



## Annual Report

ACN:087 651 849

**30 June 2017**

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## Corporate Information

ACN: 087 651 849

### Directors

Mr. Peter Wallace	(Chairman and Non-executive Director)
Mr. Derek La Ferla	(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. Malcolm Cowell

### 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	Perth 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)

## DIRECTORS' REPORT

Your Directors present their report of Goldfields Money Limited ("Goldfields Money" or the "Company") together with the financial report for the year ended 30 June 2017 and the auditor's report thereon.

### 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	Non-executive Director
Mr. Peter Hall	Non-executive Director
Mr. James Austin	Non-executive Director
Mr. Keith John	Non-executive Director

### PRINCIPAL ACTIVITY

The principal activities of the Company were the provision of a range of retail banking products and services to existing and new customers. Goldfields Money is an authorised deposit taking institution regulated by the Australian Prudential Regulation Authority ("APRA"), with its operations historically based in Western Australia.

### OPERATING AND FINANCIAL REVIEW

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

Key Metric	30 June 2017	30 June 2016	Movement %
Total assets	215,201,362	156,414,441	37.6%
Loans	157,044,459	128,798,590	21.9%
Loans held in off balance sheet facility	26,355,626	26,035,307	1.2%
Total loans under management	183,400,085	154,833,897	18.4%
Deposits	194,134,305	138,665,272	40.0%
Ave. Net Interest Margin	1.49%	1.98%	(24.7%)
Non-Interest Revenue	1,475,909	507,865	191%
Capital adequacy ratio	19.37%	20.92%	(7.4%)
Net statutory (loss)/profit after tax	(996,456)	(95,187)	(946.8%)

\* Expressed as absolute change

The 2017 financial year saw Goldfields Money achieve significant growth in assets and liabilities, reflecting the Company's efforts to grow and diversify its business. Loans on balance sheet increased by \$28.2m with more than 50% of this growth being achieved in diverse geographies away from its historical base of the Goldfields region of Western Australia. Goldfields Money sold \$3.7m of loans into the off balance sheet facility during the year, and total loans under management grew by \$28.6m, net of customer repayments. At 30 June 2017, the off balance sheet funding facility was drawn to \$26m with a further \$34m remaining available.

Customer deposits increased by \$55.5m with funds being utilised to fund the loan book growth, generate investment returns from the regulatory liquidity portfolio and to deploy cash into an ATM network pursuant to the \$15m cash convenience agreement signed in September 2016, which was subsequently increased to \$30m in May 2017. Net interest income and margin declined due in part to rate competition in the residential lending market together with the conscious focus on increasing deposits to fund the cash convenience agreement, which derives high levels of non-interest revenue. Net interest revenue for the year declined by \$353,013 to \$2,756,862 (2016: \$3,109,875) offset by an increase in non-interest revenue by \$968,044 to \$1,475,909 (2016:\$507,865).

The overall quality of the lending portfolio remains strong with impaired assets as a proportion of total loans and advances decreasing to 0.29% (2016: 0.52%). Specific provisions increased by \$26,879 and Goldfields Money established a collective provision during the year of \$234,054. These provisions, together with the increase in the General Reserve for Credit Losses of \$22,160 to \$341,711 see the Company well placed to absorb the effect of any increases in the level of arrears should it occur.

## DIRECTORS' REPORT (continued)

The Company has recognised a loss after tax for the year ended 30 June 2017 of \$996,456 (2016: loss of \$95,187). As flagged in the first half results, there are a number of one off costs that reflect the significant investment that was made in the business to ensure we can achieve our goal of becoming a digital bank. The management team was effectively replaced during the course of the year. The Board now believes the new team has the skill and ability to significantly grow the business moving forward. The implementation of the new core banking system (CBS) will position the Company for an exciting growth phase. The new CBS is expected to be implemented during FY2018. A lot of work has also been done on developing a new brand proposition to appeal to a broad range of customers that better reflects the business's digital banking ambitions in order to give it national exposure through an online presence. This too will be implemented when we go live with the new CBS. The business remains committed to its branch structure in Kalgoorlie and Esperance. Kalgoorlie remains the heart of our processing centre.

The expense associated with reshaping the management team, implementing a new CBS and rebranding the Company that has resulted in the statutory loss being reported was planned and has been managed to budget during FY17. Looking forward, the Directors expect the business will be profitable on an ongoing basis.

In March 2017, the Company successfully completed a capital raising to institutional and sophisticated investors of 4,504,213 shares at \$0.95 per share to raise proceeds of approximately \$4.28 million before raising costs of \$226,801. The issue was oversubscribed and introduced several new shareholders to the register.

The funds raised are being used to:

- Complete the Digitisation of the back office and development of a new 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 additional growth in the loan portfolio
- Provide working capital to fund further business expansion

The Company's regulatory capital adequacy ratio was 19.37% at 30 June 2017.

## 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 year ended 30 June 2017.

## 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 45 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 30 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 and a member of the Credit Committee.

## DIRECTORS' REPORT (continued)

### Derek La Ferla (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. He is a Non-executive Director of Sandfire Resources NL, Veris Limited and Threat Protect Limited and is a member of the AICD Council (WA Division). He has held senior positions with some of Australia's leading law firms and is a Partner with large independent Western Australian law firm, Lavan.

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

- Veris Limited –appointed 28 October 2011
- Sandfire Resources NL – appointed 17 May 2010
- Threat Protect Australia Limited – appointed 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.

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

### James Austin (Non-executive Director)

Mr Austin was appointed a Director in November 2013. He is currently the Chief Financial Officer 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 \$20 billion of RMBS in his time with the group.

Mr Austin is a member of the Audit Committee and the Credit 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. Mr John is a Director of Avy Nominees Pty Ltd and Midbridge Investments Pty Ltd.

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 Advantedge 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 Securitisation Forum.

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

## DIRECTORS' REPORT (continued)

### COMPANY SECRETARY

#### Malcolm Cowell

Mr Cowell was appointed as Company Secretary on 1 March 2017 and is also the Chief Financial Officer of the Company. He is a Chartered Accountant with over 25 years' experience in banking and professional services. He commenced his career with Commonwealth Bank and prior to joining the company, he was an Audit Director with KPMG providing audit and advisory services to a range of listed and private companies across the financial services, mining and not-for-profit sectors.

#### Michael Verkuylen

Mr Verkuylen resigned as Chief Financial Officer and Company Secretary on 1 March 2017.

#### Mr Rob Whittingham

Mr Whittingham was joint Company Secretary until his resignation on 22 July 2016.

### 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 notified by the directors to the ASX in accordance with S205G(1) of the *Corporations Act 2001* as follows:

	Number of ordinary shares	Number of options or performance rights over ordinary shares
Peter Wallace	70,838	-
Derek La Ferla	-	-
Peter Hall	13,534	-
James Austin	-	-
Keith John	-	-

Interests in shares, options or performance rights noted above were acquired by the Directors at their own expense and do not form part of their remuneration.

### SHARE OPTIONS AND RIGHTS OVER SHARES

The Company has on issue 4,500,000 unlisted options. The options have an exercise price of \$1.50 and expire in May 2019. In addition, the Company has issued 1,740,000 performance rights to certain key management personnel. The performance rights entitle the holder to a grant of shares subject to certain conditions being met. Refer to the Remuneration Report for further details.

### 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 S199B 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		Credit	
	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible
P Wallace	6	6	3	*	2	*	2	2	3	4
D La Ferla	6	6	3	3	2	2	2	2	-	-
P Hall	6	6	3	3	2	2	-	-	4	4
J Austin	6	6	3	3	-	-	-	-	3	4
K John	5	6	1	*	1	2	2	2	1	*

\* Attendance by invitation

## DIRECTORS' REPORT (continued)

### 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 year under review.

### 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.

### PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under S237 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.

### 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 and APES 110 Code of Ethics for Professional Accountants. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Details of the amounts paid to the auditor of the Company, RSM Australia Partners for audit and non-audit services for the year ended:

<i>Non audit services</i>	\$
Tax compliance services	4,270
<i>Audit and assurance services</i>	
Audit and review of financial statements	68,450
Regulatory assurance services	25,025
Total audit and assurance services	93,475
<b>Total amounts paid to RSM Australia Partners</b>	<b>97,745</b>

### AUDITORS INDEPENDENCE DECLARATION

The lead auditor's independence declaration provided in accordance with S307C of the Corporations Act 2001, is set out on page 19 and forms part of the Directors' Report for the financial year ended 30 June 2017.

The Remuneration Report commencing on the following page forms part of this Directors' Report.



## DIRECTORS' REPORT (continued)

### REMUNERATION REPORT (AUDITED)

This Remuneration Report for the year ended 30 June 2017 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 philosophy
  - B. Approach to setting remuneration
  - C. Detail of incentive plans
4. Executive remuneration outcomes for 2017 (including link to performance)
5. Executive contracts
6. Non-executive director remuneration (including statutory remuneration disclosures)
7. Additional disclosures relating to options, performance rights 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), Risk & Compliance Manager (RCM) and Company Secretaries (CoSec) of the Company.

The table below outlines the KMP of the Company and their movements during the year ended 30 June 2017:

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

Peter Wallace	Chairman (non-executive) – Appointed 8 August 2014
Derek La Ferla	Director (non-executive) – Appointed 13 November 2015
James Austin	Director (non-executive) – Appointed 18 November 2013
Peter Hall	Director (non-executive) – Appointed 13 November 2015
Keith John	Director (non-executive) – Appointed 27 May 2016

#### (ii) Other executives

Simon Lyons	Chief Executive Officer – Appointed 18 January 2016
Michael Verkuylen	Company Secretary and Chief Financial Officer – Resigned 1 March 2017
Robert Whittingham	Joint Company Secretary – Resigned 22 July 2016
Malcolm Cowell	Company Secretary and Chief Financial Officer – Appointed 1 March 2017
Steve Ellis	Head of Risk & Compliance – Appointed 17 July 2016

#### 2. Remuneration governance

The Board of Directors is responsible for determining and reviewing compensation arrangements for the executive team. The Remuneration Committee assists the Board in meeting its responsibilities to ensure that remuneration practices are appropriate with regards to the Company's size and scale of operations, and to ensure that the Company can continue to attract and retain high caliber individuals to key executive roles.

## 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 found on the company website 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 2016 Annual General Meeting (AGM)

The 2016 Remuneration Report received positive shareholder support at the 2016 AGM with a vote of 99%.

## 3. Executive remuneration arrangements

### 3.1 Remuneration principles and philosophy

The objective of the Company's remuneration strategy is to attract and retain executives who will create shareholder value and fairly and responsibly reward them for performance. The Board believes it is critical to consider how long-term sustainable value is created in the Company and link remuneration structures to this value creation. The Company's remuneration policy is also intended to encourage behaviors that support an improvement in the financial performance of the business over time. To this end, the Company applies the following principles to its remuneration framework:

- Provide competitive rewards to attract and retain high-caliber people;
- Link executive rewards to shareholder value; and
- Provide for a significant proportion of the executive remuneration to be "at risk" – that is, dependent upon meeting predetermined performance indicators.

In accordance with best practice corporate governance, the structure of NED remuneration is separate and distinct from executive remuneration.

## DIRECTORS' REPORT (continued)

### REMUNERATION REPORT (AUDITED)

Remuneration is comprised of three distinct components within Goldfields Money, these are described below:

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 or performance rights</li> </ul>	Rewards executives for their contribution towards achievement of Company outcomes, as well as their performance against individual key performance indicators (KPIs).	Linked to other internal financial measures, strategic objectives, risk management, compliance and leadership.
Long term incentive plan (LTI)	<ul style="list-style-type: none"> <li>Performance rights</li> </ul>	Rewards executives for their contribution to the creation of shareholder value over the longer term.	Vesting of incentive is dependent on achieving key strategic objectives, including implementation of products distribution arrangements, shareholder returns and corporate transactions.

### 3.2 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.

### 3.3 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 2017	
<ul style="list-style-type: none"> <li>Diversify revenue streams</li> <li>Improve productivity of white label partners</li> <li>Return to break even by 30 June 2017</li> </ul>	<ul style="list-style-type: none"> <li>Enhance the banking platform</li> <li>Create a new and better standard in customer experience</li> <li>Explore new business models for B2C and B2B</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.

#### 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.

Shareholders of the Company approved the Goldfields Money Equity Incentive Plan ("the Plan") at the 2016 Annual General Meeting held on 18 November 2016. Pursuant to the terms of the Plan, executives may be offered performance rights that entitle the executive to the Company delivering fully paid ordinary shares, either issued by the Company or acquired on-market, at the election of the Board.

#### 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 unless otherwise agreed by the Board. 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, subject to the Board's discretion.

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

The Company has a policy prohibiting 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.

#### 4.1 Executive remuneration outcomes for 2017 (including link to performance)

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

In considering the Company's performance and benefits for shareholder wealth, the remuneration committee has regard to the following:

	2017	2016	2015	2014	2013
Profit/(loss)	(996,456)	(95,187)	139,951	190,052	196,709
Dividends paid	Nil	Nil	Nil	Nil	Nil
Share price at balance date	\$1.00	\$0.91	\$0.85	\$1.02	\$1.00
Return on capital employed	(4.93%)	(0.56%)	0.94%	1.28%	1.34%

Profitability is one of the financial performance targets considered in setting remuneration for executives, and has been calculated in accordance with Australian Accounting Standards. Performance to budget is another key measure considered by the Goldfields Money Board when appropriate to the business objectives.

## DIRECTORS' REPORT (continued)

### REMUNERATION REPORT (AUDITED)

#### 4.2 Remuneration of key management personnel

		Salary & fees	Short-term benefits				Post-employment	Other long term	Shared-based payments	Termination	Total	Performance related
			STI (A)	Cash bonus	Non-monetary benefits	Total	Superannuation	Long service leave	LTI (B)			
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%
<b>Executives</b>	<b>Year</b>											
Simon Lyons <sup>1</sup>	2017	312,161	15,148	-	3,078	330,387	19,308	7,982	42,086	-	399,763	14%
	2016	126,923	-	-	4,605	131,528	8,169	-	-	-	139,697	-
Malcolm Cowell <sup>2</sup>	2017	72,834	-	-	770	73,604	6,431	-	21,043	-	101,078	21%
Steve Ellis <sup>3</sup>	2017	163,548	-	-	-	163,548	14,599	611	8,417	-	187,175	4%
<b>Former Executives</b>												
David Holden <sup>4</sup>	2016	79,061	-	-	928	79,989	31,957	-	-	245,333	357,279	-
Michael Verkuyl <sup>5</sup>	2017	142,695	-	30,000	2,543	175,238	15,832	-	-	-	191,070	16%
	2016	205,019	-	-	5,401	210,420	27,081	-	-	-	237,501	-
Rob Whittingham <sup>6</sup>	2017	15,057	-	-	-	15,057	2,521	-	-	-	17,578	-
	2016	98,654	-	-	425	99,079	9,372	-	-	-	108,451	-
<b>Total</b>	<b>2017</b>	<b>706,295</b>	<b>15,148</b>	<b>30,000</b>	<b>6,391</b>	<b>757,834</b>	<b>58,691</b>	<b>8,593</b>	<b>71,546</b>	<b>-</b>	<b>896,664</b>	<b>13%</b>
	2016	509,657	-	-	11,359	521,016	76,579	-	-	245,333	846,538	-

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

<sup>2</sup>Appointed as Chief Financial Officer and Company Secretary on 1 March 2017

<sup>3</sup>Appointed as Head of Risk and Compliance on 18 July 2016

<sup>4</sup>Ceased employment as at 11 September 2015

<sup>5</sup>Resigned as Chief Financial Officer and Company Secretary on 1 March 2017

<sup>6</sup>Resigned as Joint Company Secretary on 22 July 2016

(A) – The fair value of performance rights granted as a STI is determined by recognising the grant date fair value over the relevant service condition period.

(B) – The fair value of performance rights is calculated at the grant date using the Monte-Carlo simulation model, taking into account the impact of the market and non-market conditions attached to the performance rights.

## DIRECTORS' REPORT (continued)

### REMUNERATION REPORT (AUDITED)

#### 4.2 Analysis of bonuses included in remuneration – audited

Details of the short-term incentive cash bonus awarded as remuneration to key management personnel are detailed below:

	Short-term incentive bonus		
	Included in remuneration \$ (A)	% awarded in year	% forfeited in year
M Verkuylen	30,000	100%	0%

(A) Amounts included in current year remuneration represent a bonus awarded to Mr Verkuylen for his performance whilst acting as interim CEO during the year ended 30 June 2016. The bonus was approved by the Remuneration Committee.

#### 4.3 Equity instruments - audited

Performance rights refer to rights over ordinary shares of Goldfields Money, which vest on a one-for-one basis under the Goldfields Money Equity Incentive Plan.

##### 4.3.1 Rights over equity instruments granted as compensation – audited

Details on rights over ordinary shares in the Company that were granted as remuneration to each key management personnel during the reporting period are as follows:

Rights	Number of rights granted during FY17	Vesting condition	Grant date	Fair value at grant date (\$)	Expiry date
Simon Lyons	40,000	Service	3 February 2017	\$1.015	30 November 2021
Simon Lyons	1,000,000	Multiple	9 February 2017	\$0.2613 to \$0.7830	30 November 2021
Malcolm Cowell	500,000	Multiple	9 February 2017	\$0.2613 to \$0.7830	30 November 2021
Steve Ellis	200,000	Multiple	9 February 2017	\$0.2613 to \$0.7830	30 November 2021

All rights expire on the earlier of their expiry date or termination of the individual's employment. In addition to continuing service with the company, vesting is conditional upon certain additional conditions being met as follows:

- 33.33% of performance rights issued to participants may vest upon the Company obtaining an ASX Market Capitalisation of \$30 million and subject to the ASX Market Capitalisation exceeding the Company's Net Tangible Assets by 5%
- 33.33% of performance rights issued to participants may vest upon the Company obtaining an ASX Market Capitalisation of \$45 million and subject to the ASX Market Capitalisation exceeding the Company's Net Tangible Assets by 5%
- 33.34% of performance rights issued to participants may vest upon the Company obtaining an ASX Market Capitalisation of \$60 million and subject to the ASX Market Capitalisation exceeding the Company's Net Tangible Assets by 5%, or upon the Company being designated a "Bank" under the Banking Act 1959 (Cth), whichever occurs first

No performance rights have vested between the date of issue and 30 June 2017.

## DIRECTORS' REPORT (continued)

### REMUNERATION REPORT (AUDITED)

#### 4.3.2 Details of equity incentives affecting current and future remuneration – audited

Details of the vesting profiles of the performance rights held by each executive of the Company are detailed below:

Participant	Number	Grant date	% vested in year	% forfeited in year	Financial years in which grant vests
Simon Lyons	40,000	3 February 2017	0%	0%	30 June 2018
Simon Lyons	1,000,000	9 February 2017	0%	0%	(A)
Malcolm Cowell	500,000	9 February 2017	0%	0%	(A)
Steve Ellis	200,000	9 February 2017	0%	0%	(A)

(A) – the performance rights issued under the Goldfields Money Equity Incentive Plan may vest in any year from 1 July 2018 dependent on the achievement of the various ASX Market Capitalisation thresholds being achieved, as described on page 14.

#### 4.3.3 Analysis of movements in equity instruments – audited

The value of performance rights in the Company granted during and exercised during the reporting period is detailed below:

Participant	Granted in year \$ (A)	Value of rights exercised in year \$ (B)
Simon Lyons – FY16 bonus	40,600	-
Simon Lyons	496,675	-
Malcolm Cowell	248,337	-
Steve Ellis	99,335	-

(A) The value of rights granted in the year is the fair value of the rights calculated at grant date. This amount is allocated to remuneration over the vesting period.

(B) The value of rights exercised during the year is calculated at the market price of shares of the Company as at close of trading on the date the rights are exercised.

#### 4.3.4 Summary of rights holdings

Participant	Held at 1 July 2016	Granted as remuneration	Exercised	Lapsed	Forfeited	Held at 30 June 2017	Vested during the year	Vested and exercisable at 30 June 2017
Simon Lyons	-	1,040,000	-	-	-	1,040,000	-	-
Malcolm Cowell	-	500,000	-	-	-	500,000	-	-
Steve Ellis	-	200,000	-	-	-	200,000	-	-

## 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
Malcolm Cowell	\$200,000 plus superannuation contributions currently at 9.5%	None	Continuing with 3 months' notice by either party
Steve Ellis	\$175,000 inclusive of superannuation contributions currently at 9.5%	None	Continuing with 1 month notice by either party

#### 6. Non-executive director remuneration arrangements - Audited

##### 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 caliber, 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 2016 AGM held on 18 November 2016 when shareholders approved an aggregate fee pool of \$500,000 per year.

##### Structure

The remuneration of NEDs consists of directors' fees. The table below summarises the base NED fees excluding superannuation contributions for the financial year ended 30 June 2017, following the shareholder approval granted at the AGM, as described above:

Type of Fee	Amount per annum
Chairman	\$80,000
Deputy Chairman	\$65,000
Non-executive Director	\$50,000

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 2017 and 30 June 2016 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	2017	67,500	-	-	6,412	-	73,912
	2016	35,301	-	-	3,354	-	38,655
Derek La Ferla <sup>1</sup>	2017	52,500			4,987		57,487
	2016	18,336	-	-	1,742	-	20,078
Peter Hall <sup>1</sup>	2017	41,666			3,958		45,624
	2016	16,632	-	-	1,580	-	18,212
James Austin	2017	41,666			3,958		45,624
	2016	25,333	-	-	2,407	-	27,740
Keith John <sup>2</sup>	2017	41,666			3,958		45,624
	2016	2,500	-	-	237	-	2,737
Former directors							
Allan Pandal <sup>3</sup>	2016	10,660	-	-	1,013	-	11,673
Bill McKenzie <sup>3</sup>	2016	8,486	-	-	806	-	9,292
Robert Bransby <sup>4</sup>	2016	22,833	-	-	2,169	-	25,002
Total	2017	244,998	-	-	23,273	-	268,271
	2016	140,081	-	-	13,308	-	153,389

<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 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

2017	Balance at the start of the year	Acquired	Other movement	Balance at the end of the year
<b>Directors</b>				
Peter Wallace	68,535	2,303	-	70,838
Derek La Ferla	-	-	-	-
Peter Hall	13,534	-	-	13,534
James Austin	-	-	-	-
Keith John	-	-	-	-
<b>Executives</b>				
Simon Lyons	150,000	97,303	-	247,303
Malcolm Cowell	-	-	-	-
Steve Ellis	-	-	-	-
Michael Verkuylen <sup>1</sup>	94,400	-	(94,400)	-
Rob Whittingham	-	-	-	-

<sup>1</sup> Other movement represents Mr Verkuylen's holdings at resignation date.

## DIRECTORS' REPORT (continued)

### REMUNERATION REPORT (AUDITED)

#### 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
2017	-	2,345	2,345		-	689,756	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
Keith John	-	2,298	2,298	-	-	677,298	677,298

(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 real property or a registered charge on motor vehicle assets.

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

During the period, the Company paid \$49,070 (2016: \$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 6.6 for further information.

#### End of Remuneration Report

Signed in accordance with a Resolution of Directors, pursuant to section 298(2)(a) of the Corporations Act 2001.



Derek La Ferla

Dated this 21st day of August 2017

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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 2017, 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.

**RSM**

RSM AUSTRALIA PARTNERS

**Al Whyte**

ALASDAIR WHYTE  
Partner

Perth, WA  
Dated: 21 August 2017

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2017

	Note	2017 \$	2016 \$
<b><u>Profit or loss</u></b>			
Interest revenue	2.1	6,545,552	6,722,634
Interest expense	2.1	(3,788,690)	(3,612,759)
Net interest revenue	2.1	2,756,862	3,109,875
Non-interest revenue	2.1	1,475,909	507,865
Impairment (loss) on loans and advances	3.2	(283,809)	(50,124)
Operating expenses	2.2	(5,284,987)	(3,784,756)
<b>(Loss)/Profit before income tax</b>		<b>(1,336,025)</b>	<b>(217,140)</b>
Income tax benefit	2.3	339,569	121,953
<b>(Loss)/Profit for the year from continuing operations</b>		<b>(996,456)</b>	<b>(95,187)</b>
<b><u>Other comprehensive income</u></b>			
Items that will not be reclassified subsequently to profit or loss:			
Revaluation of property, plant and equipment	6.2	(79,377)	-
Revaluation of available for sale financial assets	4.2	282,832	-
Income tax effect		(55,963)	-
		147,492	-
<b>Total comprehensive (loss)/income</b>		<b>(848,964)</b>	<b>(95,187)</b>
Basic earnings per share	5.3	(0.051)	(0.006)
Diluted earnings per share	5.3	(0.051)	(0.006)

The accompanying notes form part of these financial statements

## STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

	Note	2017 \$	2016 \$
<b>ASSETS</b>			
Cash and cash equivalents	4.1	16,223,367	2,433,831
Due from other financial institutions	4.2	26,939,505	14,460,639
Loans and advances	3.1	157,044,459	128,798,590
Other financial assets	4.2	11,510,426	9,207,785
Other assets	6.1	1,647,097	305,844
Current tax asset	2.3	-	-
Property, plant and equipment	6.2	787,812	716,718
Intangible assets	6.3	450,167	225,524
Deferred tax assets	2.3	598,529	265,510
<b>TOTAL ASSETS</b>		<u>215,201,362</u>	<u>156,414,441</u>
<b>LIABILITIES</b>			
Deposits	4.3	194,134,305	138,665,272
Creditors and other payables	6.4	633,832	655,914
Provisions	6.5	225,782	225,154
<b>TOTAL LIABILITIES</b>		<u>194,993,919</u>	<u>139,546,340</u>
<b>NET ASSETS</b>		<u>20,207,443</u>	<u>16,868,101</u>
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS</b>			
<b>Contributed equity</b>			
Issued capital	5.2	19,349,846	15,062,064
Other contributed equity	5.2	1,830,600	1,830,600
Equity raising costs	5.2	(1,394,499)	(1,208,329)
<b>Total contributed equity</b>		<u>19,785,947</u>	<u>15,684,335</u>
Property, plant and equipment revaluation reserve		97,364	190,549
Available for sale financial assets reserve		205,053	-
General reserve for credit losses		341,711	319,551
Share based payments reserve		86,694	-
Retained earnings		(309,326)	673,666
		<u>20,207,443</u>	<u>16,868,101</u>

The accompanying notes form part of these financial statements

## STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2017

Attributable to equity holders	Issued Capital	Other contributed equity	Equity Raising Costs	Property, Plant and Equipment Revaluation Reserve	Available for Sale Financial Assets Revaluation Reserve	General Reserve for Credit Losses	Share-based payments reserve	Retained Profits	Total Equity
	\$	\$	\$	\$	\$	\$		\$	\$
<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)/Profit for the year	-	-	-	-	-	-	-	(95,187)	(95,187)
Other comprehensive income	-	-	-	-	-	-	-	-	-
<b>Total comprehensive income</b>	-	-	-	-	-	-	-	(95,187)	(95,187)
<b>Transactions with owners of the Company</b>									
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>
<b>Balance as at 1 July 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>
(Loss)/Profit for the year	-	-	-	-	-	-	-	(996,456)	(996,456)
Revaluation of buildings, net of tax	-	-	-	(93,185)	-	-	-	35,624	(57,561)
Revaluation of investments, net of tax	-	-	-	-	205,053	-	-	-	205,053
<b>Total comprehensive income</b>	-	-	-	(93,185)	205,053	-	-	(960,833)	(848,964)
<b>Transaction with owners of the Company</b>									
Issue of share capital	4,287,782	-	-	-	-	-	-	-	4,287,782
Cost of share-based payments	-	-	-	-	-	-	86,694	-	86,694
Equity raising costs, net of tax	-	-	(186,170)	-	-	-	-	-	(186,170)
Transfer from/to retained earnings/general reserve for credit losses	-	-	-	-	-	22,160	-	(22,160)	-
<b>As at 30 June 2017</b>	<b>19,349,846</b>	<b>1,830,600</b>	<b>(1,394,499)</b>	<b>97,364</b>	<b>205,053</b>	<b>341,711</b>	<b>86,694</b>	<b>(309,326)</b>	<b>20,207,443</b>

The accompanying notes form part of these financial statements

## STATEMENT OF CASH FLOWS

For the year ended 30 June 2017

	Note	2017 \$	2016 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Interest received		6,564,614	6,958,903
Fees and commissions received		613,028	469,302
Dividends received		20,111	20,111
Other income		152,230	18,451
Interest and other costs of finance paid		(3,999,265)	(3,741,126)
Payments to suppliers and employees		(5,070,976)	(3,560,449)
Income tax refunded		-	50,121
<b>Net cash from/(used) in operating activities</b>	4.1(b)	<u>(1,720,257)</u>	<u>215,313</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Net increase in loans, advances and other receivables		(29,071,529)	(2,871,816)
Net (payments)/receipts for investments		(14,468,757)	5,444,484
Payments for property, plant and equipment		(254,606)	(79,563)
Payments for intangible assets		(440,584)	(138,625)
<b>Net cash from/(used in) investing activities</b>		<u>(44,235,476)</u>	<u>2,354,480</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Net (decrease)/increase in deposits and other borrowings		55,693,071	(4,421,681)
Proceeds from the issue of capital		4,287,782	2,115,022
Payments for equity raising costs		(235,583)	-
<b>Net cash from/(used in) financing activities</b>		<u>59,745,270</u>	<u>(2,306,659)</u>
Net increase in cash held		13,789,536	263,134
Cash and cash equivalents at beginning of the financial year		<u>2,433,831</u>	<u>2,170,697</u>
Cash and cash equivalents at the end of the financial year	4.1(a)	<u><u>16,223,367</u></u>	<u><u>2,433,831</u></u>

The accompanying notes form part of these financial statements

## NOTES TO THE FINANCIAL REPORT

### 1. BASIS OF PREPARATION

#### 1.1 Corporate information

Goldfields Money Limited (the “Company” or “Goldfields Money”) is a for-profit entity and provides a range of retail banking products and financial services to the public.

The Company 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 2017 were authorised for issue in accordance with a resolution of the directors on 21 August 2017.

#### 1.2 Basis of accounting

##### (a) 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, 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.

The accounting policies adopted are consistent with those disclosed in the Annual Report for the year ended 30 June 2016. A number of new accounting standards were effective from 1 July 2016, however none of these have had a material effect on these financial statements. Certain comparative information has been reclassified to be presented on a consistent basis with the current year’s presentation.

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.

##### (b) 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.

#### 1.3 Significant accounting judgements and estimates

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 recognised in the period on which the estimate is revised and in any future periods affected. The most significant use of judgements and estimates has been applied to the following areas. Refer to the respective notes for additional details:

	Reference
Provision for impairment of loans and receivables	3.2
Utilisation of carry forward tax losses	2.3



## NOTES TO THE FINANCIAL REPORT

### 2. FINANCIAL PERFORMANCE

#### 2.1 Income

##### Net interest income

	Average balance \$	Interest \$	Average rate %
<b>2017</b>			
Cash at bank and other liquid assets	35,999,106	709,833	1.97
Loans and advances	136,816,139	5,835,719	4.27
	<u>172,815,245</u>	<u>6,545,552</u>	<u>3.79</u>
Deposits	164,969,949	3,788,690	2.30
	<u>164,969,949</u>	<u>3,788,690</u>	<u>2.30</u>
Net interest income		<u>2,756,862</u>	<u>1.49</u>
<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>156,526,390</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>
Refer to note 5.1.2 for further information on interest rate risk			

##### Non-interest revenue

	2017 \$	2016 \$
Other operating income		
Lending fees	55,944	35,525
Fees and commissions	1,026,661	282,310
Service and residual income	220,963	151,467
Dividends received	20,111	20,111
Insurance income	338	434
Bad debts recovered	240	316
Profit on disposal of assets	-	11,511
Other	151,652	6,191
	<u>1,475,909</u>	<u>507,865</u>

#### Recognition and measurement

##### Interest income and expense

Interest income and expense is recorded using the effective interest rate. This is the rate that exactly discounts the estimated future cash receipts or payments 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. Payments made to brokers for the introduction of loans to Goldfields Money are expensed over a period to match the cost of acquiring the loan to the income derived from it. The commission is reclassified to interest income.

## NOTES TO THE FINANCIAL REPORT

### 2. FINANCIAL PERFORMANCE (CONTINUED)

#### 2.1 Income (continued)

##### *Fees and commissions*

The Company provides a range of banking services to customers as well as deploying cash into an ATM network. Fees and commissions are recognised upon the rendering of the service to customers. Cash deployment revenue is recognised pursuant to the terms of the relevant agreement.

##### *Service and residual income*

Service fees and residual income arises from the management of loans and receivables which have previously been originated by Goldfields Money and sold to other parties. Service fees are recognised from rendering of services principally for the management of the loans, and residual income is recognised from the residual amount collected from customers after transferring to the legal owner of the loans a contractually agreed return.

##### *Dividends*

Revenue is recognised when the Company's right to receive the payment is established, which is generally when the dividend has been declared.

##### *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.

#### 2.2 Operating Expenses

	2017 \$	2016 \$
Other expenses		
Staff related costs		
Salaries and wages	1,956,501	1,517,519
Superannuation	177,761	147,413
Share-based payments	86,694	-
Other	154,945	196,904
Depreciation	68,511	53,890
Amortisation	215,941	95,086
Administrative expenses		
Advertising and promotion	79,961	50,687
Directors' fees and expenses	266,731	153,123
Termination of software contract (i)	467,500	-
Computer system and software costs	274,477	255,931
Communication and website costs	286,233	197,987
Insurance costs	104,170	91,516
Accounting, audit and consulting costs	238,737	234,825
Products and services delivery costs	375,317	362,569
Occupancy costs	157,533	158,180
ASX and registry fees	45,957	41,988
Other costs	328,018	227,138
Total operating expenses	5,284,987	3,784,756

- (i) Comprises amounts paid to existing core banking service provider for early termination of contractual arrangements.

## NOTES TO THE FINANCIAL REPORT

### 2. FINANCIAL PERFORMANCE (CONTINUED)

#### 2.3 Income tax

##### 2.3.1 The major components of income tax expense/(benefit) are:

	2017 \$	2016 \$
<i>Recognised in profit or loss</i>		
Current tax	-	-
Deferred tax	(339,569)	(121,953)
<b>Income tax benefit recognised in Profit or Loss</b>	<b>(339,569)</b>	<b>(121,953)</b>
<i>Recognised in equity</i>		
Revaluation of available for sale financial assets	77,779	-
Revaluation of property	(21,815)	-
Equity raising costs	(49,414)	(48,727)
<b>Income tax expense/(benefit) recognised in Other Comprehensive Income or Equity</b>	<b>6,550</b>	<b>(48,727)</b>
<b>Tax reconciliation</b>		
(Loss)/profit before tax	(1,336,025)	(217,140)
Prima facie income tax (benefit)/expense on profit before income tax at 27.5% (2016: 30%)	(367,407)	(65,142)
Adjust for tax effect of:		
Non-deductible expenses	27,287	3,170
Equity raising costs	(12,957)	(51,362)
Franking credit rebate	(8,619)	(8,619)
Change in corporate tax rate	22,127	-
<b>Income tax benefit</b>	<b>(339,569)</b>	<b>(121,953)</b>

##### 2.3.2 Deferred tax assets and liabilities

##### Deferred tax assets comprise temporary differences attributable to:

Provision for doubtful debts	91,267	21,284
Accrued expenses	19,614	28,697
Provisions	62,090	67,546
Demutualisation and equity raising costs	52,186	3,331
Carry forward losses and franking credits	649,277	309,864
<b>Total deferred tax assets</b>	<b>874,434</b>	<b>430,722</b>

##### Deferred tax liabilities comprise temporary differences attributable to:

Prepayments and other	59,789	7,964
Available for sale financial assets	77,779	-
Deferred commission expense	91,007	80,610
Property, plant and equipment	47,330	76,638
<b>Total deferred tax liabilities</b>	<b>275,905</b>	<b>165,212</b>
Set-off against total deferred tax assets	(275,905)	(165,212)
<b>Net deferred tax assets</b>	<b>598,529</b>	<b>265,510</b>

## NOTES TO THE FINANCIAL REPORT

### 2. FINANCIAL PERFORMANCE (CONTINUED)

#### 2.3 Income tax (continued)

##### Recognition and measurement

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income) recognised in profit or loss except to the extent that it relates to items recognised in other comprehensive 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.

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.

##### Use of judgements and estimates

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. Management assesses the probability through the consideration of factors leading to losses and the preparation of forecasts that indicate the Company's ability to generate taxable profits in the future.

## NOTES TO THE FINANCIAL REPORT

### 3. LOANS AND ADVANCES

3.1 Loans and advances	2017 \$	2016 \$
Residential loans	135,370,163	119,955,695
Personal loans	1,759,060	1,628,337
Overdrafts	545,973	851,356
Term loans	19,422,896	6,228,343
	<u>157,098,092</u>	<u>128,663,731</u>
Add: Unamortised broker commissions	278,248	205,807
Gross loans and receivables	<u>157,376,340</u>	<u>128,869,538</u>
Provision for impairment	<u>(331,881)</u>	<u>(70,948)</u>
	<u>157,044,459</u>	<u>128,798,590</u>
 Maturity analysis – gross loans and advances		
- Overdrafts	545,973	851,356
- Not longer than 12 months	1,151,480	694,047
- Longer than 1 and not longer than 5 years	8,220,848	4,323,543
- Longer than 5 years	147,458,039	123,000,592
	<u>157,376,340</u>	<u>128,869,538</u>

#### Recognition and measurement

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.

Refer to note 5.1.4 for further information regarding credit risk.

## NOTES TO THE FINANCIAL REPORT

### 3. LOANS AND ADVANCES (CONTINUED)

3.2 Provision for impairment		2017	2016
		\$	\$
Total provision comprises			
Specific provisions		97,827	70,948
Collective provisions		234,054	-
		<u>331,881</u>	<u>70,948</u>
(b) Specific provision for impairment			
Opening balance		70,948	21,781
Bad and doubtful debts provided for during the year		53,991	50,124
Unused amounts reversed		-	-
Bad debts written off during the year		(27,112)	(957)
Closing balance		<u>97,827</u>	<u>70,948</u>
(c) Collective provision for impairment			
Opening balance		-	-
Bad and doubtful debts provided for during the year		234,054	-
Bad debts written off during the year		-	-
Closing balance		<u>234,054</u>	<u>-</u>

#### Recognition and measurement

##### *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 profit or loss.

##### *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.

#### Use of judgements and estimates

The Company determines whether loans are impaired on an ongoing basis. This requires an estimation of the value of the future cash flows and associated collateral. The Company writes off a loan when it has determined that the loan is uncollectable. This determination is reached after considering information such as the occurrence of significant changes in the borrower's financial condition such that the borrower can no longer pay the obligation or that proceeds from collateral will not be sufficient to repay the entire exposure.

## NOTES TO THE FINANCIAL REPORT

### 4. LIQUIDITY AND FUNDING

	2017 \$	2016 \$
<b>4.1(a) Cash and cash equivalents</b>		
Cash at bank and on hand	16,223,367	2,433,831
Total cash and cash equivalents	<u>16,223,367</u>	<u>2,433,831</u>

#### Recognition and measurement

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 loans, deposits, and investments are presented on a net basis in the Statement of Cash Flows.

#### 4.1(b) Reconciliation to the Statement of Cash Flows

Operating (loss)/profit after income tax	(996,456)	(95,187)
<i>Non-cash items</i>		
Amortisation	68,511	95,086
Depreciation	215,941	53,890
Amortisation of investment premium	8,918	8,441
Impairment of receivables	283,809	50,124
Share-based payments	86,694	-
<i>Movement in assets and liabilities</i>		
Other assets	(785,639)	91,554
Accrued interest receivable	(29,919)	27,653
Deferred tax assets	(340,089)	(130,735)
Current tax receivable/payable	-	58,903
Payables	(22,082)	192,060
Accrued interest payable	(210,575)	(128,367)
Provisions	629	(8,109)
<b>Net cash flow from/(used in) operating activities</b>	<b><u>(1,720,257)</u></b>	<b><u>215,313</u></b>

## NOTES TO THE FINANCIAL REPORT

### 4. LIQUIDITY AND FUNDING (CONTINUED)

	2017 \$	2016 \$
<b>4.2 Financial assets</b>		
Deposits with Authorised Deposit-taking Institutions	26,939,505	14,460,639
Maturity analysis		
- Not longer than 3 months	19,913,057	14,460,639
- Longer than 3 and not longer than 12 months	7,026,448	-
	26,939,505	14,460,639
Investment securities (a)	11,085,626	9,065,816
Shares in Cuscal Ltd (b)	424,800	141,969
Total other financial assets	11,510,426	9,207,785
Maturity analysis – investment securities		
- Not longer than 3 months	-	-
- Longer than 3 and not longer than 12 months	4,043,956	-
- Longer than 1 and not longer than 5 years	7,041,470	9,065,816
- Longer than 5 years	-	-
	11,085,426	9,065,816

(a) Investment securities are investments in debt securities including floating rate notes issued by other Authorised Deposit Taking Institutions.

(b) The shareholding in Cuscal Ltd (“Cuscal”) is classified as available for sale and is measured at fair value. These shares are held to enable the Company to receive essential banking services - refer to Note 6.9. Cuscal operates an off market exchange whereby financial institutions holding Cuscal shares are able to trade with each other. The investment in Cuscal is considered a Level 2 investment in the fair value hierarchy and fair value has been determined using the market comparison technique with reference to recent sales transacted by financial institutions.

### Recognition and measurement

#### *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 notes 5.1.2 and 5.1.5 for further details on interest rate risk and liquidity risk.



## NOTES TO THE FINANCIAL REPORT

### 4. LIQUIDITY AND FUNDING (CONTINUED)

	2017 \$	2016 \$
<b>4.3 Deposits</b>		
Call deposits	37,298,336	29,517,521
Term deposits	156,835,969	109,147,751
	<u>194,134,305</u>	<u>138,665,272</u>
 Maturity analysis		
- On call	37,298,336	29,517,521
- Not longer than 3 months	107,445,551	71,411,442
- Longer than 3 months and not longer than 12 months	48,716,473	36,276,657
- Longer than 1 and not longer than 5 years	673,945	1,459,652
	<u>194,134,305</u>	<u>138,665,272</u>

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

#### Recognition and measurement

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.

## NOTES TO THE FINANCIAL REPORT

### 5. RISK AND CAPITAL MANAGEMENT

#### 5.1 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

##### 5.1.1 Introduction and overview

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, interest rate, 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 &

## NOTES TO THE FINANCIAL REPORT

### 5. RISK AND CAPITAL MANAGEMENT (CONTINUED)

#### 5.1.1 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Compliance Committee and/or the Board of Directors or 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.

#### 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.

#### 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).

#### 5.1.2 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.

<b>2017</b>	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	0.05	3,762,997	-	-	12,460,370	<b>16,223,367</b>
Due from other financial institutions	1.93	-	26,939,505	-	-	<b>26,939,505</b>
Loans and advances	4.96	131,819,816	2,928,693	22,295,950	-	<b>157,044,459</b>
Investment Securities	2.95	11,085,626	-	-	-	<b>11,085,626</b>
Other financial assets	-	-	-	-	424,800	<b>424,800</b>
<b>Total financial assets</b>		<b>146,668,439</b>	<b>29,868,198</b>	<b>22,295,950</b>	<b>12,885,170</b>	<b>211,717,757</b>
<b>FINANCIAL LIABILITIES</b>						
Deposits	2.29	37,298,336	156,162,024	673,945	-	<b>194,134,395</b>
Creditors and other payables	-	-	-	-	633,832	<b>633,832</b>
<b>Total financial liabilities</b>		<b>37,298,336</b>	<b>156,162,024</b>	<b>673,945</b>	<b>633,832</b>	<b>194,768,137</b>
<b>Net financial assets/(liabilities)</b>		<b>109,370,103</b>	<b>(126,293,826)</b>	<b>21,622,005</b>	<b>12,251,338</b>	<b>16,949,620</b>

## NOTES TO THE FINANCIAL REPORT

### 5. RISK AND CAPITAL MANAGEMENT (CONTINUED)

#### 5.1 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

##### 5.1.2 Interest rate risk in the banking book (continued)

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>

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 (2016: +/- 25 basis points) from the year-end rates, with all other variables held constant.

Judgement of reasonably possible movements:	Post tax profit		Equity	
	higher	(lower)	higher	(lower)
	2017	2016	2017	2016
25 basis points increase (2016:25bps)	(1,800)	53,500	(1,800)	53,500
25 basis points decrease (2016: 25bps)	1,800	(53,500)	1,800	(53,500)

## NOTES TO THE FINANCIAL REPORT

### 5. RISK AND CAPITAL MANAGEMENT (CONTINUED)

#### 5.1 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

##### 5.1.3 Market risk - Equity investments

The Company is exposed to market risk on the value of shares through its investments in Cuscal (refer to note 4.2). The available for sale investments are revalued through an asset revaluation reserve, and a reasonably possible change in market value of +/-10% would not have impacted profit and loss at balance date (2016:nil).

##### 5.1.4 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.

##### *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 receivables as listed in Note 6.11. 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 2017, the Company took possession of three residential properties with a total fair value of \$645,000 (2016:Nil).

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.

## NOTES TO THE FINANCIAL REPORT

### 5. RISK AND CAPITAL MANAGEMENT (CONTINUED)

#### 5.1 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

##### 5.1.4 Credit Risk (Continued)

The credit quality of the Company's loans and receivables is summarised in the tables below:

	2017 \$	2016 \$
Past due but not impaired		
30 days & less than 90 days	616,558	635,404
90 days & less than 182 days	178,396	17,632
182 days or more	-	-
	<u>794,954</u>	<u>653,036</u>
Impaired - mortgage loans		
Up to 90 days	-	-
Greater than 90 days	448,109	666,013
	<u>448,109</u>	<u>666,013</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>
Overdrawn/over-limit		
Less than 14 days	2,449	6,539
14 days & less than 90 days	791	438
90 days & less than 182 days	346	962
182 days & over	1,026	4,477
	<u>4,612</u>	<u>12,416</u>
Neither past due or impaired	<u>155,796,784</u>	<u>127,467,125</u>
	<u>157,044,459</u>	<u>128,798,590</u>
Grading of credit risk loans		
Non or partial performing	1,216,216	1,268,020
Full performance	117,491	-
Provision for impairment	(97,827)	(70,948)
	<u>1,235,880</u>	<u>1,197,072</u>
Restructured loans	337,412	1,227,577
Provision for impairment	-	-
	<u>337,412</u>	<u>1,227,577</u>

## NOTES TO THE FINANCIAL REPORT

### 5. RISK AND CAPITAL MANAGEMENT (CONTINUED)

#### 5.1 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

##### 5.1.4 Credit risk (continued)

###### Recognition and measurement

###### *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 \$337,412 in loans which have been re-negotiated (2016: \$1,227,577).

###### *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.

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

	2017	2016
	\$	\$
Overdrafts	545,973	851,356
Residential loans	135,648,411	120,161,502
Commercial loans	19,422,896	6,228,343
Personal loans	1,759,060	1,628,337
Total loans gross	<u>157,376,340</u>	<u>128,869,538</u>

## NOTES TO THE FINANCIAL REPORT

### 5. RISK AND CAPITAL MANAGEMENT (CONTINUED)

#### 5.1 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

##### 5.1.4 Credit risk (continued)

As at 30 June 2017 there is one borrower (2016:1) who individually has 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 \$3,192,290 (2016: \$1,642,372).

##### 5.1.5 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% (2016: 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% (2016: 13%); the Board has determined a target liquidity trading range of 14% - 19%. 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 2017 there were no deposits greater than 10% of total liabilities (2016: nil).



## NOTES TO THE FINANCIAL REPORT

### 5. RISK AND CAPITAL MANAGEMENT (CONTINUED)

#### 5.1. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

##### 5.1.5 Liquidity risk (continued)

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

	2017	2016
	\$	\$
High quality liquid assets	44,610,931	25,960,286
Liability base for regulatory purposes	214,784,524	151,320,877
Liquidity ratio	20.8%	17.16%

##### 5.1.6 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.

## NOTES TO THE FINANCIAL REPORT

### 5. RISK AND CAPITAL MANAGEMENT (CONTINUED)

#### 5.1 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

##### 5.1.7 Fair value of financial assets and liabilities

The Company measures most financial instruments at amortised cost, however disclosure of fair value is made throughout these financial statements.

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.

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.

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, investment securities and investments in Cuscal Limited, there is no active market to assess the value of the financial assets and liabilities. Amounts due from other financial institutions, investment securities and investments in Cuscal Limited can be traded in a secondary market.

## NOTES TO THE FINANCIAL REPORT

### 5 RISK AND CAPITAL MANAGEMENT (CONTINUED)

#### 5.1. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

##### 5.1.7 Fair value of financial assets and liabilities (continued)

	Aggregate net fair value		Amount per the statement of financial position	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	\$	\$	\$	\$
<b>FINANCIAL ASSETS</b>				
Cash	16,223,367	2,433,831	16,223,367	2,433,831
Due from other financial institutions	26,939,505	14,460,639	26,939,505	14,460,639
Loans and advances	154,439,526	127,567,400	157,044,459	128,798,590
Investment securities	11,090,410	9,025,410	11,085,626	9,065,816
Other financial assets	424,800	141,969	424,800	141,969
<b>Total financial assets</b>	<b>209,117,608</b>	<b>153,629,249</b>	<b>211,717,757</b>	<b>154,900,845</b>
<b>FINANCIAL LIABILITIES</b>				
Deposits	194,134,305	138,655,272	194,134,305	138,655,272
Creditors and other payables	633,832	655,914	633,832	655,914
<b>Total financial liabilities</b>	<b>194,768,137</b>	<b>139,311,186</b>	<b>194,768,137</b>	<b>139,311,186</b>

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 4.2, 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

### 5. RISK AND CAPITAL MANAGEMENT (CONTINUED)

#### 5.2 CAPITAL MANAGEMENT

##### 5.2.1 Overview

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

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 18% capital (2016: 17%).

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

	2017	2016
	\$	\$
Tier 1 Capital	18,061,300	15,646,799
Tier 2 Capital	341,711	319,551
Total Regulatory capital	<u>18,403,011</u>	<u>15,966,350</u>
Risk weighted assets	<u>94,990,814</u>	<u>76,317,056</u>
Capital ratio	<u>19.37%</u>	<u>20.92%</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).

## NOTES TO THE FINANCIAL REPORT

### 5. RISK AND CAPITAL MANAGEMENT (CONTINUED)

#### 5.2 CAPITAL MANAGEMENT (Continued)

##### 5.2.2 Share capital

	2017 \$	2016 \$
22,521,066 fully paid ordinary shares (2016: 18,016,853 fully paid ordinary shares)	19,349,846	15,062,064

Movements in ordinary shares on issue:	Number of shares	2017 \$	Number of shares	2016 \$
Beginning of the financial year	18,016,853	15,062,064	15,666,829	12,955,824
Movement during the financial year	4,504,213	4,287,782	2,350,024	2,106,240
End of financial year	22,521,066	19,349,846	18,016,853	15,062,064

##### *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.

	2017 \$	2016 \$
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##### 5.2.3 Other contributed equity

Balance at the beginning of the period	1,830,600	1,830,600
Balance at the end of the period	1,830,600	1,830,600

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 2017 or 2016. The fair of the options has been recognised as other contributed equity.

##### 5.2.4 Equity raising costs

	2017 \$	2016 \$
Balance at the beginning of the year	1,208,329	1,159,602
Equity raising costs incurred	226,801	-
Deferred tax recognised directly in equity	(40,631)	48,727
Balance at the end of the year	1,394,499	1,208,329

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.

## NOTES TO THE FINANCIAL REPORT

### 5. RISK AND CAPITAL MANAGEMENT (CONTINUED)

#### 5.3 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:

	2017 \$	2016 \$
Net profit/(loss) attributable to ordinary share holders	(996,456)	(95,187)
Weighted average number of ordinary shares for basic and diluted earnings per share	19,649,781	16,054,559

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 4,500,000 unlisted options (2016: 4,500,000) and 1,740,000 performance rights (2016:nil) are considered to be potential ordinary shares however 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 and performance rights are set out in Note 5.2.3 and 6.6.2 respectively.

#### 5.4 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 2017 (2016: nil).

Franking credit balance:

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

	2017 \$	2016 \$
Franking account balance as at the end of the financial year at 27.5% (2016: 30%)	2,526,696	2,576,981
Franking credits that will arise from the payment/(receipts) of income tax payable/ (receivable) as at the end of the financial year	-	(58,904)
Franking credits that arise from the receipt of franked dividends	8,617	8,619
Franking credits available for subsequent reporting periods based on tax rate of 27.5% (2016: 30%)	<u>2,535,313</u>	<u>2,526,696</u>

## NOTES TO THE FINANCIAL REPORT

### 6. OTHER NOTES

#### 6.1. Other assets

Prepayments	251,745	207,229
Other debtors	1,395,352	98,615
	<u>1,647,097</u>	<u>305,844</u>

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

#### 6.2. Property, plant and equipment

	<b>2017</b>	<b>2016</b>
	\$	\$
Freehold land & buildings – independent valuation		
Cost or valuation	520,000	635,000
Accumulated depreciation	-	(24,201)
	<u>520,000</u>	<u>610,799</u>
Office plant and equipment		
Cost	186,386	244,618
Accumulated depreciation	(157,048)	(209,590)
	<u>29,338</u>	<u>35,028</u>
Motor vehicles		
Cost	88,000	43,900
Accumulated depreciation	(11,283)	-
	<u>76,717</u>	<u>43,900</u>
Computer equipment		
Cost	300,736	162,541
Accumulated depreciation	(138,979)	(135,550)
	<u>161,757</u>	<u>26,991</u>
Total property, plant and equipment	<u>787,812</u>	<u>716,718</u>

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

	<b>Freehold Land &amp; Buildings</b>	<b>Office plant &amp; equipment</b>	<b>Motor vehicle</b>	<b>Computer equipment</b>	<b>Total</b>
	\$	\$	\$	\$	\$
<b>2017</b>					
Balance at beginning of year	610,799	35,028	43,900	26,991	716,718
Additions	-	9,340	44,100	165,523	218,964
Disposals					
Revaluations	(79,328)	-	-	-	(79,328)
Depreciation	(11,471)	(15,030)	(11,283)	(30,757)	(68,542)
<b>Balance at end of year</b>	<b>520,000</b>	<b>29,338</b>	<b>76,717</b>	<b>161,757</b>	<b>787,812</b>

## NOTES TO THE FINANCIAL REPORT

### 6. OTHER NOTES (CONTINUED)

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

	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>	<b>610,799</b>	<b>35,028</b>	<b>43,900</b>	<b>26,991</b>	<b>716,718</b>

The freehold land and buildings consists of an office property in Kalgoorlie, Australia. Management determined that this constitutes a single 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 2017 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 \$58,190 per annum

Capitalisation Rate: 10.5%

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 adjustment net of applicable deferred income taxes was debited to an asset revaluation reserve in shareholders' equity.

#### Recognition and measurement

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. 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.

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.



## NOTES TO THE FINANCIAL REPORT

### 6. OTHER NOTES (CONTINUED)

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

Each year the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss 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.

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%	Straight-line
Computer equipment and programs	20-50%	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.

## NOTES TO THE FINANCIAL REPORT

### 6. OTHER NOTES (CONTINUED)

#### 6.3 Intangible assets

	2017	2016
	\$	\$
Computer software		
Cost	960,372	519,788
Accumulated amortisation	(510,205)	(294,264)
	<u>450,167</u>	<u>225,524</u>
Movements		
Balance at beginning of the year	225,524	181,986
Additions	440,584	126,345
Impairment	-	-
Disposals	-	-
Amortisation	(215,941)	(82,807)
Balance at end of the year	<u>450,167</u>	<u>225,524</u>

#### Recognition and measurement

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, consultants spent on the project. For software in the course of development, amortisation commences once development is complete and the software is in use. Amortisation is calculated on a straight-line basis over periods generally ranging from 3 to 5 years.

#### 6.4 Creditors and other payables

	2017	2016
	\$	\$
Payables and accrued expenses	633,832	655,914
	<u>633,832</u>	<u>655,914</u>

#### Recognition and measurement

Liabilities for trade creditors and other amounts are non-interest bearing and 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.

#### 6.5 Provisions

Employee entitlements		
Current	209,276	200,021
Non-current	16,506	19,133
	<u>225,782</u>	<u>219,154</u>
Other	-	6,000
	<u>225,782</u>	<u>225,154</u>

#### Recognition and measurement

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.

## NOTES TO THE FINANCIAL REPORT

### 6. OTHER NOTES (CONTINUED)

#### 6.6 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 instrument 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 the Company comprises the Non-Executive Directors and Executives.

##### 6.6.1 Key Management Personnel (KMP):

The aggregate compensation of KMP during the year comprising amounts paid or payable or provided for was as follows:

	2017 \$	2016 \$
Short term employee benefits	1,002,832	697,089
Post-employment benefits	81,964	89,886
Other long-term benefits	81,139	-
Termination benefits	-	245,333
	<u>1,164,934</u>	<u>1,032,308</u>

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.

##### 6.6.2 KMP Share-Based Payments

During the reporting period, two grants of performance rights have been made to executives of the Company:

- On 3 February 2017, 40,000 performance rights were granted to Mr Simon Lyons in recognition of his performance for the year ended 30 June 2016 ('FY16 Bonus'). These performance rights grant Mr Lyons the opportunity to be granted 40,000 ordinary shares in the Company subject to Mr Lyons remaining in service for a period of 12 months from the grant date;
- On 9 February 2017, 1,700,000 performance rights were granted to executives in accordance with the terms of the Goldfields Money Equity Incentive Plan (GMEIP), approved by shareholders at the Company's Annual General Meeting on 18 November 2016.

The fair value of the FY16 Bonus performance rights of \$40,600 was determined with reference to the share price on the grant date of \$1.015. The fair value of the grant is being recognised over the 12 month vesting period. The amount recognised in profit and loss for the year ended 30 June 2017 in relation to these performance rights was \$15,148.

The fair value of the GMEIP performance rights has been measured using a Monte Carlo simulation. The inputs used in the measurement of the fair values at grant date of the GMEIP performance rights are summarised below.

## NOTES TO THE FINANCIAL REPORT

### 6. OTHER NOTES (CONTINUED)

#### 6.6 Related Party Disclosures (continued)

##### 6.6.2 KMP Share-Based Payments (continued)

The key terms and conditions related to the grants under the GMEIP are as follows; all performance rights are to be settled by the physical delivery of shares.

The GMEIP rights expire on the earlier of their expiry date or termination of the individual's employment. In addition to continuing service with the company, vesting is conditional upon certain additional conditions being met as follows:

- 33.33% of performance rights issued to participants may vest upon the Company obtaining an ASX Market Capitalisation of \$30 million and subject to the ASX Market Capitalisation exceeding the Company's Net Tangible Assets by 5%
- 33.33% of performance rights issued to participants may vest upon the Company obtaining an ASX Market Capitalisation of \$45 million and subject to the ASX Market Capitalisation exceeding the Company's Net Tangible Assets by 5%
- 33.34% of performance rights issued to participants may vest upon the Company obtaining an ASX Market Capitalisation of \$60 million and subject to the ASX Market Capitalisation exceeding the Company's Net Tangible Assets by 5%, or upon the Company being designated a "Bank" under the Banking Act 1959 (Cth), whichever occurs first

The inputs used in the measurement of the fair values at grant date of the GMEIP performance rights were as follows:

Fair value at grant date	\$0.2613 to \$0.7830
Share price at grant date	\$1.02
Exercise price	Nil
Expected volatility	31.54%
Expected dividends	Nil
Risk free interest rate (based on government bonds)	2.13%

The amount recognised in profit and loss for the period ended 30 June 2017 in relation to the GMEIP performance rights was \$71,546.

#### Recognition and measurement

The grant date fair value of equity-settled share-based payment arrangements granted to employees is generated recognised as an expense with a corresponding increase in equity over the vesting period of the awards. The amount recognised is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the awards that meet the related service and non-market performance conditions at the vesting date.

##### 6.6.2 Transactions with KMP

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.

## NOTES TO THE FINANCIAL REPORT

### 6. OTHER NOTES (CONTINUED)

#### 6.6 Related Party Disclosures (continued)

##### 6.6.2 Transactions with KMP (continued)

Details of loans provided to KMP are detailed in the remuneration report. No loans provided to KMP were impaired at reporting date.

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.

Total value term and savings deposits from KMP at reporting date	60,861	403,034
Total interest paid/payable on deposits to KMP	66	5,201

##### 6.6.3 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.

##### 6.6.4 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:

	2017	2016
	\$	\$
Commissions and fees paid/payable during year	100,748	88,194
Loans purchased	-	2,606,753
Amounts paid or payable at balance date	11,833	7,463

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

## NOTES TO THE FINANCIAL REPORT

### 6. OTHER NOTES (CONTINUED)

#### 6.6 Related Party Disclosures (continued)

##### 6.6.5 Pioneer Credit Personal Loans

Goldfields Money has entered into a commercial agreements with Pioneer Credit Limited and its subsidiaries ("Pioneer"). Pioneer is considered a related party by virtue of Mr Keith John's position as an officer of that Company and his role as a Non-Executive Director of Goldfields Money Limited.

Loan products offered by Pioneer and issued by Goldfields Money are not held by Pioneer, they are held by unrelated customers and interest payments are paid by its customers.

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

	2017	2016
	\$	\$
Commissions and fees paid/payable during year	711	-
Amounts paid or payable at balance date	405	-

##### 6.6.6 Sphere Legal

Sphere Legal is a subsidiary of Pioneer and provides legal services to Goldfields Money, predominantly in relation to loan settlements.

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

	2017	2016
	\$	\$
Commissions and fees paid/payable during year	26,511	-
Amounts paid or payable at balance date	3,080	-

##### 6.6.7 Avy Nominees Pty Ltd

During the period, the Company paid \$49,070 (2016: \$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.

##### 6.6.8 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.

	2017	2016
	\$	\$
Legal services paid/payable during year to Lavan Legal	40,729	20,058
Amounts owing/payable at balance date	9,000	-

## NOTES TO THE FINANCIAL REPORT

### 6. OTHER NOTES

#### 6.7 Auditor's remuneration

Auditors of the Company - RSM Australia Partners

<i>Audit and review services</i>			
statements	- Audit and review of the financial	68,450	67,200
	- Regulatory audit services	25,025	
			23,150
	Total audit and assurance services	<u>93,475</u>	<u>90,350</u>
<i>Other services</i>			
	Tax compliance	<u>5,000</u>	<u>3,750</u>
	Total	<u>98,475</u>	<u>94,100</u>

#### 6.8 Standby borrowing facilities

The Company has an overdraft facility of \$1,200,000 (2016: \$1,200,000) with CUSCAL Ltd which is secured by a cash deposit. As at 30 June 2017, the entire facility was unused (2016:\$nil).

#### 6.9 Material 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.

#### 6.10 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.

## NOTES TO THE FINANCIAL REPORT

### 6. OTHER NOTES

#### 6.11 Commitments and contingencies

	2017	2016
	\$	\$
(a) Capital expenditure commitments		
Core banking system replacement	140,800	-
(b) Outstanding loan commitments		
Loans approved but not advanced	7,096,671	4,826,249
Loan funds available for redraw	7,209,198	5,918,934
	14,305,869	10,745,183
(c) Outstanding overdraft commitments		
Overdraft facilities approved but not disbursed	955,592	656,676
(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 2017 are as follows:

	2017	2016
	\$	\$
Due not later than one year	68,923	47,420
Due later than one year and not later than five years	81,713	167,628
	150,636	215,048

#### Recognition and measurement

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.

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.

#### 6.12 Events subsequent to balance date

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.



## NOTES TO THE FINANCIAL REPORT

### 7. ACCOUNTING POLICIES AND NEW STANDARDS

#### 7.1 Accounting policies not described elsewhere in this financial report

- (i) **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.
- (ii) **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.

- (iii) **Impairment of tangible and intangible assets**  
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.

#### 7.2 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 2017. The effect of these new or amended Accounting Standards is expected to give rise to additional disclosures and new policies being adopted.

Reference	Title	Summary	Application date of standard	Application date for Company
AASB 9	<i>Financial Instruments</i> (December 2014)	The AASB has issued the complete AASB 9. The new standard includes revised guidance on the classification and measurement of financial assets, including a new expected credit loss model for calculating impairment, and supplements the new general hedge accounting requirements previously published. It supersedes AASB 9 (issued in December 2009 – as amended) and AASB 9 (issued in December 2010 – as amended).  The application of the existing versions of AASB 9 (AASB 9 (December 2009) and AASB 9 (December 2010 – including the hedging amendments made in December 2013)) from 1 February 2015 is limited to entities that have already early adopted them.	1 January 2018	1 July 2018
AASB 2014-7	Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)			
AASB 2014-8	Application of AASB 9 (December 2009) and AASB 9 (December 2010)			

## NOTES TO THE FINANCIAL REPORT

### 7. ACCOUNTING POLICIES AND NEW STANDARDS (CONTINUED)

#### 7.2 New accounting standards for application in future periods (continued)

Reference	Title	Summary	Application date of standard	Application date for Company
AASB 15	<i>Revenue from Contracts with Customers</i>	The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised.	1 January 2018	1 July 2018
AASB 2014-5	Amendments to Australian Accounting Standards arising from AASB 15			
AASB 2015-8	Amendments to Australian Accounting Standards – Effective Date of AASB 15			
AASB 2016-3	Amendments to Australian Accounting Standards – Clarifications to AASB 15			
AASB 16	<i>Leases</i>	<p>AASB 16 removes the classification of leases as either operating leases or finance leases – for the lessee – effectively treating all leases as finance leases.</p> <p>Short-term leases (less than 12 months) and leases of low-value assets (such as personal computers) are exempt from the lease accounting requirements.</p> <p>There are also changes in accounting over the life of the lease. In particular, companies will now recognise a front-loaded pattern of expense for most leases, even when they pay constant annual rentals.</p> <p>Lessor accounting remains similar to current practice – i.e. lessors continue to classify leases as finance and operating leases.</p>	1 January 2019	1 July 2019

The Company has not yet quantified the impact of the above accounting standards.

## 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 2017 are in accordance with the Corporations Act 2001, including:
  - i. Giving a true and fair view of its financial position as at 30 June 2017 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 2017.

On behalf of the board



Derek La Ferla  
Director

21 August 2017

**RSM Australia Partners**

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[www.rsm.com.au](http://www.rsm.com.au)**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF  
GOLDFIELDS MONEY LIMITED****Opinion**

We have audited the financial report of Goldfields Money Limited (the Company), which comprises the statement of financial position as at 30 June 2017, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of the Company's financial position as at 30 June 2017 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

**Basis for Opinion**

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

## Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed this matter
<b>Impairment of Loans and Advances</b> Refer to Note 3 in the financial statements	
<p>The Company has loans and advances receivable of \$157,044,459 as at 30 June 2017 as disclosed in note 3.</p> <p>Impairment of loans and advances to customers is a key audit matter due to the significance of the balance and substantial level of management judgement required in estimating the amount and timing of impairment.</p> <p>For the year ended 30 June 2017, management have performed an impairment assessment over the loans and advances balance by:</p> <ul style="list-style-type: none"> <li>• Estimating on an individual basis, loans that are not performing or where objective evidence indicates the full recovery of the principal or interest is not expected; and</li> <li>• Estimating on a collective basis, an allowance for impairment for losses on loans incurred but not yet identified. Management's estimate uses a financial model with the key inputs based on industry standards with additional consideration of the economy in key locations and historical loan book performance.</li> </ul>	<p>Our audit procedures in relation to management's impairment assessment included:</p> <ul style="list-style-type: none"> <li>• Assessing management's credit assessment of individually identified non-performing loans and the reasonableness of the estimated recoverability of future cash flows;</li> <li>• Assessing the appropriateness of the financial model used to estimate the collective loan provision and testing the accuracy and reasonableness of the key inputs used in the model;</li> <li>• Assessing the reasonableness of the assumptions in management's financial model given the local economy and historical loan book performance; and</li> <li>• Assessing whether the disclosure in the financial statements reflects the Company's exposure to credit risk.</li> </ul>

Key Audit Matter	How our audit addressed this matter
<b>Recoverability of deferred tax assets</b> Refer to Note 2.3 in the financial statements	
<p>The Company has net deferred tax assets of \$598,529, which includes a deferred tax asset from carry forward tax losses of \$649,277 as at 30 June 2017 as disclosed in note 2.3.</p> <p>The assessment of the recognition and recoverability of deferred tax assets are considered a key audit matter because they require a significant level of management judgement and have a high estimation uncertainty.</p> <p>Management's assessment of the recognition and recoverability of the deferred tax assets is based on the future financial performance of the Company and the likelihood of satisfying the relevant requirements of the Income Tax Assessment Act.</p>	<p>Our audit procedures in relation to management's recognition and recoverability of deferred tax assets included:</p> <ul style="list-style-type: none"> <li>• Reviewing management's deferred tax calculation as at 30 June 2017;</li> <li>• Assessing management's assumptions in relation to the recoverability of deferred tax assets, and the manner in which timing differences would be reversed and losses utilised. This included reviewing and challenging management's budgets and cash flow forecasts, and determining the historical accuracy of management's assumptions; and</li> <li>• Assessing the reasonableness of management's assessment that the Company is likely to satisfy the Continuity of Ownership Test in accordance with the Income Tax Assessment Act to allow the utilisation of current tax losses against future tax profits.</li> </ul>

## Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2017, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

### **Auditor's Responsibilities for the Audit of the Financial Report**

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [www.auasb.gov.au/auditors\\_responsibilities/ar2.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar2.pdf). This description forms part of our auditor's report.

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

#### *Opinion on the Remuneration Report*

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Goldfields Money Limited, for the year ended 30 June 2017, complies with section 300A of the Corporations Act 2001.

#### *Responsibilities*

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.

RSM

RSM AUSTRALIA PARTNERS

A handwritten signature in dark ink, appearing to read 'A Whyte', with a stylized flourish at the end.

ALASDAIR WHYTE  
Partner

Perth, WA  
Dated: 21 August 2017

## 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 18 August 2017.

(a) Distribution of equity securities

Spread of holdings	Number of holders	Number of units	Percentage of total issued capital
1 - 1,000	26	12,095	0.05
1,001 - 5,000	1,676	4,009,928	17.81
5,001 - 10,000	40	306,949	1.36
10,001 - 100,000	74	2,265,931	10.06
100,001+	21	15,926,163	70.72
<b>TOTAL</b>	<b>1,837</b>	<b>22,521,066</b>	<b>100 %</b>

(b) Twenty largest holders of quoted equity securities

Rank	Shareholder	Number of units	Percentage of issued capital
1	TRIO C PTY LTD	3,375,032	14.99
2	ONE MANAGED INVT FUNDS LTD <AURA SPECIAL OPPS FUND VIII>	3,220,266	14.30
3	AOYIN GROUP LTD	3,008,049	13.36
4	ONE MANAGED INVT FUNDS LTD <AURA SPECIAL OPPS FUND VIII>	2,540,397	11.28
5	JH NOMINEES AUSTRALIA PTY LTD <HARRY FAMILY SUPER FUND>	1,049,106	4.66
6	HOSKING FINANCIAL INVESTMENTS PTY LTD <HOSKING INVESTMENT ACCOUNT>	747,564	3.31
7	DREAMPOINT INVESTMENTS PTY LTD	580,000	2.58
8	B F A PTY LTD	389,486	1.73
9	KEMAST INVESTMENTS PTY LTD <S/F NO 2 A/C>	350,000	1.55
10	SIMON PETER LYONS & JENNIFER CORAL LYONS	239,303	1.06
11	BRETT DONALD RICHARDS & LINDA MARY RICHARDS <RICHARDS SUPER FUND>	200,000	0.89
12	CHARLES ANTHONY MORGAN & JILLIAN JANE MORGAN <MORGAN SUPER FUND A/C>	106,000	0.47
13	INVIA CUSTODIAN PTY LTD <PRICE FAMILY INVESTMENT A/C>	105,263	0.47
14	PETER BOYNE & JUDITH KAYE BOYNE <BOYNE SUPER FUND A/C>	105,000	0.46
15	MARIA KATALIN VAROLI	100,000	0.44
16	PATRICK REGINALD BEASHEL & CAROLYN MARY BEASLEY	78,000	0.35
17	MAJ PTY LTD <WALLACE SUPER FUND A/C>	70,838	0.31
18	BIRRIWA PTY LTD <MCKENZIE FAMILY A/C/> & <MCKENZIE LEGAL PRACTICE A/C>	63,000	0.28
19	RUSSELL JOHN GIBBS & TAMARA LOUISE GIBBS <GIBBS FAMILY S/F A/C>	56,000	0.25
20	RIVERGLEN NOMINEES PTY LTD <BAIN FAMILY S/F A/C>	53,000	0.24
	<b>TOTAL</b>	<b>16,436,304</b>	<b>72.98</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	3,375,032	14.99
2	ONE MANAGED INVT FUNDS LTD <AURA SPECIAL OPPS FUND VIII>	3,220,266	14.30
3	AOYIN GROUP LTD	3,008,049	13.36
4	ONE MANAGED INVT FUNDS LTD <AURA SPECIAL OPPS FUND VIII>	2,540,397	11.28