



Annual Report 2014

Oak Flats
Financial Services Ltd

ABN 62 093 057 768

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

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Chairman's report

For year ending 30 June 2014

Company performance

The profit after income tax increased in the 2014 financial year to \$93,428.75 (2013 \$34,307.71). However the total income dropped this year by just over \$15,000, however expenses decreased by over \$88,000. 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 to increase total income.

Business developments

The Board and management are continuing to work hard to build the business. With the decrease in commissions and margin income received from Bendigo and Adelaide Bank the priority of the Board and management is the need to grow the banking business of each branch. This growth will be the main focus of the company in the future to ensure increasing income.

A new franchise agreement was signed in July for another five years at Shellharbour **Community Bank**[®] Branch and four years at Oak Flats **Community Bank**[®] Branch which brings future renewal periods in line with each other.

Community contributions

In 2014 these contributions amounted to \$176,932 (2013 \$213,575). The **Community Bank**[®] branches continue to contribute to the local community service organisations, schools and social and sporting bodies. The decrease in community support is a factor of the decreased operating profit. The Sponsorship and Marketing Committee are working hard to ensure that every dollar given in community support is helping build the business in some way.

Dividends

Due to the decrease in profit the dividend for the year has decreased in to 11 cents per share (2013 - 13 cents per share).

I would like to thank the Board, Steve Wiaczek and his team at Oak Flats **Community Bank**[®] Branch, John Sinclair 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 2014

The 2014 financial year has been a period of refocusing for the Oak Flats **Community Bank**[®] Branch.

With gradual market and industry changes, there has become a need to broaden our focus to incorporate new initiatives for a sustainable future. Technological and cultural advancements have changed the way consumers do their banking. Therefore, our business has undergone changes to ensure that we remain current with the consumer market and continue to deliver a high standard of service to the Oak Flats and Shellharbour communities.

These strategies have included the restructuring and training of our people, deepening our relationship with our existing customers and increasing opportunities for non gap income.

The staff changes made in October 2013 saw several staff rotating from between the two branches in order to observe succession planning requirements. Robyn Stocken, Gabrielle Hunter and myself moved to Oak Flats to join original staff members Jenny Zoccoli, Jenny McCallum, Peter Quetcher, Kylie Hanigan and Jodi Witt. As well as staff movements, there was also a need for individual team members to gain new skills and expand their role within the branch. Gaining the necessary training and experience in lending and management for key staff was critical to the business needs in the event of senior staff leaving the business due to retirement or new career opportunities. I am extremely proud of the manner in which individual team members adapted to their new roles within the year.

We also intend to continue staff education and succession planning into the new financial year. The promotion and recruitment of the right people will lead to even more new business opportunities. Our aim is to utilise the strengths within our team to cultivate a progressive and successful work environment. Through this, I believe that Oak Flats and Shellharbour **Community Bank**[®] branches are truly an employer of choice.

Our footings growth of \$3.463 million for the year was positive, however, there is a great opportunity to increase this result in the coming financial year. The **Community Bank**[®] branches have also been successful in retaining a loyal customer base by maintaining a welcoming environment where new and existing customers are familiar with our high level of service and the **Community Bank**[®] model's point of difference. This has meant that our customer retention and advocacy remains strong and ensures a steady flow of repeat business and organic growth.

Exposing our customers to our full professional product suite enables us to not only retain our existing customers but also deepen the relationship and increase our market share. To assist with this strategy our team will continue to work with Bendigo and Adelaide Bank support teams to add value to the customer experience. The addition of a new financial planner for the region situated within the Oak Flats **Community Bank**[®] Branch is already the source of some exciting growth in our Wealth Advice portfolio. Similar initiatives in business banking and insurance will add to our success.

Through profits generated from the provision of banking services, this year, Oak Flats and Shellharbour **Community Bank**[®] branches contributed more than \$176,000 back into local community groups. Coupled with this, the Sponsorship Committee enhanced the sponsorship policy to ensure that a stronger return of business from the funds distributed. In future years, the volume of business received from the community groups will determine the level of sponsorship offered by the **Community Bank**[®] branches. Additional incentives made available to both the groups and their members has generated interest in our products and will see gradual growth. This way, consumers will enjoy seeing the benefits of banking with their **Community Bank**[®] branch both as bank customers and community group participants.

The reciprocal relationship policy changes were communicated to the committees of the community group sponsorship recipients and well received. Already, we are seeing an increased increase in new business enquiry from some groups and in turn increasing their sponsorship support.

Manager's report (continued)

In 2014, Oak Flats **Community Bank**[®] Branch will reach \$2 million in community contributions leading into our 15th year of operation. Milestones that we are excited to celebrate with our company Directors, staff, shareholders, customers and a fantastic achievement for our local community.

It gives me great pleasure to thank the 2014 Oak Flats **Community Bank**[®] Branch team for their dedication to continuous improvement throughout the year. Change is a necessary and perpetual challenge. Especially in a rapidly progressing industry. Not only has the team embraced the changes necessary to sustain our business in this financial year but they are also looking forward to addressing future challenges as they arise in the years ahead. It is an overwhelming privilege to part of such a committed group of people.

On behalf of my team, our customers and our community, I would like to thank the Oak Flats Financial Services Ltd Board of Directors for their ongoing support and community spirit during a transitional year. I look forward to working with the entire Oak Flats and Shellharbour **Community Bank**[®] branches' team to further strengthen the local community during the 2015 financial year and beyond.



Steve Wiaczek
Branch Manager
Oak Flats Community Bank[®] Branch

Shellharbour Manager's report

For year ending 30 June 2014

On Friday 4 August 2014 the Shellharbour **Community Bank**[®] Branch celebrated it's eighth year of operation. It is with great pleasure that I can say the branch continues to grow.

Business levels are now in excess of \$46 million, a growth of \$7.1 million over the prior year or a growth rate of 18.2% for the financial year. The branch has approximately 1,900 accounts and we conduct over 15,000 counter transactions per annum.

At Shellharbour **Community Bank**[®] Branch we believe our customers want appropriate solutions to meet their financial needs. Our goal is to provide a friendly and understanding staff that will listen and understand our customer needs and then offer appropriate products and services.

Many of our customers are also taking advantage of our specialised wealth management services and insurance products.

The message is clear and more important than ever, our customers have embraced the **Community Bank**[®] model by banking with us. They not only have their financial needs satisfied but they are helping generate profits which are in turned shared with the local community in the form of various projects, sponsorships, scholarships donations and dividends.

I would like to acknowledge the great support of the Oak Flats Financial Services Limiteds' Board of Directors, shareholders, Bendigo and Adelaide Bank and most importantly the staff at Shellharbour **Community Bank**[®] Branch. Lesley, Cheryl, Paula and Lynda are all passionate about providing a superior level of service to our customers.

Lastly, as with any business we are only able to grow and prosper by having loyal customers. To this end I must say thank you to all our valued clients who not only see the personal benefits of banking their local **Community Bank**[®] branch also see the benefit to our local community.



John Sinclair
Branch Manager
Shellharbour Community Bank[®] Branch

Directors' report

For the financial year ended 30 June 2014

Your Directors present this report on the company for the financial year ended 30 June 2014.

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 & 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	(Resigned 26 June 2014)
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 \$93,428.75 (2013: \$34,307.71).

Dividends

	Year ended 30 June 2014	
	Cents per share	\$
Final dividends recommended:	11	50,611.88
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 17 and 21.

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	10 of 11
Michael Francis Gamble	10 of 10	2 of 2
Jennifer Marie Butler	9 of 10	8 of 9
Peter John O'Dea	3 of 10	0 of 0
Neil Greig	9 of 10	1 of 2
Dale Robert Whittaker	10 of 10	8 of 10
Terrence Barton	8 of 10	2 of 2
Vanessa Mitrevska	10 of 10	9 of 9
Belinda Gamble	7 of 10	2 of 2

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.

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


Auditors Independence Declaration

In relation to our audit of the financial report of Oak Flats Financial Services Ltd for the financial year ended 30 June 2014, to the best of my knowledge and belief, there have been no contraventions of the Auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

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



Geoff Egan
Chairman



Michael Gamble
Director

Signed at Oak Flats on 29 September 2014

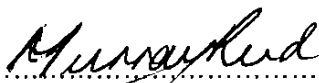
Auditor's independence declaration

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 30th June 2014, 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

Financial statements

Statement of Comprehensive Income for the year ended 30 June 2014

	Note	2014 \$	2013 \$
Revenue	2	1,486,774	1,502,212
Gross profit		1,486,774	1,502,212
Marketing		-18,440	-37,483
Selling expenses		-42,559	-43,444
Community contributions		-176,833	-213,575
Administration expenses		-1,089,897	-1,108,212
Finance costs		-27,226	-40,419
Operating profit before income tax		131,819	59,078
Income tax attributable to operating profit (loss)	4	38,390	24,375
Operating profit after income tax		93,429	34,704
Retained profits at the beginning of the financial year		83,867	108,978
Total available for appropriation		177,296	143,681
Dividends provided for or paid	5	59,814	59,814
		59,814	59,814
Retained profits at the end of the financial year		117,482	83,867
Other comprehensive income:			
Other comprehensive income for the year, net of tax			
Total comprehensive income for the year		117,482	83,867
Earnings per share (cents per share)			
- basic for profit / (loss) for the year	22	20.31	7.54
- diluted for profit / (loss) for the year	22	20.31	7.54

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 2014

	Note	2014 \$	2013 \$
Current assets			
Cash assets	6	181,220	150,184
Receivables	7	151,746	121,106
Other financial assets	8	83,339	83,339
Other	9	22,015	29,261
Total current assets		438,320	383,889
Non-current assets			
Property, plant and equipment	10	728,403	743,501
Intangible assets	11	11,361	23,361
Other	9	3,588	17,067
Total non-current assets		743,352	783,929
Total assets		1,181,671	1,167,818
Current liabilities			
Payables	12	27,568	32,622
Current tax liabilities	13	62,925	49,081
Total current liabilities		90,493	81,702
Non-current liabilities			
Financial liabilities	13	427,494	452,242
Provisions	14	95,094	98,898
Total non-current liabilities		522,588	551,140
Total liabilities		613,081	632,842
Net assets		568,590	534,975
Equity			
Contributed equity	16	451,108	451,108
Retained profits		117,482	83,867
Total equity		568,590	534,975

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 Flows for the year ended 30 June 2014

	2014 \$	2013 \$
Cash flow from operating activities		
Receipts from customers	1,497,229	1,478,158
Payments to suppliers and employees	-1,322,820	-1,315,503
Interest received	18	24
Interest and other costs of finance	-40,419	-43,066
Dividends received	6,420	6,420
Income tax paid	-21,986	-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	-1,051
Shares in other companies		
Payments for franchise fees	-	-
Payments for property, plant and equipment	-6,903	-15,336
Net cash provided by (used in) investing activities	-5,852	-16,387
Cash flow from financing activities		
Proceeds of borrowings		
Loan repayments	-18,584	-16,538
Dividends paid	-59,814	-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 Flows for the year ended 30 June 2014 (continued)

	2014	2013
	\$	\$

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	92,303	92,303
Dividend account	3,368	3,368
Cash at bank - Shellharbour	53,555	53,555
Bendigo and Adelaide Bank Limited expense account	226	226
Bendigo Eftpos Account	123	123
Cash on hand - Oak Flats	308	308
Cash on hand - Shellharbour	300	300
	150,184	150,184

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

Operating profit (loss) after tax	34,704	34,704
Depreciation	27,370	27,370
Amortisation	25,479	25,479
Interest		
Increase/(decrease) in provision for income tax	2,389	2,389
Changes in assets and liabilities net of effects of purchases and disposals of controlled entities:		
(Increase) decrease in trade and term debtors	1,397	1,397
(Increase) decrease in prepayments	-5,240	-5,240
(Increase) decrease in Shares		
Increase (decrease) in trade creditors and accruals	5,406	5,406
Increase (decrease) in other creditors	2,755	2,755
Increase (decrease) in employee entitlements	16,341	16,341
Increase (decrease) in sundry provisions	7,842	7,842
Net cash provided by operating activities	118,443	118,443

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 in Equity for the year ended 30 June 2014

	2014	2013
	\$	\$
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	83,867	108,978
Profit/(loss) after income tax expense	93,429	34,703
Dividends paid	(59,814)	(59,814)
Balance at end of year	117,482	83,867

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 2014

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.

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. Summary 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. Summary 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).

	2014 \$	2013 \$
Note 2. Revenue		
Operating activities:		
Interest revenue	18	18
Dividend revenue	6,634	6,420
Other operating revenue:		
Gross receipts - Oak Flats	1,037,438	1,097,786
Gross receipts - Shellharbour	436,128	387,070
Other income - Oak Flats	278	
Other income - Shellharbour	278	
Rebates & refunds - Oak Flats	3,000	10,917
Rebates & refunds - Shellharbour	3,000	
	1,486,774	1,502,212
*Interest from:		
Bendigo and Adelaide Bank Limited	18	18
	18	18
**Dividends from:		
Bendigo and Adelaide Bank Limited	6,634	6,420
	6,634	6,420

Notes to the financial statements (continued)

	2014 \$	2013 \$
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	11,852
- Other intangibles	12,000	12,000
- Share issue expenses	1,627	1,627
Total amortisation expenses	25,479	25,479
Bad and doubtful debts	6,672	54
Borrowing costs:		
- Other persons	27,226	40,419
Total borrowing costs	33,898	40,473
Depreciation of non-current assets:		
- Buildings	234	260
- Plant and equipment	18,675	27,110
Total depreciation expenses	18,909	27,370

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%.	39,546	17,723
Add tax effect of:		
Imputation credit - Bendigo and Adelaide Bank Limited shares	527	413
Amortisation - Oak Flats prior to blackhole writeoff provisions	1,044	1,044
Employee entitlements	-1,050	4,902
Entertainment	82	1,668
Super paid - not cleared		
	40,148	25,751
Less:		
Imputation credit	1,758	1,376
Income tax expense attributable to profit from ordinary activities	38,390	24,375

Notes to the financial statements (continued)

	2014 \$	2013 \$
Note 5. Dividends		
Dividends provided for or paid	59,814	59,814
	59,814	59,814

Note 6. Cash assets

Bank accounts:

Cash at bank - Oak Flats	89,223	92,303
Dividend account	3,357	3,368
Cash at bank - Shellharbour	86,050	53,555
Bendigo expenses account	1,880	226
Bendigo eftpos account	102	123
Other cash items:		
Cash on hand - Oak Flats	308	308
Cash on hand - Shellharbour	300	300
	181,220	150,184

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	181,220	150,184
	181,220	150,184

Note 7. Receivables

Current

Trade debtors	151,205	121,106
Other loans	541	
	151,746	121,106

Note 8. Other financial assets

Current

Shares in other corporations - at cost:

- Listed on a prescribed stock exchange	83,339	83,339
	83,339	83,339
	83,339	83,339

Notes to the financial statements (continued)

	2014 \$	2013 \$
Note 9. Other assets		
Current		
Prepayments	22,015	29,261
	22,015	29,261
Non current		
Preliminary expenses	106,650	106,650
Less: accumulated amortisation	-104,989	-93,136
Share issue expenses	23,956	23,956
Less: accumulated amortisation	-22,279	-20,652
Borrowing expenses		
Other	250	250
	3,588	17,067

Note 10. Property, plant and equipment

Buildings:	632,690	632,690
- At cost	-543	-309
- Less: Accumulated depreciation	632,147	632,381
Leasehold improvements:		
- At cost	325,408	325,408
- Less: Accumulated depreciation	-243,641	-230,737
	81,767	94,671
Plant and equipment:		
- At cost	94,998	91,187
- Less: Accumulated depreciation	-80,509	-74,738
	14,489	16,449
	728,403	743,501

Note 11. Intangible assets

Other intangibles:		
- At cost	60,000	60,000
- Less: Accumulated amortisation	-48,639	-36,639
	11,361	23,361
	11,361	23,361

Notes to the financial statements (continued)

	2014 \$	2013 \$
Note 12. Payables		
Unsecured:		
- Trade creditors	16,078	20,452
- Other creditors	11,490	12,170
	27,568	32,622

Note 13. Secured loans

Current		
Bendigo and Adelaide Bank Limited	427,494	452,242
	427,494	452,242

Note 14. Tax liabilities

Current		
GST clearing	24,535	24,706
Taxation	38,390	24,375
	62,925	49,081

Note 15. Provisions

Non current		
Employee entitlements*	95,094	98,898
	95,094	98,898
* Aggregate employee entitlements liability	95,094	98,898

There were 12 employees at the end of the year.

Note 16. Contributed capital

460108 Ordinary shares at \$1.00 each fully paid	451,108	451,108
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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)

Note 17. Remuneration and retirement benefits

Directors' remuneration

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

\$	No.	No.
100 – 3,000	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, Strategic
Michael Francis Gamble	Company Secretary, Governance, Remuneration, Strategic
Jennifer Marie Butler	Sponsorship, Audit, Strategic
Peter John O'Dea	Board
Neil Greig	Business Development, Strategic
Dale Robert Whittaker	Marketing, Audit, Recruitment, Strategic
Terrence Barton	Business Development, Strategic
Vanessa Mitrevska	Marketing & Sponsorship, Strategic
Belinda Gamble	Governance, Strategic

Note 18. 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

	2014	2013
	\$	\$

Note 19. Auditors' remuneration

Remuneration of the Auditor of the company for:

Auditing or reviewing the financial report	2,810	2,145
	2,810	2,145

Note 20. Contingent liabilities

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

Notes to the financial statements (continued)

Note 21. 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 2014.

	2014 \$	2013 \$
Note 22. Dividends paid or provided for on ordinary shares		
(a) Previous year final		
Franked dividends - 11 cents per share (2013: 13 cents per share)	59,814.04	59,814.04
(b) Dividends proposed and not recognised as a liability		
Franked dividends - 11 cents per share (2013: 13 cents per share)	50,611.88	59,814.04
(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%	118,946.56	127,290.00
- Franking debits that will arise from the Payment (refund) of income tax payable as at the end of the financial year	6,262.28	(9,765.50)
- Franking debits that will arise from the payment of dividends as at the end of the financial year	21,691.00	25,636.00

The tax rate at which dividends have been franked is 30% (2013: 30%).

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

Notes to the financial statements (continued)

	2014 \$	2013 \$
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Note 23. 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.

.203058	0.0754
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The following reflects the income and share data used in the basic and diluted earnings per share computations:

Profit/(loss) after income tax expense	131,819	34,703
Weighted average number of ordinary shares for basic and diluted earnings per share	460,108	460,108

Note 24. 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 25. 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	
	2014 \$	2013 \$
Cash assets	181,220	150,184
Receivables	151,746	121,106
	332,966	271,290

Notes to the financial statements (continued)

Note 25. 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 (2013: nil past due) and based on historic default rates, the company believes that no impairment allowance is necessary in respect of assets not past due.

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

(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 2014					
Payables	-	-	-		-
Loans and borrowings	427,494	56,832	56,832	284,160	29,670
	427,494	56,832	56,832	284,160	29,670

(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 25. 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	
	2014 \$	2013 \$
Fixed rate instruments		
Financial assets		
Financial liabilities	-	-
	-	-
Variable rate instruments		
Financial assets	427,494	452,242
Financial liabilities	427,494	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 2014 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.

- (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%.

Notes to the financial statements (continued)

Note 25. Financial risk management (continued)

(e) Capital management (continued)

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

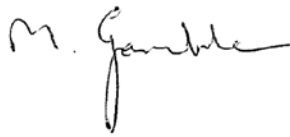
In accordance with a resolution of the Directors of Oak Flats Financial Services Ltd we state that:

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 2014;
 - 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 2014 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 2014

Independent audit report

OAK FLATS FINANCIAL SERVICES LTD
ABN 62 093 057 768

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OAK FLATS FINANCIAL SERVICES LTD

Report on the Financial Report

We have audited the accompanying financial report of Oak Flats Financial Services Ltd, which comprises the statement of financial position as at 30 June 2014 and the statement of profit or loss and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company 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 financial reporting requirements of the company's constitution. 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 about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's 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 company'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.

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

Independence

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

Auditor's Opinion

In our opinion;

- a. the financial report of Oak Flats Financial Services Ltd is in accordance with the Corporations Act 2001, including:
- (i) giving a true and fair view of the company's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.
- b.

Name of Firm: O'DONNELL HENNESSY & CO

Name of Partner: Murray Reid

Address: WOLLONGONG

Dated this

29 day of September 2014

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(BMPAR14155) (11/14)

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