



Redcliffe Peninsula
Financial Services Limited

ABN 66 109 123 677

**ANNUAL
REPORT
2013**

Margate **Community Bank**[®] Branch

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Front cover picture

Old Hornibrook Bridge arches. This section is preserved as a viewing and fishing platform. Redcliffe is now serviced by two bridges, with a total of six lanes giving access to our city.

Back cover pictures

- Margate **Community Bank**® Branch sponsored the "Love Your Sister" Ride for Breast Cancer to Redcliffe, inspired by 14 year old school student, Mitchell Hintz who invited Samuel Johnson to ride across the Ted Smout Bridge with him on his uni-cycle. Seen here with two of Margate **Community Bank** Branch's team members and Mitch, Samuel is riding across Australia, fundraising for breast cancer research on behalf of his sister who is fighting the disease.
- Margate Beach is just down the road from our branch!
- Margate **Community Bank**® Branch sponsored the Redcliffe Show again this year, for the sixth year.

Chairman's report

For year ending 30 June 2013

Welcome to our eighth Annual General Meeting (AGM). Each year when I sit to write this report, I always reflect on years past and the growth of your branch. I was sorting through old Board papers and came across Steering Committee meetings back to 2004 and realised just how far we have come. Your branch started as an idea born out of a need in early 2002 and opened for business on 7 December 2005.

We have been through the pain of the early years and through the GFC, but this past year has probably been one of the hardest for the branch, in part because of the political instability but also because we had a change in our managerial staff. All that is now behind us. Laurel Lacey has joined our team as our new Manager. She brings with her a wealth of banking knowledge and experience and I, as does the rest of the Board, look forward to working with her.

I can remember at our sixth AGM declaring that we were paying our first dividend. Apart from the opening of the branch, that was our first big milestone and one of the branch's proudest moments. This year, even though I said it was a hard year, we are again paying a dividend. It's through the efforts and trust that you the shareholders have placed with your Directors, that this was achieved. The branch is now all about working smarter.

The **Community Bank**[®] network has now given by way of grants, more than \$100 million Australia-wide. Your branch has to date given almost \$200,000 to the local community in grants alone. This past financial year your branch again invested \$45,000 in the grants program. Groups who were successful with their applications were;

Redcliffe Blind & VIP Social Club
The Breakfast Club
Chamelion Regional Community Housing
Australian Volunteer Coastguard Redcliffe
Deception Bay Community Youth Program Association Inc.
Moreton Bay Regional Community Legal Service
Helpforce Ministries
Hercules Road State School Special Education
Redcliffe Little Athletics Association
Moreton Bay Boat Club Outriggers Club
Meal on Wheels
Qld South Pacific Community Support Group Inc
Regional Community Association
Redcliffe Musical Theater
ROPE
Pink Snap Dragons
St Vincent De Paul Society
Wild Cats Netball
Woody Point Special School

We are always looking at what we can do for the community. Our commitment is unwavering.

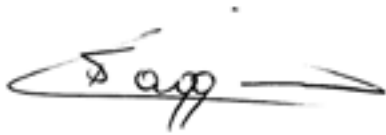
Chairman's report (continued)

It took some time for the **Community Bank**[®] model to be understood and accepted by our customers. By word of mouth, by excellent service provided by our staff and through our grants program, those barriers have broken down and your branch has become a thriving business.

I like to thank my ever hard working Board for all their efforts through the year. The staff who are the face of the branch and you, our shareholders and clients.

You may have heard Bendigo say that "successful customers and successful communities create a successful bank." Your **Community Bank**[®] branch is proof that the strategy works. We will continue to grow and the local community will continue to benefit.

Thankyou for your support and investment in us, and our community, again this year.

A handwritten signature in black ink, appearing to read 'S. Paggiaro', with a horizontal line underneath.

Serge Paggiaro
Chairman

Manager's report

For year ending 30 June 2013

"Thriving in the New Norm" was the theme of our recent **Community Bank**[®] National Conference earlier this year. A very apt vision given the financial climate over the past 12 months. In this subdued climate we have maintained our business performance and continued to deepen our relationships with our customers.

The next 12 month's vision is to become the most customer connected bank on the peninsula. Through our numerous community engagements this year we have welcomed many new customers. Our existing customers continue to refer their family and friends to us, which is testament to the fantastic service our staff provide.

Bendigo and Adelaide Bank Limited is now the fifth largest bank in Australia with an overall customer satisfaction rating above and beyond not only the four majors but other regional banks as well. A great platform for us to leverage over the next 12 months.

There has been one addition to the team this year with Donna Hood joining us as a Customer Relationship Manager; Donna's appointment has assisted in building the Lending side of the business, as she is a dedicated resource to this area. The team remain committed to building the business further, so a word of thanks to Donna, Marion, Lee, Kerry and Mandy for all your efforts, both from a business perspective and also your ongoing community commitment.

I would also like to thank our support teams, Bendigo and Adelaide Bank Limited regional support staff, the Business Banking team, the Community Sector Banking team and our Financial Planning team. All these teams contribute to the success of our branch.

The Directors on your Board continue to work diligently for the success of the branch.

Chairman Serge Paggiaro and his team spend a lot of their own time working to build advocacy and corporate governance. Without their continued support, commitment and effort your company would not be experiencing the great success it is.

I would also like to acknowledge and thank, you, our shareholders who continue to show their support by diligently promoting and recommending Margate **Community Bank**[®] Branch as a great place to do business to their family, friends and peers.

On a final note we are looking forward to another successful year, with our focus being to grow our customer numbers substantially and deepen the relationships with those who we already serve.



Laurel Lacey
Branch Manager

Directors' report

For the financial year ended 30 June 2013

Your directors submit the financial statements of the company for the financial year ended 30 June 2013.

Directors

The names and details of the company's directors who held office during or since the end of the financial year:

Serge Paggiaro

Chairman

Occupation: Project and Marketing Manager

Serge is a founding director and is currently involved in the not for profit sector. He is a former Marketing Manager of the Redcliffe Hospital Foundation.

Formerly Director of Marketing of Golf a la Cart, promoting golf tours to Asia and Hawaii. Serge is a partner in a local travel agency for over 20 years and has been a member of various community groups and clubs over the past 45 years.

Special responsibilities: Chairman of the Board.

Member of the Human Resources Committee and

Chair of the Public Relations Committee.

Interest in shares: 1 ordinary share

William Reginald Fraser

Treasurer

Occupation: Accountant (Retired)

Will is a Founding director of the company. He holds a B.Bus (Accounting) FCPA. Will is a Former Director of Will Fraser & Co Pty Ltd accountants and financial advisers however he is now retired.

Special responsibilities: Company Treasurer and Chair of the Corporate Governance, Ethics and Audit Committee.

Interest in shares: 1 ordinary share

Stephen John Hart

Vice Chairman

Occupation: Property Consultant

Stephen was the CEO of the Redcliffe Hospital Foundation 2007-2012. He was Manager of Redcliffe and Bayside Herald for 7 years and Managing Director and Co-Owner of a magazine publishing company for 15 years. Stephen is a member of Commerce and Industry Redcliffe Peninsula and Redcliffe Vision Group.

Special responsibilities: Member of the Marketing Committee.

Interest in shares: 1,001 ordinary shares

Christine Julia Standfast

Secretary

Occupation: Marketing Consultant

Christine holds a Bachelor of Business (Communication), QUT. Part Company Administration from AICD. She has worked in consulting for 28 years working in most industries including marketing & business strategy, community consultation & relations, media skills, publications, research, government relations & lobbying and social media.

Special responsibilities: Member of the Marketing Committee.

Interest in shares: Nil

Directors' report (continued)

Directors (continued)

Rae Amelda Frawley

Director

Occupation: Retired

Rae has experience in Banking, Public Hospital, Department of Education, Science & Training, Local Government. Rae is a former small business operator. Rae is a member of Quota International – Redcliffe, Member of Redcliffe Relay for life steering committee and is also a member of Here to Home MBRC strategic committee.

Special responsibilities: Member of the Corporate Governance & Audit Committee.

Interest in shares: Nil

Robert James Orr

Director

Occupation: Self Employed

Robert is a founding director of the company. He is the Director of Office National at Clontarf. Robert is a former committee member of Redcliffe Peninsula Industrial Association and Recliffe TAFE Council.

Special responsibilities: Chair of the Human Resources Committee. Member of the Scholarships Committee

Interest in shares: 6,501 ordinary shares

Brent Campbell

Director (Appointed 24 July 2012)

Occupation: Property Manager

Brent holds a Bachelor of Commerce (Marketing & Organisational Behaviour). Brent has over 12 years of experience in Shopping Centre Management at various centres in Redcliffe and Brisbane. He has won the Excellence in Marketing award from the Property Council of Australia. Brent has recently obtained a Real Estate License for Business Letting.

Special responsibilities: Member of the Scholarships Committee.

Interest in shares: Nil

Directors were in office for this entire year unless otherwise stated.

No directors' have material interests in contracts or proposed contracts with the company.

Company Secretary

The company secretary is Christine Julia Standfast. Christine was appointed to the position of secretary on 30 March 2009. Christine has managed her own business for more than 20 years and also consulted in marketing and communication. She holds a Bachelor of Business (Communication and Public Relations) and has completed part of Certificate IV in Company Administration.

Principal Activities

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

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

Operating Results

Operations have continued to perform in line with expectations. The profit of the company for the financial year after provision for income tax was:

Directors' report (continued)

Operating Results (continued)

	Year ended 30 June 2013 \$	Year ended 30 June 2012 \$
	35,544	121,637

Remuneration Report

Key Management Personnel Remuneration Policy

The Board is responsible for the determination of remuneration packages and policies applicable to the Branch Manager and all the staff. Performance in relation to remuneration is reviewed annually in accordance with the Company performance review policy. The Branch Manager is invited to the Board meetings as required to discuss performance and remuneration packages.

The Board's policy in respect of the Branch Manager is to maintain remuneration at parity within the **Community Bank®** network and local market rates for comparable roles. The Board believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best local Branch management personnel.

Key management personnel also receive a superannuation guarantee contribution as required by legislation, which is currently 9%, and do not receive any other retirement benefits.

The contracts for service between the company and key management personnel are on a continuing basis, the terms of which are not expected to change in the immediate future. Upon retirement key management personnel are paid employee benefit entitlements accrued to date of retirement.

There are currently no staff who are directly accountable and responsible for the strategic direction and operational management of the Company. This is primarily the board's role. As a result there are no Specified Executives that require disclosure of remuneration.

Director Remuneration Policy

Remuneration paid to the Directors is not based on Company performance, but rather seen as a means to cover expenses incurred by the Directors as they carry out their duties to the Company.

Directors Fees

For the year ended 30 June 2013, the directors received total remuneration, as follows:

	Remuneration Entitlement \$	Superannuation \$	Amount Donated to Charity \$	Total Amount Received \$
Serge Paggiaro	4,800	432	-	5,232
Stephen John Hart	2,900	261	-	3,161
William Reginald Fraser	3,000	270	-	3,270
Christine Julia Standfast	3,650	328	-	3,978
Rae Amelda Frawley	1,300	117	-	1,417

Directors' report (continued)

Remuneration Report (continued)

Directors Fees (continued)

	Remuneration Entitlement \$	Superannuation \$	Amount Donated to Charity \$	Total Amount Received \$
Robert James Orr	1,300	117	1,417	-
Brent Campbell	-	-	-	-
	16,950	1,525	1,417	17,058

* A director must serve at least one year to be entitled for remuneration.

Dividends

	Year Ended 30 June 2013	
	Cents	\$
Final dividend	8	54,509

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 or the financial statements.

Matters Subsequent to the End of the Financial Year

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 facilitating banking services to the community.

Environmental Regulation

The company is not subject to any significant environmental regulation.

Directors' Benefits

No director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity 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 except as disclosed in note 19 to the financial statements. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the company's accounts, or the fixed salary of a full-time employee of the company, controlled entity or related body corporate.

Directors' report (continued)

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 manager 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 year were:

Director	Board Meetings Attended	
	Eligible	Attended
Serge Paggiaro	12	11
Stephen John Hart	12	9
William Reginald Fraser	12	10
Christine Julia Standfast	12	11
Rae Amelda Frawley	12	11
Robert James Orr	12	9
Brent Campbell	12	12

The board has sub-committees for Marketing, Human Resources and Corporate Governance, Ethics and Audit. The Marketing and Human Resources sub-committees met on an ad hoc basis and did not maintain official records. They reported to board meetings as required. All business required to be addressed by the Corporate Governance, Ethics and Audit Committee was transacted at full meetings of the board.

Non Audit Services

The company may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the company are important. Details of the amounts paid or payable to the auditor (Andrew Frewin & Stewart) for audit and non audit services provided during the year are set out in the notes to the accounts.

The board of directors' has considered the position, in accordance with the advice received from the audit committee and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are satisfied that the provision of non-audit services by the auditor, as set out in the notes did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

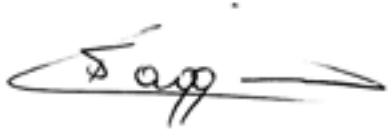
- all non-audit services have been reviewed by the audit committee to ensure they do not impact on the impartiality and objectivity of the auditor;
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risk and rewards.

Directors' report (continued)

Auditors' Independence Declaration

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 11.

Signed in accordance with a resolution of the board of directors at Margate, Queensland on 26 September 2013.

A handwritten signature in black ink, appearing to read 'S Paggiaro', with a long horizontal stroke extending to the right.

Serge Paggiaro,
Chairman

Auditor's independence declaration



Lead auditor's independence declaration under section 307C of the *Corporations Act 2001* to the directors of Redcliffe Peninsula Financial Services Limited

I declare, that to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2013 there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit
- any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink, appearing to read 'Graeme Stewart', is written over a faint, light-colored signature line.

Graeme Stewart
Andrew Frewin Stewart
61 Bull Street, Bendigo Vic 3550

Dated: 30 September 2013

Liability limited by a scheme approved under Professional Standards Legislation. ABRN 51 061 791 117.

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AFS PARTNERS IN SUCCESS

Financial statements

Statement of Comprehensive Income for the Year Ended 30 June 2013

	Note	2013 \$	2012 \$
Revenues from ordinary activities	4	843,254	837,559
Employee benefits expense		(402,398)	(398,853)
Charitable donations, sponsorship, advertising and promotion		(147,412)	(57,517)
Occupancy and associated costs		(46,551)	(45,345)
Systems costs		(23,361)	(25,103)
Depreciation and amortisation expense	5	(36,664)	(23,831)
General administration expenses		(144,554)	(120,170)
Profit before income tax expense		42,314	166,740
Income tax expense	6	(6,770)	(45,103)
Profit after income tax expense		35,544	121,637
Total comprehensive income for the year		35,544	121,637
Earnings per share (cents per share)		c	c
- basic for profit for the year	22	5.22	17.85

The accompanying notes form part of these financial statements.

Financial statements (continued)

Balance Sheet as at 30 June 2013

	Note	2013 \$	2012 \$
ASSETS			
Current Assets			
Cash and cash equivalents	7	227,675	265,124
Trade and other receivables	8	42,154	53,056
Income tax refundable	11	35,443	-
Total Current Assets		269,829	318,180
Non-Current Assets			
Property, plant and equipment	9	131,455	144,305
Intangible assets	10	19,314	32,767
Deferred tax assets	11	-	6,521
Financial Asset	12	42,952	26,912
Total Non-Current Assets		193,721	210,505
Total Assets		463,550	528,685
LIABILITIES			
Current Liabilities			
Trade and other payables	13	21,149	31,876
Total Current Liabilities		21,149	31,876
Total Liabilities		21,149	31,876
Net Assets		442,401	496,809
Equity			
Issued capital	14	644,605	644,605
Accumulated losses	15	(166,761)	(147,796)
Total Equity		477,844	496,809

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of Changes in Equity for the Year Ended 30 June 2013

	Issued Capital \$	Accumulated Losses \$	Total Equity \$
Balance at 1 July 2011	644,605	(221,738)	422,867
Total comprehensive income for the year	-	121,637	121,637
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	(47,695)	(47,695)
Balance at 30 June 2012	644,605	(147,796)	496,809
Balance at 1 July 2012	644,605	(147,796)	496,809
Total comprehensive income for the year	-	35,544	35,544
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	(54,509)	-
Balance at 30 June 2013	644,605	(166,761)	532,353

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of Cashflows for the Year Ended 30 June 2013

	Note	2013 \$	2012 \$
Cash Flows From Operating Activities			
Receipts from customers		925,415	890,936
Payments to suppliers and employees		(859,920)	(721,195)
Interest received		13,657	3,091
Income taxes paid		(35,691)	-
Net cash provided by operating activities	16	43,461	172,832
Cash Flows From Investing Activities			
Payments for property, plant and equipment		(10,361)	(2,089)
Payment of financial asset		(16,040)	(26,912)
Net cash used in investing activities		(26,401)	(29,001)
Cash Flows From Financing Activities			
Dividends paid		(54,509)	(47,695)
Net cash used in financing activities		(54,509)	(47,695)
Net increase in cash held		(37,449)	96,136
Cash and cash equivalents at the beginning of the financial year		265,124	168,988
Cash and cash equivalents at the end of the financial year	7(a)	227,675	265,124

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

a) Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standard Boards and the Corporations Act 2001. The company is a for-profit entity for the purpose of preparing the financial statements.

Compliance with IFRS

These financial statements and notes comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. These areas involving a higher degree of judgement or complexities, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

Historical cost convention

The financial statements have been prepared under the historical cost convention on an accruals basis as modified by the revaluation of financial assets and liabilities at fair value through profit or loss and where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

Comparative figures

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

Adoption of new and amended Accounting Standards

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2012 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods. Amendments made to AASB 101 Presentation of Financial Statements effective 1 July 2012 now require the statement of comprehensive income to show the items of comprehensive income grouped into those that are not permitted to be reclassified to profit or loss in a future period and those that may have to be reclassified if certain conditions are met. This amendment has not affected the presentation of the statement of comprehensive income of the company in the current period and is not likely to affect future periods.

The company has not elected to apply any pronouncements before their mandatory operative date in the annual reporting period beginning 1 July 2012.

Notes to the financial statements (continued)

Note 1. Summary of Significant Accounting Policies (continued)

a) Basis of Preparation (continued)

Economic dependency - Bendigo and Adelaide Bank Limited

The company has entered into a franchise agreement with Bendigo and Adelaide Bank Limited that governs the management of the **Community Bank**[®] branch at Margate, Queensland.

The branch operates as a franchise of Bendigo and Adelaide Bank Limited, using the name “Bendigo Bank” and the logo and system of operations of Bendigo and Adelaide Bank Limited. The company manages the **Community Bank**[®] branch on behalf of Bendigo and Adelaide Bank Limited, however all transactions with customers conducted through the **Community Bank**[®] branch are effectively conducted between the customers and Bendigo and Adelaide Bank Limited.

All deposits are made with Bendigo and Adelaide Bank Limited, and all personal and investment products are products of Bendigo and Adelaide Bank Limited, with the company facilitating the provision of those products. All loans, leases or hire purchase transactions, issues of new credit or debit cards, temporary or bridging finance and any other transaction that involves creating a new debt, or increasing or changing the terms of an existing debt owed to Bendigo and Adelaide Bank Limited, must be approved by Bendigo and Adelaide Bank Limited. All credit transactions are made with Bendigo and Adelaide Bank Limited, and all credit products are products of Bendigo and Adelaide Bank Limited.

Bendigo and Adelaide Bank Limited provides significant assistance in establishing and maintaining the **Community Bank**[®] branch franchise operations. It also continues to provide ongoing management and operational support, and other assistance and guidance in relation to all aspects of the franchise operation, including advice in relation to:

- advice and assistance in relation to the design, layout and fit out of the **Community Bank**[®] branch;
- training for the branch manager and other employees in banking, management systems and interface protocol;
- methods and procedures for the sale of products and provision of services;
- security and cash logistic controls;
- calculation of company revenue and payment of many operating and administrative expenses
- the formulation and implementation of advertising and promotional programs; and
- sales techniques and proper customer relations.

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

b) Revenue

Revenue is recognised when the amount of revenue can be reliably measured, it is probable that future economic benefit will flow to the company and any specific criteria have been met. Interest and fee revenue is recognised when earned. The gain or loss on disposal of property, plant and equipment is recognised on a net basis and is classified as income rather than revenue. All revenue is stated net of the amount of Goods and Services Tax (GST).

Revenue calculation

The franchise agreement with Bendigo and Adelaide Bank Limited provides for three types of revenue earned by the company. First, the company is entitled to 50% of the monthly gross margin earned by Bendigo and Adelaide Bank Limited on products and services provided through the company that are regarded as “day to day” banking business (ie ‘margin business’). This arrangement also means that if the gross margin reflects a loss (that is, the gross margin is a negative amount), the company effectively incurs, and must bear, 50% of that loss.

Notes to the financial statements (continued)

Note 1. Summary of Significant Accounting Policies (continued)

b) Revenue (continued)

Revenue calculation (continued)

The second source of revenue is commission paid by Bendigo and Adelaide Bank Limited on the other products and services provided through the company (i.e. 'commission business'). The commission is currently payable on various specified products and services, including insurance, financial planning, common fund, Sandhurst Select, superannuation, commercial loan referrals, products referred by Rural Bank, leasing referrals, fixed loans and certain term deposits (>90 days). The amount of commission payable can be varied in accordance with the Franchise Agreement (which, in some cases, permits commissions to be varied at the discretion of Bendigo and Adelaide Bank Limited). This discretion has been exercised on several occasions previously. For example in February 2011 and February 2013 Bendigo and Adelaide Bank Limited reduced commissions on two core banking products to ensure a more even distribution of income between Bendigo and Adelaide Bank Limited and its **Community Bank**[®] partners. The revenue share model is subject to regular review to ensure that the interests of Bendigo and Adelaide Bank Limited and **Community Bank**[®] companies remain balanced.

The third source of revenue is a proportion of the fees and charges (ie, what are commonly referred to as 'bank fees and charges') charged to customers. This proportion, determined by Bendigo and Adelaide Bank Limited, may vary between products and services and may be amended by Bendigo and Adelaide Bank Limited from time to time.

c) Income Tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the balance sheet liability method on temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities reflects the tax consequences that would follow from the manner in which the consolidated entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax and when the balances relate to taxes levied by the same taxation authority and the company entity intends to settle its tax assets and liabilities on a net basis.

Notes to the financial statements (continued)

Note 1. Summary of Significant Accounting Policies (continued)

c) Income Tax (continued)

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the statement of comprehensive income, except when it relates to items credited or debited to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

d) Employee Entitlements

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

The company contributes to a defined contribution plan. Contributions to employee superannuation funds are charged against income as incurred.

e) Cash and Cash Equivalents

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. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

f) Trade Receivables and Payables

Receivables are carried at their amounts due. The collectability of debts is assessed at balance date and specific provision is made for any doubtful accounts. Liabilities for trade creditors and other amounts are carried at cost that is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the company.

g) Property, Plant and Equipment

Plant and equipment, leasehold improvements and equipment under finance lease are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land. Depreciation is calculated on a straight line basis so as to write off the net cost of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated at the rate equivalent to the available building allowance using the straight line method. The estimated useful lives, residual values and depreciation method is reviewed at the end of each annual reporting period.

The following estimated useful lives are used in the calculation of depreciation:

- leasehold improvements 40 years
- plant and equipment 2.5 - 40 years
- furniture and fittings 4 - 40 years

Notes to the financial statements (continued)

Note 1. Summary of Significant Accounting Policies (continued)

h) Intangibles

The franchise fee paid to Bendigo and Adelaide Bank Limited has been recorded at cost and is amortised on a straight line basis over the life of the franchise agreement.

The renewal processing fee paid to Bendigo and Adelaide Bank Limited when renewing the franchise agreement has also been recorded at cost and is amortised on a straight line basis over the life of the franchise agreement.

i) Payment Terms

Receivables and payables are non interest bearing and generally have payment terms of between 30 and 90 days.

j) Borrowings

All loans are initially measured at the principal amount. Interest is recognised as an expense as it accrues.

k) Financial Instruments

Recognition and initial measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument.

Financial instruments are initially measured at fair value plus transaction costs. Financial instruments are classified and measured as set out below.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires 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.

Classification and subsequent measurement

(i) 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 using the effective interest rate method.

(ii) 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 entity's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

(iii) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be 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.

Available-for-sale financial assets are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period, which will be classified as current assets.

Notes to the financial statements (continued)

Note 1. Summary of Significant Accounting Policies (continued)

k) Financial Instruments (continued)

Impairment

At each reporting date, the entity assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the statement of comprehensive income.

l) 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 the company are classified as finance leases. Finance leases are capitalised by recording 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 charged as expenses in the periods in which they are incurred. Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

m) Provisions

Provisions are recognised when the economic entity has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

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.

n) Contributed Equity

Ordinary shares are 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.

o) Earnings Per Share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

p) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet. Cash flows are included in the statement of cash flows on a gross basis.

The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Notes to the financial statements (continued)

Note 2. Financial Risk Management

The company's activities expose it to a limited variety of financial risks: market risk (including currency risk, fair value interest risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the entity. The entity does not use derivative instruments.

Risk management is carried out directly by the board of directors.

(i) Market risk

The company has no exposure to any transactions denominated in a currency other than Australian dollars.

(ii) Price risk

The company is not exposed to equity securities price risk as it does not hold investments for sale or at fair value. The company is not exposed to commodity price risk.

(iii) Credit risk

The company has no significant concentrations of credit risk. It has policies in place to ensure that customers have an appropriate credit history. The company's franchise agreement limits the company's credit exposure to one financial institution, being Bendigo and Adelaide Bank Limited.

(iv) Liquidity risk

Prudent liquidity management implies maintaining sufficient cash and marketable securities and the availability of funding from credit facilities. The company believes that its sound relationship with Bendigo and Adelaide Bank Limited mitigates this risk significantly.

(v) Cash flow and fair value interest rate risk

Interest-bearing assets are held with Bendigo and Adelaide Bank Limited and subject to movements in market interest. Interest-rate risk could also arise from long-term borrowings. Borrowings issued at variable rates expose the company to cash flow interest-rate risk. The company believes that its sound relationship with Bendigo and Adelaide Bank Limited mitigates this risk significantly.

(vi) Capital management

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 2013 can be seen in the statement of comprehensive income.

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

(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%.

Notes to the financial statements (continued)

Note 2. Financial Risk Management (continued)

(vi) Capital management (continued)

The board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the year ended 30 June 2013 can be seen in the statement of comprehensive income.

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

Note 3. Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

Taxation

Judgement is required in assessing whether deferred tax assets and certain tax liabilities are recognised on the balance sheet. Deferred tax assets, including those arising from un-recouped tax losses, capital losses and temporary differences, are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits.

Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future sales volumes, operating costs, capital expenditure, dividends and other capital management transactions. Judgements are also required about the application of income tax legislation.

These judgements and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognised on the balance sheet and the amount of other tax losses and temporary differences not yet recognised. In such circumstances, some or all of the carrying amount of recognised deferred tax assets and liabilities may require adjustment, resulting in corresponding credit or charge to the statement of comprehensive income.

Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience and the condition of the asset is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

Notes to the financial statements (continued)

Note 3. Critical Accounting Estimates and Judgements (continued)

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the company's share of the net identifiable assets of the acquired branch/agency at the date of acquisition. Goodwill on acquisition is included in intangible assets. Goodwill is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses.

The calculations require the use of assumptions.

Impairment of assets

At each reporting date, the company reviews the carrying amounts of its tangible and intangible assets that have an indefinite useful life to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Note 3. Critical Accounting Estimates and Judgements (continued)

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

	2013	2012
	\$	\$

Note 4. Revenue from Ordinary Activities

Operating activities:

- services commissions	830,305	832,185
Total revenue from operating activities	830,305	832,185

Notes to the financial statements (continued)

	2013 \$	2012 \$
Note 4. Revenue from Ordinary Activities (continued)		
Non-operating activities:		
- interest received	8,054	4,347
- net gain on available-for-sale financial assets	3,914	884
- distribution from available-for-sale financial assets	981	143
Total revenue from non-operating activities	12,949	5,374
Total revenues from ordinary activities	843,254	837,559

Note 5. Expenses

Depreciation of non-current assets:

- plant and equipment	20,543	7,710
- leasehold improvements	2,668	2,668

Amortisation of non-current assets:

- franchise agreement	2,242	2,242
- franchise renewal fee	11,211	11,211
	36,664	23,831
Bad debts	1,752	4,393

Note 6. Income Tax Expense

The components of tax expense comprise:

- Current Tax	6,562	-
- Recoup of prior year tax loss	6,522	51,417
- Adjustments to tax expense of prior periods	(6,314)	(6,314)
	6,770	45,103

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

Operating profit	42,314	166,740
Prima facie tax on profit from ordinary activities at 30%	12,694	50,022

Notes to the financial statements (continued)

	2013 \$	2012 \$
Note 6. Income Tax Expense (continued)		
Add tax effect of:		
- non-deductible expenses	1,695	819
- non-assessible income	(1,243)	(47)
- timing difference expenses	(62)	582
- other assessible income	-	41
	13,084	51,417
Adjustments to tax expense of prior periods	(6,314)	(6,314)
	6,770	45,103

Note 7. Cash and Cash Equivalents

Cash at bank and on hand	227,675	265,124
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The above figures are reconciled to cash at the end of the financial year as shown in the statement of cashflows as follows:

Note 7.(a) Reconciliation of cash

Cash at bank and on hand	227,675	265,124
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Note 8. Trade and Other Receivables

Trade receivables	35,833	46,765
Prepayments	6,321	6,291
	42,154	53,056

Note 9. Property, Plant and Equipment

Plant and equipment

At cost	145,107	134,747
Less accumulated depreciation	(97,522)	(76,980)
	47,585	57,767

Leasehold improvements

At cost	106,719	106,719
Less accumulated depreciation	(22,849)	(20,181)
	83,870	86,538

Total written down amount	131,455	144,305
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Notes to the financial statements (continued)

	2013 \$	2012 \$
Note 9. Property, Plant and Equipment (continued)		
Movements in carrying amounts:		
Plant and equipment		
Carrying amount at beginning	57,767	63,386
Additions	10,361	2,091
Disposals	-	-
Less: depreciation expense	(20,543)	(7,710)
Carrying amount at end	47,585	57,767
Leasehold improvements		
Carrying amount at beginning	86,538	89,206
Additions	-	-
Disposals	-	-
Less: depreciation expense	(2,668)	(2,668)
Carrying amount at end	83,870	86,538
Total written down amount	131,455	144,305

Note 10. Intangible Assets

Franchise fee

At cost	71,211	71,211
Less: accumulated amortisation	(67,992)	(65,750)
	3,219	5,461

Renewal processing fee

At cost	56,056	56,056
Less: accumulated amortisation	(39,961)	(28,750)
	16,095	27,306
Total written down amount	19,314	32,767

Note 11. Tax

Current:

Income tax refundable	35,443	-
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Notes to the financial statements (continued)

	2013 \$	2012 \$
Note 11. Tax (continued)		
Non-Current:		
Deferred tax assets		
- tax losses carried forward	-	6,521
Net deferred tax asset	-	6,521
Movement in deferred tax charged to statement of comprehensive income	6,521	45,103

Note 12. Financial Assets

Available-for-sale financial assets

Unlisted investments at cost

IOOF Pursuit Core Fund	42,952	26,912
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Note 13. Trade and Other Payables

Trade creditors	17,649	28,576
Other creditors and accruals	3,500	3,300
	21,149	31,876

Note 14. Contributed Equity

681,359 Ordinary shares fully paid (2012: 681,359)	666,359	666,359
Less: equity raising expenses	(21,754)	(21,754)
	644,605	644,605

Rights attached to shares

(a) Voting rights

Subject to some limited exceptions, each member has the right to vote at a general meeting.

On a show of hands or a poll, each member attending the meeting (whether they are attending the meeting in person or by attorney, corporate representative or proxy) has one vote, regardless of the number of shares held. However, where a person attends a meeting in person and is entitled to vote in more than one capacity (for example, the person is a member and has also been appointed as proxy for another member) that person may only exercise one vote on a show of hands. On a poll, that person may exercise one vote as a member and one vote for each other member that person represents as duly appointed attorney, corporate representative or proxy.

The purpose of giving each member only one vote, regardless of the number of shares held, is to reflect the nature of the company as a community based company, by providing that all members of the community who have contributed to the establishment and ongoing operation of the **Community Bank**[®] branch have the same ability to influence the operation of the company.

Notes to the financial statements (continued)

Note 14. Contributed Equity (continued)

Rights attached to shares (continued)

(b) Dividends

Generally, dividends are payable to members in proportion to the amount of the share capital paid up on the shares held by them, subject to any special rights and restrictions for the time being attaching to shares. The franchise agreement with Bendigo and Adelaide Bank Limited contains a limit on the level of profits or funds that may be distributed to shareholders. There is also a restriction on the payment of dividends to certain shareholders if they have a prohibited shareholding interest (see below).

(c) Transfer

Generally, ordinary shares are freely transferable. However, the directors have a discretion to refuse to register a transfer of shares.

Subject to the foregoing, shareholders may transfer shares by a proper transfer effected in accordance with the company's constitution and the Corporations Act.

Prohibited shareholding interest

A person must not have a prohibited shareholding interest in the company.

In summary, a person has a prohibited shareholding interest if they control or own 10% or more of the shares in the company (the "10% limit").

As with voting rights, the purpose of this prohibited shareholding provision is to reflect the community-based nature of the company.

Where a person has a prohibited shareholding interest, the voting and dividend rights attaching to the shares in which the person (and his or her associates) have a prohibited shareholding interest, are suspended.

The board has the power to request information from a person who has (or is suspected by the board of having) a legal or beneficial interest in any shares in the company or any voting power in the company, for the purpose of determining whether a person has a prohibited shareholding interest. If the board becomes aware that a member has a prohibited shareholding interest, it must serve a notice requiring the member (or the member's associate) to dispose of the number of shares the board considers necessary to remedy the breach. If a person fails to comply with such a notice within a specified period (that must be between three and six months), the board is authorised to sell the specified shares on behalf of that person. The holder will be entitled to the consideration from the sale of the shares, less any expenses incurred by the board in selling or otherwise dealing with those shares.

In the constitution, members acknowledge and recognise that the exercise of the powers given to the board may cause considerable disadvantage to individual members, but that such a result may be necessary to enforce the prohibition.

	2013	2012
	\$	\$
Note 15. Accumulated Losses		
Balance at the beginning of the financial year	(147,796)	(221,738)
Net profit from ordinary activities after income tax	35,544	121,637
Dividend paid	(54,509)	(47,695)
Balance at the end of the financial year	(166,761)	(147,796)

Notes to the financial statements (continued)

	2013 \$	2012 \$
Note 16. Statement of Cashflows		
Reconciliation of profit from ordinary activities after tax to net cash provided by operating activities		
Profit from ordinary activities after income tax	35,544	121,637
Non cash items:		
- depreciation	23,211	10,378
- amortisation	13,453	13,453
Changes in assets and liabilities:		
- (increase)/decrease in receivables	10,902	(28,446)
- (increase)/decrease in other assets	(28,921)	45,103
- increase/(decrease) in payables	(10,728)	10,707
Net cashflows provided by operating activities	43,461	172,832

Note 17. Leases

Operating lease commitments

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

Payable - minimum lease payments		
- not later than 12 months	28,994	28,464
- between 12 months and 5 years	16,912	45,230
	45,906	73,694

The original rental lease agreement on the branch premises was a non-cancellable lease with a five year term commencing on 1 March 2005 and expiring on 28 February 2010. There was also options for two more terms of five years, the first exercised and commencing on 1 March 2010. The rent and outgoings payable is currently \$28,994 per annum plus GST, reviewed annually and adjusted based on CPI.

Note 18. Auditor's Remuneration

Amounts received or due and receivable by the auditor of the company for:

- audit and review services	4,900	4,500
- share registry services	2,908	3,296
- non audit services	400	1,050
	8,208	8,846

Notes to the financial statements (continued)

	2013 \$	2012 \$
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Note 19. Director and Related Party Disclosures

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

Serge Paggiaro
 Stephen John Hart
 William Reginald Fraser
 Christine Julia Standfast
 Rae Amelda Frawley
 Robert James Orr
 Brent Campbell (Appointed 24 July 2012)

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

Transactions with related parties:

Robert Orr, in the capacity of office supplies business owner, supplied copy paper and stationery to the value of	1,024	730
Christine Standfast provided marketing services and expenses to the value of	190	-

No other director or related entity has entered into a material contract with the company. No director's fees have been paid as the positions are held on a voluntary basis.

Directors Shareholdings	2013	2012
Serge Paggiaro	1	1
Stephen John Hart	1,001	1,001
William Reginald Fraser	1	1
Christine Julia Standfast	-	-
Rae Amelda Frawley	-	-
Robert James Orr	6,501	6,501
Brent Campbell (Appointed 24 July 2012)	-	-

There was no movement in directors' shareholdings during the year.

Note 20. Key Management Personnel Disclosures

No Director of the company receives remuneration for services as a company director or committee member.

The Branch Manager is employed by Bendigo and Adelaide Bank Limited, with his services seconded to Redcliffe Peninsula Financial Services Limited. He is employed on a contract which is in line with the standard remuneration levels applicable to Bendigo and Adelaide Bank Limited staff in similar roles.

There are no executives within the company whose remuneration is required to be disclosed.

Notes to the financial statements (continued)

	2013 \$	2012 \$
Note 21. Dividends Paid or Provided		
a. Dividends proposed and not recognised as a liability		
Current year final dividend		
Unfranked dividend - 8 cents (2012: 7 cents) per share	54,509	47,695

Note 22. Earnings Per Share

(a) Profit attributable to the ordinary equity holders of the company used in calculating earnings per share	35,544	121,637
	Number	Number
(b) Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	681,359	681,359

Note 23. Events Occurring After the Balance Sheet Date

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

Note 24. Contingent Liabilities

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

Note 25. Segment Reporting

The economic entity operates in the service sector where it facilitates **Community Bank**[®] services in Margate, Queensland pursuant to a franchise agreement with Bendigo and Adelaide Bank Limited.

Note 26. Registered Office/Principal Place of Business

The registered office and principal place of business is:

Registered Office
Shop 1A, 300 Oxley Avenue
Margate QLD 4019

Principal Place of Business
Shop 1A, 300 Oxley Avenue
Margate QLD 4019

Notes to the financial statements (continued)

Note 27. 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 the year end.

Credit Risk

The maximum exposure to credit risk at balance date to recognised financial assets is the carrying amount of those assets as disclosed in the balance sheet and notes to the financial statements.

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

Interest Rate Risk

Financial instrument	Floating interest rate		Fixed interest rate maturing in						Non interest bearing		Weighted average effective interest rate	
			1 year or less		Over 1 to 5 years		Over 5 years					
	2013 \$	2012 \$	2013 \$	2012 \$	2013 \$	2012 \$	2013 \$	2012 \$	2013 \$	2012 \$	2013 %	2012 %
Financial Assets												
Cash and cash equivalents	68,146	112,525		152,299	-	-	-	-		300	2.70	2.13
Receivables	-	-	-	-	-	-	-	-	-	-	N/A	N/A
Financial Liabilities												
Payables	-	-	-	-	-	-	-	-		28,576	N/A	N/A

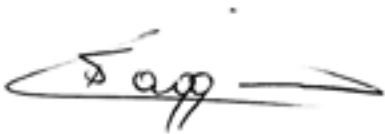
Directors' declaration

In accordance with a resolution of the directors of Redcliffe Peninsula Financial Services Limited, we state that:

In the opinion of the directors:

- (a) the financial statements and notes of the company are 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 2013 and of its performance for the financial year ended on that date; and
 - (ii) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
- (c) the audited remuneration disclosures set out in the remuneration report section of the directors' report comply with Accounting Standard AASB124 Related Party Disclosures and the Corporations Regulations 2001.

This declaration is made in accordance with a resolution of the board of directors.



Serge Paggiaro,
Chairman

Signed on the 26th of September 2013.

Independent audit report



Independent auditor's report to the members of Redcliffe Peninsula Financial Services Limited

Report on the financial report

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

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and presentation of the financial report in accordance with Australian Accounting Standards and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and 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 fair accounting estimates that are reasonable in the circumstances. In note 1, the directors also state in accordance with the 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. These auditing standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and 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.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the company's financial position and of its performance.

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

Liability limited by a scheme approved under Professional Standards Legislation. ABRN 51 061 795 227.

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Independent audit report (continued)

Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written auditor's independence declaration, a copy of which is included in the directors' report.

Auditor's opinion on the financial report

In our opinion:

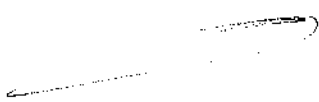
- 1) The financial report of Redcliffe Peninsula Financial Services Limited is in accordance with the *Corporations Act 2001* including giving a true and fair view of the company's financial position as at 30 June 2013 and of its financial performance and its cash flows for the year then ended and complying with Australian Accounting Standards and the Corporations Regulations 2001.
- 2) The financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Report on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2013. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the remuneration report of Redcliffe Peninsula Financial Services Limited for the year ended 30 June 2013, complies with section 300A of the *Corporations Act 2001*.



Graeme Stewart
Andrew Frewin Stewart
61 Bull Street Bendigo Vic 3550

Dated: 30 September 2013



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