annual report 2014

Freycinet Coast Financial Services Limited ABN 32 127 068 222

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Front cover photograph of Triabunna Marina by Peter Huttemeier

Chair's report

Dear Shareholders,

My first year as Chair has been both interesting and challenging.

Our staff have continued to work hard to build our business, and we have some achievements to be proud of:

- Our business continues to grow. This year we increased the business by 11.3 %.
- Consolidation of our presence at Triabunna through our Agency, and the regular presence of our Manager and other Bendigo and Adelaide Bank staff.
- Our grants and sponsorships program continues to make a difference to the lives of many East Coast residents. This year we have given in the order of $36,000 to a range of organisations within the East Coast communities, from our Market Development Fund.

However, the year has also had its challenges as we continue to teeter on the brink of ongoing profitability. We haven't yet achieved the profits we have all been working for, despite the business on our books growing significantly. In general, this is a result of reduced margins due to very low interest rates.
The Board have spent considerable time this year analysing the business and identifying adjustments we need to make in order to achieve the profitability we seek. We are delighted that our business partners and franchisors, Bendigo and Adelaide Bank, have recognised this as an issue, not just for our branches, but for **Community Bank®** branches around the country. They are now part way through a process which will address a number of impacting issues into the future, and ensure the **Community Bank®** model is solid and sustainable. We are looking forward to incorporating their foreshadowed changes, plus the adjustments we have identified, into our banking business as we move forward.

The results for the year have been impacted by the write back of a previously recognised tax asset which resulted from prior year tax losses. Whilst the tax asset still exists, the Directors consider it is more appropriate to recognise it as losses are recouped. I refer you to the financial report for more detail.

This year we saw the retirement of John Austwick from our Board. John was not only a founding member, but worked and lobbied for a **Community Bank®** presence on the East Coast for several years prior to it coming into being as part of the Steering Committee. John then continued as a dedicated Board member, speaking passionately about the benefits of **Community Bank®** branches. We were delighted when John was awarded the Glamorgan Spring Bay Citizen of the Year in January this year, not only for his work towards achieving our branch, but also his many other community contributions. Shayne Williams also retired from the Board this year. Shayne was also a founding member of the Board and before that a member of the Steering Committee, energetically promoted the **Community Bank®** branch in his community. We thank John and Shayne for their individual contributions.

We recognise the strengthening of the Board which comes from rotating the position of Chair. As a result, Rob Woolley stepped aside at the last Annual General Meeting, and I accepted the role with Bruce Dunbabin and Adele Plunkett as joint Deputy Chairs. I would like to thank Rob Woolley for leading the Board through its establishment and consolidation; through the processes of opening two **Community Bank®** branches and one Agency; and for his contribution of strong business acumen and wisdom. Rob remains a Board member and continues to participate as part of the Board team.

I would also like to take this opportunity to thank all Board members for their commitment to our **Community Bank®** branches and their local economies. While not wanting to single out any one person, I know all the Board would like to particularly thank Ken Dean, our Treasurer, for the work he does through the year ensuring we are well equipped with all the financial reports and financial information we need to monitor and manage our business. Thank you also to our Manager and staff for their enthusiasm and hard work, without which we would not be able to offer excellent and efficient service at our branches.

Jenny Logie
CHAIR

Manager's report

Branch Manager's Report

Another year has passed with growth in excess of $8 million for the 12 month period and we now hold in excess of 2,500 accounts. This equates to assisting in excess of 1,500 customers in our local areas, based from St Marys through to Buckland. We continue to grow each year and are still working hard to enable us to get to profit and allow us to repay the support given to us by our loyal shareholders.

We continue to ask for your business. The need to grow further can only be assisted by opening more accounts, offering our insurance and wealth products and services, and being there to assist you in lending matters. We may not always be able to offer the best rates but our vast array of products and the personal service given by our great team can be a plus with your banking needs.

Ongoing assistance from Bendigo State Team, Russ, Rob, Stewart, Jon, Kim, Janelle and Helena has allowed us to work and be part of the bigger picture – their loyal support of our **Community Bank®** branches is appreciated. Business Bankers, Rod, Brian and Garry have been available when needed, and now with Simon and Sammi and their support staff we have great experience to pass on to our customers.

With our foray into Triabunna we need to now grow this business. Sponsorship in the Triabunna area over the last 12 months has been in excess of $17,000, something which we have been proud to be able to achieve. Moving forward we look forward to the support of the people in the area, we need your support to continue with this. Agency staff are an integral part of this and we will work with them to build success.

Once again staff have played a vital role in the growth of our **Community Bank®** branches. Lisa O'Neill has been with us for just over 12 months and in December we appointed Kristen Darke to replace Bianca Melling. Bianca left after being with us for five years to continue with her own business and spend more time with her family. We would like to thank Bianca for her commitment to our **Community Bank®** branches.

Lisa and Kristen are now both doing a great job and enjoying being part of our community. Cherie, Susie, Leissa and Georgia have continued in their roles and we know customers have every confidence in working with our staff. Their roles continue to develop and Cherie is now assisting with Lending matters.

We feel the need for good old fashioned banking is still a great positive with a **Community Bank®** branch, we are all working for the same outcome.

For the last six years, staff have been well supported in our roles by our Board of Directors. We have worked together in promoting the branches and once again we say thank you to the Board for this. Our Directors give freely of their own time and have stayed very dedicated to our cause.

Having the opportunity to be involved with the sponsorship of local clubs, groups and associations has given us a great deal of pleasure, and as we continue to grow, we look forward to this continuing. If it was not for the support of Bendigo Bank and the Market Development Fund this would not be happening. Continuing to be positive with our growth and development, we are all looking to the time we reach profit and can celebrate a great achievement for all concerned.

Lyn Mansfield
BRANCH MANAGER
Swansea and Bicheno **Community Bank®** Branches

Bendigo and Adelaide Bank Ltd report

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

Directors' report

Your Directors present their report of the Company for the financial year ended 30 June 2014.

Directors

The following persons were directors of Freycinet Coast Financial Services Limited during or since the end of the financial year up to the date of this report:

Name and position held	Qualifications	Experience and other Directorships
Jennifer Logie	Bachelor of Business	HR Consultant
Appointed 15 August 2007	Graduate Diploma Public Policy	Other Directorships-Nil
Chair		
Bruce Dunbabin	Nil	Primary Producer
Appointed 26 July 2010		Other Directorships-Nil
Joint Deputy Chair		
Adele Plunkett	Diploma in Real Estate Business	Real Estate Consultant
Appointed 24 September 2012		Other Directorships-Nil
Joint Deputy Chair		
Robert Woolley	Chartered	Company Director
Appointed 15 August 2007	Accountant	Other Directorships-Tandou Limited, Tasmanian Pure Foods Ltd
Non-executive Director		
John Austwick	BDSC LDS	Retired
Appointed 15 August 2007		Other Directorships-Nil
Non-executive Director		
Resigned 28 October 2013		
Ken Dean	Chartered Accountant	Retired Chartered Accountant
Appointed 15 August 2007		Other Directorships-Nil
Non-executive Director		
Shayne Williams	Nil	Retired
Appointed 15 August 2007		Other Directorships-Nil
Non-executive Director		
Resigned 3 May 2014		
Derek Freeman	Nil	Vigneron & Commercial Fisherman
Appointed 29 March 2010		Other Directorships-Nil
Non-executive Director		
Nadine Ozols	Nil	Programme Coordinator Rural Primary Health Services
Appointed 29 March 2010		
Non-executive Director		Other Directorships-Nil
Gregory Raspin	Nil	Retail Owner/Operator
Appointed 26 July 2010		Other Directorships-Tas Independent Retailers, May Shaw Nursing Centre
Non-executive Director		
Noel Stanley	Nil	Tourism Accommodation Operator
Appointed 24 September 2012		Other Directorships-Nil
Non-executive Director		

Name and position held	Qualifications	Experience and other Directorships
Tracey Bell	Nil	Company Secretary
Appointed 24 September 2012		Other Directorships-Nil
Non-executive Director		
Neil Edwards	Nil	Quarry Operator & Owner
Appointed 3 February 2014		Other Directorships-Nil
Non-executive Director		

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

Other than stated in this report no Directors have material interests in contracts or proposed contracts with the Company.

Principal activities

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

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

Review of operations

The loss of the Company for the financial year after provision for income tax was $234,491(2013 profit: $8,778), which is a 277% increase as compared with the previous year. The result was significantly impacted by the write back of the future tax benefit- refer Note 1(b) for details.

The net assets of the Company have decreased to $289,053 (2013: $523,544). The decrease is solely due to the years result.

Dividends

No dividends were paid or proposed by the Company during the period.

Significant changes in the state of affairs

No significant changes in the Company's state of affairs occurred during the financial year.

Events subsequent to reporting date

No matters or circumstances have arisen since the end of the financial year that significantly affect 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.

Remuneration report

Remuneration policy

There has been no remuneration policy developed as Director positions are held on a voluntary basis and Directors are not remunerated for their services.

Remuneration benefits and payments

Ken Dean, Robert Woolley and Shayne Williams are Directors of VSW Pty Ltd that owns the property which is leased to the Company for use as the Bicheno bank premises. Rent and outgoings paid during the year ended 30 June 2014 was $37,212 (2012 $38,358).

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

Indemnifying officers or Auditor

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

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

Directors' report continued…

Directors' meetings

The number of Directors' meetings held during the year was 10. Attendances by each Director during the year were as follows:

Director	A	B	C
Jennifer Logie	9	10	
Bruce Dunbabin	9	10	
Adele Plunkett	10	10	
Robert Woolley	6	10	
John Austwick	3	4	
Ken Dean	8	10	1
Shayne Williams	3	8	4
Derek Freeman	8	10	
Nadine Ozols	10	10	
Gregory Raspin	9	10	
Noel Stanley	9	10	
Tracey Bell	5	10	
Neil Edwards	5	5	

A - Number of meetings attended
B - Number of meetings held
C - Leave of absence granted

Audit Committee

The members of the audit committee are Ken Dean (Chair) Jenny Logie, Bruce Dunbabin and Adele Plunkett. The committee met twice during the year.

Likely developments

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

Environmental regulations

The Company is not subject to any significant environmental regulation. However, the Board believes that the Company has adequate systems in place for the management of its environment requirements and is not aware of any breach of these environmental requirements as they apply to the Company.

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.

Company Secretary

Elizabeth Hutchinson has been the Company Secretary of Freycinet Coast Financial Services Limited since 2010.

Elizabeth has a wide range of secretarial and administration experience.

Non audit services

The Board of Directors are 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 in Note 5 did not compromise the external Auditor's independence for the following reasons:

- all non audit services are reviewed and approved by the Audit Committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the Auditor; and
- the nature of the services provided does 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.

Auditor independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set at page 5 of this financial report. No officer of the Company is or has been a partner of the Auditor of the Company.

Signed in accordance with a resolution of the Board of Directors at Bicheno on 1 September 2014.

Jennifer Logie
Director

Richmond Sinnott & Delahunty
Chartered Accountants
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1st September 2014

The Directors
Freycinet Coast Financial Services Limited
PO Box 125
BICHENO TAS 7215

Dear Directors

To the Directors of Freycinet Coast Financial Services Limited

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

I declare that to the best of my knowledge and belief, during the year ended 30 June 2014 there has been no contraventions of:

(i) the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

P. P. Delahunty
Partner
Richmond Sinnott & Delahunty

Financial statements

Statement of Profit or Loss and Other Comprehensive Income for the year ending 30 June 2014

	Notes	2014	2013
		$	**$**
Revenue	2	603,580	618,596
Employee benefits expense	3	(284,862)	(283,649)
Depreciation and amortisation expense	3	(52,094)	(45,635)
Finance costs	3	(1,659)	-
Bad and doubtful debts expense	3	(262)	(582)
Rental expense		(58,499)	(62,847)
Other expenses		(181,193)	(178,077)
Operating profit/(loss) before charitable donations & sponsorships		25,011	47,806
Charitable donations and sponsorships		(35,893)	(32,757)
Profit/(loss) before income tax expense		(10,882)	15,049
Tax expense / (benefit)	4	223,609	6,271
Profit/(loss) for the year		(234,491)	8,778
Other comprehensive income		-	-
Total comprehensive income		(234,491)	8,778
Profit/(loss) attributable to members of the Company		(234,491)	8,778
Total		(234,491)	8,778
Earnings per share (cents per share)			
- basic for profit / (loss) for the year	22	(20.01)	0.75

The accompanying notes form a part of these financial statements.

Statement of Financial Position
As at 30 June 2014

	Notes	2014 $	2013 $
Assets			
Current Assets			
Cash and cash equivalents	6	120,063	96,739
Trade and other receivables	7	56,110	56,246
Total Current Assets		176,173	152,985
Non-Current Assets			
Property, plant and equipment	8	151,330	188,731
Deferred tax asset	4	-	223,609
Intangible assets	9	51,455	65,299
Total Non-Current Assets		202,785	477,639
Total Assets		378,958	630,624
Liabilities			
Current Liabilities			
Trade and other payables	10	39,729	48,339
Loans and borrowings	11	5,661	5,327
Provisions	12	25,891	29,129
Total Current Liabilities		71,281	82,795
Non Current Liabilities			
Loans and borrowings	11	18,624	24,285
Total Non Current Liabilities		18,624	24,285
Total Liabilities		89,905	107,080
Net Assets		289,053	523,544
Equity			
Issued capital	13	1,153,788	1,153,788
Accumulated Losses	14	(864,735)	(630,244)
Total Equity		289,053	523,544

The accompanying notes form a part of these financial statements.

Statement of Cash Flows
For year ending 30 June 2014

	Notes	2014	2013
		$	$
Cash Flows From Operating Activities			
Receipts from customers		662,339	670,803
Payments to suppliers and employees		(632,738)	(604,189)
Interest paid		(1,659)	-
Interest received		1,558	2,847
Net cash provided by/ (used in) operating activities	15	29,500	69,461
Cash Flows From Investing Activities			
Proceeds from sale of property, plant & equipment		-	13,000
Purchase of property, plant & equipment		(849)	(39,601)
Payment for intangible assets		-	(69,221)
Net cash flows from/(used in) investing activities		(849)	(95,822)
Cash flows from financing activities			
Proceeds from borrowings		-	30,194
Repayment of borrowings		(5,327)	(582)
Net cash flows from/(used in) financing activities		(5,327)	29,612
Net increase/(decrease) in cash held		23,324	3,251
Cash and cash equivalents at beginning of financial year		96,739	93,488
Cash and cash equivalents at end of financial year	6	120,063	96,739

The accompanying notes form a part of these financial statements.

Statement of Changes in Equity
For the year ending 30 June 2014

	Note	Issued Capital $	Accumulated Losses $	Total Equity $
Balance at 1 July 2013		**1,153,788**	**(630,244)**	**523,544**
Total comprehensive income for the year		-	(234,491)	(234,491)
Transactions with owners, in their capacity as owners				
Shares issued during the year		-	-	-
Dividends paid or provided	23	-	-	-
Balance at 30 June 2014		**1,153,788**	**(864,735)**	**289,053**
Balance at 1 July 2012		**1,153,788**	**(639,022)**	**514,766**
Total comprehensive income for the year		-	8,778	8,778
Transactions with owners, in their capacity as owners				
Shares issued during the year		-	-	-
Dividends paid or provided	23	-		-
Balance at 30 June 2013		**1,153,788**	**(630,244)**	**523,544**

The accompanying notes form a part of these financial statements.

Notes to the financial statements

These financial statements and notes represent those of Freycinet Coast Financial Services Limited. Freycinet Coast Financial Services Limited ('the Company') is a Company limited by shares, incorporated and domiciled in Australia.

The financial statements were authorised for issue by the Directors on 1 September 2014.

1. Summary of significant accounting policies

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with the *Corporations Act 2001*. Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. The Company is a for profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non current assets, financial assets and financial liabilities.

Economic Dependency

The Company has entered into a franchise agreement with Bendigo and Adelaide Bank Limited that governs the management of the **Community Bank**® branches.

The branches operate as a franchise of Bendigo and Adelaide Bank Limited, using the name "Bendigo Bank" and the logo and system of operations of Bendigo and Adelaide Bank Limited. The Company manages the **Community Bank**® branches on behalf of Bendigo and Adelaide Bank Limited, however all transactions with customers conducted through the **Community Bank**® branches are effectively conducted between the customers and Bendigo and Adelaide Bank Limited.

All deposits are made with Bendigo and Adelaide Bank Limited, and all personal and investment products are products of Bendigo and Adelaide Bank Limited, with the Company facilitating the provision of those products. All loans, leases or hire purchase transactions, issues of new credit or debit cards, temporary or bridging finance and any other transaction that involves creating a new debt, or increasing or changing the terms of an existing debt owed to Bendigo and Adelaide Bank Limited, must be approved by Bendigo and Adelaide Bank Limited. All credit transactions are made with Bendigo and Adelaide Bank Limited, and all credit products are products of Bendigo and Adelaide Bank Limited.

"Bendigo and Adelaide Bank Limited provides significant assistance in establishing and maintaining the **Community Bank**® branch franchise operations. It also continues to provide ongoing management and operational support, and other assistance and guidance in relation to all aspects of the franchise operation, including advice in relation to:

· Advice and assistance in relation to the design, layout and fit out of the **Community Bank**® branch;

· Training for the branch managers and other employees in banking, management systems and interface protocol;

· Methods and procedures for the sale of products and provision of services;

· Security and cash logistic controls;

· Calculation of company revenue and payment of many operating and administrative expenses;

· The formulation and implementation of advertising and promotional programs; and

· Sale techniques and proper customer relations."

(b) Income tax

The income tax expense / (income) for the year comprises current income tax expense / (income) and deferred tax expense / (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities/(assets) are measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset 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 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.

The Directors have not been able to determine with any certainty the period over which the tax losses will be recouped and as such have determined that the asset should be written back. The benefit of existing tax losses will be recognised as they are recouped.

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

(c) Fair value of assets and liabilities

The Company measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Company would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independant, knowledgable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair value of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs)

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of the liabilities and the entity's own equity instruments may be valued, where there is no observable market price in relation to the transfer of such financial instrument, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted, and where significant, are detailed in the respective note to the financial statements.

d) Property, plant and equipment

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

Plant and equipment

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses related to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present.

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

Depreciation

The depreciable amount of all fixed assets, is depreciated on a straight-line basis over the asset's useful life to the Company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

Class of asset	*Depreciation rate*
Leasehold improvements	10%
Plant & equipment	10-20%

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

An asset's carrying amount is written down immediately to its recoverable amount if the assets' 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 recognised in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

(e) Impairment of assets
At each reporting period, the Company assesses whether there is any indication that an asset may be impaired. 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 cost to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard. Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

(f) 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).

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

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(g) Employee benefits
Short-term employee benefits
Provision is made for the Company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the undiscounted amounts expected to be paid when the obligation is settled.

Other long-term employee benefits
Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations.

The Company's obligation for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Company does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

(h) Intangibles
Franchise renewal costs have been initially recorded at cost and amortised on a straight line basis at a rate of 20% per annum. The current amortisation charges for intangible assets are included under depreciation and amortisation expense per the Statement of Profit or Loss and Other Comprehensive Income.

(i) Cash and cash equivalents
Cash and cash equivalents include cash on hand, deposits available on demand with banks.

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

(j) Revenue
Revenue is measured at the fair value of the consideration received or receivable. Revenue comprises service commissions and other income received by the Company.

Interest, dividend and fee revenue is recognised when earned.

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

(k) Trade and other receivables
Trade and other receivables include amounts due from customers for services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

(l) Trade and other payables

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(m) Borrowing costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

AASB 13 provides a single source of guidance on how fair value is measured, and replaces the fair value measurement guidance that is currently dispersed throughout Australian Accounting Standards. Subject to limited exceptions, AASB 13 is applied when fair value measurements or disclosures are required or permitted by other AASBs. The Company is currently reviewing its methodologies in determining fair values. AASB 13 is effective for annual periods beginning on or after 1 January 2013 with early adoption permitted.

(n) New and amended accounting policies adopted by the Company

Employee benefits

The Company adopted AASB 119: Employee Benefits (September 2011) and AASB 2011-10: Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) from the mandatory application date of 1 January 2013. The Company has applied these Standards retrospectively in accordance with AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors and the transitional provisions of AASB 119 (September 2011).

For the purpose of measurement, AASB 119 (September 2011) defines obligations for short-term employee benefits as obligations expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related services. In accordance with AASB 119 (September 2011), provisions for short-term employee benefits are measured at the (undiscounted) amounts expected to be paid to employees when the obligation is settled, whereas provisions that do not meet the criteria for classification as short-term (other long-term employee benefits) are measured at the present value of the expected future payments to be made to employees.

As the Company expects that all of its employees would use all of their annual leave entitlements earned during a reporting period before 12 months after the end of the reporting period, adoption of AASB 119 (September 2011) did not have a material impact on the amounts recognised in respect of the Company's employee provisions. Note also that adoption of AASB 119 (September 2011) did not impact the classification of leave entitlements between current and non-current liabilities in the Company's financial statements.

AASB 119 (September 2011) also introduced changes to the recognition and measurement requirements applicable to termination benefits and defined benefit plans. As the Company did not have any of these types of obligations in the current or previous reporting periods, these changes did not impact the Company's financial statements.

Fair value measurement

The Company has applied AASB 13: Fair Value Measurement and the relevant consequential amendments arising from the related Amending Standards prospectively from the mandatory application date of 1 January 2013 and in accordance with AASB 108 and the specific transitional requirements in AASB 13.

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

No material adjustments to the carrying amounts of any of the Company's assets or liabilities were required as a consequence of applying AASB 13. Nevertheless, AASB 13 requires enhanced disclosures regarding assets and liabilities that are measured at fair value and fair values disclosed in the Company's financial statements.

The disclosure requirements in AASB 13 need not be applied by the Company in the comparative information provided for periods before initial application of AASB 13 (that is, periods beginning before 1 January 2013). However, as some of the disclosures now required under AASB 13 were previously required under other Australian Accounting Standards, such as AASB 7: Financial Instruments: Disclosures, the Company has provided this previously provided information as comparatives in the current reporting period.

(o) New accounting standards for application in future periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Company.

The Company has decided not to early adopt any of the new and amended pronouncements. The Company's assessment of the new and amended pronouncements that are relevant to the Company but applicable in the future reporting periods is set below:

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

This Standard will be applicable retrospectively and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

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

(ii) 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, which is not expected to impact the Company's financial statements.

(iii) 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 and is not expected to significantly impact the Company's financial statements.

(p) Loans and borrowings

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

(q) Provisions

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

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

(r) Share capital

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

(s) Comparative figures

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

(t) Critical accounting estimates and judgements

The Directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company. Estimates and judgements are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The estimates and judgements that have a significant risk of causing material adjustments to the carrying values of assets and liabilities are as follows:

Estimation of useful lives of assets

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

Income tax

The Company is subject to income tax. Significant judgement is required in determining the deferred tax asset or the provision for income tax liability. Deferred tax assets are recognised only when it is considered sufficient future profits will be generated. The assumptions made regarding future profits is based on the Company's assessment of future cash flows.

Impairment

The Company assesses impairment at the end of each reporting period by evaluating 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.

(u) Financial instruments

Initial recognition and measurement
Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Company commits itself to either purchase or sell the asset (ie trade date accounting is adopted). Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to the profit or loss immediately.

Classification and subsequent measurement
Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method or cost.

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

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discount estimated future cash payments or receipts over the expected life (or where this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability.

(i) Loans and receivables
Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(ii) Financial liabilities
Non derivative financial liabilities are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Impairment
A financial asset (or group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial assets.

In the case of financial assets carried at amortised cost loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency on interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial asset is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the Company recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

Derecognition of financial instruments
Financial assets are derecognised when the contractual rights to receipt of cash flows expire 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 when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount 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.

	2014 $	2013 $
2. Revenue and other income		
Revenue		
- services commissions	551,799	561,627
- other revenue	50,000	50,000
	601,799	611,627
Other revenue		
- interest received	1,775	2,554
- other revenue	6	4,415
	1,781	6,969
Total Revenue	603,580	618,596
3. Expenses		
Employee benefits expense		
- wages and salaries	252,047	254,165
- superannuation costs	23,099	21,642
- other costs	9,716	7,842
	284,862	283,649
Depreciation of non-current assets:		
- plant and equipment	38,250	39,782
Amortisation of non-current assets:		
- intangible assets	13,844	5,853
	52,094	45,635
Bad debts	262	582
Other expenses:		
- Administration costs	4,765	21,289
- Insurance	14,863	14,230
- Freight	18,790	2,739
- IT running costs	17,509	18,261
- Marketing	7,386	6,703
- Advertising	6,185	3,071
- Printing and Stationery	8,503	8,247
- Telephone	10,941	10,535
- Cash delivery	15,472	16,132
- IT lease and support costs	17,414	16,594
- Other expenses	59,365	60,276
	181,193	117,801

		2014 $	2013 $
4. Tax Expense			
a. The components of tax expense/(income) comprise			
- current income tax expense (income)		(2,572)	6,271
- deferred tax expense/(income) relating to the reversal of temporary differences and tax losses	Note 1(b)	227,161	-
- adjustments for under/(over)-provision of current income tax of previous years		(980)	-
		223,609	6,271
b. The prima facie tax on profit/(loss) from ordinary activities before income tax is reconciled to the income tax expense as follows:			
Prima facie tax on profit/(loss) before income tax at 30% (2013: 30%)		(3,264)	4,515
Add tax effect of:			
- Adjustments in respect of current income tax of previous year		(980)	-
- Non recognition of current year losses	Note 1(b)	3,552	-
- Non-deductible expenses		692	1,756
- Write back of previously recognised carried forward tax losses and timing differences	Note 1(b)	223,609	-
Current income tax expense		223,609	6,271
Income tax attributable to the entity		223,609	6,271
The applicable weighted average effective tax rate is		-2054.85%	41.67%
Deferred tax asset			
Future income tax benefits arising from tax losses are recognised at reporting date when realisation of the benefit is regarded as probable		-	223,609

The applicable income tax rate is the Australian Federal tax rate of 30% (2013: 30%) applicable to Australian resident companies. The value of tax losses and other timing differences not brought to account at 30 June 2014 at current tax rates is $227,161.
This benefit will only be realised when sufficient profits are made and providing there are no changes to Income Tax legislation regarding carry forward tax losses.

		2014 $	2013 $
5. Auditors' remuneration			
Remuneration of the auditor for:			
- Audit or review of the financial report		4,300	4,150
- Taxation services		-	550
- Share registry services		1,790	1,720
		6,090	6,420

	2014 $	2013 $
6. Cash and cash equivalents		
Cash at bank and on hand	48,263	56,474
Short-term bank deposits	71,800	40,265
The effective interest rate on short-term bank deposits was 3.35% (2013: 4.10%); these deposits have an average maturity of 75 days.		
Reconciliation of cash		
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:		
Cash and cash equivalents	120,063	96,739
	120,063	96,739

7. Trade and other receivables		
Current		
Trade debtors	55,418	55,771
Other assets	692	475
	56,110	56,246

Credit risk
The Company has no significant concentration of credit risk with respect to any single counterparty or group of counterparties other than those receivables specifically provided for and mentioned within Note 7. The main sources of credit risk to the Company are considered to relate to the classes of assets described as trade and other receivables.

The following table details the Company's trade and other receivables exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as "past due" when the debt has not been settled, within the terms and conditions agreed between the Company and the customer or counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the Company.

The balances of receivables that remain within initial trade terms (as detailed in the table below) are considered to be high credit quality.

			Past Due but Not Impaired			
	Gross Amount	Past Due and impaired	< 30 days	31-60 days	> 60 days	Not Past Due
2014						
Trade receivables	55,418	-	-	-	-	55,418
Other receivables	692	-	-	-	-	692
Total	56,110	-	-	-	-	56,110
2013						
Trade receivables	55,771	-	-	-	-	55,771
Other receivables	475	-	-	-	-	475
Total	56,246	-	-	-	-	56,246

	2014 $	**2013 $**
8. Property, plant and equipment		
Leasehold improvements		
At cost	132,222	132,222
Less accumulated depreciation	(79,284)	(66,062)
	52,938	66,160
Plant and equipment		
At cost	233,311	232,462
Less accumulated depreciation	(134,919)	(109,891)
	98,392	122,571
Total written down amount	151,330	188,731
Movements in carrying amounts		
Leasehold improvements		
Balance at the beginning of the reporting period	66,160	79,382
Additions	-	-
Disposals	-	-
Depreciation expense	(13,222)	(13,222)
Balance at the end of the reporting period	52,938	66,160
Plant and equipment		
Balance at the beginning of the reporting period	122,571	118,115
Additions	849	39,601
Disposals	-	(8,585)
Depreciation expense	(25,028)	(26,560)
Balance at the end of the reporting period	98,392	122,571

	2014 $	2013 $
9. Intangible assets		
Franchise Fee		
At cost	69,160	69,221
Less accumulated amortisation	(17,766)	(3,922)
	51,455	65,299
Total Intangible assets	51,455	65,299
Movements in carrying amounts		
Franchise Fee		
Balance at the beginning of the reporting period	65,299	1,931
Additions	-	69,221
Amortisation expense	(13,844)	(5,853)
Balance at the end of the reporting period	51,455	65,299
10. Trade and other payables		
Current		
Unsecured liabilities:		
Trade creditors	14,664	26,421
Other creditors and accruals	25,065	21,918
	39,729	48,339
11. Borrowings		
Current		
Asset Purchase Liability	5,661	5,327
	5,661	5,327
Non-current Asset Purchase Liability	18,624	24,285
	18,624	24,285
12. Provisions		
Employee benefits	25,891	29,129
Movement in employee benefits		
Opening balance	29,129	21,123
Additional provisions recognised	20,415	22,437
Amounts utilised during the year	(23,653)	(14,431)
Closing balance	25,891	29,129
Current		
Annual Leave	25,891	29,129
Total provisions	25,891	29,129

Provision for employee benefits represents amounts accrued for annual leave. The current portion for this provision includes the total amount accrued for annual leave entitlements Based on past experience the Company does not expect the full amount of annual leave as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the Company does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

	2014 $	2013 $
13. Share capital		
1,171,615 Ordinary Shares fully paid of $1 each	1,171,615	1,171,615
Less: Equity raising costs	(17,827)	(17,827)
	1,153,788	1,153,788
Movements in share capital		
Fully paid ordinary shares:		
At the beginning of the reporting period	1,171,615	1,171,615
Shares issued during the year	-	-
At the end of the reporting period	1,171,615	1,171,615

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. At the shareholders' meetings each shareholder is entitled to one vote when a poll is called, or on a show of hands. The Company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid. All shares rank equally with regard to the Company's residual assets.

Capital management

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

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

(i) the Distribution Limit is the greater of:

(a) 20% of the profit or funds of the Franchisee otherwise available for distribution to shareholders in that 12 month period; and

(b) subject to the availability of distributable profits, the Relevant Rate of Return multiplied by the average level of share capital of the Franchisee over that 12 month period; and

(ii) the Relevant Rate of Return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

The Board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the Company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the year ended 30 June 2014 can be seen in the Statement of Profit or Loss and Comprehensive Income.

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

	2014 $	2013 $
14. Retained earnings / (accumulated losses)		
Balance at the beginning of the reporting period	(630,244)	(639,022)
Profit/(loss) after income tax	(234,491)	8,778
Balance at the end of the reporting period	(864,735)	(630,244)
15. Statement of cash flows		
Reconciliation of profit / (loss) after tax to net cash		
provided from/(used in) operating activities		
Profit / (loss) after income tax	(234,491)	8,778
Non cash items		
- Depreciation	38,250	39,782
- Amortisation	13,844	5,853
Profit on asset disposals	-	(1,694)
Changes in assets and liabilities		
- (Increase) decrease in receivables	136	(1,694)
- (Increase) decrease in deferred tax asset	223,609	6,271
- Increase (decrease) in payables	(8,610)	6,880
- Increase (decrease) in provisions	(3,238)	8,006
Net cash flows from/(used in) operating activities	29,500	69,461

(c) Credit standby arrangement and loan facilities

The Company has no bank overdraft and commercial bill facility (2013: $Nil).

16. Related party transactions

The Company's main related parties are as follows:

(a) Key management personnel

Any person(s) having authority or responsibility for planning, directing or controlling the activities of the entity, directly or indirectly including any Director (whether executive or otherwise) of that Company is considered key management personnel. No director of the Company received renumeration for services as a Company director or committee member. There are no executives within the Company whose renumeration is required to be disclosed.

(b) Other related parties

Other related parties include close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel, individually or collectively with their close family members.

(c) Transactions with key management personnel and related parties.

Other than detailed below, no key management personnel or related party has entered into any contracts with the Company. No Director fees have been paid as the positions are held on a voluntary basis.

Ken Dean, Robert Woolley and Shayne Williams are Directors of VSW Pty Ltd that owns the property which is leased to the Company for use as the Bicheno bank premises. Rent and outgoings paid during the year ended 30 June 2014 was $37,212 (2012 $38,358)

16. Related party transactions (continued)

(d) Key management personnel shareholdings

The number of ordinary shares in <Name> Community Financial Services Limited held by each key management personnel of the Company during the financial year is as follows:

	2014	2013
Jennifer Logie	20,001	20,001
Bruce Dunbabin	7,000	7,000
Adele Plunkett	3,000	3,000
Robert Woolley	21,501	21,501
John Austwick	6,001	6,001
Ken Dean	3,501	3,501
Shayne Williams	10,001	10,001
Derek Freeman	-	-
Nadine Ozols	-	-
Gregory Raspin	6,000	6,000
Noel Stanley	1,500	1,500
Tracey Bell	-	-
Neil Edwards	-	-

There was no movement in key management personnel shareholdings during the year. Each share held has a paid up value of $1 and is fully paid.

(e) Other key management transactions

There has been no other transactions involving equity instruments other than those described above.

17. Events after the reporting period

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

18. Contingent liabilities and assets

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

19. Operating segments

The Company operates in the financial services sector where it provides banking services to its clients.

The Company operates in one geographic area being Freycinet Coast, Tasmania.The Company has a franchise agreement with Bendigo & Adelaide Bank Limited who account for 100% of the revenue (2013 100%).

20. Leases

Operating lease commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements

	2014 $	2013 $
Payable - minimum lease payments		
- no later than 12 months	50,787	59,120
- between 12 months and 5 years	90,987	141,773
- greater than 5 years	-	-
	141,774	200,893

The lease is a non-cancellable lease with a 5 year term and also an additional lease with a 2 year term, with rent payable monthly in advance.

21. Company details

The registered office is: Shop 3/64 Burgess Street Bicheno, TAS 7215

The principal places of business are: Shop 1/1 Victoria Street, Swansea Shop 1/64 Burgess Street, Bicheno

22. Earnings per share

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

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

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

	2014 $	2013 $
Profit/(loss) after income tax expense	(234,491)	8,778
Weighted average number of ordinary shares for basic and diluted earnings per share	1,171,615	1,171,615

23. Dividends paid or provided for on ordinary shares

No dividends were paid or proposed by the Company during the period.

24. Financial risk management

The Company's financial instruments consist mainly of deposits with banks, account receivables and payables and loans. The totals for each category of financial instruments measured in accordance with AASB 139 as detailed in the accounting policies are as follows:

	Note	2014 $	2013 $
Financial Assets			
Cash & cash equivalents	6	120,063	96,739
Trade and other receivables	7	56,110	56,246
Total Financial Assets		176,173	152,985
Financial Liabilities			
Trade and other payables	10	39,729	48,339
Borrowings	11	24,285	29,612
Total Financial Liabilities		64,014	77,951

Financial Risk Management Policies

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established an Audit Committee which reports regularly to the Board.

Specific financial risk exposure and management

The main risks the Company is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk, foreign currency risk and other price risk. There have been no substantial changes in the types of risks the Company is exposed to, how the risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

Financial Risk Management Policies (continued)

(a) Credit risk

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

Credit risk is managed through maintaining procedures that ensure, to the extent possible, that clients and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment. Credit terms for normal fee income are generally 30 days from the date of invoice. For fees with longer settlements, terms are specified in the individual client contracts. In the case of loans advanced, the terms are specific to each loan.

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period is equivalent to the carrying amount and classification of those financial assets as presented in the statement of financial position.

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

None of the assets of the Company are past due (2013: nil past due) and based on historic default rates, the Company believes that no impairment allowance is necessary in respect of assets not past due.

The Company limits its exposure to credit risk by only investing in liquid securities with Bendigo and Adelaide Bank Limited and therefore credit risk is considered minimal.

	2014 $	2013 $
Cash and cash equivalents:		
A rated	120,063	96,063

(b) Liquidity risk

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

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

The table below reflects an undiscounted contractual maturity analysis for financial liabilities.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward.

(b) Liquidity risk (continued)

Financial liability and financial asset maturity analysis:

30 June 2014	Note	Total $	Within 1 year $	1 to 5 years $	Over 5 years $
Financial Liabilities due					
Trade and other payables	**10**	39,729	39,729	-	-
Loans and borrowings	**11**	24,285	5,661	18,624	-
Total expected outflows		64,014	45,390	18,624	-
Financial Assets - realisable					
Cash & cash equivalents	**6**	120,063	120,063	-	-
Trade and other receivables	**7**	56,110	56,110	-	-
Total anticipated inflows		176,173	176,173	-	-
Net (Outflow)/Inflow on financial instruments		112,159	130,783	(18,624)	-

30 June 2013	Note	Total $	Within 1 year $	1 to 5 years $	Over 5 years $
Financial Liabilities due					
Trade and other payables	**10**	48,339	48,339	-	-
Loans and borrowings	**11**	29,612*	5,327	24,285	-
Total expected outflows		77,951	53,666	24,285	-
Financial Assets - realisable					
Cash & cash equivalents	**6**	96,739	96,739	-	-
Trade and other receivables	**7**	56,246	56,246	-	-
Total anticipated inflows		152,985	152,985	-	-
Net (Outflow)/Inflow on financial instruments		75,034	99,319	(24,285)	-

(c) Market risk

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

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments.

The financial instruments that primarily expose the Company to interest rate risk are borrowings, fixed interest securities, and cash and cash equivalents.

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 profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible.

These sensitivities assume that the movement in a particular variable is independent of other variables.

Year ended 30 June 2014	Profit $	Equity $
+/- 1% in interest rates (interest income)	718	718
	718	718
Year ended 30 June 2013		
+/- 1% in interest rates (interest income)	403	403
	403	403
The Company has no exposure to fluctuations in foreign currency.		

(d) Price risk

The Company is not exposed to any material price risk.

Fair values - The fair values of financial assets and liabilities are presented in the following table and can be compared to their carrying amounts as presented in the statement of financial position.

Differences between fair values and the carrying amounts of financial instruments with fixed interest rates are due to the change in discount rates being applied to the market since their initial recognition by the Company. Most of these instruments, which are carried at amortised cost, are to be held until maturity and therefore the fair value figures calculated bear little relevance to the Company.

	Note	2014 $	2013 $
Financial Assets			
Cash & cash equivalents	6	120,063	96,739
Trade and other receivables	7	56,110	56,246
Total Financial Assets		176,173	152,985
Financial Liabilities			
Trade and other payables	10	39,729	48,339
Borrowings	11	24,285	29,612
Total Financial Liabilities		64,014	77,951

(i) Cash and cash equivalents, trade and other receivables, and trade and other payables are short-term instruments in nature whose carrying amounts are equivalent to their fair values. The fair values of receivables and payables are determined on the basis of an income approach using a discounted cash flow methodology. Discount rates are based on market interest rates for similar instruments and range between 7.8% and 9.3%, depending upon the nature of the instrument.

Directors Declaration

In accordance with a resolution of the Directors of Freycinet Coast Financial Services Limited, the Directors of the Company declare that:

1 the financial statements and notes, as set out on pages 6 to 28 are in accordance with the Corporations Act 2001 and:

(i) comply with Australian Accounting Standards, which as stated in accounting policy Note 1(a) to the financial statements constitutes compliance with International Financial Reporting Standards (IFRS); and

(ii) give a true and fair view of the Company's financial position as at 30 June 2014 and of the performance for the year ended on that date;

2 in the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Jenny Logie

Jennifer Logie

Director Signed at Bicheno on 1 September 2014.

Independent audit report

Richmond Sinnott & Delahunty
Chartered Accountants
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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF FREYCINET COAST
FINANCIAL SERVICES LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Freycinet Coast Financial Services Limited, which comprises the statement of financial position as at 30 June 2014, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the company.

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of Freycinet Coast Financial Services Limited, would be in the same terms if provided to the directors as at the time of this auditor's report.

Auditor's Opinion

In our opinion:

(a) the financial report of Freycinet Coast 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 and the Corporations Regulations 2001; and

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

RICHMOND SINNOTT & DELAHUNTY
Chartered Accountants

P. P. DELAHUNTY
Partner

Dated at Bendigo, 1st September 2014

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