



Gosnells Financial
Services Ltd

ABN 11 095 764 533

**ANNUAL
REPORT
2013**

Gosnells **Community Bank®** Branch

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Chairman's report

For year ending 30 June 2013

Dear Shareholder,

This is a report for the year ending 30 June 2013 and as the Board and I did not take up our positions until July 2013, this report will be shorter than normal.

Let me introduce myself. My name is Ray Norvill and I was a Director of GFS several years ago. It is my honour to be asked to chair your company. It is also a privilege to be working with a Board and staff that have such experience and expertise, but the greatest source of pleasure is their unity and passion to see the City of Gosnells flourish and prosper. It is also their belief that this will come about through having a strong vibrant growing bank that is committed to investing in the community.

Overview

Gosnells **Community Bank**[®] Branch continues to grow its business and profitability in a demanding economic climate. It had a very good year of growth which was offset somewhat by budget overspends, resulting in our profit being eroded somewhat. This was not the sole reason for a small loss, there were margin squeezes and reduced interest rates. As I am sure you would appreciate, expenses never seem to decrease, but the branch did finish in a healthy position.

Dividend

Due to a small loss it would not be cost effective to pay a dividend at this time, but please be assured the Board will be working hard to rectify this situation.

Future direction

The future direction for the branch is for it to grow. This may sound obvious but it does require the right strategies. The Board is continuing to access the plans for growth and business expansion within the City of Gosnells. This is an exciting time for Gosnells **Community Bank**[®] Branch and I am sure we have the people and commitment to achieve our plans for future growth.

Community focus and sponsorship

We have a very experienced team on our Marketing and Sponsorship committee who are dedicated to raising the community's awareness of Gosnells **Community Bank**[®] Branch and the advantages that can be had from banking with us; (i.e. their money staying in the community and benefiting the people of Gosnells). The committee is actively looking to partner with organisations and businesses.

Human resources

The good year of growth is in no small way due to the excellent staff the branch has and the way they are lead by our Manager Michelle Lennox. Michelle is a tireless advocate for Gosnells **Community Bank**[®] Branch and gives up a lot of her own time promoting and championing the branch. Thank you Michelle for the last nine years of dedication to the people of Gosnells.

I would like to finish by saying on behalf of the Board and myself a big thank you for being a shareholder in Gosnells Financial Services Limited and for standing with us to make Gosnells **Community Bank**[®] Branch the best banking experience anyone can have.



Ray Norvill
Chairman

Manager's report

For year ending 30 June 2013

The past 12 months has been very busy and we continue to have a steady stream of customer traffic come into our branch on a daily basis. Our branch has a strong business portfolio and the strength of this portfolio is continuing to grow each and every day.

Our customers and shareholders remain loyal; however there is always room to improve by increasing customer numbers and products per customer. This can be achieved in many ways by staying in contact with our customers and shareholders on a regular basis and letting them know of new products and services that become available throughout the year which may be of benefit to them.

For example, the branch now has its own Community GoPos terminal which allows our not-for-profit organisations to use this facility when they have membership registration days, fetes, family days etc. This is yet another way we support our local not-for-profit organisations to grow their business.

We offer a wide range of products and services to suit the needs of both personal and business customers whether it is a basic transaction account to a complex business loan.

Our branch has successfully grown our total business portfolio from \$92.2 million (previous financial year) to \$107.9 million as at 30 June 2013. This consists of a lending portfolio of \$40.1 million and a deposit portfolio of \$67.8 million. We have over 5,500 customers supporting our branch with a total of 7,126 products and services.

We believe our point of difference is "community". Our Directors and staff have been very active within our local community and have supported and distributed over \$59,000 to various groups such as:

- Gosnells Men's Shed
- Gosnells Football Club
- Southern Districts Netball Association
- Baseball W.A.
- South East Regional Land Care
- Women's Health
- WA Agility Club.

Listed above are just some of the many organisations we have been able to sponsor. Our funding has enabled these groups continue to support their own clubs and members and achieve some of their goals.

We have a very dynamic and energetic team of people working at the branch who are committed to giving our customers the best possible service each and every time they walk through the doors. The commitment to their jobs, the bank, our customers and shareholders is outstanding. Customer service is paramount. We believe this is why our customers are happy to bank with us.

I would like to personally thank my Board of Directors for their continued support and our business partners Bendigo and Adelaide Bank.

I invite you to come into the branch – take a look at our community notice boards which display a variety of photos and stories, and have a chat with the staff. What we, as a **Community Bank®** branch are doing within our community makes us all feel very proud. I hope it will also make you feel proud to be associated with our branch.



Michelle Lennox
Branch Manager

Bendigo and Adelaide Bank report

For year ending 30 June 2013

This year has marked two very significant milestones for our **Community Bank**[®] network, celebrating its 15th anniversary of operation while also reaching \$100 million in community contributions. Both achievements could not have been accomplished without your ongoing support as shareholders and customers.

The **Community Bank**[®] network has grown considerably since it was first launched in 1998, in partnership with the people from the western Victorian farming towns of Rupanyup and Minyip. For these communities the **Community Bank**[®] model was seen as a way to restore branch banking services to the towns, after the last of the major banks closed its services. But in the years since, the **Community Bank**[®] model has become so much more.

The **Community Bank**[®] network has returned more than \$20 million in contributions to local communities in this financial year alone. Our branches have been able to fund health services, sports programs, aged care facilities, education initiatives, community events and much more.

These contributions have come at a time of continued economic uncertainty, and shows the high level of support the **Community Bank**[®] model has in the communities in which it operates.

While our established branches grow their business at a healthy rate, demand for the model in other communities continues to be strong. There are currently another 40 **Community Bank**[®] sites in development, and 15 new branches are expected to open in the next 12 months.

At the end of the financial year 2012/13 the **Community Bank**[®] network had achieved the following:

- Returns to community – \$102 million
- **Community Bank**[®] branches – 298
- **Community Bank**[®] branch staff – more than 1,460
- **Community Bank**[®] company Directors – 1,925
- Banking business – \$24.46 billion
- Customers – 640,159
- Shareholders – 72,062
- Dividends paid to shareholders since inception – \$30.88 million.

Almost 300 communities have now partnered with Bendigo and Adelaide Bank, to not only enhance banking services, but more importantly take the profits their banking business generates and reinvest it in local groups and projects that will ultimately strengthen their community. This \$100 million goes to new community facilities, improved services, more opportunities for community engagement activities and generally speaking, a more prosperous society.

The communities we partner with also have access to Bendigo and Adelaide Bank's extensive range of other community building solutions including the Community Enterprise Foundation[™] (philanthropic arm), Community Sector Banking (banking service for not-for-profit organisations), Generation Green[™] (environment and sustainability initiative), Community Telco[®] (telecommunications solution), tertiary education scholarships and Community Enterprises that provide **Community Bank**[®] companies with further development options.

In Bendigo and Adelaide Bank, your **Community Bank**[®] company has a committed and strong partner and over the last financial year our company has continued its solid performance.

Bendigo and Adelaide Bank report (continued)

Bendigo and Adelaide Bank remains one of the few banks globally to be awarded an upgraded credit rating since the onset of the Global Financial Crisis. Our Bank continues to be rated at least “A-” by Standard & Poor’s, Moody’s and Fitch in recognition of its strong performance in the face of what continues to be a challenging economic environment.

While continued ratings affirmation is a welcome boost for the Bank and its partners, trading conditions are still difficult, with consumer confidence and demand for credit remaining low, and competition remaining very strong for retail deposits.

Not surprisingly, these factors continue to place pressure on the 50/50 margin share agreement between the Bank and our **Community Bank®** partners. As a result some **Community Bank®** companies are receiving much more than 50 per cent of revenue earned.

In April, the Bank took a further step to restore this balance, ensuring that the **Community Bank®** model produced a more appropriate balance of return for all stakeholders within this partnership model. The Bank will continue to review this remuneration model to ensure it is fair and equitable for all parties and is as resilient as possible to the fast changing economic environment.

It continues to be Bendigo and Adelaide Bank’s vision to be Australia’s leading customer-connected bank. We believe our strength comes from our focus on the success of our customers, people, partners and communities. We take a 100-year view of our business; we listen and respect every customer’s choice, needs and objectives. We partner for sustainable long-term outcomes and aim to be relevant, connected and valued.

This is what drives each and every one of our people and we invite you as **Community Bank®** shareholders to support us as we work with your community to deliver on our goals and ensure our sustained and shared success.

As **Community Bank®** shareholders you are part of something special, a unique banking movement which has evolved into a whole new way of thinking about banking and the role it plays in modern society.

With the community’s support, there really is no limit to what can be achieved under the **Community Bank®** model, and I look forward to seeing what the next 15 years will bring.

I thank you for your important support of your local **Community Bank®** branch.



Robert Musgrove
Executive Community Engagement

Directors' report

For the financial year ended 30 June 2013

Your Directors present their report, together with the financial statements of the company for the financial year ended 30 June 2013.

The information on Directors who held office during or since the end of the year are:

Your Directors present their report, together with the financial statements of the company for the financial year ended 30 June 2013.

Current Directors



Raymond Norvill	(Appointed 1/7/13)	
Position	Chairman, Non-Executive Director	
Occupation	Pastor	
Background Information	Raymond is married with two daughters and seven grandchildren. He has lived in the Gosnells community for eight years and is one of the pastors of Real Life Church. He has worked as a pipe fitter and welder, cable jointer, bus driver and a senior hospital officer in the UK prison service. Raymond is a previous Director of the Gosnells Community Bank ® Branch, and is currently the Chair of Gosnells YouthCARE district council, which employ 19 school chaplains. Raymond is also Chair of Choose Respect Inc, a not-for-profit company that helps people relate to one another with a language of mutual respect.	
Directorship Held in Other Entities	Nil	
Interest in Shares and Options	Nil	
Brian Antunovich	(Appointed 1/7/13)	
Position	Non-Executive Director	
Occupation	Retired	
Background Information	Brian was born and bred in Gosnells and is a member of the original steering committee for the Gosnells Community Bank ® Branch. Brian has extensive experience in sales and marketing, as a business owner representing national and international manufacturers of air-conditioning, leisure goods and automotive products. Brian also has previous experience as a chairman and has been a member of many industry committees. He is a former chairperson of St Munchins Catholic School Board and school committee. Brian is also a life member and past president of Gosnells Football Club, of which the Gosnells Community Bank ® Branch is a major sponsor.	
Directorship Held in Other Entities	Nil	
Interest in Shares and Options	Nil	



Directors' report (continued)

The information on Directors who held office during or since the end of the year are (continued):

Current Directors (continued)



Norman Barratt	(Appointed 1/7/13)
Position	Non-Executive Director
Occupation	Retired
Background Information	Norman is married with two daughters and has lived in the Gosnells community for more than 57 years. Norman has a passion for sport and has previously played for the Gosnells cricket team and has been a member of the Gosnells Football Club for 53 years. Norman was the Manager at Wormald International (Fire Protection) for 12 years. A career change led to a business in Gosnells (Ice Works) for 13 years. Since retiring, Norman has been looking forward to the new challenge of becoming a Director of the Board for the Gosnells Community Bank® Branch.
Directorship Held in Other Entities	Nil
Interest in Shares and Options	Nil



Raymond Smith	(Appointed 1/7/13)
Position	Non-Executive Director, Company Secretary
Occupation	Retired
Background Information	Ray Smith is married with three children and has lived in the Gosnells community since 1969. Ray graduated from Curtin with a BSc (Chem) and Post Grad Diploma in Business Management. He has spent 29 years working for the Perth Mint, successfully rising to a senior management level. Ray has a commitment to the community and he has had roles with the St Vincent de Paul Society, chair of a school board, past President of Thornlie Rotary Club, past member of SES, volunteer driver for Royal Perth Hospital and Southern Cross Care, State Secretary to Rotary District 9470, and deputy Chairman of Gosnells Community Men's Shed, just to name a few.
Directorship Held in Other Entities	Nil
Interest in Shares and Options	Nil

Directors' report (continued)

The information on Directors who held office during or since the end of the year are (continued):

Current Directors (continued)



Leon Glucina	(Appointed 29/5/13)
Position	Non-Executive Director, Treasurer
Occupation	General Manager
Background Information	Leon was born and raised in Gosnells, where he currently lives on a property held by his family for two generations. Leon is the General Manager of a West Australian owned and operated family business located at the Perth International Airport. He is the leader of 70 staff members, inspiring a culture of community within the organisation. Along with his management degree, Leon has held a position of financial controller for more than six years. Leon has volunteered for the role of Director at the Gosnells Community Bank® Branch to give back to the community that has supported not only himself, but also his family, over the past 80 years.
Directorship Held in Other Entities	Nil
Interest in Shares and Options	Nil



Albert Kalajzich	(Appointed 29/5/13)
Position	Non-Executive Director
Occupation	Retired
Background Information	Albert was born in Wiluna WA and his family moved to Gosnells in 1947. Albert is married with three children. After a 5 year engineering apprenticeship at the Gosnells Readymix Quarries, Albert's experience included practical, design and the management of Engineering services. In 1975 Albert transferred to Melbourne then Sydney plus 14 years International experience working in UK, France, USA and China. Albert held the position of Senior Advisor within the extractive industry focusing on due diligence, capital programs, productivity improvement and personnel training. Albert is now semi-retired after 53 years in the extractive industry with 50 years being the same company and six takeovers.
Directorship Held in Other Entities	Nil
Interest in Shares and Options	Nil

Directors' report (continued)

The information on Directors who held office during or since the end of the year are (continued):

Current Directors (continued)



Michelle Lennox	
Position	Executive Director
Occupation	Bank Manager
Background Information	Branch Manager of Gosnells Community Bank ® Branch since July 2004. Michelle holds a very unique & privileged position of also being a Director of Gosnells Financial Services Ltd since 2006. Michelle also holds a certificate 111 in Financial Services & have completed many courses throughout her Banking career. Born & bred in the small country town of Northampton WA, where she lived for 17 years with her parents, Michelle is very familiar with Community involvement & the importance of supporting the people within that Community. From the age of 16, Michelle has been employed in various areas & departments within the Banking industry. To her Banking is just one part of her role. But the most exciting part is her involvement within the Community in which she lives and works. To see Community groups prosper from our Sponsorships and assistance is the best possible reward she feels she could ever ask for.
Directorship Held in Other Entities	Nil
Interest in Shares and Options	Nil



Robert Gibbons	(Appointed 29/5/13)
Position	Non-Executive Director
Occupation	Retired
Background Information	Robert has lived in the City of Gosnells for 38 years. He retired in 2000 after 44 years with Telstra, where he was a national manager for service improvement. He has held many volunteer positions with various sporting groups. Robert was awarded the Australian Sporting Medal (ASM) in 2000 for his contribution to AFL Football. Robert is involved in many community groups, volunteering at the Fremantle Dockers AFL Club, the Gosnells Bowling Club and the Perth Demons District Junior Association.
Directorship Held in Other Entities	Nil
Interest in Shares and Options	Nil

Directors' report (continued)

The information on Directors who held office during or since the end of the year are (continued):

Resigned Directors

Lily Bahnam	(Resigned 27 August 2012)
Position	Non-Executive Director and Deputy Chairperson
Lance Scott	(Resigned 29 May 2013)
Position	Non-Executive Director
Jennifer Hayes	(Resigned 29 May 2013)
Position	Non-Executive Director
Low Yew-Loon	(Resigned 6 March 2013)
Position	Non-Executive Director and Treasurer
Mark Smith	(Resigned 29 May 2013)
Position	Non-Executive Director and Treasurer
Robert Henwood	(Appointed 3 August 2012, resigned 6 March 2013)
Position	Non-Executive Director and Treasurer

Company Secretary

Michelle Cook	(Resigned 30 October 2012)
Jessica Dyer	(Appointed 26 November 2012, Resigned 26 August 2013)
Michael Devereux	(Resigned 6 March 2013)
Raymond Smith	(Appointed Company Secretary 26 August 2013)
Background Information	(Refer above)

Meeting of Directors

During the financial year, 12 meetings of Directors (including committees of Directors) were held. Attendance by each Director during the year were as follows:

Director	Directors' meetings	
	Number eligible to attend	Number attended
Michelle Lennox	11	11
Lance Scott	11	11
Mark Smith	11	10
Jennifer Hayes	11	10
Mike Devereux	8	8

Directors' report (continued)

Meeting of Directors (continued)

Director	Directors' meetings	
	Number eligible to attend	Number attended
Low Yew-Loon	8	7
Robert Henwood	7	6
Leon Glucina	2	2
Robert Gibbons	2	2
Raymond Smith	1	1
Brian Antunovich	1	1
Norman Barratt	1	1
Albert Kalajzich	1	1
Raymond Norvill	1	1
Lily Bahnam	2	0

Principal activities and significant changes in nature of activity

The principal activity of the company during the financial year was to provide **Community Bank®** services under management rights to operate a franchised branch of Bendigo and Adelaide Bank Limited.

There was no significant changes in the nature of the company's principal activity.

Review of operations and operating results

The focus of the company's operations during the year was the operation of the Gosnells **Community Bank®** branch of Bendigo Bank, pursuant to a franchise agreement. The loss of the company after providing for income tax amounted to \$1,975. This represented a 102% decrease on the results reported for the year ended 30 June 2012 (Profit \$81,749).

Financial position

The net assets of the company have decreased from \$1,000,597 as at 30 June 2012 to \$981,150 as at 30 June 2013.

The Directors believe the company is in a strong and stable financial position.

Dividends paid or recommended

The company paid a full and final ordinary dividend of 6 cents per share (\$35,531) on 1 February 2013 from the retained profits at 30 June 2012.

The Directors announced on the 28 June 2013 that no dividend will be issued from the 2013 retained profits.

Directors' report (continued)

Significant changes in state of affairs

The Directors have previously announced to shareholders the change in the profit sharing arrangement with Bendigo and Adelaide Bank Limited to fairly distribute the revenue earned on fixed rate loans and term deposits over 90 days. The result of this agreement has continued to effect profitability. Full details of this agreement have been previously communicated to shareholders.

Events after the reporting period

No matters or circumstances have arisen since the end of the financial year that significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

Future developments

Likely developments in the operations of the company and the expected results of those operations in future financial years have not been included in this report, as the inclusion of such information is likely to result in unreasonable prejudice to the company.

Options

No options over issued shares or interests in the company were granted to Directors or Executives during or since the end of the financial year and there were no options outstanding at the date of this report. The Directors and Executive do not own any options over issued shares or interests in the company at the date of this report.

Indemnifying Officers or Auditor

Indemnities have been given, during and since the end of the financial year, for any persons who are or have been a Director or an Officer, but not an Auditor, of the company. The insurance contract prohibits disclosure of any details of the cover.

Environmental issues

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth, State or Territory. The company does, however, provide quarterly environmental measures to Bendigo and Adelaide Bank Limited in order to assist in collective reporting under the National Greenhouse & Energy Reporting Act 2007 (NGER Act).

Proceedings on behalf of company

No person has applied for leave of Court to bring proceedings on behalf of the company or 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 any part of those proceedings.

The company was not a party to any such proceedings during the year.

Corporate governance

The Directors have a strong commitment to good corporate governance. Their guiding principle in meeting this responsibility is to act honestly, conscientiously and fairly in accordance with the law in the interest of investors and other stakeholders.

Directors' report (continued)

Corporate governance (continued)

Corporate governance and audit committee

Gosnells Financial Services Limited address the Corporate Governance and Audit requirements of the company through regular meetings of the Finance Committee. The members of the committee are:

- Raymond Smith (Company Secretary, Non-executive Director)
- Raymond Norvill (Chairman, Non-executive Director)
- Leon Glucina (Treasurer, Non-executive Director)
- Tanya Poynter (Finance Officer, Non Director)

In addition to the reporting function of the Committee, the Finance Committee assist the Board in fulfilling its oversight responsibilities by reviewing:

- The financial information of the company;
- The systems of internal control (governance) which management and the Board have established;
- The overall audit process of the company;
- Regulatory obligations of the company and compliance with these requirements;
- The systems of risk management which management and the Board have established.

Non-audit services

The Board is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for Auditors imposed by the Corporations Act 2001. The Directors are satisfied that the services disclosed below did not compromise the external Auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the Board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the Auditor; and
- the nature of the services provided do not compromise the general principles relating to Auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

Non-audit services provided by the Auditor during the 2013 financial year extend solely to the provision of taxation services.

Remuneration report

This report details the nature and amount of remuneration for the key management person of the company, Michelle Lennox, who is also the Executive receiving the highest remuneration. Michelle Lennox is the Branch Manager, and a Director on the Board. She is the only Executive in receipt of a remuneration as all other Directors are volunteers, and do not receive a remuneration for their time.

Remuneration policy

The remuneration policy of the company has been designed to align key management personnel objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the company's financial results. The Board of the company believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel to run and manage the company, as well as create goal congruence between Directors, Executives and shareholders

The Board's policy for determining the nature and amount of remuneration for key management personnel of the company is as follows:

Directors' report (continued)

Remuneration report (continued)

Remuneration policy (continued)

- The remuneration policy, setting the terms and conditions for the key management personnel, was developed by the Board.
- All key management personnel receive a base salary (which is based on factors such as length of service and experience), and superannuation.
- The Board reviews key management personnel packages annually by reference to the company's performance, Executive performance and comparable information from industry sectors.

The performance of key management personnel is measured against criteria agreed annually with each Executive and is based predominantly on the forecast growth of the company's profits and shareholders' value. All bonuses and incentives must be linked to predetermined performance criteria. The Board may, however, exercise its discretion in relation to approving incentives and bonuses, which must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of Executives and reward them for performance that results in long-term growth in shareholder wealth.

The key management personnel receive a superannuation guarantee contribution required by the government, which is currently 9%, and do not receive any other retirement benefits. Some individuals may have chosen to sacrifice part of their salary to increase payments towards superannuation.

All remuneration paid to key management personnel is valued at the cost to the company and expensed.

Performance-based remuneration

As part of each key management personnel's remuneration package, there is a performance-based component consisting of key performance indicators (KPIs). The intention of this program is to facilitate goal congruence between key management personnel with that of the business and shareholders. The KPIs are set annually, with a certain level of consultation with key management personnel to ensure buy-in. The measures are specifically tailored to the areas each key management personnel is involved in and has a level of control over. The KPIs target areas the Board believes hold greater potential for company expansion and profit, covering financial and non-financial as well as short- and long-term goals. The level set for each KPI is based on budgeted figures for the company and respective industry standards.

Performance in relation to the KPIs is assessed annually, with bonuses being awarded depending on the number and deemed difficulty of the KPIs achieved. Following the assessment, the KPIs are reviewed by the remuneration committee in light of the desired and actual outcomes, and their efficiency is assessed in relation to the company's goals and shareholder wealth, before the KPIs are set for the following year.

In determining whether or not a KPI has been achieved, the company bases the assessment on audited figures.

Company performance, shareholder wealth and executive remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders and Executives. The method applied in achieving this aim is a performance based bonus based on key performance indicators. The company believes this policy to have been effective in increasing shareholder wealth over the past years.

Key management personnel remuneration policy

The remuneration structure for key management personnel is based on a number of factors, including length of service, particular experience of the individual concerned, and overall performance of the company. The contracts for service between the company and key management personnel are on a continuing basis, the terms of which are not expected to change in the immediate future. Upon retirement key management personnel are paid employee benefit entitlements accrued to date of retirement.

Directors' report (continued)

Remuneration report (continued)

Key management personnel remuneration policy (continued)

The employment conditions of the key management personnel are formalised in contracts of employment. All Executives are permanent employees of the company.

The employment contracts stipulate a resignation periods. The company may terminate an employment contract without cause by providing appropriate written notice or making payment in lieu of notice, based on the individual's annual salary component together with a redundancy payment. Termination payments are generally not payable on resignation or dismissal for serious misconduct. In the instance of serious misconduct the company can terminate employment at any time.

Performance income as a proportion of total remuneration

Executives are paid performance based bonuses based on set monetary figures, rather than proportions of their salary. This has led to the proportions of remuneration related to performance varying between individuals. The Board has set these bonuses to encourage achievement of specific goals that have been given a high level of importance in relation to the future growth and profitability of the company.

The Board will review the performance bonuses to gauge their effectiveness against achievement of the set goals, and adjust future years' incentives as they see fit to ensure use of the most cost effective and efficient methods.

Remuneration of Directors

The Board approved the following payments to the Directors of the company during the years ended 30 June 2013 and 30 June 2012.

	2013 \$	2013 \$
Mark Smith	–	–
Lily Bahnam	–	–
Michelle Lennox	135,911	124,130
Mike Devereux	–	–
Brian Antunovich	–	–
Raymond Norvill	–	–
Norman Barratt	–	–
Raymond Smith	–	–
Leon Glucina	–	–
Jennifer Hayes	–	–
Lance Scott	–	–
Low Yew-Loon	–	–
Albert Kalajzich	–	–
Robert Henwood	–	–

Directors' report (continued)

Remuneration report (continued)

Remuneration of Directors (continued)

	2013 \$	2013 \$
Robert Henwood	–	–
Robert Gibbons	–	–
Total Remuneration	135,911	124,130

The above remuneration report does not contain amounts paid in reimbursement for company expenses.

Key management personnel remuneration

	Salary, Fees and Commissions \$	Superannuation Contributions \$	Cash Bonus \$	Non-cash Benefits \$	Total \$	Performance related %
2012						
Michelle Lennox	113,904	10,226	-	-	124,130	-
	113,904	10,226	-	-	124,130	-
2013						
Michelle Lennox	118,710	11,201	6,000	-	135,911	-
	118,710	11,201	6,000	-	135,911	-

Performance income as a proportion of total remuneration

Executives are paid performance based bonuses based on set monetary figures, rather than proportions of their salary. The Board has set these bonuses to encourage achievement of specific goals that have been given a high level of importance in relation to the future growth and profitability of the company.

The Board will review the performance bonuses to gauge their effectiveness against achievement of the set goals, and adjust future years' incentives as they see fit to ensure use of the most cost effective and efficient methods.

Auditor's independence declaration

The Auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 18 of the financial report.

This Directors' report, incorporating the remuneration report, is signed in accordance with a resolution of the Board of Directors.



Ray Norvill
Director

Perth

Dated 27 September 2013.

Directors' declaration

The Directors of the company declare that:

1. the accompanying financial statements and notes are in accordance with the Corporations Act 2001 and:
 - a. comply with Accounting Standards; and
 - b. give a true and fair view of the financial position as at 30 June 2013 and of the performance for the year ended on that date of the company;
2. the Chief Executive Officer and Chairman of Corporate Governance and Audit Committee have each declared that:
 - a. the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
 - b. the financial statements and notes for the financial year comply with the Accounting Standards; and
 - c. the financial statements and notes for the financial year give a true and fair view; and
3. in the Directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Ray Norvill
Director

Perth

Dated 27 September 2013.

Auditor's independence declaration



Certified Practising Accountants

PARTNERS
Anthony Macri FCPA
Domenic Macri CPA
Connie De Felice CA

Auditor's Independence Declaration

Under Section 307C of the Corporations 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 2013, 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

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

A handwritten signature in black ink, appearing to read "Anthony Macri", written over a horizontal line.

A MACRI
PARTNER

PERTH
DATED THIS 27TH DAY OF SEPTEMBER 2013.



Independent audit report



Certified Practising Accountants

PARTNERS

Anthony Macri FCPA
Domenic Macri CPA
Connie De Felice CA

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 2013, 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 audit report (continued)

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 2013 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 2013. 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 2013 complies with section 300A of the *Corporations Act 2001*.

MACRI PARTNERS

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



A MACRI
PARTNER

PERTH
DATED THIS 27TH DAY OF SEPTEMBER 2013.



Financial statements

Statement of comprehensive income for the year ended 30 June 2013

	Note	2013 \$	2012 \$
Revenue	2	885,849	899,838
Other income	2	38,614	48,912
Employee benefits expense		(525,578)	(501,076)
Depreciation and amortisation expense	3	(18,021)	(17,346)
Other expenses		(385,229)	(309,167)
Profit/(loss) before income tax		(4,365)	121,161
Income tax (expense)/credit	4	2,390	(39,412)
Net profit/(loss) for the year		(1,975)	81,749
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Fair value gains on available-for-sale financial assets, net of tax		18,059	-
Other comprehensive income for the year		18,059	-
Total comprehensive income for the year		16,084	81,749
Total comprehensive income attributable to:			
Members of the entity		16,084	81,749
Earnings per share			
From overall operations:			
Basic earnings per share (cents)		-0.33	13.80
Diluted earnings per share (cents)		-0.33	13.80

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of financial position as at 30 June 2013

	Note	2013 \$	2012 \$
ASSETS			
Current assets			
Cash and cash equivalents	7	784,820	927,367
Trade and other receivables	8	78,032	78,756
Financial assets	9	120,840	-
Other assets	10	9,027	6,186
Current tax assets	15	29,809	8,780
Total current assets		1,022,528	1,021,089
Non current assets			
Property, plant and equipment	11	42,450	25,607
Intangible assets	12	35,833	45,833
Deferred tax assets	15	17,255	15,740
Total non-current assets		95,538	87,180
Total assets		1,118,066	1,108,269
LIABILITIES			
Current liabilities			
Trade and other payables	13	68,676	51,513
Short-term provisions	14	55,065	50,605
Total current liabilities		123,741	102,118
Non-current liabilities			
Long-term provisions	14	2,320	866
Deferred tax liabilities	15	10,855	4,688
Total non-current liabilities		13,175	5,554
Total liabilities		136,916	107,672
Net assets		981,150	1,000,597
EQUITY			
Issued capital	16	588,400	588,400
Retained earnings		392,750	412,197
Total equity		981,150	1,000,597

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of changes in equity for the year ended 30 June 2013

	Note	Issued Ordinary Capital \$	Retained Earnings \$	Total \$
Balance at 1 July 2011		588,400	365,979	954,379
Profit attributable to the members of the company		-	81,749	81,749
Other comprehensive income		-	-	-
Dividends paid or provided for	5	-	(35,531)	(35,531)
Balance at 30 June 2012		588,400	412,197	1,000,597
Balance at 1 July 2012		588,400	412,197	1,000,597
Profit/(loss) attributable to the members of the company	-	(1,975)	(1,975)	
Other comprehensive income		-	18,059	18,059
Dividends paid or provided for	5	-	(35,531)	(35,531)
Balance at 30 June 2013		588,400	392,750	981,150

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of cash flows for the year ended 30 June 2013

	Note	2013 \$	2012 \$
Cash flows from operating activities			
Receipts from customers		960,910	993,753
Payments to suppliers and employees		(928,311)	(844,102)
Income tax paid		(21,727)	(50,089)
Interest received		40,256	53,271
GST Paid		(44,990)	(51,638)
Net cash provided by (used in) operating activities	17	6,138	101,195
Cash flows from investing activities			
Purchase of plant and equipment		(24,864)	(4,600)
Purchase of available-for-sale financial assets		(95,041)	-
Payment of franchise fees		-	(50,000)
Dividends received		3,600	-
Net cash provided by (used in) investing activities		(116,305)	(54,600)
Cash flows from financing activities			
Dividends paid		(32,380)	(33,713)
Net cash provided by (used in) financing activities		(32,380)	(33,713)
Net increase/(decrease) in cash held		(142,547)	12,882
Cash and cash equivalents at beginning of financial year		927,367	914,485
Cash and cash equivalents at end of financial year	7	784,820	927,367

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2013

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)

Note 1. Statement of significant accounting policies (continued)

(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.

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.

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

Class of fixed asset	Depreciation rate
Plant and equipment	10% - 25%

Notes to the financial statements (continued)

Note 1. Statement of significant accounting policies (continued)

(b) Property, plant and equipment (continued)

Depreciation (continued)

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.

Notes to the financial statements (continued)

Note 1. Statement of significant accounting policies (continued)

(d) Financial instruments (continued)

Classification and subsequent measurement (continued)

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.

(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.

Notes to the financial statements (continued)

Note 1. Statement of significant accounting policies (continued)

(d) Financial instruments (continued)

Classification and subsequent measurement (continued)

(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.

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.

Notes to the financial statements (continued)

Note 1. Statement of significant accounting policies (continued)

(d) Financial instruments (continued)

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.

(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.

Notes to the financial statements (continued)

Note 1. Statement of significant accounting policies (continued)

(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.

Notes to the financial statements (continued)

Note 1. Statement of significant accounting policies (continued)

(n) Comparative figures (continued)

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 2013. 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 2013 amounting to \$35,833.

(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;
- 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;

Notes to the financial statements (continued)

Note 1. Statement of significant accounting policies (continued)

(p) New accounting standards for application in future periods (continued)

- 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).

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, 11 and 12, revised versions of AASB 127 and AASB 128 have also been issued. These Standards are not expected to significantly impact the company.

Notes to the financial statements (continued)

Note 1. Statement of significant accounting policies (continued)

(p) New accounting standards for application in future periods (continued)

- 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 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements (applicable for annual reporting periods beginning on or after 1 July 2013).

This Standard makes amendments to AASB 124: Related Party Disclosures to remove the individual key management personnel disclosure requirements (including paras Aus29.1 to Aus29.9.3). These amendments serve a number of purposes, including furthering trans-Tasman convergence, removing differences from IFRSs, and avoiding any potential confusion with the equivalent Corporations Act 2001 disclosure requirements.

The Standard is not expected to significantly impact the company's financial report as a whole because:

- Some of the disclosures removed from AASB 124 will continue to be required under a 300A of the Corporations Act, which is applicable to the Group; and
 - AASB 2011-4 does not affect the related party disclosure requirements in AASB 124 applicable to all reporting entities, and some of these requirements require similar disclosures to those removed by AASB 2011-4.
- 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.

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.

- AASB 2012-2: Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities (applicable for annual reporting periods commencing in or after 1 January 2013).

Notes to the financial statements (continued)

Note 1. Statement of significant accounting policies (continued)

(p) New accounting standards for application in future periods (continued)

AASB 2012-2 principally amends AASB 7: Financial Instruments: Disclosure to require entities to include information that will enable users of their financial statements to evaluate the effect to potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.

This Standard is not expected to significantly impact the Group's financial statements.

- AASB 2012-5: Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle (applicable for annual reporting periods commencing on or after 1 January 2013).

This Standard amends a number of Australian Accounting Standards as a consequence of the issuance of Annual Improvements to IFRSs 2009-2011 Cycle by International Accounting Standards Board, including:

- AASB 1: First-time Adoption of Australian Accounting Standards to clarify the requirements in respect of the application of AASB 1 when an entity discontinues and then resumes applying Australian Accounting Standards;
- AASB 101: Presentation of Financial Statements and AASB 134: Interim Financial Reporting to clarify the requirements for presenting comparative information.
- AASB 116: Property, Plant and Equipment to clarify the accounting treatment of spare parts, stand-by equipment and servicing equipment;
- AASB 132 and Interpretation 2: Members' Shares in Co-operative Entities and Similar Instruments to clarify the accounting treatments of any tax effect of a distribution to holders of equity instruments; and
- AASB 134 to facilitate consistency between the measures of total assets and liabilities an entity reports for its segments in its interim and annual financial statements.

This Standard is not expected to significantly impact the company's financial statements.

	2013 \$	2012 \$
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Note 2. Revenue and other income

Operating activities

- Franchise margin income	885,849	899,738
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Non-operating activities

- Interest received	35,014	48,912
- Dividends received	3,600	-
- Other income	-	100
	38,614	49,012
Total revenue	924,463	948,750

Notes to the financial statements (continued)

	2013 \$	2012 \$
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Note 3. Profit before income tax

Expenses

Depreciation/amortisation	18,021	17,346
Remuneration of Auditor		
- Auditing or reviewing the financial report	15,000	5,909
- Accounting services	3,500	1,000
- Taxation services	700	700
Total Auditor remuneration	19,200	7,609

Note 4. Income tax expense

(a) The components of tax expense comprise:

- Current tax	(2,390)	45,055
- Deferred tax	-	(5,643)
	(2,390)	39,412

(b) The prima facie tax on (profit)/loss 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% (2012: 30%)	1,310	(36,349)
Add:		
Prior period adjustment	-	-
Tax effect of:		
- non-deductible expenses	1,080	(3,063)
Less:		
Tax effect of:		
- Other allowable items	-	-
Income tax (expense)/credit attributable to the company	2,390	(39,412)

Note 5. Dividends

Fully franked ordinary dividend paid on 1 February 2013 of

6.0 cents per share	35,531	35,531
Balance of franking account at year-end	278,208	264,477

Notes to the financial statements (continued)

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 2013.

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.

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
Mark Smith (resigned 29 May 2013)	-	1,000	-	1,000
Lily Bahnam (resigned 27 August 2012)	5,133	-	-	5,133
Michael Devereux (resigned 6 March 2013)	1,301	200	-	1,501
Michelle Lennox	-	-	-	-
Lance Scott	-	-	-	-
Jennifer Hayes	-	-	-	-
Yew-Loon Low	-	-	-	-
Brian Antunovich	-	-	-	-
Raymond Norvill	-	-	-	-
Norman Barratt	-	-	-	-
Raymond Smith	-	-	-	-
Albert Kalajzich	-	-	-	-
Leon Glucina	-	-	-	-
Robert Gibbons	-	-	-	-
Total	6,434	1,200	-	7,634

Notes to the financial statements (continued)

	2013 \$	2012 \$
Note 7. Cash and cash equivalents		
Cash on hand	150	150
Cash at bank	73,751	113,106
Short-term bank deposits	710,919	814,111
	784,820	927,367

Note 8. Trade and other receivables

Current

Trade debtors	67,650	63,132
Accrued income	10,382	15,624
	78,032	78,756

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.

	2013 \$	2012 \$
Note 9. Financial assets		
Current		
Available-for-sale financial assets		
Listed investments, at fair value:		
- Shares held in listed companies	120,840	-
	120,840	-

Note 10. Other assets

Current

Prepayments	9,027	6,186
	9,027	6,186

Notes to the financial statements (continued)

	2013 \$	2012 \$
Note 11. Property, plant and equipment		
Plant and equipment		
Building improvements – at cost	28,319	28,319
Less: accumulated depreciation	(28,319)	(28,319)
	-	-
Leasehold improvements – at cost	11,049	-
Less: accumulated amortisation	(1,382)	-
	9,667	-
Furniture and fixtures – at cost	228,303	219,258
Less: accumulated depreciation	(200,112)	(194,798)
	28,191	24,460
Office equipment – at cost	5,935	1,166
Less: accumulated depreciation	(1,343)	(19)
	4,592	1,147
Total property, plant and equipment	42,450	25,607

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 \$	Leasehold improvements \$	Furniture & fixtures \$	Office equipment \$	Total \$
Balance at 1 July 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	-	-	24,461	1,147	25,608
Additions	-	11,049	9,045	4,769	24,863
Disposals	-	-	-	-	-
Depreciation expense	-	(1,382)	(5,315)	(1,324)	(8,021)
Carrying amount at 30 June 2013	-	9,667	28,191	4,592	42,450

Notes to the financial statements (continued)

	2013 \$	2012 \$
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Note 12. Intangible assets

Non-current

Franchise fees – at cost	50,000	150,000
Less: accumulated amortisation	(14,167)	(104,167)
Net carrying value	35,833	45,833

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 13. Trade and other payables

Current

Unsecured liabilities:

Trade creditors and accruals	25,416	18,006
GST Payable	28,272	21,670
Dividends payable	14,988	11,837
	68,676	51,513

Note 14. Provisions

Current

Employee benefits:

Provision for annual leave	34,975	33,253
Provision for long service leave	20,090	17,352
	55,065	50,605

Number of employees at year-end	8	8
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Non-current

Employee benefits:

Provision for long service leave	2,320	866
	2,320	866

Notes to the financial statements (continued)

	2013 \$	2012 \$
Note 15. Tax		
Current		
Current tax asset	29,809	8,780
	29,809	8,780
Current tax liability	-	-
	-	-
Non-current		
a. Deferred tax assets		
Deferred tax assets comprise:		
Provisions	17,215	15,700
Other	40	40
	17,255	15,740
Gross movements:		
The overall movement in the deferred tax asset account is as follows:		
Opening balance	15,740	11,404
Charge to income	1,775	4,336
Prior year adjustment	(260)	-
Closing balance	17,255	15,740
The movement in deferred tax asset for each temporary difference during the year as follows:		
Provisions		
Opening balance	15,700	11,404
Charge to income	1,775	4,296
Prior year adjustment	(260)	-
Closing balance	17,215	15,700
Other		
Opening balance	40	-
Charge to income	-	40
Closing balance	40	40

Notes to the financial statements (continued)

	2013 \$	2012 \$
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Note 15. Tax (continued)

b. Deferred tax liabilities

Deferred tax liabilities comprise:

Accrued interest income	3,115	4,688
Unrealised gain on financial assets	7,740	-
	10,855	4,688

Gross movements:

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

Opening balance	4,688	5,995
Charge to income	6,167	(1,307)
Closing balance	10,855	4,688

The movement in deferred tax liability for each temporary difference during the year as follows:

Accrued income

Opening balance	4,688	5,995
Charge to income	(1,573)	(1,307)
Closing balance	3,115	15,700

Unrealised gain on financial assets

Opening balance	-	-
Charge to income	7,740	-
Closing balance	7,740	-

Note 16. Issued capital

592,180 (2012: 592,180) fully paid ordinary shares	592,180	592,180
Cost of raising equity	(3,780)	(3,780)
	588,400	588,400

Notes to the financial statements (continued)

	2013 \$	2012 \$
Note 17. Cash flow information		
Profit after income tax		
Profit/(loss) after income tax	(1,975)	81,750
Add/deduct: Non-cash flows in profit:		
Depreciation and amortisation	18,021	17,346
Dividends received	(3,600)	-
Changes in assets and liabilities:		
(Increase)/decrease in trade and other receivables	724	10,810
(Increase)/decrease in prepayments	(2,841)	(1,483)
(Increase)/decrease in current tax assets	(21,029)	(5,034)
(Increase)/decrease in deferred tax assets	(1,515)	(4,336)
Increase/(decrease) in trade payables and accruals	7,410	(11,904)
Increase/(decrease) in provisions for employee entitlements	5,914	13,455
Increase/(decrease) in current tax liabilities	-	-
Increase/(decrease) in deferred tax liabilities	(1,573)	(1,307)
Increase/(decrease) in GST payable	6,602	1,898
	6,138	101,195

Note 18. Capital and leasing commitments

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

Payable		
Not longer than one year	96,324	49,400
Longer than one year but not longer than five years	315,998	197,600
	412,322	247,000

The leases consist of the rental of property at 2227 Albany Highway, Gosnells WA 6110 and 3/2223 Albany Highway, Gosnells WA 6110.

The lease for the property at 2227 Albany Highway 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.

The lease for the property at 3/2223 Albany Highway, Gosnells WA 6110 is due to expire its first 5 year contract on 31 October 2017 with one option of renewal for a period of five years.

Notes to the financial statements (continued)

Note 19. 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 20. Segment reporting

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

Note 21. Related party transactions

There were no related party transactions during the year.

Note 22. 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.

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 2013.

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 2013.

Notes to the financial statements (continued)

Note 22. Financial risk management (continued)

b. Specific financial risk exposures and management (continued)

Credit risk (continued)

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 2013 and 30 June 2012 do not include any counterparties with external credit ratings. Customers are assessed for credit worthiness using the criteria detailed above.

c. Financial instrument composition and maturity analysis

	Carrying value		Fair value	
	2013 \$	2012 \$	2013 \$	2012 \$
Financial assets				
Cash and cash equivalents	784,820	927,367	784,820	927,367
Financial assets	95,041	-	120,840	-
Trade and other receivables	78,032	78,756	78,032	78,756
Other current assets	9,027	6,186	9,027	6,186
	966,920	1,012,309	992,719	1,012,309
Financial liabilities				
Trade and other payables	68,676	51,513	68,676	51,513
	68,676	51,513	68,676	51,513

The company held the following financial instruments at balance date:

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.

Notes to the financial statements (continued)

Note 22. Financial risk management (continued)

c. Financial instrument composition and maturity analysis (continued)

(a) cash and cash equivalents (continued)

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.

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 2013		
+/- 2% in interest rates	+/- 15,696	+/- 15,696
Year ended 30 June 2012		
+/- 2% in interest rates	+/- 18,547	+/- 18,547

(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.

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.

Notes to the financial statements (continued)

Note 22. Financial risk management (continued)

c. Financial instrument composition and maturity analysis (continued)

(c) Payables (continued)

	Weighted average effective interest rate		Floating interest rate		Non interest bearing		Total	
	2013 %	2012 %	2013 \$	2012 \$	2013 \$	2012 \$	2013 \$	2012 \$
Financial Assets:								
Cash and Cash at bank	0.08	0.04	73,751	113,106	150	150	73,901	113,256
Short-term deposits	4.92	5.37	710,919	814,111	-	-	710,919	814,111
Trade and other receivables	-	-	-	-	78,032	78,756	78,032	78,756
Total Financial Assets	-	-	784,670	927,217	78,182	78,906	862,852	1,006,123
Financial Liabilities:								
Trade and other payables	-	-	-	-	68,676	51,513	68,676	51,513
Total Financial Liabilities	-	-	-	-	68,676	51,513	68,676	51,513

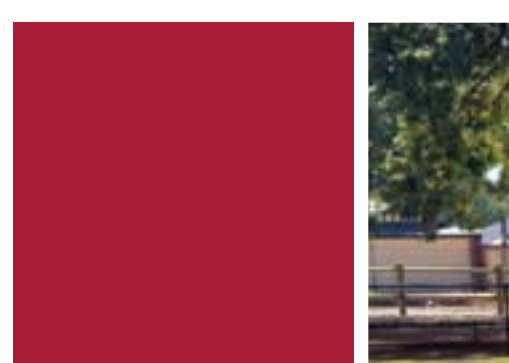
Note 23. Contingent liabilities and contingent assets

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

Note 24. Company details

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

2227 Albany Highway,
Gosnells WA 6110



Gosnells **Community Bank**® Branch
 2227 Albany Highway, Gosnells WA 6110
 Phone: (08) 9490 4233 Fax: (08) 9490 4266

Franchisee: Gosnells Financial Services Ltd
 2227 Albany Highway, Gosnells WA 6110
 Phone: (08) 9490 4233 Fax: (08) 9490 4266
 ABN: 11 095 764 533
www.bendigobank.com.au/gosnells

Advanced Share Registry

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