

GOSNELLS FINANCIAL SERVICES LIMITED

ABN 11 095 764 533

FINANCIAL REPORT

**FOR THE YEAR ENDED
30 JUNE 2012**

Auditor's Independence Declaration

Under Section 307C of the Corporation Act 2001

To the Directors of Gosnells Financial Services Limited

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2012, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

**MACRI PARTNERS
CERTIFIED PRACTISING ACCOUNTANTS
SUITE 2, 137, BURSWOOD ROAD
BURSWOOD WA 6100**

**A MACRI
PARTNER**

**PERTH
DATED THIS 28TH DAY OF SEPTEMBER 2012.**

Independent Auditor's Report

To the Members of Gosnells Financial Services Limited

Report on the Financial Report

We have audited the accompanying financial report of Gosnells Financial Services Limited (the company), which comprises the statement of financial position as at 30 June 2012, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with IFRS.

Auditor's Responsibility

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

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

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Independent Auditor's Report continued

Auditor's Opinion

In our opinion:

- a. the financial report of Gosnells Financial Services Limited is in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the company's financial position as at 30 June 2012 and of its performance for the year ended on that date; and
 - ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*;
- b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2012. 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.

Auditor's Opinion

In our opinion the Remuneration Report of Gosnells Financial Services Limited for the year ended 30 June 2012 complies with section 300A of the *Corporations Act 2001*.

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CERTIFIED PRACTISING ACCOUNTANTS
SUITE 2, 137, BURSWOOD ROAD
BURSWOOD WA 6100

A MACRI
PARTNER

PERTH
DATED THIS 28TH DAY OF SEPTEMBER 2012.

Statement of Comprehensive Income

For the Year Ended 30 June 2012

	Note	2012 \$	2011 \$
Revenue	2	899,838	950,036
Interest Income	2	48,912	46,043
Employee Benefits Expense		(501,076)	(428,247)
Depreciation and Amortisation Expense	3	(17,346)	(17,806)
Other Expenses		(309,167)	(303,682)
Profit before Income Tax		121,161	246,344
Income Tax Expense	4	(39,412)	(77,356)
Profit after Income Tax Expense		81,749	168,988
Other Comprehensive Income for the Year, Net of Tax		-	-
Total Comprehensive Income for the Year		81,749	168,988
Total Comprehensive Income Attributable to:			
Members of the Entity		81,749	168,988
Earnings per Share			
From Overall Operations:			
Basic Earnings per Share (cents)		13.80	28.54
Diluted Earnings per Share (cents)		13.80	28.54

The accompanying notes form part of these financial statements.

Statement of Financial Position

As at 30 June 2012

	Note	2012 \$	2011 \$
ASSETS			
Current Assets			
Cash and cash equivalents	7	927,367	914,485
Trade and other receivables	8	78,756	89,566
Other assets	9	6,186	4,703
Current tax assets	14	8,780	3,746
Total Current Assets		1,021,089	1,012,500
Non-Current Assets			
Property, plant and equipment	10	25,607	28,354
Intangible assets	11	45,833	5,833
Deferred tax assets	14	15,740	11,404
Total Non-Current Assets		87,180	45,591
TOTAL ASSETS		1,108,269	1,058,091
LIABILITIES			
Current Liabilities			
Trade and other payables	12	51,513	59,701
Short-term provisions	13	50,605	26,421
Total Current Liabilities		102,118	86,122
Non-Current Liabilities			
Long-term provisions	13	866	11,595
Deferred tax liabilities	14	4,688	5,995
Total Non-Current Liabilities		5,554	17,590
TOTAL LIABILITIES		107,672	103,712
NET ASSETS		1,000,597	954,379
EQUITY			
Issued capital	15	588,400	588,400
Retained earnings		412,197	365,979
TOTAL EQUITY		1,000,597	954,379

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the Year Ended 30 June 2012

	Note	Issued Ordinary Capital	Retained Earnings	Total
		\$	\$	\$
Balance at 1 July 2010		588,400	220,678	809,078
Profit attributable to the members of the company		-	168,988	168,988
Dividends paid or provided for	5	-	(23,687)	(23,687)
Balance at 30 June 2011		588,400	365,979	954,379
 Balance at 1 July 2011		 588,400	 365,979	 954,379
Profit attributable to the members of the company		-	81,749	81,749
Dividends paid or provided for	5	-	(35,531)	(35,531)
Balance at 30 June 2012		588,400	412,197	1,000,597

The accompanying notes form part of these financial statements.

Statement of Cash Flows

For the Year Ended 30 June 2012

	Note	2012 \$	2011 \$
Cash flows from operating activities			
Receipts from customers		993,753	1,072,802
Payments to suppliers and employees		(844,102)	(774,233)
Income tax paid		(50,089)	(83,873)
Interest received		53,271	44,053
GST Paid		(51,638)	(72,031)
Net cash provided by (used in) operating activities	16	101,195	186,718
Cash flows from investing activities			
Purchase of plant and equipment		(4,600)	(9,704)
Payment of Franchise Fee		(50,000)	-
Net cash provided by (used in) investing activities		(54,600)	(9,704)
Cash flows from financing activities			
Dividends paid		(33,713)	(23,863)
Net cash provided by (used in) financing activities		(33,713)	(23,863)
Net increase/(decrease) in cash held		12,882	153,151
Cash and cash equivalents at beginning of financial year		914,485	761,334
Cash and cash equivalents at end of financial year	7	927,367	914,485

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 30 June 2012

This financial report covers Gosnells Financial Services Limited as an individual entity. Gosnells Financial Services Limited is a public company, incorporated and domiciled in Australia.

Note 1: Statement of Significant Accounting Policies

Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied, unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historic costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(a) Income Tax

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

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

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

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Notes to the Financial Statements continued

For the Year Ended 30 June 2012

(a) Income tax (continued)

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.

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

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

(b) Property, Plant and Equipment

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

Property

Freehold land and buildings are brought to account at cost or at independent or Board of Directors' valuation.

Plant and equipment

Plant and equipment is 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 the recoverable amounts.

The cost of fixed assets constructed within the entity includes the costs 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 entity 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.

Notes to the Financial Statements continued

For the Year Ended 30 June 2012

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, is depreciated over their useful lives 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.

Depreciation (continued)

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and equipment	10% - 25%

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period.

An asset's carrying value 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 and 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.

(c) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that is transferred to the company are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with lessor, are charged as expense in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(d) Financial Instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognized when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately

Classification and Subsequent Measurement

Financial assets are subsequently measured at either fair value, amortised cost using the effective interest rate method or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

- (i) the amount at which the financial asset or financial liability is measured at initial recognition;
- (ii) less principal repayments;
- (iii) plus or minus the cumulative amortisation of the differences, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and
- (iv) less any reduction for impairment.

The effective interest method is used to allocate interest income or interest expense over the related period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The company does not designate any interest in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

(i) Financial assets at fair value through profit or loss

Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

Notes to the Financial Statements continued

For the Year Ended 30 June 2012

(ii) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period. All other loans and receivables are classified as non-current assets.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the company's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. All other investments are classified as current assets.

If during the period the company sold or reclassified more than a significant amount of the held-to-maturity investments before maturity, the entire held-to-maturity investments category would be tainted and reclassified as available-for-sale.

(iv) Available for sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with changes in such fair value (i.e. gains or losses) recognised in other comprehensive income (except for impairment losses and foreign exchange gains and losses). When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. All other financial assets are classified as current assets.

(v) Financial Liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Derivative Instruments

Derivative instruments are measured at fair value. Gains and losses arising from changes in fair value are taken to the statement of comprehensive income unless they are designated as hedges.

The Company does not hold derivative instruments.

Notes to the Financial Statements continued

For the Year Ended 30 June 2012

Fair Value

Fair value is determined based on current bid prices of all quoted investments. Valuation techniques are applied to determine the fair value of all unlisted securities, including arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

Financial Guarantees

Where material, financial guarantees issued, which require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due, are recognised as a financial liability at fair value on initial recognition.

The guarantee is subsequently measured at the higher of the best estimate of the obligation and the amount initially recognised less, when appropriate, cumulative amortisation in accordance with AASB 118: Revenue. Where the entity gives guarantees in exchange for a fee, revenue is recognised under AASB 118.

The company has not issued any financial guarantees.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed is recognised in profit or loss.

(e) Impairment of Assets

At each reporting period, the company assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, 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.

Impairment test is performed annually for goodwill and intangible assets with indefinite lives.

Notes to the Financial Statements continued

For the Year Ended 30 June 2012

(f) Intangibles

Franchise Fee

The franchise fee paid by the company pursuant to a Franchise Agreement with Bendigo and Adelaide Bank Limited is being amortised over five (5) years period of the agreement, being the period of expected economic benefits of the franchise fee.

(g) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected 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. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

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

(h) Provisions

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(i) Cash and Cash Equivalents

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

(j) Trade and Other Payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the company during the reporting period which remains unpaid. The balance is recognised as a current liability with the amount being normally paid within 30 days of recognition of the liability.

(k) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowings costs are recognised in income in the period in which they are incurred.

(l) Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument.

All dividends received shall be recognised as revenue when the right to receive the dividend has been established.

Revenue recognition relating to provision of services is determined with reference to the stage of completion of the transaction at the end of the reporting period and where outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the service performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

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

(m) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). 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. The net amount of GST receivable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

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

(n) Comparative Figures

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

When the Company applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest comparative period will be disclosed.

(o) Critical Accounting Estimates and Judgements

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

(i) Impairment

The company assesses impairment at the end of each reporting period by evaluation conditions and events specific to the company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

No impairment has been recognised in respect of intangibles for the year ended 30 June 2012. Should the projected turnover figures be materially outside of budgeted figures incorporated in value-in-use calculations, an impairment loss would be recognised up to the maximum carrying value of intangibles at 30 June 2012 amounting to \$45,833.

(p) New Accounting Standards for Application in Future Periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Company. The Company has decided not to early adopt any of the new and amended pronouncements. The Company's assessment of the new and amended pronouncements that are relevant to the Company but applicable in future reporting periods is set out below:

- AASB 9: Financial Instruments (December 2010) and AASB 2010-7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 110, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127] (applicable for annual reporting periods commencing on or after 1 January 2013).

These Standards are applicable retrospectively and include revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments.

The key changes made to accounting requirements include:

- Simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- Simplifying the requirements for embedded derivatives;
- Removing the tainting rules associated with held-to-maturity assets;
- Removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;

Notes to the Financial Statements continued

For the Year Ended 30 June 2012

- Allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument;
- Requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on: (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows; and
- Requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.

The Company has not yet been able to reasonably estimate the impact of these pronouncements on its financial statements.

- AASB 2010-8: Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112] (applies to periods beginning on or after 1 January 2012).

This Standard makes amendments to AASB 112: Income Taxes and incorporates Interpretation 121: Income Taxes – Recovery of Revalued Non-Depreciable Assets into AASB 112.

Under the current AASB 112, the measurement of deferred tax liabilities and deferred tax assets depends on whether an entity expects to recover an asset by using it or by selling it. The amendments introduce a presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

The amendments are not expected to significantly impact the Company.

- AASB 10: Consolidated Financial Statements, AASB 11: Joint Arrangements, AASB 12: Disclosure of Interest in Other Entities, AASB 127: Separate Financial Statements (August 2011), AASB 128: Investments in Associates and Joint Ventures (August 2011) and AASB 2011—7: Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17] (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 10 replaces parts of AASB 127: Consolidated and Separate Financial Statements (March 2008, as amended) and Interpretation 112: Consolidation – Special Purpose Entities. AASB 10 provides a revised definition of control and additional application guidance so that a single control model will apply to all investees. The Company has not yet been able to reasonably estimate the impact of this Standard on its financial statements.

AASB 11 replaces AASB 131: Interest in Joint Ventures (July 2004, as amended). AASB 11 requires joint arrangements to be classified as either "joint operations" (where the parties that have joint control of the arrangements have rights to the assets and obligations for the liabilities) or "joint ventures" (where the parties that have joint control of the arrangement have rights to the net assets of the arrangement). Joint ventures are required to adopt the equity method of accounting (proportionate consolidation is no longer allowed).

Notes to the Financial Statements continued

For the Year Ended 30 June 2012

AASB 12 contains the disclosure requirements applicable to entities that hold an interest in a subsidiary, joint venture, joint operation or associate. AASB 12 also introduces the concept of a “structured entity”, replacing the “special purpose entity” concept currently used in Interpretation 112, and requires specific disclosures in respect of any investments in unconsolidated structured entities. This Standard will affect disclosures only and is not expected to significantly impact the Company.

To facilitate the application of AASBs 10, 12 and 12, revised versions of AASB 127 and AASB 128 have also been issued. These Standards are not expected to significantly impact the Company.

- AASB 13: Fair Value Measurement and AASB 2011-8: Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132] (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 13 defines fair value, sets out in a single Standard a framework for measuring fair value, and requires disclosures about fair value measurement.

AASB 13 requires:

- Inputs to all fair value measurements to be categorised in accordance with a fair value hierarchy; and
- Enhanced disclosures regarding all assets and liabilities (including, but not limited to, financial assets and financial liabilities) to be measured at fair value.

These Standards are not expected to significantly impact the Company.

- AASB 2011-9: Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049] (applicable for annual reporting periods commencing on or after 1 July 2012).

The main change arising from this Standard is the requirement for entities to Company items presented in other comprehensive income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently.

This Standard affects presentation only and is therefore not expected to significantly impact the Company.

- AASB 119: Employee Benefits (September 2011) and AASB 2011-10: Amendments to Australian Accounting Standards arising from ASB 119 (September 2011) [AASB 1, AASB 8, AASB 101, AASB 124, AASB 134, AASB 1049 & AASB 2011-8 and Interpretation 14] (applicable for annual reporting periods commencing on or after 1 January 2013).

These Standards introduce a number of changes to accounting and presentation of defined benefit plans. The Company does not have any defined benefit plans and so is not impacted by the amendment.

Notes to the Financial Statements continued

For the Year Ended 30 June 2012

AASB 119 (September 2011) also includes changes to the accounting for termination benefits that require an entity to recognise an obligation for such benefits at the earlier of:

- (i) For an offer that may be withdrawn – when the employee accepts;
- (ii) For an offer that cannot be withdrawn – when the offer is communicated to affected employees; and
- (iii) Where the termination is associated with a restructuring of activities under AASB 137: Provisions, Contingent Liabilities and Contingent Assets, and if earlier than the first two conditions – when the related restructuring costs are recognised.

This Company has not yet been able to reasonably estimate the impact of these changes to AASB 119.

Notes to the Financial Statements continued

For the Year Ended 30 June 2012

	2012	2011
	\$	\$
Note 2: Revenue and Other Income		
Operating Activities		
- Franchise margin income	899,738	949,545
Non-Operating Activities		
- Interest received	48,912	46,043
- Other revenue	100	491
	<u>49,012</u>	<u>46,534</u>
Total Revenue	<u>948,750</u>	<u>996,079</u>

Note 3: Profit before Income Tax

Expenses

Depreciation/Amortisation	17,346	17,806
Remuneration of auditor		
- auditing or reviewing the financial report	5,909	9,000
- Other services	1,700	2,176

Note 4: Income Tax Expense

(a) The components of tax expense comprise:

- Prior year tax adjustment	-	120
- Current tax	45,055	76,329
- Deferred tax	(5,643)	907
	<u>39,412</u>	<u>77,356</u>

Notes to the Financial Statements continued

For the Year Ended 30 June 2012

	2012	2011
	\$	\$

Note 4: Income Tax Expense (cont'd)

- (b) The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:

Prima facie tax payable on profit from ordinary activities before income tax at 30% (2011: 30%)	36,349	73,903
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Add:

Prior period adjustment	-	120
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Tax effect of:

- non-deductible expenses	3,063	3,333
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Less:

Tax effect of:

- Other allowable items	-	-
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Income tax attributable to the company	<u>39,412</u>	<u>77,356</u>
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Note 5: Dividends

Fully franked ordinary dividend paid on 22 September 2011 of 6.0 cents per share

<u>35,531</u>	<u>23,687</u>
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Balance of franking account at year-end

<u>280,748</u>	<u>245,885</u>
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Note 6: Interests of Key Management Personnel (KMP)

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the company's key management personnel for the year ended 30 June 2012.

Option Holdings

No options over ordinary shares in the company are held by any Director of the company or other key management personnel, including their personally related parties.

Notes to the Financial Statements continued

For the Year Ended 30 June 2012

Shareholdings

Number of ordinary shares in Gosnells Financial Services Limited held by key management personnel of the company during the financial year is as follows:

Directors	Balance at Beginning of Year	Purchased During the Period	Other Changes	Balance at End of Year
Bill Walter	1,500	-	-	1,500
Lily Bahnam	5,133	-	-	5,133
Michael Devereux	1,301	-	-	1,301
Michelle Lennox	-	-	-	-
Bronwyn Baker	-	-	-	-
Timothy Smith	-	-	-	-
Dearne Russell	-	-	-	-
	7,934	-	-	7,934

	2012	2011
	\$	\$

Note 7: Cash and Cash Equivalents

Cash on hand	150	150
Cash at Bank	113,106	72,618
Short-term bank deposits	814,111	841,717
	<u>927,367</u>	<u>914,485</u>

Note 8: Trade and Other Receivables

CURRENT		
Trade debtors	63,132	69,583
Accrued Income	15,624	19,983
	<u>78,756</u>	<u>89,566</u>

a. Provision for Impairment of Receivables

Current trade and term receivables are non-interest bearing loans and generally on 30-day terms. Non-current trade and term receivables are assessed for recoverability based on the underlying terms of the contract. A provision for impairment is recognised when there is objective evidence that individual trade or term receivable is impaired. These amounts have been included in the other expenses item.

There is no provision for impairment of receivables.

Notes to the Financial Statements continued

For the Year Ended 30 June 2012

	2012 \$	2011 \$
Note 9: Other Assets		
CURRENT		
Prepayments	6,186	4,703
	<u>6,186</u>	<u>4,703</u>

Note 10: Property, Plant and Equipment

PLANT AND EQUIPMENT

Building improvements – at cost	28,319	28,319
Less accumulated depreciation	(28,319)	(28,287)
	<u>-</u>	<u>32</u>
 Furniture and fixtures – at cost	 219,258	 215,824
Less accumulated depreciation	(194,798)	(187,502)
	<u>24,460</u>	<u>28,322</u>
 Furniture and fixtures – at cost	 1,166	 -
Less accumulated depreciation	(19)	-
	<u>1,147</u>	<u>-</u>
 Total Property, Plant and Equipment	 <u>25,607</u>	 <u>28,354</u>

a. Movements in Carrying Amounts

Movements in the carrying amounts for property, plant and equipment between the beginning and the end of the current financial year:

	Building Improvements \$	Furniture & Fixtures \$	Office Equipment \$	Total \$
Balance at 1 July 2010	32	25,433	-	25,465
Additions	-	9,704	-	9,704
Disposals	-	-	-	-
Depreciation Expense	-	(6,815)	-	(6,815)
Carrying amount at 30 June 2011	32	28,322	-	28,354
Additions	-	3,434	1,166	4,600
Disposals	-	-	-	-
Depreciation Expense	(32)	(7,295)	(19)	(7,346)
Carrying amount at 30 June 2012	<u>-</u>	<u>24,461</u>	<u>1,147</u>	<u>25,608</u>

Notes to the Financial Statements continued

For the Year Ended 30 June 2012

	2012 \$	2011 \$
Note 11: Intangible Assets		
NON-CURRENT		
Franchise fees – at cost	150,000	100,000
Less: accumulated amortisation	(104,167)	(94,167)
Net carrying value	<u>45,833</u>	<u>5,833</u>

Pursuant to a five year franchise agreement with Bendigo and Adelaide Bank Limited, the company operates a branch of Bendigo and Adelaide Bank Limited, providing a core range of banking products and services.

Note 12: Trade and Other Payables

CURRENT		
Unsecured liabilities:		
Trade creditors and accruals	18,006	29,911
GST Payable	21,670	19,771
Dividend payable	11,837	10,019
	<u>51,513</u>	<u>59,701</u>

Note 13: Provisions

CURRENT		
Employee benefits:		
Provision for annual leave	33,253	26,421
Provision for Long Service Leave	17,352	-
	<u>50,605</u>	<u>26,421</u>

Number of employees at year-end	<u>8</u>	<u>7</u>
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NON-CURRENT		
Employee benefits:		
Provision for long service leave	866	11,595
	<u>866</u>	<u>11,595</u>

Notes to the Financial Statements continued

For the Year Ended 30 June 2012

	2012 \$	2011 \$
Note 14: Tax		
CURRENT		
Current tax asset	8,780	3,746
	<u>8,780</u>	<u>3,746</u>
Current tax liability	-	-
	<u>-</u>	<u>-</u>
NON-CURRENT		
a. Deferred Tax Assets		
Deferred tax assets comprise:		
Provisions	15,740	11,404
Other	-	-
	<u>15,740</u>	<u>11,404</u>
Gross Movements:		
The overall movement in the deferred tax asset account is as follows:		
Opening balance	11,404	11,714
Charge to income	4,336	(310)
Closing balance	<u>15,740</u>	<u>11,404</u>
The movement in deferred tax asset for each temporary Difference during the year as follows:		
Provisions		
Opening balance	11,404	11,210
Charge to income	4,296	194
Closing balance	<u>15,700</u>	<u>11,404</u>
Other		
Opening balance	-	504
Charge to income	40	(504)
Closing balance	<u>40</u>	<u>-</u>

Notes to the Financial Statements continued

For the Year Ended 30 June 2012

	2012 \$	2011 \$
b. Deferred Tax Liabilities		
Deferred tax liabilities comprise:		
Accrued interest income	4,688	5,995
	<u>4,688</u>	<u>5,995</u>

Gross Movements:

The overall movement in the deferred tax liabilities account is as follows:

Opening balance	5,995	5,398
Charge to income	(1,307)	597
Closing balance	<u>4,688</u>	<u>5,995</u>

Note 15: Issued Capital

592,180 (2011: 592,180) fully paid ordinary shares	592,180	592,180
Cost of raising equity	(3,780)	(3,780)
	<u>588,400</u>	<u>588,400</u>

Note 16: Cash Flow Information

Profit after Income Tax

Profit after income tax	81,750	168,988
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Add: Non-cash flows in profit:

Depreciation/amortisation	17,346	17,806
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Changes in assets and liabilities:

(Increase)/decrease in trade and other receivables	10,810	24,471
(Increase)/decrease in prepayments	(1,483)	(1,059)
(Increase)/decrease in current tax assets	(5,034)	(3,746)
(Increase)/decrease in deferred tax assets	(4,336)	310
Increase/(decrease) in trade payables and accruals	(11,904)	(12,458)
Increase/(decrease) in provisions for employee entitlements	13,455	647
Increase/(decrease) in current tax liabilities	-	(3,678)
Increase/(decrease) in deferred tax liabilities	(1,307)	597
Increase/(decrease) in GST payable	1,898	(5,160)
	<u>101,195</u>	<u>186,718</u>

Notes to the Financial Statements continued

For the Year Ended 30 June 2012

	2012	2011
	\$	\$

Note 17: Capital and Leasing Commitments

Non-cancellable operating lease commitment contracted for not capitalised in the financial statements.

Payable

Not longer than one year	49,400	59,021
Longer than one year but not longer than five years	197,600	295,105
	<u>247,000</u>	<u>354,126</u>

The lease consists of the rental of property 2227 Albany Highway, Gosnells WA 6110. The lease has been renewed and is due to expire its first 5 year contract on 15 October 2016 after which the second 5 year option is expected to be exercised.

Note 18: Events after the Reporting Period

There are no matters or circumstances that have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company except for the information disclosed in the Directors' report.

Note 19: Segment Reporting

The company operates in the financial services sector as a branch of Bendigo Bank Limited in Western Australia.

Note 20: Related Party Transactions

There were no related party transactions during the year.

Note 21: Financial Risk Management

The company's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, loans, bills and leases. The company does not engage in transaction expressed in foreign currencies and is therefore not subject to foreign currency risk. Financial Risk Management is carried out by the Board of Directors.

The Directors' overall risk management strategy seeks to assist the company in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

Notes to the Financial Statements continued

For the Year Ended 30 June 2012

Note 21: Financial Risk Management (continued)

a. Financial Risk Management Policies

Risk management policies are approved and reviewed by the Board of Directors on a regular basis. These include the credit risk policies and future cash flow requirements. The main purpose of non-derivative financial instruments is to raise finance for Company operations.

The Company does not have any derivative instruments at 30 June 2012.

b. Specific Financial Risk Exposures and Management

The main risks the company is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

Interest Rate Risk

Interest rate risk is managed with a mixture of fixed and floating rate debt.

Liquidity Risk

The Company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

There are no material amounts of collateral held as security at 30 June 2012.

The Company does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Company.

Credit risk is managed reviewed regularly by the Board of Directors. It arises from exposures to customers as well as through deposits with financial institutions.

The Board of Directors monitors credit risk by actively assessing the rating quality and liquidity of counter parties:

- all potential customers are rated for credit worthiness taking into account their size, market position and financial standing; and
- customers that do not meet the company's strict credit policies may only purchase in cash or using recognised credit cards.

The trade receivables balances at 30 June 2012 and 30 June 2011 do not include any counterparties with external credit ratings. Customers are assessed for credit worthiness using the criteria detailed above.

Notes to the Financial Statements continued

For the Year Ended 30 June 2012

Note 21: Financial Risk Management (continued)

c. Financial Instrument Composition and Maturity Analysis

The company held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2012	2011	2012	2011
	\$	\$	\$	\$
FINANCIAL ASSETS				
Cash and Cash Equivalents	927,367	914,485	927,367	914,485
Trade and other receivables	78,756	89,566	78,756	89,566
Other current assets	6,186	4,703	6,186	4,703
	1,012,309	1,008,754	1,012,309	1,008,754
FINANCIAL LIABILITIES				
Trade and other payables	51,515	59,701	51,515	59,701
	51,515	59,701	51,515	59,701

Fair value is determined as follows:

Cash and Cash Equivalents, Receivables, Payables & Borrowings – estimated to the carrying value which approximates net market value.

(a) Cash and Cash Equivalents

The company's objective is to maximize its return on cash and cash equivalent instruments whilst maintaining an adequate level of liquidity and preserving Capital.

Cash and investments are subjected to interest rate risk – the risk that movements in interest rates affect returns.

The company manages its risks by diversifying its portfolio and only purchasing cash and other investments with high credit ratings or capital guarantees.

Notes to the Financial Statements continued

For the Year Ended 30 June 2012

Note 21: Financial Risk Management (continued)

Sensitivity Analysis

The following table illustrates sensitivities to the company's exposures to changes in interest rates and equity prices. The table indicates the impact on how the profit and equity values reported at balance date would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

	Profit \$	Equity \$
Year ended 30 June 2012		
+/- 2% in interest rates	+/- 18,547	+/- 18,547
Year ended 30 June 2011		
+/- 2% in interest rates	+/- 18,290	+/- 18,290

(b) Receivables

The company's major risk associated with the receivables is credit risk – the risk that the debts may not be repaid. The company manages this risk by monitoring outstanding debt and employing appropriate debt recovery procedures.

The company does not have any material credit risk exposure to any single receivable or group of receivables under financial investments entered into by the company.

(c) Payables

Payables are subjected to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and where they fall due. The Directors manage this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer and has a loan facility with the bank.

Notes to the Financial Statements continued

For the Year Ended 30 June 2012

Note 21: Financial Risk Management (continued)

The table below reflects the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments. As such, the amounts may not reconcile to the statement of financial position.

	Weighted		Average Effective		Interest Rate		Floating Interest Rate		Non-interest Bearing		Total	
	Interest Rate		2012		2011		2012		2012		2011	
	%	%	\$		\$		\$		\$		\$	
Financial Assets:												
Cash and Cash at bank	0.04	0.76		113,106		72,618		150		150		113,256
Short-term deposits	5.37	6.14		814,111		841,717		-		-		814,111
Trade and other receivables	-	-		-		-		89,566		89,566		78,756
Total Financial Assets	-	-		927,367		914,335		78,906		89,716		1,006,123
Financial Liabilities:												
Trade and other payables	-	-		-		-		51,515		59,701		51,515
Total Financial Liabilities	-	-		-		-		51,515		59,701		51,515

Notes to the Financial Statements continued

For the Year Ended 30 June 2012

Note 22: Contingent Liabilities and Contingent Assets

There were no contingent liabilities or contingent assets at the reporting date.

Note 23: Company Details

The registered office and principal place of business of the company is:

2227 Albany Highway
Gosnells WA 6110