Annual Report 2014

Gosnells Financial Services Ltd

ABN 11 095 764 533

Gosnells **Community Bank**® Branch

Contents

Chairman's report

For year ending 30 June 2014

Overview

This Board has just completed its first year operating Gosnells Financial Services Ltd. It has been an interesting time for everyone as we have come to see and understand the unique model within which a **Community Bank**® branch operates.

The challenges have been many, not least of all starting the year off with a small loss, and some rather large expenses to manage. But we have reduced our outgoings quite substantially, and although the banking business has been very difficult, as you can read from the Manager's report, we still believe we can come home this financial year with a small profit or at worst, break even.

Future direction

In the 2013 Annual Report, I stated that our future direction was to grow and that remains our number one priority, along with making the name of Gosnells **Community Bank**® Branch much more recognisable in the City of Gosnells. In that regard I would like to enlist your help. As shareholders you all realised early on what a great benefit a **Community Bank**® branch would be to the city, so I ask you to tell people about your experience with us.

We have been looking at the possibilities of extending the business into other areas of our city but have found that at this present time it is not easy to get people to commit, so we have put those plans on hold for now but will research other avenues of expansion.

In the meantime we are putting our energies into building up the business locally and seeing that grow.

Dividend

Because we are not going ahead with opening up a new branch just yet, we feel it is only right and proper to distribute some of the monies we had set aside for that project.

So we will be issuing a dividend that takes into account the fact that we were unable to pay one last year.

Community focus and sponsorship

Our Marketing and Sponsorship Committee have been very busy getting out and about meeting people, attending many community functions and writing up some very exciting sponsorship deals. Plus this year we are going to be continuing the advertising campaign that Bendigo and Adelaide Bank started in March. We will be having regular adverts in one of our local papers.

Can I at this point offer all our shareholders an apology? It was my desire and intention to keep you all informed on a regular basis through a newsletter about the progress of your company, which I haven't been able to do. It is my intention that we will do better in this area in the future, so can I ask you all to bear with me for a little bit longer. And if there are any shareholders with newsletter writing and production skills, I would love to talk with you.

Human resources

We have had to say good-bye to two of our Directors this year. It is one of the difficulties faced in a volunteer position. Both were very sad to go, but their circumstances dictated their leaving.

Leon Glucina was our Treasurer, and did an excellent job, but his fulltime job had first call on his services. Norman Barratt who has done some excellent work with our Marketing and Sponsorship Committee and is moving out of the area. But we have one new addition to the team, Christine French who has just retired from many years with the ATO and is going to be a wonderful addition to the Board.

Chairman's report (continued)

We do have a great team of staff and Board members, and although it has been a bit of a tough year, it has also been enjoyable and I hope you feel it has been worthwhile.

One of our staff reached a milestone this year. At the end of July, Michelle Lennox clocked up ten years as Branch Manager, congratulations Michelle you're a star.

Ray Norvill
Chairman

Manager's report

For year ending 30 June 2014

The past 12 months has been a real rollercoaster ride to say the least. Both loans and deposits have been volatile in the market. We have seen people selling property, paying off loan debts, using funds held in term deposits to reduce debt levels or assist with cash flow requirements.

Other bank competition has been fierce with regards to interest rates in both lending and deposits, however Bendigo Bank has also remained competitive with interest rates and fees.

Our customers, both existing and new are very keen to learn about Gosnells **Community Bank**® Branch and how we are different to other banks. They know we are **Bigger than a bank** when it comes to customer, community and people. Like us they feel good about what we do within our local Communities and understand that by them banking with Gosnells **Community Bank**® Branch they are also supporting their own community.

We are not always the cheapest but cheapest is not necessarily the best. We certainly will offer top quality customer service to all of our customers each and every time they visit the branch or pick up the phone to call us. This along with our community involvement makes our **Community Bank**® branch stand apart.

In saying that, our business growth for the financial year has gone backwards. Our branch approved and settled 59 loans to the value of $5.52 million however 64 loans were paid out and discharged to the value of $14.446 million. One of these was a large business facility of nearly $12 million. The Branch opened 759 accounts to the value of $7.642 million however closed off 714 accounts to the value of $9.762 million.

Compared to last year (30 June 2013) our total business held was $107.9 million. As at 30 June 2014 it was $95.098 million. This consists of a lending portfolio of $29.489 million, a deposit portfolio of $57.008 million and other business of $8.601 million.

Although the end result was very disheartening and disappointing, as a branch the staff and I can stand up and say that we have given 200% towards our jobs, customers, community and our branch. We now have to focus on the new financial year ahead and look forward to growing our business to the full potential.

We need the assistance of people like you – our shareholders. We need you to be our advocates and tell the story about our **Community Bank**® branch. Explain how we came to be and why the community wanted us here. Tell people how good our **Community Bank**® branch is and that we offer a wide range of products and services to suit everyone from a new born baby to a multi million dollar company. We would love to chat to anyone and compare their current banking arrangements.

Our aim for the next 12 months is to attract new customers to the branch, increase customer numbers, increase our loan and deposit book as well as deepen our customer relationships.

A big thank you to the wonderful volunteers on the Board. Their support has been invaluable. They continue to work tirelessly within our community to promote the Gosnells **Community Bank**® Branch. Over the past 12 months they have been very busy working hard with various not-for-profit organisations helping them to achieve their overall goals by way of sponsorship from our Branch. As volunteers they devote many hours to make our community successful.

My staff – I could not ask for a better team of people to work with. They all have commitment, drive, respect and dedication in everything they do. They believe in the Bank's values - live and breathe these each and every day. Our branch is like a small family. We care about each other. We look out for each other and offer help in need. Each and every staff member is here because they want to be and that's all I can ask for.

Our business partners Bendigo and Adelaide Bank are also there to assist our branch and I would also like to thank them for their assistance in helping the branch throughout the year.

Manager’s report (continued)

And very importantly our shareholders and customers – without you we do not have a business. Thank you all for your support and we look forward to seeing you in the branch.

We are all ready for the next financial year ahead and look forward to achieving some very positive results and growth for our business.

Please visit the branch and encourage others to do the same. Have a chat with the friendly staff and phone the branch on (08) 9490 4233. We would love to be able to assist you with your banking needs.

Michelle Lennox
Branch Manager

Bendigo and Adelaide Bank report

For year ending 30 June 2014

The past year marked two very significant milestones for our **Community Bank®** network, celebrating the opening of its 300th branch while also reaching $120 million in community contributions. Both achievements could not have been accomplished without your ongoing support as shareholders and customers.

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

Sixteen years later, the model has grown into something even bigger than that. It has rapidly developed into a partnership that generates a valued, alternative source of income for a community, funding activities or initiatives that make a local town or suburb a better place to live.

In June 2014, the network welcomed its 305th branch in Penola, South Australia, and in the same week, the Victorian coastal town of Port Fairy introduced its community to our unique style of banking. These branches join a robust and maturing banking network where valued partnerships enhance banking services, taking the profits their banking business generates and reinvesting that funding into initiatives that will ultimately strengthen their community.

The **Community Bank®** network has returned more than $20 million in contributions to local communities in this financial year alone. Our branches have been able to fund projects that make a difference to a community; improved health services, sports programs, aged care facilities, education initiatives and community events that connect communities and encourage prosperity.

Demand from communities remains strong, with about 30 **Community Bank®** branch sites currently in development, and 10 branches expected to open nationally in the next 12 months. The network's steady expansion demonstrates the strength and relevance of a banking model where the desire to support the financial needs of customers is equalled by the desire to realise shared aspirations by harnessing the power of community.

At the end of the financial year 2013/14 the **Community Bank®** network had achieved the following:

- Returns to community – $122.2 million
- **Community Bank®** branches – 305
- **Community Bank®** branch staff – more than 1,500
- **Community Bank®** company Directors – 1,900
- Banking business – $24.46 billion
- Customers – 550,000
- Shareholders – 72,000
- Dividends paid to shareholders since inception – $36.7 million.

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

Bendigo and Adelaide Bank report (continued)

In September last year the Bank announced it would commence a comprehensive review of the **Community Bank®** model. The intention of the review is to rigorously explore and analyse the model, setting the vision and strategy for a sustainable and successful commercial model, regardless of changes to operational and market conditions. An update of this review will be provided at the **Community Bank®** National Conference in Darwin in September.

Bendigo and Adelaide Bank's vision is to be Australia's most 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 respectfully listen and respond to every customer's choice, needs and objectives. We partner for sustainable long-term outcomes and aim to be relevant, connected and valued.

To this aim, the Bank supports the Financial Systems Inquiry (FSI) which calls for an even playing field for all banks in an effort to increase customer choice. It takes a principled approach to governing, encouraging banks to consider all members of a community when they do business.

Bendigo and Adelaide Bank is a signatory to the Regional Banking submission in collaboration with Bank of Queensland, Suncorp and ME Bank, while our independent submission focuses on the important role banks play in communities.

Banks inject a high-level of capability and knowledge in the places they operate, supporting the sustainability of communities and helping to ensure they're viable. The Bank calls for a framework that incentivises banks, and the people who work for them, to be good corporate citizens, while promoting ethical decision making, innovation and better outcomes for customers and communities.

This financial year we launched our new **www.bendigobank.com.au** website. Packed with useful information and easy to access online services, our 1.4 million customers can easily connect with us at home, at work or on their mobile or tablet as well as learn more about our commitment to strengthening and supporting local communities.

In line with increasing demand for "anywhere, anytime" banking, we're excited about the impending introduction of our improved online banking platform to our customers later this year.

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

The **Community Bank®** model is the ultimate example of a win/win partnership and I thank you for your important support of your local **Community Bank®** branch.

Robert Musgrove
Executive Community Engagement

Community partnerships for 2013/14

It has been a busy and fruitful year for the Marketing Team since we joined the Board. As always the applications exceed the available funds and we have been at pains to assess the needs and worthiness of the recipients and any past history that has been brought to the table.

Among the recipients of grants that we have been able to provide have been the following organisations.

- Gosnells Men's Shed - assistance with purchase of security systems
- Gosnells Bowling Club – assistance with purchase of shade construction
- Thornlie Senior High School - provision of scholarships through rugby
- Agility Club of WA Southern River – purchase of towing vehicle and You Like Campaign
- Gosnells Junior Football Club – assistance with uniforms
- Forest Lakes Ball Club – assistance with uniforms
- Gosnells Primary School - You Like Campaign
- Thornlie Cricket Club – assistance with equipment
- Gosnells City Soccer Club – signage
- Sercul – assistance with signage
- Willetton Crows Cricket Club – assistance with equipment

Over the past seven years we have contributed in excess of $350,000 to deserving community organisations and with the increased support of our citizens (by getting more people banking with us) we will be able to continue and expand projects within the City of Gosnells.

It is our aim to have your **Community Bank**® branch become a hub within the community, to promote a sense of pride in and of the City of Gosnells and to nurture the work and motivation of all the volunteers and sponsors within our city who give of their time, effort and money to make this a better place in which to live. We are very proud to be able to be a part of your continued work.

Our thanks to fellow Directors Rob Gibbons and Alby Kalajzich for their work and support, and also to Norm Barratt who will be sorely missed from the Board and the district. We wish him and Deborah well in their new location.

Brian Antunovich
Chairperson Marketing Committee

Directors' report

For the financial year ended 30 June 2014

Your Directors present their report, together with the financial statements of the company for the financial year ended 30 June 2014.

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

Directors

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

Directors (continued)

Norman Barratt	(Resigned 1/7/14)
Position	Non-Executive Director
Occupation	Retired
Background information	Norman is married with two daughters and has lived in the Gosnells community for more than 57 years. Norman has a passion for sport and has previously played for the Gosnells cricket team and has been a member of the Gosnells Football Club for 53 years. Norman was the Manager at Wormald International (Fire Protection) for 12 years. A career change led to a business in Gosnells (Ice Works) for 13 years. Since retiring, Norman has been looking forward to the new challenge of becoming a Director of the Board for the Gosnells **Community Bank**® Branch.
Directorship held in other entities	Nil
Interest in shares and options	Nil
Raymond Smith	(Appointed 1/7/13)
Position	Non-Executive Director, Company Secretary
Occupation	Retired
Background information	Ray Smith is married with three children and has lived in the Gosnells community since 1969. Ray graduated from Curtin with a BSc (Chem) and Post Grad Diploma in Business Management. He has spent 29 years working for the Perth Mint, successfully rising to a senior management level. Ray has a commitment to the community and he has had roles with the St Vincent de Paul Society, chair of a school board, past President of Thornlie Rotary Club, past member of SES, volunteer driver for Royal Perth Hospital and Southern Cross Care, State Secretary to Rotary District 9470, and deputy Chairman of Gosnells Community Men's Shed, just to name a few.
Directorship held in other entities	Nil
Interest in shares and options	Nil
Leon Glucina	(Resigned 1/7/14)
Position	Non-Executive Director, Treasurer
Occupation	General Manager
Background information	Leon was born and raised in Gosnells, where he currently lives on a property held by his family for two generations. Leon is the General Manager of a West Australian owned and operated family business located at the Perth International Airport. He is the leader of 70 staff members, inspiring a culture of community within the organisation. Along with his management degree, Leon has held a position of financial controller for more than six years. Leon has volunteered for the role of Director at the Gosnells **Community Bank**® Branch to give back to the community that has supported not only himself, but also his family, over the past 80 years.
Directorship held in other entities	Nil
Interest in shares and options	Nil

Directors (continued)

Albert Kalajzich	(Appointed 29/5/13)
Position	Non-Executive Director
Occupation	Retired
Background information	Albert was born in the gold mining town of Wiluna in WA. From Wiluna, Albert and his family moved to Gosnells. Albert successfully started an engineering apprenticeship at the Gosnells Quarries in 1956 and retired in 2008, however he is still doing some consulting to the extractive industry. Albert had extensive experience within his chosen industry in WA in the through trade, design engineering and senior management, before transferring to the eastern states in 1975. He was also involved in new acquisitions and Greenfield sites where regulation required communication with the communities to satisfy EIS's. Albert worked for 12 years internationally in the extractive industry in the UK, USA and China, with the main focus being due diligence and implementing standard operational and productivity improvements through in-house personnel training programs.
Directorship held in other entities	Nil
Interest in shares and options	Nil
Michelle Lennox	(Resigned as Director 18/8/14)
Position	Executive Director
Occupation	Bank Manager
Background information	Branch Manager of Gosnells **Community Bank**® Branch since July 2004. Michelle holds a very unique & privileged position of also being a Director of Gosnells Financial Services Ltd since 2006.Michelle also holds a certificate 111 in Financial Services & have completed many courses throughout her Banking career. Born & bred in the small country town of Northampton WA, where she lived for 17 years with her parents, Michelle is very familiar with Community involvement & the importance of supporting the people within that Community. From the age of 16, Michelle has been employed in various areas & departments within the Banking industry. To her Banking is just one part of her role. But the most exciting part is her involvement within the Community in which she lives and works. To see Community groups prosper from our Sponsorships and assistance is the best possible reward she feels she could ever ask for. 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	Nil
Interest in shares and options	Nil

Directors (continued)

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

Company Secretary

Raymond Smith – (Appointed Company Secretary 26 August 2013)

Background Information: (Refer above).

Meeting of Directors

During the financial year, 11 meetings of Directors were held. Attendance by each Director during the year were as follows:

	Directors' meetings	
Names of Directors	**Number eligible to attend**	**Number attended**
Brian Antunovich	11	10
Michelle Lennox	11	10
Albert Kalajzich	11	11
Raymond Norvill	11	11
Norman Barratt	11	9
Raymond Smith	11	10
Leon Glucina	11	9
Robert Gibbons	11	9

Principal activities and significant changes in nature of activity

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

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

Review of operations and operating results

The focus of the company's operations during the year was the operation of the Gosnells **Community Bank®** branch of Bendigo Bank, pursuant to a franchise agreement. The profit of the company after providing for income tax amounted to $1,579. This represented a 180% increase on the results reported for the year ended 30 June 2013 (Loss $1,975).

Financial position

The net assets of the company have decreased from $981,150 as at 30 June 2013 to $954,048 as at 30 June 2014.

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

Dividends paid or recommended

The company declared a full and final ordinary dividend of 8 cents per share ($46,574) to shareholders listed on the share registry as at the 15 August 2014 and payable on the 22 September 2014 from the retained profits at 30 June 2014.

Significant changes in state of affairs

No significant changes in the state of affairs declarable.

Events after the reporting period

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

Future developments

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

Options

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

Indemnifying Officers or Auditor

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

Environmental issues

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

Proceedings on behalf of company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

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

Corporate governance

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

Corporate Governance and Audit Committee

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

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

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

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

Non-audit services

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

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

Non-audit services provided by the Auditor during the 2014 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 report (continued)

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 during the 2014 financial year was 9.25%, 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.

Remuneration report (continued)

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 2014 and 30 June 2013.

	2014 $	**2013 $**
Michelle Lennox	131,154	135,911
Brian Antunovich	–	–
Raymond Norvill	–	–
Norman Barratt	–	–
Raymond Smith	–	–
Leon Glucina	–	–
Albert Kalajzich	–	–
Robert Gibbons	–	–
Total remuneration	**131,154**	**135,911**

Remuneration report (continued)

Remuneration of Directors (continued)

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

Key management personnel remuneration

	Salary, fees and commissions $	Superannuation contributions $	Cash bonus $	Non-cash benefits $	Total $	Performance related %
2013						
Michelle Lennox	118,710	11,201	6,000	-	135,911	-
	118,710	**11,201**	**6,000**	**-**	**135,911**	**-**
2014						
Michelle Lennox	120,218	10,936	-	-	131,154	-
	120,218	**10,936**	**-**	**-**	**131,154**	**-**

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 16 of the financial report.

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

Ray Norvill
Director

Perth
Dated 27 September 2014.

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 2014 and of the performance for the year ended on that date of the company;
2. the Chief Executive Officer and Chairman of Corporate Governance and Audit Committee have each declared that:
    a. the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
    b. the financial statements and notes for the financial year comply with the Accounting Standards; and
    c. the financial statements and notes for the financial year give a true and fair view; and
3. in the Directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

Ray Norvill
Director

Perth
Dated 27 September 2014.

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 2014, there have been:

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

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

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

A MACRI
PARTNER

PERTH
DATED THIS 27TH DAY OF SEPTEMBER 2014.

Gosnells Financial Services Limited Financial Report 2014

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

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 2014, 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

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 2014 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 2014. 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 2014 complies with section 300A of the *Corporations Act 2001*.

Macri Partners

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

A MACRI
PARTNER

PERTH
DATED THIS 27TH DAY OF SEPTEMBER 2014.

Financial statements

Statement of Comprehensive Income
for the year ended 30 June 2014

	Note	2014 $	2013 $
Revenue	2	805,385	885,849
Other income	2	35,744	38,614
Employee benefits expense		(470,577)	(525,578)
Depreciation and amortisation expense	3	(19,930)	(18,021)
Other expenses	3	(351,537)	(385,229)
Profit/(loss) before income tax		**(915)**	**(4,365)**
Income tax (expense)/credit	4	2,494	2,390
Net profit/(loss) for the year		**1,579**	**(1,975)**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Fair value gains on available-for-sale financial assets, net of tax		17,893	18,059
Other comprehensive income for the year		**17,893**	**18,059**
Total comprehensive income for the year		**19,472**	**16,084**
Total comprehensive income attributable to:			
Members of the entity		**19,472**	**16,084**

Earnings per share		
From overall operations:		
Basic earnings per share (cents)	0.27	-0.33
Diluted earnings per share (cents)	0.27	-0.33

The accompanying notes form part of these financial statements.

Statement of Financial Position as at 30 June 2014

	Note	2014 $	2013 $
Assets			
Current assets			
Cash and cash equivalents	7	835,028	784,820
Trade and other receivables	8	74,534	78,032
Financial assets	9	146,400	120,840
Other assets	10	5,427	9,027
Current tax assets	15	8,094	29,809
Total current assets		**1,069,483**	**1,022,528**
Non current assets			
Property, plant and equipment	11	28,866	42,450
Intangible assets	12	25,833	35,833
Deferred tax assets	15	21,471	17,255
Total non-current assets		**76,170**	**95,538**
Total assets		**1,145,653**	**1,118,066**
Liabilities			
Current liabilities			
Trade and other payables	13	106,350	68,676
Short-term provisions	14	59,235	55,065
Total current liabilities		**165,585**	**123,741**
Non-current liabilities			
Long-term provisions	14	5,776	2,320
Deferred tax liabilities	15	20,244	10,855
Total non-current liabilities		**26,020**	**13,175**
Total liabilities		**191,605**	**136,916**
Net assets		**954,048**	**981,150**
Equity			
Issued capital	16	588,400	588,400
Retained earnings		365,648	392,750
Total equity		**954,048**	**981,150**

The accompanying notes form part of these financial statements.

Statement of Changes in Equity
for the year ended 30 June 2014

	Note	Issued ordinary capital $	Retained earnings $	Total equity $
Balance at 1 July 2012		588,400	412,197	1,000,597
Profit/(loss) attributable to the members of the company		-	(1,975)	(1,975)
Other comprehensive income		-	18,059	18,059
Dividends paid or provided for	5	-	(35,531)	(35,531)
Balance at 30 June 2013		**588,400**	**392,750**	**981,150**
Balance at 1 July 2013		588,400	392,750	981,150
Profit/(loss) attributable to the members of the company		-	1,579	1,579
Other comprehensive income		-	17,893	17,893
Dividends paid or provided for	5	-	(46,574)	(46,574)
Balance at 30 June 2014		**588,400**	**365,648**	**954,048**

The accompanying notes form part of these financial statements.

Statement of Cash Flows
for the year ended 30 June 2014

	Note	2014 $	2013 $
Cash flows from operating activities			
Receipts from customers		896,227	960,910
Payments to suppliers and employees		(830,877)	(928,311)
Income tax paid / refunded		21,714	(21,727)
Interest received		22,349	40,256
GST Paid		(61,006)	(44,990)
Net cash provided by (used in) operating activities	**17**	**48,407**	**6,138**
Cash flows from investing activities			
Purchase of plant and equipment		(5,236)	(24,864)
Proceeds on sale of plant and equipment		455	-
Purchase of available-for-sale financial assets		-	(95,041)
Payment of franchise fees		-	-
Dividends received		7,440	3,600
Net cash provided by (used in) investing activities		**2,659**	**(116,305)**
Cash flows from financing activities			
Dividends paid		(857)	(32,380)
Net cash provided by (used in) financing activities		**(857)**	**(32,380)**
Net increase/(decrease) in cash held		50,209	(142,547)
Cash and cash equivalents at beginning of financial year		784,820	927,367
Cash and cash equivalents at end of financial year	**7**	**835,028**	**784,820**

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2014

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

Note 1. Statement of significant accounting policies

<u>Basis of preparation</u>

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.

Note 1. Statement of significant accounting policies (continued)

(a) Income tax (continued)

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

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

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

(b) Property, plant and equipment

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

<u>Property</u>

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

<u>Plant and equipment</u>

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.

<u>Depreciation</u>

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.

Note 1. Statement of significant accounting policies (continued)

(b) Property, plant and equipment (continued)

Depreciation (continued)

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

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

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

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

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

(c) Leases

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

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

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

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

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

(d) Financial instruments

Initial recognition and measurement

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

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

Classification and subsequent measurement

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

Note 1. Statement of significant accounting policies (continued)

(d) Financial instruments (continued)

Classification and subsequent measurement (continued)

Amortised cost is calculated as:

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

(ii) less principal repayments;

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

(iv) less any reduction for impairment.

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

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

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

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

(ii) Loans and receivables

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

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

(iii) Held-to-maturity investments

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

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

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

Note 1. Statement of significant accounting policies (continued)

(d) Financial instruments (continued)

Classification and subsequent measurement (continued)

(iv) Available for sale financial assets

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

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

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

(v) Financial liabilities

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

Derivative instruments

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

The company does not hold derivative instruments.

Fair value

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

Impairment

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

Financial guarantees

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

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

The company has not issued any financial guarantees.

Note 1. Statement of significant accounting policies (continued)

(d) Financial instruments (continued)

Derecognition

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

(e) Impairment of assets

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

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

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

(f) Intangibles

Franchise fee

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

(g) Employee benefits

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

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

(h) Provisions

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

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

Note 1. Statement of significant accounting policies (continued)

(i) Cash and cash equivalents

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

(j) Trade and other payables

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

(k) borrowing costs

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

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

(l) Revenue and other income

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

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

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

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

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

(m) Goods and Services Tax (GST)

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

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

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

Note 1. Statement of significant accounting policies (continued)

(n) Comparative figures

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

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

(o) Critical accounting estimates and judgements

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

(i) Impairment

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

No impairment has been recognised in respect of intangibles for the year ended 30 June 2014. Should the projected turnover figures be materially outside of budgeted figures incorporated in value-in-use calculations, an impairment loss would be recognised up to the maximum carrying value of intangibles at 30 June 2013 amounting to $25,833.

(p) New accounting standards for application in future periods

An assessment of Accounting Standards and Interpretations issued by the AASB that are not yet mandatorily applicable to the company and their potential impact on the company when adopted in future periods is discussed below:

- AASB 9: Financial Instruments (December 2010) and associated Amending Standards (applicable for annual reporting periods commencing on or after 1 January 2017).

  These Standards will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and include revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments, and simplified requirements for hedge accounting.

  The key changes that may affect the company on initial application of AASB 9 and associated Amending Standards include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to the hedging of non-financial items. Should the entity elect to change its hedge accounting policies in line with the new hedge accounting requirements of AASB 9, the application of such accounting would be largely prospective.

  Although the Directors of the company anticipate that the adoption of AASB 9 may have an impact on the company's financial instruments, it is impracticable at this stage to provide a reasonable estimate of such impact.

Note 1. Statement of significant accounting policies (continued)

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

- AASB 10: Consolidated Financial Statements, AASB 11: Joint Arrangements, AASB 12: Disclosure of Interests in Other Entities, AASB 127: Separate Financial Statements and AASB 128: Investments in Associates and Joint Ventures (as amended by AASB 2012-10: Amendments to Australian Accounting Standards - Transition Guidance and Other Amendments), and AASB 2011-7: Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards (applicable for annual reporting periods commencing on or after 1 January 2014).

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

  AASB 11 replaces AASB 131: Interests 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 arrangement 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). This Standard is not expected to significantly impact the company's financial statements.

  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's financial statements.

  To facilitate the application of AASBs 10, 11 and 12, revised versions of AASB 127 and AASB 128 have also been issued. The revisions made to AASB 127 and AASB 128 is not expected to significantly impact the company's financial statements.

- AASB 2012-3: Amendments to Australian Accounting Standards- Offsetting Financial Assets and Financial Liabilities (applicable for annual reporting periods commencing on or after 1 January 2014).

  This Standard provides clarifying guidance relating to the offsetting of financial instruments and is not expected to significantly impact the company's financial statements.

- Interpretation 21: Levies (applicable for annual reporting periods commencing on or after 1 January 2014).

  Interpretation 21 clarifies the circumstances under which a liability to pay a levy imposed by a government should be recognised, and whether that liability should be recognised in full at a specific date or progressively over a period of time.

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

- AASB 2013-3: Amendments to AASB 136- Recoverable Amount Disclosures for Non-Financial Assets (applicable for annual reporting periods commencing on or after 1 January 2014).

  This Standard amends the disclosure requirements in AASB 136: Impairment of Assets pertaining to the use of fair value in impairment assessment, but is not expected to significantly impact the company's financial statements.

Note 1. Statement of significant accounting policies (continued)

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

- AASB 2013-4: Amendments to Australian Accounting Standards- Novation of Derivatives and Continuation of Hedge Accounting (applicable for annual reporting periods commencing on or after 1 January 2014).

  AASB 2013-4 makes amendments to AASB 139: Financial Instruments: Recognition and Measurement to permit the continuation of hedge accounting in circumstances where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations.

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

- AASB 2013-5: Amendments to Australian Accounting Standards -Investment Entities (applicable for annual reporting periods commencing on or after 1 January 2014).

  AASB 2013-5 amends AASB 10: Consolidated Financial Statements by defining an "investment entity" and requiring that, with limited exceptions, the entity not consolidate its subsidiaries. The unconsolidated subsidiaries must also be measured at fair value through profit or loss in accordance with AASB 9. The amendments also introduce additional disclosure requirements. As the company does not meet the definition of an investment entity, this Standard is not expected to significantly impact the company's financial statements.

	2014 $	2013 $

Note 2. Revenue and other income

Operating activities		
- Franchise margin income	805,385	885,849
Non-operating activities		
- Interest received	28,087	35,014
- Dividends received	7,440	3,600
- Other income	217	-
	35,744	**38,614**
Total revenue	**841,129**	**924,463**

Note 3. Profit before income tax

Expenses		
Depreciation/amortisation	19,930	18,021
Remuneration of Auditor		
- Auditing or reviewing the financial report	12,000	15,000
- Accounting services	3,000	3,500
- Taxation services	750	700
Total Auditor remuneration	**15,750**	**19,200**

	2014 $	2013 $

Note 4. Income tax expense

	2014 $	2013 $
(a) The components of tax expense comprise:		
- Current tax	(2,494)	(2,390)
- Deferred tax	-	-
	(2,494)	**(2,390)**
(b) The prima facie tax on (profit)/loss from ordinary activities before income tax is reconciled to the income tax as follows:		
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2013: 30%)	7,394	1,310
Add:		
Prior period adjustment	-	-
Tax effect of:		
- non-deductible expenses	(6,699)	1,080
Less:		
Tax effect of:		
- Other allowable items	3,189	-
Income tax (expense)/credit attributable to the company	**2,494**	**2,390**

Note 5. Dividends

	2014 $	2013 $
Fully franked dividend of 8.0 cents per ordinary share was resolved on 23 June 2014 to be paid on the 22 September 2014 (2013: paid on 1 February 2013 of 6.0 cents per share)	46,574	35,531
Balance of franking account at year-end	**258,036**	**278,208**

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 2014.

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.

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

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
Michelle Lennox	-	-	-	-
Brian Antunovich	-	-	-	-
Raymond Norvill	-	-	-	-
Norman Barratt	-	-	-	-
Raymond Smith	-	-	-	-
Albert Kalajzich	-	-	-	-
Leon Glucina	-	-	-	-
Robert Gibbons	-	-	-	-
Total	**-**	**-**	**-**	**-**

	2014 $	2013 $

Note 7. Cash and cash equivalents

Cash on hand	-	150
Cash at Bank	121,860	73,751
Short-term bank deposits	713,168	710,919
	835,028	**784,820**

Note 8. Trade and other receivables

Current

Trade debtors	58,413	67,650
Accrued Income	16,120	10,382
	74,534	**78,032**

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.

	2014 $	2013 $

Note 9. Financial assets

	2014 $	2013 $
Current		
Available-for-sale financial assets		
Listed investments, at fair value:		
- Shares held in listed companies	146,400	120,840
	146,400	**120,840**

Note 10. Other assets

	2014 $	2013 $
Current		
Prepayments	5,427	9,027
	5,427	**9,027**

Note 11. Property, plant and equipment

	2014 $	2013 $
Plant and equipment		
Building improvements – at cost	28,319	28,319
Less: accumulated depreciation	(28,319)	(28,319)
	-	**-**
Leasehold improvements – at cost	-	11,049
Less: accumulated amortisation	-	(1,382)
	-	**9,667**
Furniture and fixtures – at cost	228,303	228,303
Less: accumulated depreciation	(205,577)	(200,112)
	22,726	**28,191**
Office equipment – at cost	10,044	5,935
Less: accumulated depreciation	(3,904)	(1,343)
	6,140	**4,592**
Total property, plant and equipment	**28,866**	**42,450**

Note 11. 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 $	Leasehold improvements $	Furniture & fixtures $	Office equipment $	Total $
Carrying amount at 30 June 2012	-	-	24,461	1,147	25,608
Additions	-	11,049	9,045	4,769	24,863
Disposals	-	-	-	-	-
Depreciation expense	-	(1,382)	(5,315)	(1,324)	(8,021)
Carrying amount at 30 June 2013	**-**	**9,667**	**28,191**	**4,592**	**42,450**
Additions	-	-	-	5,236	5,236
Disposals	-	(8,010)	-	(880)	(8,890)
Depreciation expense	-	(1,657)	(5,466)	(2,808)	(9,931)
Carrying amount at 30 June 2014	**-**	**-**	**22,726**	**6,140**	**28,866**

Note 12. Intangible assets

	2014 $	2013 $
Non-current		
Franchise fees – at cost	50,000	50,000
Less: accumulated amortisation	(24,167)	(14,167)
Net carrying value	**25,833**	**35,833**

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

Note 13. Trade and other payables

	2014 $	2013 $
Current		
Unsecured liabilities:		
Trade creditors and accruals	28,611	25,416
GST Payable	17,034	28,272
Dividends payable	60,705	14,988
	106,350	**68,676**

	2014 $	2013 $

Note 14. Provisions

	2014 $	2013 $
Current		
Employee benefits:		
Provision for annual leave	37,266	37,975
Provision for long service leave	21,969	20,090
	59,235	**55,065**
Number of employees at year-end	**8**	**8**
Non-current		
Employee benefits:		
Provision for long service leave	5,776	2,320
	5,776	**2,320**

Note 15. Tax

	2014 $	2013 $
Current		
Current tax asset	8,094	29,809
	8,094	**29,809**
Current tax liability	-	-
	-	**-**
Non-current		
a. Deferred tax assets		
Deferred tax assets comprise:		
Provisions	19,503	17,215
Tax loss	1,948	-
Other	40	40
	21,471	**17,255**
Gross movements:		
The overall movement in the deferred tax asset account is as follows:		
Opening balance	17,255	15,740
Charge to income	2,288	1,775
Tax loss	1,948	-
Prior year adjustment	-	(260)
Closing balance	**21,471**	**17,255**

	2014 $	2013 $
Note 15. Tax (continued)		
The movement in deferred tax asset for each temporary difference during the year as follows:		
Provisions		
Opening balance	17,215	15,700
Charge to income	2,288	1,775
Tax loss	1,928	-
Prior year adjustment	-	(2,415)
Closing balance	**21,431**	**17,215**
Other		
Opening balance	40	40
Charge to income	-	-
Closing balance	**40**	**40**
b. Deferred tax liabilities		
Deferred tax liabilities comprise:		
Accrued interest income	4,836	3,115
Unrealised gain on financial assets	15,408	7,740
	20,244	**10,855**
Gross movements:		
The overall movement in the deferred tax liabilities account is as follows:		
Opening balance	10,855	4,688
Charge to income	9,390	6,167
Closing balance	**20,244**	**10,855**
The movement in deferred tax liability for each temporary difference during the year as follows:		
Accrued income		
Opening balance	3,115	4,688
Charge to income	1,721	(1,573)
Closing balance	**4,836**	**3,115**
Unrealised gain on financial assets		
Opening balance	7,740	-
Charge to income	7,668	7,740
Closing balance	**15,408**	**7,740**

	2014 $	2013 $

Note 16. Issued capital

	2014 $	2013 $
592,180 (2013: 592,180) fully paid ordinary shares	592,180	592,180
Cost of raising equity	(3,780)	(3,780)
	588,400	**588,400**

Note 17. Cash flow information

	2014 $	2013 $
Profit after income tax		
Profit/(loss) after income tax	1,579	(1,975)
Add/deduct: non-cash flows in profit:		
Depreciation and amortisation	19,930	18,021
Dividends received	(7,440)	(3,600)
Loss on sale of plant and equipment	8,436	-
Changes in assets and liabilities:		
(Increase)/decrease in trade and other receivables	3,499	724
(Increase)/decrease in prepayments	3,600	(2,841)
(Increase)/decrease in current tax assets	21,715	(21,029)
(Increase)/decrease in deferred tax assets	(4,216)	(1,515)
Increase/(decrease) in trade payables and accruals	3,194	7,410
Increase/(decrease) in provisions for employee entitlements	7,626	5,914
Increase/(decrease) in deferred tax liabilities	1,721	(1,573)
Increase/(decrease) in GST payable	(11,237)	6,602
	43,174	**6,138**

Note 18. Capital and leasing commitments

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

	2014 $	2013 $
Payable		
Not longer than one year	70,825	96,324
Longer than one year but not longer than five years	141,651	315,998
	212,476	**412,322**

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

The lease for the property at 2227 Albany Highway has been renewed and is due to expire its first 5 year contract on 15 October 2016 after which the second 5 year option is expected to be exercised.

Note 18. Capital and leasing commitments (continued)

The lease for the property at 3/2223 Albany Highway, Gosnells WA 6110 has been cancelled effective 30 April 2014.

Note 19. Events after the reporting period

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

Note 20. Segment reporting

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

Note 21. Related party transactions

There were no related party transactions during the year.

Note 22. Financial risk management

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

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

a. Financial risk management policies

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

The company does not have any derivative instruments at 30 June 2014.

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.

<u>Interest rate risk</u>

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

<u>Liquidity risk</u>

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

Note 22: Financial risk management (continued)

b. Specific financial risk exposures and management (continued)

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 2014.

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

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

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

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

The trade receivables balances at 30 June 2014 and 30 June 2013 do not include any counterparties with external credit ratings. Customers are assessed for credit worthiness using the criteria detailed above.

c. Financial instrument composition and maturity analysis

	Carrying value		Fair value	
	2014 $	**2013 $**	**2014 $**	**2013 $**
Financial assets				
Cash and Cash Equivalents	835,028	784,820	835,028	784,820
Financial assets	95,041	95,041	146,400	120,840
Trade and other receivables	74,534	78,032	74,534	78,032
Other current assets	5,427	9,027	5,427	9,027
	1,010,030	**966,920**	**1,061,389**	**992,719**
Financial liabilities				
Trade and other payables	106,350	68,676	107,973	68,676
	106,350	**68,676**	**107,973**	**68,676**

The company held the following financial instruments at balance date:

Note 22: Financial risk management (continued)

c. Financial instrument composition and maturity analysis (continued)

Fair value is determined as follows:

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

(a) Cash and cash equivalents

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

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

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

Sensitivity analysis

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

	Profit $	Equity $
Year ended 30 June 2014		
+/- 2% in interest rates	+/- 16,701	+/- 16,701
Year ended 30 June 2013		
+/- 2% in interest rates	+/- 15,696	+/- 15,696

(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 22: Financial risk management (continued)

c. Financial instrument composition and maturity analysis (continued)

(c) Payables (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	
	2014 %	2013 %	2014 $	2013 $	2014 $	2013 $	2014 $	2013 $
Financial assets:								
Cash and cash at bank	0.08	0.08	121,860	73,751	-	150	121,860	73,901
Short-term deposits	3.12	4.92	713,168	710,919	-	-	713,168	710,919
Trade and other receivables	-	-	-	-	74,534	78,032	74,534	78,032
Total financial assets	**-**	**-**	**835,028**	**784,670**	**74,534**	**78,182**	**909,562**	**862,852**
Financial liabilities:								
Trade and other payables	-	-	-	-	106,350	68,676	106,350	68,676
Total financial liabilities	**-**	**-**	**-**	**-**	**106,350**	**68,676**	**106,350**	**68,676**

Note 23: Contingent liabilities and contingent assets

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

Note 24. Company details

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

2227 Albany Highway,
Gosnells WA 6110

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

Franchisee: Gosnells Financial Services Ltd
2227 Albany Highway, Gosnells WA 6110
Phone: (08) 9490 4233 Fax: (08) 9490 4266
ABN: 11 095 764 533

www.bendigobank.com.au/gosnells

Advanced Share Registry
Phone: (08) 9389 8033

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