

GOSNELLS FINANCIAL SERVICES LIMITED

ABN 11 095 764 533

FINANCIAL REPORT

**FOR THE HALF-YEAR ENDED
31 DECEMBER 2011**

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ABN 11 095 764 533

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GOSNELLS FINANCIAL SERVICES LIMITED
ABN 11 095 764 533

DIRECTORS' REPORT

The Directors of the company submit the financial report for the half-year ended 31 December 2011.

DIRECTORS

The names of Directors who held office during or since the end of the half-year are:

Mark Smith (Director and Chairperson) Appointed 24 May 2011 (Chairperson 3 October 2011).
Lily Bahnam (Director and Vice Chairperson)
Timothy Smith (Director and Chairperson) (Resigned 28 October 2011)
Dearne Russell (Director)
John Willmont (Director)
Michael Devereaux (Director and Company Secretary)
Michelle Lennox (Director)
Salim Youssef (Resigned 16 August 2011)
Ignazio Moro (Director and Treasurer) (Resigned 21 February 2012)
Debie Brockhoff (Company Secretary)
Robin Boccia (Resigned 2 February 2012)

PRINCIPAL ACTIVITIES

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

REVIEW OF OPERATIONS

The focus of the Company's operations during the half-year was the operation of the Gosnells Community Bank[®] branch of Bendigo Bank, pursuant to a franchise agreement. The company recorded a net profit after income tax from ordinary activities of \$37,968 for the six months ended 31 December 2011 (six months ended 31 December 2010 was \$80,883).

The Company has issued a final Dividend of 6 cents per share, paid on the 30 of September 2011 out of profits from the 2011 financial year. The dividend is in contrast to the 2010 financial year, where profits were distributed to shareholders via a dividend of 4 cents per share in March 2010 and 4 cents per share in October 2010. The overall decline in dividend issuance in 2011 is attributable to a decline in the level of distributable profit largely attributable to increased sponsorships, as well as the Board's long term objectives to retain a portion of profits within the business for growth and expansion.

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.

Governance and Strategy

Gosnells Financial Services Limited has established a Governance and Strategy Committee. The members of the committee are:

- Iggy Moro (Non-Executive Director) (Resigned 21 February 2012); and
- Dearne Russell (Non-Executive Director)
- Tanya Poynter (Finance Officer);
- Debie Brockhoff (Company Secretary);

GOSNELLS FINANCIAL SERVICES LIMITED
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DIRECTORS' REPORT (CONT'D)

CORPORATE GOVERNANCE (CONT'D)

Governance and Strategy (cont'd)

The primary function of the committee is to 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.

The Company has not appointed a separate audit committee due to the size and nature of operations. The normal functions and responsibilities of an audit committee have been assumed by the Finance and Compliance Committee.

In addition to the above, the Company has also implemented other corporate governance practices, which include:

- Director approval of operating budgets and monitoring of progress against these budgets;
- Ongoing Director training; and
- Monthly Director meetings to discuss performance and strategic plans.

AUDITOR'S DECLARATION

The auditor's independence declaration under section 307C of the *Corporations Act 2001* is set out on page 3 for the half-year ended 31 December 2011.

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



DIRECTOR *CHAIRMAN*


PERTH
DATED THIS 14TH DAY OF MARCH 2012

GOSNELLS FINANCIAL SERVICES LIMITED
ABN 11 095 764 533
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 half-year ended 31 December 2011, there have been:

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


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


A MACRI
PARTNER

PERTH
DATED THIS 14TH DAY OF MARCH 2012

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF: GOSNELLS FINANCIAL SERVICES LIMITED

Report on the Half-year Financial Report

We have reviewed the accompanying half-year financial report of Gosnells Financial Services Limited (the company) which comprises the statement of financial position as at 31 December 2011, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the half-year ended on that date, the accounting policies and other selected explanatory notes and the Directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The Directors of the company are responsible for the preparation and fair presentation of the half-year financial that gives a true and fair view report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 : *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2011 and its performance for the half-year ended on that date and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Gosnells Financial Services Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence


In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the Directors of Gosnells Financial Services Limited would be in the same terms if provided to the Directors as at the date of this auditor's review report.




Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Gosnells Financial Services Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the company's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
- (b) complying with AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.



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



A MACRI
PARTNER

PERTH
DATED THIS 14TH DAY OF MARCH 2012




GOSNELLS FINANCIAL SERVICES LIMITED
ABN 11 095 764 533

DIRECTORS' DECLARATION

The Directors of the company declare that:

1. The financial statements and notes set out on pages 7 to 13 are in accordance with the *Corporations Act 2001*, including:
 - (a) Complying with Accounting Standard AASB 134: Interim Financial Reporting; and
 - (b) giving a true and fair view of the company's financial position as at 31 December 2011 and of its performance for the half-year ended on that date.
2. In the Directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



DIRECTOR
CHAIRMAN

PERTH
DATED THIS 14TH DAY OF MARCH 2012

GOSNELLS FINANCIAL SERVICES LIMITED
ABN 11 095 764 533

STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

	31 December 2011 \$	31 December 2010 \$
Revenue	466,930	483,702
Interest income	25,960	21,759
Employee benefits expense	(259,920)	(209,451)
Depreciation and amortisation expense	(8,543)	(13,376)
Other expenses	(167,953)	(162,804)
	<hr/>	<hr/>
Profit before income tax	56,474	119,830
Income tax expense	(18,506)	(38,947)
	<hr/>	<hr/>
Profit for the period	<u>37,968</u>	<u>80,883</u>
Total comprehensive income for the period	<u>37,968</u>	<u>80,883</u>
Total comprehensive income attributable to:		
Members of the entity	<u>37,968</u>	<u>80,883</u>
 Earnings per share		
From overall operations		
Basics earnings per share (cents)	6.41	13.66
Diluted earnings per share (cents)	6.41	13.66

The accompanying notes form part of these financial statements.

GOSNELLS FINANCIAL SERVICES LIMITED
ABN 11 095 764 533

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2011

	31 December 2011 \$	30 June 2011 \$
CURRENT ASSETS		
Cash and Cash Equivalents	929,124	914,485
Trade and Other Receivables	93,984	89,566
Current Tax Assets	26,616	3,746
Other Current Assets	<u>4,885</u>	<u>4,703</u>
TOTAL CURRENT ASSETS	<u>1,054,609</u>	<u>1,012,500</u>
NON CURRENT ASSETS		
Property, Plant and Equipment	26,464	28,354
Intangible Assets	833	5,833
Deferred Tax Assets	<u>13,960</u>	<u>11,404</u>
TOTAL NON CURRENT ASSETS	<u>41,257</u>	<u>45,591</u>
TOTAL ASSETS	<u>1,095,866</u>	<u>1,058,091</u>
CURRENT LIABILITIES		
Trade and Other Payables	74,789	59,701
Short-term Provisions	<u>45,455</u>	<u>26,421</u>
TOTAL CURRENT LIABILITIES	<u>120,244</u>	<u>86,122</u>
NON CURRENT LIABILITIES		
Long-term Provisions	13,932	11,595
Deferred tax liabilities	<u>4,874</u>	<u>5,995</u>
TOTAL NON CURRENT LIABILITIES	<u>18,806</u>	<u>17,590</u>
TOTAL LIABILITIES	<u>139,050</u>	<u>103,712</u>
NET ASSETS	<u>956,816</u>	<u>954,379</u>
EQUITY		
Issued Capital	588,400	588,400
Retained Earnings	<u>368,416</u>	<u>365,979</u>
TOTAL EQUITY	<u>956,816</u>	<u>954,379</u>

The accompanying notes form part of these financial statements.

GOSNELLS FINANCIAL SERVICES LIMITED
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STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

	Note	Issued Ordinary Capital	Retained Earnings	Total
		\$	\$	\$
Balance at 1 July 2010		588,400	220,678	809,078
Profit attributable to the members of the company		-	80,883	80,883
Dividends paid or provided for	2	-	(23,687)	(23,687)
Balance at 31 December 2010		<u>588,400</u>	<u>277,874</u>	<u>866,274</u>
 Balance at 1 July 2011		 588,400	 365,979	 954,379
Profit attributable to the members of the company		-	37,968	37,968
Dividends paid or provided for	2	-	(35,531)	(35,531)
Balance at 31 December 2011		<u>588,400</u>	<u>368,416</u>	<u>956,816</u>

The accompanying notes form part of these financial statements.

GOSNELLS FINANCIAL SERVICES LIMITED
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STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

	31 December 2011 \$	31 December 2010 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	505,138	552,817
Payments to suppliers and employees	(438,915)	(451,837)
Income Tax paid	(45,053)	(37,623)
Interest received	<u>29,697</u>	<u>24,807</u>
Net cash provided by operating activities	<u>50,867</u>	<u>88,164</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for plant and equipment	<u>(1,653)</u>	<u>(4,171)</u>
Net cash used in investing activities	<u>(1,653)</u>	<u>(4,171)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	<u>(34,575)</u>	<u>(23,107)</u>
Net cash used in financing activities	<u>(34,575)</u>	<u>(23,107)</u>
Net increase/ (decrease) in cash held	14,639	60,886
Cash and cash equivalents at beginning of period	<u>914,485</u>	<u>761,334</u>
Cash and cash equivalents at end of period	<u><u>929,124</u></u>	<u><u>822,220</u></u>

The accompanying notes form part of these financial statements.

GOSNELLS FINANCIAL SERVICES LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

These general purpose financial statements for the half-year reporting period ended 31 December 2011 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standards *AASB 134: Interim Financial Reporting*.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Gosnells Financial Services Limited. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the entity. It is therefore recommended that this financial report be read in conjunction with the annual financial statements for the year ended 30 June 2011, together with any public announcements made during the following half-year.

Accounting Policies

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

Critical Accounting Estimates and Judgments

The critical estimates and judgments are consistent with those applied and disclosed in the June 2011 annual report, except in relation to the following matter:

Impairment – carbon price

There is presently uncertainty in relation to the impacts of the carbon pricing mechanism recently introduced by the Australian Government. This carbon pricing system could potentially affect the assumptions underlying value-in-house calculations used for asset impairment testing purposes. The controlled entity has not incorporated the effect of any carbon price implementation in its impairment testing at 31 December 2011.

New and Revised Accounting Requirements Applicable to the Current Half-year Reporting Period

For the half-year reporting period to 31 December 2011, a number of new and revised Accounting Standard requirements became mandatory for the first time, some of which are relevant to the Company. A discussion of these new and revised requirements that are relevant to the Company is provided below:

- AASB 124: Related Party Disclosures (December 2009)

AASB 124 (December 2009) introduces a number of changes to the accounting treatment of related parties compared to AASB 124 (December 2005, as amended) including the following:

- The definition of a “related party” is simplified, clarifying its intended meaning and eliminating inconsistencies from the definition, including:

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

- the definition now identifies a subsidiary and an associate with the same investor as related parties of each other;
- entities significantly influenced by one person and entities significantly influenced by a close member of the family of that person are no longer related parties of each other;
- the definition now identifies that, whenever a person or entity has both joint control over a second entity and joint control or significant influence over a third party, the second and third entities are related to each other; and
- The definition now clarifies that a post-employment benefit plan and an employer sponsor of such a plan are related parties of each other.
- A partial exception is provided from the disclosure requirements for government-related entities. Entities that are related by virtue of being controlled by the same government can provide reduced related party disclosures.

Application of AASB 124 (December 2009) did not have a significant impact on the financial statements of the Company.

- AASB 2010-4: Further amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101 & AASB 134 and Interpretation 13].

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

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

Application of the amendments AASB 2010-4 did not have a significant impact on the financial statements of the Company.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

- AASB 1054: Australian Additional Disclosures and AASB 2011-I: Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project [AASB 1, AASB 5, AASB 101, AASB 107, AASB 108, AASB 121, AASB 128, AASB 132 and AASB 134 and Interpretations 2, 112 and 113]

AASB 1054 sets out the Australian specific disclosures that are additional to IFRS disclosure requirements. The disclosure requirements in AASB 1054 were previously located in other Australian Accounting Standards.

Application of AASB 1054 did not have a significant impact on the financial statements of the Company.

NOTE 2: DIVIDENDS

	31 December 2011 \$	31 December 2010 \$
Distributions paid/provided for:	35,531	23,687

NOTE 3: SEGMENT INFORMATION

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

NOTE 4: CONTINGENT LIABILITIES

There has been no change in contingent liabilities since the end of the last annual reporting period.

NOTE 5: EVENTS AFTER END OF THE REPORTING PERIOD

There are no matters or circumstances that have arisen since the end of the half year reporting period 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.