

Biggera Waters **Community Bank®** Branch
& Helensvale branch



annual report **2012**

Broadwater
Financial Services Limited
ABN 29 095 850 463

Contents

Chairman's report	2
Manager's report	5
Directors' report	7
Auditor's independence declaration	10
Financial statements	11
Notes to the financial statements	15
Directors' declaration	32
Independent audit report	33

Chairman's report

For year ending 30 June 2012

The 2012 financial year for Broadwater Financial Services Limited has been a very busy and exciting time with several significant goals being achieved. These include the opening of our second branch at Helensvale in October 2011, the celebration of the first 10 years of operation of the company at Biggera Waters in November 2011, renewal of the Franchise Agreement with the Bendigo and Adelaide Bank for another five years, a renegotiated lease at Biggera Waters for a further 15 years and the refurbishment / relocation of the Biggera Waters **Community Bank®** Branch to face the outside of the Shopping Centre. These events have had a very positive impact on the future of the company and established a very good commercial platform for the next 10 years.

The financial results for the company for the year ended 30 June 2012, however, are mixed. On a positive note revenue for the year rose by \$53,692 (8%) due mainly to the addition of the Helensvale branch and the Biggera Waters **Community Bank®** Branch recorded a profit in the vicinity of \$70,000 from banking operations. As noted in the Directors report the financial results have been adversely impacted by 2 events during the year:

1. The initial nine months of trading at the Helensvale branch which has generated an expected trading loss;
2. A write-down of Leasehold Improvements at the Biggera Waters **Community Bank®** Branch which were disposed of in the refurbishment and relocation of the branch amounting to \$58,850.

The financial result for the year therefore has been a loss before income tax of \$143,912 and after recording an income tax benefit the net loss has been recorded as \$99,778. While this result is disappointing the Directors believe that the short term pain experienced now will result in the company being able to generate greater returns in the future.

Our two branches, Biggera Waters **Community Bank®** Branch and Helensvale branch have each had successful years and both sites succeeded in being among the best performing branches in the **Community Bank®** network on the Gold Coast. The whole team of staff continue to gain accolades for their positive attitude and friendly manner which is the point of difference with the **Community Bank®** network and are once again to be congratulated for an excellent performance. As reported by Mark Vigus, who is now the Manager of both Biggera Waters & Helensvale, the overall footings for the company have increased to over \$70 million in the past 12 months and the Directors congratulate Mark and his team for this excellent result in a restricted financial market. I would like to take this opportunity to acknowledge the advancement and maturity that we have seen in Mark over the past 12 months. He coped extremely well with all the disruptions and changes that have taken place over this period and has embraced the community spirit with energy and zeal. We are very confident that he will continue to grow in the multi branch role he now controls.

As reported above, the company has had two major events that have affected the company's financial position. Firstly the Helensvale branch was successfully opened in October 2011 and to date is trading ahead of budget and we expect this branch to achieve the growth targets within the timeframe that we set in the original projections. In opening the branch the company borrowed \$150,000 in the form of a bank overdraft of \$50,000 and a \$100,000 fixed interest only loan for three years. We plan to then convert this loan into a principle and interest facility for a further five years. Secondly, in relation to the Biggera Waters **Community Bank®** Branch, we successfully negotiated a new lease at the Metro Market Shopping Centre and in the process refurbished and relocated the branch so that it faces the outside of the shopping centre. In doing this we have achieved several positive outcomes:

Chairman's report (continued)

- Reduced the floor space by approximately 43 square metres;
- Reduced the per square metre rental to a fair market rate;
- Reduced rent expense in excess of \$40,000 per annum;
- Fitted out the new branch in new colours and format and
- Achieved a more efficient use of space.

The refurbishment and relocation was completed in late June 2012 at a cost of \$141,601 which has been funded by a five year principle and variable interest loan of \$150,000. With the saving in rental achieved above, the repayments of this loan are actually cash positive to the company over the period of the loan. This loan was drawn down in September 2012.

Your Directors remain focused on continuing to build the business of Broadwater Financial Services Limited and believe that the decisions and events of the last 12 months referred to above have placed the company on a firm business management footing for the next five years which will allow the company to grow and generate substantial profits. As a result of the losses the company has generated in the last two years, it is unable to pay a dividend again this year and is unlikely to do so in the next two years, however the Directors are confident that dividends will again begin to flow to shareholders in the next three to four years. The table below summarises the dividends that have been paid to shareholders in the first 10 years of operation.

Cents per Share	Number of Shares	Total Distribution
28.75 cents	592,083	\$133,207

The company has continued to invest in the local community and this year we again expended in excess of \$20,000 in the Biggera Waters, Labrador, Arundel and Helensvale communities. This money was spent across a variety of areas including local schools, aged care, sporting clubs and community businesses. Together with this investment the company expended during the year a total of approximately \$55,000 in advertising, marketing and promotion of our branches and the returns from this investment will be realised in the years to come. During the year we also hosted a Community Forum in the Biggera Waters area where we invited community associations and not-for-profit groups to attend along with all levels of Government. The Forum was very successful and has given us a perspective of what the local community requires and along with Government bodies we are confident that we can assist and facilitate the leverage of funding for some of these community needs without expending too much of our own funds. We are anticipating holding a Community Forum in the Helensvale area in the coming year.

The Board of Directors have had to deal with some very challenging tasks again this year which have tested our time and resolve but at no time did we lose our commitment to achieving satisfactory and successful outcomes for the company. Unfortunately we have had some significant changes to the Board during the year. Sadly Jim Harris who was only elected to the Board last year, passed away in June this year. Our sincere condolences go to his wife Marie and all the family. In May this year Mark Tull, who only joined the Board in May 2011, unfortunately resigned due to work commitments and we wish him well in his business ventures. In June, one of our long term Directors, Pat Bowden, an original investor in the company and who is known to many shareholders, resigned due to poor health and business commitments. Pat has contributed enormously over her five years as a Director and brought a female perspective to the table which was well respected. More recently Ian Hamilton, who has been a Director and Secretary for over five years and prior to that our Branch Manager at the Biggera Waters **Community Bank®** Branch, decided to resign to spend more quality time with his family and concentrate on his association with the Anglican Church in the Biggera Waters area. We wish Ian all the best and thank him for his huge commitment to the success of Broadwater Financial Services Limited over the years.

Chairman's report (continued)

On a more positive note the Board has welcomed Teresa Counsel to the Board in March this year. Teresa brings a long history of marketing and business management experience to the table and has already made a great contribution to the company. We have also recently welcomed Trevor Jones back to the Board after his year travelling around Australia. Trevor has previously made a significant contribution to the Board and we are confident that he will again be a valuable asset to the company. I would like to acknowledge the extremely valuable support that I and the Board receive from Leo Beutel. Leo has been a Director for the same period as I have and his commitment to supporting the community is beyond reproach. He is the first to volunteer his time to any activity we might be supporting and works tirelessly to generate a great outcome for the cause and the company. The Board would also like to again thank our personal assistant to the Board, Mrs Maris Dirkx, for another great effort during the year. Her support to the Board and organisational skills has helped us deliver a professional image to business and local community. We are always seeking to source suitable people to join our Board and currently have 3 – 4 people who have shown interest in becoming Directors.

Finally, as a Board, we wish to thank all our customers, community organisations and local business owners for their support during the year and in addition we would also like to acknowledge the support and assistance from senior management of the Bendigo and Adelaide Bank in dealing with some of the difficult and demanding situations we have confronted in the past year. In closing, I again thank all shareholders for their continued support and look forward to the a great future for the company.



Robert J Knight
Chairman

Manager's report

For year ending 30 June 2012

What a big year for our company it has been. The 10-year anniversary for our Biggera Waters **Community Bank®** Branch and the opening of our much anticipated Helensvale branch. Finally to cap it all off the relocation of the Biggera site to our new premises at the front of the Metro Market Shopping Centre.

Whilst this may seem like a year of disruptions we have seen it as an opportunity for our staff to challenge themselves and continue to show our customers why we are the best option to help them reach their financial goals. In reviewing our position at the end of financial year it shows that total footings for our company are sitting at \$71.128 million, this means total growth in footings for our company Broadwater Financial Services Ltd of \$11.828 million (19.9%) for the financial year which in the current market on the Gold Coast is an excellent result.

With our new branch came new staffing appointments. We welcomed four new staff members to our team Eric Desveaux, Shannon Houghton, Kallen Geary and Mishelle Jensen. Our Biggera Waters team is now Marissa Ucchino as a Customer Service Supervisor and our four Customer Service Officers Leonie Campbell, Eric Desveaux, Kallen Geary and Shannon Houghton. Our Helensvale team has Megan Shields as the Customer Service Supervisor with Caren Hilton and Mishelle Jensen as Customer Service Officers. On another positive note we were able to further enhance our engagement with the Helensvale community by employing a school based trainee from the Helensvale State High School. All staff at both branches have been working extremely hard to give our branches every chance to excel right across our business and I have no doubt as we continue into the next financial year we will see our results continue to exceed expectations.

Our branches have been able to really engage with both of their respective communities through the tireless work of our staff and our Board of Directors. The Bendigo and Adelaide Bank philosophy is that successful customers equals successful communities which in turn creates a successful bank and in that order and our branches are no different, we create a warm and inviting feel within our branches and there is no doubt we all live in better communities because of our **Community Bank®** branches.

Moving forward everything looks positive for our business as a whole. After the Helensvale branch opening we have been able to stabilise our staffing and focus on the development of their skills. We will continue to focus heavily on our local communities particularly looking to build on the relationships we have developed with many of our not for profit partners but also looking to create new partnerships and to continue to make a difference in our community.

As I always say every dollar of business that you as a shareholder contribute first hand or through referral will help to enhance our community and add value to your shares. At the end of the day, it's your choice where you do your banking. But before you make a decision, stop and consider the difference your banking can make.

As always I would like to personally thank my staff, our shareholders, customers and board of directors for your continued support, you have all contributed to the success of our communities.



Mark Vigus
Branch Manager

Directors' report

For the financial year ended 30 June 2012

Your Directors submit the financial report of the company for the financial year ended 30 June 2012.

Directors

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

Robert J Knight

Chairman / Secretary
Occupation: Financial Consultant
Experience and expertise: Former Chartered Accountant. Former Financial Controller & Company Secretary
Resident of Northern Gold Coast for 30 years

Ian L Hamilton

Secretary (Resigned 16 August 2012)
Occupation: Business Manager
Experience and expertise: Manager of Anglican Parish - Gold Coast North. Former Manager Biggera Waters Community Bank
Resident of Northern Gold Coast for 23 years

Stephen M O'Donoghue

Director
Occupation: Pharmacist
Experience and expertise: Local Pharmacist
Resident of Northern Gold Coast for 22 years

Leo S Beutel

Director
Occupation: Retired Area Manager
Experience and expertise: Retired Area Manager Hardy Wine Company. Former Boxing Host & Announcer
Resident of Northern Gold Coast for 27 years

Mark A Tull

Director (Resigned 30 May 2012)
Occupation: Business Owner & Director
Experience and expertise: Owner Web Design Company and Internet Marketing. Chairman of Magnetic Shoals Limited and former. State Treasurer of Qld RSL
Resident of Northern Gold Coast for 16 Years

Teresa K Counsel

Director (Appointed 28 March 2012)
Occupation: Business Development Executive
Experience and expertise: Business Development Executive on the Gold Coast for many years and Director / Founder of Senorita's Cocktails Pty Ltd
Resident of Gold Coast for 53 years

Trevor N Jones

Director (Appointed 22 August 2012)
Occupation: Retired Company Director
Experience and expertise: Former Finance Broker & Business Owner
Resident of Gold Coast for 26 years

Patricia M Bowden

Director (Resigned 8 June 2012)
Occupation: Business Owner & Director
Experience and expertise: Owner Shade Sail Business and Airstrip
Resident of Northern Gold Coast for 29 years

James C Harris

Director (Appointed 30 November 2011,
Resigned 30 May 2012)
Occupation: Retired Company Executive
Experience and expertise: Retired CEO of Motor Trader Assoc. of Qld
Resident of Northern Gold Coast for 22 years

Directors were in office for this entire year unless otherwise stated.

Directors' report (continued)

No Directors have material interests in contracts or proposed contracts with the company.

Company Secretary

Robert Knight was appointed Company Secretary as of 22 August 2012 following the resignation of Ian Hamilton.

Robert is a Financial Consultant with previous experience as a Chartered Accountant, Financial Controller and Company Secretary.

Principal activities

The principal activities of the company during the course of the financial year were in providing **Community Bank®** services under management rights to operate a franchised branch of Bendigo and Adelaide Bank Limited.

There has been no significant changes in the nature of these activities during the year.

Operating results

During the year the company opened a **Community Bank®** sub-branch at Helensvale. A fit out of the premises was undertaken and the sub-branch commenced operations on 29 September 2011. The company's operating results for the year have been impacted by the opening of the sub-branch, with costs of a one-off nature, amortisation of the sub-branch fee, finance costs and initial losses during the establishment phase incurred.

The results were further impacted by the upgrade and refurbishment undertaken at the Biggera Waters branch during the year. Existing assets disposed of as part of this upgrade resulted in a loss on disposal of \$58,850.

The loss after tax of the company for the financial year was:

	Year ended 30 June 2012 \$	Year ended 30 June 2011 \$
	(99,778)	(29,473)

Financial position

The net assets of the company have decreased by \$99,778 from 30 June 2011 to \$196,650 in 2012. The decrease is due to the reduced profitability of the company, caused by the factors outlined above.

Dividends

No dividends were declared or paid during the current year.

Significant changes in the state of affairs

In the opinion of the Directors there were no significant changes in the state of affairs of the company that occurred during the financial year under review not otherwise disclosed in this report.

Future developments

The company will continue its policy of providing banking services to the community.

Environmental issues

The company is not subject to any significant environmental regulation.

Directors' report (continued)

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.

Significant events after the balance date

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, in future years.

Remuneration report

No Director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a Director, a firm which a Director is a member or an entity in which a Director has a substantial financial interest. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by Directors shown in the company's accounts, or the fixed salary of a full-time employee of the company, controlled entity or related body corporate.

Indemnifying officers or Auditor

The company has agreed to indemnify each Officer (Director, Secretary or employee) out of assets of the company to the relevant extent against any liability incurred by that person arising out of the discharge of their duties, except where the liability arises out of conduct involving dishonesty, negligence, breach of duty or the lack of good faith. The company also has Officers Insurance for the benefit of Officers of the company against any liability occurred by the Officer, which includes the Officer's liability for legal costs, in or arising out of the conduct of the business of the company or in or arising out of the discharge of the Officer's duties.

Disclosure of the nature of the liability and the amount of the premium is prohibited by the confidentiality clause of the contract of insurance. The company has not provided any insurance for an Auditor of the company.

Directors' meetings

The number of Directors' meetings attended during the year were:

Director	Board meetings	
	Eligible	Attended
Robert J Knight	11	11
Ian L Hamilton (Resigned 16 August 2012)	11	10
Stephen M O'Donoghue	11	7
Leo S Beutel	11	9
Mark A Tull # (Resigned 30 May 2012)	9	2
Teresa K Counsel (Appointed 28 March 2012)	4	3
Trevor N Jones (Appointed 22 August 2012)	-	-
Patricia M Bowden (Resigned 8 June 2012)	10	1
James C Harris (Appointed 30 November 2011, Resigned 30 May 2012)	5	4

Leave of absence 23 November 2011 - 31 May 2012

Directors' report (continued)

Corporate governance

The company has implemented various corporate governance practices, which include:

- (a) Director approval of operating budgets and monitoring of progress against these budgets;
- (b) Ongoing Director training;
- (c) Weekly Executive Management Committee meetings to review performance and action plans; and
- (d) Monthly Director meetings to discuss performance and strategic plans.

Auditor independence declaration

The Auditor's independence declaration for the year ended 30 June 2012 has been received and can be found on page 10 of this financial report.

Signed in accordance with a resolution of the Board of Directors at Biggera Waters, Queensland on 21 September 2012.



Robert J Knight
Chairman

Auditor's independence declaration



21 September 2012

The Directors
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To the Directors of Broadwater Financial Services Limited

Auditor's Independence Declaration under section 307C of the Corporations Act 2001

I declare that to the best of my knowledge and belief, during the year ended 30 June 2012 there has 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.

Richmond Sinnott & Delahunty
RICHMOND SINNOTT & DELAHUNTY
Chartered Accountants

Warren Sinnott
Warren Sinnott
Partner
Dated at Bendigo, 21 September 2012

Financial statements

Statement of comprehensive income for the year ended 30 June 2012

	Note	2012 \$	2011 \$
Revenue from continuing operations	2	717,228	663,536
Employee benefit expense	3	(396,670)	(330,041)
Depreciation and amortisation expense	3	(29,764)	(9,366)
Occupancy and associated costs		(150,867)	(121,603)
Systems costs		(38,067)	(24,320)
Finance costs		(8,129)	-
Other expenses		(215,584)	(194,774)
Operating loss before charitable donations and sponsorships		(121,853)	(16,568)
Charitable donations and sponsorship		(22,059)	(24,680)
Loss before income tax expense		(143,912)	(41,248)
Income tax benefit	4	(44,134)	(11,775)
Net loss for the year		(99,778)	(29,473)
Other comprehensive income		-	-
Total comprehensive income for the year		(99,778)	(29,473)
<hr/> Earnings per share (cents per share) <hr/>			
- basic for profit for the year	21	(16.85)	(4.98)
- diluted for profit for the year	21	(16.85)	(4.98)

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of financial position as at 30 June 2012

	Note	2012 \$	2011 \$
Assets			
Current Assets			
Cash and cash equivalents	5	61,148	137,054
Receivables	6	40,110	31,030
Current tax asset	4	2,611	-
Total Current Assets		103,869	168,084
Non-Current Assets			
Property, plant and equipment	7	289,708	132,964
Deferred tax asset	4	55,267	13,744
Intangibles	8	55,834	667
Total Non-Current Assets		400,809	147,375
Total Assets		504,678	315,459
Liabilities			
Current Liabilities			
Payables	9	154,740	15,492
Provisions	10	4,795	3,539
Borrowings	11	48,493	-
Total Current Liabilities		208,028	19,031
Total Liabilities		208,028	19,031
Non-Current Liabilities			
Borrowings	11	100,000	-
Total Non-Current Liabilities		100,000	-
Total Liabilities		308,028	19,031
Net Assets		196,650	296,428
Equity			
Issued capital	12	406,858	406,858
Accumulated losses	13	(210,208)	(110,430)
Total Equity		196,650	296,428

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of cash flows for the year ended 30 June 2012

	Note	2012 \$	2011 \$
Cash Flows From Operating Activities			
Cash receipts in the course of operations		769,262	730,751
Cash payments in the course of operations		(836,869)	(712,978)
Interest received		4,519	4,806
Interest paid		(8,129)	-
Income tax paid		-	(14,202)
Net cash provided by/(used in) operating activities	14 (b)	(71,217)	8,377
Cash Flows From Investing Activities			
Payments for property, plant and equipment		(83,182)	-
Payments for intangible assets		(70,000)	-
Net cash used in investing activities		(153,182)	-
Cash Flows From Financing Activities			
Proceeds from borrowings		100,000	-
Dividends paid		-	(22,201)
Net cash provided by/(used in) financing activities		100,000	(22,201)
Net decrease in cash held		(124,399)	(13,824)
Cash and cash equivalents at start of year		137,054	150,878
Cash and cash equivalents at end of year	14 (a)	12,655	137,054

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of changes in equity for the year ended 30 June 2012

	Note	2012 \$	2011 \$
ISSUED CAPITAL			
Ordinary shares			
Balance at start of year		406,858	368,842
Issue of share capital		-	-
Share issue costs		-	-
Share issue costs transferred to expense		-	38,016
Balance at end of year		406,858	406,858
ACCUMULATED LOSSES			
Balance at start of year		(110,430)	(58,756)
Net Loss after income tax expense		(99,778)	(29,473)
Dividends paid or provided for	20	-	(22,201)
Balance at end of year		(210,208)	(110,430)

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2012

Note 1. Summary of significant accounting policies

(a) Basis of preparation

Broadwater Financial Services Limited ('the company') is domiciled in Australia. The financial statements for the year ending 30 June 2012 are presented in Australian dollars. The company was incorporated in Australia and the principal operations involve providing **Community Bank®** services.

The financial statements are general purpose financial statements, that have 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. The company is a for profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements 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 as issued by the IASB.

Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, were applicable, by the measurement of fair value of selected non current assets, financial assets and financial liabilities.

The financial statements require judgements, estimates and assumptions to be made that affect the application of accounting policies. Actual results may differ from these estimates.

The financial statements were authorised for issue by the Directors on 21 September 2012.

(b) Income tax

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(c) Property, plant and equipment

Property, plant and equipment are brought to account at cost less accumulated depreciation and any impairment in value.

Land and buildings are measured at fair value less accumulated depreciation.

Depreciation is calculated on a straight line basis over the estimated useful life of the asset as follows:

Class of asset	Depreciation rate
Leasehold improvements	2.5 - 20%
Plant & equipment	5 - 40%

Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Revaluations

Following initial recognition at cost, land and buildings are carried at a revalued amount which is the fair value at the date of the revaluation less any subsequent accumulated depreciation on buildings and accumulated impairment losses.

Fair value is determined by reference to market based evidence, which is the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date.

(d) Impairment of assets

At each reporting date, the company assesses whether there is any indication that an asset is impaired. Where an indicator of impairment exists, the company makes a formal estimate of the recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

(e) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position. Cash flows are included in the Statement of Cash Flows on a gross basis.

The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(f) Employee benefits

The provision for employee benefits to wages, salaries and annual leave represents the amount which the company has a present obligation to pay resulting from employees' services provided up to the reporting date. The provision has been calculated on undiscounted amounts based on wage and salary rates expected to be paid and includes related on-costs.

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

(g) Intangibles

Establishment costs have been initially recorded at cost and amortised on a straight line basis at a rate of 20% per annum. The current amortisation charges for intangible assets are included under depreciation and amortisation expense per the Statement of Comprehensive Income.

(h) Cash

Cash on hand and in banks are stated at nominal value.

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts.

(i) Revenue

Interest and fee revenue is recognised when earned. All revenue is stated net of the amount of goods and services tax (GST).

(j) Receivables and payables

Receivables and payables are non interest bearing and generally have payment terms of between 30 and 90 days. Receivables are recognised and carried at original invoice amount less a provision for any uncollected debts. Liabilities for trade creditors and other amounts are carried at cost that is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the company.

(k) New accounting standards for application in future periods

Australian Accounting Standards that have been recently issued or amended but not yet effective have not been adopted in the preparation of these financial statements. These changes have been assessed by Directors and determined they will not have a material impact on the company's financial statements.

(l) Loans and borrowings

All loans are measured at the principal amount. Interest is recognised as an expense as it accrues.

(m) Provisions

Provisions are recognised when the company has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

A provision for dividends is not recognised as a liability unless the dividends are declared, determined or publicly recommended on or before the reporting date.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(n) Share capital

Issued and paid up capital is recognised at the fair value of the consideration received by the company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(o) Comparative figures

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

(p) Critical accounting estimates and judgements

The Directors evaluate estimates and judgements incorporated into the financial statements 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. Estimates and judgements are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The estimates and judgements that have a significant risk of causing material adjustments to the carrying values of assets and liabilities are as follows:

Estimation of useful lives of assets

The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and intangible assets. The depreciation and amortisation charge will increase where useful lives are less than previously estimated lives.

Income tax

The company is subject to income tax. Significant judgement is required in determining the provision for income tax.

Impairment

The company assesses impairment at the end of each reporting period by calculating 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.

(q) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised 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 purchase or sell the asset (ie trade date accounting is adopted). Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to the profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method or cost. Where available quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(q) Financial instruments (continued)

Classification and subsequent measurement (continued)

Amortised costs is calculated as the amount which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

(i) Loans and receivables

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

(ii) Financial liabilities

Non derivative financial liabilities are subsequently measured at amortised cost.

Impairment

At the end of each reporting period, the company assesses whether there is objective evidence that a financial asset has been impaired. A financial asset is deemed impaired if and only if, there is objective evidence of impairment as a result of one or more events (a loss event) having occurred, which has an impact on the estimated future cash flows of the financial asset. In the case of financial assets carried at amortised cost, loss events may include indications that the debtors are experiencing significant financial difficulty or changes in economic conditions.

	2012	2011
	\$	\$

Note 2. Revenue

Revenue from continuing activities

- services commissions	704,193	657,806
	704,193	657,806

Other revenue

- interest received	4,668	5,730
- other income	8,367	-
	13,035	5,730
	717,228	663,536

Notes to the financial statements (continued)

	2012 \$	2011 \$
Note 3. Expenses		
Employee benefits expense		
- wages and salaries	310,725	258,393
- superannuation costs	28,308	23,023
- workers' compensation costs	2,404	1,408
- other costs	55,233	47,217
	396,670	330,041
Depreciation of non-current assets:		
- leasehold improvements	5,195	6,249
- plant & equipment	9,735	1,117
Amortisation of non-current assets:		
- intangible assets	14,834	2,000
	29,764	9,366
Bad debts	962	917
The following significant expense items, included as part of other expenses, are relevant in explaining financial performance:		
Part of the existing leasehold improvements and equipment were disposed as part of the upgrade to the Biggera Waters branch undertaken during the year. The loss incurred on disposal of these assets totalled:	58,850	-
Costs incurred over the past three financial years as part of a proposed capital raising associated with the establishment of a second branch in Helensvale. Some of these costs were previously capitalised in the balance sheet as equity raising costs but were transferred to expenditure when the prospectus for the capital raising was cancelled.		
These costs were as follows:		
- preparation of feasibility study	-	14,744
- preparation of prospectus	-	10,868
- legal fees	-	16,137
- advertising and marketing	-	12,278
- labour costs	-	14,325
- rent	-	8,600
- other administration expenses	-	13,321
	90,273	

Notes to the financial statements (continued)

	2012 \$	2011 \$
Note 4. Income tax expense		
The prima facie tax on loss before income tax is reconciled to the income tax benefit as follows:		
Prima facie tax on loss before income tax at 30%	(43,173)	(12,375)
Add/(less) tax effect of:		
- non-deductible expenses	2,250	600
- timing differences	332	(1,231)
Current income tax benefit	(40,591)	(13,006)
Movement in deferred tax	(332)	1,231
Adjustments to tax expense of prior periods	(3,211)	-
Income tax benefit	(44,134)	(11,775)
Deferred tax asset		
Opening Balance	13,744	1,969
Deferred tax on accruals	(44)	(259)
Deferred tax on provisions	376	(972)
Deferred tax on losses carried forward	41,191	13,006
Closing Balance	55,267	13,744
Tax assets		
Current tax refundable	2,611	-
Note 5. Cash and cash equivalents		
Cash at bank and on hand	7,900	38,020
Term deposit	53,248	99,034
	61,148	137,054
Note 6. Receivables		
Trade receivables	34,146	28,115
Prepayments	5,964	2,915
	40,110	31,030

Notes to the financial statements (continued)

	2012 \$	2011 \$
Note 7. Property, plant and equipment		
Leasehold improvements		
At cost	284,010	168,219
Less: accumulated depreciation	(28,586)	(43,078)
Total written down amount	255,424	125,141
Plant & equipment		
At cost	45,497	33,420
Less: accumulated depreciation	(11,213)	(25,597)
Total written down amount	34,284	7,823
	289,708	132,964
Movements in carrying amounts		
Leasehold improvements		
Carrying amount at beginning	125,141	131,390
Additions	198,868	-
Disposals	(58,850)	-
Less: depreciation expense	(9,735)	(6,249)
Carrying amount at end	255,424	125,141
Plant & equipment		
Carrying amount at beginning	7,823	8,940
Additions	31,656	-
Less: depreciation expense	(5,195)	(1,117)
Carrying amount at end	34,284	7,823
	289,708	132,964

Notes to the financial statements (continued)

	2012 \$	2011 \$
Note 8. Intangible assets		
Franchise fee		
At cost	70,000	60,000
Less: accumulated amortisation	(61,333)	(59,333)
	8,667	667
Renewal processing fee		
At cost	40,000	-
Less: accumulated amortisation	(5,333)	-
	34,667	-
Sub branch establishment fee		
At cost	20,000	-
Less: accumulated amortisation	(7,500)	-
	12,500	-
	55,834	667

Note 9. Payables

Trade creditors	149,880	11,594
Accrued expenses	4,860	3,898
	154,740	15,492

Trade creditors includes \$141,601 payable to Bendigo and Adelaide Bank Limited for the upgrade of the Biggera Waters branch undertaken during the year. The company has been approved for finance by way of a loan facility from Bendigo and Adelaide Bank Limited to settle this trade creditor, which will be drawn down during September 2012. The loan facility will be a principle and interest loan, repayable over five years from the date of draw down.

Note 10. Provisions

Employee provisions	4,795	3,539
Movement in employee provisions		
Opening balance	3,539	6,779
Additional provisions recognised	14,031	19,876
Amounts utilised during the year	(12,775)	(23,116)
Closing balance	4,795	3,539

Notes to the financial statements (continued)

	2012 \$	2011 \$
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Note 11. Borrowings

Current:

Bank overdraft	48,493	-
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The bank overdraft is a variable interest non-residential secured overdraft provided by Bendigo and Adelaide Bank Limited, which has attracted interest at an average rate of 11% during the year.

Non-Current:

Bank loan	100,000	-
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The bank loan is a 3 year fixed interest only non-residential secured loan provided by Bendigo and Adelaide Bank Limited, attracting interest at 9.09% per annum.

The company has provided a new registered first company debenture charge as security for both facilities.

Note 12. Share capital

592,038 ordinary shares (2011: 592,038)	444,025	444,025
Less equity raising costs (Biggera Waters)	(37,167)	(37,167)
	406,858	406,858

Note 13. Accumulated losses

Balance at the beginning of the financial year	(110,430)	(58,756)
Net loss after income tax	(99,778)	(29,473)
Dividends paid or provided for	-	(22,201)
Balance at the end of the financial year	(210,208)	(110,430)

Note 14. Statement of cash flows

(a) Cash and cash equivalents

Cash at bank and on hand	7,900	38,020
Term deposit	53,248	99,034
Bank overdraft	(48,493)	-
	12,655	137,054

Notes to the financial statements (continued)

	2012 \$	2011 \$
Note 14. Statement of cash flows (continued)		
(b) Reconciliation of loss after tax to net cash provided by/(used in) operating activities		
Loss after income tax	(99,778)	(29,473)
Non cash items:		
- amortisation	14,833	2,000
- depreciation	14,931	7,366
- prior year share issue costs transferred to operating expense	-	38,016
- loss on disposal of property, plant and equipment	50,850	-
Changes in assets and liabilities:		
- (increase)/decrease in receivables	(14,834)	13,923
- increase/(decrease) in payables	5,659	5,762
- (increase)/decrease in current tax asset	(2,611)	-
- increase/(decrease) in current tax payable	-	(14,202)
- increase/(decrease) in provisions	1,256	(3,240)
- (increase)/decrease in deferred income tax asset	(41,523)	(11,775)
Net cashflows provided by/(used in) operating activities	(71,217)	8,377

Note 15. Auditors' remuneration

Amounts received or due and receivable by the Auditor of the company for:

- Audit or review of the financial report of the company	3,900	3,900
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Note 16. Director and related party disclosures

The names of Directors who have held office during the financial year are:

Robert J Knight
 Ian L Hamilton (Resigned 16 August 2012)
 Stephen M O'Donoghue
 Leo S Beutel
 Mark A Tull (Resigned 30 May 2012)
 Teresa K Counsel (Appointed 28 March 2012)
 Trevor N Jones (Appointed 22 August 2012)
 Patricia M Bowden (Resigned 8 June 2012)
 James C Harris (Appointed 30 November 2011, Resigned 30 May 2012)

No Director or related entity has entered into a material contract with the company. Other than as detailed in the Directors' Report no Director's fees have been paid as the positions are held on a voluntary basis.

Notes to the financial statements (continued)

Note 16. Director and related party disclosures (continued)

Directors' shareholding	2012	2011
Robert J Knight	-	-
Ian L Hamilton	533	533
Stephen M O'Donoghue	40,000	40,000
Leo S Beutel	-	-
Mark A Tull	1,333	1,333
Teresa K Counsel	-	-
Trevor N Jones	-	-
Patricia M Bowden	1,333	1,333
James C Harris	667	667

There was no movement in Directors' shareholdings during the year. Each share held has a value of \$1.

Note 17. Events after the reporting period

There have been no events after the end of the financial year that would materially affect the financial statements.

Note 18. Contingent liabilities and assets

There were no contingent liabilities or assets at the date of this report to affect the financial statements.

Note 19. Operating segments

The company operates in the financial services sector where it provides banking services to its clients. The company operates in two geographic areas being Biggera Waters & Helensvale Districts, Queensland. The company has a franchise agreements in place with Bendigo and Adelaide Bank Limited who account for 100% of the revenue (2011: 100%).

Note 20. Corporate information

Broadwater Financial Services Limited is a company limited by shares incorporated in Australia.

The registered office and principal place of business is:

33 Hollywell Road
Biggera Waters Queensland 4216

Notes to the financial statements (continued)

	Note	2012 \$	2011 \$
Note 21. Dividends paid or provided for on ordinary shares			
(a) Dividends paid			
Nil cents per share (2011: 5 cents - fully franked)		-	22,201
(b) Franking credit balance			
The amount of franking credits available for the subsequent financial year are:			
- Franking account balance as at the end of the financial year		26,509	26,509
- Franking debits that will arise from the refund of income tax as at the end of the financial year		(2,611)	-
		23,898	26,509

Note 22. Earnings per share

Basic earnings per share amounts are calculated by dividing the loss after income tax by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the loss after income tax by the weighted average number of ordinary shares outstanding during the year (adjusted for the effects of any dilutive options or preference shares).

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

Loss after income tax benefit	(99,778)	(29,473)
Weighted average number of ordinary shares for basic and diluted earnings per share	592,038	592,038

Note 23. Financial risk management

The company's financial instruments consist mainly of deposits with banks, account receivables and payables, bank overdraft and loans.

The totals for each category of financial instruments measured in accordance with AASB 139 are as follows:

Financial Assets			
Cash and cash equivalents	5	61,148	137,054
Receivables	6	40,110	31,030
Total Financial Assets		101,258	168,084
Financial Liabilities			
Payables	9	154,740	15,492
Loans and borrowings	11	148,493	-
Total Financial Liabilities		154,740	15,492

Notes to the financial statements (continued)

Note 23. Financial risk management (continued)

Financial Risk Management Policies

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established an Executive Management Committee which reports regularly to the Board. The Executive Management Committee is assisted in the area of risk management by an internal audit function.

Specific Financial Risk Exposure and Management

The company has exposure to credit risk, liquidity risk and market risk from their use of financial instruments. There have been no substantive changes in the types of risks the company is exposed to, how the risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

(a) Credit Risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. For the company it arises from receivables and cash assets.

The maximum exposure to credit risk at reporting date to recognised financial assets is the carrying amount of those assets as disclosed in the Statement of Financial Position and notes to the financial statements.

The company's maximum exposure to credit risk at reporting date was:

	Carrying amount	
	2012	2011
	\$	\$
Cash and cash equivalents	61,148	137,054
Receivables	40,110	31,030
	101,258	168,084

The company's exposure to credit risk is limited to Australia by geographic area. The majority of receivables are due from Bendigo and Adelaide Bank Limited.

None of the assets of the company are past due (2011: nil past due) and based on historic default rates, the company believes that no impairment allowance is necessary in respect of assets not past due.

The company limits its exposure to credit risk by only investing in liquid securities with Bendigo and Adelaide Bank Limited.

(b) Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company ensures it will have enough liquidity to meet its liabilities when due under both normal and stressed conditions. Liquidity management is carried out within the guidelines set by the Board.

Typically, the company maintains sufficient cash on hand to meet expected operational expenses, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Notes to the financial statements (continued)

Note 23. Financial risk management (continued)

(b) Liquidity risk (continued)

Financial liability and financial asset maturity analysis

	Total \$	Within 1 year \$	1 to 5 years \$	Over 5 years \$
30 June 2012				
Financial liabilities due for payment				
Payables	(154,740)	(46,188)	(113,282)	-
Loans and borrowings	(148,493)	(48,493)	(100,000)	-
Total expected outflows	(303,233)	(94,681)	(213,282)	-
Financial assets - cashflow realisable				
Cash & cash equivalents	61,148	61,148	-	-
Receivables	40,110	40,110	-	-
Total anticipated inflows	101,258	101,258	-	-
Net (outflow)/inflow on financial instruments	(201,975)	6,577	(213,282)	-

	Total \$	Within 1 year \$	1 to 5 years \$	Over 5 years \$
30 June 2011				
Financial liabilities due for payment				
Payables	(15,492)	(15,492)	-	-
Total expected outflows	(15,492)	(15,492)	-	-
Financial assets - cashflow realisable				
Cash & cash equivalents	137,054	137,054	-	-
Receivables	31,030	31,030	-	-
Total anticipated inflows	168,084	168,084	-	-
Net (outflow)/inflow on financial instruments	152,592	152,592	-	-

Financial assets pledged as collateral

There are no material amounts of collateral held as security as at 30 June 2012 and 30 June 2011.

Notes to the financial statements (continued)

Note 23. Financial risk management (continued)

(c) Market risk

Market risk is the risk that changes in market prices, such as interest rates, will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

Interest rate risk is that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The company reviews the exposure to interest rate risk as part of the regular Board meetings.

Sensitivity analysis

At the reporting date the interest rate profile of the company's interest bearing financial instruments was:

	Carrying amount	
	2012	2011
	\$	\$
Fixed rate instruments		
Financial assets	53,248	99,034
Financial liabilities	100,000	-
	153,248	99,034
Floating rate instruments		
Financial assets	7,500	37,805
Financial liabilities	48,493	-
	55,993	37,805

Fair value sensitivity analysis for fixed rate instruments

The company does not account for any fixed interest rate financial assets or liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have no impact on profit or retained earnings. For the analysis performed on the same basis as at 30 June 2011 there was also no impact. As at both dates this assumes all other variables remain constant.

The company has no exposure to fluctuations in foreign currency.

(d) Price risk

The company is not exposed to any material price risk.

Fair values

The fair values of financial assets and liabilities approximate the carrying values as disclosed in the Statement of Financial Position. Fair value is the amount at which an asset could be exchanged, or liability settled, between knowledgeable, willing parties in an arm's length transaction. The company does not have any unrecognised financial instruments at year end.

Notes to the financial statements (continued)

Note 23. Financial risk management (continued)

(d) Price risk (continued)

Capital management

The Board's policy is to maintain a strong capital base so as to sustain future development of the company. The Board of Directors monitor the return on capital and the level of dividends to shareholders. Capital is represented by total equity as recorded in the Statement of Financial Position.

In accordance with the franchise agreement, in any 12 month period, the funds distributed to shareholders shall not exceed the Distribution Limit.

(i) the Distribution Limit is the greater of:

- (a) 20% of the profit or funds of the Franchisee otherwise available for distribution to shareholders in that 12 month period; and
 - (b) subject to the availability of distributable profits, the Relevant Rate of Return multiplied by the average level of share capital of the Franchisee over that 12 month period; and
- (ii) the Relevant Rate of Return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

The Board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the year ended 30 June 2012 can be seen in the Statement of Comprehensive Income.

There were no changes in the company's approach to capital management during the year.

Directors' declaration

In accordance with a resolution of the Directors of Broadwater Financial Services Limited, the Directors of the company declare that:

1. the financial statements and notes of the company as set out on pages 11 to 31 are in accordance with the Corporations Act 2001 and:
 - (i) comply with Australian Accounting Standards, which as stated in accounting policy Note 1(a) to the financial statements constitutes compliance with International Financial Reporting Standards (IFRS); and
 - (ii) give a true and fair view of the company's financial position as at 30 June 2012 and of the performance for the year ended on that date;
2. 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.



Robert J Knight
Chairman

Signed at Biggera Waters on 21 September 2012

Independent audit report



INDEPENDENT AUDIT REPORT TO THE MEMBERS OF BROADWATER FINANCIAL SERVICES LIMITED

Report on the Financial Report

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

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1(a), the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards (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. Those 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 judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation 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 company'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.

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Bendigo, Victoria

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Independent audit report (continued)

Independence

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

Auditor's Opinion

In our opinion:

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

Richmond Sinnott + Delahunty
RICHMOND SINNOTT & DELAHUNTY
Chartered Accountants



W. J. SINNOTT
Partner

Dated at Bendigo, 21 September 2012



Biggera Waters **Community Bank®** Branch
Metro Market Shopping Centre
33 Hollywell Road, Biggera Waters QLD 4216
Phone: (07) 5537 6725

Helensvale branch
Helensvale Plaza Shopping Centre
12 Sir John Overall Drive, Helensvale QLD 4212
Phone: (07) 5580 3966

Franchisee: Broadwater Financial Services
Limited
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ABN: 29 095 850 463

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(KKQAR12002) (08/12)