



Oak Flats
Financial Services Ltd

ABN 62 093 057 768

**ANNUAL
REPORT
2013**

Oak Flats and Shellharbour **Community Bank**[®] branches

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Chairman's report

For year ending 30 June 2013

Company performance

Our profit after income tax decreased in the 2013 financial year to \$34,703.71 (2012 - \$78,564.00). The total income grew this year by about \$14,000, however expenses grew at a much greater rate, which accounted for the decrease in income. The Board and management are looking at all aspects of the business and community support to ensure that we gain the best value for the amount of money spent.

Business developments

Recently there have been a number of changes in the organisation of our staff, with John, Cheryl and Paula moving to Shellharbour **Community Bank**[®] Branch and Steve, Robyn and Gabrielle now in Oak Flats **Community Bank**[®] Branch. These moves were seen as an opportunity for succession planning and up-skilling of the management and staff within the company. Steve and John will be looking at all avenues to continue the growth of the business in the coming years, with decreased margins and increasing expenses this growth is essential. The other major development during the past year has been the rebranding of the Shellharbour branch as Shellharbour **Community Bank**[®] Branch. This rebranding will increase the **Community Bank**[®] branch brand across Shellharbour city and align the marketing materials with Oak Flats **Community Bank**[®] Branch.

Community contributions

In 2013, these contributions amounted to \$213,575 (2012 - \$283,000). Our **Community Bank**[®] branches continue to contribute to local community service organisations, schools and social and sporting bodies. The decrease in community support is a factor of the decreased operating profit. Our sponsorship and marketing committee is working hard to ensure that every dollar given in community support is helping build the business in some way.

Dividends

The decrease in profit has not affected the yearly dividend and the Board has declared a normal dividend of 13 cents per share.

I would like to thank the Board, John Sinclair and his team at Oak Flats **Community Bank**[®] Branch, Steve Wiaczek and his team at Shellharbour **Community Bank**[®] Branch, the shareholders and our customers for their continued efforts to make this company a success.

Yours sincerely,



Geoff Egan
Chairman

Oak Flats Manager's report

For year ending 30 June 2013

Oak Flats **Community Bank**[®] Branch has performed well over the past 12 months; this is in a financial year that saw strong competition from the major banks, building societies and credit unions.

Our branch grew by close to \$9.8 million. This included deposit growth of almost \$3.78 million and loans growth of more than \$6.02 million. The really pleasing aspect was the loans growth, an increase of more than 231 percent compared to the prior financial year.

The current financial year will be no different, and we as an organisation need to continue to grow our lending portfolio. We need to grow our lending book so we can maintain or increase our grants to local community groups and dividends to shareholders. In the past 13 years we have returned more than \$1.8 million of banking profits to the local community, with \$213,000 returned to our community this year alone.


In the upcoming year we intend to change how we distribute grants to community groups. We will be supporting those groups and their members who substantially increase their backing of our **Community Bank**[®] branches at Shellharbour and Oak Flats with new banking business.

Our past and current success is as a direct result of local residents, community groups and businesses choosing to conduct their banking business at our branches at Oak Flats and Shellharbour.

I would like to thank all the staff for their hard work and efforts over the past financial year, which ensure the business continues to be a success. We receive many compliments on our staff providing great customer service and 'going the extra mile'.

To our Directors, who assist the business on a mainly voluntary basis and ensure our long-term viability, again, thank you.

Finally, thank you to our shareholders and customers for your ongoing support of our branches, without your usage of our products and services we would not survive. So remember, if you are unhappy with the service we provide, please tell us. Or if you are happy with our service, tell your family and friends.



John Sinclair
Oak Flats Manager

Shellharbour Manager's report

For year ending 30 June 2013

The 2012/13 financial year was a period of very positive growth for Shellharbour **Community Bank**[®] Branch.

As well as some positive results and strong growth, the branch celebrated its seventh birthday. It also moved from a being sub-branch of Oak Flats **Community Bank**[®] Branch, to becoming a full **Community Bank**[®] branch. The rebranding of the branch to Shellharbour **Community Bank**[®] Branch is another step in the future growth of Oak Flats Financial Services Ltd.

After expanding its branch hours to full-time trade in 2012, the branch has very much deepened its relationship with both customers and the community. This is reflected in footings growth for the year of \$7.1 million. Our loan numbers increased significantly from previous years, which was the main factor in our solid growth.

In 2012, we set out to educate the local community about our full complement of professional services, and introduced the Bendigo and Adelaide Bank support teams that add value to the customer relationship.

We achieved this through partnered customer visits, in branch service appointments and seminars. The overwhelming customer response to Business Banking, Bendigo Wealth and other departments has also contributed to new business opportunities for our branch. We are seeing continual growth in these relationships well into the new financial year.

With a focus on broadening the customer experience, Shellharbour **Community Bank**[®] Branch has also been successful in creating an environment where new and existing customers are familiar with the **Community Bank**[®] model's point of difference and enjoy seeing the benefits of banking with their **Community Bank**[®] branch.

In 2013, Oak Flats and Shellharbour **Community Bank**[®] branches contributed more than \$213,000 to local community groups. This is testament to our commitment to strengthening our community.

Our focus in the coming financial year and beyond is to ensure that our community contribution is sustainable through maximising reciprocal relationships with our sponsorship and grant recipients. We expect that our ongoing financial contribution will be conditional to the introduction of new business from the recipient group's members. Our hope is to educate the members that we rely on the profits from their banking business to continue providing support to their organisation.

We also intend to continue staff education and internal promotion in the new financial year. Two members of the Shellharbour **Community Bank**[®] Branch team have started lending training and the direct result has been increased activity in identifying, assessing and workshopping customer lending requirements. Further development in this area is leading to even more new business opportunities and growth.

I would like to take this opportunity to thank the 2013 Shellharbour **Community Bank**[®] Branch team – Gabrielle Hunter, Lesley Lipscome, Robyn Stocken and Lynda Bagoly for their support and dedication over the past 12 months. Their customer and community focus has been instrumental in maintaining a strong professional reputation.

Of course, none of these achievements would be possible without the guidance and support of the Oak Flats Financial Services Limited company Directors. On behalf of the team, I would like to thank the Board for their ongoing commitment to providing employment opportunities within a locally-owned community organisation.

I have thoroughly enjoyed working for Oak Flats Financial Services Limited this year and I look forward to a prosperous 2013/14 financial year as part of the Oak Flats and Shellharbour **Community Bank**[®] branches team.



Steve Wiaczek
Shellharbour Manager

Directors' report

For the financial year ended 30 June 2013

Your Directors present this report on the company for the financial year ended 30 June 2013.

Directors

The names of the Directors in office at any time during or since the end of the year are:

Name of Director	Period as Director	Qualifications, experience and special responsibilities	
Geoffrey Michael Egan	26 May 2000	Chartered Accountant	Chairman
Michael Francis Gamble	27 May 2000	Solicitor	Secretary
Jennifer Marie Butler	28 May 2000	Semi-Retired	
Peter John O'Dea	26 May 2000	Retired	
Neil Greig	7 May 2002	Business Owner	
Dale Robert Whittaker	26 May 2000	Business Owner	
Terrence Barton	9 May 2006	Business Owner	
Vanessa Mitrevska	5 December 2012	Employed in Marketing	
Belinda Gamble	5 December 2012	Solicitor	

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Principal activities

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

Operating results

Operations have continued to perform in line with expectations. The profit/(loss) of the company for the financial year after provision for income tax was \$34,307.71 (2012: \$78,564.00).

Dividends

	Year ended 30 June 2013	
	Cents per share	\$
Final dividends recommended:	13	59,814.04
Ordinary Dividend of 13 cents		
Dividends paid in the year:	13	59,814.04
- As recommended in the prior year report		

Directors' report (continued)

Significant changes in the state of affairs

In the opinion of the Directors there were no significant changes in the state of affairs of the company that occurred during the financial year under review not otherwise disclosed in this report.

Significant events after the balance date

There are no matters or circumstances that have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company, in future years.

Likely developments

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

Directors' benefits

No Director has received or has become entitled to receive, during or since the financial year, a benefit because of a contract made by the company 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 other than that mentioned in Note 20.

Indemnification and insurance of Directors and Officers

The company has indemnified all Directors and the Manager in respect of liabilities to other persons (other than the company or related body corporate) that may arise from their position as Directors or Managers of the company except where the liability arises out of conduct involving the lack of good faith.

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 or a related body corporate.

Directors' meetings

The number of Directors' meetings attended by each of the Directors of the company during the the year were:

Name of Director	Number attended	Other committee
Geoffrey Michael Egan	10 of 10	8 of 8
Michael Francis Gamble	10 of 10	2 of 2
Jennifer Marie Butler	8 of 10	7 of 7
Peter John O'Dea	6 of 10	0 of 1
Neil Greig	8 of 10	1 of 1
Dale Robert Whittaker	7 of 10	2 of 2
Terrence Barton	7 of 10	1 of 1
Vanessa Mitrevska	6 of 6	4 of 4
Belinda Gamble	6 of 6	1 of 1

Directors' report (continued)

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.

Auditors independence declaration

The Directors received the following declaration from the Auditor of the company:

Auditors independence declaration

To the audit client,

As Lead Engagement partner/Auditor for the audit of Oak Flats Financial Services Ltd, for the year ended 30 June 2012, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of the Auditor independence requirements of the Corporations Act in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.



Murray Reid

RM Chartered Accountants

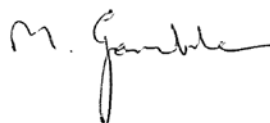
Wollongong NSW

29 September 2013

Signed in accordance with a resolution of the Board of Directors:



Geoff Egan
Chairman



Michael Gamble
Director

Signed at Oak Flats on 29 September 2013.

Financial statements

Statement of comprehensive income for the year ended 30 June 2013

	Note	2013 \$	2012 \$
Revenue	2	1,502,211.95	1,488,058.16
Gross profit		1,502,211.95	1,488,058.16
Marketing		-37,483.38	-29,350.90
Selling expenses		-43,443.80	-51,451.75
Community contributions		-213,575.00	-283,111.04
Administration expenses		-1,108,212.27	-980,528.61
Finance costs		-40,419.29	-43,066.06
Operating profit before income tax		59,078.21	100,549.80
Income tax attributable to operating profit (loss)	4	24,374.50	21,985.80
Operating profit after income tax		34,703.71	78,564.00
Retained profits at the beginning of the financial year		108,977.71	99,429.91
Total available for appropriation		143,681.42	177,993.91
Dividends provided for or paid	5	59,814.04	69,016.20
		59,814.04	69,016.20
Retained profits at the end of the financial year		83,867.38	108,977.71
Other comprehensive income:			
Other comprehensive income for the year, net of tax			
Total comprehensive income for the year		83,867.38	108,977.71
Earnings per share (cents per share)			
- basic for profit / (loss) for the year	22	7.54	17.08
- diluted for profit / (loss) for the year	22	7.54	17.08

The accompanying notes form part of these financial statements. These statements should be read in conjunction with the attached audit report.

Financial statements (continued)

Statement of financial position as at 30 June 2013

	Note	2013 \$	2012 \$
Current assets			
Cash assets	6	150,183.51	115,990.68
Receivables	7	121,105.81	123,553.52
Other financial assets	8	83,338.68	83,338.68
Other	9	29,260.62	24,021.03
Total current assets		383,888.62	346,903.91
Non-current assets			
Property, plant and equipment	10	743,501.10	763,968.10
Intangible assets	11	23,361.06	35,361.06
Other	9	17,066.89	30,545.77
Total non-current assets		783,929.05	829,874.93
Total assets		1,167,817.67	1,176,778.84
Current liabilities			
Payables	12	32,621.61	24,460.27
Current tax liabilities	13	49,080.50	38,849.80
Total current liabilities		81,702.11	63,310.07
Non-current liabilities			
Financial liabilities	13	452,242.06	470,826.00
Provisions	14	98,898.12	82,557.06
Total non-current liabilities		551,140.18	553,383.06
Total liabilities		632,842.29	616,693.13
Net assets		534,975.38	560,085.71
Equity			
Contributed equity	15	451,108.00	451,108.00
Retained profits		83,867.38	108,977.71
Total equity		534,975.38	560,085.71

The accompanying notes form part of these financial statements. These statements should be read in conjunction with the attached audit report.

Financial statements (continued)

Statement of changes of equity for the year ended 30 June 2013

	2013	2012
	\$	\$
Share capital		
Balance at start of year	451,108	451,108
Issue of share capital	-	-
Share issue costs	-	-
Balance at end of year	451,108	451,108
Retained earnings / (accumulated losses)		
Balance at start of year	80,428	99,430
Profit/(loss) after income tax expense	34,704	50,014
Dividends paid	(59,814)	(69,016)
Balance at end of year	55,318	80,428

The accompanying notes form part of these financial statements. These statements should be read in conjunction with the attached audit report.

Financial statements (continued)

Statement of cash flow for the year ended 30 June 2013

	2013 \$	2012 \$
Cash flow from operating activities		
Receipts from customers	1,497,228.95	1,478,158
Payments to suppliers and employees	-1,322,819.62	-1,315,503
Interest received	18.36	24
Interest and other costs of finance	-40,419.29	-43,066
Dividends received	6,420.00	6,420
Income tax paid	-21,985.80	-42,475
Net cash provided by (used in) operating activities (note 2)	118,443	83,558
Cash flow from investing activities		
Payment for:		
Loan other debtors	1,051.21	-1,051
Shares in other companies		
Payments for franchise fees	-	-
Payments for property, plant and equipment	-6,903.00	-15,336
Net cash provided by (used in) investing activities	-5,852	-16,387
Cash flow from financing activities		
Proceeds of borrowings		
Loan repayments	-18,583.94	-16,538
Dividends paid	-59,814.04	-69,016
Net cash provided by (used in) financing activities	-78,398	-85,554
Net movement in cash	34,193	-18,383
Net increase (decrease) in cash held	34,193	-18,383
Cash at the beginning of the year	115,991	134,374
Cash at the end of the year (note 1)	150,184	115,991

The accompanying notes form part of these financial statements. These statements should be read in conjunction with the attached audit report.

Financial statements (continued)

Statement of cash flow for the year ended 30 June 2013 (continued)

	2013 \$	2012 \$
Note 1. Reconciliation of cash		
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.		
Cash at the end of year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:		
Cash at bank - Oak Flats	92,302.89	4,976
Dividend account	3,368.03	3,380
Cash at bank - Shellharbour	53,555.43	106,078
Bendigo and Adelaide Bank Limited expense account	225.83	949
Bendigo Eftpos account	123.33	
Cash on hand - Oak Flats	308.00	308
Cash on hand - Shellharbour	300.00	300
	150,184	115,991

Note 2. Reconciliation of net cash provided by/used in operating activities to net profit

Operating profit (loss) after tax	34,703.71	78,564
Depreciation	27,370.00	23,138
Amortisation	25,478.88	25,969
Interest		
Increase/(decrease) in provision for income tax	2,388.70	-20,489
Changes in assets and liabilities net of effects of purchases and disposals of controlled entities:		
(Increase) decrease in trade and term debtors	1,396.50	-3,231
(Increase) decrease in prepayments	-5,239.59	9,335
(Increase) decrease in Shares		
Increase (decrease) in trade creditors and accruals	5,406.32	-1,829
Increase (decrease) in other creditors	2,755.02	2,559
Increase (decrease) in employee entitlements	16,341.06	-25,193
Increase (decrease) in sundry provisions	7,842.00	-5,265
Net cash provided by operating activities	118,443	83,558

The accompanying notes form part of these financial statements. These statements should be read in conjunction with the attached audit report.

Notes to the financial statements

For year ended 30 June 2013

Note 1. Statement of significant accounting policies

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report covers Oak Flats Financial Services Ltd as an individual entity. Oak Flats Financial Services Ltd is a company limited by shares, incorporated and domiciled in Australia.

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The following is a summary of the material accounting policies adopted in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated

Statement of compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ('AIFRS'). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards ('IFRS'). Australian Accounting Standards that have been recently issued or amended, but are not yet effective, have not been adopted in the preparation of this financial report

Income tax

Income tax has been brought to account using the liability method of tax-effect accounting whereby the income tax expense is based on the profit from ordinary activities adjusted for permanent differences.

Timing differences, which arise due to the different accounting periods in which items of revenue and expense are included in the determination of accounting profit and taxable income, are brought to account as either provision for deferred income tax or an asset described as future income tax benefit at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

Property, plant and equipment

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

a) Plant and equipment

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

The cost of fixed assets constructed within Oak Flats Financial Services Ltd includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Notes to the financial statements (continued)

Note 1. Statement of significant accounting policies (continued)

Property, plant and equipment (continued)

b) 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 their useful lives to Oak Flats Financial Services Ltd commencing from the time the asset is held ready for use. Properties held for investment purposes are not subject to a depreciation charge. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

Class of asset	Depreciation rate %
Leasehold improvements	10 %
Plant and equipment	10 - 30 %
Other plant and equipment	10 - 15 %

Leases

Lease payments under operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Investments

Non-current investments are measured on the cost basis. The carrying amount of non-current investments is reviewed annually to ensure it is not in excess of the recoverable amount of these investments. The recoverable amount is assessed from the quoted market value for listed investments or the underlying net assets for other non-listed investments.

The expected net cash flows from investments have not been discounted to their present value in determining the recoverable amounts.

Intangibles

Establishment costs have been amortised over 15 years on a straight line rate. Franchise fees are amortised over the period of the franchise on a straight line amount of 20% per year.

Employee entitlements

Provision is made for the liability for employee entitlements arising from services rendered by employees to balance date. Employee entitlements expected to be settled within one year together with entitlements arising from wages and salaries, annual leave and sick leave which will be settled after one year, have been measured at their nominal amount. Other employee entitlements payable later than one year have been measured at the present value of the estimated future cash out flows to be made for those entitlements.

Contributions are made by Oak Flats Financial Services Ltd to an employee superannuation fund and are charged as expenses when incurred.

Cash

For the purpose of the statement of cash flows, cash includes cash on hand and in all call deposits with banks or financial institutions, investments in money market instruments maturing within less than two months, net of bank overdrafts.

Notes to the financial statements (continued)

Note 1. Statement of significant accounting policies (continued)

Comparative figures

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

Revenue

Interest revenue is recognised on a proportional basis taking in to account the interest rates applicable to the financial assets.

Dividend revenue is recognised when the right to receive a dividend has been established.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

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

	2013 \$	2012 \$
Note 2. Revenue		
Operating activities:		
Interest revenue	18.36	24.39
Dividend revenue	6,420.00	6,420.00
Other operating revenue:		
Gross receipts - Oak Flats	1,097,786.15	1,131,396.30
Gross receipts - Shellharbour	387,070.44	350,217.47
Other income - Oak Flats		
Other income - Shellharbour		
Rebates & refunds - Oak Flats	10917	
	1,502,211.95	1,488,058.16
*Interest from:		
Bendigo and Adelaide Bank Limited	18.36	24.39
	18.36	24.39
**Dividends from:		
Bendigo and Adelaide Bank Limited	6,420.00	6,420.00
	6,420.00	6,420.00

Notes to the financial statements (continued)

	2013 \$	2012 \$
Note 3. Profit from ordinary activities		
Profit (loss) from ordinary activities before income tax has been determined after:		
Charging as expense:		
Amortisation of non-current assets:		
- Preliminary expenses	11,852.16	12,341.85
- Other intangibles	12,000.00	12,000.00
- Share issue expenses	1,626.72	1,626.72
Total amortisation expenses	25,478.88	25,968.57
Bad and doubtful debts	53.58	225.02
Borrowing costs:		
- Other persons	40,419.29	43,066.06
Total borrowing costs	40,472.87	43,066.06
Depreciation of non-current assets:		
- Buildings	260.00	49.00
- Plant and equipment	27,110.00	23,089.00
Total depreciation expenses	27,370.00	23,138.00

Note 4. Income tax

The prima facie tax payable on profit from ordinary activities before income tax is reconciled to the income tax as follows:

Prima facie income tax payable on operating profit at 30%.	17,723.40	30,165.00
Add Tax effect of:		
Imputation credit - Bendigo and Adelaide Bank Limited shares	412.80	825.30
Amortisation - Oak Flats prior to blackhole writeoff provisions	1,043.70	1,043.70
Employee entitlements	4,902.30	-7,557.90
Entertainment	1,668.30	260.70
Super paid - not cleared		
	25,750.50	24,736.80
Less:		
Imputation credit	1,376.00	2,751.00
Income tax expense attributable to profit from ordinary activities	24,374.50	21,985.80

Notes to the financial statements (continued)

	2013 \$	2012 \$
Note 5. Dividends		
Dividends provided for or paid	59,814.04	69,016.20
	59,814.04	69,016.20

Note 6. Cash assets

Bank accounts:

Cash at bank - Oak Flats	92,302.89	4,976.10
Dividend account	3,368.03	3,380.15
Cash at bank - Shellharbour	53,555.43	106,077.64
Bendigo expenses account	225.83	948.79
Bendigo Eftpos account	123.33	
Other cash items:		
Cash on hand - Oak Flats	308.00	308.00
Cash on hand - Shellharbour	300.00	300.00
	150,183.51	115,990.68

Reconciliation of cash:

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items

in the statement of financial position as follows:

- Cash	150,183.51	115,990.68
	150,183.51	115,990.68

Note 7. Receivables

Current

Trade debtors	121,105.81	122,502.31
Other loans		1,051.21
	121,105.81	123,553.52

Note 8. Other financial assets

Current

Shares in other corporations - at cost:

- Listed on a prescribed stock exchange	83,338.68	83,338.68
	83,338.68	83,338.68
	83,338.68	83,338.68

Notes to the financial statements (continued)

	2013 \$	2012 \$
Note 9. Other assets		
Current		
Prepayments	29,260.62	24,021.03
	29,260.62	24,021.03
Non current		
Preliminary expenses	106,650.00	106,650.00
Less: accumulated amortisation	-93,136.42	-81,284.26
Share issue expenses	23,955.60	23,955.60
Less: accumulated amortisation	-20,652.29	-19,025.57
Borrowing expenses		
Other	250.00	250.00
	17,066.89	30,545.77

Note 10. Property, plant and equipment

Buildings:

- At cost	632,690.11	632,690.11
- Less: Accumulated depreciation	-309.00	-49.00
	632,381.11	632,641.11

Leasehold improvements:

- At cost	325,407.87	321,607.87
- Less: Accumulated depreciation	-230,737.00	-211,900.00
	94,670.87	109,707.87

Plant and equipment:

- At cost	91,187.12	88,084.12
- Less: Accumulated depreciation	-74,738.00	-66,465.00
	16,449.12	21,619.12
	743,501.10	763,968.10

Notes to the financial statements (continued)

	2013 \$	2012 \$
Note 11. Intangible assets		
Other intangibles:		
- At cost	60,000.00	60,000.00
- Less: Accumulated amortisation	-36,638.94	-24,638.94
	23,361.06	35,361.06
	23,361.06	35,361.06

Note 12. Payables

Unsecured:

- Trade creditors	20,451.68	15,045.36
- Other creditors	12,169.93	9,414.91
	32,621.61	24,460.27

Note 13. Tax liabilities

Current

GST clearing	24,706.00	16,864.00
Taxation	24,374.50	21,985.80
	49,080.50	38,849.80

Note 14. Provisions

Non current

Employee entitlements*	98,898.12	82,557.06
	98,898.12	82,557.06
* Aggregate employee entitlements liability	98,898.12	82,557.06

There were 12 employees at the end of the year

Note 15. Contributed capital

460108 Ordinary shares at \$1.00 each fully paid	451,108.00	451,108.00
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Ordinary shares participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held. 'At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Notes to the financial statements (continued)

	2013 No.	2012 No.
--	-------------	-------------

Note 16. Remuneration and retirement benefits

Directors' remuneration

Number of Directors whose income from the company or any related parties was within the following bands:

\$100 - \$2,000	7	7
------------------------	----------	----------

The names of Directors of the company who have held office during the financial year are:

Geoffrey Michael Egan	Chairman, Sponsorship, Remuneration, Business Development
Michael Francis Gamble	Company Secretary, Governance, Remuneration
Jennifer Marie Butler	Sponsorship, Audit
Peter John O'Dea	
Neil Greig	Business Development
Dale Robert Whittaker	Marketing, Audit, Recruitment
Terrence Barton	Business Development
Vanessa Mitrevska	Marketing & Sponsorship
Belinda Gamble	Governance

Note 17. Superannuation commitments

The company has registered as an employer with the fund nominated by each employee. Contributions to the funds are based on a percentage of employees gross remuneration and are made by the employer. Contributions to the plan will not exceed the permitted levels prescribed by the income tax legislation from time to time

	2013 \$	2012 \$
--	------------	------------

Note 18. Auditors' remuneration

Remuneration of the Auditor of the company for:

Auditing or reviewing the financial report	2,144.55	2,200.00
	2,144.55	2,200.00

Note 19. Contingent liabilities

In the opinion of the Directors there are no contingent liabilities at balance date.

Notes to the financial statements (continued)

Note 20. Related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Directors

- Transactions with Directors:

Professional fees for share registry, dividend payment processing, office administration, taxation and accounting were paid to G.M. Egan & Co., of which Geoffrey Egan is the principal.

Secretarial Services are provided by Wavelength Secretarial Services Pty Ltd, of which Michael Gamble is a Director.

Building repairs, maintenance and minor construction is provided by Barton Construction Services, of which Terry Barton is the principal.

The Oak Flats Financial Services Ltd has accepted the **Community Bank**[®] Directors' Privileges package. The package is available to all Directors who can elect to avail themselves of the benefits based on their personal banking with the Oak Flats and Shellharbour branches. There is no requirement to own BEN shares and there is no qualification to qualify to utilize the benefits. The package mirrors the benefits currently available to Bendigo and Adelaide Bank Limited shareholders. The Directors have estimated the total benefits received from the Directors' Privilege Package to be minimal for the year ended 30 June 2013.

2013
\$

2012
\$

Note 21. Dividends paid or provided for on ordinary shares

(a) Previous year final

Franked dividends - 13 cents per share (2012: 15 cents per share)	59,814.04	59,814.04
---	-----------	-----------

(b) Dividends proposed and not recognised as a liability

Franked dividends - 13 cents per share (2012: 13 cents per share)	59,814.04	59,814.04
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(c) Franking credit balance

The amount of franking credits available for the subsequent financial year are:		
- Franking account balance as at the end of the financial year at 30%	127,290.00	125,777.00
- Franking debits that will arise from the refund of income tax payable as at the end of the financial year	9,765.50	490.20
- Franking debits that will arise from the payment of dividends as at the end of the financial year	25,636.00	25,636.00

The tax rate at which dividends have been franked is 30% (2012: 30%).

Dividends proposed will be franked at a rate of 30% (2013: 30%).

Notes to the financial statements (continued)

	2013 \$	2012 \$
Note 22. Earnings per share		
Basic earnings per share amounts are calculated by dividing profit / (loss) after income tax by the weighted average number of ordinary shares outstanding during the year.		
	0.0754	0.1707
The following reflects the income and share data used in the basic and diluted earnings per share computations:		
Profit/(loss) after income tax expense	34,703.00	78,564.00
Weighted average number of ordinary shares for basic and diluted earnings per share	460,108.00	460,108.00

Note 23. Financial instruments

Net fair values

The net fair values of financial assets and liabilities approximate the carrying values as disclosed in the Balance Sheet. The company does not have any unrecognised financial instruments at year end.

There are no material credit risk exposures to any single debtor under financial instruments entered into by the economic entity.

Note 24. Financial risk management

The company has exposure to credit risk, liquidity risk and market risk from their use of financial instruments.

This note presents information about the company's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

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.

(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.

The maximum exposure to credit risk at reporting date to recognised financial assets is the carrying amount of those assets as disclosed in the Statement of financial position and notes to the financial statements. The company's maximum exposure to credit risk at reporting date was:

	Carrying amount	
	2013 \$	2012 \$
Cash assets	150,184	115,991
Receivables	121,106	122,502
	271,290	238,493

Notes to the financial statements (continued)

Note 24. Financial risk management (continued)

(a) Credit risk (continued)

The company's exposure to credit risk is limited to Australia by geographic area. The entire balance of receivables is due from Bendigo and Adelaide Bank Limited.

None of the assets of the company are past due (2012: nil past due) and based on historic default rates, the company believes that no impairment allowance is necessary in respect of assets not past due.

The company limits its exposure to credit risk by only investing in liquid securities with Bendigo and Adelaide Bank Limited.

(b) Liquidity risk

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

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

The following are the estimated contractual maturities of financial liabilities, including estimated interest payments.

	Carrying amount \$	Contractual cash flows \$	1 year or less \$	Over 1 to 5 years \$	more than 5 years \$
30 June 2013					
Payables	-	-	-	-	-
Loans and borrowings	452,242	56,832	56,832	284,160	342,011
	452,242	56,832	56,832	284,160	342,011
30 June 2013					
Payables	-	-	-	-	-
Loans and borrowings	452,242	56,832	56,832	284,160	342,011
	452,242	56,832	56,832	284,160	342,011

(c) Market risk

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

Interest rate risk

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

Notes to the financial statements (continued)

Note 24. Financial risk management (continued)

(c) Market risk (continued)

Sensitivity analysis

At the reporting date the interest rate profile of the company's interest bearing financial instruments was:

	Carrying amount	
	2013 \$	2012 \$
Fixed rate instruments		
Financial assets		
Financial liabilities	-	470,826
	-	470,826
Variable rate instruments		
Financial assets	452,242	
Financial liabilities	452,242	-

Fair value sensitivity analysis for fixed rate instruments

The company does not account for any fixed interest rate financial assets or liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have minimal impact on profit or retained earnings. For the analysis performed on the same basis as at 30 June 2012 there was also minimal impact. As at both dates this assumes all other variables remain constant.

(d) Net fair values

The net fair values of financial assets and liabilities approximate the carrying values as disclosed in the Statement of financial position. The company does not have any unrecognised financial instruments at year end.

(e) 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.

Notes to the financial statements (continued)

Note 24. Financial risk management (continued)

(e) Capital management (continued)

- (i) 20% of the profit or funds of the Franchisee otherwise available for distribution to
 - (a) shareholders in that 12 month period; and subject to the availability of distributable profits, the Relevant Rate of Return multiplied by
 - (b) the average level of share capital of the Franchisee over that 12 month period; and the Relevant Rate of Return is equal to the weighted average interest rate on 90 day bank
- (ii) 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.

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

Directors' declaration


In accordance with a resolution of the Directors of OAK FLATS FINANCIAL SERVICES LTD we state that:

1. In the opinion of the Directors
 - a. The Statement of Financial Performance of the company is drawn up so as to give a true and fair view of the loss of the company for the financial year ended 30 June 2013;
 - b. The Statement of Financial Position is drawn up so as to give a true and Fair view of the state of affairs of the company as at 30 June 2013 and
 - c. At the date of this statement there are reasonable grounds to believe that the company will be able to pay it debts as and when they fall due.
2. The company in respect of the financial year to which those accounts relate:
 - a. Has kept such accounting records as correctly record and explain the transactions and financial position of the company;
 - b. Has kept its accounting records in such a manner as would enable true and fair accounts of the company to be prepared from time to time; and
 - c. Has kept its accounting records in such manner as would enable the accounts of the company to be conveniently and properly audited in accordance with the Corporations Law.
3. The accounts to which this statement relates have been properly prepared by a competent person.

On behalf of the Board



Geoff Egan
Chairman



Michael Gamble
Director

Signed at Oak Flats on 29 September 2013.

Independent audit report



Chartered Accountants

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Oak Flats Financial Services Ltd
ABN 62 093 057 768

INDEPENDENT AUDITOR'S REPORT

To the members of Oak Flats Financial Services Limited

We have audited the accompanying financial report of Oak Flats Financial Services Limited, which comprises the balance sheet as at 30 June 2013, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the Oak Flats Financial Services Limited, are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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. These Auditing 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 judgment, 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 entity's preparation and fair presentation 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 entity'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.

Murray Reid F.C.A. | Laura Ruiz C.A.
ABN 28 151 181 100



Liability limited by a scheme approved
under Professional Standards Legislation.



Independent audit report (continued)

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

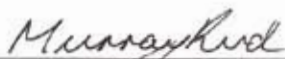
Independence

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*, provided to the directors of Oak Flats Financial Services Limited, on 24th September 2013, would be in the same terms if provided to the directors as at the date of this auditor's report.

Auditor's Opinion

In our opinion the financial report of Oak Flats Financial Services Limited, is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of Oak Flats Financial Services Limited, financial position as at 30 June 2013 and of its performance for the year ended on that date; and
- (b) Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.



Murray Reid,
R M Chartered Accountants
Victoria Street Wollongong

30 September 2013



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Franchisee: Oak Flats Financial Services Ltd
67a Central Avenue, Oak Flats NSW 2529
ABN: 62 093 057 768

(BMPAR13154) (10/13)

