Galston Financial Services Limited

Financial Statements

as at

30 June 2013

Chairman's Report 2013

This is my sixth year on the Board and my first as Chairman. I am honoured to lead a Board of such mixed skills and experience and on behalf of the Board I would like to thank my predecessor, Gavin Koorey, who remains as a Director and whose strong presence as Chairman over the previous three years has ensured a balanced representation of the shareholders' interests and an effective oversight of management.

I would also like to thank all other members of the Board who give their time both tirelessly and voluntarily.

In our 11th year of operation, Galston Financial Services Limited (the Company) has performed well, in somewhat challenging circumstances. In April 2013 we advised shareholders that the Bendigo and Adelaide Bank would be further reducing the amount of commission payable to the Company on some products. This action affected all **Community Bank®** branches, not just our own. The initiative followed a review by the Bendigo and Adelaide Bank of the allocation of the share of profit between the **Community Bank®** branches and itself. This initiative is referred to as 'Restoring the Balance'. The net result for the Company of the two 'Restoring the Balance' adjustments in this last financial year has been a reduction of after tax profit of approximately $60,000.

The pressure on our margins underlines how important it is to continually improve our efficiency and productivity in the marketplace. This is done by continually monitoring and minimising cost growth and ensuring that it remains below income growth. To this end, each month the Board receives and reviews monthly updates on the Company's performance as well as compliance task reports.

The Board has every confidence in the management and staff of the Company who have continued to supply outstanding management performance and customer service. Our greatest asset other than the **Community Bank®** model itself, is our people and I would like to thank Bernie, Kerron, Karen, Lisa, Susan, Debbie and Jen for their dedication and genuine care of the Company in what has at times been a challenging marketplace.

At this point, I advise that Bernie will be retiring in July 2014. Needless to say, the success of the Company and the continued seamless liaison between management, staff and Board are primarily attributable to Bernie's expertise, congeniality and common sense approach. Bernie, the Board both thanks you for the past nine years and wishes you all the best in your retirement.

In the last financial year our profit before tax was $354,780 with net position being $ 246,273. This represents a drop of 7% over last year's figures. Our Balance Sheet remains strong with an increase in cash of over $100,000 with Non Current assets remaining stable.

Attributable in no small part to Bernie and his team, we have recorded a relatively strong performance, which has allowed a fully franked dividend payment of 13 cents per share to again be made.

With regard to sponsorships and donations. Over the last financial year we have provided over $280,000 to the community. This brings our total contributions to our local area to an incredible $1.2 million, a figure which I believe we can all be immensely proud of.

Looking ahead, while we expect a challenging year as a result of both adjustments regarding the 'restoring the balance' and the pressure on margins, there have been encouraging signs in this first quarter with a growth in demand for housing finance, mostly attributable to the low interest rates. A current lack of supply may however affect the timing within which we realise the benefit of this growth. Competition within the banking industry remains strong and we are focusing on increasing and maintaining an effective business model in order to compete with big banks.

I would like to thank you all for your continued support and ensure you that representing your interests is a role that we all take very seriously and we look forward to sharing the mutual success of the Company over the next 12 months.

Sheena Daley
Chairman

Manager's Report

We are now in our 12th financial year and the business has recorded a good solid result for 2012/2013. Our profit result remained strong over this period and we were able to meet our budget for the year. This means that our returns to shareholders and to our community can continue to be very positive.

By the end of the 2013 financial year our **Community Bank®** branch achieved the following milestones:

- Number of accounts over 5,080.
- Total deposits over $108.4 million
- Total loans over $43.5 million
- Total business over $152.0 million
- Net profit before tax and Sponsorships and Donations was over $642,000.
- Dividends returned to shareholders were 13 cents for every share fully franked.
- Sponsorships, donations and community grants paid totalled over $282,000.

Whilst we achieved overall growth this year our profit result did reduce slightly over the previous year. This was due to the tightening of margins and a reduction in trailer income following the Bendigo and Adelaide Bank's restoring the balance program. I see this continuing over the next 12 months which will provide challenges for this financial year.

Overall I believe the Board, shareholders, customers and staff can be proud of the above achievements as economic activity was subdued especially in the loans area with many customers retiring debt and reduced new loan activity. Business activity has started slowly for the first two months of the current financial year and the branch experienced a reduction of business in July after experiencing very good growth in June. Whilst both loans and deposits reduced initially, both areas are now recovering. Our current position as at 30 September 2013 is as follows:

- Total growth minus $459,000
- Total deposits growth $121,000
- Total loans growth minus $580.000
- Total business as at 30/9/13 sits at over $151.1 million.
- Total number of accounts as at 30/9/12 is 5,090
- Net profit before tax and after Sponsorships and Donations have been added back is $123,478- as at 30/9/12.
- Sponsorships, donations and community grants paid so far this year is $47,501- with another $158,042- committed as at the end of September.

We continue to maintain a viable banking service whilst at the same time providing good returns for local shareholders and making a great contribution back to the community.

This will be my final report to the shareholders of Galston Financial Services Limited as I will be retiring in July of 2014. I would like to take this opportunity to thank the following:

- The Board of Directors for being so committed to their local community and providing the overall direction and support for the branch. All board members have been a pleasure to work with over the past nine years and have made this job the best I have experienced in 40 years of banking.
- The staff for providing an efficient and professional service both to the bank and its customers as well as to our local shareholders. It has also been a privilege to work with staff that are so dedicated and committed to the **Community Bank®** ideal.
- To the shareholders and all of our customers for the support that they continue to give to their local **Community Bank®** branch which of course makes all of the above possible.

Bernie Triebe
Branch Manager

Galston Financial Services Limited
ABN 23 097 581 854
Directors' Report

Your directors submit their report of the company for the financial year ended 30 June 2013.

Directors

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

Name and position held	Qualifications Experience and Other Directorships
Ralph Henry Steele Appointed 23 July 2001 Director	Sound Engineer Director of Location Sound and Berrilee Boarding Kennels Member of original steering committee and original Chairman of Galston Financial Services Limited
Diana Mary Paton Appointed 23 July 2001 Director / Secretary	Printer Director of Adelphi Design and Print Member of original steering committee of Galston Financial Services Limited
Neil Turrell Appointed 4 March 2009 Director	Builder Member of the Master Builders Association. Director of Turrell Building Services and buildBITS.com.au.
Kevin Cook Appointed 4 December 2009 Director / Treasurer	Retired Accountant BA M App Fin. Director of Blackboro Associates Pty Ltd
Diana Valerie Moes Appointed 23 July 2001 Director	Medical Practioner MBBS. SRN
Sheena Daley Appointed 2 April 2008 Director / Chairman	Licensed Real Estate Agent Principal and licensee of DPW Realty in Galston from 1994 to retirement in 2011
Dennis Arthur Phillips Appointed 23 July 2001 Director	Farmer Director of DA & PK Phillips Stock Feed Merchant Member of original steering committee of Galston Financial Services Limited
Gavin Koorey Appointed 2 April 2008 Chairman	Self Storage Manager Director of Hills Self Storage Former Chairman of Galston Financial Services Limited (2009 -2012)

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

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 banking services under management rights to operate a franchised branch of Bendigo and Adelaide Bank Limited.

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

Review of operations

The profit of the company for the financial year after provision for income tax was $246,273 (2012: $265,411), which is a 7.21% decrease as compared with the previous year.

The net assets of the company have increased to $2,103,787 (2012: $1,996,370). The increase is largely due to an increase in the cash deposits held.

	Year Ended 30 June 2013	
Dividends	**Cents Per Share**	**$**
Dividends paid in the year	17	138,856

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

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.

Diana Paton's businesses - Adelphi Offset was hired to print reports to the sum of $3,534 (2012: $2,323), Galston and District Community News was paid for advertising to the sum of $323 (2012: $1,397)

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

Indemnifying officers or auditor

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

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

Directors meetings

The number of directors meetings held during the year were 12. Attendances by each director during the year were as follows:

Director	Board Meetings #	Audit Committee Meetings #
Ralph Henry Steele	9 (12)	N/A
Diana Mary Paton	9 (12)	N/A
Neil Turrell	6 (12)	N/A
Kevin Cook	11 (12)	2 (2)
Diana Valerie Moes	9 (12)	N/A
Sheena Daley	8 (12)	2 (2)
Dennis Arthur Phillips	12 (12)	N/A
Gavin Koorey	9 (12)	2 (2)

 # The first number is the meetings attended while in brackets is the number of meetings eligible to attend.
N/A - not a member of that Committee.

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

Diana Paton was appointed as company secretary of Galston Financial Services Ltd during 2007. Diana has 18 years experience in the financial markets and for the last 11 years has jointly with her husband operated a printing business in Glenorie.

Non audit services

The directors in accordance with advice from the audit committee, 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 Galston, New South Wales on 16 September 2013.

Sheena Daley
Director

Richmond Sinnott & Delahunty
Chartered Accountants

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Bendigo, Victoria
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12 September 2013

The Directors
Galston Financial Services Limited
348 Galston Road
GALSTON NSW 2159

Dear Directors

To the Directors of Galston 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 2013 there has been:

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

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

Warren Sinnott
Partner
Richmond Sinnott & Delahunty

Galston Financial Services Limited
ABN 23 097 581 854
Statement of Profit or Loss and Other Comprehensive Income
for the year ended 30 June 2013

	Notes	2013 $	2012 $
Revenue	2	1,311,781	1,330,503
Employee benefits expense	3	(425,737)	(387,397)
Depreciation and amortisation expense	3	(36,713)	(31,053)
Finance costs	3	-	(106)
Bad and doubtful debts expense	3	(973)	(18)
Other expenses		(211,532)	(204,030)
Operating profit/(loss) before charitable donations & sponsorships		636,826	707,899
Charitable donations and sponsorships		(282,046)	(322,455)
Profit/(loss) before income tax expense		354,780	385,444
Tax expense / (benefit)	4	108,507	120,033
Profit/(loss) for the year		246,273	265,411
Total comprehensive income		246,273	265,411
Profit/(loss) attributable to:			
Members of the company		246,273	265,411
Total		246,273	265,411
Earnings per share (cents per share)			
- basic for profit / (loss) for the year	20	30.15	32.49
- diluted for profit / (loss) for the year	20	30.15	32.49

The accompanying notes form part of these financial statements

Galston Financial Services Limited
ABN 23 097 581 854
Statement of Financial Position
As at 30 June 2013

	Notes	2013 $	2012 $
Assets			
Current Assets			
Cash and cash equivalents	6	1,302,643	1,196,354
Trade and other receivables	7	119,378	122,868
Total Current Assets		1,422,021	1,319,222
Non-Current Assets			
Property, plant and equipment	8	786,652	791,154
Intangible assets	9	43,675	56,893
Total Non-Current Assets		830,327	848,047
Total Assets		2,252,348	2,167,269
Liabilities			
Current Liabilities			
Trade and other payables	10	60,281	57,711
Current income tax payable	4	(7,524)	22,409
Provisions	11	86,521	81,496
Total Current Liabilities		139,278	161,616
Non Current Liabilities			
Deferred tax liability	11	9,283	9,283
Total Non Current Liabilities		9,283	9,283
Total Liabilities		148,561	170,899
Net Assets / (Liabilities)		2,103,787	1,996,370
Equity			
Issued capital	12	816,800	816,800
Reserves	22	21,659	21,659
Retained earnings / (accumulated losses)	13	1,265,328	1,157,911
Total Equity		2,103,787	1,996,370

The accompanying notes form part of these financial statements

Galston Financial Services Limited
ABN 23 097 581 854
Statement of Changes in Equity
for the year ended 30 June 2013

		Issued Capital $	Reserves $	Retained Earnings $	Total Equity $
Balance at 1 July 2011		816,800	-	998,684	1,815,484
Total comprehensive income for the year		-	21,659	265,411	287,070
Transactions with owners, in their capacity as owners					
Dividends paid or provided	21	-	-	(106,184)	(106,184)
Balance at 30 June 2012		**816,800**	**21,659**	**1,157,911**	**1,996,370**
Balance at 1 July 2012		816,800	21,659	1,157,911	1,996,370
Total comprehensive income for the year		-	-	246,273	246,273
Transactions with owners, in their capacity as owners					
Dividends paid or provided	21	-	-	(138,856)	(138,856)
Balance at 30 June 2013		**816,800**	**21,659**	**1,265,328**	**2,103,787**

The accompanying notes form part of these financial statements

Galston Financial Services Limited
ABN 23 097 581 854
Statement of Cash Flows
For the year ended 30 June 2013

	Notes	2013 $	2012 $
Cash Flows From Operating Activities			
Receipts from clients		1,263,993	1,307,591
Payments to suppliers and employees		(911,513)	(936,170)
Income tax paid		(138,440)	(148,426)
Interest paid		-	(106)
Interest received		51,278	53,558
Net cash flows from/(used in) operating activities	14b	265,318	276,447
Cash Flows From Investing Activities			
Proceeds from sale of property, plant & equipment		-	3,318
Purchase of property, plant & equipment		(20,173)	(2,433)
Payments for intangible assets		-	(57,768)
Net cash flows from/(used in) investing activities		(20,173)	(56,883)
Cash Flows From Financing Activities			
Dividends paid		(138,856)	(106,184)
Net cash flows from/(used in) financing activities		(138,856)	(106,184)
Net increase/(decrease) in cash held		106,289	113,380
Cash and cash equivalents at start of year		1,196,354	1,082,974
Cash and cash equivalents at end of year	14a	1,302,643	1,196,354

The accompanying notes form part of these financial statements

The financial statements and notes represent those of Galston Financial Services Limited.

Galston 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 27 September 2013.

1. Summary of significant accounting policies

(a) Basis of preparation

The financial statements are general purpose financial statements, that have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) of the Australian Accounting Standards Board and the Corporations Act 2001. The company is a for profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards (IFRS). Material accounting policies adopted in the preparation of the 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, were applicable, by the measurement at fair value of selected non current assets, financial assets and financial liabilities.

(b) Income tax

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

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

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

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

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

1. Summary of significant accounting policies (continued)

(c) Property, plant and equipment

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

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

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

Class of Asset	*Depreciation Rate*
Buildings	2.5%
Computers	40%
Plant & Equipment	3.75% - 50%

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

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

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

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

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

(d) Impairment of assets

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

(e) Goods and services tax

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

Receivables and payables are stated inclusive of the amount of GST receivable or payable.

1. Summary of significant accounting policies (continued)

(e) Goods and services tax

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

The GST components of investing and 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.

(f) Employee benefits

Provision is made for the company's liability for employee benefits arising from the services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy any vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows attributable to the employee benefits.

(g) Intangibles

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

(h) Cash

Cash on hand and in banks are stated at nominal value. Bank overdrafts are shown as short term borrowings in current liabilities in the statement of financial position.

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

(i) Revenue

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Revenue comprises service commissions and other income received by the company.

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

(j) Receivables and payables

Receivables and payables are non interest bearing and generally have payment terms of between 30 and 90 days. Receivables expected to be collected within 12 months at the end of the reporting period are classified as current assets. Receivables are recognised and carried at original invoice amount less a provision for any uncollected debts. Liabilities for trade creditors and other amounts are carried at cost that is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the company and are recognised as a current liability.

1. Summary of significant accounting policies (continued)

(k) New accounting standards and interpretations not yet adopted

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 (2010), AASB 9 Financial Instruments (2009)

AASB 9 (2009) introduces new requirements for the classification and measurement of financial assets. Under AASB 9 (2009), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. AASB 9 (2010) introduces additions relating to financial liabilities. The IASB currently has an active project that may result in limited amendments to the classification and measurement requirements of AASB 9 and add new requirements to address the impairment of financial assets and hedge accounting.

AASB 9 (2010 and 2009) are effective for annual periods beginning on or after 1 January 2015 with early adoption permitted. The adoption of AASB 9 (2010) is not expected to have an impact on the company's financial assets or financial liabilities.

(ii) AASB 13 Fair Value Measurement (2011)

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.

(iii) AASB 119 Employee Benefits (2011)

AASB 119 (2011) changes the definition of short-term and other long-term employee benefits to clarify the distinction between the two. For defined benefit plans, removal of the accounting policy choice for recognition of actuarial gains and losses is not expected to have any impact on the company. However, the company may need to assess the impact of the change in measurement principles of expected return on plan assets. AASB 119 (2011) is effective for annual periods beginning on or after 1 January 2013 with early adoption permitted.

(l) Loans and borrowings

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

1. Summary of significant accounting policies (continued)

(m) 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.

(n) Share capital

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

(o) Comparative figures

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

(p) Critical accounting estimates and judgements

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

Estimation of useful lives of assets

The company determines the estimated useful lives and related depreciation and amortisation 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 calculating conditions and events specific to the company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value in use calculations which incorporate various key assumptions.

1. Summary of significant accounting policies (continued)

(q) Financial instruments

Initial recognition and measurement

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

Classification and subsequent measurement

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

Fair value represents the amount for which an asset would be exchanged or a liability settled, between knowledgeable willing parties. Where available quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are applied to determine the fair value.
Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less repayments and any reduction for impairment and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

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

At the end of each reporting period, the company assesses whether there is objective evidence that a financial asset has been impaired. A financial asset is deemed 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 asset. In the case of financial assets carried at amortised cost, loss events may include indications that the debtor is experiencing significant financial difficulty, default or delinquency in payments, indications that they will enter bankruptcy or other financial reorganisation and changes in arrears or economic conditions that correlate with defaults.

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.

2. Revenue and other income	2013 $	2012 $
Revenue		
- services commissions	1,260,503	1,275,951
Other revenue		
- interest received	51,278	54,552
Total Revenue	1,311,781	1,330,503

3. Expenses

Employee benefits expense		
- wages and salaries	391,144	355,846
- superannuation costs	34,593	31,551
	425,737	387,397
Depreciation of non-current assets:		
- plant and equipment	9,304	10,244
- buildings	14,192	13,894
Amortisation of non-current assets:		
- intangible assets	13,217	6,915
	36,713	31,053
Finance Costs:		
- Interest paid	-	106
Bad debts	973	18

4. Tax Expense

a. The components of tax expense/(income) comprise		
- current tax expense/(income)	108,507	120,033
- deferred tax expense/(income) relating to the origination and reversal of temporary differences	-	-
- adjustments for under/(over)-provision of current income tax of previous years	-	-
	108,507	120,033

4. Tax Expense (continued)	2013 $	2012 $
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% (2012: 30%)	106,434	115,633
Add tax effect of:		
- Non-deductible expenses	2,073	4,400
Current income tax expense	108,507	120,033
Income tax attributable to the entity	108,507	120,033
The applicable weighted average effective tax rate is	31%	31%
Tax Liabilities		
Current tax payable (refundable)	(7,524)	22,409

The applicable income tax rate is the Australian Federal tax rate of 30% (2012: 30%) applicable to Australian resident companies.

5. Auditors' remuneration

Remuneration of the auditor for:		
- Audit or review of the financial report	4,150	3,900
- Other services	2,800	-
	6,950	3,900

6. Cash and cash equivalents

Cash at bank and on hand	1,302,643	1,196,354

7. Trade and other receivables

Current		
Trade debtors	109,068	116,063
Other assets	10,310	6,805
	119,378	122,868

Credit risk

The company has no significant concentration of credit risk with respect to any single counterparty or company 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 and "loans" (see Note 11).

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.

7. Trade and other receivables (continued)

Credit risk (continued)

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

2013	Gross Amount	Past Due and Impaired	Past Due but Not Impaired < 30 days	31-60 days	> 60 days	Not Past Due
Trade receivables	109,068	-	-	-	-	109,068
Other receivables	10,310	-	-	-	-	10,310
Total	119,378	-	-	-	-	119,378
2012						
Trade receivables	116,063	-	-	-	-	116,063
Other receivables	6,805	-	-	-	-	6,805
Total	122,868	-	-	-	-	122,868

8. Property, plant and equipment

	2013 $	2012 $
Land		
Freehold land at cost	-	-
Freehold land at independent valuation- 2012	293,112	293,112
	293,112	293,112
Buildings		
At cost		-
At independent valuation- 2012	575,147	558,875
Less accumulated depreciation	(146,174)	(131,986)
	428,973	426,889
Plant and equipment		
At cost	203,346	206,729
Less accumulated depreciation	(138,779)	(135,575)
	64,567	71,154
Total written down amount	786,652	791,154

Movements in carrying amounts

Land		
Carrying amount at beginning of year	293,112	262,170
Revaluation increment	-	30,942
Carrying amount at end of year	293,112	293,112

8. Property, plant and equipment (continued)

	2013	2012
Buildings	$	$
Carrying amount at beginning of year	426,889	443,200
Additions	16,276	900
Disposals	-	(3,317)
Depreciation expense	(14,192)	(13,894)
Carrying amount at end of year	428,973	426,889
Plant and equipment		
Carrying amount at beginning of year	71,153	79,865
Additions	3,900	1,532
Disposals	(1,182)	-
Depreciation expense	(9,304)	(10,244)
Carrying amount at end of year	64,567	71,153

9. Intangible assets

Capitalised legal costs		
At cost	3,997	15,319
Less accumulated amortisation	(2,685)	(12,343)
	1,312	2,976
Capitalised francise fees		
At cost	57,768	57,768
Less accumulated amortisation	(15,405)	(3,851)
	42,363	53,917
	43,675	56,893

Movements in carrying amounts

Capitalised legal costs		
Balance at the beginning of the reporting period	2,976	6,040
Amortisation expense	(1,664)	(3,064)
Balance at the end of the reporting period	1,312	2,976
Capitalised franchise fees		
Balance at the beginning of the reporting period	53,917	6,040
Additions	-	51,728
Amortisation expense	(11,554)	(3,851)
Balance at the end of the reporting period	42,363	53,917

10. Trade and other payables	2013 $	2012 $
Current		
Unsecured liabilities:		
Trade creditors	16,299	13,347
Sundry Creditors	550	550
ATO payable	40,332	40,624
Other creditors and accruals	3,100	3,190
	60,281	57,711

11. Provisions

Employee benefits	86,521	81,496
Deferred tax liability	9,283	9,283
	95,804	90,779
Movement in employee benefits		
Opening balance	81,496	69,912
Additional provisions recognised	34,866	48,444
Amounts utilised during the year	(29,841)	(36,860)
Closing balance	86,521	81,496
Current		
Annual Leave	53,170	50,978
	53,170	50,978
Non-current		
Long-service leave	33,351	30,518
	33,351	30,518
Total provisions	86,521	81,496

Provision for employee benefits

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience the company does not expect the full amount of annual leave or long service leave balances classified 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.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

12. Share capital

	2013 $	2012 $
816,800 Ordinary Shares fully paid of $1 each	816,800	816,800
	816,800	816,800

Movements in share capital

Fully paid ordinary shares:		
At the end of the reporting period	816,800	816,800

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 2013 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.

13. Retained earnings / (accumulated losses)

	2013 $	2012 $
Balance at the beginning of the reporting period	1,157,911	998,684
Profit/(loss) after income tax	246,273	265,411
Dividends paid or proposed	(138,856)	(106,184)
Balance at the end of the reporting period	1,265,328	1,157,911

14. Statement of cash flows

	2013 $	2012 $
(a) *Cash and cash equivalents balances as shown in the statement of financial position can be reconciled to that shown in the statement of cash flows as follows*		
As per the statement of financial position	1,302,643	1,196,354
less Bank overdraft	-	-
As per the statement of cash flow	1,302,643	1,196,354
(b) *Reconciliation of profit / (loss) after tax to net cash provided from/(used in) operating activities*		
Profit / (loss) after income tax	246,273	265,411
Non cash items		
- Depreciation	23,496	24,138
- Amortisation	13,217	6,915
- Net (profit) loss on sale of plant and equipment	1,179	-
Changes in assets and liabilities		
- (Increase) decrease in receivables	3,490	(1,770)
- Increase (decrease) in income tax payable	(29,933)	(28,393)
- Increase (decrease) in payables	2,571	(1,438)
- Increase (decrease) in provisions	5,025	11,584
Net cash flows from/(used in) operating activities	265,318	276,447

15. 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.

(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.

Diana Paton's businesses - Adelphi Offset was hired to print reports to the sum of $3,534 (2012: $2,323), Galston and District Community News was paid for advertising to the sum of $323 (2012: $1,397)

(d) Key management personnel shareholdings
The number of ordinary shares in Galston Financial Services Limited held by each key management personnel of the company during the financial year is as follows:

	2013	2012
Ralph Henry Steele	10,000	10,000
Diana Mary Paton	500	500
Neil Turrell	-	-
Kevin Cook	-	-
Diana Valerie Moes	2,000	7,000
Sheena Daley	5,000	5,000
Dennis Arthur Phillips	3,400	3,400
Gavin Koorey	-	-

There was a movement in shareholdings of Diana Moes. This occurred due to the sale of Ms Moes share in Galston Medical Centre which owned 5,000 shares in Galston Financial Services Limited. Each share held has a paid up value of $1 and is fullypaid. There were no other movements in key management personnel shareholding during the year.

(e) Other key management transactions
There has been no other transactions involving equity instruments other than those described above.

16. Events after the reporting period

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

17. Contingent liabilities and assets

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

18. 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 Galston, New South Wales. The company has a franchise agreement in place with Bendigo & Adelaide Bank Limited who account for 100% of the revenue (2012: 100%).

19. Company details

The registered office & principle place of business is: 348 Galston Road
Galston NSW 2159

20. 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:

Profit/(loss) after income tax expense	246,273	265,411
Weighted average number of ordinary shares for basic and diluted earnings per share	816,800	816,800

21. Dividends paid or provided for on ordinary shares

(a) Dividends paid during the year		
Franked dividends - 17 cents per share (2012: 13 cents per share)	138,856	106,184
(b) Franking credit balance		
The amount of franking credits available for the subsequent financial year are:		
- Franking account balance as at the end of the financial year	694,905	615,975
- Franking credits that will arise from the payment of income tax payable as at the end of the financial year	(7,524)	22,409
	687,381	638,384

22. Reserves

Asset Revaluation Reserve		
Balance at the beginning of the financial year	21,659	-
Revaluation - Land	-	21,659
Balance at the end of the financial year	21,659	21,659

23. Financial risk management

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

	Note	2013 $	2012 $
Financial Assets			
Cash & cash equivalents	6	1,302,643	1,196,354
Trade and other receivables	7	119,378	122,868
Total Financial Assets		1,422,021	1,319,222
Financial Liabilities			
Trade and other payables	10	60,281	57,711
Total Financial Liabilities		60,281	57,711

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. The Audit Committee is assisted in the area of risk management by an internal audit function.

Specific Financial Risk Exposure and Management

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

(a) Credit Risk

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

Credit risk is managed through maintaining procedures that ensure, to the extent possible, that clients and counterparties to transactions are of sound credit worthiness and their financial stability is monitored and assessed on a regular basis. 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 (2012: 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.

(a) Credit Risk (continued)

	2013 $	2012 $
Cash and cash equivalents:		
A rated	1,302,643	1,196,354

(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.

Financial liability and financial asset maturity analysis:

30 June 2013	Note	Total $	Within 1 year $	1 to 5 years $	Over 5 years $
Financial Liabilities due					
Trade and other payables	10	(60,281)	(60,281)	-	-
Total expected outflows		(60,281)	(60,281)	-	-
Financial Assets - realisable					
Cash & cash equivalents	6	1,302,643	1,302,643	-	-
Trade and other receivables	7	119,378	119,378	-	-
Total anticipated inflows		1,422,021	1,422,021	-	-
Net (Outflow)/Inflow		1,361,740	1,361,740	-	-

30 June 2012		Total $	Within 1 year $	1 to 5 years $	Over 5 years $
Financial Liabilities due					
Trade and other payables	10	(57,711)	(57,711)	-	-
Total expected outflows		(57,711)	(57,711)	-	-
Financial Assets - realisable					
Cash & cash equivalents	6	1,196,354	1,196,354	-	-
Trade and other receivables	7	122,868	122,868	-	-
Total anticipated inflows		1,319,222	1,319,222	-	-
Net (Outflow)/Inflow on financial instruments		1,261,511	1,261,511	-	-

(c) Market risk

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

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

The weighted average interest rates of the company's interest-bearing financial assets are as follows:

Financial assets	**2013**	**2012**
	$	**$**
Cash and cash equivalents (net of bank overdrafts)	3.94%	4.56%

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 2013	**Profit**	**Equity**
	$	**$**
+/- 1% in interest rates (interest income)	13,026	13,026
	13,026	13,026
Year ended 30 June 2012		
+/- 1% in interest rates (interest income)	11,964	11,964
	11,964	11,964

The company has no exposure to fluctuations in foreign currency.

(d) Price risk

The company is not exposed to any material price risk.

Fair values

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

Galston Financial Services Limited
ABN 23 097 581 854
Directors' Declaration

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

1 the financial statements and notes of the company as set out on pages 6 to 27 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 2013 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.

Sheena Daley
Director

Signed at Galston on 16 September 2013.

Richmond Sinnott & Delahunty
Chartered Accountants

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Bendigo, Victoria
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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GALSTON FINANCIAL SERVICES LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Galston Financial Services Limited, which comprises the statement of financial position as at 30 June 2013, 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 at the year's end.

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 gives a true and fair view and 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 Galston 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 Galston 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 2013 and of its performance for the year ended on that date; and

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

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

Richmond Sinnott + Delahunty

RICHMOND SINNOTT & DELAHUNTY
Chartered Accountants

W. J. SINNOTT
Partner

Dated at Bendigo, 12 September 2013