Galston Financial Services Limited 15th Annual Report and Notice of Annual General Meeting 22nd November 2016

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 Fifteenth Annual General Meeting of Shareholders will be held at
The Galston Club 21-25 Arcadia Road Galston NSW
On Tuesday 22nd November 2016 at 7.30 pm

Agenda

1) Welcome

2) Reports

a) The Chairman, Mike Beardsell, will present his report on the operations of the Company for the year ended 30th June 2016.

b) The Manager, Mr Gary Mangan, will present his report for the year ended 30th June 2015.

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 2016.

b) The directors' declaration and report for the financial year ended 30th June 2016.

c) The auditor's report for the financial year ended 30th June 2016.

A copy of the AGM Report and the Audited Financial Statements can be found on our website 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

To consider, and if thought fit, to pass the following resolutions as ordinary resolutions:

a) That pursuant to article 62(1) of the Company's Constitution, Michael Beardsell retires as a director, and being eligible is re-elected as a director;

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 52(2) Jacqueline Pakinga, who the Board of Directors appointed as a director on 10th November 2015, 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

M Beardsell

Michael Beardsell
Chairman
Dated 30th October 2016

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 22nd November 2016.
(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.	Michael Beardsell	❑	❑	❑
	b.	Gavin Koorey	❑	❑	❑
	c.	Dennis Phillips	❑	❑	❑
	d.	Jacqueline Pakinga	❑	❑	❑

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 Thursday 17th November 2016 and marked for the Attention of the Company Secretary.

Chairman's Report

This year Galston Financial Services Limited passed the important milestone of 15 years in operation, which is a tremendous testament to those in our community who saw the importance of having a local bank and had the vision and commitment to establish what has become a very successful community venture.

For the year ending June 2016, the total assets have grown by 3.9% over the prior year. In the face of difficult trading conditions due to the low interest rate environment, a profit before tax and after sponsorships and donations of $253,718 was achieved, allowing the Board to declare a dividend of 12cents per share, in line with last year.

Sponsorships and donations for the year totalled $191,213, eclipsing last year's total of $135,092. During the coming year we will celebrate a total of $2 million being invested back into the district's many community organisations, sports clubs and schools which demonstrates the strength of the Community Bank® model.

Of course, none of this would be possible without the energy and dedication of our Branch Manager, Gary Mangan, and our wonderful staff at the branch. Gary has achieved substantial growth in the business at the same time as finding increased opportunities for the Community Bank® company to reinvest in worthwhile projects. He is becoming well known in the community as the "go to" person for great community projects that need a sponsor to get off the ground.

The Board would also like to thank the local community for their ongoing support and confidence in the branch because it is this support that enables Galston Financial Services Limited to reinvest into organisations and projects that contribute so much to the vibrancy and welfare of our community.

Finally, I would like to thank my fellow Board members, some who have provided valued continuity since the branch opened its doors in 2001 and others who have joined more recently bringing new perspectives to our mission to serve the Galston and district community. I would particularly like to thank Sheena Daley for her leadership and outstanding contribution as Chairman of the Board for the past four years.

Mike Beardsell
Chairman
Galston Financial Services Limited

Manager’s Report

We are now in our 15th financial year and my second full year as the Manager of Galston Community Bank® Branch, the year has been challenging with change and competition in our chosen market.

We lost a long-term member of our team to retirement this year and like to thank her for 14 years of loyal service and wish Kerron May the very best for the future. To the staff, who have stepped up to new roles and the challenge that have confronted them in an aggressive market, well done and thank you.

The business has recorded a good solid result for 2015/16.

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

By the end of the 2015/16 financial year our Community Bank® branch achieved the following milestones:

- Number of accounts 5,583 an increase of 222 new accounts or 4.0% increase
- Total deposits over $157.7 million an increase of $21.6 million or 15.9% increase
- Total loans over $56.5 million an increase of $8.1 million or 16.5% increase
- Total business $214.2 million an increase of $29.6 million or 16.0.% increase
- Net profit before tax and sponsorships and donations was $494,645
- Dividends returned to shareholders were 12 cents for every share fully franked.
- Sponsorships, donations and community grants paid totalled r $191,213

Overall growth was very good and we grew our share of wallet growth by 16. %. However the impact of the global market and reduction in margins we saw gross income modestly increase by approximately $22,000 which is reflected in our profit result.

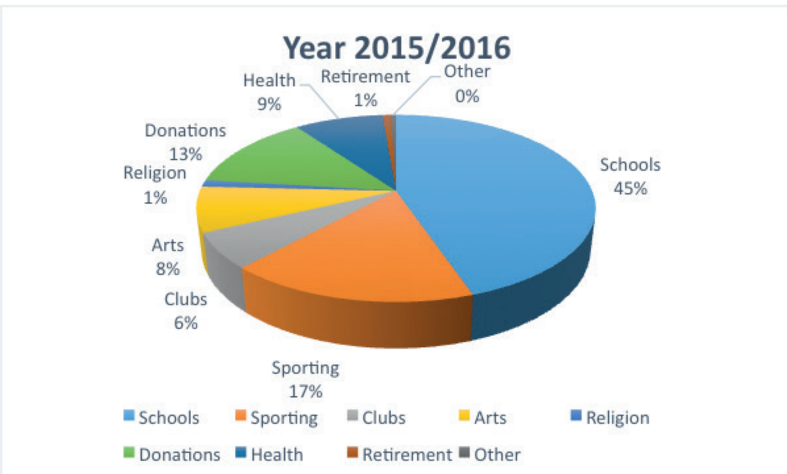
Overall I believe the Board, shareholders, customers and staff can gain comfort from the results considering the economic times and low interest rate environment which has affected our margin income.

The aim for the coming year is as follows and is a continuation of what I planned last year which is proving successful:

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; and
3. Community group awareness and support to help our business to continue to grow.

The first three months of the current year have been volatile due to the rates being offered on deposits and lending however we have been able to maintain our growth.

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



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
ABN: 23 097 581 854

Financial Report

As at 30 June 2016

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

The Directors present their report of the company for the financial year ended 30 June 2016.

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 & position held	Ralph Henry Steele, Director, Appointed 23 July 2001.
Experience and Other Directorships	Director of Location Sound and Berrilee Boarding Kennels. Member of original steering committee and original Chairman of Galston Financial Services Limited.
Qualifications	Sound Engineer
Special responsibilities	Member of the Sponsorships/Donations Committee

Name & position held	Diana Mary Paton, Director/Secretary, Appointed 23 July 2001
Experience and Other Directorships	Director of Adelphi Design and Print. Member of original steering committee of Galston Financial Services Limited.
Qualifications	Printer
Special responsibilities	Company Secretary

Name & position held	Kevin Cook, Director/Treasurer, Appointed 4 December 2009
Experience and Other Directorships	Retired Accountant. Director of Blackboro Associates Pty Ltd
Qualifications	BA M App Fin
Special responsibilities	Member of the Audit Committee

Name & position held	Jacqualine Pakinga, Director, Appointed 10 November 2015
Experience and Other Directorships	Director and Co-Founder of Core Body Business Pty Ltd. HR professional with over 15 years corporate experience
Qualifications	Post Grad Dip Human Resources, Certified Practitioner and Certified Professional of the Australian Human Research Institute (AHRI)
Special responsibilities	

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

Name & position held	Sheena Daley, Director/Chairman, Appointed 2 April 2008
Experience and Other Directorships	Licensed Real Estate Agent. Principal and licensee of DPW Realty in Galston from 1994 to retirement in 2011.
Qualifications	
Special responsibilities	Member of the Audit Committee. Member of the Sponsorhips/Donations Committee.

Name & position held	Dennis Arthur Phillips, Director, Appointed 23 July 2001
Experience and Other Directorships	Farmer. Director of DA & PK Phillips Stock Feed Merchant. Member of original steering committee of Galston Financial Services Limited.
Qualifications	
Special responsibilities	Member of the Sponsorships/Donations Committee

Name & position held	Gavin Koorey, Director, Appointed 23 July 2001
Experience and Other Directorships	Self Storage Manager. Director of Hills Self Storage. Former Chairman of Galston Financial Services Limited (2009-2012)
Qualifications	
Special responsibilities	Member of the Audit Committee

Name & position held	Peter Hugh Rueffi, Director, Appointed 4 December 2013, Resigned 5 August 2015.
Experience and Other Directorships	Automotive Industry Consultant. Principal of Automotive Strategic Consultants. Former resident of Dural and Galston for 23 years.
Qualifications	
Special responsibilities	

Name & position held	Michael Glen Beardsell, Director, Appointed 8 May 2015
Experience and Other Directorships	Graduate Member of the Australian Institute of Company Directors. Manager. Consultant.
Qualifications	BSc PhD
Special responsibilities	Chairman

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

No Directors have material interests in contracts or proposed contracts with the company.

Directors' meetings

Attendances by each Director during the year were as follows:

Director	Board meetings		Audit committee meetings	
	A	B	A	B
Ralph Henry Steele	12	9	N/A	N/A
Diana Mary Paton	12	8	N/A	N/A
Kevin Cook	12	12	2	2
Jacqualine Pakinga	7	6	N/A	N/A
Sheena Daley	12	8	2	2
Dennis Arthur Phillips	12	12	N/A	N/A
Gavin Koorey	12	12	2	2
Peter Hugh Rueffi	2	1	N/A	N/A
Michael Glen Beardsell	12	9	N/A	N/A

A - The number of meetings eligible to attend.
B - The number of meetings attended.
N/A - not a member of that committee.

Company Secretary

Diana 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.

Principal activities

The principal activities of the company during the course of the financial year were in providing **Community Bank®** branch 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 $253,718 (2015 profit $266,803), which is a 4.90% decrease as compared with the previous year.

Dividends

Dividends paid or declared since the start of the financial year:

A fully franked final dividend of 12 cents per share was declared and paid during the year for the year ended 30 June 2016.

Options

No options over issued shares were granted during or since the end of the financial year and there were no options outstanding as at the date of this report.

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

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 the end of the reporting period

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.

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.

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.

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.

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 7 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 on 27 September 2016

Kevin Cook
Director

Richmond Sinnott & Delahunty
Chartered Accountants

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Bendigo, VICTORIA
PO Box 30, Bendigo VICTORIA 3552

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Auditor's Independence Declaration under section 307C of the *Corporations Act 2001* to the Directors of Galston Financial Services Limited

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2016 there has been no contraventions of:

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

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

RICHMOND SINNOTT & DELAHUNTY
Chartered Accountants

Kathie Teasdale
Partner
Bendigo
Dated at Bendigo, 29th September 2016

Galston Financial Services Limited
ABN 23 097 581 854
Statement of Profit or Loss and Other Comprehensive Income
for the year ended 30 June 2016

	Note	2016 $	2015 $
Revenue	2	1,183,183	1,161,025
Expenses			
Employee benefits expense	3	(452,762)	(417,886)
Depreciation and amortisation	3	(32,288)	(33,576)
Finance costs	3	(118)	(23)
Bad and doubtful debts expense	3	(2,132)	(375)
Other expenses	3	(201,238)	(202,807)
Operating profit / (loss) before charitable donations and sponsorships		**494,645**	**506,358**
Charitable donations and sponsorships		(191,213)	(135,092)
Profit / (loss) before income tax		**303,432**	**371,266**
Income tax expense / (benefit)	4	49,714	104,463
Profit/(loss) for the year		**253,718**	**266,803**
Other comprehensive income		-	-
Total comprehensive income for the year		**253,718**	**266,803**
Profit / (loss) attributable to members of the company		253,718	266,803
Total comprehensive income attributable to members of the company		253,718	266,803
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company (cents per share):			
- basic earnings per share	15	31.06	32.66

Galston Financial Services Limited
ABN 23 097 581 854
Statement of Financial Position
as at 30 June 2016

	Note	2016 $	2015 $
Assets			
Current assets			
Cash and cash equivalents	5	1,728,115	1,600,366
Trade and other receivables	6	111,345	133,513
Total current assets		**1,839,460**	**1,733,879**
Non-current assets			
Property, plant and equipment	7	724,868	745,602
Intangible assets	8	7,702	19,256
Deferred tax assets	4	24,126	-
Total non-current assets		**756,696**	**764,858**
Total assets		**2,596,156**	**2,498,737**
Liabilities			
Current liabilities			
Trade and other payables	9	52,156	57,973
Current tax liability	4	13,644	44,813
Provisions	10	21,296	70,241
Total current liabilities		**87,096**	**173,027**
Non-current liabilities			
Provisions	10	36,932	-
Deferred tax liability	4	-	9,283
Total non-current liabilities		**36,932**	**9,283**
Total liabilities		**124,028**	**182,310**
Net assets		**2,472,128**	**2,316,427**
Equity			
Issued capital	11	816,800	816,800
Retained earnings / (Accumulated losses)	12	1,633,670	1,477,968
Reserves	13	21,659	21,659
Total equity		**2,472,129**	**2,316,427**

Galston Financial Services Limited
ABN 23 097 581 854
Statement of Changes in Equity
for the year ended 30 June 2016

	Note	Issued capital $	Retained earnings $	Reserves $	Total equity $
Balance at 1 July 2014		816,800	1,309,181	21,659	2,147,640
Profit / (loss) for the year		-	266,803	-	266,803
Transactions with owners, in their capacity as owners					
Dividends paid or provided	20	-	(98,016)	-	(98,016)
Balance at 30 June 2015		816,800	1,477,968	21,659	2,316,427
Balance at 1 July 2015		816,800	1,477,968	21,659	2,316,427
Profit / (loss) for the year		-	253,718	-	253,718
Transactions with owners, in their capacity as owners					
Dividends paid or provided	20	-	(98,016)	-	(98,016)
Balance at 30 June 2016		816,800	1,633,670	21,659	2,472,129

Galston Financial Services Limited
ABN 23 097 581 854
Statement of Cash Flows
for the year ended 30 June 2016

	Note	2016 $	2015 $
Cash flows from operating activities			
Receipts from customers		1,236,536	1,242,746
Payments to suppliers and employees		(932,161)	(904,320)
Interest paid		(118)	-
Interest received		35,801	40,779
Income tax paid		(114,293)	(57,076)
Other Income		-	(32,413)
Net cash provided by / (used in) operating activities	14b	225,765	289,716
Cash flows from investing activities			
Purchase of property, plant and equipment		-	(1,190)
Net cash flows from / (used in) investing activities		-	(1,190)
Cash flows from financing activities			
Dividends paid		(98,016)	(98,016)
Net cash provided by / (used in) financing activities		(98,016)	(98,016)
Net increase / (decrease) in cash held		**127,749**	**190,510**
Cash and cash equivalents at beginning of financial year		1,600,366	1,409,856
Cash and cash equivalents at end of financial year	14a	1,728,115	1,600,366

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 6 September 2016.

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", the logo, and systems of operation 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.

1. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

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

- Advice and assistance in relation to the design, layout and fit out of the **Community Bank®** branch;
- Training for the Branch Managers and other employees in banking, management systems and interface protocol;
- Methods and procedures for the sale of products and provision of services;
- Security and cash logistic controls;
- Calculation of company revenue and payment of many operating and administrative expenses;
- The formulation and implementation of advertising and promotional programs; and
- Sale techniques and proper customer relations.

(b) Income tax

The income tax expense 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.

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 calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

(c) Fair value of assets and liabilities

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

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

1. Summary of significant accounting policies (continued)

(c) Fair value of assets and liabilities (continued)

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

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

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

(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 event 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 in profit or loss. 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.

Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

1. Summary of significant accounting policies (continued)

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	*Rate*
Buildings	2.5%
Leasehold improvements	40%
Plant and 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 asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

(e) Impairment of assets

At the end of each reporting period, the company assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information. 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.

1. Summary of significant accounting policies (continued)

(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.

The liability for annual leave is recognised in the provision for employee benefits. All other short term employee benefit obligations are presented as payables.

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 management. Any remeasurement for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The company's obligations 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) Intangible assets

Establishment costs and franchise fees 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 in the Statement of Profit or Loss and Other Comprehensive Income.

(i) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits available on demand with banks, 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 position.

(j) Revenue and other income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any 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).

1. Summary of significant accounting policies (continued)

(k) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost, less any provision for doubtful debts. Trade and other receivables are due for settlement usually no more than 30 days from the date of recognition.

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts, which are known to be uncollectable, are written off. A provision for doubtful debts is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the assets carrying amount and the present value of estimated cash flows, discounted at the effective interest rate. The amount of the provision is recognised on profit or loss.

(l) Trade and other payables

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

(m) Borrowings

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

(n) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

(o) Dividends

Provision is made for the amount of any dividends declared being appropriately authorised and no longer at the discretion of the entity, on or before the end of the financial year, but not distributed at balance date.

(p) New and amended accounting policies adopted by the company

There are no new and amended accounting policies that have been adopted by the company this financial year.

(q) Comparative figures

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

(r) Earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit or loss attributable to owners of the company, excluding any costs of servcing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the year, adjsuted for bonus elements in ordinary shares issues during the year.

1. Summary of significant accounting policies (continued)

(s) 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 beginning on or after 1 January 2018).

AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities and includes a forward-looking 'expected loss' impairment model and a substantially-changed approach to hedge accounting.

These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are:

a) Financial assets that are debt instruments will be classified based on:
(i) the objective of the entity's business model for managing the financial assets; and
(ii) the characteristics of the contractual cash flows.

b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income (instead of in profit or loss). Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.

c) Introduces a 'fair value through other comprehensive income' measurement category for particular simple debt instruments.

d) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.

e) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:

- the change attributable to changes in credit risk are presented in Other Comprehensive Income (OCI)
- the remaining change is presented in profit or loss If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.

Otherwise, the following requirements have generally been carried forward unchanged from AASB 139 into AASB 9:

- classification and measurement of financial liabilities; and
- derecognition requirements for financial assets and liabilities

AASB 9 requirements regarding hedge accounting represent a substantial overhaul of hedge accounting that enable entities to better reflect their risk management activities in the financial statements.

1. Summary of significant accounting policies (continued)

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

Furthermore, AASB 9 introduces a new impairment model based on expected credit losses. This model makes use of more forward-looking information and applies to all financial instruments that are subject to impairment accounting.

When this standard is first adopted for the year ending 30 June 2019, there will be no material impact on the transactions and balances recognised in the financial statements.

(ii) AASB 15: *Revenue from Contracts with Customers* (applicable for annual reporting periods commencing on or after 1 January 2018).

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with customers;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

In May 2015, the AASB issued ED 260 Income of Not-for-Profit Entities, proposing to replace the income recognition requirements of AASB 1004 Contributions and provide guidance to assist not-for-profit entities to apply the principles of AASB 15. The ED was open for comment until 14 August 2015 and the AASB is currently in the process of redeliberating its proposals with the aim of releasing the final amendments in late 2016.

This Standard will require retrospective restatement, as well as enhanced disclosure regarding revenue.

When this Standard is first adopted for the year ending 30 June 2019, it is not expected that there will be a material impact on the transactions and balances recognised in the financial statements.

1. Summary of significant accounting policies (continued)

(t) Critical accounting estimates and judgements

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

Estimation of useful lives of assets

The company determines the estimated useful lives and related depreciation and amortisation charges 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.

Fair value assessment of non-current physical assets

The AASB 13 Fair Value standard requires fair value assessments that may involved both complex and significant judgement and experts. The value of land and buildings may be materially misstated and potential classification and disclosure risks may occur.

Employee benefits provision

Assumptions are required for wage growth and CPI movements. The likelihood of employees reaching unconditional service is estimated. The timing of when employee benefit obligations are to be settled is also estimated.

Income tax

The company is subject to income tax. Significant judgement is required in determining the deferred tax asset. 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.

	2016	2015
2. Revenue	**$**	**$**
Revenue		
- services commissions	1,147,382	1,120,694
	1,147,382	1,120,694
Other revenue		
- interest received	35,801	40,331
	35,801	40,331
Total revenue	**1,183,183**	**1,161,025**

3. Expenses

Profit before income tax inculdes the following specific expenses:

	2016	2015
Employee benefits expense		
- wages and salaries	426,976	375,873
- superannuation costs	37,800	34,567
- other costs	(12,014)	7,446
	452,762	417,886
Depreciation and amortisation		
Depreciation		
- plant and equipment	6,356	7,132
- buildings	14,378	14,378
	20,734	21,510
Amortisation		
- franchise fees	11,554	11,554
- establishment costs	-	512
	11,554	12,066
Total depreciation and amortisation	32,288	33,576
Finance costs		
- Interest paid	118	23
Bad and doubtful debts expenses	2,132	375
Other Expenses	201,238	202,807
Auditors' remuneration		
Remuneration of the Auditor for:		
- Audit or review of the financial report	4,600	4,430

	2016	2015
	$	$
4. Income tax		
a. The components of tax expense / (income) comprise:		
Current tax expense / (income)	83,123	104,463
Deferred tax expense / (income)	3,470	-
Under / (over) provision of prior years	(36,879)	-
	49,714	104,463
b. Prima facie tax payable		
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 28.5% (2015: 30%)	86,478	111,380
Add tax effect of:		
- Utilisation of previously unrecognised carried forward tax losses		
- Under / (over)provision of prior years	(36,879)	-
- Non-deductible expenses	115	(6,917)
Income tax attributable to the entity	**49,714**	**104,463**
The applicable weighted average effective tax rate is	16.38%	28.14%
c. Current tax liability		
Current tax relates to the following:		
Current tax liabilities / (assets)		
Opening balance	44,813	-
Income tax paid	(114,292)	(59,650)
Current tax	83,123	104,463
	13,644	44,813
d. Deferred tax asset / (liability)		
Deferred tax relates to the following:		
Deferred tax assets balance comprises:		
Property, plant & Equipment	15,834	-
Accruals	969	-
Employee provisions	16,595	-
	33,398	-
Deferred tax liabilities balance comprises:		
Accrued income	454	-
Land revaluation	8,818	9,283
	9,272	9,283
Net deferred tax asset / (liability)	24,126	(9,283)
Total carried forward tax losses not recognised as deferred tax assets	-	-

	2016 $	2015 $
4. Income tax (continued)		
e. Deferred income tax (revenue)/expense included in income tax expense comprises:		
Decrease / (increase) in deferred tax assets	3,481	-
(Decrease) / increase in deferred tax liabilities	(11)	-
Under / (over) provision prior years	(36,879)	-
	(33,409)	-

5. Cash and cash equivalents

	2016 $	2015 $
Cash at bank and on hand	1,728,115	1,600,366
	1,728,115	1,600,366

6. Trade and other receivables

	2016 $	2015 $
Current		
Trade receivables	109,750	99,630
Other receivables	1,595	33,883
	111,345	133,513

Credit risk

The main source of credit risk relates to a concentration of trade receivables owing by Bendigo and Adelaide Bank Limited, which is the source of the majority of the company's income.

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.

	Gross amount	Past due and impaired	Past due but not impaired < 30 days	Past due but not impaired 31-60 days	Past due but not impaired > 60 days	Not past due
2016	$	$	$	$	$	$
Trade receivables	109,750	-	-	-	-	109,750
Other receivables	1,595	-	-	-	-	1,595
Total	**111,345**	-	-	-	-	**111,345**
2015						
Trade receivables	99,630	-	-	-	-	99,630
Other receivables	33,883	-	-	-	-	33,883
Total	**133,513**	-	-	-	-	**133,513**

	2016	2015
	$	$
7. Property, plant and equipment		
Land		
At cost	293,112	293,112
Buildings		
At cost	575,147	575,147
Less accumulated depreciation	(189,309)	(174,931)
	385,838	400,216
Plant and equipment		
At cost	205,291	205,291
Less accumulated depreciation	(159,373)	(153,017)
	45,918	52,274
Total property, plant and equipment	**724,868**	**745,602**
Movements in carrying amounts		
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	400,216	414,594
Depreciation expense	(14,378)	(14,378)
Balance at the end of the reporting period	385,838	400,216
Plant and equipment		
Balance at the beginning of the reporting period	52,274	58,226
Additions	-	1,190
Disposals	-	(10)
Depreciation expense	(6,356)	(7,132)
Balance at the end of the reporting period	45,918	52,274
Total property, plant and equipment		
Balance at the beginning of the reporting period	745,602	765,932
Additions	-	1,190
Disposals	-	(10)
Depreciation expense	(20,734)	(21,510)
Balance at the end of the reporting period	**724,868**	**745,602**

	2016	2015
	$	$
8. Intangible assets		
Franchise fee		
At cost	57,768	57,768
Less accumulated amortisation	(50,066)	(38,512)
	7,702	19,256
Legal costs		
At cost	3,997	3,997
Less accumulated amortisation	(3,997)	(3,997)
	-	-
Total intangible assets	**7,702**	**19,256**
Movements in carrying amounts		
Franchise fee		
Balance at the beginning of the reporting period	19,256	30,810
Amortisation expense	(11,554)	(11,554)
Balance at the end of the reporting period	7,702	19,256
Legal costs		
Balance at the beginning of the reporting period	-	512
Amortisation expense	-	(512)
Balance at the end of the reporting period	-	-
Total intangible assets		
Balance at the beginning of the reporting period	19,256	31,322
Amortisation expense	(11,554)	(12,066)
Balance at the end of the reporting period	**7,702**	**19,256**

	2016 $	2015 $
9. Trade and other payables		
Current		
Unsecured liabilities:		
Trade creditors	7,322	25,120
Sundry creditors	350	350
ATO payable	38,271	29,203
Other creditors and accruals	6,213	3,300
	52,156	57,973

The average credit period on trade and other payables is one month.

	2016 $	2015 $
10. Provisions		
Current		
Annual Leave	21,296	33,413
Long Service Leave	-	36,828
	21,296	70,241
Non-current		
Long Service Leave	36,932	-
Total provisions	**58,228**	**70,241**

	2016 $	2015 $
11. Share capital		
816,800 Ordinary shares fully paid	816,800	816,800
	816,800	816,800
Movements in share capital		
Fully paid ordinary shares:		
At the beginning of the reporting period	816,800	816,800
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 it's 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 company 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

11. Share capital (continued)

(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 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.

12. Retained earnings / (accumulated losses)

	2016	2015
	$	$
Balance at the beginning of the reporting period	1,477,968	1,309,181
Profit/(loss) after income tax	253,718	266,803
Dividends paid	(98,016)	(98,016)
Balance at the end of the reporting period	**1,633,670**	**1,477,968**

13. Reserves

Asset revaluation reserve		
Balance at the beginning of the reporting period	21,659	21,659
Fair value movements during the period	-	-
Balance at the end of the reporting period	**21,659**	**21,659**

14. Statement of cash flows

(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:

Cash and cash equivalents	1,728,115	1,600,366
As per the Statement of Cash Flow	**1,728,115**	**1,600,366**

(b) Reconciliation of cash flow from operations with profit after income tax

Profit / (loss) after income tax	253,718	266,803
Non-cash flows in profit		
- Depreciation	20,734	21,510
- Amortisation	11,554	12,066
- Bad debts	2,132	375
- Net (profit) / loss on disposal of property, plant & equipment	-	10
Changes in assets and liabilities		
- (Increase) / decrease in trade and other receivables	20,036	(23,195)
- (Increase) / decrease in deferred tax asset	(33,409)	-
- Increase / (decrease) in trade and other payables	(5,817)	(13,145)
- Increase / (decrease) in current tax liability	(31,169)	47,387
- Increase / (decrease) in provisions	(12,013)	(22,095)
Net cash flows from / (used in) operating activities	**225,767**	**289,716**

15. Earnings per share

Basic earnings per share (cents)	31.06	32.66
Earnings used in calculating basic and diluted earnings per share	253,718	266,803
Weighted average number of ordinary shares used in calculating basic and diluted earnings per share.	816,800	816,800

16. Key management personnel and related party disclosures

(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 $3,739 (2015: $3,994).
Parties related to Gavin Koorey provided administrative services to the sum of $1,750 (2015: $2,433).

(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:

	2016	**2015**
Ralph Henry Steele	10,000	10,000
Diana Mary Paton	500	500
Sheena Daley	5,000	5,000
Dennis Arthur Phillips	4,900	4,900

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

(e) Other key management transactions

There has been no other transactions involving equity instruments other than those described above.
There have been no events after the end of the financial year that would materially affect the financial statements.

17. Contingent liabilities and contingent 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, NSW. The company has a franchise agreement in place with Bendigo and Adelaide Bank Limited who account for 100% of the revenue (2015: 100%).

19. Company details

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

	$ 2016	$ 2015
20. Dividends paid or provided for on ordinary shares		
Dividends paid or provided for during the year		
Fully franked ordinary dividend of 12 cents per share (2015: 12 cents) franked at the tax rate of 30% (2015: 30%).	98,016	98,016

21. Financial risk management

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

	Note	2016 $	2015 $
Financial assets			
Cash and cash equivalents	5	1,728,115	1,600,366
Trade and other receivables	6	111,345	133,513
Total financial assets		1,839,460	1,733,879
Financial liabilities			
Trade and other payables	9	52,156	57,973
Total financial liabilities		52,156	57,973

(a) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the company.

Credit risk is managed through maintaining procedures ensuring, 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.

Credit risk exposures

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 table above.

The company has significant concentrations of credit risk with Bendigo and Adelaide Bank Limited. The company's exposure to credit risk is limited to Australia by geographic area.

None of the assets of the company are past due (2015: 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.

(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 2016	**Note**	**Total** $	**Within 1 year** $	**1 to 5 years** $	**Over 5 years** $
Financial assets					
Cash and cash equivalents	5	1,728,115	1,728,115	-	-
Trade and other receivables	6	111,345	111,345	-	-
Total anticipated inflows		1,839,460	1,839,460	-	-
Financial liabilities					
Trade and other payables	9	52,156	52,156	-	-
Total expected outflows		52,156	52,156	-	-
Net inflow / (outflow) on financial instruments		1,787,304	1,787,304	-	-

30 June 2015		**Total** $	**Within 1 year** $	**1 to 5 years** $	**Over 5 years** $
Financial assets					
Cash and cash equivalents	5	1,600,366	1,600,366	-	-
Trade and other receivables	6	133,513	133,513	-	-
Total anticipated inflows		1,733,879	1,733,879	-	-
Financial liabilities					
Trade and other payables	9	57,973	57,973	-	-
Total expected outflows		57,973	57,973	-	-
Net inflow / (outflow) on financial instruments		1,675,906	1,675,906	-	-

(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 and cash equivalents.

Sensitivity analysis

The following table illustrates sensitivities to the company's exposures to changes in interest rates and equity prices. The table indicates the impact on how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible.

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

	Profit $	Equity $
Year ended 30 June 2016		
+/- 1% in interest rates (interest income)	17,281	17,281
	17,281	17,281
Year ended 30 June 2015		
+/- 1% in interest rates (interest income)	16,004	16,004
	16,004	16,004

There have been no changes in any of the methods or assumptions used to prepare the above sensitivity analysis from the prior year.

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

Fair value estimation

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.

	2016		2015	
	Carrying amount $	Fair value $	Carrying amount $	Fair Value $
Financial assets				
Cash and cash equivalents (i)	1,728,115	1,728,115	1,600,366	1,600,366
Trade and other receivables (i)	111,345	111,345	133,513	133,513
Total financial assets	1,839,460	1,839,460	1,733,879	1,733,879
Financial liabilities				
Trade and other payables (i)	52,156	52,156	57,972	57,972
Total financial liabilities	52,156	52,156	57,972	57,972

(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.

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 8 to 32 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 2016 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.

Kevin Cook
Director

Signed at Galston on 27 September 2016.

Richmond Sinnott & Delahunty
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INDEPENDENT AUDITOR'S OPINION

To the directors of Galston Financial Services Limited

Report on the Annual 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 2016, the statement of comprehensive income, statement of changes in equity and the statement of cash flows for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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 half-year financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state that the financial statements comply with *International Financial Reporting Standards.*

Auditor's Responsibility

Our responsibility is to express a conclusion 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 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 review, we have complied with the independence requirements of the *Corporations Act 2001*.

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 2016 and of its performance for the year ended on that date; and

   ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

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

Richmond Sinnott & Delahunty
Chartered Accountants

Kathie Teasdale
Partner

Dated: 29th September 2016