

Annual Report 2016

Oak Flats Financial
Services Ltd

ABN 62 093 057 768

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

Contents

Chairman's report	2
Manager's report	3
Directors' report	4
Financial statements	7
Notes to the financial statements	12
Directors' declaration	24
Independent audit report	25

Chairman's report

For year ending 30 June 2016

Company performance

The profit after income tax increased in the 2015/16 financial year to \$119,516 (2014/15 \$78,430). However it is good to see that the total banking income had increased this year by almost \$107,000 however expenses increased by over \$55,000. There have been a number of staff movements over the past 12 months and I would like to welcome all our new staff, especially our new Manager Liz Shepherd.

Business developments

Our partner Bendigo Bank has introduced a new income sharing model from 1 July 2016 which on current banking book will increase the company's income slightly. This is based on monthly figures and can change as the banking book changes.

Community contributions

In 2015/16 these contributions amounted to \$157,0028 (2014/15 \$186,905). The **Community Bank**[®] branches continue to contribute to the local community service organisations, schools and social and sporting bodies. The Sponsorship and Marketing Committee continue to work hard to ensure that every dollar given in community support is helping build the business in some way. Our marketing Manager Elise Gooda is progressing well in her role and has organised and initiated a number of campaigns that we will reap the benefit from in the coming year.

Dividends

The dividend for the year has been declared as 11 cents per share (2015 - 11 cents per share), this dividend is calculated in reference to the Franchise agreement and the company's rules.

The Directors and Manager together with our committed and friendly service driven branch staff continue to focus on the need to grow the business and are working on a number of strategies to achieve this.

I would like to thank the Board, Liz Shepherd and teams at Oak Flats and Shellharbour, the shareholders and our customers for their continued efforts to make this company a success.

Yours Sincerely,



Geoff Egan
Chairman

Manager's report

For year ending 30 June 2016

Financial performance

Over the last financial year Oak Flats and Shellharbour **Community Bank**[®] branches have seen some good results across business growth. We have grown in total by \$34,304 million which can be attributed to the following:

- \$7.066 million growth on our lending book
- \$27.367 million growth on our deposit book.

In summary, as at the end of the 2015/16 financial year, the businesses are represented by the following:

- 64,18 customers across both sites
- The combined business book was at \$212.9 million, an increase of \$34.3 million year on year
- 8,428 deposit accounts amounting to \$120.7 million
- 887 loan accounts amounting to \$80.2 million.

It is interesting to see that the teller transactions have fallen by 6,312 year on year which is a direct reflection on how people opt to do their banking in an age of technology.

Staffing

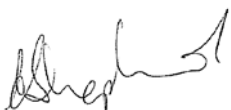
There have been a number of changes to the team in the past 12 months. I came on board at the end of November 2015 from Westpac and identified a number of things that we needed to change so that we could move forward in this competitive industry. Whilst we have maintained the community focus, we have also lifted our level of professionalism and customer focus on ensuring that we talk to our customers and let them know that we are competitive and can do everything that the majors do. We have developed a 'can do' attitude and find a way to assist in every area that we can. These changes saw a few of the team choosing to pursue careers elsewhere which has resulted in the establishment of a relatively new team which has brought a new energy and excitement to the business.

Working in the community

It was pleasing to see that our community contributions hit the \$2 million mark during 2015/16 financial year! We have sponsored a number of different organisations, sporting clubs and local groups which has been very rewarding. We have attended various events including the Great Illawarra Walk, the HARS open day and the Parkinson's Walk to name a few. I attend the Women's Health Centre weekly on a Wednesday where I help women that have recently come out of domestic violent relationships get their finances back on track and this has been very well received across the community.

2016 Wrap

In conclusion, I would like to recognise the Board, in particular our Chairman, Geoff Egan for all of your efforts and support during this period of evolution. We have seen a number of significant changes that can be time consuming and tedious. Now that we are at end of the transformation, it is great to see a wonderfully engaged team working together for customer, community and business outcomes. I would also like to recognise the wonderful team at Bendigo Bank that have been very supportive in particular my Regional Manager Jim, Amy, Tracey, Jess, David and Steve. Lastly, but not least, a huge thank you to our team here at Oak Flats and Shellharbour for your efforts in making us the successful business that we are. It's great to be part of something so exciting and I look forward to sharing success during this new financial year.



Liz Shepherd

Oak Flats and Shellharbour Branch Manager

Directors' report

For the financial year ended 30 June 2016

Your Directors present this report on the company for the financial year ended 30 June 2016.

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	
Neil Greig	7 May 2002	Business Owner	
Dale Robert Whittaker	26 May 2000	Business Owner	
Terrence Barton	9 May 2006	Business Owner	(Resigned 26 April 2016)
Vanessa Mitrevska	5 December 2012	Employed in Marketing	
Andy Zakeli	15 April 2015	Photographer	

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 \$119,516.47 (2015: \$78,430.87).

Dividends

	Year ended 30 June 2016	
	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		

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.

Directors' report (continued)

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:

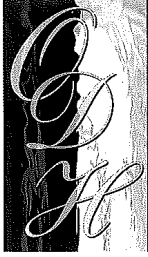
Name of Director	Number attended	Other Committee	
Geoffrey Michael Egan	10 of 11	10 of 12	
Michael Francis Gamble	8 of 11	4 of 6	
Jennifer Marie Butler	11 of 11	4 of 6	
Neil Greig	9 of 11	0 of 0	
Dale Robert Whittaker	7 of 11	9 of 12	
Terrence Barton	5 of 7	0 of 0	(Resigned 26 April 2016)
Vanessa Mitrevska	9 of 11	6 of 6	
Andy Zakelj (Appoint 15/04/2015)	2 of 2	0 of 0	

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.

Directors' report (continued)

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



O'Donnell Hennessy & Co

CHARTERED ACCOUNTANTS
& AUDITORS

*O'Donnell Hennessy Pty Ltd atf
O'Donnell Hennessy & Co Unit Trust
ABN 66 123 107 587*

*Karl S Taylor, B.Com., FCA
Spencer G Green, B.Com., CA
Jane T Milinkovic, B.Com., CA
Murray Reid B.Com, FCA
Laura Ruiz B.Com, CA*



Liability limited by
a scheme approved
under Professional
Standards Legislation.

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 2016, 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.

Spencer G Green
.....

O'Donnell Hennessy & Co 25/10/2016
Wollongong NSW

SUITE 5A, MORISON'S ARCADE
JUNCTION ST, NOWRA NSW 2541
PO BOX 1475, NOWRA NSW 2541
TEL: 02 4423 0586 FAX: 02 4423 0501

7 ATCHISON ST, WOLLONGONG NSW 2500
P.O. Box 1490, WOLLONGONG NSW 2500
TEL: 02 4228 0011 FAX: 02 4226 2303
WEB: WWW.ODHCO.COM.AU
EMAIL: INFO@ODHCO.COM.AU

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

Geoff Egan
Chairman

Michael Gamble
Director

Signed at Oak Flats on 27 September 2016.

Financial statements

Statement of Comprehensive Income for the year ended 30 June 2016

	Notes	2016 \$	2015 \$
Revenue	2	1,550,290	1,443,969
Gross profit		1,550,290	1,443,969
Marketing		-34,949	-23,178
Selling expenses		-96,528	-62,650
Charitable donations and sponsorship		-157,028	-186,905
Administration expenses		-1,083,640	-1,040,111
Finance Costs		-19,337	-23,281
Operating profit before income tax		158,808	107,845
Income tax attributable to operating profit (loss)	4	39,292	29,414
Operating profit after income tax		119,517	78,431
Retained profits at the beginning of the financial year		145,301	117,482
Total available for appropriation		264,818	195,913
Dividends provided for or paid	5	50,612	50,612
Other income		1,722	-
		215,928	145,301
Retained profits at the end of the financial year		215,928	145,301
Other comprehensive income:			
Other comprehensive income for the year, net of tax			
Total comprehensive income for the year		215,928	145,301
Earnings per share (cents per share)			
- basic for profit / (loss) for the year	22	26	17.05
- diluted for profit / (loss) for the year	22	26	17.05

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of Financial Position as at 30 June 2016

	Notes	2016 \$	2015 \$
Current assets			
Cash assets	6	182,279	116,698
Receivables	7	129,663	117,644
Other financial assets	8	83,339	83,339
Other	9	5,386	4,183
Total current assets		400,667	321,863
Non-current assets			
Property, plant and equipment	10	699,048	714,022
Intangible assets	11	79,910	103,553
Other	9	250	300
Total non-current assets		779,207	817,875
Total assets		1,179,874	1,139,738
Current liabilities			
Payables	12	41,816	32,039
Current tax liabilities	14	39,417	28,344
Total current liabilities		81,233	60,383
Non-current liabilities			
Financial liabilities	13	356,805	394,122
Provisions	15	74,801	88,824
Total non-current liabilities		431,605	482,946
Total liabilities		512,838	543,329
Net assets		667,036	596,409
Equity			
Contributed equity	16	451,108	451,108
Retained profits		215,928	145,301
Total equity		667,036	596,409

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of Cash Flows for the year ended 30 June 2016

	Notes	2016 \$	2015 \$
Cash flow from operating activities			
Receipts from customers		1,530,940	1,478,071
Payments to suppliers and employees		-1,337,308	-1,273,906
Interest received		162	25
Interest and other costs of finance		-19,337	-23,281
Dividends received		7,169	7,062
Income tax paid		-28,115	-57,096
Net cash provided by (used in) operating activities (note 2)		153,511	130,875
Cash flow from investing activities			
Payment for:			
Loan other debtors			
Shares in other companies			
Payments for franchise fees			-111,412
Payments for property, plant and equipment			
Net cash provided by (used in) investing activities		-	-111,412
Cash flow from financing activities			
Proceeds of borrowings			
Loan repayments		-37,318	-33,372
Dividends paid		-50,612	-50,612
Net cash provided by (used in) financing activities		-87,929	-83,984
Net movement in cash		65,581	-64,521
Net increase (decrease) in cash held		65,581	-64,521
Cash at the beginning of the year		116,699	181,220
Cash at the end of the year (note 1)		182,280	116,699

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of Cash Flows for the year ended 30 June 2016 (continued)

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:

	2016	2015
	\$	\$
Cash At Bank - Oak Flats	8,817	12,099
Dividend Account	3,243	3,243
Cash At Bank - Shellharbour	62,723	29,015
Bendigo Bank expense account	1,597	1,590
Bendigo Eftpos Account	172	137
Bendigo Account - B001	105,120	70,006
Cash On Hand - Oak Flats	308	308
Cash On Hand - Shellharbour	300	300
	182,279	116,698

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

Operating profit (loss) after tax	119,516	78,431
Depreciation	14,974	14,381
Amortisation	23,693	22,507
Interest		
Increase/(decrease) in provision for income tax	2,190	-27,682
Changes in assets and liabilities net of effects of purchases and disposals of controlled entities:		
(Increase) decrease in trade and term debtors	-12,019	34,102
(Increase) decrease in prepayments	-1,203	17,832
(Increase) decrease in Shares		
Increase (decrease) in trade creditors and accruals	-2,180	6,135
Increase (decrease) in other creditors	11,958	-1,662
Increase (decrease) in employee entitlements	-14,023	-6,270
Increase (decrease) in sundry provisions	10,605	-6,899
Net cash provided by operating activities	153,511	130,875

Financial statements (continued)

Statement of Changes of Equity for the year ended 30 June 2016

	2016 \$	2015 \$
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	145,301	117,482
Profit/(loss) after income tax expense	121,238	78,431
Dividends paid	(50,612)	(50,612)
Balance at end of year	215,927	145,301
Total equity	667,035	596,409

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2016

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).

	2016 \$	2015 \$
Note 2. Revenue		
Operating activities:		
Interest revenue	162	25
Dividend revenue	7,169	7,062
Other operating revenue:		
Gross Receipts - Oak Flats	1,087,588	1,007,723
Gross Receipts - Shellharbour	454,822	427,785
Insurance Recoveries - O F	550	433
Insurance Recoveries - SH		943
Other Income - Oak Flats		278
Other Income - Shellharbour		278
Other income	1,722	-
Rebates & Refunds - Oak Flats		3,000
Rebates & Refunds - Shellharbour		3,000
	1,552,012	1,443,969
*Interest from:		
Bendigo and Adelaide Bank Limited	162	25
	162	25
**Dividends from:		
Bendigo and Adelaide Bank Limited	7,169	7,062
	7,169	7,062

Notes to the financial statements (continued)

	2016 \$	2015 \$
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
- Other intangibles	23,644	19,219
- Share issue expenses	-23,906	1,627
Total amortisation expenses	-262	22,507
Bad and doubtful debts	2,350	542
Borrowing costs:		
- Other persons	19,337	23,281
Total borrowing costs	21,687	23,822
Depreciation of non-current assets:		
- Buildings	190	211
- Plant and equipment	14,784	14,170
Total depreciation expenses	14,974	14,381

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 28.5% (2015 30%).	45,260	32,353
Add Tax effect of:		
Imputation credit - Bendigo Bank Shares	876	908
Amortisation - Oak Flats prior to blackhole writeoff provisions	14	986
Employee Entitlements	-3,997	-1,972
Entertainment	81	165
Super paid - not cleared	130	
	42,364	32,440
Less:		
Imputation Credit	3,072	3,026
Income tax expense attributable to profit from ordinary activities	39,292	29,414

Notes to the financial statements (continued)

	2016 \$	2015 \$
Note 5. Dividends		
Dividends provided for or paid	50,612	50,612
	50,612	50,612

Note 6. Cash assets

Bank accounts:

Cash At Bank - Oak Flats	8,817	12,099
Dividend Account	3,243	3,243
Cash At Bank - Shellharbour	62,723	29,015
Bendigo Expenses Account	1,597	1,590
Bendigo Eftpos Account	172	137
Bendigo Account - B001	105,120	70,006
Other cash items:		
Cash On Hand - Oak Flats	308	308
Cash On Hand - Shellharbour	300	300
	182,279	116,698

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	182,279	116,698
	182,279	116,698

Note 7. Receivables

Current

Trade debtors	129,663	117,644
Other loans		
	129,663	117,644

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)

	2016 \$	2015 \$
Note 9. Other assets		
Current		
Prepayments	5,386	4,183
	5,386	4,183
Non current		
Preliminary expenses	106,650	106,650
Less: accumulated amortisation	-106,650	-106,650
Share issue expenses	23,956	23,956
Less: accumulated amortisation	-23,956	-23,906
Borrowing expenses		
Other	250	250
	250	300

Note 10. Property, plant and equipment

Buildings:

- At cost	632,690	632,690
- Less: Accumulated depreciation	-944	-754
	631,746	631,936

Leasehold improvements:

- At cost	325,408	325,408
- Less: Accumulated depreciation	-264,084	-254,752
	61,324	70,656

Plant and equipment:

- At cost	85,841	94,998
- Less: Accumulated depreciation	-79,863	-83,568
	5,978	11,430
	699,048	714,022

Note 11. Intangible assets

Other intangibles:

- At cost	161,411	161,411
- Less: Accumulated amortisation	-81,501	-57,858
	79,910	103,553
	79,910	103,553

Notes to the financial statements (continued)

	2016 \$	2015 \$
Note 12. Payables		
Unsecured:		
- Trade creditors	20,033	22,213
- Other creditors	21,784	9,826
	41,816	32,039

Note 13. Secured loans

Current

Bendigo and Adelaide Bank Limited	356,805	394,122
	356,805	394,122

Note 14. Tax liabilities

Current

GST clearing	28,241	17,636
Taxation	11,176	10,708
	39,417	28,344

Note 15. Provisions

Non current

Employee entitlements*	74,801	88,824
	74,801	88,824

* Aggregate employee entitlements liability	74,801	88,824
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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	8	8

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	Resigned
Vanessa Mitrevska	Marketing & Sponsorship, Strategic	
Andy Zakelj	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.

	2016	2015
	\$	\$

Note 19. Auditors' remuneration

Remuneration of the Auditor of the company for:

Auditing or reviewing the financial report	1,870	3,280
	1,870	3,280

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 shareholders. The Directors have estimated the total benefits received from the Directors' Privilege Package to be minimal for the year ended 30 June 2016".

	2016 \$	2015 \$
--	------------	------------

Note 22. Dividends paid or provided for on ordinary shares

(a) Previous year final

Franked dividends - 11 cents per share (2015: 11 cents per share)	50,611.88	50,611.88
---	-----------	-----------

(b) Dividends proposed and not recognised as a liability

Franked dividends - 11 cents per share (2015: 11 cents per share)	50,611.88	50,611.88
---	-----------	-----------

(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	136,283.15
- Franking debits that will arise from the Payment (refund) of income tax payable as at the end of the financial year	14,612.40	14,612.40
- 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 28.5% (2015: 30%).

Dividends proposed will be franked at a rate of 28.5% (2015: 30%).

Notes to the financial statements (continued)

	2016 \$	2015 \$
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.		
	0.2597	0.17046
The following reflects the income and share data used in the basic and diluted earnings per share computations:		
Profit/(loss) after income tax expense	119,516	78,431
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	
	2016 \$	2015 \$
Cash assets	182,279	116,698
Receivables	129,663	117,644
	311,942	234,342

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 (2015: nil past due) and based on historic default rates, the company believes that no impairment allowance is necessary in respect of assets not past due.

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

(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 2016	Carrying amount \$	Contractual cash flows \$	1 year or less \$	over 1 to 5 years \$	more than 5 years \$
Payables	-	-	-		-
Loans and borrowings	356,804	56,832	56,832	227,328	15,812
	356,804	56,832	56,832	227,328	15,812

(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.

Sensitivity analysis

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

	Carrying amount	
	2016	2015
	\$	\$
Fixed rate instruments		
Financial assets	-	-
Financial liabilities	-	-
	-	-

Notes to the financial statements (continued)

Note 25. Financial risk management (continued)

(c) Market risk (continued)

Sensitivity analysis (continued)

	Carrying amount	
	2016	2015
	\$	\$
Variable rate instruments		
Financial assets	182,279	116,697
Financial liabilities	356,804	394,122
	(174,525)	(277,425)

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 2015 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%.

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

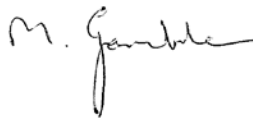
In accordance with a resolution of the Directors of Oak Flats Financial Services Ltd we state that:

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 2016;
 - 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 2016 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



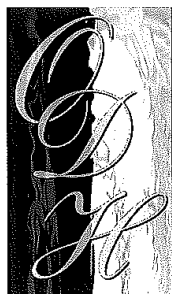
Geoff Egan
Chairman



Michael Gamble
Director

Signed at Oak Flats on 27 September 2016

Independent audit report



O'Donnell Hennessy & Co

CHARTERED ACCOUNTANTS
& AUDITORS

OAK FLATS FINANCIAL SERVICES LIMITED
ACN 093 057 768

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

O'Donnell Hennessy Pty Ltd atf
O'Donnell Hennessy & Co Unit Trust
ABN 66 123 107 587

Karl S Taylor, B.Com., FCA
Spencer G Green, B.Com., CA
Jane T Milinkovic, B.Com., CA
Murray Reid B.Com, FCA
Laura Ruiz B.Com, CA



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under Professional
Standards Legislation.

Report on the Financial Report

We have audited the accompanying financial report of Oak Flats Financial Services Limited, which comprises the statement of financial position as at 30 June 2016, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the company at the year's end or from time to time during the financial year.

As permitted by the Corporations Regulations 2001, the company has disclosed information about the remuneration of directors and executives (remuneration disclosures), required by Accounting Standard AASB 124 Related Party Disclosures, under the heading 'Directors' Remuneration'.

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 Corporations Act 2001. This responsibility includes establishing 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. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with IFRS.

The directors also are responsible for preparation and presentation of the remuneration disclosures contained in the directors' report in accordance with the Corporations Regulations 2001.

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 and that the remuneration disclosures in the directors' report comply with Accounting Standard AASB 124.

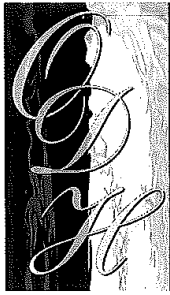
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. 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 and the remuneration disclosures in the directors' report.

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Independent audit report (continued)



O'Donnell Hennessy & Co

CHARTERED ACCOUNTANTS
& AUDITORS

O'Donnell Hennessy Pty Ltd af
O'Donnell Hennessy & Co Unit Trust
ABN 66 123 107 587

Karl S Taylor, B.Com., FCA
Spencer G Green, B.Com., CA
Jane T Milinkovic, B.Com., CA
Murray Reid B.Com, FCA
Laura Ruiz B.Com, CA



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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 30 June 2016, 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:

- 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 2016 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.

Spencer Green
PARTNER
WOLLONGONG

Dated this 25th day of October 2016

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