Galston Financial Services Limited
13th Annual Report and Notice of Annual General Meeting
11th November 2014

Galston & District **Community Bank** Branch **Bendigo Bank**

Franchisee: Galston Financial Services Limited

348 Galston Road, Galston, NSW 2159
Telephone (02) 9653 2227 Facsimilie (02) 9653 2811

Galston Financial Services Limited

ACN 097 581 854

NOTICE OF ANNUAL GENERAL MEETING

The Thirteenth Annual General Meeting of Shareholders will be held at
The Galston Club 21-25 Arcadia Road Galston NSW
On Tuesday 11th November 2014 at 7.30 pm

Agenda

1) **Welcome**

2) **Reports**
   a) The Chairman, Sheena Daley, will present her report on the operations of the Company for the year ended 30th June 2014.
   b) The Manager, Mr Gary Mangan, will present his report for the year ended 30th June 2014.
   c) A representative of Bendigo and Adelaide Bank Limited will address the meeting.

3) **Financial Statements and Reports**
   To receive and consider the financial statements and reports to the shareholders comprising:-
   a) The Financial Statements of the Company for the year ended 30th June 2014.
   b) The directors' declaration and report for the financial year ended 30th June 2014.
   c) The auditor's report for the financial year ended 30th June 2014.

   A copy of the AGM Report and the Audited Financial Statements can be found on our web site at www.galstonbendigo.com.au . For those shareholders without internet access, printed copies are available at the Galston Community Bank Branch, 348 Galston Road Galston.

4) **Directors**
   a) To consider, and if thought fit, to pass the following resolutions as ordinary resolutions:
   b) That pursuant to article 62(1) of the Company's Constitution, Gavin Koorey retires as a director, and being eligible is re-elected as a director;
   c) That pursuant to article 62(1) of the Company's Constitution, Dennis Phillips retires as a director, and being eligible is re-elected as a director;
   d) That pursuant to article 62(1) of the Company's Constitution, Kevin Cook retires as a director, and being eligible is re-elected as a director.
   e) That pursuant to article 52(2) Mr Peter Ruefli, who the Board of Directors appointed as a director on 4th December 2013, retires as a director, and being eligible, is re-elected as a director.

5) **General Business**
   To consider any other business that may lawfully be brought forward by the members of the Company.

By order of the Board

Sheena Daley
Chairman
Dated 1 October 2014

Galston Financial Services Limited

ACN 097 581 854

PROXY FORM

I, ...

(Full Name - BLOCK letters)

of ....

(Address)

being a member of Galston Financial Services Limited

HEREBY APPOINT……………………………………………………………………………….

(Name of Proxy)

OR failing such appointment or the absence of that person, the Chair of the Meeting, as my Proxy to vote for me on my behalf (with discretion as to any business not referred to below) at the Annual General Meeting of members of the Company to be held on 11th November 2014.
(Voting instructions to be indicated by placing a tick in the appropriate box. If no instruction is given the Proxy may vote as that person thinks fit, or abstain.)

Business	FOR	AGAINST	ABSTAIN
1. Receive Financial Statements and Reports	☐	☐	☐
2. Election of Directors			
a. Gavin Koorey	☐	☐	☐
b. Dennis Phillips	☐	☐	☐
c. Kevin Cook	☐	☐	☐
d. Peter Ruefli	☐	☐	☐

Individual Shareholder

Signature of Shareholder .... Date............................

Company Shareholder Sole Director Company Yes ☐ **No** ☐

Signature of Director/Secretary ....Date............................

Signature of Director/Secretary...Date............................

THE RULES FOR VOTING BY PROXY ARE DETAILED ON PAGE 4 OF THIS ANNUAL GENERAL MEETING NOTICE

Galston Financial Services Limited

ACN 097 581 854

RULES FOR VOTING BY PROXY

a) **Who may appoint a proxy?** Each shareholder has the right to appoint a proxy to attend and vote for the shareholder at this meeting.

b) **Shareholders appointing two proxies.** To enable a shareholder to divide their voting rights, a shareholder may appoint two proxies. Where two proxies are appointed:
   i) a separate Proxy Form should be used to appoint each proxy;
   ii) the Proxy Form may specify the proportion, or the number, of votes that the proxy may exercise, and if it does not do so the proxy may exercise half of the votes.

c) **Who may be a proxy?** A shareholder can appoint any other person to be their proxy. A proxy need not be a shareholder of the Company. The proxy appointed can be described in the Proxy Form by an office held, for example, "the Chair of the Meeting".

d) **Signature(s) where shareholder is an individual:** In the case of shareholders who are individuals, the Proxy Form must be signed:
   i) If the shares held by one individual, by that shareholder;
   ii) If the shares held in joint names, by any one of them.

e) **Signature(s) where shareholder is a company.** In the case of shareholders who are companies, the Proxy Form must be signed:
   i) If it has a sole director who is also sole company secretary, by that director (and stating the fact next to, or under, the signature on the Proxy Form);
   ii) In the case of any other company, by either two directors or a director and company secretary.

   The use of the common seal of the company, in addition to those required signatures, is optional.

f) **Authorised persons/attorneys.** If the person signing the Proxy Form is doing so under power of attorney, or is an officer of a company outside of (e) above but authorised to sign the Proxy Form, the power of attorney or other authorisation (or certified copy of it), as well as the Proxy Form, must be received by the Company by the time and at the place in (g) below.

g) **Where to lodge and deadline.** A Proxy Form accompanies this notice. To be effective, Proxy Forms (duly completed and signed) must be received by the Company at is registered office at 348 Galston Road, Galston, NSW, 2159 no later than 12 noon on Tuesday 4th November 2014 and marked for the Attention of the Company Secretary.

Chairman's Report 2014

In this our 13th year, Galston Financial Services has performed comparatively well in a somewhat tighter market. Profit before tax and after payment of sponsorships and donations was in excess of $223,000 which has allowed us to pay a dividend of 12 cents per share – this being only 1 cent per share lower than our previous four years. This reduction was predicted and has been a result of tightening margins and the effect of the Bendigo Bank's ' Restoring the Balance' initiative.

As at 30th June 2014, total assets had grown to a figure of $154 million which, as in previous years, leaves us in a strong position to ride out any possible economic downturn in the coming twelve months.

The financial markets remain uncertain and as previously mentioned, the Bendigo Bank's 'Restoring the Balance' initiative along with the tightening margins has had an effect on our overall profit. Looking forward, we expect that this effect will continue into the coming financial year. The Board is however very confident that the company will remain as financially strong as it is currently and will have the ability to support its shareholders by way of dividends and its community by way of sponsorships and donations.

Sponsorships and donations paid during the financial year totalled $295,000, bringing the total amount paid by Galston Financial Services, back into our community, to marginally under $1.5 million dollars. This figure, along with the strong dividend return, underlines the fact that both the community and shareholders continue to benefit from the company's strong financial position.

With regard more specifically to sponsorships and donations, significantly this last financial year saw the tragic fire at the Galston High School. The Bank acted immediately in pledging our help in any way needed and ensured the principle of our continued support into the future. This year also witnessed our inaugural student scholarship which was received by two local students. We are hoping to continue and increase this initiative, offering more opportunities to capable and enthusiastic local students.

The success of any business comes down to its people and to this end, I would like to publicly welcome Mr Gary Mangan who joined our team as manager in June this year. While both the Board and staff believed it nigh impossible for anyone to fill Bernie's shoes, Gary has made an admirable job of it in a very short time.

Similarly, our staff continues to supply high levels of customer service at the ' coal face' and their level of care and efficiency are a reflexion of the Bank's community spirit. I would like to extend a heartfelt thanks to all ' our girls' at the branch.

Again, in any business, of equal or even more importance are our customers without whose support we would not exist. In supporting us, you allow us to support you. The Board extends a sincere 'thank you' to all its loyal customers.

With regard to the Board, I would like to thank Mr Neil Turrell, a long standing member of the Board who has stepped down this year. Neil's knowledge and expertise has aided in many of the Bank's projects over the last few years. I would also advise that Mr Peter Ruefli was appointed to the Board last December.

A very genuine 'thank you' also to my fellow Board members who have once again selflessly and voluntarily given their time and experience to help the Galston branch of the Bendigo Bank maintain the level of success that it enjoys today.

Sheena Daley
Chairman

Manager's Report

We are now in our 13th financial year and my first as the Manager of Galston **Community Bank®** Branch. The first four months have been challenging and exciting and I would like to thank the Board, staff and the clients for the support I have received since taking over from Mr Bernie Triebe.

The business recorded a good solid result for 2013/2014.

This means that returns to shareholders and to our community can continue to be very positive.

By the end of the 2014 financial year our **Community Bank®** branch achieved the following milestones:

- Number of accounts 5,154
- Total deposits over $108.6 million
- Total loans over $45.4 million
- Total business $154 million
- Net profit before tax and sponsorships and donations was $518,098
- Dividends returned to shareholders were 12 cents for every share fully franked
- Sponsorships, donations and community grants paid totalled over $295,000

Whilst overall growth was good and we maintained our share of wallet growth, the total business fell by $4.912 million. With growth not being achieved and the full impact of "Restoring the Balance" we saw gross income reduce by $108,000 which is reflected in our profit result.

Overall I believe the Board, shareholders, customers and staff can gain comfort from the results considering the economic times and the "Restoring the Balance" initiative instigated by Bendigo and Adelaide Bank Limited.

The aims for the coming year are as follows

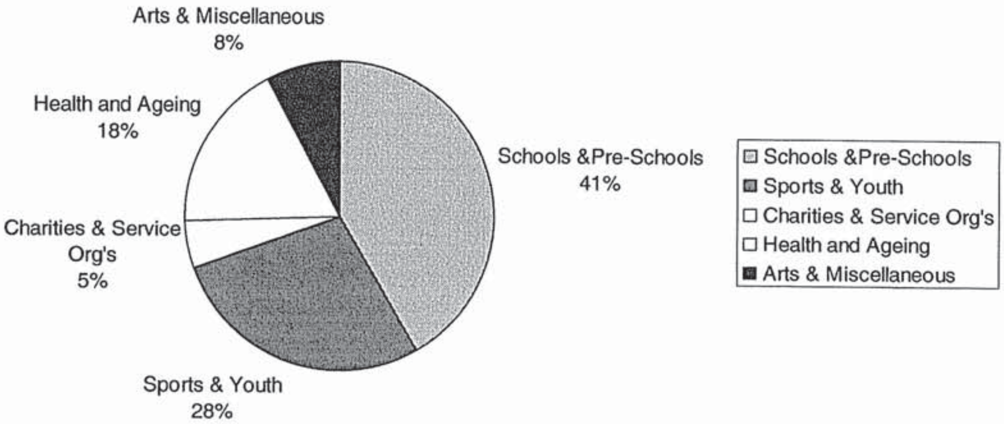
1. Commercial/business growth- to increase our share of wallet
2. Customer awareness- improve customer awareness of financial products we have available to meet clients financial needs.

The first two months of the current year has been a period of consolidation which has seen the following results. This is pleasing considering the above change/transition.

- Total growth minus $753,000
- Total deposits growth $525,000
- Total loans growth minus $228,000
- Total business as at 31/8/14 sits at over $154.8 million.
- Total number of accounts as at 31/8/14 is 5,184.
- Net profit before tax and after sponsorships and donations have been added back is $77,768 as at 31/8/2014
- Sponsorships, donations and community grants paid so far this year is $16,950, with another $66,500 committed as at the end of August 2014.

Community sponsorships/donations for the full year showed a good mix across groups as can be seen in graph attached.

GFS - 2013/2014 Sponsorship Paid & Committed Year Ended 30/06/2014



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.

Gary Mangan
Branch Manager

Galston Financial Services Limited

Financial Statements

as at

30 June 2014

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

Your Directors present their report of the company for the financial year ended 30 June 2014. The information in the preceding operating and financial review forms part of this Directors' report for the financial year ended 30 June 2014 and is to be read in conjunction with the following information:

Directors

The following persons were directors of Galston 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
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 Retired 7 May 2014 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)
Peter Hugh Ruefli Appointed 4 December 2013 Director	Automotive Industry Consultant Principal of Automotive Strategic Consultants Former resident of Dural and Galston for 23 years

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 Bank®** services under management rights to operate a franchised branch of Bendigo and Adelaide Bank

There have 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 $150,037 (2013 profit: $246,273), which is a 61% decrease as compared with the previous year.

The net assets of the company have increased to $2,147,640 (2013: $2,103,787). The increase is largely due to an increase in cash and cash equivalents.

Dividends

	Year ended 30 June 2014	
	Cents per share	**$**
Dividends paid in the year interim dividend:	13	106,184

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.

Parties related to Diana Paton provided printing and advertising services to the sum of $5,340 (2013: $3,534), Parties related to Gavin Koorey provided administrative services to the sum of $2,112 (2013: $nil).

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	11 (12)	N/A
Diana Mary Paton	10 (12)	N/A
Neil Turrell	6 (11)	N/A
Kevin Cook	11 (12)	2 (2)
Diana Valerie Moes	8 (12)	N/A
Sheena Daley	9 (12)	1 (2)
Dennis Arthur Phillips	11 (12)	N/A
Gavin Koorey	10 (12)	2 (2)
Peter Hugh Ruefli	5 (6)	N/A

 # 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 Mary Paton has been the Company Secretary of Galston Financial Services Limited since 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 Board of 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
2 September 2014.

Sheena Daley
Director

Richmond Sinnott & Delahunty
Chartered Accountants
Level 2, 10-16 Forest Street
Bendigo, VICTORIA
PO Box 30, Bendigo VICTORIA 3552
Ph: (03) 5445 4200
Fax: (03) 5444 4344
rsd@rsdadvisors.com.au
www.rsdadvisors.com.au

2 September 2014

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 2014 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.

Kathie Teasdale
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 2014

	Notes	2014 $	2013 $
Revenue	2	1,203,464	1,311,781
Employee benefits expense	3	(435,018)	(425,737)
Depreciation and amortisation expense	3	(34,722)	(36,713)
Finance costs	3	(4)	-
Bad and doubtful debts expense	3	(994)	(973)
Other expenses		(214,628)	(211,532)
Operating profit before charitable donations & sponsorships		518,098	636,826
Charitable donations and sponsorships		(295,001)	(282,046)
Profit before income tax expense		223,097	354,780
Tax expense	4	73,060	108,507
Profit for the year		150,037	246,273
Total comprehensive income		150,037	246,273
Profit attributable to members of the company		150,037	246,273
Total comprehensive income attributable to members of the company		150,037	246,273
Earnings per share (cents per share)			
- basic for profit for the year	21	18.37	30.15

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 2014

	Notes	2014 $	2013 $
Assets			
Current assets			
Cash and cash equivalents	6	1,409,856	1,302,643
Trade and other receivables	7	113,267	126,902
Total current assets		1,523,123	1,429,545
Non-current assets			
Property, plant and equipment	8	765,932	786,652
Intangible assets	9	31,322	43,675
Total non-current assets		797,254	830,327
Total assets		2,320,377	2,259,872
Liabilities			
Current liabilities			
Trade and other payables	10	71,117	60,281
Provisions	11	92,337	86,521
Total current liabilities		163,454	146,802
Non current liabilities			
Deferred tax liability	12	9,283	9,283
Total non current liabilities		9,283	9,283
Total liabilities		172,737	156,085
Net assets / (liabilities)		2,147,640	2,103,788
Equity			
Issued capital	13	816,800	816,800
Reserves	23	21,659	21,659
Retained earnings / (accumulated losses)	14	1,309,181	1,265,328
Total equity		2,147,640	2,103,787

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 2014

		Issued capital $	Reserves $	Retained earnings $	Total equity $
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					
Shares issued during the year		-	-	-	-
Dividends paid or provided	22	-	-	(138,856)	(138,856)
Balance at 30 June 2013		**816,800**	**21,659**	**1,265,328**	**2,103,787**
Balance at 1 July 2013		816,800	21,659	1,265,328	2,103,787
Total comprehensive income for the year		-	-	150,037	150,037
Transactions with owners, in their capacity as owners					
Shares issued during the year		-	-	-	-
Dividends paid or provided	22	-	-	(106,184)	(106,184)
Balance at 30 June 2014		**816,800**	**21,659**	**1,309,181**	**2,147,640**

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 2014

	Notes	2014 $	2013 $
Cash flows from operating activities			
Receipts from customers		1,275,018	1,393,974
Payments to suppliers and employees		(1,044,903)	(1,037,990)
Interest received		53,041	47,774
Income tax paid		(68,109)	(138,440)
Net cash provided by operating activities	15	215,047	265,318
Cash flows from investing activities			
Proceeds from sale of property, plant & equipment		-	-
Proceeds from sale of investments		-	-
Purchase of property, plant & equipment		(1,650)	(20,173)
Net cash flows used in investing activities		(1,650)	(20,173)
Cash flows from financing activities			
Dividends paid		(106,184)	(138,856)
Net cash provided used in financing activities		(106,184)	(138,856)
Net increase in cash held		107,213	106,289
Cash and cash equivalents at beginning of financial year		1,302,643	1,196,354
Cash and cash equivalents at end of financial year	6	1,409,856	1,302,643

The accompanying notes form part of these financial statements

These 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 2 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, were 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;
- Sale techniques and proper customer relations.

1. Summary of significant accounting policies (continued)

(b) Income tax

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

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities are measured at the amounts expected to be paid to 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 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.

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 assets or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

(c) Fair value of assets and liabilities

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 (i.e. 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 (i.e. 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.

1. Summary of significant accounting policies (continued)

(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.

Property

Freehold land and buildings are measured at 2012 revaluation and therefore are carried at 2012 revaluation less accumulated depreciation and any accumulated impairment. In the even the carrying amount of land and buildings is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised in profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present.

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 including buildings and capitalised leased assets, but excluding freehold land, 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*
Buildings	2.5%
Computers	40%
Plant & equipment	3.75 - 50%

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

An assets' 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.

1. Summary of significant accounting policies (continued)

(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

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 Profit or Loss and Other Comprehensive Income.

1. Summary of significant accounting policies (continued)

(i) Cash and cash equivalents

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

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.

(j) 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, 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 goods sold and 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. All other receivables are classified as non-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.

1. Summary of significant accounting policies (continued)

(m) 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.

(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.

1. Summary of significant accounting policies (continued)

(n) New and amended accounting policies adopted by the company (continued)

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) Loans and borrowings

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

(p) 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.

1. Summary of significant accounting policies (continued)

(q) 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.

(r) Comparative figures

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

(s) 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.

1. Summary of significant accounting policies (continued)

(t) 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 (i.e. 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 asset(s).

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.

1. Summary of significant accounting policies (continued)

(t) Financial instruments (continued)

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.

2. Revenue and other income	**2014** **$**	**2013** **$**
Revenue		
- services commissions	1,158,815	1,260,503
	1,158,815	1,260,503
Other revenue		
- interest received	44,649	51,278
	44,649	51,278
Total revenue	1,203,464	1,311,781

3. Expenses

	2014 $	2013 $
Employee benefits expense		
- wages and salaries	398,575	391,144
- superannuation costs	36,443	34,593
	435,018	425,737
Depreciation of non-current assets:		
- plant and equipment	7,991	9,304
- buildings	14,378	14,192
Amortisation of non-current assets:		
- intangible assets	12,353	13,217
	34,722	36,713
Finance costs:		
- Interest paid	4	-
Bad debts	994	973

4. Tax Expense

	2014 $	2013 $
a. The components of tax expense/(income) comprise		
- current tax expense/(income)	73,060	108,507
- 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	-	-
	73,060	108,507
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%)	66,930	106,434
Add tax effect of:		
- Non-deductible expenses	6,130	2,073
Current income tax expense	73,060	108,507
Income tax attributable to the entity	73,060	108,507
The applicable weighted average effective tax rate is	32.75%	30.58%
Tax Assets/Liabilities		
Current tax payable (refundable)	(2,574)	(7,524)
Deferred tax liability (revaluation)	9,283	9,283

The applicable income tax rate is the Australian Federal tax rate of 30% (2013: 30%) applicable to Australian resident companies.

	2014 $	2013 $
5. Auditors' remuneration		
Remuneration of the Auditor for:		
- Audit or review of the financial report	4,300	4,150
- Other services	-	2,800
	4,300	6,950

6. Cash and cash equivalents

	2014 $	2013 $
Cash at bank and on hand	1,409,856	1,302,643

7. Trade and other receivables

	2014 $	2013 $
Current		
Trade debtors	108,775	109,068
Other assets	4,492	17,834
	113,267	126,902

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 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.

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			
2014	**Gross amount**	**Past due and impaired**	**< 30 days**	**31-60 days**	**> 60 days**	**Not past due**
Trade receivables	108,775	-	-	-	-	108,775
Other receivables	4,492	-	-	-	-	4,492
Total	113,267	-	-	-	-	113,267
2013						
Trade receivables	109,068	-	-	-	-	109,068
Other receivables	17,834	-	-	-	-	17,834
Total	126,902	-	-	-	-	126,902

8. Property, plant and equipment

	2014 $	2013 $
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	575,147
Less accumulated depreciation	(160,553)	(146,174)
	414,594	428,973
Plant and equipment		
At cost	204,996	203,346
Less accumulated depreciation	(146,770)	(138,779)
	58,226	64,567
Total written down amount	765,932	786,652

Movements in carrying amounts

	2014 $	2013 $
Land		
Balance at the beginning of the reporting period	293,112	293,112
Balance at the end of the reporting period	293,112	293,112
Buildings		
Balance at the beginning of the reporting period	428,973	426,889
Additions	-	16,276
Disposals	-	-
Depreciation expense	(14,378)	(14,192)
Balance at the end of the reporting period	414,594	428,973
Plant and equipment		
Balance at the beginning of the reporting period	64,567	71,153
Additions	1,650	3,900
Disposals	-	(1,182)
Depreciation expense	(7,991)	(9,304)
Balance at the end of the reporting period	58,226	64,567

9. Intangible assets

	2014 $	2013 $
Capitalised legal costs		
At cost	3,997	3,997
Less accumulated amortisation	(3,485)	(2,685)
	512	1,312
Capitalised franchise fees		
At cost	57,768	57,768
Less accumulated amortisation	(26,958)	(15,405)
	30,810	42,363
Total Intangible assets	31,322	43,675

Movements in carrying amounts

	2014 $	2013 $
Capitalised legal costs		
Balance at the beginning of the reporting period	1,312	2,976
Additions	-	-
Disposals	-	-
Amortisation expense	(800)	(1,664)
Balance at the end of the reporting period	512	1,312
Capitalised franchise fees		
Balance at the beginning of the reporting period	42,363	53,917
Additions	-	-
Disposals	-	-
Amortisation expense	(11,553)	(11,554)
Balance at the end of the reporting period	30,810	42,363

10. Trade and other payables

	2014 $	2013 $
Current		
Unsecured liabilities:		
Trade creditors	23,491	16,299
Sundry creditors	5,598	550
ATO payable	38,828	40,332
Other creditors and accruals	3,200	3,100
	71,117	60,281

11. Provisions

	2014 $	2013 $
Employee benefits	92,337	86,521
Movement in employee benefits		
Opening balance	86,521	81,496
Additional provisions recognised	34,568	34,866
Amounts utilised during the year	(28,752)	(29,841)
Closing balance	92,337	86,521
Current		
Annual leave	52,821	53,170
Long-service leave	39,516	33,351
Total provisions	92,337	86,521

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. Deferred tax liability

	2014 $	2013 $
Deferred tax	9,283	9,283
Movement in deferred tax liability		
Balance at 30 June 2013	9,283	9,283
Revaluation of property	-	-
Balance at 30 June 2014	9,283	9,283

13. Share capital

	2014 $	2013 $
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 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.

14. Retained earnings / (accumulated losses)

	2014 $	2013 $
Balance at the beginning of the reporting period	1,265,328	1,157,911
Profit/(loss) after income tax	150,037	246,273
Dividends paid or proposed	(106,184)	(138,856)
Balance at the end of the reporting period	1,309,181	1,265,328

15. Statement of cash flows

Reconciliation of profit / (loss) after tax to net cash provided from/(used in) operating activities

	2014 $	2013 $
Profit / (loss) after income tax	150,037	246,273
Non cash items		
- Depreciation	22,369	23,496
- Amortisation	12,353	13,217
- Net (profit) loss on sale of plant and equipment	-	1,179
Changes in assets and liabilities		
- (Increase) decrease in receivables	8,686	3,490
- Increase (decrease) in income tax payable	4,950	(29,933)
- Increase (decrease) in payables	10,836	2,571
- Increase (decrease) in provisions	5,817	5,025
Net cash flows from/(used in) operating activities	215,047	265,318

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.

(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.

Parties related to Diana Paton provided printing and advertising services to the sum of $5,340 (2013: $3,534),
Parties related to Gavin Koorey provided administrative services to the sum of $2,112 (2013: $nil).

16. Related party transactions (continued)

(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:

	2014	**2013**
Ralph Henry Steele	10,000	10,000
Diana Mary Paton	500	500
Neil Turrell	-	-
Kevin Cook	-	-
Diana Valerie Moes	2,000	2,000
Sheena Daley	5,000	5,000
Dennis Arthur Phillips	4,900	3,400
Gavin Koorey	-	-
Peter Hugh Ruefli	-	-

There was a movement in shareholdings of Dennis Phillips. This occurred due to the purchase of an additional 1,500 shares in Galston Financial Services Limited. Each share purchased has a paid up value of $1 and is fully paid. 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.

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 Galston, NSW. The company has a franchise agreement in place with Bendigo and Adelaide Bank Limited who account for 100% of the revenue (2013: 100%).

20. Company details

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

	2014	2013
	$	$

21. 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	150,037	246,273
Weighted average number of ordinary shares for basic and diluted earnings per share	816,800	816,800

22. Dividends paid or provided for on ordinary shares

	2014 $	2013 $
(a) Dividends paid during the year:		
Fully franked ordinary dividend of 13 cents per share (2013: 17 cents)	106,184	138,856
(b) Franking credit balance:		
The amount of franking credits available for the subsequent financial year are:		
- Franking account balance as at the end of financial year.	717,507	694,905
- Franking credits that will arise from the payment of income tax payable as at the end of the financial year.	(2,574)	(7,524)
	714,933	687,381

23. Reserves

	2014 $	2013 $
Asset Revaluation Reserve		
Balance at the beginning of the financial year	21,659	21,659
Revaluation - Land	-	-
Balance at the end of the financial year	21,659	21,659

24. 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	2014 $	2013 $
Financial assets			
Cash and cash equivalents	6	1,409,856	1,302,643
Trade and other receivables	7	113,267	126,902
Total financial assets		1,523,123	1,429,545
Financial liabilities			
Trade and other payables	10	71,117	60,281
Total financial liabilities		71,117	60,281

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 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.

(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.

24. Financial risk management (continued)

(a) Credit risk (continued)

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	1,409,856	1,302,643

(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.

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.

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	71,117	71,117	-	-
Total expected outflows		71,117	71,117	-	-
Financial assets - realisable					
Cash & cash equivalents	6	1,409,856	1,409,856	-	-
Trade and other receivables	7	113,267	113,267	-	-
Total anticipated inflows		1,523,123	1,523,123	-	-
Net (outflow)inflow on financial instruments		1,452,006	1,452,006	-	-

24. Financial risk management (continued)

(b) Liquidity risk (continued)

30 June 2013		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**	126,902	126,902	-	-
Total anticipated inflows		1,429,545	1,429,545	-	-
Net (outflow)/inflow on financial instruments		1,369,264	1,369,264	-	-

(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 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.

24. Financial risk management (continued)

(c) Market risk (continued)

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

	Profit $	Equity $
Year ended 30 June 2014		
+/- 1% in interest rates (interest income)	14,099	14,099
	14,099	14,099
Year ended 30 June 2013		
+/- 1% in interest rates (interest income)	13,026	13,026
	13,026	13,026

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.

		2014		2013	
	Note	Carrying amount $	Fair value $	Carrying amount $	Fair value $
Financial assets					
Cash and cash equivalents (i)		1,409,856	1,409,856	1,302,643	1,302,643
Trade and other receivables (i)		113,267	113,267	126,902	126,902
Total financial assets		1,523,123	1,523,123	1,429,545	1,429,545
Financial liabilities					
Trade and other payables (i)		71,117	71,117	60,281	60,281
Total financial liabilities		71,117	71,117	60,281	60,281

(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.

25. Fair value measurements

The company measures and recognises the following assets at fair value on a recurring basis after initial recognition:

- freehold land and buildings

The company subsequently measures some items of freehold land and buildings at fair value on a non-recurring basis.

The company does not subsequently measure any liabilities at fair value on a non-recurring basis.

a. Fair value hierarchy

AASB 13: *Fair Value Measurement* requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1	Level 2	Level 3
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	Measurements based on unobservable inputs for the asset or liability.

Fair values 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. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuation Techniques

The company selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the company are consistent with one or more of the following valuation approaches:

- *Market approach:* valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- *Income approach:* valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
- *Cost approach:* valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the company gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

25. Fair value measurements (continued)

The following tables provide the fair values of the company's assets and liabilities measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value hierarchy:

	Note	30 June 2014 Level 1 $	 Level 2 $	 Level 3 $	 Total $
Recurring fair value measurements					
Non-financial assets					
Freehold land		-	293,112	-	293,112
Freehold buildings		-	414,594	-	414,594
Total non-financial assets recognised		-	707,706	-	707,706
Non-recurring fair value measurements		-	-	-	-

	Note	30 June 2013 Level 1 $	 Level 2 $	 Level 3 $	 Total $
Recurring fair value measurements					
Non-financial assets					
Freehold land		-	293,112	-	293,112
Freehold buildings		-	428,973	-	428,973
Total non-financial assets recognised		-	722,085	-	722,085
Non-recurring fair value measurements		-	-	-	-

There were no transfers between Level 1 and Level 2 for assets measured at fair value on a recurring basis during the reporting period (2013: no transfers).

b. Valuation techniques and inputs used to measure Level 2 fair values

Description	Fair value at	Description of	Inputs used
Land and building	707,706	Market value approach using valuation of land and buildings as at 5 March 2012	Independent valuer

(i) The fair value of freehold land and buildings is determined at least every three years based on valuations by an independent valuer. At the end of each intervening period, the Directors review the independent valuation and, when appropriate, update the fair value measurement to reflect current market conditions using a range of valuation techniques, including recent observable market data and discounted cash flow methodologies.

There were no changes during the period in the valuation techniques used by the company to determine Level 2 fair values.

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, as set out on pages 6 to 34 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.

Sheena Daley
Director

Signed at Galston on 2 September 2014.

Richmond Sinnott & Delahunty
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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 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 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 2014 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
Chartered Accountants

KATHIE TEASDALE
Partner

Dated at Bendigo, 2 September 2014