

Annual Report 2015

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 2015

Company performance

The profit after income tax decreased in the 2014/15 financial year to \$78,430 (2013/14 \$93,428). However the total banking income dropped this year by almost \$37,000, however expenses decreased by over \$18,000. 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

Our partner Bendigo Bank has, in conjunction with the national **Community Bank**[®] network, recently completed the most comprehensive review of the **Community Bank**[®] model since inception.

The Project Horizon review looked at the **Community Bank**[®] model from its humble beginnings in 1998 to what is today, a network of 310 branches with representation in every State and Territory.

One of the major changes to our **Community Bank**[®] branch, and company which operates the branch, is to the level of what is referred to as the Market Development Fund. Initially introduced to assist with **Community Bank**[®] branches in their early days, for every banking milestone reached, the Bank has provided funding for the **Community Bank**[®] company to promote their business locally.

This was particularly helpful in the start-up days of the branch and as our branch has become more profitable over the years, it's provided additional funds we can use to promote our products and services without impacting on the returns we continue to make to our community via funding for community projects (and dividends – if applicable).

The Project Horizon review has resulted in a redistribution to **Community Bank**[®] companies which will impact the amount of Market Development Fund contributions we will receive from the Bank. Less established and/or new **Community Bank**[®] branches will receive a greater share and more established sites will receive less.

There will be a pool of marketing funds that all **Community Bank**[®] companies will contribute to and this will enable improved collaboration for regional, state and national marketing of the **Community Bank**[®] brand and the ideals that it stands for.

Community contributions

In 2014/15 these contributions amounted to \$186,904 (2013/14 \$176,932). 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

The dividend for the year has been declared as 11 cents per share (2013/14 - 11 cents per share), this dividend is calculated in reference to the Franchise Agreement and the company's Rules.

Directors continue to focus on the need to grow the business and are working on a number of strategies to achieve this. Together with our committed and friendly service driven branch staff we are committed to continue to work hard to grow the business for the betterment of our local community(ties) through grants, sponsorships and donations.

Chairman's report (continued)

As a shareholder we thank you for your support. If you're banking with your **Community Bank**[®] branch – thank you. If you're not, then it's worth asking yourself the question 'am I able to investigate further with local branch staff, products and services that may assist in achieving my financial goals?'

Yours sincerely,



Geoff Egan
Chairman

Manager's report

For year ending 30 June 2015

The 2014/15 financial year saw the Oak Flats **Community Bank**[®] Branch celebrate their 15th birthday and Shellharbour **Community Bank**[®] Branch celebrating their ninth year of operation. It was a year for change in the branches with our previous Manager John Sinclair stepping out of the management role to fulfil our need for a Mobile Relationship Banker. We thank John for all his hard work not only here at the Shellharbour **Community Bank**[®] Branch but also for his time spent at our Oak Flats **Community Bank**[®] Branch establishing a branch that has now put over \$2 million back into your local community. It is with great pleasure that I have stepped into the Branch Manager role and look forward to continuing to grow the business and support our local community.

At Oak Flats **Community Bank**[®] Branch 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 branch has 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.

Business levels at Shellharbour **Community Bank**[®] Branch are now in excess of \$50 million, a growth of \$3.4million over the prior year. The branch has approximately 2,000 accounts and we conduct over 15,000 counter transactions per annum. Over the last six months we have seen a drastic decline in transactions on a Saturday and after conducting a feasibility study it has been decided that the Shellharbour **Community Bank**[®] Branch will close on a Saturday starting 31 October 2015. Our Oak Flats **Community Bank**[®] Branch will remain operating every Saturday from 9.00am to 12.00 noon.

At Oak Flats & Shellharbour **Community Bank**[®] branches we want to know about you, our customers, and to do this we are changing the way we do business. Bendigo and Adelaide Bank offer a full suite of banking products to suit you with competitive rates and best of all personal service. We want to talk to you about your needs and your goals and best of all we want to help you reach them. What more reason do you need to bring your entire banking relationship to your **Community Bank**[®] branch that supports your local community and to date has given back over \$2 million thanks to you.

The message is clear and more important than ever that our customers have embraced the **Community Bank**[®] model by banking with us. By doing this they not only have their financial needs satisfied but they are helping generate profits which are in turn 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 Ltds' Board of Directors, shareholders, Bendigo and Adelaide Bank and lastly but most importantly the staff at both Oak Flats **Community Bank**[®] Branch and Shellharbour **Community Bank**[®] Branch. Our staff 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.



Casey Harlow
Branch Manager
Shellharbour Community Bank[®] Branch

Directors' report

For the financial year ended 30 June 2015

Your Directors present this report on the company for the financial year ended 30 June 2015

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	
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	(Resigned 15/14/2015)
Andy Zakeli	15 April 2015	Photographer	(Appointed 15/04/2015)

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 \$78,430.87 (2014: \$93,428.75).

Dividends

	Year ended 30 June 2015	
	Cents	\$
Final dividends recommended:	11	50,611.88
Ordinary dividend of 11 cents		
Dividends paid in the year:	11	50,611.88
- 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	11 of 11	8 of 8
Michael Francis Gamble	9 of 11	2 of 2
Jennifer Marie Butler	11 of 11	5 of 6
Neil Greig	9 of 11	0 of 0
Dale Robert Whittaker	9 of 11	5 of 8
Terrence Barton	9 of 11	0 of 0
Vanessa Mitrevska	10 of 11	6 of 6
Belinda Gamble (Resign 15/04/2015)	2 of 4	0 of 0
Andy Zakej (Appoint 15/04/2015)	2 of 3	0 of 0

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 2015, 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



Dale Whittaker
Director

Signed at Oak Flats on 17 September 2015

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 2015, 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 2015

	Note	2015 \$	2014 \$
Revenue	2	1,443,969	1,486,774
Gross profit		1,443,969	1,486,774
Marketing		- 23,178	- 18,440
Selling expenses		- 62,650	- 42,559
Community contributions		- 186,905	- 176,833
Administration expenses		- 1,040,111	- 1,089,897
Finance costs		- 23,281	- 27,226
Operating profit before income tax		107,845	131,819
Income tax attributable to operating profit (loss)	4	29,414	38,390
Operating profit after income tax		78,431	93,429
Retained profits at the beginning of the financial year		117,482	83,867
Total available for appropriation		195,913	177,296
Dividends provided for or paid	5	50,612	59,814
		145,301	59,814
Retained profits at the end of the financial year		145,301	117,482
Other comprehensive income:			
Other comprehensive income for the year, net of tax			
Total comprehensive income for the year		145,301	117,482
Earnings per share (cents per share)			
- basic for profit / (loss) for the year	22	17.05	20.31
- diluted for profit / (loss) for the year	22	17.05	20.31

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 2015

	Note	2015 \$	2014 \$
Current assets			
Cash assets	6	116,698	181,220
Receivables	7	117,644	151,746
Other financial assets	8	83,339	83,339
Other	9	4,183	22,015
Total current assets		321,863	438,320
Non-current assets			
Property, plant and equipment	10	714,022	728,403
Intangible assets	11	103,553	11,361
Other	9	300	3,588
Total non-current assets		817,875	743,352
Total assets		1,139,738	1,181,671
Current liabilities			
Payables	12	32,039	27,568
Current tax liabilities	13	28,344	62,925
Total current liabilities		60,383	90,493
Non-current liabilities			
Financial liabilities	13	394,122	427,494
Provisions	14	88,824	95,094
Total non-current liabilities		482,946	522,588
Total liabilities		543,329	613,081
Net assets		596,409	568,590
Equity			
Contributed equity	16	451,108	451,108
Retained profits		145,301	117,482
Total equity		596,409	568,590

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 2015

	Note	2015 \$	2014 \$
Cash flow from operating activities			
Receipts from customers		1,478,071	1,443,350
Payments to suppliers and employees		- 1,273,906	- 1,278,452
Interest received		25	18
Interest and other costs of finance		- 23,281	- 27,226
Dividends received		7,062	6,634
Income tax paid		- 57,096	- 24,374
Net cash provided by (used in) operating activities (note 2)		130,875	119,950
Cash flow from investing activities			
Payment for:			
Loan other debtors			- 541
Shares in other companies			
Payments for franchise fees		- 111,412	
Payments for property, plant and equipment			- 3,810
Net cash provided by (used in) investing activities		- 111,412	- 4,351
Cash flow from financing activities			
Proceeds of borrowings			
Loan repayments		- 33,372	- 24,748
Dividends paid		- 50,612	- 59,814
Net cash provided by (used in) financing activities		- 83,984	- 84,562
Net movement in cash		- 64,521	31,037
Net increase (decrease) in cash held		- 64,521	31,037
Cash at the beginning of the year		181,220	150,184
Cash at the end of the year (note 1)		116,699	181,221

Financial statements (continued)

Statement of Cash Flows for the year ended 30 June 2015 (continued)

	2015 \$	2014 \$
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	12,099.48	89,223.21
Dividend account	3,242.86	3,356.57
Cash at bank - Shellharbour	29,015.19	86,050.20
Bendigo and Adelaide Bank Limited expense account	1,589.62	1,880.00
Bendigo eftpos account	136.67	101.92
Bendigo account - B001	70,005.92	
Cash on hand - Oak Flats	308	308.00
Cash on hand - Shellharbour	300	300.00
	116,698	181,220

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

Operating profit (loss) after tax	78,431	93,428
Depreciation	14,381	18,909
Amortisation	22,507	25,479
Interest		
Increase/(decrease) in provision for income tax	- 27,682	14,016
Changes in assets and liabilities net of effects of purchases and disposals of controlled entities:		
(Increase) decrease in trade and term debtors	34,102	- 30,099
(Increase) decrease in prepayments	17,832	7,246
(Increase) decrease in shares		
Increase (decrease) in trade creditors and accruals	6,135	- 4,374
Increase (decrease) in other creditors	- 1,662	- 680
Increase (decrease) in employee entitlements	- 6,270	- 3,804
Increase (decrease) in sundry provisions	- 6,899	- 171
Net cash provided by operating activities	130,875	119,950

Financial statements (continued)

Statement of Changes in Equity for the year ended 30 June 2015

	2015 \$	2014 \$
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	117,482	83,867
Profit/(loss) after income tax expense	78,431	93,429
Dividends paid	(50,612)	(59,814)
Balance at end of year	145,301	117,482
Total equity	596,409	568,590

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2015

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).

	2015 \$	2014 \$
Note 2. Revenue		
Operating Activities:		
Interest revenue	24.70	18
Dividend revenue	7,062.00	6,634
Other operating revenue:		
Gross receipts - Oak Flats	1,007,722.67	1,037,438
Gross receipts - Shellharbour	427,784.51	436,128
Insurance recoveries - Oak Flats	431.82	
Insurance recoveries - Shellharbour	942.91	
Other income - Oak Flats	278	278
Other income - Shellharbour	278	278
Rebates and refunds - Oak Flats	3,000	3,000
Rebates and refunds - Shellharbour	3,000	3,000
	1,450,524	1,486,774
*Interest from:		
Bendigo and Adelaide Bank Limited	25	18
	25	18
**Dividends from:		
Bendigo and Adelaide Bank Limited	7,062	6,634
	7,062	6,634

Notes to the financial statements (continued)

	2015 \$	2014 \$
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	1,661	11,852
- Other intangibles	19,219	12,000
- Share issue expenses	1,627	1,627
Total amortisation expenses	22,507	25,479
Bad and doubtful debts	542	6,672
Borrowing costs:		
- Other persons	23,281	27,226
Total borrowing costs	23,822	33,898
Depreciation of non-current assets:		
- Buildings	211	234
- Plant and equipment	14,170	18,675
Total depreciation expenses	14,381	18,909

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%.	32,353	39,546
Add Tax effect of:		
Imputation credit - Bendigo and Adelaide Bank Limited Shares	908	527
Amortisation - Oak Flats prior to blackhole writeoff provisions	986	1,044
Employee Entitlements	- 1,972	- 1,050
Entertainment	165	82
Super paid - not cleared		
	32,440	40,148
Less:		
Imputation credit	3,026	1,758
Income tax expense attributable to profit from ordinary activities	29,414	38,390

Notes to the financial statements (continued)

	2015 \$	2014 \$
Note 5. Dividends		
Dividends provided for or paid	50,612	59,814
	50,612	59,814

Note 6. Cash assets

Bank accounts:

Cash at bank - Oak Flats	12,099.48	89,223
Dividend account	3,242.86	3,357
Cash at bank - Shellharbour	29,015.19	86,050
Bendigo expenses account	1,589.62	1,880
Bendigo eftpos account	136.67	102
Bendigo account - B001	70,005.92	

Other cash items:

Cash on hand - Oak Flats	308	308
Cash on hand - Shellharbour	300	300
	116,698	181,220

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	116,698	181,220
	116,698	181,220

Note 7. Receivables

Current

Trade debtors	117,644	151,205
Other loans		541
	117,644	151,746

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

Notes to the financial statements (continued)

	2015 \$	2014 \$
Note 9. Other assets		
Current		
Prepayments	4,183	22,015
	4,183	22,015
Non current		
Preliminary expenses	106,650	106,650
Less: accumulated amortisation	- 106,650	- 104,989
Share issue expenses	23,956	23,956
Less: accumulated amortisation	- 23,906	- 22,279
Borrowing expenses		
Other	250	250
	300	3,588

Note 10. Property, plant and equipment

Buildings:

- At cost	632,690	632,690
- Less: Accumulated depreciation	- 754	- 543
	631,936	632,147

Leasehold improvements:

- At cost	325,408	325,408
- Less: Accumulated depreciation	- 254,752	- 243,641
	70,656	81,767

Plant and equipment:

- At cost	94,998	94,998
- Less: Accumulated depreciation	- 83,568	- 80,509
	11,430	14,489
	714,022	728,403

Note 11. Intangible assets

Other intangibles:

- At cost	161,411	60,000
- Less: Accumulated amortisation	- 57,858	- 48,639
	103,553	11,361
	103,553	11,361

Notes to the financial statements (continued)

	2015 \$	2014 \$
Note 12. Payables		
Unsecured:		
- Trade creditors	22,213	16,078
- Other creditors	9,826	11,490
	32,039	27,568

Note 13. Secured loans

Current		
Bendigo and Adelaide Bank Limited	394,122	427,494
	394,122	427,494

Note 14. Tax liabilities

Current		
GST clearing	17,636	24,535
Taxation	10,708	38,390
	28,344	62,925

Note 15. Provisions

Non current		
Employee entitlements*	88,824	95,094
	88,824	95,094
* Aggregate employee entitlements liability	88,824	95,094

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
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 (Resigned)
Andy Zakej	Marketing & Sponsorship, 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.

	2015	2014
	\$	\$

Note 19. Auditors' remuneration

Remuneration of the Auditor of the company for:

Auditing or reviewing the financial report	3,280	2,810
	3,280	2,810

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 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 2015.

	2015 \$	2014 \$
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Note 22. Dividends paid or provided for on ordinary shares

(a) Previous year final

Franked dividends - 11 cents per share (2014: 11 cents per share)	50,611.88	59,814.04
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(b) Dividends proposed and not recognised as a liability

Franked dividends - 11 cents per share (2014: 11 cents per share)	50,611.88	50,611.88
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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%	136,283.15	118,946.56
- Franking debits that will arise from the Payment (refund) of income tax payable as at the end of the financial year	14,612.40	6,262.28
- Franking debits that will arise from the payment of dividends as at the end of the financial year	21,691.00	21,691.00

The tax rate at which dividends have been franked is 30% (2014: 30%).

Dividends proposed will be franked at a rate of 30% (2015: 30%).

Notes to the financial statements (continued)

	2015 \$	2014 \$
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.	0.17046	0.203058
The following reflects the income and share data used in the basic and diluted earnings per share computations:		
Profit/(loss) after income tax expense	78,431	93,429
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	
	2015 \$	2014 \$
Cash assets	116,698	181,220
Receivables	117,644	151,746
	234,342	332,966

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.

30 June 2014	Carrying amount \$	Contractual cash flows \$	1 year or less \$	Over 1 to 5 years \$	More than 5 years \$
Payables	-	-	-	-	-
Loans and borrowings	394,122	56,832	56,832	227,328	209,985
	394,122	56,832	56,832	227,328	209,985

(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	
	2015	2014
	\$	\$
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 2015;
 - 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 2015 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



Dale Whittaker
Director

Signed at Oak Flats on 17 September 2015

Independent audit report

OAK FLATS FINANCIAL SERVICES LIMITED
ACN 093 057 768

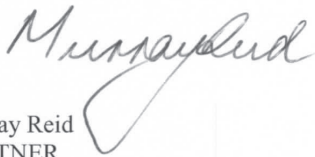
**Independent Audit Report to the Members of
Oak Flats Financial Services Limited**

Auditor's Opinion

In our opinion:

- a. the financial report of Oak Flats Financial Services Limited is in accordance with the Corporations Act 2001, including:
- i) giving a true and fair view of the company's financial position as at 30 June 2015 and of their performance for the year ended on that date; and
 - ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;
- b. the financial report also complies with International financial Reporting Standards as disclosed in Note 1; and
- c. the remuneration disclosures that are contained in the directors' report comply with Accounting Standard AASB 124.

O'DONNELL HENNESSY & CO.



Murray Reid
PARTNER
WOLLONGONG

Dated this

17th day of September

2015

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