Gosnells **Community Bank®** Branch

annual report 2012

Gosnells Financial Services Limited
ABN 11 095 764 533

Contents

Chairman's report

For year ending 30 June 2012

Overview of operations

The Gosnells **Community Bank®** Branch finished the financial year with a financial result very similar to the previous year. The effect of the Global Financial Crisis lingers on in fits and starts. The banking climate now embraces tighter margins and our franchisor is gradually moving to restore the profit share with its franchisees that was originally agreed. The end result has seen the branch's profit slightly down on the previous year.

Financial result

Although the level of business improved slightly, the resulting income, due to those factors beyond the Board's control, dropped by almost 5% to $948,750. However, once again a strong liquid position was maintained with cash holdings increasing to $927,000 and net assets to $1.001 million. Notwithstanding this result the writing is on the wall that new strategies are required. Your Board has not resiled from this challenge and is embarking on a plan, firstly to redefine our philosophies and grow our business within our current community, and secondly to expand our geographic area of operations.

Despite this more challenging financial climate your Board resolved at the September Meeting of its Directors to issue a fully franked dividend of 6c.

Future direction

The need to stimulate our business activities has been the major consideration of the Board in the latter part of this financial year. We have embarked upon a campaign to better connect with our local small businesses leveraging our principal point of difference: we are a **Community Bank®** branch and we generously give back to the community through our sponsorship and grant activities. However we do require the community organisations that we support to actively promote the Gosnells **Community Bank®** Branch and refer business back to our branch.

The branch cannot give back money to the community if it is not making money. Simply put, there are two sides to this equation: without income there can be no expenditure.

In saying this, the Board repeats the call to its shareholders that was made last year to improve your level of participation in your **Community Bank®** branch. To assist you we also plan to improve our communications with regular newsletters to our shareholders and customers and to develop a new informative and entertaining website which will keep you in touch with us and up to date with the implementation of our strategies.

The other area of growth is geographic expansion. There is a large southern corridor within the metropolitan area that is without an adequate banking service and we are finalising strategies that will allow us to expand our **Community Bank®** branch operations into this area. The mooted expansion into Canning Vale and Southern River is finally about to happen and will be followed by expansion into other areas within this corridor. The mechanics and financing of these changes will be dealt with in greater detail at your shareholders AGM to be held on the 27 November 2012. Please put this date in your diary!

We look forward to your ongoing support so that together we can tackle the challenges of the future.

Community sponsorship and grants

The Board continues to provide sponsorship to community organisations within the City of Gosnells Municipality. Developing an urban concept of community will continue to be a major plank in our business and social philosophies and in our expansion activities we will continue to leverage that point of difference. The organisations we support are now happily on board with our concept of community and aware that in return for our sponsorship we require their support.

Human resources

Last year saw substantial staff movement within our branch. Such mobility is caused by a range of factors including moving to a new suburb, changing family circumstances or deciding on a career change. It is part of the flexibility available within the modern urban environment and should only be viewed with concern if the rate of movement out of our branch reflects poor management or is having an adverse effect on our operations and customer service.

The Board can say with confidence that this is not occurring. Furthermore your Board is working constructively with branch staff and promoting new joint activities and interaction. A strong sense of working towards the same shared goals has developed. Although our roles are distinctly different our goals and objectives are shared.

It is also encouraging to receive feedback that our customers are appreciative of our friendly staff and the quality of service they receive. Again this goes to the difference between our branch and other banking service providers. If you need personal attention or banking advice you can telephone and speak to a person not a machine, or better still come into the branch and experience that friendly community attitude.

A significant development to our staffing profile is the addition of a Business Development Manager (BDM). A person has been selected and will start with the branch in the near future.

We are fortunate that our Branch Manager is also a Director on your Board and brings to the Board many years of banking experience and an understanding of the common goals that must be shared between branch staff and Board of Directors.

Director changes

Major changes have occurred over the last year on your Board and the style and focus of the Board has changed just as the environment within which we operate has changed. What was, is no longer, but what is new holds many challenges and huge promise. With the exception of one Director and the Branch Manager your Board is new. They embrace the spirit and philosophies of the **Community Bank®** concept and they have an enthusiasm and appetite for the challenges and ultimate triumph we aim to achieve as a branch in this modern, changing, urban environment. We share common goals but we are prepared to listen to every Director's opinion and to vigorously debate how we can best achieve those goals.

The new Board is a very professional body of people who are cognisant of the contribution of time and effort necessary to achieve our goals particularly within this modern urban environment. **Community Bank®** Boards are made up of Directors who make a contribution that is substantially different from the role of the average Director of a publicly listed company. Many aspects of this contribution would in most other companies and instances be performed by paid salary staff. We currently make huge demands on our Directors that impact on their working and private lives for which they are receiving no remuneration and very little recognition. One consequence that must be considered is the approval of a moderate level of Director remuneration if we want to build and maintain a group of committed professional Directors capable of implementing our shareholders' objectives now and into the future. Pursuant to the requirements of the Corporations Act a submission on this matter will be put to the AGM this year for approval.

Please take the time to study the Director profiles in this Annual Report but better still come along to your AGM on the 27 November 2012 and meet them in person.

Board accommodation

Over the last 10 years your Board has not had its own boardroom and offices but recently made a decision to lease premises near the branch to provide a facility that will enable the Board and its committees to meet as often as required without the need to book an outside venue and it will be a facility regularly available to all Directors and their visitors.

Chairman’s report (continued)

For practical reasons including bank security and renovation cost the use of meeting space within the branch was not seen as a viable option. Historically the lack of a facility to occupy and operate from has had a dysfunctional effect on the cohesiveness of Board operations. Following this recent decision the Board will be able to house its own computer system and record management and be a venue for formal and informal meetings with individuals and community groups. The venue will be big enough to hold small group functions and community engagement activities and will improve the overall effectiveness of the Board and the company.

Community and banking

It is the Board’s strong belief that changes to the manner and size of our operations must change for our successful survival into the future. There is an imperative to act now or sit and stare at the face of failure. There is a strong commitment to the **Community Bank®** model but at the same time there is the need to recognise that different parameters operate in an urban environment and subtle changes must be made now that will enable the Board, the company and its shareholders to grow our business and profitable returns and to maintain generous community contributions.

Conclusion

The Board asks its shareholders to welcome these opportunities and to provide support in our endeavours to deliver a successful and profitable future in an increasingly demanding environment.

Thank you for your continuing support.

Mark Smith
Chairman

Manager's report

For year ending 30 June 2012

The past 12 months has been very busy and we continue to have a steady stream of customer traffic come into our Gosnells **Community Bank®** 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. Letting you know of new products and services that become available throughout the year which may be of benefit to you.

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

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

Our branch has successfully grown our total business portfolio from $83.7 million (previous financial year) to $92.2 million as at 30 June 2012.

This consists of a lending portfolio of $28.6 million and a deposit portfolio of $63.6 million. We have 5,355 customers supporting Gosnells **Community Bank®** Branch with a total of 7,286 products and services.

We believe our point of difference is "Community". Our Directors & staff have been very active within our local Community and supported & distributed over $32,000 to various groups within the Community such as:

- Seniors Week
- Black Cockatoos Society
- Student Scholarship Programme
- Baseball WA
- Southern River Cricket Club
- Southern River College
- Gosnells & Districts Little Athletics

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

We have a very dynamic and energetic team of people working at the Gosnells **Community Bank®** Branch who are committed to giving our customers the best possible service each and every time they walk through the doors. The commitment to their jobs, the branch, 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 established in the area. The first step has already been achieved with our first "offsite" ATM already installed at the Vale Shopping Centre near the News agency.

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

Manager’s report (continued)

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

Michelle Lennox
Branch Manager

Bendigo and Adelaide Bank report

For year ending 30 June 2012

Thanks to your support as shareholders the **Community Bank®** network has achieved a significant milestone this year, contributing more than $80 million to support the communities these unique companies operate within.

This figure was almost unimaginable when the **Community Bank®** model was first launched in 1998, in partnership with the people from the small Victorian wheat farming towns of Rupanyup and Minyip. For these communities the **Community Bank®** model was seen as a way to restore branch banking services to the towns, after the last of the major banks closed its services. However, in the years since the **Community Bank®** model has become so much more.

In the past financial year a further 20 **Community Bank®** branches have opened, this growth is in-line with our forecast and consistent with what we have seen in recent years. Demand for the model remains strong and there are currently another 32 **Community Bank®** sites in development, with many more conversations happening with communities Australia wide.

At the end of the financial year 2011/12 the **Community Bank®** network had achieved the following:

- Returns to community – $80 million
- **Community Bank®** branches – 295
- **Community Bank®** branch staff – more than 1,400
- **Community Bank®** branch Directors – 1,905
- Volume footings – $21.75 billion
- Customers – 500,000
- Shareholders – 71,197
- Dividends paid to shareholders – $28.8 million

Almost 300 communities have now partnered with Bendigo and Adelaide Bank, so they can not only enhance banking services, but more importantly aggregate the profits their banking business generates and reinvest it in local groups and projects that will ultimately strengthen their community.

In the past 14 years we have witnessed the **Community Bank®** network's returns to communities grow exponentially each year, with $470,000 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.

Today that figure is an astonishing $80 million and with the continued growth and popularity of the **Community Bank®** model, returns should top $100 million by the end of 2013. These dollars add up to new community facilities, improved services, more opportunities for community engagement activities and generally speaking, a more prosperous society.

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

In Bendigo and Adelaide Bank, your **Community Bank®** company has a committed and strong partner and over the last financial year our company has also seen much success.

Bendigo and Adelaide Bank report (continued)

Last December, our Bank joined the ranks of Australia's A-rated banks following an upgrade announced by Standard & Poor's. Its decision to raise our long-term rating from BBB+ to A– means the Bank (and its **Community Bank®** partners) are now rated 'A' by all three of the world's leading credit rating agencies. This is a huge boost to the Bank and will allow us to access new funding opportunities. It will also enable our group to service supporters who were precluded from banking with us because we were not A rated.

The rating upgrade is a welcome boost for the Bank and its partners at a time when funding is expensive and likely to remain so, margins have been eroded across the industry, credit growth is sluggish at best and subsequently, the profitability of banks remains under pressure.

Not surprisingly, these factors continue to place pressure on our Bank's margin and as **Community Bank®** margin share is still in part based on fixed trails, this is continuing to reflect a skew in margin share between the Bank and its **Community Bank®** partners.

We've been working with the **Community Bank®** network to take action to reduce this imbalance (which is in favour of the **Community Bank®** partners) and see the share of revenue on core banking products closely aligned to the key principal of 50/50 revenue share. Recent market developments are challenging this goal, but the Bank and its partners remain committed to addressing this.

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

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

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

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

Russell Jenkins
Executive Customer and Community

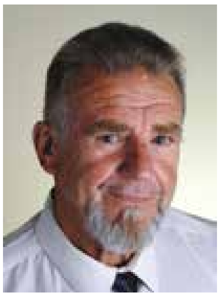
Directors' report

For the financial year ended 30 June 2012

Your Directors present their report, together with the financial statements of the Company for the financial year ended 30 June 2012.

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

Mark Smith



Position: Chairman (elected 27 October 2011)
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 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.
Worked as a Strategic Advisor to the Minister of Industrial Relations, the Hon Graham Keirath,
Formally 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.
Directorship Held in Other Entities: None
Interest in Shares and Options: 1,000 ordinary shares

Timothy Smith (Resigned 3/10/11)
Position: Chairman

Directors' report (continued)

Michael Devereux

Position: Non-Executive Director and Company Secretary
Occupation: Justice of Peace, Civil Celebrant
Background Information: Former Deputy Mayor City of Gosnells. Resided locally for 30 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 (Resigned 18/04/12)

Position: Non-Executive Director

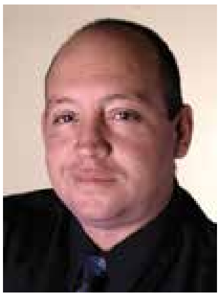
Lily Bahnam

Position: Non-Executive Director and Deputy 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

John Willmott (Resigned 28/03/12)
Position: Non-Executive Director

Robyn Boccia (Resigned 2/02/12)
Position: Non-Executive Director

Lance Scott



Position: Non-Executive Director and Chair Marketing & Sponsorship Committee
Occupation: Business Proprietor
Background Information: Lance is small Business operator and Company Director who joined his first formal committee and the age of 16. He has served in an executive role in sports clubs, social events and community groups, continually for more than 25 years. He has been successfully operating his own business for nearly 2 decades. He is honoured to be able to serve the Gosnells Community Bank and Gosnells Financial Services as a Director and is excited about its future growth and potential. He sees it as an extraordinary apex group within the community and looks forward to contributing towards its success.
Directorship Held in Other Entities: None
Interest in Shares and Options: Nil

Salim Youssef (Resigned 22/08/12)
Position: Non-Executive Director

Iggy Moro (Resigned 21/02/12)
Position: Non-Executive Director

Jennifer Hayes

Position: Non-Executive Director
Occupation: Mother
Background Information: Jennifer Hayes married mother of two teenage children. Grew up and lives in Thornlie, attending school in the district. Over the years she has served the Community by representation on a number of local sporting bodies, school committees and boards building a huge network of friends and associates within this area. Jennifer has a strong commitment to community and the Bank philosophy and she brings to the GFS Board a local Mums and Dads flavour.
Directorship Held in Other Entities: None
Interest in Shares and Options: Nil

Yew-Loon Low
Position: Non-Executive Director and Treasurer
Occupation: Accountant
Background Information: Low Yew Loon has had more than 40 years' experience in accounting, corporate advisory services and investment banking. He qualified as an Accountant in the early 1970's with Price Water House Coopers, the biggest accounting firm in the world (standard Chartered and Citibank). He was then recruited to become the Chief Financial office with UIC, one of the largest listed property groups in Singapore with assets in hundreds of millions. Concurrently he was also the Company Secretary of that group. He left the property group in 1985 to become partner of a local firm. He brings to the Board a wealth of experience in the finance and corporate sectors
Directorship Held in Other Entities: None
Interest in Shares and Options: Nil

Company Secretary

Debie Brockhoff (Resigned 28/05/12)
Background Information

Michelle Cook
Background Information: Administration and Finance experience over 15 years
Currently employed as an Administration and Finance Manager for a Food Industry Company and studying Diploma in Accounting

Meeting 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:

Director	Board Meetings Attended	
	Eligible	Attended
Mark Smith	11	11
Lily Bahnam	11	8
Michelle Lennox	11	11
Mike Devereux	11	8
Dearne Russell	8	6
John Willmott	8	4
Iggy Moro	6	5
Robin Boccia	6	5
Tim Smith	3	2
Jennifer Hayes	3	3
Lance Scott	3	2
Yew-Loon Low	3	2
Salim Youssef	1	1

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 Bank®** 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 $81,749. This represented a 51% decrease on the results reported for the year ended 30 June 2011 ($168,988).

Financial Position

The net assets of the company have increased from $954,379 as at 30 June 2011 to $1,000,597 as at 30 June 2012.

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

Dividends Paid or Recommended

The Company paid a full and final dividend of 6 cents per share ($35,531) on the 22 September 2011 from the retained profits at 30 June 2011. A final ordinary dividend of 6 cents per share has been proposed by the directors on 24 September 2012 to be paid out of retained profits at 30 June 2012.

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 has already resulted in a decline in profitability. 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.

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 Committee

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

- Iggy Moro (Non-Executive Director – Resigned 21/02/2012);
- Tanya Poynter (Financial Officer – Resigned 30/06/2012);
- Low Yew-Loon

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 2012 financial year extend solely to the provision of taxation services.

Remuneration Report

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

Remuneration policy

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

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

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

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

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

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

Performance-based remuneration

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

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

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

Company performance, shareholder wealth and executive remuneration

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

Key management personnel remuneration policy

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

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

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

Performance income as a proportion of total remuneration

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

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

Remuneration of Directors

The Board approved the following payments to the Directors of the Company during the years ended 30 June 2012 and 30 June 2011.

Name of Director	2012 $	2011 $
Timothy Smith	-	-
Lily Bahnam	-	-
Michael Devereux	-	-
Michelle Lennox	124,130	118,505
Dearne Russell	-	-
Iggy Moro	-	-
John Willmott	-	-
Salim Youssef	-	-
Mark Smith	-	-
Robyn Boccia	-	-
Bronwyn Baker	-	-
Bill Walter	-	-
Wayne Nurse	-	-
Total Remuneration	**124,130**	**118,505**

Key Management Personnel Remuneration

	Salary, Fees and Commissions $	Superannuation Contributions $	Cash Bonus $	Non-cash Benefits $	Total $	Performance related $
2011						
Michelle Lennox	108,720	9,785	-	-	118,505	-
	108,720	**9,785**	**-**	**-**	**118,505**	**-**
2012						
Michelle Lennox	113,904	10,226	-	-	124,130	-
	113,904	**10,226**	**-**	**-**	**124,130**	**-**

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 19 of the financial report.

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

Mark Smith
Chairman
Dated 28 September 2012

Auditor's independence declaration

MACRI PARTNERS

Certified Practising Accountants

PARTNERS
Anthony Macri FCPA
Domenic Macri CPA
Connie De Felice CA

Auditor's Independence Declaration

Under Section 307C of the Corporations Act 2001
To the Directors of Gosnells Financial Services Limited

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

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

MACRI PARTNERS

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

A MACRI
PARTNER

PERTH
DATED THIS 28TH DAY OF SEPTEMBER 2012.

Gosnells Financial Services Limited Financial Report 2012

Suite 2, 137 Burswood Rd, Burswood WA 6100 PO Box 398, Victoria Park WA 6979 P (08) 9470 4848 F (08) 9470 4849 E mail@macripartners.com.au W macripartners.com.au

Financial statements

Statement of comprehensive income
for the year ended 30 June 2012

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

The accompanying notes form part of these financial statements.

Statement of financial position as at 30 June 2012

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

The accompanying notes form part of these financial statements.

Statement of cash flows for the year ended 30 June 2012

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

The accompanying notes form part of these financial statements.

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

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

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2012

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.

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.

Note 1. Statement of Significant Accounting Policies (continued)

(a) Income Tax (continued)

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

(b) Property, Plant and Equipment

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

Property

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

Plant and equipment

Plant and equipment is measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining the recoverable amounts.

The cost of fixed assets constructed within the entity includes the costs of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, is depreciated over their useful lives commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

Class of Fixed Asset	Depreciation rate
Plant & equipment	10 - 25%

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

An asset's carrying value is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Note 1. Statement of Significant Accounting Policies (continued)

(b) Property, Plant and Equipment (continued)

Depreciation (continued)

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(c) Leases

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

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

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

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

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

(d) Financial Instruments

Initial Recognition and Measurement

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

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

Classification and Subsequent Measurement

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

Amortised cost is calculated as:

(i) the amount at which the financial asset or financial liability is measured at initial recognition;

(ii) less principal repayments;

(iii) plus or minus the cumulative amortisation of the differences, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and

(iv) less any reduction for impairment.

The effective interest method is used to allocate interest income or interest expense over the related period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees,

Note 1. Statement of Significant Accounting Policies (continued)

(d) Financial Instruments (continued)

Classification and Subsequent Measurement (continued)

transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

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

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

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

(ii) Loans and Receivables

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

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

(iii) Held-to-maturity investments

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

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

If during the period the company sold or reclassified more than as 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.

Note 1. Statement of Significant Accounting Policies (continued)

(d) Financial Instruments (continued)

Classification and Subsequent Measurement (continued)

(v) Financial Liabilities

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

Derivative Instruments

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

The Company does not hold derivative instruments.

Fair Value

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

Impairment

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

Financial Guarantees

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

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

The company has not issued any financial guarantees.

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

Note 1. Statement of Significant Accounting Policies (continued)

(e) Impairment of Assets (continued)

of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

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

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

(f) Intangibles

Franchise Fee

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

(g) Employee Benefits

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

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

(h) Provisions

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

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

(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.

Note 1. Statement of Significant Accounting Policies (continued)

(k) Borrowing Costs

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

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

(l) Revenue and Other Income

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

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

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

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

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

(m) Goods and Services Tax (GST)

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

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

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

(n) Comparative Figures

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

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

(o) Critical Accounting Estimates and Judgements

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

Note 1. Statement of Significant Accounting Policies (continued)

(o) Critical Accounting Estimates and Judgements (continued)

(i) Impairment

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

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

(p) New Accounting Standards for Application in Future Periods

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

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

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

  The key changes made to accounting requirements include:

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

Note 1. Statement of Significant Accounting Policies (continued)

(p) New Accounting Standards for Application in Future Periods (continued)

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

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

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

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

  The amendments are not expected to significantly impact the Company.

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

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

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

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

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

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

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

Note 1. Statement of Significant Accounting Policies (continued)

(p) New Accounting Standards for Application in Future Periods (continued)

AASB 13 requires:

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

These Standards are not expected to significantly impact the Company.

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

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

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

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

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

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

  (i) For an offer that may be withdrawn – when the employee accepts;

  (ii) For an offer that cannot be withdrawn – when the offer is communicated to affected employees; and

  (iii) Where the termination is associated with a restructuring of activities under AASB 137: Provisions, Contingent Liabilities and Contingent Assets, and if earlier than the first two conditions – when the related restructuring costs are recognised.

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

	2012 $	2011 $

Note 2. Revenue and Other Income

	2012 $	2011 $
Operating Activities		
- Franchise margin income	899,738	949,545
Non-Operating Activities		
- Interest received	48,912	46,043
- Other revenue	100	491
	49,012	**46,534**
Total Revenue	**948,750**	**996,079**

Note 3. Profit before Income Tax

	2012 $	2011 $
Expenses		
Depreciation/Amortisation	17,346	17,806
Remuneration of auditor		
- auditing or reviewing the financial report	5,909	9,000
- Other services	1,700	2,176

Note 4. Income Tax Expense

	2012 $	2011 $
(a) The components of tax expense comprise:		
- Prior year tax adjustment	-	120
- Current tax	45,055	76,329
- Deferred tax	**(5,643)**	**907**
	39,412	**77,356**
(b) The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:		
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2011: 30%)	36,349	73,903
Add:		
Prior period adjustment	-	120
Tax effect of:		
- non-deductible expenses	3,063	3,333
Less:		
Tax effect of:		
- Other allowable items	-	-
Income tax attributable to the company	**39,412**	**77,356**

Notes to the financial statements (continued)

	2012 $	2011 $

Note 5. Dividends

Fully franked ordinary dividend paid on 22 September 2011 of 6.0 cents per share	35,531	23,687
Balance of franking account at year-end	**280,748**	**245,885**

Note 6. Interests of Key Management Personnel (KMP)

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

Option Holdings

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

Shareholdings

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

Directors	Balance at Beginning of Year	Purchased During the Period	Other Changes	Balance at End of Year
Mark Smith	-	-	-	-
Lily Bahnam	5,133	-	-	5,133
Michael Devereux	1,301	-	-	1,301
Michelle Lennox	-	-	-	-
Lance Scott	-	-	-	-
Jennifer Hayes	-	-	-	-
Yew-Loon Low	-	-	-	-
	6,434	**-**	**-**	**6,434**

Note 7. Cash and Cash Equivalents

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

	2012 $	2011 $

Note 8. Trade and Other Receivables

CURRENT

	2012 $	2011 $
Trade debtors	63,132	69,583
Accrued Income	15,624	19,983
	78,756	**89,566**

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.

Note 9. Other Assets

CURRENT

	2012 $	2011 $
Prepayments	6,186	4,703
	6,186	**4,703**

Note 10. Property, Plant and Equipment

PLANT AND EQUIPMENT

	2012 $	2011 $
Building improvements – at cost	28,319	28,319
Less accumulated depreciation	(28,319)	(28,287)
	-	**32**
Furniture and fixtures – at cost	219,258	215,824
Less accumulated depreciation	(194,798)	(187,502)
	24,460	**28,322**
Furniture and fixtures – at cost	1,166	-
Less accumulated depreciation	(19)	-
	1,147	**-**
Total Property, Plant and Equipment	**25,607**	**28,354**

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

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

	2012 $	2011 $

Note 11. Intangible Assets

NON-CURRENT

Franchise fees – at cost	150,000	100,000
Less: accumulated amortisation	(104,167)	(94,167)
Net carrying value	**45,833**	**5,833**

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

Note 12. Trade and Other Payables

CURRENT

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

	2012 $	2011 $

Note 13. Provisions

	2012 $	2011 $
CURRENT		
Employee benefits:		
Provision for annual leave	33,253	26,421
Provision for Long Service Leave	17,352	-
	50,605	**26,421**
Number of employees at year-end	**8**	**7**
NON-CURRENT		
Employee benefits:		
Provision for long service leave	866	11,595
	866	**11,595**

Note 14. Tax

	2012 $	2011 $
CURRENT		
Current tax asset	8,780	3,746
	8,780	**3,746**
Current tax liability	-	-
	-	**-**
NON-CURRENT		
a. Deferred Tax Assets		
Deferred tax assets comprise:		
Provisions	15,740	11,404
Other	-	-
	15,740	**11,404**
Gross Movements:		
The overall movement in the deferred tax asset account is as follows:		
Opening balance	11,404	11,714
Charge to income	4,336	(310)
Closing balance	**15,740**	**11,404**

	2012 $	2011 $

Note 14. Tax (continued)

a. Deferred Tax Assets (continued)

	2012 $	2011 $
The movement in deferred tax asset for each temporary difference during the year as follows:		
Provisions		
Opening balance	11,404	11,210
Charge to income	4,296	194
Closing balance	**15,700**	**11,404**
Other		
Opening balance	-	504
Charge to income	40	(504)
Closing balance	**40**	
b. Deferred Tax Liabilities		
Deferred tax liabilities comprise:		
Accrued interest income	4,688	5,995
	4,688	**5,995**
Gross Movements:		
The overall movement in the deferred tax liabilities account is as follows:		
Opening balance	5,995	5,398
Charge to income	(1,307)	597
Closing balance	**4,688**	**5,995**

Note 15. Issued Capital

	2012 $	2011 $
592,180 (2011: 592,180) fully paid ordinary shares	592,180	592,180
Cost of raising equity	(3,780)	(3,780)
	588,400	**588,400**

	2012 $	2011 $

Note 16. Cash Flow Information

	2012 $	2011 $
Profit after Income Tax		
Profit after income tax	81,750	168,988
Add: Non-cash flows in profit:		
Depreciation/amortisation	17,346	17,806
Changes in assets and liabilities:		
(Increase)/decrease in trade and other receivables	10,810	24,471
(Increase)/decrease in prepayments	(1,483)	(1,059)
(Increase)/decrease in current tax assets	(5,034)	(3,746)
(Increase)/decrease in deferred tax assets	(4,336)	310
Increase/(decrease) in trade payables and accruals	(11,904)	(12,458)
Increase/(decrease) in provisions for employee entitlements	13,455	647
Increase/(decrease) in current tax liabilities	-	(3,678)
Increase/(decrease) in deferred tax liabilities	(1,307)	597
Increase/(decrease) in GST payable	1,898	(5,160)
	101,195	**186,718**

Note 17. Capital and Leasing Commitments

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

	2012 $	2011 $
Payable		
Not longer than one year	49,400	59,021
Longer than one year but not longer than five years	197,600	295,105
	247,000	**354,126**

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

Note 18. Events after the Reporting Period

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

Note 19. Segment Reporting

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

Note 20. Related Party Transactions

There were no related party transactions during the year.

Note 21. Financial Risk Management

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

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

a. Financial Risk Management Policies

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

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

b. Specific Financial Risk Exposures and Management

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

Interest Rate Risk

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

Liquidity Risk

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

Credit Risk

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

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

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

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

Note 21. Financial Risk Management (continued)

Credit Risk (continued)

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

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

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

c. Financial Instrument Composition and Maturity Analysis

The company held the following financial instruments at balance date:

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

Fair value is determined as follows:

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

(a) Cash and Cash Equivalents

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

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

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

Note 21. Financial Risk Management (continued)

c. Financial Instrument Composition and Maturity Analysis (continued)

(a) Cash and Cash Equivalents (continued)

Sensitivity Analysis

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

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

(b) Receivables

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

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

(c) Payables

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

Note 21. Financial Risk Management (continued)

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

	Weighted Average Effective Interest Rate		Floating Interest Rate		Non interest Bearing		Total	
	2012 %	2011 %	2012 $	2011 $	2012 $	2011 $	2012 $	2011 $
Financial Assets:								
Cash and Cash at bank	0.04	0.76	113,106	72,618	150	150	113,256	72,768
Short-term deposits	5.37	6.14	814,111	841,717	-	-	814,111	841,717
Trade and other receivables	-	-	-	-	78,756	89,566	78,756	89,566
Total Financial Assets	**-**	**-**	**927,367**	**914,335**	**78,906**	**89,716**	**1,006,123**	**1,004,051**
Financial Liabilities:								
Trade and other payables	-	-	-	-	51,515	59,701	51,515	59,701
Total Financial Liabilities	**-**	**-**	**-**	**-**	**51,515**	**59,701**	**51,515**	**59,701**

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:

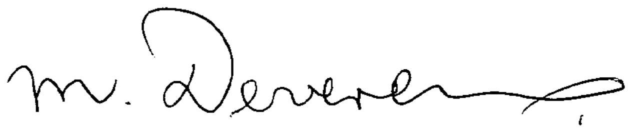
2227 Albany Highway
Gosnells WA 6110

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 2012 and of the performance for the year ended on that date of the Company;
2. the Chief Executive Officer and Chairman of Corporate Governance and Audit Committee have each declared that:
   a. the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
   b. the financial statements and notes for the financial year comply with the Accounting Standards; and
   c. the financial statements and notes for the financial year give a true and fair view; and
3. in the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



Michael Devereux
Company Secretary

Dated 28 September 2012

Independent audit report

MACRI PARTNERS

Certified Practising Accountants

PARTNERS
Anthony Macri FCPA
Domenic Macri CPA
Connie De Felice CA

Independent Auditor's Report
To the Members of Gosnells Financial Services Limited

Report on the Financial Report

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

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Independence

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

Suite 2, 137 Burswood Rd, Burswood WA 6100 PO Box 398, Victoria Park WA 6979 P (08) 9470 4848 F (08) 9470 4849 E mail@macripartners.com.au W macripartners.com.au

Independent Auditor's Report continued

Auditor's Opinion

In our opinion:

a. the financial report of Gosnells Financial Services Limited is in accordance with the *Corporations Act 2001*, including:

   i. giving a true and fair view of the company's financial position as at 30 June 2012 and of its performance for the year ended on that date; and

   ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*;

b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2012. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

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

MACRI PARTNERS

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

A MACRI
PARTNER

PERTH
DATED THIS 28TH DAY OF SEPTEMBER 2012.

Sponsorship report (up to 30 June 2011) $263,625.19

	$
Thornlie Senior High School	910
Black Cockatoo Preservation Society	5,000
Baseball WA	9,500
Gosnells Football Club	50
Champion Lakes Boating Club	40
Southern River College	500
Thornlie Football & Sports Club	1,000
Australian Baseball League	273
Courtney Vale	500
Roberta Jull Family Day Care	2,000
Farmyard on Wheels	455
Gosnells Bowls Club	3,000
Southern River Cricket Club Inc	1,000
Gosnells & Districts Little Athletics	1,500
Community Enterprise Foundation	5,263
Australian Arab Association	500
Southern River College	636
	$32,127
Total amount up to 30 June 2012	**$295,752.19**

Franchisee: Gosnells Financial Services Limited
2227 Albany Highway, Gosnells WA 6110
Phone: (08) 9490 4233
ABN: 11 095 764 533

Advanced Share Registry

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

www.bendigobank.com.au/gosnells
(KKWAR12010) (10/12)

Bendigo Bank