



Annual Report 2014

Logan Country
Financial Services Ltd

ABN 38 120 853 545

Logan Country **Community Bank**[®] Branch

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Chairman's report

For year ending 30 June 2014

The 2013/14 financial year has been one of change and growth for Logan Country Financial Services Ltd. As a company we have always had the vision of expanding our Logan Village operation into Jimboomba and offering a banking service to the wider Logan Country region. Our Jimboomba Expansion Steering Committee, consisting of branch staff and Directors have been working particularly hard over the past 12-18 months to see this company vision turn into a reality.

We have worked closely with Bendigo and Adelaide Bank to come up with the unique concept of a Banking Service Centre situated right next door to our agency at Quintessential Dental. This means we can bring to Jimboomba a Centre where our branch staff and Bendigo and Adelaide Bank's Banking Specialists, including Business Bankers, Financial Planners and Mobile Relationship Manager will have a place to work out of and more importantly our customers will now have two convenient locations to do all their banking.

Our next goal will be to have a branch at Jimboomba within 12-18 months and the team will be working hard to ensure we continue to reach the budgets and targets required for the next stage of growth for our company.

As shareholders, the biggest thing you can do for the continued success and growth of our company is to continue to support us and in particular to bank with us. To put it simply, every account that is opened with us, means more profit we can make which in turn allows us to contribute to our local community and pay dividends to you, our shareholders.

I'd like to thank and acknowledge the Directors of the Board for their continued support and dedication to the success and growth of the company. All our Directors are volunteers and their time and commitment to Logan Country Financial Services Ltd is greatly appreciated.

In particular I'd like to make special mention of Ian Newman who resigned in his role as Treasurer in February this year. Ian was a founding Director and Treasurer since the beginning, his many unpaid hours and his wise counsel have all been greatly appreciated.

We have also welcomed some new Directors onto the Board, including Romayne Farrer, Glenda Elgood and Rick Rozenblatt as our new Treasurer. Their combined extensive business experience is a definite gain for our company.

Continuing with the company update, I'd like to also advise that I have myself resigned my position of Chair of the Board. After nine years of sausage sizzles, strategic planning and working as a Director for the company, it is my time to step down and focus on other things.

Taking on the role of Chair is Paul Casbolt, who has been a Director of Logan Country Financial Services Ltd since 2012. He has been instrumental in the planning of the Banking Service Centre project and I have every confidence that the company will continue to succeed and grow under his leadership.

I would also like to welcome our new Branch Manager, Kerry Menck who commenced with us in July this year. Kerry has been with Bendigo and Adelaide Bank for over 11 years and her wealth of banking experience and love of community were a natural fit for us. I'd like to thank our Corporate Manager, Shaelene Hancock for her continued hard work for the company. Part of her role includes Company Secretary and managing our marketing/advertising, sponsorships and liaising with our community groups.

I'd also like to acknowledge the other members of our Board for their continued hard work and commitment including; Gary Hastings, Warren Rosen, Laurie Koranski, Stacey McIntosh, and Tery Hurst.



Maree Slingsby
Chairman

Manager's report

For year ending 30 June 2014

It's certainly been a busy and exciting time to commence with Logan Country **Community Bank**[®] Branch. I've already met many of our customers and community members and have felt very welcomed.

I'd like to acknowledge the team at the branch including Lesley, Kerrie, Donna and Sharon for their continued hard work and in particular for the support they have in my new role. I'd also like to thank the team at our agency at Quintessential Dental including Mel, Cheri, Bridget and Terri.

I'm also proud to announce at our recent Regional Awards, our branch won the prestigious 'Branch of the Year Award' along with the top prize we also won awards for insurance, loans growth and the 'Outstanding Contribution Award' (Donna Harman). This is a huge achievement for the team at the branch and whilst our customers and the work we do in the community is always our priority, it certainly was nice to be acknowledged by our peers for our successful year.

We have now contributed over \$250,000 to our local community through sponsorships and donations but for us, it's **bigger** than that. What we really value is the partnerships we are making with our local community members and groups. We also follow this through by supporting and using local businesses and services wherever possible and this was certainly the case with the fit out of our Banking Service Centre in Jimboomba.

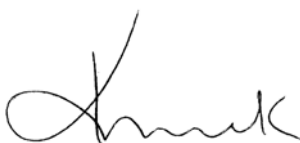
The Banking Service Centre has enabled us to further strengthen our footprint in Jimboomba. We already have a 20% customer base in Jimboomba and we know our job is to now let people know just what we have to offer. We will continue to build the business and work hard at reaching our goal of opening the branch in Jimboomba in 12-18 months.

We have also started using Facebook as another means of communicating with our customers, shareholders and community members, make sure you 'like' us, that way you can receive regular updates of what's happening in the community and what we've been up to.

Some key community projects we have assisted with this year include the Jimboomba Relay for Life, the Logan Village Music and Heritage Festival, the Mustang Brothers Rugby League Football Club, the Jimboomba Little Athletics and the Logan Village Falcon Allsports to name a few. We've also provided assistance to the House with No Steps and their Sensory Garden Project, the Village Links Amateur Golf Day, the Logan Village Lions Club, the Logan Village Car-Nival Charity and Jimboomba Gymnastics.

I'd like to thank our Board of Directors for their support, the hours they dedicate to the running of the company and at community events is remarkable. They have been strategically working over the past 12-18 months to increase the profile of the company through the Logan Country region. The Directors and branch staff have been networking and making connections with local businesses and community members to again assist in the growth of the business.

As shareholders, thank you for your support, without you we wouldn't have a branch. We hope you continue your support and remember to call into our branch in Logan Village or our Banking Service Centre in Jimboomba for all your banking needs.



Kerry Menck
Branch Manager

Directors' report

For the financial year ended 30 June 2014

Your Directors present their report of the company for the financial year ended 30 June 2014. The information in the preceding operating and financial review forms part of this Directors' report for the financial year ended 30 June 2014 and is to be read in conjunction with the following information:

Directors

The following persons were Directors of Logan Country Financial Services Limited during or since the end of the financial year up to the date of this report:

Name	Position held	Qualifications	
Maree Anne Slingsby	Chairman	Solicitor	(Resigned 3/9/2014)
Ian Maxwell Newman	Treasurer	Financial Director	(Resigned 6/2/2014)
Ryszard Rozenblatt	Treasurer	Business Proprietor	(Appointed 27/3/2014)
Laurie Anne Koranski	Director	Business Manager	
Gary John Hastings	Director	Business Proprietor	
Warren Rosen	Director	Solicitor	
Stacey McIntosh	Director	Sales Director	
Paul Norman Casbolt	Director / Acting Chairman	Business Proprietor	
Terence Hurst	Director	Retired	
Glenda Kaye Elgood	Director	Accountant	(Appointed 26/6/14)
Romayne Farrer	Director	Customer Service Officer	(Appointed 26/6/14)
Shaelene Maree Hancock	Company Secretary	Administrator	

Directors were in office for this entire year 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.

There have been no significant changes in the nature of these activities during the year.

Review of operations

The profit of the company for the financial year after provision for income tax was \$34,902 (2013: \$55,821), which is a 37% decrease compared with the previous year.

The net assets of the company have increased to \$503,012 (2013: \$490,024). The increase is largely due to the profit recorded.

Directors' report (continued)

Dividends

	Cents per share	\$
Dividends paid in the year (interim /or final) dividend:	3.5	21,914

The company has recommended that a dividend of 5.5 cents per share be paid in the 2015 financial year.

Significant changes in the state of affairs

No significant changes in the company's state of affairs occurred during the financial year.

Events after year end

The company opened its Banking Service Centre in Jimboomba on 25 August 2014. Directors expectations have not changed since the 2013 Annual Report.

Remuneration report

Remuneration policy

There has been no remuneration policy developed as Director positions are held on a voluntary basis and Directors are not remunerated for their services.

Indemnifying Officers or Auditor

The company has agreed to indemnify each Officer (Director, Secretary or employee) out of assets of the company to the relevant extent against any liability incurred by that person arising out of the discharge of their duties, except where the liability arises out of conduct involving dishonesty, negligence, breach of duty or the lack of good faith. The company also has Officers Insurance for the benefit of Officers of the company against any liability incurred by the Officer, which includes the Officer's liability for legal costs, in or arising out of the conduct of the business of the company or in or arising out of the discharge of the Officer's duties.

Disclosure of the nature of the liability and the amount of the premium is prohibited by the confidentiality clause of the contract of insurance. The company has not provided any insurance for an Auditor of the company.

Directors' meetings

The number of Directors' meetings held during the year were 12. Attendances by each Director during the year were as follows:

Director	Board meetings #
Maree Anne Slingsby	10 (12)
Ian Maxwell Newman	5 (5)
Ryszard Rozenblatt	2 (3)
Laurie Anne Koranski	9 (12)
Gary John Hastings	12 (12)
Warren Rosen	12 (12)
Stacey McIntosh	10 (12)

Directors' report (continued)

Directors' meetings (continued)

Director	Board meetings #
Paul Norman Casbolt	12 (12)
Terence Hurst	9 (12)
Glenda Kaye Elgood	1 (1)
Romayne Farrer	1 (1)

The first number is the meetings attended while in brackets is the number of meetings eligible to attend.

Likely developments

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

The company has now opened the Banking Service Centre in Jimboomba.

Environmental regulations

The company is not subject to any significant environmental regulation. However, the Board believes that the company has adequate systems in place for the management of its environment requirements and is not aware of any breach of these environmental requirements as they apply to the company.

Proceedings on behalf of company

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings. The company was not a party to any such proceedings during the year.

Company Secretary

Shaelene Hancock has been the Company Secretary of Logan Country Financial Services Limited since 07 December 2012. Prior to that, Maree Slingsby had been the Company Secretary since 31 August 2010.

Auditor independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set at page 7 of this financial report. No Officer of the company is or has been a partner of the Auditor of the company.

Signed in accordance with a resolution of the Board of Directors at Logan Village on 14 October 2014.



Paul Casbolt
Chairman

Auditor's independence declaration



GILLOW & TEESE

Chartered Accountants

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Directors

Rick A. Gillow B. Com. CA C.dec
Alan R. Teese B. Com. CA
Scott J. Launder B. Bus. CA

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF LOGAN COUNTRY FINANCIAL SERVICES
LIMITED**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2014 there have been no contraventions of:

- (i) the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Gillow & Teese
Chartered Accountants

A R Teese
Partner
Beaudesert, Queensland
Date: 29.9.14



Liability limited by a scheme approved under Professional Standards Legislation

Financial statements

Statement of profit or loss and Other Comprehensive Income for the year ended 30 June 2014

	Note	2014 \$	2013 \$
Revenue	2	732,348	710,538
Employee benefits expense	3	-	-
Depreciation and amortisation expense	3	(27,264)	(28,618)
Finance costs	3	-	(4)
Bad and doubtful debts expense	3	(3,089)	(1,232)
Rental expense		(21,062)	(20,612)
Other expenses		(618,736)	(548,442)
Operating profit/(loss) before charitable donations & sponsorships		62,197	111,630
Charitable donations and sponsorships		(27,295)	(55,809)
Profit/(loss) before income tax expense		34,902	55,821
Tax expense / (benefit)	4	-	-
Profit/(loss) for the year		34,902	55,821
Other comprehensive income		-	-
Total comprehensive income		34,902	55,821
Profit/(loss) attributable to:			
Members of the company		34,902	55,821
Total		34,902	55,821
Earnings per share (cents per share)			
- basic for profit / (loss) for the year	21	5.57	8.92
- diluted for profit / (loss) for the year	21	5.57	8.92

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of financial position as at 30 June 2014

	Note	2014 \$	2013 \$
Assets			
Current assets			
Cash and cash equivalents	6	348,555	325,627
Trade and other receivables	7	89,118	71,644
Total current assets		437,673	397,271
Non-current assets			
Property, plant and equipment	8	89,267	101,786
Deferred tax asset	4	-	-
Intangible assets	9	33,506	47,370
Total non-current assets		122,773	149,156
Total assets		560,446	546,427
Liabilities			
Current liabilities			
Trade and other payables	10	57,434	56,403
Loans and borrowings	11	-	-
Provisions	12	-	-
Total current liabilities		57,434	56,403
Non current liabilities			
Loans and borrowings	11	-	-
Provisions	12	-	-
Total non current liabilities		-	-
Total liabilities		57,434	56,403
Net assets / (liabilities)		503,012	490,024
Equity			
Issued capital	13	626,108	626,108
Retained earnings / (accumulated losses)	14	(123,096)	(136,084)
Total equity		503,012	490,024

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of Changes in Equity for the year ended 30 June 2014

	Note	Issued capital \$	Retained earnings \$	Total equity \$
Balance at 1 July 2012		626,108	(171,870)	454,238
Total comprehensive income for the year		-	55,821	55,821
Transactions with owners, in their capacity as owners				
Shares issued during the year		-	-	-
Dividends paid or provided	22	-	(20,035)	(20,035)
Balance at 30 June 2013		626,108	(136,084)	490,024
Balance at 1 July 2013		626,108	(136,084)	490,024
Total comprehensive income for the year		-	34,902	34,902
Transactions with owners, in their capacity as owners				
Shares issued during the year		-	-	-
Dividends paid or provided	22	-	(21,914)	(21,914)
Balance at 30 June 2014		626,108	(123,096)	503,012

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of Cash Flows for the year ended 30 June 2014

	Note	2014 \$	2013 \$
Cash flows from operating activities			
Receipts from customers		789,099	777,487
Payments to suppliers and employees		(752,763)	(696,619)
Interest paid		-	(4)
Interest received		5,875	7,754
Income tax refunded/(paid)		3,512	-
Net cash provided by/(used in) operating activities	15b	45,723	88,618
Cash flows from investing activities			
Payment for intangible assets		-	-
Payment for property, plant & equipment		(881)	(3,863)
Net cash flows from/(used in) investing activities		(881)	(3,863)
Cash flows from financing activities			
Dividends paid		(21,914)	(20,035)
Net cash provided by/(used in) financing activities		(21,914)	(20,035)
Net increase/(decrease) in cash held		22,928	64,720
Cash and cash equivalents at beginning of financial year		325,627	260,907
Cash and cash equivalents at end of financial year	15a	348,555	325,627

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2014

These financial statements and notes represent those of Logan Country Financial Services Limited.

Logan Country Financial Services Limited ('the company') is a company limited by shares, incorporated and domiciled in Australia.

The financial statements were authorised for issue by the Directors on 13 October 2014.

Note 1. Summary of significant accounting policies

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. The company is a for profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non current assets, financial assets and financial liabilities.

(b) Income tax

The income tax expense / (income) for the year comprises current income tax expense / (income) and deferred tax expense / (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities/ (assets) are measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense/(income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled.

(c) Fair value of assets and liabilities

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

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

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

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

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

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

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

The fair value of the liabilities and the entity's own equity instruments may be valued, where there is no observable market price in relation to the transfer of such financial instrument, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted, and where significant, are detailed in the respective note to the financial statements.

(d) Property, plant and equipment

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

Plant and equipment

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses related to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present.

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

Depreciation

The depreciable amount of all fixed assets is calculated over the asset's useful life to the company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

Class of asset	Depreciation rate	Basis
Leasehold improvements	11.25%	Dimishing value
Office equipment	15.00%	Dimishing value

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(d) Property, plant and equipment (continued)

Depreciation (continued)

Class of asset	Depreciation rate	Basis
Computer equipment	66.67%	Dimishing value
Computer software	40.00%	Straight line
Motor vehicles	12.50%	Straight line

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An assets' carrying amount is written down immediately to its recoverable amount if the assets' carrying amount is greater than its estimated recoverable amount.

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

(e) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset - but not the legal ownership - are transferred to entities in the company, are classified as finance leases.

Finance leases are capitalised by recognising an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

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

(f) Impairment of assets

At each reporting period, the company assesses whether there is any indication that an asset may be impaired. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less cost to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard. Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

(g) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(g) Goods and services tax (GST) (continued)

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(h) Employee benefits

Short-term employee benefits

Provision is made for the company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations.

The company's obligation for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the company does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

(i) Intangibles

Establishment costs have been initially recorded at cost and amortised on a straight line basis at a rate of 20% per annum. The current amortisation charges for intangible assets are included under depreciation and amortisation expense per the Statement of Profit or Loss and Other Comprehensive Income.

(j) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are reported within short-term borrowings in current liabilities in the statement of financial position.

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.

(k) Revenue

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Revenue comprises service commissions and other income received by the company.

Interest, dividend and fee revenue is recognised when earned.

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

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(l) Trade and other receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

(m) Trade and other payables

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

(n) New accounting standards for application in future periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the company.

The company has decided not to early adopt any of the new and amended pronouncements. The company's assessment of the new and amended pronouncements that are relevant to the company but applicable in the future reporting periods is set below:

(i) AASB 9 Financial Instruments and associated Amending Standards (applicable for annual reporting periods commencing on or after 1 January 2017).

This Standard will be applicable retrospectively and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

Although the Directors anticipate that the adoption of AASB 9 may have an impact on the company's financial instruments, it is impractical at this stage to provide a reasonable estimate of such impact.

(ii) AASB 2012-3: Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities (applicable for annual reporting periods commencing on or after 1 January 2014).

This Standard provides clarifying guidance relating to the offsetting of financial instruments, which is not expected to impact the company's financial statements.

(iii) AASB 2013-3: Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets (applicable for annual reporting periods commencing on or after 1 January 2014).

This Standard amends the disclosure requirements in AASB 136: Impairment of Assets pertaining to the use of fair value in impairment assessment and is not expected to significantly impact the company's financial statements.

(o) Provisions

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which is probable that the outflow of economic benefits will result and the outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

A provision for dividends is not recognised as a liability unless the dividends are declared, determined or publicly recommended on or before the reporting date.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(p) Share capital

Issued and paid up capital is recognised at the fair value of the consideration received by the company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(q) Comparative figures

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

When the company retrospectively applies an accounting policy, makes a restatement or reclassifies items in its financial statements, an additional statement of financial position as at the beginning of preceding period in addition to the minimum comparative financial statements is presented.

(r) Critical accounting estimates and judgements

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

Estimation of useful lives of assets

The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and intangible assets. The depreciation and amortisation charge will increase where useful lives are less than previously estimated lives.

Income tax

The company is subject to income tax. Significant judgement is required in determining the deferred tax asset or the provision for income tax liability. Deferred tax assets are recognised only when it is considered sufficient future profits will be generated. The assumptions made regarding future profits is based on the company's assessment of future cash flows.

Impairment

The company assesses impairment at the end of each reporting period by evaluating conditions and events specific to the company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value in use calculations which incorporate various key assumptions.

(s) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (ie trade date accounting is adopted). Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to the profit or loss immediately.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(s) Financial instruments (continued)

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method or cost.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discount estimated future cash payments or receipts over the expected life (or where this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability.

(i) Financial assets at fair value through profit or loss

Financial assets are classified at “fair value through profit or loss” when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss.

(ii) Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Companies intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised through the amortisation process and when the financial asset is derecognised.

(iv) Available-for-sale investments

Available-for-sale investments are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with any remeasurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale investments are classified as non-current assets when they are expected to be sold after 12 months from the end of the reporting period. All other available-for-sale financial assets are classified as current assets.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(s) Financial instruments (continued)

Classification and subsequent measurement (continued)

(v) Financial liabilities

Non derivative financial liabilities are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Impairment

A financial asset (or group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency on interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial asset is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the company recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

Derecognition of financial instruments

Financial assets are derecognised when the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

	2014	2013
	\$	\$
Note 2. Revenue and other income		
Revenue		
- services commissions	722,437	702,784
	722,437	702,784

Notes to the financial statements (continued)

	2014 \$	2013 \$
Note 2. Revenue and other income (continued)		
Other revenue		
- interest received	9,911	7,754
- other revenue	-	-
	9,911	7,754
Total revenue	732,348	710,538

Note 3. Expenses

Employee benefits expense		
- wages and salaries	-	-
- superannuation costs	-	-
- other costs	-	-
	-	-
Depreciation of non-current assets:		
- plant and equipment	5,690	6,205
- leasehold improvements	7,710	8,549
Amortisation of non-current assets:		
- intangible assets	13,864	13,864
	27,264	28,618
Finance costs:		
- Interest paid	-	4
Bad debts	3,089	1,232
Rental expense on operating leases	21,062	20,612

Note 4. Tax expense

a. The components of tax expense/(income) comprise

- current tax expense/(income)	-	-
- deferred tax expense/(income) relating to the origination and reversal of temporary differences	-	-
- recoupment of prior year tax losses		
- adjustments for under/(over)-provision of current income tax of previous years	-	-

Notes to the financial statements (continued)

	2014 \$	2013 \$
Note 4. Tax expense (continued)		
b. The prima facie tax on profit/(loss) from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Prima facie tax on profit/(loss) before income tax at 30% (2013: 30%)	10,470	16,746
Add tax effect of:		
- Adjustments in respect of current income tax of previous year	-	-
- Utilisation of previously unrecognised carried forward tax losses	(10,470)	(16,746)
- Non-deductible expenses	-	-
Current income tax expense	-	-
Income tax attributable to the entity	-	-
The applicable weighted average effective tax rate is	0.00%	0.00%
Deferred tax asset		
Future income tax benefits arising from tax losses are recognised at reporting date as realisation of the benefit is regarded as probable.	-	-

The applicable income tax rate is the Australian Federal tax rate of 30% (2013: 30%) applicable to Australian resident companies.

Note 5. Auditors' remuneration

Remuneration of the Auditor for:

- Audit or review of the financial report	5,400	5,000
- Accounting services	900	300
- Share registry services	-	-
	6,300	5,300

Note 6. Cash and cash equivalents

Cash at bank and on hand	92,929	325,627
Short-term bank deposits	255,626	-

The effective interest rate on short-term bank deposits was 3.45%; these deposits have an average maturity of 180 days.

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 and cash equivalents	348,555	325,627
Bank overdrafts	-	-
	348,555	325,627

Notes to the financial statements (continued)

	2014 \$	2013 \$
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Note 7. Trade and other receivables

Current

Trade receivables	67,258	55,418
Other assets	21,860	16,226
	89,118	71,644

Credit risk

The company has no significant concentration of credit risk with respect to any single counterparty or group of counterparties other than those receivables specifically provided for and mentioned within Note 7. The main sources of credit risk to the company are considered to relate to the classes of assets described as trade and other receivables.

The following table details the company's trade and other receivables exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as "past due" when the debt has not been settled, within the terms and conditions agreed between the company and the customer or counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the company.

The balances of receivables that remain within initial trade terms (as detailed in the table below) are considered to be high credit quality.

	Gross amount	Past due and impaired	Past due but not impaired			Not past due
			< 30 days	31-60 days	> 60 days	
2014						
Trade receivables	67,258	-	-	-	-	67,258
Other receivables	-	-	-	-	-	-
Total	67,258	-	-	-	-	67,258
2013						
Trade receivables	55,418	-	-	-	-	55,418
Other receivables	-	-	-	-	-	-
Total	55,418	-	-	-	-	55,418

Notes to the financial statements (continued)

	2014 \$	2013 \$
Note 8. Property, plant and equipment		
Leasehold improvements		
At cost	147,443	146,563
Less accumulated depreciation	(86,489)	(78,780)
	60,954	67,783
Plant and equipment		
At cost	72,258	72,258
Less accumulated depreciation	(43,945)	(38,255)
	28,313	34,003
Total written down amount	89,267	101,786
Movements in carrying amounts		
Leasehold improvements		
Balance at the beginning of the reporting period	67,783	75,452
Additions	881	880
Disposals	-	-
Depreciation expense	(7,710)	(8,549)
Balance at the end of the reporting period	60,954	67,783
Plant and equipment		
Balance at the beginning of the reporting period	34,003	37,226
Additions	-	2,982
Disposals	-	-
Depreciation expense	(5,690)	(6,205)
Balance at the end of the reporting period	28,313	34,003
Note 9. Intangible assets		
Franchise fee		
At cost	79,322	79,322
Less accumulated amortisation	(45,816)	(31,952)
	33,506	47,370
Software		
At cost	15,409	15,409
Less accumulated amortisation	(15,409)	(15,409)
	-	-

Notes to the financial statements (continued)

	2014 \$	2013 \$
Note 9. Intangible assets (continued)		
Preliminary expenses		
At cost	135,602	135,602
Less accumulated amortisation	(135,602)	(135,602)
	-	-
Total Intangible assets	33,506	47,370
Movements in carrying amounts		
Franchise fee		
Balance at the beginning of the reporting period	47,370	61,234
Additions	-	-
Disposals	-	-
Amortisation expense	(13,864)	(13,864)
Balance at the end of the reporting period	33,506	47,370
Software		
Balance at the beginning of the reporting period	-	-
Additions	-	-
Disposals	-	-
Amortisation expense	-	-
Balance at the end of the reporting period	-	-
Preliminary expenses		
Balance at the beginning of the reporting period	-	-
Additions	-	-
Disposals	-	-
Amortisation expense	-	-
Balance at the end of the reporting period	-	-

Note 10. Trade and other payables

Current

Unsecured liabilities:

Trade payables	15,667	-
GST Payable	7,505	3,745
Other creditors and accruals	34,262	52,658
	57,434	56,403

Notes to the financial statements (continued)

	2014 \$	2013 \$
Note 11. Borrowings		
Bank overdraft	-	-
	-	-

Note 12. Provisions

Current

Provisions	-	-
	-	-

Non-current

Provisions	-	-
	-	-

Total provisions

	-	-
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Note 13. Share capital

626108 Ordinary shares fully paid of \$1 each	626,108	626,108
Less: Equity raising costs	-	-
	626,108	626,108

Movements in share capital

Fully paid ordinary shares:

At the beginning of the reporting period	626,108	626,108
Shares issued during the year	-	-
At the end of the reporting period	626,108	626,108

Ordinary shares participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held. At the shareholders' meetings each shareholder is entitled to one vote when a poll is called, or on a show of hands. The company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid. All shares rank equally with regard to the company's residual assets.

Capital management

The Board's policy is to maintain a strong capital base so as to sustain future development of the company. The Board of Directors monitor the return on capital and the level of dividends to shareholders. Capital is represented by total equity as recorded in the Statement of Financial Position.

In accordance with the franchise agreement, in any 12 month period, the funds distributed to shareholders shall not exceed the Distribution Limit.

Notes to the financial statements (continued)

Note 13. Share capital (continued)

Capital management (continued)

(i) the Distribution Limit is the greater of:

(a) 20% of the profit or funds of the Franchisee otherwise available for distribution to shareholders in that 12 month period; and

(b) subject to the availability of distributable profits, the Relevant Rate of Return multiplied by the average level of share capital of the Franchisee over that 12 month period; and

(ii) the Relevant Rate of Return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

The Board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the year ended 30 June 2014 can be seen in the Statement of Profit or Loss and Comprehensive Income.

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

	2014 \$	2013 \$
Note 14. Retained earnings / (accumulated losses)		
Balance at the beginning of the reporting period	(136,084)	(171,870)
Profit/(loss) after income tax	34,902	55,821
Dividends	(21,914)	(20,035)
Balance at the end of the reporting period	(123,096)	(136,084)

Note 15. Statement of cash flows

(a) Cash and cash equivalents balances as shown in the statement of financial position can be reconciled to that shown in the statement of cash flows as follows

As per the statement of financial position	348,555	325,627
As per the statement of cash flow	348,555	325,627

(b) Reconciliation of profit / (loss) after tax to net cash provided from/(used in) operating activities

Profit / (loss) after income tax	34,902	55,821
Non cash items		
- Depreciation	13,400	14,754
- Amortisation	13,864	13,864

Notes to the financial statements (continued)

	2014 \$	2013 \$
Note 15. Statement of cash flows (continued)		
Changes in assets and liabilities		
- (Increase) decrease in receivables	(17,474)	(4,958)
- (Increase) decrease in deferred tax asset	-	-
- Increase (decrease) in payables	1,031	9,137
- Increase (decrease) in provisions	-	-
Net cash flows from/(used in) operating activities	45,723	88,618

Note 16. Related party transactions

The company's main related parties are as follows:

(a) Key management personnel

Any person(s) having authority or responsibility for planning, directing or controlling the activities of the entity, directly or indirectly including any Director (whether executive or otherwise) of that company is considered key management personnel.

The totals of remuneration paid to Key Management Personnel of the company during the year are as follows:

	2014 \$	2013 \$
Short-term employee benefits	-	-
Post-employment benefits	-	-
Other long-term benefits	-	-
Share-based payments	-	-
Total Key Management Personnel compensation	-	-

Short-term employee benefits

These amounts include fees and benefits paid to the non-executive Chairman and non-executive Directors as well as all salary, paid leave benefits, fringe benefits and cash bonuses awarded to executive directors and other Key Management Personnel.

Post-employment benefits

These amounts are the current year's estimated cost of providing the company's defined benefits scheme post-retirement, superannuation contributions made during the year and post-employment life insurance benefits.

Other long-term benefits

These amounts represent long service leave benefits accruing during the year, long-term disability benefits and deferred bonus payments.

Notes to the financial statements (continued)

Note 16. Related party transactions (continued)

(a) Key management personnel (continued)

Share-based payments

These amounts represent the expense related to the participation of Key Management Personnel in equity-settled benefits schemes as measured by the fair value of the options, rights and shares granted on grant date.

(b) Other related parties

Other related parties include close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel, individually or collectively with their close family members.

(c) Transactions with key management personnel and related parties

Other than detailed below, no key management personnel or related party has entered into any contracts with the company. No Director fees have been paid as the positions are held on a voluntary basis.

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

	2014 \$	2013 \$
Purchase of goods and services		
Shaelene Hancock		
The company engages Shaelene as corporate Manager to attend meetings, provide executive support and provide marketing development services.	65,727	59,421
Gary Hastings		
The company engages Slipstream Air Pty Ltd for the service and maintenance of all air conditioners in the branch of which Gary is the proprietor. During the year the company paid Slipstream Air Pty Ltd for various services.		
Air Conditioning Services	1,860	1,950
Instalation of Surveillance Cameras	-	220
Laurie Koranski		
The Jimboomba bank agency is located at the premises of Koranski Pty Ltd trading as Quintessential Dental of which Laurie is a proprietor. During the year the company paid Quintessential Dental agency commission, signage rental and equipment costs.		
Agency Commission	8,264	3,841
Signage Rental	4,800	1,200
Agency Equipment	1,197	-

Notes to the financial statements (continued)

	2014 \$	2013 \$
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Note 16. Related party transactions (continued)

(c) Transactions with key management personnel and related parties (continued)

Maree Ann Slingsby

The company engages ACS Legal Solutions to provide a serviced office and photocopying services and legal advice as required of which Maree is the proprietor. During the year the company paid ACS Legal to provide a serviced office along with photocopying and for legal advice.

Serviced office and photocopying	5,911	2,539
Legal Advice	2,537	-

The company has engaged DM Gillott Family Trust to complete maintenance at the Branch Office of which Maree is the wife of the Proprietor. During the year the company paid DM Gillott Family Trust to complete maintenance work. DM Gillott Family Trust has also been contracted to complete the fitout at the Jimboomba business centre which opened in August.

Maintenance Work	1,550	-
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(d) Key management personnel shareholdings

The number of ordinary shares in Logan Country Community Financial Services Limited held by each key management personnel of the company during the financial year is as follows:

		2014	2013
Maree Anne Slingsby	(Resigned 3 September 2014)	5,201	5,201
Ian Maxwell Newman	(Resigned 6 February 2014)	2,501	2,501
Ryszard Rozenblatt	(Appointed 27 March 2014)	3,000	3,000
Laurie Anne Koranski		5,000	5,000
Gary John Hastings		12,668	12,668
Warren Rosen		-	-
Stacey McIntosh		-	-
Paul Norman Casbolt		5,401	1,501
Terence Hurst	(Appointed 22 November 2012)	-	-
Romayne Farrer	(Appointed 26 June 2014)	-	-
Glenda Elgood	(Appointed 26 June 2014)	500	500

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

(e) Other key management transactions

There has been no other transactions involving equity instruments other than those described above.

Notes to the financial statements (continued)

Note 17. Events after the reporting period

The company opened a business service centre at Jimboomba on the 29 August 2014. For the business service centre the company has entered into a non-cancellable lease ending on 30 November 2016, with rent payable monthly in advance. An option exists to renew the lease at the end of the first term for 2 additional terms each of 5 years.

The Directors of the company have passed a resolution to pay a dividend of 5.5 cents per share.

There have been no other events after the end of the financial year that would materially affect the financial statements.

Note 18. Contingent liabilities and assets

There were no contingent liabilities or assets at the date of this report to affect the financial statements.

Note 19. Operating segments

The company operates in the financial services sector where it provides banking services to its clients. The company operates in one geographic area being Logan Country, Queensland. The company has a franchise agreement in place with Bendigo and Adelaide Bank Limited who account for 100% of the revenue (2013: 100%).

Note 20. Company details

The registered office is: Suite 1, 131-133 Albert Street,
Logan Village Qld 4207

The principal place of business is: Shop 2, Cnr Albert & Wharf Streets,
Logan Village Qld 4207

Note 21. 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.

Diluted 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 (adjusted for the effects of any dilutive options or preference shares).

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

	2014	2013
	\$	\$
Profit/(loss) after income tax expense	34,902	55,821
Weighted average number of ordinary shares for basic and diluted earnings per share	626,108	626,108

Notes to the financial statements (continued)

	2014 \$	2013 \$
Note 22. Dividends paid or provided for on ordinary shares		
Unfranked ordinary dividend of 0.035 cents per share (2013:0.032 cents) was paid	21,914	20,035

Note 23. Fair value measurements

The company does not currently recognise or subsequently recognise any assets or liabilities by fair value in the Statement of Financial Position.

a. Fair value hierarchy

AASB 13: Fair Value Measurement requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1	Level 2	Level 3
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	Measurements based on unobservable inputs for the asset or liability.

Fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuation techniques

The company selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the company are consistent with one or more of the following valuation approaches:

- Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
- Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Notes to the financial statements (continued)

Note 23. Fair value measurements (continued)

a. Fair value hierarchy (continued)

Valuation techniques (continued)

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the company gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

Note 24. Financial risk management

The company's financial instruments consist mainly of deposits with banks, account receivables and accounts payables. The totals for each category of financial instruments measured in accordance with AASB 139 as detailed in the accounting policies are as follows:

	Note	2014 \$	2013 \$
Financial assets			
Cash and cash equivalents	6	348,555	325,627
Trade and other receivables	7	89,118	71,644
Total financial assets		437,673	397,271
Financial liabilities			
Trade and other payables	10	57,434	56,403
Total financial liabilities		57,434	56,403

Financial risk management policies

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.

Specific financial risk exposure and management

The main risks the company is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk, foreign currency risk and other price risk. There have been no substantial changes in the types of risks the company is exposed to, how the risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

(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.

Credit risk is managed through maintaining procedures that ensure, to the extent possible, that clients and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment. Credit terms for normal fee income are generally 30 days from the date of invoice. For fees with longer settlements, terms are specified in the individual client contracts. In the case of loans advanced, the terms are specific to each loan.

Notes to the financial statements (continued)

Note 24. Financial risk management (continued)

(a) Credit risk (continued)

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period is equivalent to the carrying amount and classification of those financial assets as presented in the statement of financial position.

The company's exposure to credit risk is limited to Australia by geographic area. The majority of receivables are 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 and therefore credit risk is considered minimal.

	2014 \$	2013 \$
Cash and cash equivalents:		
A rated	348,555	325,627

(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 table below reflects an undiscounted contractual maturity analysis for financial liabilities.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward.

Financial liability and financial asset maturity analysis:

30 June 2014	Note	Total \$	Within 1 year \$	1 to 5 years \$	Over 5 years \$
Financial liabilities due					
Trade and other payables	10	57,434	57,434	-	-
Bank overdraft		-	-	-	-
Loans and borrowings	11	-	-	-	-
Total expected outflows		57,434	57,434	-	-

Notes to the financial statements (continued)

Note 24. Financial risk management (continued)

(b) Liquidity risk (continued)

30 June 2014 (continued)	Note	Total \$	Within 1 year \$	1 to 5 years \$	Over 5 years \$
Financial assets - realisable					
Cash & cash equivalents	6	348,555	348,555	-	-
Trade and other receivables	7	89,118	89,118	-	-
Total anticipated inflows		437,673	437,673	-	-
Net (outflow)/inflow on financial instruments		380,239	380,239	-	-

30 June 2013	Note	Total \$	Within 1 year \$	1 to 5 years \$	Over 5 years \$
Financial liabilities due					
Trade and other payables	10	56,403	56,403	-	-
Bank overdraft		-	-	-	-
Loans and borrowings	11	-	-	-	-
Total expected outflows		56,403	56,403	-	-
Financial assets - realisable					
Cash & cash equivalents	6	325,627	325,627	-	-
Trade and other receivables	7	71,644	71,644	-	-
Total anticipated inflows		397,271	397,271	-	-
Net (outflow)/inflow on financial instruments		340,868	340,868	-	-

(c) Market risk

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

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments.

The financial instruments that primarily expose the company to interest rate risk are borrowings, fixed interest securities, and cash and cash equivalents.

Notes to the financial statements (continued)

Note 24. Financial risk management (continued)

(c) Market risk (continued)

Sensitivity analysis

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

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

	Profit \$	Equity \$
Year ended 30 June 2014		
+/- 1% in interest rates (interest income)	3,486	3,486
	3,486	3,486
Year ended 30 June 2013		
+/- 1% in interest rates (interest income)	3,256	3,256
	3,256	3,256

The company has no exposure to fluctuations in foreign currency.

(d) Price risk

The company is not exposed to any material price risk.

Fair values

The fair values of financial assets and liabilities are presented in the following table and can be compared to their carrying amounts as presented in the statement of financial position. Refer to Note 23 for detailed disclosures regarding the fair value measurement of the company's financial assets and liabilities.

Differences between fair values and the carrying amounts of financial instruments with fixed interest rates are due to the change in discount rates being applied to the market since their initial recognition by the company. Most of these instruments, which are carried at amortised cost, are to be held until maturity and therefore the fair value figures calculated bear little relevance to the company.

	Note	2014		2013	
		Carrying amount \$	Fair value \$	Carrying amount \$	Fair value \$
Financial assets					
Cash and cash equivalents (i)		348,555	348,555	325,627	325,627
Trade and other receivables (i)		89,118	89,118	71,644	71,644
Investments		-	-	-	-
Total financial assets		437,673	437,673	397,271	397,271

Notes to the financial statements (continued)

Note 24. Financial risk management (continued)

(d) Price risk (continued)

Fair values (continued)

	Note	2014		2013	
		Carrying amount \$	Fair value \$	Carrying amount \$	Fair value \$
Financial liabilities					
Trade and other payables (i)		57,434	57,434	56,403	56,403
Bank overdraft		-	-	-	-
Loans and borrowings		-	-	-	-
Total financial liabilities		57,434	57,434	56,403	56,403

(i) Cash and cash equivalents, trade and other receivables, and trade and other payables are short-term instruments in nature whose carrying amounts are equivalent to their fair values. The fair values of receivables and payables are determined on the basis of an income approach using a discounted cash flow methodology. Discount rates are based on market interest rates for similar instruments and range between 7.8% and 9.3%, depending upon the nature of the instrument.

Note 25. Capital and leasing commitments

Operating lease commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements.

	2014 \$	2013 \$
Payable - minimum lease payments		
- not later than 12 months	18,052	18,052
- between 12 months and 5 years	22,566	40,618
- greater than 5 years	-	-

The property lease is a non-cancellable lease with a 5 year term ending 30/09/2016, with rent payable monthly in advance. Contingent rental provisions within the lease agreement require the minimum lease payments shall be increased by CPI. An option exists to renew the lease at the end of the 5 year term for 2 additional terms each of 5 years. The lease allows for subletting of all lease areas.

Directors' declaration

In accordance with a resolution of the Directors of Logan Country Financial Services Limited, the Directors of the company declare that:

- 1 the financial statements and notes, as set out on pages 8 to 36 are in accordance with the Corporations Act 2001 and:
 - (i) comply with Australian Accounting Standards, which as stated in accounting policy Note 1(a) to the financial statements constitutes compliance with International Financial Reporting Standards (IFRS); and
 - (ii) give a true and fair view of the company's financial position as at 30 June 2014 and of the performance for the year ended on that date;
- 2 in the Directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This resolution is made in accordance with a resolution of the Board of Directors.



Paul Casbolt
Director

Signed at Logan Village on 14 October 2014.

Independent audit report



GILLOW & TEESE

Chartered Accountants

TEEGIL PTY LTD. ABN 96 072 119 772

Committed to your Business Success

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Directors

Rick A. Gillow B. Com. CAC.dec
Alan R. Teese B. Com. CA
Scott J. Launder B. Bus. CA

INDEPENDENT AUDITOR'S REPORT

To the Members of Logan Country Financial Services Limited

Report on the Financial Report

We have audited the accompanying financial report of Logan Country Financial Services Limited, which comprises the statement of financial position as at 30 June 2014, the statement of comprehensive income, statement of changes in equity 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 of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 — Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

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



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Directors

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Alan R. Teese B. Com. CA
Scott J. Launder B. Bus. CA

INDEPENDENT AUDITOR'S REPORT

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 Logan Country Financial Services Limited on 29 September 2014, would be in the same terms if provided to the directors as at the time of this auditor's report.

Auditor's Opinion

In our opinion:

- (a) the financial report of Logan Country 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 2014 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

GILLOW & TEESE
Chartered Accountants

A R Teese
Partner

Beaudesert, Queensland
Date: 16-10-14



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