

Gosnells Financial Services Limited

ABN 11 095 764 533

annual report 2011



Gosnells **Community Bank**® Branch

Contents

Chairman's report	2-3
Manager's report	4
Sponsorship report	5
Bendigo and Adelaide Bank Ltd report	6-7
Directors' report	8-19
Financial statements	20-23
Notes to the financial statements	24-47
Directors' declaration	48
Auditors independence declaration	49
Independent audit report	50-51
BSX report	52

Chairman's report

For year ending 30 June 2011

Overview of operations

The Gosnells **Community Bank**[®] Branch finished the financial year in much the same way it started, with a great deal of optimism. Following the Global Financial Crisis our previous Chairman Bill Walter presided over the implementation of a Company strategy “steady as she goes” plus recruiting a higher professional complement for the board. This is now bearing fruit; what a wonderful legacy. The Company has seen continued profits though slightly down this year on last year, continued community contributions in grants and sponsorships plus a high retention rate of customers. All good signs for a bank.

Following the policy of the last few years this board has continued to be mindful of the many seniors who hold shares in Gosnells Financial Services Limited (GFS) and in September issued a dividend of 6 cents a share.

Financial result

Though down on the previous year, Gosnells Financial Services Limited has posted a sound profit as described in our Director's report.

Income generated was again high this year as in 09/10 but down 6.6% to \$996,000. The prediction in last year's report that revenue would be down in 10/11 has been born out. A small point to note is the increase in the revenue from interest received. This comparatively small contribution had increased on the previous year by nearly 50%, a small counter for the end result.

A strong liquid position has been maintained with cash holdings increasing to \$914,000. Net assets similarly increased to \$954,000.

Dividends

A fully franked dividend of 6c was issued in September 2011 following a better than expected year ending 30 June 2011 though down on the previous year.

Future direction

Many thanks to the shareholders who have supported the branch with their business and the Company with their investment.

The Board has been committed to constantly looking at short term, medium term and long term gains for the shareholders. However, one area we could improve the Company's profit is out of the board's control. This is the number of shareholders who use the branches services and products. The board is informed that shareholder participation is low in this area. This Chair will be frank in its request for shareholders in this new financial year to underwrite their share investment with the support of their business in our branch.

The Board also sees the City of Gosnells community being poorly serviced by one branch and has been investigating how to meet the market need for access and choice. In this new financial year our branch team will be more mobile to meet this market need, plus energy will be invested by the Board in seeking a second site to develop as a sub-branch. This will then become an additional asset for the Company and shareholders.

Chairman's report continued

Community sponsorship and grants

The Board continues to provide sponsorship to “not for profit organisations” in the City of Gosnells District and we try to balance the funding so that it touches all areas important to our community.

In addition, Gosnells **Community Bank**® Branch were proud to take part and contribute to the Kelmscott/Roleystone Bushfire Appeal following the lead of the Roleystone-Karragullen **Community Bank**® Branch’.

As part of helping the community, the staff at the branch worked back one Saturday to count all the tins used for collection during the Volunteer Bushfire Appeal in Perth.

In addition to the wonderful sporting clubs we support in our fair city, feedback from the community suggests we should in this new year include education, social health and the environment.

Human Resources

The Gosnells branch is one of the busiest **Community Bank**® branches in Western Australia and it is pleasing to hear positive feedback from customers. This is often the only time outside the AGM where our loyal shareholders get a chance to interact with the Company they have invested in.

Independent surveys of our branch continue to provide a positive feedback and the results we are receiving confirms our staff are friendly and provide quality service to our valued customers.

This is what makes the Gosnells **Community Bank**® Branch different to our competitors and attracts people to the branch. On behalf of the Directors and shareholders, I thank Michelle and her staff for consistently providing a high level of customer service.

Director changes

During the year we lost the services of several Directors who for various reasons were no longer able to devote their time to Gosnells Financial Services Limited and we accepted their resignations with regret. We thank Bronwyn Baker and Sam Youssef for volunteering their time during their term of office.

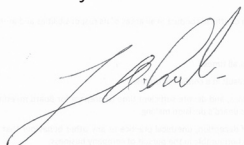
I am pleased to say we have been able to fill the vacancies on the board with four new directors who bring different areas of expertise to the Company and we welcome Iggy Moro, John Willmott, Robin Boccia and Mark Smith. All have volunteered for the Director's positions and are enthusiastic about the **Community Bank**® concept.

There is still one vacancy on the board and we are actively seeking candidates with management expertise and a strong community focus. The Company is like many of the organisations we support, finding the right people to volunteer their time is not easy and, in order to attract suitable candidates, the time is approaching when a decision may have to be made on paying directors a yearly fee. A recent study in August 2011 indicates a Director of GFS could invest as much as 30 hours a month in Company and board activity.

Community and banking

Who would have thought that a foolish mistake by bigger banks 10 years ago to pull out of Gosnells would have been the genesis of such a valuable community member as Gosnells Financial Services Limited. Though we may be uniquely backed by an amazing big brother, GFS's heart is in this town not on the Terrace. The customers, the shareholders, the organisations we sponsor and the great team lead by Michelle are the GFS family.

Many thanks for a wonderful, profitable story.



Tim Smith
Chairman

Manager's report

For year ending 30 June 2011

The past twelve 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 by letting you know of new products and services that become available throughout the year which may be of benefit to you.

Our branch has successfully grown our total business portfolio from \$75 million (previous financial year) to \$83.7 million as at 30 June 2011.

This consists of a lending portfolio of \$23.7 million and a deposit portfolio of \$60 million. We have 5471 customers supporting our branch with a total of 7435 products and services.

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 positions, the branch, and our customers/shareholders is outstanding. Customer service is paramount. We believe this is why our customers are happy to bank with us.

This year is going to be very exciting for us as we look at ways to expand our business in Canning Vale/Southern River with a potential sub-branch being considered in the area.

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 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

Sponsorship Report

Up to 30 June 2010 - \$230,000.

Up to 30 June 2011:

Gosnells Bowling Club Sponsorship	\$	3,300.00
Yule Brook College new bank account promotion	\$	140.00
Southern River College Sponsorship	\$	2,000.00
Gosnells Fire Brigade Donation	\$	1,000.00
Dale Districts Men's Softball Sponsorship	\$	550.00
Advertising in Mills Softball Yearbook	\$	250.00
Redbax Softball Club Sponsorship	\$	567.00
Southern Districts Netball Association Sponsorship	\$	5,000.00
Thornlie Senior High School Defensive Driving Program	\$	5,000.00
Rotary Club Greyhound Fundraiser	\$	363.64
Ashburton Drive P&C Sports Day Sponsorship	\$	500.00
Gosnells Football Club Plaque	\$	90.91
Gosnells Bowling Club Ladies Bowls Sponsorship	\$	200.00
Fun Run Staff Sponsorship	\$	200.00
Senior's Week Sponsorship	\$	381.82
Gosnells Football Club Birthday Celebrations	\$	5,000.00
Southern River College Rowing Scholarships	\$	1,200.00
Rotary Club Gosnells Amanda Young Foundation Sponsorship	\$	681.82
Baseball WA Annual Sponsorship	\$	6,000.00
Baseball WA Custom Bouncy Castle	\$	1,200.00
Total	\$	33,625.19
To date 30 June 2011 Total	\$	263,625.19

Bendigo and Adelaide Bank Ltd report

For year ending 30 June 2011

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 organising and strengthening community.

Together, we have reached new heights and achieved many great successes, all of which has been underpinned by our commitment and dedication to the communities we're a part of.

Together we're making extraordinary progress, with more than \$58.25 million returned to support community groups and endeavours since the network was established in 1998.

The returns grow exponentially each year, with \$469 thousand returned within the first five years, \$8.15 million within the first eight and \$22.58 million by the end of the first decade of operation. Based on this, we can predict the community returns should top \$100 million within the next three years, which equates to new community facilities, better health care, increased transport services and generally speaking, more prosperous communities.

Together, we haven't just returned \$58.25 million; there is also the flow on economic impact to consider. Bendigo and Adelaide Bank is in the process of establishing an evidential basis that captures the complete picture and the economic outcomes these initiatives generate. However, the tangible outcomes are obvious. We see it in tenanted shops, increased consumer traffic, retained local capital and new jobs but we know that there are broader elements of community strength beyond the economic indicators, which demonstrate the power of our community models.

It is now evident that branches go through a clear maturity phase, building customer support, generating surpluses and establishing a sustainable income stream. This enables boards to focus less on generating business and more on the community's aspirations. Bendigo is facilitating this through director engagement and education, community consultations and other community solutions (Community Enterprise Foundation[™], Community Sector Banking, Generation Green, Community Telco, Generation Green[™] and Community Enterprises) that will provide boards with further development options.

In Bendigo, your **Community Bank**[®] board has a committed and successful partner. Our past efforts and continued commitment to be Australia's leading customer-connected bank, that is relevant, connected and valued, is starting to attract attention and reap rewards.

In January, a Roy Morgan survey into customer satisfaction saw Bendigo Bank achieve an industry leading score among Australian retail banks. This was the first time Bendigo Bank has led the overall results since August 2009.

In May, Fitch Ratings upgraded Bendigo and Adelaide Bank's Long-Term Issuer Default Rating (IDR) to A- from BBB+. This announcement saw us become the first Australian bank – and one of the very few banks globally – to receive an upgrade since the Global Financial Crisis.

Standard & Poor's revised credit rating soon followed seeing Bendigo and Adelaide Bank (BEN) shift from BBB+ stable, to BBB+ positive. These announcements reflect the hard and diligent work by all our staff, our sound risk management practices, low-risk funding and balance sheet structure, sound capital ratios and a sustained improvement in profitability.

The strength of our business model – based on our commitment to our customers and the communities that we operate in – is being recognised by all three ratings agencies.

Bendigo and Adelaide Bank Ltd report continued

Over the past year the bank has also added more than 700 additional ATMs through a network sharing agreement with Suncorp Bank, which further enhances our customers' convenience and expands our footprint across the country. In addition to this a further 16 **Community Bank**[®] branches were opened.

The bank has also had a renewed focus on business banking and re-launched our wealth management services through Bendigo Wealth, which oversees the Adelaide Bank, Leveraged Equities, Sandhurst Trustees and financial planning offering.

The **Community Bank**[®] model is unique and successful, it's one of our major points of difference and it enables us to connect with more than 550,000 customers, in excess of 270 communities and make a difference in the lives of countless people.

We are very proud of the model we have developed and we're very thankful for the opportunity to partner with communities to help build their balance sheets.

We thank you all for the part you play in driving this success.



Russell Jenkins

Executive Customer and Community

Directors' report

For the financial year ended 30 June 2011

Your Directors submit their report of the Company for the financial year ended 30 June 2011.

Directors

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

Timothy Smith

Position: Chairman (elected 27 October 2010)

Occupation: Action Coach

Background Information: Timothy Smith has been an action coach since 2004, and has coached more than 80 business owners throughout Western Australia in sales, marketing, small business management, business systemization, team building and strategic planning.

Directorship Held in Other Entities: Since 1991, Tim has owned a variety of businesses in the franchising and non-franchising sector both in WA and interstate. He is currently a Director High Plains Trading Pty Ltd and recently resigned as a Director from Soil & Plant Solutions Pty Ltd. Prior to being a business owner Tim was actively employed by Charthill Business Broking in Perth Western Australia through the late 1980's.

Director High Plains Trading Pty Ltd and Horizon Clear Pty Ltd.

Interest in Shares and Options: Nil

Lily Bahnam

Position: Non-Executive Director and Vice Chairperson

Occupation: Business Proprietor

Background Information: Director since 2001

Holds a Bachelor's degree in Business Administration from the American University of Beirut, and a Master's degree in Industrial Relations from the University of Western Australia.

Has worked as a Human Resource Officer, a Business Proprietor for several years in Gosnells, and tutored on a part time basis in Industrial Relations at UWA.

Directorship Held in Other Entities: None

Interest in Shares and Options: 5,133 ordinary shares

Directors' report continued



Michael Devereux

Position: Non-Executive Director

Occupation: Justice of Peace, Civil Celebrant,

Background Information: Former Deputy Mayor City of Gosnells

Resided locally for 42 years

Founder and Deputy Chairperson of Gosnells Financial Services

He has worked in the finance industry, 25 years in business with experience in finance, budgets, human resources, business development and marketing.

Directorship Held in Other Entities: None

Interest in Shares and Options: 1,301 ordinary shares



Michelle Lennox

Position: Executive Director

Occupation: Bank Manager

Background Information: Director since 2005

A Director on the Board since 2005, Michelle has many years experience in the Banking Industry. She holds a certificate 111 in Financial Services and is actively involved within the Gosnells Business & Tourism Assoc., sitting on their Committee as a Member.

Directorship Held in Other Entities: None

Interest in Shares and Options: Nil



Dearne Russell (Appointed 17 March 2010)

Position: Non-Executive Director

Occupation: Manager

Background Information: Dearne is an experienced Accounting professional who for the last decade has held leadership positions providing critical support services to line management in the resources sector. Dearne's experience focuses on Accounting & Finance, Audit, Procurement of goods & services, Environment, Occupational Health & Safety and Contractor Management. She holds a Bachelor of Commerce degree and an MBA and have completed the CPA program. Dearne holds a number of committee positions and maintains strong professional affiliations.

Directorship Held in Other Entities: Financial Officer, angelhands Inc.

Interest in Shares and Options: Nil

Directors' report continued



Iggy Moro (Appointed 1 October 2010)

Position: Non-Executive Director

Occupation: Chartered Accountant

Background Information: Iggy is a Fellow of both the Institute of Chartered Accountants in Australia (ICAA) and of the Tax Institute of Australia (TIA) and a member of the Self-Managed Superannuation Funds Professional Association of Australia (SPAA). Iggy has been a public practice accountant since 1992 specialising in business advisory and taxation for a vast range of clients in various industries. Iggy has worked for a number of medium sized accounting firms and until recently was a director of a medium sized firm for six years. Iggy now consults to a number of private clients and accounting firms, is a facilitator for the Chartered Accountants Program and has also tutored taxation at the University of Western Australia.

He is currently active in a number of boards and committees including Board Chair St Jude's Catholic Primary School, Treasurer of the Mazenod Old Boys Association and a committee member for the ICAA's WA Public Practice Advisory Council.

Directorship Held in Other Entities: Moro & Associates Pty Ltd; Like A Tiger Pty Ltd

Interest in Shares and Options: Nil



John Willmott (Appointed 1 October 2010)

Position: Non-Executive Director

Occupation Background Information: Currently on the Board in the position of Community Liaison Chair, John has over 10 years of General Management experience primarily in the Vocational Education Industry with a focus on road safety. John is presently employed by RAC as the Sales Manager for the RAC Driving Centre.

His managerial responsibilities included consulting with key industry groups to assist in the identification and development of workplace fleet safety initiatives that contribute towards the reduction of vehicle related workplace incidents. John resides in the Gosnells area and has been happily married to Lynne since 1986 they and has 4 children Ashleigh, Claire, Georgia and Sam.

Directorship Held in Other Entities: None

Interest in Shares and Options: Nil

Salim Youssef (Appointed 8 March 2011)

Position: Non-Executive Director

Directorship Held in Other Entities: None

Interest in Shares and Options: Nil

Directors' report continued



Mark Smith (Appointed 24 May 2011)

Position: Non-Executive Director

Occupation: Local Real Estate Agent and Business Broker; Business Proprietor

Background Information: Grew up in Gosnells and returned to this district in 1998.

Worked in several Government Departments in Industrial Relations and Management.

Former General Secretary of the Civil Service Association, Secretary of CSA Credit Union and Vice President of the Trades and Labor Council. Has served on and also chaired a range of boards, committees and working parties. Was employed as a strategic advisor to the then Minister for Industrial Relations, the Hon Graham Keirath. Currently Chair of Sacred Heart Primary School Board Thornlie, member Lumen Christi High School Board Gosnells, and member of Catholic Education Office, Parents Advisory Committee. Holds qualifications in Anthropology, Industrial Relations, Master of Business Administration and Real Estate (Business).

Directorship Held in Other Entities: Not for profit organisations as above.

Interest in Shares and Options: Nil



Robyn Boccia (Appointed 24 May 2011)

Position: Non-Executive Director

Occupation: CEO

Background Information: Robin Boccia is CEO of a Registered Training Organisation and Driving Academy in Kenwick. She has a BA in Training and Development and Dip. Quality Auditing. Very diverse working career in Graphic design, advertising, training, management, handcrafted chocolate business and owner of a bar-restaurant in Italy where she lived for 8 years. Married for 38 years with 5 beautiful grand-daughters.

Directorship Held in Other Entities: Co owner/partner/director of Jasmonie Pty Ltd

Interest in Shares and Options: Nil

Jim Kirkby (resigned 27 July 2010)

William Walter

Position: Chairman (resigned 27 October 2010)

Occupation: Business Proprietor

Background Information: Director since 2006 and elected chairman in 2008.

Resided locally for 30 years

Diploma Credit Management

Life member of the Institute of Credit Management

Former president of Crestwood Home Owners Association. On the Board of BEC Gosnells/Armadale and Member of Business and Tourism.

Directorship Held in Other Entities: None

Interest in Shares and Options: 1,500 ordinary shares

Directors' report continued

Bronwyn Baker (Resigned 18 April 2011)

Position: Non-Executive Director

Occupation: Principal Human Resource Advisor

Background Information: Bronwyn is a leader with 15 years experience within the resources industry. She has been in management positions in organisations such as Rio Tinto Iron Ore, Argyle Diamonds, Macmahon and Kennecott Utah Copper working both in Australia and overseas. Her roles have included human resources, organisational development, operational leadership and community investment functions.

Bronwyn holds several qualifications including a Bachelor of Economics; a Master of Industrial Relations and an MBA. She is active in the community and has served on a number of committees and Boards, and is currently on the Board of CLAN WA; Gosnells Financial Services Ltd; Macmahon Superannuation committee and the Chamber of Minerals & Energy Women in Mining reference group.

Directorship Held in Other Entities: None

Interest in Shares and Options: Nil

Wayne Nurse (1 October 2010 – 3 February 2011)

Position: Non-Executive Director

Occupation: Accountant

Directorship Held in Other Entities: None

Interest in Shares and Options: Nil

Company Secretary

Debie Brockhoff (Appointed 28 April 2011)

Background Information: Debie has a strong administrative background and has supported Gosnells Financial Services Limited in this capacity for almost two years; and recently accepted the position of Company Secretary.

Debie assists a number of clients with secretarial and admin support in the Gosnells and surrounding areas as well as studying to obtain her Certificate IV in Finance (Bookkeeping).



Mike Devereux (Secretary from 16 June 2010 – 28 April 2011)

Background Information: See information on Directors.

Directors' report continued

Meetings of Directors

During the financial year, 11 meetings of directors (including committees of directors) were held. Attendance by each director during the year were as follows:

Names of Directors	Directors' meetings	
	Number eligible to attend	Number attended
Bill Walter	4	3
Lily Bahnam	11	10
Michelle Lennox	11	11
Tim Smith	11	11
Bronwyn Baker	8	6
Mike Devereux	11	9
Dearne Russell	11	10
Iggy Moro	8	7
Wayne Nurse	3	2
John Willmott	8	7
Salim Youssef	4	3
Mark Smith	1	0
Robin Boccia	1	1
Jim Kirkby	1	0

Principal Activity and Significant Changes in Nature of Activity

The principal activities of the Company during the course of the financial period were in providing community banking services under management rights to operate a franchised branch of Bendigo and Adelaide Bank Limited.

There were 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 profit of the Company after providing for income tax amounted to \$168,988. This represented a 12% decrease on the results reported for the year ended 30 June

Financial Position

The net assets of the Company have increased from \$809,078 as at 30 June 2010 to \$954,379 as at 30 June 2011. This increase is largely due to the retaining of cash reserves in preparation for future expansion, and dividend payments.

The Directors believe the Company is in a healthy and stable financial position.

Directors' report continued

Dividends Paid or Recommended

The Company paid an interim Dividend of 4 cents per share (\$23,687) on the 1st of October 2010 from the retained profits at 30 June 2010. A full, final ordinary dividend of 6 cents per share was declared by the Directors, effective on the Share Registry as at the 22 of September 2011, to be paid out of retained profits at 30 June 2011.

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 to fairly distribute the revenue earned on fixed rate loans and term deposits over 90 days. The result of this agreement is an expected decline in profitability by approximately 20%. Full details of this agreement have been previously communicated to shareholders.

After balance date events

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. The above stated agreement with Bendigo and Adelaide Bank Limited made during the 2011 financial year will continue to affect future profitability.

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 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.

Directors' report continued

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.

Corporate Governance and Audit

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:

- Iggy Moro (Non-Executive Director); and
- Tanya Poynter (Financial Officer).

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 2011 financial year extend solely to the provision of taxation services.

Directors' report continued

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. Michelle Lennox is the only Director in receipt of a remuneration as all other Directors are volunteers, and do not receive a remuneration for their time. Directors are reimbursed for out of pocket expenses incurred.

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:

- 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.

Directors' report continued

Remuneration Report (continued)

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.

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.

Directors' report continued

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 remunerations to the Directors of the Company during the years ended 30 June 2011 and 30 June 2010.

Names of Directors	2011	2010
Tim Smith	-	-
Lily Bahnam	-	-
Michael Devereux	-	-
Michelle Lennox	118,505	112,270
Dearne Russell	-	-
Iggy Moro	-	-
John Willmott	-	-
Salim Youssef	-	-
Mark Smith	-	-
Robin Boccia	-	-
Bronwyn Baker	-	-
Bill Walter	-	-
Wayne Nurse	-	-
Total Remuneration	\$118,505	\$112,270

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

	Salary, Fees and Commissions	Superannuation Contribution	Cash Bonus	Non-cash Benefits	Total	Performance Related
		\$	\$	\$	\$	%
2010	103,000	9,270	-	-	112,270	-
Michelle Lennox	103,000	9,270	-	-	112,270	-
2011	108,720	9,785	-	-	118,505	-
Michelle Lennox	108,720	9,785	-	-	118,505	-

Directors' report continued

Remuneration Report (continued)

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 report is signed in accordance with a resolution of the Board of Directors.



Lily Bahnam

Director

PERTH

DATED THIS 28 DAY OF SEPTEMBER 2011.

Financial statements

Statement of comprehensive income for the year ended 30 June 2011

	Note	2011 \$	2010 \$
Revenue	2	950,036	1,036,889
Interest Income	2	46,043	30,803
Employee Benefits Expense		(428,247)	(432,567)
Depreciation and Amortisation Expense	3	(17,806)	(20,295)
Other Expenses		(303,682)	(329,676)
Profit before Income Tax		246,344	285,154
Income Tax Expense	4	(77,356)	(93,166)
Profit after Income Tax Expense		168,988	191,988
Other Comprehensive Income for the Year, Net of Tax		-	-
Total Comprehensive Income for the Year		168,988	191,988
Total Comprehensive Income Attributable to:			
Members of the Entity		168,988	191,988
Earnings per Share			
From Overall Operations:			
Basic Earnings per Share (cents)		28.54	32.42
Diluted Earnings per Share (cents)		28.54	32.42

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of financial position as at 30 June 2011

	Note	2011 \$	2010 \$
Assets			
Current Assets			
Cash and cash equivalents	7	914,485	761,334
Trade and other receivables	8	89,566	114,037
Other assets	9	4,703	3,644
Current tax assets	14	3,746	-
Total Current Assets		1,012,500	879,015
Non Current Assets			
Property, plant and equipment	10	28,354	25,465
Intangible assets	11	5,833	16,824
Deferred tax assets	14	11,404	11,714
Total Non-Current Assets		45,591	54,003
Total Assets		1,058,091	933,018
Liabilities			
Current Liabilities			
Trade and other payables	12	59,701	77,495
Current tax liabilities	14	-	3,678
Short-term provisions	13	26,421	23,979
Total Current Liabilities		86,122	105,152
Non-Current Liabilities			
Long-term provisions	13	11,595	13,390
Deferred tax liabilities	14	5,995	5,398
Total Non-Current Liabilities		17,590	18,788
Total Liabilities		103,712	123,940
Net Assets		954,379	809,078
Equity			
Issued capital	15	588,400	588,400
Retained earnings	365,979	220,678	
TOTAL EQUITY		954,379	809,078

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of changes in equity as at 30 June 2011

	Note	Issued Ordinary Capital	Retained Earnings	Total
		\$	\$	\$
Balance at 1 July 2009		588,400	52,377	640,777
Profit attributable to the members of the Company		-	191,988	191,988
Dividends paid or provided for	5	-	(23,687)	(23,687)
Balance at 30 June 2010		588,400	220,678	809,078
Balance at 1 July 2010		588,400	220,678	809,078
Profit attributable to the members of the Company		-	168,988	168,988
Dividends paid or provided for	5	-	(23,687)	(23,687)
Balance at 30 June 2011		588,400	365,979	954,379

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of cash flows for the year ended 30 June 2011

	Note	2011 \$	2010 \$
Cash flows from operating activities			
Receipts from customers		1,072,802	1,133,227
Payments to suppliers and employees		(774,233)	(760,765)
Income tax paid		(83,873)	(95,220)
Interest received		44,053	16,609
GST Paid		(72,031)	(66,400)
Net cash provided by (used in) operating activities	16	186,718	227,451
Cash flows from investing activities			
Purchase of plant and equipment		(9,704)	(13,312)
Net cash provided by (used in) investing activities		(9,704)	(13,312)
Cash flows from financing activities			
Dividends paid		(23,863)	(20,502)
Net cash provided by (used in) financing activities		(23,863)	(20,502)
Net increase/(decrease) in cash held		153,151	193,637
Cash and cash equivalents at beginning of financial year		761,334	567,697
Cash and cash equivalents at end of financial year	7	914,485	761,334

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2011

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.

Notes to the financial statements continued

Note 1: Statement of Significant Accounting Policies (continued)

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%

(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

Notes to the financial statements continued

Note 1: Statement of Significant Accounting Policies (continued)

Classification and Subsequent Measurement

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

Amortised cost is calculated as:

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

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

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

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

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

(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.

Notes to the financial statements continued

Note 1: Statement of Significant Accounting Policies (continued)

Classification and Subsequent Measurement (continued)

(iii) Held-to-maturity investments

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

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

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

(iv) Available for sale financial assets

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

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

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

(v) Financial Liabilities

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

Derivative Instruments

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

The Company does not hold derivative instruments.

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.

Notes to the financial statements continued

Note 1: Statement of Significant Accounting Policies (continued)

Impairment

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

Financial Guarantees

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

The guarantee is subsequently measured at the higher of the best estimate of the obligation and the amount initially recognised less, when appropriate, cumulative amortisation in accordance with AASB 118: Revenue.

Where the entity gives guarantees in exchange for a fee, revenue is recognised under AASB 118.

The Company has not issued any financial guarantees.

Derecognition

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

(e) Impairment of Assets

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

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

(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.

Notes to the financial statements continued

Note 1: Statement of Significant Accounting Policies (continued)

(g) Employee Benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

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

(h) Provisions

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

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

(i) Cash and Cash Equivalents

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

(j) Trade and Other Payables

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

(k) Borrowing Costs

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

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

Notes to the financial statements continued

Note 1: Statement of Significant Accounting Policies (continued)

(l) Revenue and Other Income

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

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

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

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

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

(m) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables in the statement of financial position are shown inclusive of GST. The net amount of GST receivable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

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

(n) Comparative Figures

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

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

Notes to the financial statements continued

Note 1: Statement of Significant Accounting Policies (continued)

(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 2011. 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 2011 amounting to \$5,833.

(p) New Accounting Standards for Application in Future Periods

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods and which the Company has decided not to early adopt. A discussion of those future requirements and their impact on the Company is as follows:

AASB 9: Financial Instruments (December 2010)

(Applicable for annual reporting periods commencing on or after 1 January 2013)

This Standard is applicable retrospectively and includes revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments. The Company has not yet determined any potential impact on the financial statements.

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;
- 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

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 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.

AASB 124: Related Party Disclosures

(applicable for annual reporting periods commencing on or after 1 January 2011)

This Standard removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities and clarifies the definition of a "related party" to remove inconsistencies and simplify the structure of the Standard. No changes are expected to materially affect the Company.

AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010-2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements.

(applicable for annual reporting periods commencing on or after 1 July 2013)

AASB 1053 establishes a revised differential financial reporting framework consisting of two tiers of financial reporting requirements for those entities preparing general purpose financial statements:

- Tier 1: Australian Accounting Standards; and
- Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements.

Tier 2 of the framework comprises the recognition, measurement and presentation requirements of Tier 1, but contains significantly fewer disclosure requirements.

The following entities are required to apply Tier 1 reporting requirements (i.e. full IFRS):

- for-profit private sector entities that have public accountability; and
- the Australian Government and state, territory and local governments.

Since the Company is a for-profit private sector entity that has public accountability, it does not qualify for the reduced disclosure requirements for Tier 2 entities.

AASB 2010-2 makes amendments to Australian Accounting Standards and Interpretations to give effect to the reduced disclosure requirements for Tier 2 entities. It achieves this by specifying the disclosure paragraphs that a Tier 2 entity need not comply with as well as adding specific "RDR" disclosures.

AASB 2009-12: Amendments to Australian Accounting Standards.

(applicable for annual reporting periods commencing on or after 1 January 2011)

This Standard makes a number of editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. The Standard also amends AASB 8 to require entities to exercise judgment in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. The amendments are not expected to 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 2009-14: Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement.
(applicable for annual reporting periods commencing on or after 1 January 2011).

This Standard amends Interpretation 14 to address unintended consequences that can arise from the previous accounting requirements when an entity prepays future contributions into a defined benefit pension plan. This Standard is not expected to impact the Company.

AASB 2010-4: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project.

(applicable for annual reporting periods commencing on or after 1 January 2011)

This Standard details numerous non-urgent but necessary changes to Accounting Standards arising from the IASB's annual improvements project. Key changes include:

- Clarifying the application of AASB 108 prior to an entity's first Australian-Accounting-Standards financial statements;
- Adding an explicit statement to AASB 7 that qualitative disclosures should be made in the context of the quantitative disclosures to better enable users to evaluate an entity's exposure to risks arising from financial instruments;
- Amending AASB 101 to the effect that disaggregation of changes in each component of equity arising from transactions recognised in other comprehensive income is required to be presented, but is permitted to be presented in the statement of changes in equity or in the notes;
- Adding a number of examples to the list of events or transactions that require disclosure under AASB 134; and
- Making sundry editorial amendments to various Standards and Interpretations.

This Standard is not expected to impact the Company.

AASB 2010-5: Amendments to Australian Accounting Standards.

(applicable for annual reporting periods beginning on or after 1 January 2011)

This Standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. However, these editorial amendments have no major impact on the requirements of the respective amended pronouncements.

AASB 2010-6: Amendments to Australian Accounting Standards – Disclosures on Transfer of Financial Assets.

(applicable for annual reporting periods beginning on or after 1 July 2011)

This Standard adds and amends disclosure requirements about transfers of financial assets, especially those in respect of the nature of the financial assets involved and the risks associated with them. Accordingly, this Standard makes amendments to AASB 1: First-time Adoption of Australian Accounting Standards and AASB 7: Financial Instruments: Disclosures, establishing additional disclosure requirements in relation to transfer of financial assets.

This Standard is not expected to 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 2010-7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010).
(applies to periods beginning on or after 1 January 2013)

This Standard makes amendments to a range of Australian Accounting Standards and Interpretations as a consequence of the issuance of AASB 9: Financial Instruments in December 2010. Accordingly, these amendments will only apply when the entity adopts AASB 9.

As noted above, the Company has not yet determined any potential impact on the financial statements from adopting AASB 9.

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

This Standard makes amendments to AASB 112: Income Taxes.

The amendments brought in by this Standard introduce a more practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model under AASB 140: Investment Property.

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 brought in by this Standard also incorporate Interpretation 121 into AASB 112.

The amendments are not expected to impact the Company.

AASB 2010-9: Amendments to Australian Accounting Standards - Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters.
(applies to periods beginning on or after 1 July 2011)

This Standard makes amendments to AASB 1: First-time Adoption of Australian Accounting Standards.

The amendments brought in by this Standard provide relief for first-time adopters of Australian Accounting Standards from having to reconstruct transactions that occurred before their date of transition to Australian Accounting Standards.

Furthermore, the amendments brought in by this Standard also provide guidance for entities emerging from severe hyperinflation either to resume presenting Australian-Accounting-Standards financial statements or to present Australian-Accounting-Standards financial statements for the first time.

This Standard is not expected to impact the Company.

AASB 2010-10: Further Amendments to Australian Accounting Standards – Removal of Fixed Dates for First-time Adopters.
(applies to periods beginning on or after 1 January 2013)

This Standard makes amendments to AASB 2009-11: Amendments to Australian Accounting Standards arising from AASB 9, and AASB 2010-7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010).

The amendments brought in by this Standard ultimately affect AASB 1: First-time Adoption of Australian Accounting Standards and provide relief for first-time adopters from having to reconstruct transactions that occurred before their transition date.

This Standard is not expected to impact the Company.

Notes to the financial statements continued

	2011 \$	2010 \$
Note 2. Revenue and other income		
Operating activities		
- Franchise margin income	949,545	1,036,480
Non-operating activities:		
- interest received	46,043	30,803
- other revenue	491	409
	46,534	31,212
Total Revenue	996,079	1,067,692

Note 3. Depreciation and Amortisation Expense

Expenses		
Depreciation/Amortisation	17,806	20,295
Remuneration of auditor		
- auditing or reviewing the financial report	9,000	4,051
- Other services	2,176	-

Note 4. Income Tax Expense

(a) The components of tax expense comprise:

- Prior year tax adjustment	120	2,707
- Current tax	76,329	84,220
- Deferred tax	907	6,239
	77,356	93,166

Notes to the financial statements continued

	2011 \$	2010 \$
Note 2. Revenue and other income (continued)		
(b) The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:		
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2010: 30%)		
Add:		
Prior period adjustment	120	2,707
Tax effect of:		
- non-deductible expenses	3,333	5,421
Less:		
Tax effect of:		
- Other allowable items	0	(508)
Income tax attributable to the Company	77,356	93,166

Note 5. Dividends

Fully franked ordinary dividend paid on 15 September 2010 of 4.0 cents per share	23,687	23,687
Balance of franking account at year-end	245,885	172,164

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 2011.

Option Holdings

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

Notes to the financial statements continued

Note 6. Interests of Key Management Personnel (KMP) (continued)

Directors	Balance at Beginning of Year	Purchased During the Period	Other Changes	Balance at End of Year
Bill Walter	1,500	-	-	1,500
Lily Bahnam	5,133	-	-	5,133
Michael Devereux	1,301	-	-	1,301
Michelle Lennox	-	-	-	-
Bronwyn Baker	-	-	-	-
Timothy Smith	-	-	-	-
Dearne Russell	-	-	-	-
Iggy Moro	-	-	-	-
John Willmott	-	-	-	-
Salim Youssef	-	-	-	-
Mark Smith	-	-	-	-
Robyn Boccia	-	-	-	-
Wayne Nurse	-	-	-	-
Debie Brockhoff	-	-	-	-
	7,934	-	-	7,934

	2011 \$	2010 \$
--	--------------------------	--------------------------

Note 7. Cash and Cash Equivalents

Cash on hand	150	150
Cash at Bank	72,618	92,181
Short-term bank deposits	841,717	669,003
	914,485	761,334

Note 8: Trade and Other Receivables

Current

Trade debtors	69,583	96,044
Accrued Income	19,983	17,993
	89,566	114,037

Notes to the financial statements continued

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.

	2011 \$	2010 \$
--	------------	------------

Note 9. Other Assets

Current

Prepayments	4,703	3,644
	4,703	3,644

Note 10. Property, Plant and Equipment

Plant and equipment

Building improvements – at cost	28,319	28,319
Less accumulated depreciation	(28,287)	(28,287)
	32	32
Furniture and fixtures – at cost	215,824	206,120
Less accumulated depreciation	(187,502)	(180,687)
	28,322	25,433
Total Property, Plant and Equipment	28,354	25,465

Notes to the financial statements continued

Note 10. Property, Plant and Equipment (continued)

a. Movements in Carrying Amounts

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

	Building Improvements	Furniture & Fixings	Total
	\$	\$	\$
Balance at 1 July 2009	5,696	16,752	22,448
Additions	-	13,312	13,312
Disposals	-	-	-
Depreciation Expense	(5,664)	(4,631)	(10,295)
Carrying amount at 30 June 2010	32	25,433	25,465
Additions	-	9,704	9,704
Disposals	-	-	-
Depreciation Expense	-	(6,815)	(6,815)
Carrying amount at 30 June 2011	32	28,322	28,354

	2011 \$	2010 \$
--	------------	------------

Note 11. Intangible Assets

Non-Current

Franchise fees – at cost	100,000	100,000
Less: accumulated amortisation	(94,167)	(83,176)
Net carrying value	5,833	16,824

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.

Notes to the financial statements continued

	2011 \$	2010 \$
--	------------	------------

Note 12. Trade and Other Payables

Current

Unsecured liabilities:

Trade creditors and accruals	29,911	42,369
GST Payable	19,771	24,931
Dividend payable	10,019	10,195
	59,701	77,495

Note 13. Provisions

Current

Employee benefits:

Provision for annual leave	26,421	23,979
	26,421	23,979
Number of employees at year-end	7	7

Non-current

Employee benefits:

Provision for long service leave	11,595	13,390
	11,595	13,390

Notes to the financial statements continued

	2011 \$	2010 \$
Note 14. Tax		
Current		
Current tax asset	3,746	-
	3,746	-
Current tax liability	-	3,678
	-	3,678
Non-current		
a. Deferred Tax Assets		
Deferred tax assets comprise:		
Provisions	11,404	11,210
Other	-	504
	11,404	11,714
Gross Movements:		
The overall movement in the deferred tax asset account is		
as follows:		
Opening balance	11,714	12,555
Charge to income	(310)	(841)
Closing balance	11,404	11,714
The movement in deferred tax asset for each temporary		
Difference during the year as follows:		
Provisions		
Opening balance	11,210	9,001
Charge to income	194	2,209
Closing balance	11,404	11,210
Other		
Opening balance	504	3,554
Charge to income	(504)	(3,050)
Closing balance	-	504

Notes to the financial statements continued

	2011 \$	2010 \$
Note 14. Tax (continued)		
b. Deferred Tax Liabilities		
Deferred tax liabilities comprise:	5,995	5,398
Accrued interest income	5,995	5,398
Gross Movements:		
The overall movement in the deferred tax liabilities account is as follows:		
Opening balance	5,398	-
Charge to income	597	5,398
Closing balance	5,995	5,398

Note 15. Issued Capital

592,180 (2010: 592,180) fully paid ordinary shares	592,180	592,180
Cost of raising equity	(3,780)	(3,780)
	588,400	588,400

Note 16. Cash Flow Information

Profit after Income Tax

Profit after income tax	168,988	191,988
Add: Non-cash flows in profit:		
Depreciation/amortisation	17,806	20,295
Changes in assets and liabilities:		
(Increase)/decrease in trade and other receivables	24,471	(11,601)
(Increase)/decrease in prepayments	(1,059)	-
(Increase)/decrease in current tax assets	(3,746)	-
(Increase)/decrease in deferred tax assets	310	841
Increase/(decrease) in trade payables and accruals	(12,458)	13,999
Increase/(decrease) in provisions for employee entitlements	647	7,366
Increase/(decrease) in current tax liabilities	(3,678)	(8,293)
Increase/(decrease) in deferred tax liabilities	597	5,398
Increase/(decrease) in GST payable	(5,160)	7,458
	186,718	227,451

Notes to the financial statements continued

	2011 \$	2010 \$
--	------------	------------

Note 17. Capital and Leasing Commitments

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

Payable

Not longer than one year	59,021	57,328
Longer than one year but not longer than five years	295,105	9,555
	354,126	66,883

The lease consists of the rental of property 2227 Albany Highway, Gosnells WA 6110. The lease is due to expire its second 5 year contract on 15 October 2011 after which the final 5 year option is expected to be exercised.

Note 18. Events after the Reporting Period

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

Note 19. Segment Reporting

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

Note 20. Related Party Transactions

There were no related party transactions during the year.

Note 21. Financial Risk Management

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

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

Notes to the financial statements continued

Note 21. Financial Risk Management (continued)

a. Financial Risk Management Policies

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

The Company does not have any derivative instruments at 30 June 2011.

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 2011.

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 2011 and 30 June 2010 do not include any counterparties with external credit ratings. Customers are assessed for credit worthiness using the criteria detailed above.

Notes to the financial statements continued

Note 21. Financial Risk Management (continued)

c. Financial Instrument Composition and Maturity Analysis

The Company held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2011 \$	2010 \$	2011 \$	2010 \$
Financial Assets		588,400	52,377	640,777
Cash and Cash Equivalents	914,485	761,334	914,485	761,334
Trade and other receivables	89,566	114,037	89,566	114,037
Other current assets	4,703	3,644	4,703	3,644
	1,008,754	879,015	1,008,754	879,015
Financial Liabilities				
Trade and other payables	59,701	77,495	59,701	77,495
	59,701	77,495	59,701	77,495

Fair value is determined as follows:

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

(a) Cash and Cash Equivalents

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

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

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

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.

Year ended 30 June 2011

	Profit \$	Equity \$
Year ended 30 June 2011		
+/- 2% in interest rates	+/- 18,290	+/- 18,290
Year ended 30 June 2010		
+/- 2% in interest rates	+/- 15,227	+/- 15,227

Notes to the financial statements continued

Note 21. Financial Risk Management (continued)

(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.

	Weighted Average Effective Interest Rate		Floating Interest Rate		Non interest bearing		Total	
	2011 %	2010 %	2011 \$	2010 \$	2011 \$	2010 \$	2011 \$	2010 \$
Financial Assets:								
Cash and Cash at bank	0.76	0.48	72,618	92,181	150	150	72,768	92,331
Short-term deposits	6.14	5.98	841,717	669,003	-	-	841,717	669,003
Trade and other receivables	-	-	-	-	89,566	114,037	89,566	114,037
Total Financial Assets	-	-	914,335	761,184	89,716	114,187	1,004,051	875,371
Financial Liabilities:								
Trade and other payables	-	-	-	-	59,701	77,495	59,701	77,495
Total Financial Liabilities	-	-	-	-	59,701	77,495	59,701	77,495

Note 22. Contingent Liabilities and Contingent Assets

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

Note 23. Company Details

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

2227 Albany Highway
Gosnells WA 6110

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 2011 and of the performance for the year ended on that date of the Company;
2. the Chairman of Finance Committee declares 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.



Lily Bahnam

Director


Perth


Dated: 28 September 2011

Auditor's Independence Declaration

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2011, there have been:

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


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


A MACRI
PARTNER

PERTH
DATED: 28 SEPTEMBER 2011.

Independent Auditor's Report

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 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the Directors' declaration.

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Independence

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

Independent Auditor's Report continued

Auditor's Opinion

In our opinion:


- a. the financial report of Gosnells Financial Services Limited is in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the Company's financial position as at 30 June 2011 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 2011. 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 2011 complies with section 300A of the *Corporations Act 2001*.



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



A MACRI
PARTNER

PERTH
DATED: 28 SEPTEMBER 2011.

BSX report

In accordance with Bendigo Stock Exchange listing rules the Company provides the following information as at 1 September 2011, which is within 6 weeks of this report being sent to shareholders. This information is not shown elsewhere in the financial report.

Substantial Shareholders – Ten largest shareholders

Shareholder	Number of ordinary shares	% of issued capital
Mr Richard Everitt Thorne	19,201	3.242
Mr Michael James Pauley & Mr Gerard Francis Pauley <Pauley Super Fund>	14,500	2.449
Scipio Nominees Pty Ltd	14,000	2.364
Mr Gabor Marton Nagy & Ms Patricia Dorothy Nagy	13,000	2.195
Mr Leonard George Axford	10,000	1.689
Ms Doreen Ann Calway	10,000	1.689
Mr Walter Reeve Calway	10,000	1.689
Mr William Frederick Coote & Mrs Patricia Margaret Coote	10,000	1.689
WA & J King Pty Ltd	10,000	1.689
Miels Pty Ltd <Grevilles Super Plan A/C>	10,000	1.689

• Number of holders of each class of equity securities

Total number of holders in fully paid ordinary shares class was 454 shareholders.

• Voting Rights – Ordinary Shares

Each shareholder has one vote.

• Distribution of Shareholders

Spread of Holdings	Number of Holders	Number of Units	% of Total Issued Capital
1 – 1,000	349	167,550	28.29%
1,001 – 5,000	88	244,929	41.36%
5,001 – 10,000	13	119,000	20.10%
10,001 – 100,000	4	60,701	10.25%
100,001 and Over	0	0	0.00%
Total	454	592,180	100%

- Number of holders holding less than a marketable parcel (\$500 of shares) were 243 shareholders.

- Annexure 3A

There are no material differences between the information in the Company's Annexure 3A and the information in the financial documents in its annual report.

- Address and telephone number of the office which securities register is kept;

Advanced Share Registry Limited

150 Stirling Highway

NEDLANDS WA 6009

Tel: (08) 9389 8033



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

Franchisee: Gosnells Financial Services Limited
PO Box 417 Gosnells WA 6990
ABN: 11 095 764 533

www.bendigobank.com.au/
Bendigo and Adelaide Bank Limited,
The Bendigo Centre, Bendigo VIC 3550
ABN 11 068 049 178. AFSL 237879.
(KKWAR11009) (09/11)