Annual Report 2014

Redcliffe Peninsula Financial Services Limited

ABN 66 109 123 677

Margate **Community Bank**® Branch

Contents

Front cover	New opportunites every day await us at the Redcliffe Peninsula.
Rear cover	Our beautiful foreshore at Margate.
	Some of the winners at the Woody Point Special School Fun Run, attended by more than 500 special needs children.
	Piggy with Celebrity Peppa Pig at the Redcliffe Festival.

Chairman's report

For year ending 30 June 2014

We are only a few weeks away from our 10th anniversary and yet I can remember as clear as daylight the meetings that the Steering Committee held regularly right here at the Golden Ox planning the rise of a new bank when all others had deserted Margate. Bill Hoogwaerts had the passion. He didn't have to drive anyone, we all believed in his dream and worked to make it come through.

Our branch, as all other businesses, has suffered through and survived the GFC. We have had our staff changes in the past couple of years but now, under Laurel Lacey's management, staff have stabilised. Laurel came into the job with clear ideas in mind. Internally, the branch is now running as well as it ever has, Laurel's challenge now is to build the business.

We have now paid a dividend to our shareholders for the past three years. This year we have achieved another milestone, dividends are fully franked, what this means is a 30 % increase on your return from last year. Again what would appear to be great times for the person in the street where money is available at low interest rates, the branch is having to work harder to achieve a profit similar to previous years. Your **Community Bank**® branch has been able to not only pay a dividend but to be fully franked.

Whenever I speak to groups or individuals about the branch, I always make a big deal of the word community in our name. Our existence is in part because of that word. We support our community by fulfilling wishes and in turn the community supports us by banking with us. Organisations and community groups who benefited this financial year are:

2013/14 Grant applications	
Name	**Awarded**
Australian Army Cadets Clontarf/Redcliffe	$1,880
Australian Volunteer Coast Guard Redcliffe	$3,845
Chameleon Housing	$2,000
El Shaddai Community	$5,000
Inside Outside Theatre Company	$3,000
Meals on Wheels Redcliffe Inc.	$1,036
Moreton Bay Regional Community Legal Service Inc	$2,000
Multitude Inc	$1,000
Pink Snapdragons	$1,500
QLD South Pacific Community Support Group	$1,500
Redcliffe Little Athletics Association	$2,437
Redcliffe Musical Theatre Inc	$5,000
ROPE	$2,000
Street Swags Limited	$3,000
St Vincent De Paul's Give a Child a Chance Education Relief Fund	$2,000
The Breakfast Club	$1,560
Woody Point Special School	$3,000

Chairman's report (continued)

Our bank has now given away some $300,000 in grants and donations and **Community Bank**® branches nationally have given way more than $120 million. That's why the community part of our name is very important for our business.

You, the shareholders, have played a big part in the success of the branch. Initially it was your investment that enabled us to get off the ground and subsequently it was your trust in us - the Board - to operate what has turned out to be a successful business.

I would like to thank the staff for their dedication and to Laurel for her leadership.

Some may think that this is an unlikely thank you, but I would like to thank the State Team of Bendigo and Adelaide Bank. Having spent 21 years in a franchise I know how difficult the relationship can be, but apart from small differences, Bendigo aims to have all **Community Bank**® branches profitable. Without a successful **Community Bank**® branch network, Bendigo and Adelaide Bank would not have achieved what it has.

The branch would not run so efficiently if your Board was not efficient. I would like to thank all of the board for giving freely of their time. For some of us it can at times be very demanding time wise. I would personally like to thank all of them for the assistance and cooperation they have given me throughout the year.

Serge Paggiaro
Chairman

Manager's report

For year ending 30 June 2014

Why we are **Bigger than a bank**

By the standard measures, we're not a big bank.

But in the things that matter, we're **bigger**. Much **bigger**.

Because being **bigger** is about more than size.

It's about being **bigger** with your actions.

We're **bigger** when it comes to helping a small business get off the ground. We're **bigger** when it comes to the young couple juggling finances to buy their first home. We're **bigger** when it comes to putting money into local projects.

It's because we know, that for us to be successful, our customers and communities need to be successful first.

We know that banking is about more than just profits. It's about helping to create vibrant, thriving communities. And that's something that benefits all of us.

So instead of seeing what we can take from people, we see what we can give them. It's a philosophy we've followed for years - and it works.

We're **Bigger than a bank** at every level. From sharing revenues with our communities, to giving young people a helping hand through our scholarship program.

We're **bigger** because everyone who works at Bendigo and Adelaide Bank cares about the things that really matter. We share the same values. We're not just about money, we're about the good that money can bring.

And what could be **bigger** than that?

This past year has seen some more changes in our branch team with Marion Smith moving on to Brendale branch and being replaced by two part time staff Nicki Egginton and Rhiddi Chordia. Nicki and Rhiddi both work 20 hours per week which has provided the branch with much needed flexibility and the ability to cover absences without the reliance on paying for relief staff.

I'd like to thank the team, Donna, Lee, Mandy, Kerry, Nicki and Riddhi for all their efforts, both from a business perspective and their ongoing community commitment.

We couldn't be successful without the support of the broader teams within Bendigo and Adelaide Bank who include Community Sector Banking, Business Banking, Financial Planning, State Support and of course our Regional Manager Gavin McNab.

I'd also like to acknowledge and thank the Chairman and Directors of the Board who continue to drive this business and work diligently for the success of the branch.

Bendigo and Adelaide Bank Limited has again achieved overall customer satisfaction ratings above and beyond not only the four major banks but other regional banks as well. Our branch was a leading performer in these ratings within Queensland.

On a final note, my thanks to you the shareholders, your willingness to promote and recommend Margate **Community Bank**® Branch as a great place to do business is paramount to our success.

Laurel Lacey
Branch Manager

Directors' report

For the financial year ended 30 June 2014

Your directors submit the financial statements of the company for the financial year ended 30 June 2014.

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: Retired
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

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. Stephen currently works as a property consultant for Harcourts Redcliffe.
Special responsibilities: Member of the Marketing Committee.
Interest in shares: 1,001 ordinary shares

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. Before entering public practice in 1996, Will held high level financial, strategic and company secretarial positions in large industrial corporations, valued up to $5 billion.
Special responsibilities: Company Treasurer and Chair of the Corporate Governance, Ethics and Audit Committee.
Interest in shares: 1 ordinary share

Christine Julia Standfast
Secretary
Occupation: Marketing Consultant
Christine holds a Bachelor of Business (Communication), QUT. Part Company Administration from AICD. Christine has worked in consulting for 30 years. During this time she undertook lengthy contracts for Moreton Bay Regional Council (3 years), Newcombes Holdings (3 years), Village Motors (4 years) and Our Village Foundation (2 years). She has consulted in most industries and in most fields of expertise 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 (continued)

Rae Amelda Frawley
Director
Occupation: Retired
Rae was elected local Government Representative of the Moreton Bay Regional Council 2004-2012. Rae has experience in Banking, Hospital administration and training and education. Rae is a former small business operator and is a member of Quota International – Redcliffe, Member of Redcliffe Relay for life steering committee and currently patron of Redcliffe Little Athletics. Rae is Treasurer of Redcliffe Historical Society.
Special responsibilities: Member of the Corporate Governance & Audit Committee. Member of the Scholarships Committee
Interest in shares: Nil
Directors (continued)

Robert James Orr
Director
Occupation: Self Employed
Robert is a founding director of the company. 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
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 Human Resources Committee. Member of the Scholarships Committee.
Interest in shares: Nil

Joel Hudson
Director (Appointed 24 September 2013)
Occupation: Regional Manager
Qualifications, experience and expertise: Joel has experience in business, sales and marketing. He has managed local community papers with management experience in Australia, UK and USA. Joel is involved with local community sports clubs having volunteered at many events through out the community.
Special responsibilities: Member of the Marketing 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 financial year were facilitating **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.

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:

Year ended 30 June 2014 $	Year ended 30 June 2013 $
69,108	41,719

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 9.25%, 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.

Remuneration report (continued)

Directors' Fees

For the year ended 30 June 2014, the directors received total remuneration, as follows:

	Remuneration Entitlement $	Superannuation $	Amount Donated to Charity $	Total Amount Received $
Serge Paggiaro	5,200	481	-	5,681
Stephen John Hart	3,100	287	-	3,387
William Reginald Fraser	3,300	305	-	3,605
Christine Julia Standfast	3,900	361	-	4,261
Rae Amelda Frawley	1,300	120	-	1,420
Robert James Orr	1,500	139	1,639	-
Brent Campbell	975	90	-	1,065
Joel Hudson (Appointed 24 September 2013)*	-	-	-	-
	19,275	**1,783**	**1,639**	**19,419**

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

Transactions with directors

	$
Robert Orr, in the capacity of office supplies business owner, supplied copy paper and stationery to the value of	1,117
Christine Standfast provided administration services to the company to the value of	1,571

Directors' shareholdings

	Balance at start of the year	Changes during the year	Balance at end of the year
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	-	-	-
Joel Hudson (Appointed 24 September 2013)	-	-	-

Remuneration report (continued)

Community Bank® Directors' Privileges Package

The board has adopted the **Community Bank®** Directors' Privileges package. The package is available to all directors, who can elect to avail themselves of the benefits based on their personal banking with the **Community Bank®** branch in Margate, Queensland. There is no requirement to own BEN shares and there is no qualification period to qualify to utilise the benefits. The package mirrors the benefits currently available to Bendigo and Adelaide Bank Limited shareholders. The total benefits received by the Directors from the Directors' Privilege Package are $69 for the year ended 30 June 2014 (2013: $nil).

Dividends

	Year ended 30 June 2014	
	Cents	**$**
Dividends paid in the year	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.

Events since 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.

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' report (continued)

Directors' meetings

The number of directors' meetings attended by each of the directors of the company during the year were:

	Board Meetings Attended	
	Eligible	**Attended**
Serge Paggiaro	11	11
Stephen John Hart	11	9
William Reginald Fraser	11	5
Christine Julia Standfast	11	11
Rae Amelda Frawley	11	4
Robert James Orr	11	9
Brent Campbell	11	9
Joel Hudson (Appointed 24 September 2013)	6	6

The board has sub-committees for Marketing, Human Resources, Scholarship and Corporate Governance, Ethics and Audit. The Marketing, Scholarship 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.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to 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 part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the Corporations Act 2001.

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)

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 12.

Signed in accordance with a resolution of the board of directors at Margate, Queensland on 23 September 2014.

Serge Paggiaro,
Chairman

Auditor's independence declaration

Partners in success
Chartered Accountants

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

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

- the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review
- any applicable code of professional conduct in relation to the review.

Andrew Frewin Stewart
61 Bull Street, Bendigo Vic 3550

David Hutchings
Lead Auditor

Dated: 23 September 2014

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Financial statements

Statement of Comprehensive Income for the year ended 30 June 2014

	Note	2014 $	2013 $
Revenue from ordinary activities	4	795,437	843,254
Employee benefits expense		(417,998)	(402,398)
Charitable donations, sponsorship, advertising and promotion		(65,848)	(147,412)
Occupancy and associated costs		(48,778)	(46,551)
Systems costs		(23,343)	(23,361)
Depreciation and amortisation expense	5	(23,275)	(24,346)
Finance costs	5	(318)	-
General administration expenses		(116,079)	(144,554)
Profit before income tax expense		**99,798**	**54,632**
Income tax expense	6	(30,690)	(12,913)
Profit after income tax expense		**69,108**	**41,719**
Total comprehensive income for the year		**69,108**	**41,719**
Earnings per share for profit attributable to the ordinary shareholders of the company:		**¢**	**¢**
Basic earnings per share	22	10.14	6.12

The accompanying notes form part of these financial statements.

Balance Sheet
as at 30 June 2014

	Note	2014 $	2013 $
ASSETS			
Current Assets			
Cash and cash equivalents	7	309,485	227,675
Trade and other receivables	8	35,559	42,154
Income tax refundable	11	-	29,129
Total Current Assets		**345,044**	**298,958**
Non-Current Assets			
Property, plant and equipment	9	133,951	143,773
Intangible assets	10	5,860	19,314
Financial assets	12	58,992	42,952
Deferred tax asset	11	-	171
Total Non-Current Assets		**198,803**	**206,210**
Total Assets		**543,847**	**505,168**
LIABILITIES			
Current Liabilities			
Trade and other payables	13	37,830	21,149
Current tax liabilities	11	4,616	-
Total Current Liabilities		**42,446**	**21,149**
Non-Current Liabilities			
Deferred tax liability	11	2,783	-
Total Non-Current Liabilities		**2,783**	**-**
Total Liabilities		**45,229**	**21,149**
Net Assets		**498,618**	**484,019**
Equity			
Issued capital	14	644,605	644,605
Accumulated losses	15	(145,987)	(160,586)
Total Equity		**498,618**	**484,019**

The accompanying notes form part of these financial statements.

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

	Issued capital $	Accumulated losses $	Total equity $
Balance at 1 July 2012	**644,605**	**(147,796)**	**496,809**
Total comprehensive income for the year	**-**	**41,719**	**41,719**
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	(54,509)	(54,509)
Balance at 30 June 2013	**644,605**	**(160,586)**	**484,019**
Balance at 1 July 2013	**644,605**	**(160,586)**	**484,019**
Total comprehensive income for the year	**-**	**69,108**	**69,108**
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	(54,509)	(54,509)
Balance at 30 June 2014	**644,605**	**(145,987)**	**498,618**

The accompanying notes form part of these financial statements.

Statement of Cash Flows
for the year ended 30 June 2014

	Note	2014 $	2013 $
Cash flows from operating activities			
Receipts from customers		870,675	925,415
Payments to suppliers and employees		(736,704)	(859,920)
Interest received		8,657	9,617
Interest paid		(318)	-
Income taxes (paid)/refunded		6,009	(35,691)
Net cash provided by operating activities	**16**	**148,319**	**39,421**
Cash flows from investing activities			
Payments for property, plant and equipment		-	(10,361)
Payments for financial assets		(12,000)	(12,000)
Net cash used in investing activities		**(12,000)**	**(22,361)**
Cash flows from financing activities			
Dividends paid		(54,509)	(54,509)
Net cash used in financing activities		**(54,509)**	**(54,509)**
Net increase/(decrease) in cash held		**81,810**	**(37,449)**
Cash and cash equivalents at the beginning of the financial year		227,675	265,124
Cash and cash equivalents at the end of the financial year	**7(a)**	**309,485**	**227,675**

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2014

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

The company adopted the following standards and amendments, mandatory for the first time for the annual reporting period commencing 1 July 2013:

- AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements.
- AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosure of Interests in Other Entities, AASB 128 Investments in Associates and Joint Ventures, AASB 127 Separate Financial Statements and AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards.
- AASB 2012-9 Amendment to AASB 1048 arising from the Withdrawal of Australian Interpretation 1039.
- AASB 2012-10 Amendments to Australian Accounting Standards – Transition Guidance and other Amendments which provides an exemption from the requirement to disclose the impact of the change in accounting policy on the current period.
- AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13.

Note 1. Summary of significant accounting policies (continued)

a) Basis of preparation (continued)

Adoption of new and amended accounting standards (continued)

- AASB 119 Employee Benefits (September 2011) and AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011).
- AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle.
- AASB 2012-2 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities.

AASB 2011-4 removes the individual key management personnel disclosure requirements in AASB 124 Related Party Disclosures. As a result the company now only discloses the key management personnel compensation in total and for each of the categories required in AASB 124. Detailed key management personnel compensation is outlined in the remuneration report, included as part of the directors' report.

The adoption of revised standard AASB 119 has resulted in a change to the accounting for the company's annual leave obligations. As the entity does not expect all annual leave to be taken within 12 months of the respective service being provided, annual leave obligations are now classified as long-term employee benefits in their entirety. This changes the measurement of these obligations, as the entire obligation is now measured on a discounted basis and no longer split into a short-term and a long-term portion. However, the impact of this change is considered immaterial on the financial statements overall as the majority of the annual leave is still expected to be taken within 12 months after the end of the reporting period.

None of the remaining new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2013 affected any of the amounts recognised in the current period or any prior period and are 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 2013.

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:

Note 1. Summary of significant accounting policies (continued)

a) Basis of preparation (continued)

Economic dependency - Bendigo and Adelaide Bank Limited (continued)

- 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
- 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 benefits 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 (i.e. ‘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.

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 (i.e. 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.

Note 1. Summary of significant accounting policies (continued)

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.

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.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

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 are 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

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.

Note 1. Summary of significant accounting policies (continued)

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) 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.

They are subsequently measured at fair value with changes in such fair value (i.e. gains or losses) recognised in the Statement of Comprehensive Income. Available-for-sale financial assets are included in non-current assets except where they are expected to be sold within 12 months after the end of the reporting period. All other financial assets are classified as current assets.

(iv) Financial liabilities

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

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.

Note 1. Summary of significant accounting policies (continued)

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 of 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.

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'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 balance sheet.

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

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 where 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 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. There is therefore 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.

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.

Note 3. Critical accounting estimates and judgements (continued)

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.

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.

Fair value measurement

Some of the company's assets and liabilities are measured at fair value for financial reporting purposes. The board of directors determine the appropriate valuation techniques and inputs for fair value measurements.

Fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

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

In estimating the fair value of an asset or a liability, the company uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the company engages third party qualified valuers to perform the valuation.

	2014 $	2013 $

Note 4. Revenue from ordinary activities

Operating activities:		
- services commissions	782,570	830,305
Total revenue from operating activities	**782,570**	**830,305**
Non-operating activities:		
- interest received	6,511	8,054
- net gain on available-for-sale financial assets	1,969	3,914
- distribution form available-for-sale financial assets	3,355	981
- other revenue	1,032	-
Total revenue from non-operating activities	**12,867**	**12,949**
Total revenues from ordinary activities	**795,437**	**843,254**

Note 5. Expenses

Depreciation of non-current assets:		
- plant and equipment	7,154	8,225
- leasehold improvements	2,668	2,668
Amortisation of non-current assets:		
- franchise agreement	2,242	2,242
- franchise renewal fee	11,211	11,211
	23,275	**24,346**
Finance costs:		
- interest paid	**318**	**-**
Bad debts	**835**	**1,752**

Note 6. Income tax expense

The components of tax expense comprise:		
- Current tax	27,736	6,562
- Movement in deferred tax	2,954	(171)
- Recoupment of prior year tax losses	-	6,522
	30,690	**12,913**

	Note	2014 $	2013 $

Note 6. Income tax expense (continued)

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

	Note	2014 $	2013 $
Operating profit		99,798	54,632
Prima facie tax on profit from ordinary activities at 30%		33,635	12,694
Add tax effect of:			
- non-deductible expenses		750	1,695
- non-assessable income		(590)	(1,243)
- timing difference expenses		(6,059)	(62)
		27,736	**13,084**
Movement in deferred tax	11	2,954	(171)
		30,690	**12,913**

Note 7. Cash and cash equivalents

		2014 $	2013 $
Cash at bank and on hand		123,994	68,146
Term deposits		185,491	159,529
		309,485	**227,675**

Note 7.(a) Reconciliation to cash flow statement

The above figures reconcile to the amount of cash shown in the statement of cash flows at the end of the financial year as follows:

		2014 $	2013 $
Cash at bank and on hand		123,994	68,146
Term deposits		185,491	159,529
		309,485	**227,675**

Note 8. Trade and other receivables

		2014 $	2013 $
Trade receivables		29,152	35,833
Prepayments		6,407	6,321
		35,559	**42,154**

	2014 $	2013 $

Note 9. Property, plant and equipment

	2014 $	2013 $
Plant and equipment		
At cost	145,107	145,107
Less accumulated depreciation	(92,358)	(85,204)
	52,749	**59,903**
Leasehold improvements		
At cost	106,719	106,719
Less accumulated depreciation	(25,517)	(22,849)
	81,202	**83,870**
Total written down amount	**133,951**	**143,773**
Movements in carrying amounts:		
Plant and equipment		
Carrying amount at beginning	59,903	57,767
Additions	-	10,361
Disposals	-	-
Less: depreciation expense	(7,154)	(8,225)
Carrying amount at end	**52,749**	**59,903**
Leasehold improvements		
Carrying amount at beginning	83,870	86,538
Additions	-	-
Disposals	-	-
Less: depreciation expense	(2,668)	(2,668)
Carrying amount at end	**81,202**	**83,870**
Total written down amount	**133,951**	**143,773**

Note 10. Intangible assets

	2014 $	2013 $
Franchise fee		
At cost	71,211	71,211
Less: accumulated amortisation	(70,235)	(67,992)
	976	**3,219**

	2014 $	2013 $
Note 10. Intangible assets (continued)		
Renewal processing fee		
At cost	56,056	56,056
Less: accumulated amortisation	(51,172)	(39,961)
	4,884	**16,095**
Total written down amount	**5,860**	**19,314**

Note 11. Tax

	2014 $	2013 $
Current:		
Income tax payable/(refundable)	**4,616**	**(29,129)**
Non-Current:		
Deferred tax assets		
- accruals	-	171
	-	**171**
Deferred tax liability		
- accruals	2,783	
	2,783	**-**
Net deferred tax asset/(liability)	**(2,783)**	**171**
Movement in deferred tax charged to statement of comprehensive income	**2,954**	**171**

Note 12. Financial Assets

	2014 $	2013 $
Available-for-sale financial assets		
Unlisted investments at fair value		
IOOF Pursuit Core Fund	**58,992**	**42,952**

Note 13. Trade and other payables

	2014 $	2013 $
Trade creditors	11,816	13,516
Other creditors and accruals	26,014	7,633
	37,830	**21,149**

	2014 $	2013 $

Note 14. Contributed equity

	2014 $	2013 $
681,359 ordinary shares fully paid (2013: 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.

(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 2001.

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 any of the following applies:

- 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.

Note 14. Contributed equity (continued)

Prohibited shareholding interest (continued)

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.

	2014 $	2013 $

Note 15. Accumulated losses

Balance at the beginning of the financial year	(160,586)	(147,796)
Net profit from ordinary activities after income tax	69,108	41,719
Dividends paid or provided for	(54,509)	(54,509)
Balance at the end of the financial year	**(145,987)**	**(160,586)**

Note 16. Statement of cash flows

Reconciliation of profit from ordinary activities after tax to net cash provided by operating activities

Profit from ordinary activities after income tax	69,108	41,719
Non cash items:		
- depreciation	9,822	10,893
- amortisation	13,453	13,453
- Increase in market value of investments	(4,040)	(4,040)
Changes in assets and liabilities:		
- decrease in receivables	6,595	10,902
- (increase)/decrease in other assets	29,300	(22,778)
- increase/(decrease) in payables	16,682	(10,728)
- decrease in other liabilities	7,399	-
Net cash flows provided by operating activities	**148,319**	**39,421**

Note 17. Fair value measurement

This section explains the judgements and estimates made in determining the fair values of the company's assets that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the applicable assets have been classified into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

At 30 June 2014	Level 1 $	Level 2 $	Level 3 $	Total $
Recurring fair value measurements:				
Available-for-sale financial assets				
IOOF Pursuit Core Fund	58,992	-	-	58,992
	58,992	**-**	**-**	**58,992**
Total assets at fair value	**58,992**	**-**	**-**	**58,992**

There were no transfers between Level 1 and Level 2 during the reporting period. The company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Level 1: The fair value of available-for-sale financial assets traded in active markets is based on the quoted market price at the close of business at the end of the reporting period.

Level 2: There were no fair value measurements by the Level 2 fair value hierarchy.

Level 3: There were no fair value measurements by the Level 3 fair value hierarchy.

Note 18. Leases

	2014 $	2013 $
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	20,408	28,994
- between 12 months and 5 years	-	16,912
	20,408	**45,906**

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 $30,661 per annum plus GST, reviewed annually and adjusted based on CPI.

	2014 $	2013 $

Note 19. Auditor's remuneration

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

	2014 $	2013 $
- audit and review services	4,950	4,900
- share registry services	2,856	2,908
- non audit services	700	400
	8,506	**8,208**

Note 20. Director and related party disclosures

Key Management Personnel Remuneration

	2014 $	2013 $
Short-term employee benefits	21,058	18,475
	21,058	**18,475**

Detailed remuneration disclosures are provided in the remuneration report, included as part of the directors' report.

Transactions with Key Management Personnel

	2014 $	2013 $
Robert Orr, in the capacity of office supplies business owner, supplied copy paper and stationery to the value of	1,117	1,024
Christine Standfast provided marketing services and expenses	1,571	190

No other director or related entity has entered into a material contract with the company.

Key Management Personnel Shareholdings

	2014	2013
Ordinary shares fully paid	7,504	7,504

Detailed shareholding disclosures are provided in the remuneration report, included as part of the directors' report.

Notes to the financial statements (continued)

Note 21. Dividends paid or provided

	2014 $	2013 $
a. Dividends paid during the year		
Current year dividend		
Unfranked dividend - 8 cents (2013: 8 cents) per share	**54,509**	**54,509**
b. Franking account balance		
Franking credits available for subsequent reporting periods are:		
- franking account balance as at the end of the financial year	29,682	35,691
- franking credits that will arise from payment of income tax payable as at the end of the financial year	4,616	29,129
- franking debits that will arise from the payment of dividends recognised as a liability at the end of the financial year	-	-
Franking credits available for future financial reporting periods:	**34,298**	**64,820**
- franking debits that will arise from payment of dividends proposed or declared before the financial report was authorised for use but not recognised as a distribution to equity holders during the period	-	-
Net franking credits available	**34,298**	**64,820**

Note 22. Earnings per share

		2014 $	2013 $
(a)	Profit attributable to the ordinary equity holders of the company used in calculating earnings per share	69,108	41,719
		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 reporting date

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

Note 24. Contingent liabilities and contingent assets

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

Notes to the financial statements (continued)

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 entity is a company limited by shares, incorporated and domiciled in Australia. The registered office and principal place of business is:

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

Note 27. Financial instruments

Financial Instrument Composition and Maturity Analysis

The table below reflects the undiscounted contractual settlement terms for all financial instruments, as well as the settlement period for instruments with a fixed period of maturity and interest rate.

Financial instrument	Floating interest		Fixed interest rate maturing in						Non interest bearing		Weighted average	
			1 year or less		Over 1 to 5 years		Over 5 years					
	2014 $	2013 $	2014 $	2013 $	2014 $	2013 $	2014 $	2013 $	2014 $	2013 $	2014 %	2013 %
Financial assets												
Cash and cash equivalents	123,842	68,146	185,492	159,529	-	-	-	-	-	-	2.51	2.7
Receivables			-	-	-	-	-	-	28,436	35,286	N/A	N/A
Financial liabilities												
Payables	-	-	-	-	-	-	-	-	37,830	21,148	N/A	N/A

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.

Note 27. Financial instruments (continued)

Interest Rate Risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from the interest bearing financial assets and liabilities in place subject to variable interest rates, as outlined above.

Sensitivity Analysis

The company has performed sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in interest rates.

As at 30 June 2014, the effect on profit and equity as a result of changes in interest rate, with all other variables remaining constant would be as follows:

	2014 $	2013 $
Change in profit/(loss)		
Increase in interest rate by 1%	3,093	2,277
Decrease in interest rate by 1%	(3,093)	(1,855)
Change in equity		
Increase in interest rate by 1%	3,093	2,277
Decrease in interest rate by 1%	(3,093)	(1,855)

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 2014 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 23rd of September 2014.

Partners in success

Chartered Accountants

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 2014, 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.

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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 2014 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 2014. 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 on the remuneration report

In our opinion, the remuneration report of Redcliffe Peninsula Financial Services Limited for the year ended 30 June 2014, complies with section 300A of the *Corporations Act 2001*.

Andrew Frewin Stewart
61 Bull Street, Bendigo Vic 3550

David Hutchings
Lead Auditor

Dated: 23 September 2014

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