</p> <p><i>Financial assets</i></p> <p>Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows.</p> <ul style="list-style-type: none"> <li>a) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity Instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.</li> <li>b) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring</li> <li>c) assets or liabilities, or recognising the gains and losses on them, on different bases.</li> </ul> <p><i>Financial liabilities</i></p>	1 January 2018	1 July 2018

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Reference	Title	Summary	Application date of standard	Application date for Company
		<p>Changes introduced by AASB 9 in respect of financial liabilities are limited to the measurement of liabilities designated at fair value through profit or loss (FVPL) using the fair value option.</p> <p>Where the fair value option is used for financial liabilities, the change in fair value is to be accounted for as follows:</p> <ul style="list-style-type: none"> <li>• The change attributable to changes in credit risk are presented in other comprehensive income (OCI)</li> <li>• The remaining change is presented in profit or loss</li> </ul> <p>AASB 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains or losses attributable to changes in the entity's own credit risk would be recognised in OCI. These amounts recognised in OCI are not recycled to profit or loss if the liability is ever repurchased at a discount.</p> <p><i>Impairment</i></p> <p>The final version of AASB 9 introduces a new expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis.</p> <p><i>Hedge accounting</i></p> <p>Amendments to AASB 9 (December 2009 &amp; 2010 editions and AASB 2013-9) issued in December 2013 included the new hedge accounting requirements, including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures.</p> <p>Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7, AASB 2010-10 and AASB 2014-1 – Part E.</p> <p>AASB 2014-7 incorporates the consequential amendments arising from the issuance of AASB 9 in Dec 2014.</p> <p>AASB 2014-8 limits the application of the existing versions of AASB 9 (AASB 9 (December 2009) and AASB 9 (December 2010)) from 1 February 2015 and applies to annual reporting periods beginning on after 1 January 2015.</p>		
AASB 2014-3	Amendments to Australian Accounting Standards – Accounting for acquisitions of Interests in Joint Operations [AASB 1 & AASB 11]	<p>AASB 2014-3 amends AASB 11 Joint Arrangements to provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business. The amendments require:</p> <p>(a) the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in AASB 3 Business Combinations, to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11</p> <p>(b) the acquirer to disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations</p> <p>This Standard also makes an editorial correction to AASB 11.</p>	1 January 2016	1 July 2016
AASB 2014-4	Clarification of Acceptable Methods of	AASB 116 Property Plant and Equipment and AASB 138 Intangible Assets both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic	1 January 2016	1 July 2016

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Reference	Title	Summary	Application date of standard	Application date for Company
	Depreciation and Amortisation (Amendments to AASB 116 and AASB 138)	<p>benefits of an asset.</p> <p>The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.</p> <p>The amendment also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.</p>		
AASB 15	Revenue from Contracts with Customers	<p>AASB 15 Revenue from Contracts with Customers replaces the existing revenue recognition standards AASB 111 Construction Contracts, AASB 118 Revenue and related Interpretations (Interpretation 13 Customer Loyalty Programmes, Interpretation 15 Agreements for the Construction of Real Estate, Interpretation 18 Transfers of Assets from Customers, Interpretation 131 Revenue—Barter Transactions Involving Advertising Services and Interpretation 1042 Subscriber Acquisition Costs in the Telecommunications Industry). AASB 15 incorporates the requirements of IFRS 15 Revenue from Contracts with Customers issued by the International Accounting Standards Board (IASB) and developed jointly with the US Financial Accounting Standards Board (FASB).</p> <p>AASB 15 specifies the accounting treatment for revenue arising from contracts with customers (except for contracts within the scope of other accounting standards such as leases or financial instruments). The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:</p> <p>(a) Step 1: Identify the contract(s) with a customer  (b) Step 2: Identify the performance obligations in the contract  (c) Step 3: Determine the transaction price  (d) Step 4: Allocate the transaction price to the performance obligations in the contract  (e) Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation</p> <p>AASB 2015-8 amended the AASB 15 effective date so it is now effective for annual reporting periods commencing on or after 1 January 2018. Early application is permitted.</p> <p>AASB 2014-5 incorporates the consequential amendments to a number Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 15.</p> <p>AASB 2016-3 Amendments to Australian Accounting Standards – Clarifications to AASB 15 amends AASB 15 to clarify the requirements on identifying performance obligations, principal versus agent considerations and the timing of recognising revenue from granting a licence and provides further practical expedients on transition to AASB 15.</p>	1 January 2018	1 July 2018 Note A
AASB 1057	Application of Australian Accounting Standards	<p>This Standard lists the application paragraphs for each other Standard (and Interpretation), grouped where they are the same. Accordingly, paragraphs 5 and 22 respectively specify the application paragraphs for Standards and Interpretations in general. Differing application paragraphs</p>	1 January 2016	1 July 2016

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Reference	Title	Summary	Application date of standard	Application date for Company
		are set out for individual Standards and Interpretations or grouped where possible.  The application paragraphs do not affect requirements in other Standards that specify that certain paragraphs apply only to certain types of entities.		
AASB 2014-9	Amendments to Australian Accounting Standards – Equity method in Separate Financial Statements	AASB 2014-9 amends AASB 127 Separate Financial Statements, and consequentially amends AASB 1 First-time Adoption of Australian Accounting Standards and AASB 128 Investments in Associates and Joint Ventures, to allow entities to use the equity method of accounting for investments in subsidiaries, joint ventures and associates in their separate financial statements.  AASB 2014-9 also makes editorial corrections to AASB 127. AASB 2014-9 applies to annual reporting periods beginning on or after 1 January 2016. Early adoption permitted	1 January 2016	1 July 2016
AASB 2014-10	Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	AASB 2014-10 amends AASB 10 Consolidated Financial Statements and AASB 128 to address an inconsistency between the requirements in AASB 10 and those in AASB 128 (August 2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require:  (a) A full gain or loss to be recognised when a transaction involves a business (whether it is housed in a subsidiary or not)  (b) A partial gain or loss to be recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.  AASB 2014-10 also makes an editorial correction to AASB 10.  AASB 2015-10 defers the mandatory effective date (application date) of AASB 2014-10 so that the amendments are required to be applied for annual reporting periods beginning on or after 1 January 2018 instead of 1 January 2016.	1 January 2018	1 July 2018
AASB 2015-1	Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle	The subjects of the principal amendments to the Standards are set out below:  <i>AASB 5 Non-current Assets Held for Sale and Discontinued Operations:</i> <ul style="list-style-type: none"> <li>Changes in methods of disposal – where an entity reclassifies an asset (or disposal group) directly from being held for distribution to being held for sale (or visa versa), an entity shall not follow the guidance in paragraphs 27–29 to account for this change.</li> </ul> <i>AASB 7 Financial Instruments: Disclosures:</i> <ul style="list-style-type: none"> <li>Servicing contracts - clarifies how an entity should apply the guidance in paragraph 42C of AASB 7 to a servicing contract to decide whether a servicing contract is 'continuing involvement' for the purposes of applying the disclosure requirements in paragraphs 42E–42H of AASB 7.</li> <li>Applicability of the amendments to AASB 7 to condensed interim financial statements - clarify that the additional disclosure required by the amendments to AASB 7 <i>Disclosure–Offsetting Financial Assets and Financial Liabilities</i> is not specifically required for all interim periods. However, the additional disclosure is required to be given in condensed interim financial statements that are prepared in accordance with AASB 134 <i>Interim Financial Reporting</i> when its inclusion would be required by the requirements of AASB 134.</li> </ul> <i>AASB 119 Employee Benefits:</i>	1 January 2016	1 July 2016

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Reference	Title	Summary	Application date of standard	Application date for Company
		<ul style="list-style-type: none"> <li>Discount rate: regional market issue - clarifies that the high quality corporate bonds used to estimate the discount rate for post-employment benefit obligations should be denominated in the same currency as the liability. Further it clarifies that the depth of the market for high quality corporate bonds should be assessed at the currency level.</li> </ul> <p><i>AASB 134 Interim Financial Reporting:</i></p> <ul style="list-style-type: none"> <li>Disclosure of information 'elsewhere in the interim financial report' – amends AASB 134 to clarify the meaning of disclosure of information 'elsewhere in the interim financial report' and to require the inclusion of a cross-reference from the interim financial statements to the location of this information.</li> </ul>		
AASB 16	Leases	<p>The key features of AASB 16 are as follows:</p> <p><b>Lessee accounting</b></p> <ul style="list-style-type: none"> <li>Lessees are required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.</li> <li>A lessee measures right-of-use assets similarly to other non-financial assets and lease liabilities similarly to other financial liabilities.</li> <li>Assets and liabilities arising from a lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments (including inflation-linked payments), and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease.</li> <li>AASB 16 contains disclosure requirements for lessees</li> </ul> <p><b>Lessor accounting</b></p> <ul style="list-style-type: none"> <li>AASB 16 substantially carries forward the lessor accounting requirements in AASB 117. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.</li> <li>AASB 16 also requires enhanced disclosures to be provided by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual value risk.</li> </ul> <p>AASB 16 supersedes:</p> <ul style="list-style-type: none"> <li>(a) AASB 117 Leases</li> <li>(b) Interpretation 4 Determining whether an Arrangement contains a Lease</li> <li>(c) SIC-15 Operating Leases—Incentives</li> <li>(d) SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease</li> </ul> <p>The new standard will be effective for annual periods beginning on or after 1 January 2019. Early application is permitted, provided the new revenue standard, AASB 15 Revenue from Contracts with Customers, has been applied, or is applied at the same date as AASB 16.</p>	1 January 2019	1 July 2019

Reference	Title	Summary	Application date of standard	Application date for Company
IFRS 2 (Amendments)	Classification and Measurement of Share-based Payment Transactions [Amendments to IFRS 2]	<p>This standard amends to IFRS 2 Share-based Payment, clarifying how to account for certain types of share-based payment transactions. The amendments provide requirements on the accounting for:</p> <ul style="list-style-type: none"> <li>• The effects of vesting and non-vesting conditions on the measurement of cash settled share-based payments</li> <li>• Share-based payment transactions with a net settlement feature for withholding tax obligations</li> </ul> <p>A modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled</p>	1 January 2018	1 July 2018

## NOTES TO THE FINANCIAL REPORT

### 2. STATEMENT OF COMPREHENSIVE INCOME

#### (a) Net interest income

	Average balance \$	Interest \$	Average rate %
<b>2016</b>			
Cash at bank and other liquid assets	27,229,637	691,170	2.53
Loans and advances	129,296,753	6,031,464	4.66
	<u>156,956,390</u>	<u>6,722,634</u>	<u>4.29</u>
Deposits	141,899,084	3,612,759	2.55
	<u>141,899,084</u>	<u>3,612,759</u>	<u>2.55</u>
Net interest income		<u>3,109,875</u>	<u>1.74</u>
<b>2015</b>			
Cash at bank and other liquid assets	32,036,218	932,010	2.91
Loans and advances	125,097,434	6,327,124	5.06
	<u>157,133,652</u>	<u>7,259,134</u>	<u>4.62</u>
Deposits	142,914,293	4,318,923	3.02
	<u>142,914,293</u>	<u>4,318,923</u>	<u>3.02</u>
Net interest income		<u>2,940,211</u>	<u>1.60</u>

#### (b) Non-interest revenue

	2016 \$	2015 \$
Other operating income		
Lending fees	35,525	51,370
Commissions and other fees	282,310	292,590
Service and residual income	151,467	19,300
Dividends received	20,111	20,111
Insurance income	434	291
Bad debts recovered	316	230
Profit on disposal of assets	11,511	-
Other	6,191	20,317
	<u>507,865</u>	<u>404,209</u>

#### (c) Impairment losses on loans and advances

Impairment losses/(reversal)	<u>50,124</u>	<u>20,000</u>
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## NOTES TO THE FINANCIAL REPORT

### 3. PROFIT BEFORE INCOME TAX

	2016 \$	2015 \$
Profit before income tax has been determined after:		
Interest expense	3,612,759	4,318,923
Other expenses		
Staff related costs		
Salaries and wages (i)	1,517,519	1,228,089
Superannuation (i)	147,413	116,575
Other (i)	196,904	45,536
Depreciation	53,890	54,278
Amortisation	95,086	39,534
Administrative expenses		
Advertising and promotions	50,687	48,995
Directors' fees	153,123	110,353
Impairment of computer software (ii)	-	178,625
Settlement of onerous contract (ii)	-	28,869
Computer system and software costs	255,931	200,859
Communication and website costs	197,987	175,654
Insurance costs	91,516	114,935
Accounting, audit and consulting costs	234,825	223,662
Products and services delivery costs	362,569	306,620
Occupancy costs	158,180	155,087
ASX and registry fees	41,988	46,816
Other costs	227,138	159,872
Total other expenses	3,784,756	3,234,359

#### (i) Termination payments to former management

Includes termination payments for former management of \$300,395 and an additional \$57,000 in other costs associated with appointing a new management team.

#### (ii) Impairment of assets and provision for onerous contract.

The company recognised an impairment loss of \$178,625 in connection with software development costs. The full cost of the software which related to a new deposit channel offering was written down following a review of strategic objectives. In addition an expense of \$28,869 was also recognised for associated contractual obligations.



**NOTES TO THE FINANCIAL REPORT**

**4. INCOME TAX**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
(a) The components of tax (benefit)/expense comprise		
Current tax	-	-
Deferred tax	(121,953)	(49,890)
	<u>(121,953)</u>	<u>(49,890)</u>
The prima facie income tax payable on the operating profit is reconciled as follows:		
(b) (Loss)/profit before tax	(217,140)	90,061
Prima facie income tax (benefit)/expense on profit before income tax at 30%	(65,142)	27,018
Adjustment of current tax in prior years	-	815
Tax effect of:		
Equity raising costs	(51,362)	(71,236)
Franking credit rebate	(8,619)	(8,620)
Other non-allowable items	3,170	2,133
	<u>(121,953)</u>	<u>(49,890)</u>

**5. CASH AND CASH EQUIVALENTS**

Cash on hand	293,165	269,926
Cash at bank	2,140,666	1,900,771
	<u>2,433,831</u>	<u>2,170,697</u>

## NOTES TO THE FINANCIAL REPORT

6. DUE FROM OTHER FINANCIAL INSTITUTIONS	2016 \$	2015 \$
Deposits with Authorised Deposit-taking Institutions	14,460,639	21,951,890
Maturity analysis		
- Not longer than 3 months	14,460,639	21,951,890
- Longer than 3 and not longer than 12 months	-	-
	14,460,639	21,951,890
<b>7. LOANS AND ADVANCES</b>		
Overdrafts	851,356	900,243
Term loans	128,018,182	125,162,469
	128,869,538	126,062,712
Provision for impairment	(70,948)	(21,781)
	128,798,590	126,040,931
Maturity analysis – gross loans and advances		
- Overdrafts	851,356	900,243
- Not longer than 3 months	-	1,442
- Longer than 3 and not longer than 12 months	694,047	193,571
- Longer than 1 and not longer than 5 years	4,323,543	5,895,321
- Longer than 5 years	123,000,592	119,072,135
	128,869,538	126,062,712
<b>8. PROVISION FOR IMPAIRED LOANS</b>		
The policy relating to the recognition of impaired assets is set out in Note 1(f).		
(a) Total provision comprises		
Specific provisions	70,948	21,781
Collective provisions	-	-
	70,948	21,781
(b) Specific provision for impairment		
Opening balance	21,781	1,781
Bad and doubtful debts provided for during the year	50,124	20,000
Unused amounts reversed	-	-
Bad debts written off during the year	(957)	-
Closing balance	70,948	21,781
(c) Collective provision for impairment		
Opening balance	-	-
Bad and doubtful debts provided for during the year	-	-
Unused amounts reversed	-	-
Bad debts written off during the year	-	-
Closing balance	-	-

## NOTES TO THE FINANCIAL REPORT

8. PROVISION FOR IMPAIRED LOANS (continued)	2016	2015
	\$	\$
(d) Net charge/(credit) to statement of comprehensive income for bad and doubtful debts comprises of:		
Specific & collective provision	70,948	20,000
Bad debts recovered	(316)	(100)
	<u>70,632</u>	<u>19,900</u>
(e) Grading of credit risk loans		
Non or partial performing	1,268,020	1,252,332
Provision for impairment	(70,948)	(21,781)
	<u>1,197,072</u>	<u>1,230,551</u>
Restructured loans	1,227,577	547,659
Provision for impairment	-	-
	<u>1,227,577</u>	<u>547,659</u>
<b>9. OTHER FINANCIAL ASSETS</b>		
Shares in unlisted corporations (a)	141,969	141,969
Investment securities (b)	9,065,816	7,055,143
	<u>9,207,785</u>	<u>7,197,112</u>
Maturity analysis – investment securities		
- Not longer than 3 months	-	-
- Longer than 3 and not longer than 12 months	-	-
- Longer than 1 and not longer than 5 years	9,065,816	7,055,143
- Longer than 5 years	-	-
	<u>9,065,816</u>	<u>7,055,143</u>
(a) The shareholding in CUSCAL Ltd ("CUSCAL") is classified as available for sale and is measured at cost as its fair value could not be referenced to quoted or observable prices. These shares are held to enable the Company to receive essential banking services - refer to Note 22. The shares are not able to be traded and are not redeemable in an open market. They can be sold back to CUSCAL during certain periods at cost. The financial reports of CUSCAL record net tangible asset backing of these shares exceeding their cost value. Based on the net assets of CUSCAL, any fair value determination on these shares is likely to be greater than their cost value, but due to the absence of a ready market, a market value is not able to be determined. The Company is not intending to dispose of these shares.		
(b) Investment securities are investments in debt securities including floating rate notes issued by other Authorised Deposit Taking Institutions. These investments are accounted for using the amortised cost method. Refer to Note 1(m).		
<b>10. OTHER ASSETS</b>		
Prepayments	207,229	205,253
Other debtors	98,615	127,155
	<u>305,844</u>	<u>332,408</u>

Other assets are non-interest bearing with various maturities of less than 12 months.

## NOTES TO THE FINANCIAL REPORT

11. PROPERTY, PLANT AND EQUIPMENT	2016 \$	2015 \$
Freehold land & buildings – independent valuation		
Cost or valuation	635,000	635,000
Accumulated depreciation	(24,201)	(12,730)
	<u>610,799</u>	<u>622,270</u>
Office plant and equipment		
Cost	244,618	218,445
Accumulated depreciation	(209,590)	(183,800)
	<u>35,028</u>	<u>34,645</u>
Motor vehicles		
Cost	43,900	40,971
Accumulated depreciation	-	(27,631)
	<u>43,900</u>	<u>13,340</u>
Computer equipment		
Cost	162,541	173,909
Accumulated depreciation	(135,550)	(153,120)
	<u>26,991</u>	<u>20,789</u>
Total property, plant and equipment	<u>716,718</u>	<u>691,044</u>

Reconciliations of the carrying value for each class of property, plant and equipment are set out below:

	Freehold Land & Buildings \$	Office plant & equipment \$	Motor vehicle \$	Computer equipment \$	Total \$
<b>2016</b>					
Balance at beginning of year	622,270	34,645	13,340	20,789	691,044
Additions	-	34,175	43,900	18,956	97,031
Disposals	-	-	(5,187)	-	(5,187)
Revaluations	-	-	-	-	-
Depreciation	(11,471)	(33,792)	(8,153)	(12,754)	(66,170)
<b>Balance at end of year</b>	<u>610,799</u>	<u>35,028</u>	<u>43,900</u>	<u>26,991</u>	<u>716,718</u>
	Freehold Land & Buildings \$	Office plant & equipment \$	Motor vehicle \$	Computer equipment \$	Total \$
<b>2015</b>					
Balance at beginning of year	630,000	49,906	22,559	17,679	720,144
Additions	-	10,285	-	14,893	25,178
Disposals	-	-	-	(636)	(636)
Revaluations	-	-	-	-	-
Depreciation	(7,730)	(25,546)	(9,219)	(11,147)	(53,642)
<b>Balance at end of year</b>	<u>622,270</u>	<u>34,645</u>	<u>13,340</u>	<u>20,789</u>	<u>691,044</u>

The freehold land and buildings consist of office properties in Kalgoorlie, Australia. Management determined that these constitute one class of asset under AASB 13, based on the nature, characteristics and risk of the property. The Company's land and buildings were valued in June 2014 by an independent licensed valuer. Fair value was determined on the basis of capitalising a fair net rental and comparable sales method (Fair Value Hierarchy 3). At the time of valuation there were limited recent market sales of a similar style and aged style of improvements; however the most comparable sales were used to confirm the valuation determined by calculating a fair net rental. Significant unobservable valuation inputs:

Fair net rental      \$66,000 per annum

Capitalisation Rate: 10.5%

The Freehold Land and Buildings were not revalued during the year and management are confident there has not been a material change in the valuation of the asset since it was last revalued.

## NOTES TO THE FINANCIAL REPORT

### 11. PROPERTY, PLANT AND EQUIPMENT (continued)

A significant increase (decrease) in estimated fair net rental in isolation would result in a significantly higher (lower) value. A significant increase (decreases) in estimated capitalisation rate in isolation would result in a significantly lower (higher) value. The revaluation surplus net of applicable deferred income taxes was credited to an asset revaluation reserve in shareholders' equity.

12. INTANGIBLE ASSETS	2016	2015
	\$	\$
Computer software		
Cost	519,788	393,443
Accumulated amortisation	(294,264)	(211,457)
	<u>225,524</u>	<u>181,986</u>
Movements		
Balance at beginning of the year	181,986	296,117
Additions	126,345	104,805
Impairment	-	(178,625)
Disposals	-	(777)
Amortisation	(82,807)	(39,534)
Balance at end of the year	<u>225,524</u>	<u>181,986</u>

Intangible assets have finite useful lives. The current amortisation charges for intangible assets are included under depreciation and amortisation expense per the statement of comprehensive income.

### 13. CURRENT & DEFERRED TAX

(a) Assets		
Deferred tax assets comprise:		
Provision for doubtful debts	21,284	6,534
Accrued expenses	28,697	17,263
Provisions	67,546	69,979
Demutualisation and equity raising costs	3,331	64,526
Carry forward losses and franking credits	309,864	200,922
	<u>430,722</u>	<u>359,224</u>
Movements		
Balance at beginning of the year	359,224	321,532
Credited to profit or loss	120,226	108,928
Credited directly to equity	(48,728)	(71,236)
Balance at the end of the year	<u>430,722</u>	<u>359,224</u>
(b) Liabilities Current tax asset/(liability)	<u>-</u>	<u>58,903</u>
(c) Deferred tax liabilities comprise:		
Other	7,964	4,897
Deferred commission expense	80,610	84,197
Property, plant and equipment	76,638	77,845
	<u>165,212</u>	<u>166,939</u>
Movements		
Balance at beginning of the year	166,939	80,228
Credited to equity	-	-
Credited directly to profit or loss	(1,727)	86,711
Balance at the end of the year	<u>165,212</u>	<u>166,939</u>

## NOTES TO THE FINANCIAL REPORT

### 14. DEPOSITS

	2016 \$	2015 \$
Call deposits	29,517,521	26,588,563
Term deposits	109,147,751	116,625,754
	<u>138,665,272</u>	<u>143,214,317</u>
Maturity analysis		
- On call	29,517,521	26,588,563
- Not longer than 3 months	71,411,442	74,134,833
- Longer than 3 months and not longer than 12 months	36,276,657	41,271,587
- Longer than 1 and not longer than 5 years	1,459,652	1,219,334
	<u>138,665,272</u>	<u>143,214,317</u>

There is no deposit exposure to any individual or related customers which represents 10% or more of the Company's total liabilities.

### 15. CREDITORS AND OTHER PAYABLES

	2016 \$	2015 \$
Payables and accrued expenses	655,914	463,902
	<u>655,914</u>	<u>463,902</u>

Payables are non-interest bearing and are normally settled on 30 day terms. Due to the short term nature of these payables, their carrying value is approximate their fair value.

### 16. PROVISIONS

Employee entitlements		
Current	200,021	221,554
Non-current	19,133	11,708
	<u>219,154</u>	<u>233,262</u>
Other Provision	6,000	-
	<u>225,154</u>	<u>233,262</u>

### 17. ISSUED CAPITAL

18,016,853 fully paid ordinary shares (2015: 15,666,829 fully paid ordinary shares)

15,070,846	12,955,824
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Movements in ordinary shares on issue:	Number of shares	2016 \$	Number of shares	2015 \$
Beginning of the financial year	15,666,829	12,955,824	15,666,829	12,955,824
Movement during the financial year	2,350,024	2,106,240	-	-
End of financial year	<u>18,016,853</u>	<u>15,062,064</u>	<u>15,666,829</u>	<u>12,955,824</u>

#### *Terms and conditions of ordinary shares*

The Company does not have authorised capital nor par value in respect of its issued capital.

Ordinary fully paid shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary fully paid shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

## NOTES TO THE FINANCIAL REPORT

<b>17. ISSUED CAPITAL (continued)</b>	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>b) Other contributed equity</b>		
Balance at the beginning of the period	1,830,600	1,830,600
Balance at the end of the period	<u>1,830,600</u>	<u>1,830,600</u>

As part of the public offer of ordinary shares in Goldfields Money Limited in May 2012, 4,500,000 options were issued, with one option attached to every two ordinary shares subscribed to under the offer. The options are unlisted, have an exercise price of \$1.50 and an expiry date of 11 May 2019. The options allow the holder to one ordinary share upon exercise. There were no options exercised in the years ended 30 June 2016 or 2015. The fair of the options has been recognised as other contributed equity.

<b>18. EQUITY RAISING COSTS</b>	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Balance at the beginning of the year	1,159,602	1,088,366
Deferred tax recognised directly in equity	48,727	71,236
Balance at the end of the year	<u>1,208,329</u>	<u>1,159,602</u>

As part of the demutualisation and equity raising described above, Goldfields Money Limited incurred costs associated firstly with demutualisation and secondly with the issuing of new shares upon listing on the ASX.

Transaction costs that are associated with the listing of equity already on issue were recognised in profit and loss. The transaction costs of a new equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided. Transaction costs include registration and other regulatory fees, amounts paid to legal, accounting and other professional advisers, printing costs and stamp duties.

## 19. RESERVES

### (a) Property, Plant and Equipment Revaluation Reserve

The asset revaluation reserve is used to record increases in the fair value of land and buildings and decreases to the extent that such decrease relates to an increase on the same asset previously recognised in equity.

### (b) General Reserve for Credit Losses

The General Reserve for Credit Losses was established for the purpose of recognising in the accounts a provision for credit losses required for regulatory purposes. Transfers to this reserve are by way of appropriations out of profit after tax. The policy relating to the determination of general reserve for credit losses is set out in Note 1(f).

<b>20. AUDITOR'S REMUNERATION</b>	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
The auditor of Goldfields Money Limited is RSM Australia Partners		
Amounts received or due and receivable by RSM Australia Partners for:		
- Audit services	83,500	81,100
- Non-audit services	4,000	6,800
- Tax Compliance	6,600	3,500
	<u>94,100</u>	<u>91,400</u>

## **NOTES TO THE FINANCIAL REPORT**

### **21. STANDBY BORROWING FACILITIES**

The Company has an overdraft facility of \$1,200,000 (2015: \$1,200,000) with CUSCAL Ltd which is secured by a floating charge over its assets. As at 30 June 2016, the entire facility was unused.

### **22. SERVICE CONTRACTS**

The Company has service contracts with and is economically dependent upon the following suppliers:

- (a) CUSCAL Ltd  
CUSCAL provides central banking services, chequing services, card services, settlement services, and maintains the applications software used by the Company. This company operates the switching facilities used to link Redicards operated through rediATMs, and other approved electronic funds transfer suppliers, to the Company's core banking system.
- (b) The System Works Group (TSWG)  
This company, an Integrated Data Processing Centre, provided and maintained the computer mainframe hardware utilised by the Company to host the Company's Core Banking System and Internet Banking application.

### **23. EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR**

No matters or circumstances of a material nature have arisen since the end of the financial year which in the opinion of the Directors significantly affected or may significantly affect the operations of the Company, the results of the operations or the state of affairs of the Company in future financial years.

### **24. COMMITMENTS AND CONTINGENT LIABILITIES**

- (a) Capital expenditure commitments  
There were no capital expenditure commitments at the reporting date.

(b) Outstanding loan commitments	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Loans approved but not advanced	4,826,249	4,235,442
Loan funds available for redraw	5,918,934	5,949,811
	<u>10,745,183</u>	<u>10,185,253</u>
(c) Outstanding overdraft commitments		
Overdraft facilities approved but not disbursed	<u>656,676</u>	<u>448,694</u>

- (d) Lease commitments

The Company has obligations under the terms of these leases of its office premises for terms of up to 3 years, there are contractual options to extend the leases. Lease payments are payable in advance by equal monthly instalments due on the 1st day of each month. Future minimum rentals payable under non-cancellable operating leases as at 30 June 2016 are as follows:

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Due not later than one year	47,420	52,968
Due later than one year and not later than five years	167,628	58,242
	<u>215,048</u>	<u>111,210</u>

There were no other commitments or contingent liabilities at the reporting date.



## NOTES TO THE FINANCIAL REPORT

### 25. SEGMENT INFORMATION

For management purposes, the Company is organised into one main business segment, which is the provision of financial products and services predominately in Western Australia. All of the Company's activities are interrelated, and each activity is dependent on the others. Accordingly, all significant operating decisions are based upon analysis of the Company as one segment. The financial results from this segment are equivalent to the financial statements of the Company as a whole. The company operated in one geographical segment being Australia. The Company does not have any major customers which comprise more than 10% of revenue.

### 26. NOTES TO THE STATEMENT OF CASH FLOWS

	2016 \$	2015 \$
(a) Reconciliation of cash		
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:		
Cash on hand and at bank (Note 5)	2,433,831	2,170,697
(b) Cash flows presented on a net basis		
Cash flows arising from the following activities are presented on a net basis in the cash flow statement:		
(i) deposits in and withdrawals from savings and other deposit accounts;		
(ii) loans made and repayments by customers;		
(iii) sales and purchases of maturing certificates of deposit; and		
(iv) short-term borrowings.		
(c) Reconciliation of net cash provided by operating activities to operating profit after income tax		
Operating profit after income tax	(95,187)	139,951
<i>Non-cash items</i>		
Amortisation	95,086	39,534
Depreciation	53,890	54,278
Impairment of software	-	178,625
Amortisation of investment premium	8,441	4,275
Impairment of receivables	50,124	20,000
<i>Movement in assets and liabilities</i>		
Other assets	91,554	(171,864)
Accrued interest receivable	27,653	42,689
Deferred tax assets	(129,008)	(108,928)
Current tax receivable/payable	58,903	77,943
Payables	192,060	197,168
Accrued interest payable	(128,367)	335,206
Deferred tax liabilities	(1,727)	86,711
Provisions	(8,109)	40,445
	215,313	936,033

## NOTES TO THE FINANCIAL REPORT

### 27. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Fair value is determined on the basis of the present value of expected future cash flows under the terms and conditions of each financial asset or liability. Significant assumptions used in determining the cash flows are that the cash flows will be consistent with the contracted cash flows under the respective contracts. The information is only relevant to circumstances at the reporting date and will vary depending on the contractual rates applied to each asset or liability, relative to market rates and conditions at the time. No assets held are regularly traded by the Company. With the exception of financial assets due from other financial institutions and investment securities there is no active market to assess the value of the financial assets and liabilities. Amounts due from other financial institutions and investment securities can be traded in a secondary market.

	Aggregate net fair value		Amount per the statement of financial position	
	2016	2015	2016	2015
	\$	\$	\$	\$
<b>FINANCIAL ASSETS</b>				
Cash	2,433,831	2,170,697	2,433,831	2,170,697
Due from other financial institutions	14,460,639	21,951,890	14,460,639	21,951,890
Loans and advances	127,567,400	126,156,556	128,798,590	126,040,931
Investment securities	9,025,410	7,058,610	9,065,816	7,055,143
Other financial assets	141,969	141,969	141,969	141,969
Total financial assets	153,629,249	157,479,722	154,900,845	157,360,630
<b>FINANCIAL LIABILITIES</b>				
Deposits	138,655,272	143,214,317	138,655,272	143,214,317
Creditors and other payables	655,914	463,902	655,914	463,902
Total financial liabilities	139,311,186	143,678,219	139,321,186	143,678,219

The fair value estimates were determined by the following methodologies and assumptions:

#### *Cash and amounts Due from other financial institutions*

The carrying values of cash and liquid assets and receivables due from other financial institutions redeemable within 12 months approximate their fair value as they are short term in nature or are receivable on demand.

#### *Loans and advances*

The carrying value of loans and advances is net of provisions for doubtful debts. For variable rate loans, (excluding impaired loans) the amount shown in the statement of financial position is considered to be a reasonable estimate of fair value. For fixed rate loans the fair values are based on cash flows discounted at a rate reflecting current market rates adjusted for counter party credit risk. The fair value of impaired loans was calculated by discounting expected cash flows using a rate which includes a premium for the uncertainty of the flows.

#### *Investment Securities*

Investment Securities comprise floating rate notes issued by Australian banks. These securities can be traded in secondary markets and fair value has been determined by indicative prices as quoted on Bloomberg.

#### *Other financial assets*

Refer to Note 9, balance comprises equity instruments.

#### *Deposits*

The fair value of call and variable rate deposits, and fixed rate deposits repricing within 12 months, is the amount shown in the statement of financial position. Discounted cash flows were used to calculate the fair value of other term deposits, based upon the deposit type and the rate applicable to its related period maturity.

#### *Creditors and other payables*

The carrying values of payables approximate fair value as they are short term in nature and reprice frequently.

## NOTES TO THE FINANCIAL REPORT

### 28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Risk is inherent in the Company's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The Company has exposure from its use of financial instruments to market, credit, liquidity and operational risk. This note presents information about the Company's exposure to each of the above risks, the objectives, policies and processes for measuring and managing those risks, and the Company's management of capital.

#### **Risk management framework**

The Company's activities expose it to a variety of risks: credit risk, interest rate risk, liquidity risk and operational risk being the most relevant to the Company. This note presents information about the Company's exposure to each of the above mentioned risks and the objectives, policies and processes for measuring and managing these risks. Further quantitative disclosures are included throughout this note and this financial report and further qualitative disclosures are included in the Corporate Governance Statement.

#### **Risk management roles and responsibilities**

##### *Board of Directors*

The Board of Directors is responsible for the overall risk management framework and approving risk appetite, strategies and principles. The prudential standards issued by the Australian Prudential Regulation Authority (APRA) addresses risk management requirements and the Board focuses strongly on the need for compliance.

##### *Risk & Compliance Committee*

Risk management is overseen by a Risk & Compliance Committee comprising directors of the Company. It assists the Board in the development of the risk strategy and implementation and managing and monitoring relevant risk decisions including policies and limits.

##### *Chief Executive Officer & Executive Management*

The CEO is responsible for the ongoing management of the Risk Management Framework including its periodic review and renewal subject to requisite Board direction and approvals. Executive Management are responsible for implementing the Board-approved risk management strategy and for developing policies, procedures, processes and controls for identifying and managing risks.

##### *Risk & Compliance Manager*

The Risk & Compliance Manager is responsible for managing the risk management function. This includes assisting the Board, board committees and senior management to develop and maintain the risk management framework. The position has reporting lines to the Board, board committees and senior management to conduct risk management activities in an effective and independent manner.

##### *Internal Audit*

Risk management processes in the Company are audited regularly by the internal audit function, conducted by an external service provider which examines both the adequacy of the procedures and compliance with the procedures. The results of the work of the internal audit function are tabled to management and to the Audit Committee.

#### **Risk Measurement and Reporting Systems**

Monitoring and controlling risks is primarily performed based on limits established by the Board of the company. These limits reflect the business strategy and market environment of the company as well as the level of risk the company is willing to accept. Information is compiled, exemplified and processed in order to analyse, control and identify risks on a timely basis. This information is presented and explained to the Risk & Compliance Committee and/or the Board of Directors or

## NOTES TO THE FINANCIAL REPORT

### 28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

an appropriate Board committee. The reporting includes aggregate counterparty credit exposures, delinquency summary, loan security summary, loan type exposures, liquidity ratios, VaR, and significant changes to risk profile. The Board and/or Risk & Compliance Committee receive summarised risk reporting on key risk measures.

#### Risk Mitigation

The company actively manages risk through a framework that includes use of collateral, delegations, limit frameworks and credit concentrations.

#### (a) Market risk

The objective of the Company's market risk management is to minimise risk and optimise desired return by managing and controlling market risk. Market risk is the risk that changes in interest rates, foreign exchange rates or other prices and volatilities that will have an adverse effect on the Company's financial condition or results. Management of market risk is the responsibility of senior management, who report directly to the Board. The Company does not operate a trading book or involve itself in foreign exchange, commodities or equity markets.

#### (i) Interest rate risk

Interest rate risk is the risk of variability of the fair value of future cash flows arising from financial instruments due to the changes in interest rates. The Company is exposed only to interest rate risk arising from changes in market interest rates (Interest Rate Risk in the Banking Book).

#### (ii) Interest rate risk in the banking book

The Company is exposed to interest rate risk in its banking book due to mismatches between the repricing dates of assets (loans and advances and investments) and liabilities (deposits). The interest rate risk in the banking book is monitored by management. The level of mismatch on the banking book is set out in the tables below which displays the period that each asset and liability will reprice as at the balance date.

2016	Weighted Average Effective Interest Rate %	Floating Interest Rate	Fixed interest rate		Non- interest bearing	Amount per statement of financial position
			1 year or less	1 to 5 years		
<b>FINANCIAL ASSETS</b>						
Cash and liquid assets	0.5	2,140,666	-	-	293,165	<b>2,433,831</b>
Due from other financial institutions	2.44	-	14,460,639	-	-	<b>14,460,639</b>
Loans and advances	4.42	111,956,352	757,000	16,085,238	-	<b>128,798,590</b>
Investment Securities	2.88	9,065,816	-	-	-	<b>9,065,816</b>
Other financial assets	-	-	-	-	141,969	<b>141,969</b>
<b>Total financial assets</b>		<b>123,162,834</b>	<b>15,217,639</b>	<b>16,085,238</b>	<b>435,134</b>	<b>154,900,845</b>
<b>FINANCIAL LIABILITIES</b>						
Deposits	2.44	29,517,521	107,688,099	1,459,652	-	<b>138,665,272</b>
Creditors and other payables	-	-	-	-	655,914	<b>655,914</b>
<b>Total financial liabilities</b>		<b>29,517,521</b>	<b>107,688,099</b>	<b>1,459,652</b>	<b>655,914</b>	<b>139,321,186</b>
<b>Net financial assets/(liabilities)</b>		<b>93,645,313</b>	<b>(92,470,460)</b>	<b>14,625,586</b>	<b>(220,780)</b>	<b>15,579,659</b>

## NOTES TO THE FINANCIAL REPORT

### 28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

2015	Weighted Average Effective Interest Rate %	Floating Interest Rate	Fixed interest rate		Non- interest bearing	Amount per statement of financial position
			1 year or less	1 to 5 years		
<b>FINANCIAL ASSETS</b>						
Cash and liquid assets	0.50	1,900,771	-	-	269,926	<b>2,170,697</b>
Due from other financial institutions	2.62	-	21,951,890	-	-	<b>21,951,890</b>
Loans and advances	4.80	107,105,423	6,408,137	12,527,371	-	<b>126,040,931</b>
Investment Securities	3.05	7,055,143	-	-	-	<b>7,055,143</b>
Other financial assets	-	-	-	-	141,969	<b>141,969</b>
<b>Total financial assets</b>		<b>116,061,337</b>	<b>28,360,027</b>	<b>12,527,371</b>	<b>411,895</b>	<b>157,360,630</b>
<b>FINANCIAL LIABILITIES</b>						
Deposits	2.76	26,588,564	115,406,420	1,219,334	-	<b>143,214,318</b>
Creditors and other payables	-	-	-	-	463,902	<b>463,902</b>
<b>Total financial liabilities</b>		<b>26,588,564</b>	<b>115,406,420</b>	<b>1,219,334</b>	<b>463,902</b>	<b>143,678,220</b>
<b>Net financial assets/(liabilities)</b>		<b>89,472,773</b>	<b>(87,046,393)</b>	<b>11,308,037</b>	<b>(52,007)</b>	<b>13,682,410</b>

The major classes of financial assets and liabilities that are subject to interest rate variation are loans and advances, cash with banks, investments and deposits. The fundamental principles that the Company applies to mitigate interest rate risk are:

- Board approved risk appetite and limits include Value at Risk and Book Sensitivity(Present Value Basis Point);
- Forecasting and scenario modelling of growth and interest rates;
- Monitoring current and future interest rate yields on its loans and savings portfolio and cash and investments and effect on profit and equity; and the interest rates on the major proportion of these assets and liabilities can be adjusted in the short-term to minimise any significant mismatch of interest margins
- Monitoring market rates for loans and savings and amend the Company's interest rates to remain competitive;
- Regular meetings to measure and monitor the impact of movements in interest rates.

#### *Interest rate sensitivity*

Taking into account past performance, future expectations, economic forecasts and management's knowledge and experience of the financial markets, the Company believes the impact on profit or loss and the impact on equity in the following table are 'reasonably possible' over the next 12 months, if interest rates had changed by +/- 25 basis points (2015: +/- 25 basis points) from the year-end rates, with all other variables held constant.

Judgement of reasonably possible movements:	Post tax profit higher (lower)		Equity higher (lower)	
	2016	2015	2016	2015
25 basis points increase (2015:25bps)	53,500	48,650	53,500	48,650
25 basis points decrease (2015: 25bps)	(53,500)	(48,650)	(53,500)	(48,650)

#### (iii) Price risk - Equity investments

The Company is not exposed to price risk on the value of shares. The available for sale investments are not tradeable in an active market.

#### (b) Credit risk

Credit risk is the risk that the Company will incur a loss because its customers or counterparties failed to discharge their contractual obligations. New or potential exposures are subject to the company's credit risk management framework. The credit risk management framework includes delegated limits, approval levels, collateral requirements, servicing criteria, concentration limits as well as other principles designed to manage the level of credit risk exposure.

## NOTES TO THE FINANCIAL REPORT

### 28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

#### *Maximum exposures to credit risk*

The maximum exposure to credit risk equals the drawn down portion in the Statement of Financial Position and the undrawn portion of all committed facilities of loans and receivable as listed in Note 24. The major classes of financial assets that expose the Company to credit risk are loans to customers (including undrawn and unused credit commitments), cash with banks and investments and amounts due from other financial institutions.

#### *Collateral and other credit enhancements*

Loans and advances, except unsecured overdrafts, are backed by collateral. The amount and type of collateral required depends on the assessment of the credit risk of the customer. Guidelines are implemented regarding the acceptability of types of collateral and valuation parameters.

The main types of collateral obtained are as follows:

- For retail lending; mortgages over residential properties and consumer assets such as motor vehicles
- For commercial lending; charges over real estate properties

Management monitors the market value of collateral however collateral is generally not revalued except in some circumstances where a loan is individually assessed as impaired. For residential lending the Company may also take out Mortgage Insurance where the loan does not meet a specified criteria usually determined by the loan to value ratio.

The terms and conditions of collateral are specific to individual loan and security types. It is the company's policy to dispose of repossessed collateral in an orderly fashion and the proceeds used to repay or reduce the outstanding claim. During the year ended 30 June 2016, the Company did not take possession of any property.

For cash at bank, amounts due from other financial institutions and investment securities, these are unsecured. The company has a policy which limits exposure to counterparties on a group and individual basis.

#### *Credit quality*

The credit quality of the company's loans and advances is summarised in the tables below:

	2016 \$	2015 \$
Exposure to credit risk – loans and advances		
Past due but not impaired		
30 days & less than 90 days	635,404	776,836
90 days & less than 182 days	17,632	-
182 days or more	-	371,425
	<u>653,036</u>	<u>1,148,261</u>
Impaired - mortgage loans		
Up to 90 days		-
Greater than 90 days	666,013	50,156
	<u>666,013</u>	<u>50,156</u>
Impaired – personal loans		
30 days & less than 60 days	-	-
60 days & less than 90 days	-	-
90 days & less than 182 days	-	-
182 days & less than 273 days	-	-
	<u>-</u>	<u>-</u>

## NOTES TO THE FINANCIAL REPORT

### 28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Overdrawn/over-limit		
Less than 14 days	6,539	11,491
14 days & less than 90 days	438	1,548
90 days & less than 182 days	962	2,295
182 days & over	4,477	1,487
	<u>12,416</u>	<u>16,821</u>
Total past due and impaired		
Collective provision	-	-
Specific provision	(70,948)	(21,781)
Total provision	<u>(70,948)</u>	<u>(21,781)</u>
Neither past due nor impaired	<u>127,538,073</u>	<u>124,847,474</u>
	<u>128,798,590</u>	<u>126,040,931</u>

#### *Impaired loans*

Loans for which the Company determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the loan.

#### *Past due but not impaired loans*

Loans where contractual interest or principal payments are past due, but the Company believes that impairment is not appropriate on the basis of the level of security / collateral available and / or the stage of collection of amounts owed to the Company.

#### *Loans with renegotiated terms*

Loans that have been restructured due to deterioration in the borrower's financial position and where the Company has made concessions that it would not otherwise consider. Once the loan is restructured it remains in this category for 12 months independent of satisfactory performance after restructuring. Currently, the Company has \$1,227,577 in loans which have been re-negotiated (2015: \$547,659).

#### *Allowances for impairment*

The Company establishes an allowance for impairment losses that represents its estimate of incurred losses in its loan portfolio. The main component of this allowance is the collective loan loss allowance established for the Company in respect of loan losses that have been incurred but have not been identified, subject to individual assessment for impairment.

#### *Write-off policy*

Bad debts are written off as determined by management and the Board of Directors when it is reasonable to expect that the recovery of the debt is unlikely. Bad debts are written off as expenses in the statement of comprehensive income or against the provision for impairment.

Where the Company holds collateral against loans and advances, it is in the form of mortgage interests over property, other registered securities over assets, and guarantees. Estimates of fair value are based on the value of collateral assessed at the time of borrowing, and generally are not updated except when a loan is individually assessed as impaired.

#### *Concentrations of credit risk*

The company is exposed to credit concentration risk by lending predominately to customers in Western Australia, including the Goldfields and Perth metropolitan regions. The Company does not have any classes of loans which represent in aggregate 10% or more of the shareholders equity outside of this geographical area or to any other group. Through the expansion of lending activities outside of the Goldfields region during the period, the level of concentration to the Goldfields region has diminished.

## NOTES TO THE FINANCIAL REPORT

### 28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

The Company monitors concentration of credit risk by purpose. An analysis of concentrations of credit risk at the reporting date is shown below:

	2016 \$	2015 \$
Overdrafts	851,356	900,243
Residential loans	120,161,502	116,498,806
Commercial loans	6,228,343	6,803,357
Personal loans	1,628,337	1,860,306
Total loans gross	<u>128,869,538</u>	<u>126,062,712</u>

As at 30 June 2016 there is one loan (2015:3) which individually have facilities which represent 10% or more of the regulatory capital base. The total of these facilities which represent loans plus undrawn credit facilities amount to \$1,642,372 (2015: \$4,583,830).

#### (c) Liquidity risk

Liquidity risk is the risk that the company will be unable to meet its payment obligations when they fall due under normal and stress circumstances.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient funds available to meet its liabilities under both normal and stressed conditions, without incurring unacceptable losses. Sources of liquidity risk include unforeseen withdrawals of demand deposits, increased demand for loans and drawdown on available credit limits, and inability to liquidate a marketable asset. The Company maintains a portfolio of short term liquid assets to ensure that sufficient liquidity is maintained for daily operational requirements.

The Company has documented its strategy to manage liquidity risk in a liquidity policy and liquidity management plan which includes the following activities by Management:

- On a daily basis, an assessment is made of the daily cash position and the investment action to be undertaken.
- On a daily basis, a summary of the Company's liquidity position, including movements in major liquid assets and liabilities is reviewed.
- On a monthly basis, the liquidity position is reported to the Board, including an explanation of significant movements and corrective action taken, where applicable.
- Regularly reporting current and emerging liquidity management trends to the Board and highlighting risk areas and relevant market conditions/expectations.

The Company's policy is to apply a minimum level of 13% (2015: 13%) of funds as liquid assets to maintain adequate funds for meeting customer withdrawal requests. The ratio is checked daily. In the present economic environment, in order to minimise the risk of the liquidity ratio falling below 13% (2015: 13%); the Board has determined a target liquidity trading range of 14.5% - 18.5%. In the event that liquidity ratio falls below 13% or is considered to be at risk of falling below that level, specific remedial measures are required to be taken by the Board and management.

The liquidity policy and management plan are reviewed at least annually by the Risk & Compliance Committee, with the policy then approved by the Board.

Deposits are the liability class that presents the major source of risk to the Company's liquidity management. Concentrations within this class of financial liability are measured in terms of exposures to individual depositors and groups of related depositors. As at 30 June 2016 there were no deposits greater than 10% of total liabilities (2015: nil).



## **NOTES TO THE FINANCIAL REPORT**

### **28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**

The liquidity ratio is calculated based on the formula prescribed by APRA in APS 210 as summarised below:

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
High quality liquid assets	25,960,286	27,663,835
Liability base for regulatory purposes	151,320,877	154,545,528
Liquidity ratio	<u>17.16%</u>	<u>17.90%</u>

#### **(d) Operational risk**

Operational risk is a risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks (such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour). Operational risks arise from all of the Company's operations and are faced by all business entities.

The Company's objective is to manage operational risk so as to balance the avoidance of financial loss and damage to the Company's reputation, against excessive cost and control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of the Company's overall standards for management of operational risk in the following areas:

- Compliance with regulatory and other legal requirements
- Third party supplier relationships
- Business continuity and contingency planning
- People and key person risk including training and professional development
- Outsourcing risk associated with materially outsourced services
- Competition risk
- Fraud risk
- Requirements for appropriate segregation of duties, including independent authorisation of transactions
- Requirements for the reconciliation and monitoring of transactions
- Documentation of controls and procedures
- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- Requirements for the reporting of operational losses and proposed remedial action
- Ethical and business standards
- Risk mitigation, including insurance where this is effective

Compliance with the Company's standards is supported by a program of periodic reviews undertaken by the Audit Committee. The results of these reviews are discussed with the management to which they relate and are reported to the Audit Committee.

#### **(e) Capital Management**

The Company is licensed as an Authorised Deposit-taking Institution (ADI) under the Banking Act 1959 and is subject to prudential supervision by APRA.

## NOTES TO THE FINANCIAL REPORT

### 28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

The Company has documented its strategy to manage capital in its internal capital adequacy assessment process which includes the capital management plan. The Standards include APS 110 Capital Adequacy which:

- Imposes on the Board a duty to ensure that the Company maintains an appropriate level and quality of capital commensurate with the level and extent of the risks to which the Company is exposed from its activities; and
- Obliges the Company to have in place an Internal Capital Adequacy Assessment Process (ICAAP).

Three Pillars – There are three pillars to the Basel III capital framework.

Pillar 1 – involves specific capital charges for credit risk, operational risk, and the risk of financial market trading activities.

Pillar 2 – involves the Company making an assessment of any additional capital necessary to cover other risks not included in Pillar 1.

Pillar 3 – involves increased reporting by the Company to APRA.

The Board has determined that, for the Company, the prudent level of capital is the sum of the following:

- the specific capital charge for Pillar 1 risks
- the additional capital required to cover Pillar 2 risks, where applicable
- a buffer to cover other capital factors, where applicable

Various limits are applied to elements of the capital base. The main deductions from capital include deferred tax assets, intangible assets and equity investments in other ADI's.

The Company's policy is to apply a minimum target of 17% capital (2015: 18%).

In accordance with the Company's capital management objectives, the Company's regulatory minimum capital requirements were exceeded at all times during the year.

	2016	2015
	\$	\$
Tier 1 Capital	15,646,799	13,789,280
Tier 2 Capital	319,551	319,551
Total Regulatory capital	<u>15,966,350</u>	<u>14,108,831</u>
Risk weighted assets	<u>76,317,056</u>	<u>73,498,469</u>
Capital ratio	<u>20.92%</u>	<u>19.2%</u>

Disclosures required under Prudential Standard APS 330 Public Disclosure can be located on our website at: [http://www.goldfieldsmoney.com.au/about\\_us/investors/regulatory-disclosures](http://www.goldfieldsmoney.com.au/about_us/investors/regulatory-disclosures).

### 29. RELATED PARTY DISCLOSURES

Goldfields Money Limited is wholly owned by its equity holders. The Company does not have any subsidiaries, associates or joint ventures.

Information regarding individual Directors and Executive compensation and some equity instruments disclosures as required by the Corporations Regulation 2M.3.03 is provided in the remuneration report section of the Directors' report. Disclosure of the compensation and other transactions with key management personnel (KMP) is required pursuant to the requirements of Australian Accounting Standard AASB 124 Related Party Disclosures. The KMP of Company comprises the Non Executive Directors and Executives.

- (a) The following were key management personnel of the Company at any time during the reporting period and unless otherwise indicated were key management personnel for the entire period:

## NOTES TO THE FINANCIAL REPORT

### 29. RELATED PARTY DISCLOSURES (continued)

#### Directors

Mr. Peter Wallace	
Mr. Derek La Ferla	Appointed 13 November 2015
Mr. Peter Hall	Appointed 13 November 2015
Mr. James Austin	
Mr. Keith John	Appointed 27 May 2016
Mr. Robert Bransby	Resigned 27 May 2016
Mr. Allan Pendal	Resigned 13 November 2015
Mr. William McKenzie	Resigned 13 November 2015

#### Executives

Simon Lyons	Appointed 18 January 2016
Michael Verkuylen	
Robert Whittingham	Resigned 22 July 2016
David Holden	Terminated 11 September 2015

#### (b) Remuneration of Key Management Personnel (KMP):

KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of that entity.

KMP has been taken to comprise the Directors and the members of the executive management responsible for the day-to-day financial and operational management of the Company. The aggregate compensation of KMP during the year comprising amounts paid or payable or provided for was as follows:

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Short term employee benefits	697,089	550,780
Post-employment benefits	89,886	50,424
Other long-term benefits	-	-
Termination benefits <sup>1</sup>	245,333	-
	<u>1,032,308</u>	<u>601,204</u>

#### <sup>1</sup>Termination payment to former Chief Executive Officer

During the period, the board of directors terminated the employment of the former Chief Executive Officer, David Holden. Under the terms of agreement Mr Holden received payment in lieu of \$245,333 plus \$23,306 in superannuation.

In the above table, remuneration shown as short term benefits means (where applicable) wages, salaries and other contributions, paid annual leave and paid sick leave, and bonuses, value of fringe benefits received, but excludes out of pocket expense reimbursements.

Loans to Key Management Personnel are disclosed in the Remuneration Report. There were no loans provided to any other related parties. The Company's policy for lending to Directors and management is that all loans are approved and deposits accepted on the same terms and conditions that applied to the general public for each class of loan or deposit.

There are no loans that are impaired in relation to the loan balances with Directors or other KMPs.

There are no benefits or concessional terms and conditions applicable to the close family members of the KMP. There are no loans which are impaired in relation to the loan balances with close family relatives of Directors and other KMP.

## NOTES TO THE FINANCIAL REPORT

### 29. RELATED PARTY DISCLOSURES (continued)

- (c) Other transactions between related parties including deposits from Key Management Personnel (KMP) are:

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Total value term and savings deposits from KMP at reporting date	<u>403,034</u>	<u>203,371</u>
Total interest paid/payable on deposits to KMP	<u>5,201</u>	<u>3,816</u>

The Company's policy for receiving deposits from KMP is that all transactions are approved and deposits accepted on the same terms and conditions that applied to the general public for each type of deposit.

- (d) Transactions with other related parties  
Other transactions between related parties include deposits from Director related entities or close family members of Directors, and other KMP. The Company's policy for receiving deposits from related parties is that all transactions are approved and deposits accepted on the same terms and conditions that applied to customers for each type of deposit. There are no benefits paid or payable to the close family members of the KMP.
- (e) Firstmac deposit distributions and loan purchases  
Goldfields Money has entered into several commercial agreements with FirstMac Limited and its subsidiaries ("FirstMac"). FirstMac is considered a related party by virtue of Mr James Austin's position as an officer of that Company and his role as a Non-Executive Director of Goldfields Money Limited.

The arrangements cover distribution of deposit products by FirstMac and issued by Goldfields Money Limited to Firstmac customers as well as the assignment of loans and advances from Firstmac to Goldfields Money. Under these arrangements, Firstmac receives fees for origination and services rendered. The terms of the commission are equivalent to those that prevail in arm's length transactions.

Deposit products offered by FirstMac and issued by Goldfields Money are not held by FirstMac, they are held by unrelated customers and interest payments are owed to the customers.

The following table provides the total amount of transactions which have been entered into with Firstmac during the year, as well as balances with Firstmac at balance date:

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Commissions and fees paid/payable during year	88,194	15,211
Loans purchased	<u>2,606,753</u>	<u>4,645,870</u>
Amounts paid or payable at balance date	<u>7,463</u>	<u>2,195</u>

## NOTES TO THE FINANCIAL REPORT

### 29. RELATED PARTY DISCLOSURES (continued)

The amounts shown at balance date have not been assessed as impaired.

In addition to above, the Company has accepted term deposits from Firstmac High Livez Fund. The manager of the Firstmac High Livez Fund is Firstmac Limited. The deposits accepted are at the same conditions and rates available to all customers.

The following table provides a summary of transactions which have been entered into with Firstmac High Livez during the year, as well as balances with Firstmac at balance date:

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Interest paid/payable	<u>115,342</u>	<u>41,206</u>
Deposits owing at balance date (excluding accrued interest)	<u>3,100,000</u>	<u>7,125,000</u>

(f) Avy Nominees Pty Ltd

During the period, the Company paid \$27,436 to Avy Nominees Pty Ltd in relation to leased premises. Non-Executive Director, Mr Keith John is a beneficiary of The John Family Primary Investments Trust and the sole Director and Secretary of Avy Nominees Pty Ltd, which is trustee of The John Family Primary Investments Trust. The amount paid excludes variable outgoings and management fees.

(g) Derek La Ferla– Lavan Legal

Mr La Ferla was elected as a non-executive director in November 2015. Currently, Mr La Ferla is a Partner with Western Australian firm, Lavan Legal which payments for legal services have been made.

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Legal services paid/payable during year to Lavan Legal	<u>20,058</u>	<u>10,566</u>
Amounts owing/payable at balance date	<u>-</u>	<u>-</u>

## NOTES TO THE FINANCIAL REPORT

### 30. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing the net profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the Company adjusted for the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

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

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Net profit attributable to ordinary share holders	(95,187)	139,951
Weighted average number of ordinary shares for basic earnings per share	16,054,559	15,666,829
Effect of dilution:		
Share options	-	-
Weighted average number of ordinary shares adjusted for dilution	16,054,559	15,666,829

Weighted average numbers of ordinary shares has been calculated by determining number of ordinary shares outstanding at the beginning of the period, adjusted by the number of ordinary shares issued during the period, multiplied by a time-weighting factor. The time-weighting factor is the number of days that the shares are outstanding as a proportion of the total number of days in the period.

The options (4,500,000) (2015: 4,500,000) are considered to be potential ordinary shares and have not been included in the determination of diluted earnings per share as they are anti-dilutive for the periods presented. Details relating to the options are set out in Note 17.

### 31. DIVIDENDS PAID OR PROPOSED AND FRANKING ACCOUNT

No dividend was paid or declared by the Company in the period and up to the date of this report. The Directors do not recommend that any amount be paid by way of dividend, for the financial period ended 30 June 2016 (2015: nil).

Franking credit balance:

The amount of franking credits available for the subsequent financial years are:

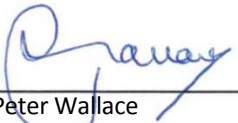
	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Franking account balance as at the end of the financial year at 30% (2015: 30%)	2,576,981	2,673,528
Franking credits that will arise from the payment/(receipts) of income tax payable/ (receivable) as at the end of the financial year	(58,904)	(105,166)
Franking credits that arise from the receipt of franked dividends	8,619	8,619
Franking credits available for subsequent reporting periods based on tax rate of 30% (2015: 30%)	<u>2,526,696</u>	<u>2,576,981</u>

## **DIRECTORS' DECLARATION**

In accordance with a resolution of the Directors of Goldfields Money Limited, I state that:

1. In the opinion of the Directors:
  - a. The financial statements and notes of Goldfields Money Limited for the financial year ended 30 June 2016 are in accordance with the Corporations Act 2001, including:
    - i. Giving a true and fair view of its financial position as at 30 June 2016 and performance for the financial year ended on that date;
    - ii. Complying with Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.
  - b. The financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1.
  - c. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. 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 ended 30 June 2016.

On behalf of the board

  
\_\_\_\_\_  
Peter Wallace  
Director

18 August 2016

**RSM Australia Partners**

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**INDEPENDENT AUDITOR'S REPORT****TO THE MEMBERS OF****GOLDFIELDS MONEY LIMITED****Report on the Financial Report**

We have audited the accompanying financial report of Goldfields Money Limited ("the company"), which comprises the statement of financial position as at 30 June 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

*Directors' Responsibility for the Financial Report*

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

*Auditor's Responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

**THE POWER OF BEING UNDERSTOOD****AUDIT | TAX | CONSULTING**

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### *Independence*

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Goldfields Money Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

### *Opinion*

In our opinion:

- (a) the financial report of Goldfields Money Limited is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the company's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

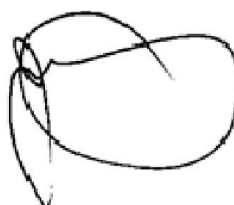
### **Report on the Remuneration Report**

We have audited the Remuneration Report contained in the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

### *Opinion*

In our opinion the Remuneration Report of Goldfields Money Limited for the year ended 30 June 2016 complies with section 300A of the *Corporations Act 2001*.

  
RSM AUSTRALIA PARTNERS



J A KOMNINOS  
Partner

Perth, WA  
Dated: 18 August 2016

## ADDITIONAL ASX INFORMATION

Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 16 August 2016.

(a) Distribution of equity securities

Spread of holdings	Number of holders	Number of units	Percentage of total issued capital
1 - 1,000	26	11,921	0.07
1,001 - 5,000	1,743	4,165,386	23.12
5,001 - 10,000	46	347,626	1.93
10,001 - 100,000	51	1,569,465	8.71
100,001+	16	11,922,455	66.17
<b>TOTAL</b>	<b>1,882</b>	<b>18,016,853</b>	<b>100 %</b>

(b) Twenty largest holders of quoted equity securities

Rank	Shareholder	Number of units	Percentage of issued capital
1	FINANCIAL PROJECT OF AUSTRALIA LIMITED	2,700,010	14.99
2	PIONEER CREDIT CONNECT PTY LTD	2,540,397	14.10
3	TRIO C PTY LTD	2,350,024	13.04
4	ONE MANAGED INVT FUNDS LTD <AURA SPECIAL OPPS FUND VIII>	1,202,287	6.67
5	DREAMPOINT INVESTMENTS PTY LTD <GCU COMMUNITY A/C>	580,000	3.22
6	D2MX PTY LTD	435,334	2.42
7	B F A PTY LTD	389,486	2.16
8	AZURE CAPITAL LIMITED <AZURE CAPITAL A/C>	386,170	2.14
9	KEMAST INVESTMENTS PTY LTD <S/F NO 2 A/C>	350,000	1.94
10	THE NATIONALE SUPERANNUATION FUND	350,000	1.94
11	BRETT DONALD RICHARDS & LINDA MARY RICHARDS <RICHARDS SUPER FUND>	200,000	1.11
12	MR DAVID JOHN HOLDEN & DR EUN JUNG HOLDEN	178,747	0.99
13	SIMON PETER LYONS & JENNIFER CORAL LYONS	150,000	0.83
14	JASPER HILL RESOURCES PTY LTD <SUPERANNUATION A/C>	150,000	0.83
15	MR RAYMOND MARKS	100,000	0.55
16	MICHAEL LEON VERKUYLEN & KATE HIGHFIELD VERKUYLEN	94,400	0.52
17	FUTURE SUPER PTY LTD <JWS SUPER FUND A/C>	86,886	0.48
18	TT NICHOLLS PTY LTD	70,000	0.39
19	MAJ PTY LTD <WALLACE SUPER FUND A/C>	68,535	0.38
20	BIRRIWA PTY LTD <MCKENZIE FAMILY A/C/> & <MCKENZIE LEGAL PRACTICE A/C>	63,000	0.35
	<b>TOTAL</b>	<b>12,445,276</b>	<b>68.85</b>

**(c) Unlisted options**

4,500,000 options are held by 275 option holders. All the options are exercisable on or before 14 May 2019 at an exercise price of \$1.50 each. There are no voting rights attached to these options.

Rank	Shareholder	Number of units	Percentage of issued capital
1	JASPER HILL RESOURCES PTY LTD <SUPERANNUATION ACCOUNT>	175,000	0.97%
2	MR MICHAEL FRANK MANFORD <ATLO SUPER FUND A/C>	175,000	0.97%
3	TWO TOPS PTY LTD	175,000	0.97%
4	KINGSLANE PTY LTD <CRANSTON SUPERANNUATION A/C>	175,000	0.97%
5	KEMAST INVESTMENTS PTY LTD <S/F NO 2 A/C>	175,000	0.97%
6	WULURA INVESTMENTS PTY LTD <PJT SUPER FUND A/C>	175,000	0.97%
7	AVIEMORE CAPITAL PTY LTD	150,000	0.83%
8	NATIONAL NOMINEES LIMITED <DB A/C>	128,500	0.71%
9	FLUE HOLDINGS PTY LTD <BROMLEY SUPERANNUATION A/C>	125,000	0.69%
10	CRANPORT PTY LTD	100,000	0.56%
11	MR DAVID JOHN HOLDEN + DR EUN JUNG HOLDEN	100,000	0.56%
12	ROCKET SCIENCE PTY LTD <THE TROJAN CAPITAL FUND A/C>	100,000	0.56%
13	MARFORD GROUP PTY LTD	100,000	0.56%
14	FUTURE SUPER PTY LTD <JWS SUPER FUND A/C>	75,000	0.42%
15	MR MARK JOHN BAHEN + MRS MARGARET PATRICIA BAHEN <SUPERANNUATION ACCOUNT>	75,000	0.42%
16	MR DANIEL PAUL WISE <ARK INVESTMENTS A/C>	62,500	0.35%
17	OCEAN VIEW WA PTY LTD <DANIEL WISE SUPERFUND A/C>	62,500	0.35%
18	WARREN KALAJZICH NOMINEES PTY LTD <WARREN KALAJZICH NOM S/F A/C>	50,000	0.28%
19	TECCA PTY LTD <C & E RETIREMENT FUND A/C>	50,000	0.28%
20	MOOSEHEAD PTY LTD	50,000	0.28%
	<b>TOTAL</b>	<b>2,278,500</b>	<b>12.65</b>

**(d) Substantial shareholder(s)**

The names of substantial shareholders who have notified the company in accordance with section 671B of the Corporations Act 2001 are:

Rank	Shareholder	Number of units	Percentage of issued capital
1	TRIO C PTY LTD & THE NATIONALE SUPERANNUATION FUND	2,700,024	14.99
2	FINANCIAL PROJECT OF AUSTRALIA LIMITED	2,700,010	14.99
3	PIONEER CREDIT CONNECT PTY LTD	2,540,397	14.10
4	ONE MANAGED INVT FUNDS LTD <AURA SPECIAL OPPS FUND VIII>	1,137,287	6.31