



# Annual Report 2015

Redcliffe Peninsula  
Financial Services Limited

ABN 66 109 123 677

Margate **Community Bank®** Branch

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# Chairman's report

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For year ending 30 June 2015

It is with pleasure that I present to you this the 11th Annual Report of Redcliffe Peninsula Financial Services Limited. The past year and even before has proved to be a challenging one for our company. We have had the challenge of several new Managers in the space of two years. Our immediate previous Manager announced her retirement in February. We are now we are happy to have Matthew Beswick with us. Matthew is not only an experienced Manager, but one that came to us from within the Bendigo Bank system.

The 2015 financial year was a challenging year with high levels of competition, subdued consumer and business confidence coupled with a low interest rate and low growth environment. As you may be aware, our earnings are commissioned-based, which in turn is reliant on interest rates. These factors have impacted this year's financial result. The dividend which was paid to the shareholders this year, is four cents (fully franked) compared to seven cents last year.

Under the heading of Project Horizon, a review was carried out by our partner Bendigo Banking conjunction with the entire national **Community Bank**<sup>®</sup> network. It was the most comprehensive review of the **Community Bank**<sup>®</sup> model since inception. The Project Horizon review looked at the **Community Bank**<sup>®</sup> model from its humble beginnings in 1998 to what is today, a network of over 311 branches with representation in every State and Territory. The review has resulted in a vast number of positive changes for the bank and the network, to take the **Community Bank**<sup>®</sup> model into the next 15 years and beyond.

One of the recommended changes is the redistribution of the **Community Bank**<sup>®</sup> Marketing Development Fund, which will see newer and less established branches receive a greater share of the Fund and the creation of a pool of marketing funds that all **Community Bank**<sup>®</sup> branches contribute to which will enable collaboration nationwide for marketing the **Community Bank**<sup>®</sup> brand and ideals.

The global banking environment has been a tough one for several years now, not just in our community but nationally and indeed globally. If we continue to deliver the great service we have and do it in partnership with Bendigo Bank, then we will continue to strengthen our already robust business. We can't control interest rates, so we will continue to stick to what we do best, which is supporting our community and our staff to deliver great service our loyal customers. We have again shown our commitment to our community by investing over \$40,000 and supporting the following community groups;

Street Swags, Redcliffe Senior Citizens, Chameleon House, Meals on Wheels, South Pacific Youth Justice Inc, Christian Life Centre Redcliffe, Redcliffe Wildcats Netball Club, Woody Point Special School, The Breakfast Club, C&K Anne Shearer Community Kindergarten, Florence Kindergarten & Preschool Inc, Redcliffe Coast Guard, Zonta Club of Redcliffe, Redcliffe Arts Society, Redcliffe Musical Theatre, El Shaddai

Some of, if not all of these organisations, survive because of the help they receive from businesses such as ours and we are proud to be able to help in any way we can.

Each year we award a scholarship to a year 12 student heading to university. This has proved successful among year 12 students. In the past three years we have had three outstanding recipients. All have incredibly high expectations and from speaking with them, I am sure that they will all achieve their aims.

Another project that we have worked on for some time, is the Bill Hoogwaerts Bursary an award given to a person involved in Medical Research. This has been an ongoing project that Director Steve Hart has persevered with. Bill, who was instrumental in the establishment of our branch and who, as many of us know, passed away from stomach cancer some years ago. We thought it fitting that a Medical Research Grant should be awarded annually. An announcement will be made in November.

## Chairman's report (continued)

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After more than 10 years, the time has come to give our branch a bit of a facelift and we are about to undertake a small refurbishment of around \$50,000. We would ideally like to find our own premises, however it's not that easy to find suitable properties for sale in Margate. We have another four years left on our lease in which to find something of our own or to renegotiate the lease on our current premises.

The staff, as always, are the face of the branch and who our customers judge us by. I see the staff regularly and have an opportunity to see them in action with customers. I have always found them courteous, attentive and most of all, they listen to their customers. They have certainly developed into a great team and we are proud and grateful for the work they do.

Our Manager Matt Beswick has only been with us for a relatively short time, but in that time he has brought his own management style, is very "tech savvy" and is not one to wait for things to happen.

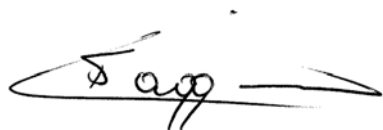
My Board, well what can I say I haven't said before. Everyone on the Board performs at least one important role for our company, with most Directors taking on two or more. I could not do without our Secretary Chris Standfast, and our Treasurer Will Fraser, who perform their roles wonderfully and are invaluable members of our Board.

Being a Board member of Redcliffe Peninsula Financial Services Limited is a time consuming role, with meetings, community engagement activities, countless emails and phone calls but all of the Board undertake their roles with commitment and passion.

Your Directors continue to focus on the need to grow the business and are forever working on strategies to achieve this. Together with our staff we are committed to continue to work hard toward the growing of the business for the betterment of the community.

As a shareholder we thank you for your support. If you bank with our branch, thank you. If not then ask yourself the question "how can I get involved?". Banking with us is the best way to support our branch and our community.

I look forward to the challenges and the rewards that lie in the year ahead.

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

**Serge Paggiaro**  
**Chairman**

# Manager's report

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For year ending 30 June 2015

I am delighted to have the opportunity to provide you with the first of what I hope to be many Annual Reports as Branch Manager for the Margate **Community Bank**<sup>®</sup> Branch. Before providing commentary on the prior 12 months here at the branch, I would firstly like to expand upon my Chair's comments by introducing myself a little further to you.

I joined Bendigo Bank in January 2010 as Branch Manager at Brendale **Community Bank**<sup>®</sup> Branch where I oversaw a successful five years at the branch before moving across in March 2015 to join the Margate team. My young family and I have resided in Margate for around eight years now but my primary motivation in leaving Brendale was the exciting opportunity to undertake a new challenge and to deliver sustained stability and success for our customers and shareholders alike.

As Serge notes, a number of factors contribute towards us operating within a difficult environment and what continues to be a challenging period of time for all financial institutions in this country. However I can assure you that our unified team receives great support from the Board and are well placed to meet these inevitably testing times that all businesses experience at one point or another.

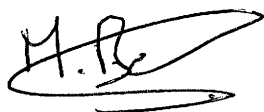
To support these claims, the branch and Bank Bendigo have delivered some excellent results in key areas in the last year. Our customer and account numbers have both increased and what makes this result even more pleasing is that this has come in conjunction with a rise to our product per customer ratio. What this means is that our staff continue to have valuable in-depth conversations and we have acquired customers who have the confidence to bank with us for several different products.

Our general insurance results were some of the best among 96 Bendigo Bank company owned and **Community Bank**<sup>®</sup> branches in Queensland and this diversification of income is important when external influences affect our margin income based products.

Bendigo Bank as a group can also claim some very pleasing results which may come as a surprise to some including being the fifth largest Bank in Australia with a national network of almost 550 branches - the size of Suncorp and BOQ combined. We also continue to have the highest customer advocacy and satisfaction ratings in the industry and have now been awarded 'Business Bank of the Year' four years in a row.

Importantly, **Community Bank**<sup>®</sup> branch contributions from the Australian network now total in excess of \$130 million and you can feel proud that your own Margate **Community Bank**<sup>®</sup> Branch has been a significant contributor towards this extraordinary sum over the last 10 years.

One of the parts of my role I enjoy the most is meeting people and being afforded the opportunity to help individuals, families and small businesses alike reach their financial goals and I genuinely extend this same ongoing open invitation of assistance to all of our shareholders, their families and friends.



**Matthew Beswick**  
Branch Manager

# Directors' report

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For the financial year ended 30 June 2015

Your directors submit the financial statements of the company for the financial year ended 30 June 2015.

## 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 and Corporate Governance, Ethics and Audit Committees. 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 Redcliffe Vision Group. He 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

# Directors' report (continued)

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## Directors (continued)

### **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 Human Resource Committee.

Interest in shares: Nil

### **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 Scholarship and Corporate Governance, Ethics & Audit Committees.

Interest in shares: Nil

### **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 Redcliffe TAFE Council.

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

Interest in shares: 6,501 ordinary shares

### **Brent Anthony 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 Marketing Committee. Member of the Scholarships Committee.

Interest in shares: Nil

### **Joel Lee Hudson**

Director

Occupation: National Sales 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.



# Directors' report (continued)

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## 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**<sup>®</sup> 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 2015 \$	Year ended 30 June 2014 \$
17,085	69,108

## 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**<sup>®</sup> 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 9.50%, 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' report (continued)

## Remuneration report (continued)

### Directors' fees

For the year ended 30 June 2015, the directors received total remuneration, as follows:

	Remuneration Entitlement \$	Superannuation \$	Total Amount Received \$
Serge Paggiaro	5,200	494	5,694
Stephen John Hart	3,100	295	3,395
William Reginald Fraser	3,300	314	3,614
Christine Julia Standfast	3,900	371	4,271
Rae Amelda Frawley	1,300	124	1,424
Robert James Orr	1,500	143	1,643
Brent Anthony Campbell	1,300	124	1,424
Joel Lee Hudson	975	93	1,068
	<b>20,575</b>	<b>1,955</b>	<b>22,530</b>

### Transactions with directors

	\$
Christine Standfast provided administration services to the company to the value of	3,830

### 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 Anthony Campbell	-	-	-
Joel Lee Hudson	-	-	-

# Directors' report (continued)

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## 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 at 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 \$125 for the year ended 30 June 2015 (2014: \$nil).

### Dividends

	Year ended 30 June 2015	
	Cents	\$
Dividends paid in the year:	7.64	52,056

### 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	9
Christine Julia Standfast	11	11
Rae Amelda Frawley	11	11
Robert James Orr	11	9
Brent Campbell	11	10
Joel Hudson	11	7

Sub Committees: There were five Sub-Committees in 2014-2015:

- Marketing (three members)
- Human Resources (three members)
- Corporate Governance and Risk Assessment (two members)
- Scholarship Committee (three members)
- Bill Hoogwaerts Memorial Bursary (three members).

The board did not record sub-committee meetings and attendances.

## 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 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.

## Directors' report (continued)

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### **Non audit services**

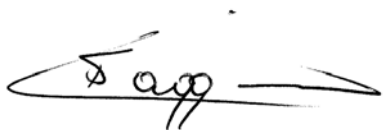
The directors are satisfied that the provision of non-audit services by the auditor, as set out in the notes did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed 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.

### **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 21 September 2015.

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

As lead auditor for the audit of Redcliffe Peninsula Financial Services Limited for the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been:

- i) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- ii) no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink, appearing to read 'Andrew Frewin Stewart'.

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

A handwritten signature in black ink, appearing to read 'David Hutchings'.

**David Hutchings**  
Lead Auditor

Dated: 22 September 2015

Liability limited by a scheme approved under Professional Standards Legislation. ARN: 51 061 795 337.

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# Financial statements

## Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2015

	Notes	2015 \$	2014 \$
Revenue from ordinary activities	4	753,246	795,437
Employee benefits expense		(417,121)	(417,998)
Charitable donations, sponsorship, advertising and promotion		(76,647)	(65,848)
Occupancy and associated costs		(52,431)	(48,778)
Systems costs		(22,419)	(23,343)
Depreciation and amortisation expense	5	(21,327)	(23,275)
Finance costs	5	(3)	(318)
General administration expenses		(138,812)	(116,079)
<b>Profit before income tax expense</b>		<b>24,486</b>	<b>99,798</b>
Income tax expense	6	(7,401)	(30,690)
<b>Profit after income tax expense</b>		<b>17,085</b>	<b>69,108</b>
<b>Total comprehensive income for the year</b>		<b>17,085</b>	<b>69,108</b>
<b>Earnings per share for profit attributable to the ordinary shareholders of the company:</b>			
		¢	¢
Basic earnings per share	22	2.51	10.14

The accompanying notes form part of these financial statements.

# Financial statements (continued)

## Balance Sheet as at 30 June 2015

	Notes	2015 \$	2014 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	7	209,661	309,485
Trade and other receivables	8	30,786	35,559
<b>Total Current Assets</b>		<b>240,447</b>	<b>345,044</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	9	125,289	133,951
Intangible assets	10	61,250	5,860
Financial assets	12	74,572	58,992
<b>Total Non-Current Assets</b>		<b>261,111</b>	<b>198,803</b>
<b>Total Assets</b>		<b>501,558</b>	<b>543,847</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	13	29,914	37,830
Current tax liabilities	11	2,869	4,616
<b>Total Current Liabilities</b>		<b>32,783</b>	<b>42,446</b>
<b>Non-Current Liabilities</b>			
Deferred tax liabilities	11	5,128	2,783
<b>Total Non-Current Liabilities</b>		<b>5,128</b>	<b>2,783</b>
<b>Total Liabilities</b>		<b>37,911</b>	<b>45,229</b>
<b>Net Assets</b>		<b>463,647</b>	<b>498,618</b>
<b>Equity</b>			
Issued capital	14	644,605	644,605
Accumulated losses	15	(180,958)	(145,987)
<b>Total Equity</b>		<b>463,647</b>	<b>498,618</b>

The accompanying notes form part of these financial statements.



## Financial statements (continued)

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

	Issued capital \$	Accumulated losses \$	Total equity \$
<b>Balance at 1 July 2013</b>	<b>644,605</b>	<b>(160,586)</b>	<b>484,019</b>
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>69,108</b>	<b>69,108</b>
<b>Transactions with owners in their capacity as owners:</b>			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	(54,509)	(54,509)
<b>Balance at 30 June 2014</b>	<b>644,605</b>	<b>(145,987)</b>	<b>498,618</b>
<b>Balance at 1 July 2014</b>	<b>644,605</b>	<b>(145,987)</b>	<b>498,618</b>
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>17,085</b>	<b>17,085</b>
<b>Transactions with owners in their capacity as owners:</b>			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	(52,056)	(52,056)
<b>Balance at 30 June 2015</b>	<b>644,605</b>	<b>(180,958)</b>	<b>463,647</b>

The accompanying notes form part of these financial statements.

# Financial statements (continued)

## Statement of Cash Flows for the year ended 30 June 2015

	Notes	2015 \$	2014 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		820,902	870,675
Payments to suppliers and employees		(784,394)	(736,704)
Interest received		2,585	8,657
Interest paid		(3)	(318)
Income taxes paid		(6,803)	6,009
<b>Net cash provided by operating activities</b>	<b>16</b>	<b>32,287</b>	<b>148,319</b>
<b>Cash flows from investing activities</b>			
Payments for financial assets		(12,000)	(12,000)
Payments for intangible assets		(68,055)	-
<b>Net cash provided by/(used in) investing activities</b>		<b>(80,055)</b>	<b>(12,000)</b>
<b>Cash flows from financing activities</b>			
Dividends paid		(52,056)	(54,509)
<b>Net cash provided by/(used in) financing activities</b>		<b>(52,056)</b>	<b>(54,509)</b>
<b>Net increase/(decrease) in cash held</b>		<b>(99,824)</b>	<b>81,810</b>
Cash and cash equivalents at the beginning of the financial year		309,485	227,675
<b>Cash and cash equivalents at the end of the financial year</b>	<b>7(a)</b>	<b>209,661</b>	<b>309,485</b>

The accompanying notes form part of these financial statements.

# Notes to the financial statements

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For year ended 30 June 2015

## 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.

#### Application of new and amended accounting standards

The following amendments to accounting standards and a new interpretation issued by the Australian Accounting Standards Board (AASB) became mandatorily effective for accounting periods beginning on or after 1 July 2014, and are therefore relevant for the current financial year.

- AASB 2012-3 Amendments to Australian Accounting Standards (AASB 132) – Offsetting Financial Assets and Financial Liabilities.
- AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets.
- AASB 2013-4 Amendments to Australian Accounting Standards (AASB 139) – Novation of Derivatives and Continuation of Hedge Accounting.
- AASB 2013-5 Amendments to Australian Accounting Standards (AASB 10) – Investment Entities.
- AASB 2014-1 Amendments to Australian Accounting Standards (Part A: Annual Improvements 2010-2012 and 2011-2013 Cycles).
- AASB 2014-1 Amendments to Australian Accounting Standards (Part B: Defined Benefit Plans: Employee Contributions Amendments to AASB 119).

# Notes to the financial statements (continued)

## Note 1. Summary of significant accounting policies (continued)

### a) Basis of preparation (continued)

Application of new and amended accounting standards (continued)

- Interpretation 21 Levies.
- AASB 1031 Materiality, AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments (Part B: Materiality), AASB 2014-1 Amendments to Australian Accounting Standards (Part C: Materiality).

None of the amendments to accounting standards or the new interpretation issued by the Australian Accounting Standards Board (AASB) that became mandatorily effective for accounting periods beginning on or after 1 July 2014, materially affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

The following accounting standards and interpretations issued by the Australian Accounting Standards Board (AASB) become effective in future accounting periods.

	Effective for annual reporting periods beginning on or after
AASB 9 Financial Instruments, and the relevant amending standards.	1 January 2018
AASB 15 Revenue from Contracts with Customers and AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15.	1 January 2017
AASB 2014-3 Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations.	1 January 2016
AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation.	1 January 2016
AASB 2014-6 Amendments to Australian Accounting Standards – Agriculture: Bearer Plants.	1 January 2016
AASB 2014-9 Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements.	1 January 2016
AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.	1 January 2016
AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle.	1 January 2016
AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101.	1 January 2016
AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality.	1 July 2015
AASB 2015-4 Amendments to Australian Accounting Standards – Financial Reporting Requirements for Australian Groups with a Foreign Parent.	1 July 2015
AASB 2015-5 Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception.	1 January 2016

# Notes to the financial statements (continued)

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## Note 1. Summary of significant accounting policies (continued)

### a) Basis of preparation (continued)

#### Application of new and amended accounting standards (continued)

The company has not elected to apply any accounting standards or interpretations before their mandatory operative date for the annual reporting period beginning 1 July 2014. Therefore the abovementioned accounting standards or interpretations have no impact on amounts recognised in the current period or any prior period.

#### 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**<sup>®</sup> 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**<sup>®</sup> branch on behalf of Bendigo and Adelaide Bank Limited, however all transactions with customers conducted through the **Community Bank**<sup>®</sup> 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.

The company promotes and sells the products and services, but is not a party to the transaction.

The credit risk (i.e. the risk that a customer will not make repayments) is for the relevant Bendigo and Adelaide Bank Limited entity to bear as long as the company has complied with the appropriate procedures and relevant obligations and has not exercised a discretion in granting or extending credit.

Bendigo and Adelaide Bank Limited provides significant assistance in establishing and maintaining the **Community Bank**<sup>®</sup> 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**<sup>®</sup> 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.

# Notes to the financial statements (continued)

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## Note 1. Summary of significant accounting policies (continued)

### 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

Over the period from September 2013 to February 2015, Bendigo and Adelaide Bank Limited conducted a review of the **Community Bank**<sup>®</sup> model, known as 'Project Horizon'. This was conducted in consultation with the **Community Banking** network. The objective of the review was to develop a shared vision of the **Community Bank**<sup>®</sup> model that positions it for success now and for the future.

The outcome of that review is that the fundamental franchise model and community participation remain unchanged. Changes to be implemented over a three year period reflect a number of themes, including a culture of innovation, agility and flexibility, network collaboration, director and staff development and a sustainable financial model. This will include changes to the financial return for **Community Bank**<sup>®</sup> companies from 1 July 2016. A funds transfer pricing model will be used for the method of calculation of the cost of funds, deposit return and margin. All revenue paid on core banking products will be through margin share. Margin on core banking products will be shared on a 50/50 basis.

The franchise agreement provides that three forms of revenue may be earned by the company – margin, commission and fee income. Bendigo and Adelaide Bank Limited decides the form of revenue the company earns on different types of products and services.

The revenue earned by the company is dependent on the business that it generates. It may also be affected by other factors, such as economic and local conditions, for example, interest rates.

#### Core banking products

Bendigo and Adelaide Bank Limited has identified some Bendigo Bank Group products and services as 'core banking products'. It may change the products and services which are identified as core banking products by giving the company at least 30 days' notice. Core banking products currently include Bendigo Bank branded home loans, term deposits and at call deposits.

#### Margin

Margin is arrived at through the following calculation:

- Interest paid by customers on loans less interest paid to customers on deposits,
- plus any deposit returns i.e. interest return applied by Bendigo and Adelaide Bank Limited for a deposit,
- minus any costs of funds i.e. interest applied by Bendigo and Adelaide Bank Limited to fund a loan.

Note: In very simplified terms, currently, deposit return means the interest Bendigo and Adelaide Bank Limited gets when it invests the money the customer deposits with it. The cost of funds means the interest Bendigo and Adelaide Bank Limited pays when it borrows the money to give a customer a loan. From 1 July 2016, both will mean the cost for Bendigo and Adelaide Bank Limited to borrow the money in the market.

Products and services on which margin is paid include variable rate deposits and variable rate home loans. From 1 July 2016, examples include Bendigo Bank branded at call deposits, term deposits and home loans.

# Notes to the financial statements (continued)

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## Note 1. Summary of significant accounting policies (continued)

### b) Revenue (continued)

#### Margin (continued)

For those products and services on which margin is paid, the company is entitled to a share of the margin earned by Bendigo and Adelaide Bank Limited (i.e. income adjusted for Bendigo and Adelaide Bank Limited's interest expense and interest income return). However, if this reflects a loss, the company incurs a share of that loss.

#### Commission

Commission is a fee paid for products and services sold. It may be paid on the initial sale or on an ongoing basis. Commission is payable on the sale of an insurance product such as home contents. Examples of products and services on which ongoing commissions are paid include leasing and Sandhurst Trustees Limited products. This currently also includes Bendigo Bank branded fixed rate home loans and term deposits of more than 90 days, but these will become margin products from 1 July 2016.

#### Fee income

Fee income is a share of what is commonly referred to as 'bank fees and charges' charged to customers by Bendigo Bank Group entities including fees for loan applications and account transactions.

#### Ability to change financial return

Under the franchise agreement, Bendigo and Adelaide Bank Limited may change the form and amount of financial return that the company receives. The reasons it may make a change include changes in industry or economic conditions or changes in the way Bendigo and Adelaide Bank Limited earns revenue.

The change may be to the method of calculation of margin, the amount of margin, commission and fee income or a change of a margin to a commission or vice versa. This may affect the amount of revenue the company receives on a particular product or service. The effect of the change on the revenue earned by the company is entirely dependent on the change.

The change may be to the method of calculation of margin, the amount of margin, commission and fee income or a change of a margin to a commission or vice versa. This may affect the amount of revenue the company receives on a particular product or service. The effect of the change on the revenue earned by the company is entirely dependent on the change.

If Bendigo and Adelaide Bank Limited makes a change to the margin or commission on core banking products and services, it must not reduce the margin and commission the company receives on core banking products and services Bendigo and Adelaide Bank Limited attributes to the company to less than 50% (on an aggregate basis) of Bendigo and Adelaide Bank Limited's margin at that time. For other products and services, there is no restriction on the change Bendigo and Adelaide Bank Limited may make.

Bendigo and Adelaide Bank Limited must give the company 30 days' notice before it changes the products and services on which margin, commission or fee income is paid, the method of calculation of margin and the amount of margin, commission or fee income.

#### Monitoring and changing financial return

Bendigo and Adelaide Bank Limited monitors the distribution of financial return between **Community Bank®** companies and Bendigo and Adelaide Bank Limited on an ongoing basis.

Overall, Bendigo and Adelaide Bank Limited has made it clear that the **Community Bank®** model is based on the principle of shared reward for shared effort. In particular, in relation to core banking products and services, the aim is to achieve an equal share of Bendigo and Adelaide Bank Limited's margin.



# Notes to the financial statements (continued)

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## Note 1. Summary of significant accounting policies (continued)

### b) Revenue (continued)

#### Monitoring and changing financial return (continued)

As discussed above in relation to Project Horizon, among other things, there will be changes in the financial return for **Community Bank**® companies from 1 July 2016. This includes 50% share of margin on core banking products, all core banking products become margin products and a funds transfer pricing model will be used for the method of calculation of the cost of funds, deposit return and margin.

### 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 Profit or Loss and Other 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.

# Notes to the financial statements (continued)

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## Note 1. Summary of significant accounting policies (continued)

### **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 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.

# Notes to the financial statements (continued)

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## Note 1. Summary of significant accounting policies (continued)

### **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) 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 Profit or Loss and Other 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.

# Notes to the financial statements (continued)

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## 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 Profit or Loss and Other 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)

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## 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%.

# Notes to the financial statements (continued)

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## Note 2. Financial risk 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 2015 can be seen in the Statement of Profit or Loss and Other 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 Profit or Loss and Other 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)

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## 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.



# Notes to the financial statements (continued)

	2015 \$	2014 \$
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## Note 4. Revenue from ordinary activities

Operating activities:

- services commissions	745,586	782,570
<b>Total revenue from operating activities</b>	<b>745,586</b>	<b>782,570</b>

Non-operating activities:

- interest received	1,869	6,511
- distribution from available-for-sale financial assets	2,504	3,355
- net gain on available-for-sale financial assets	2,786	1,969
- other revenue	501	1,032
<b>Total revenue from non-operating activities</b>	<b>7,660</b>	<b>12,867</b>
<b>Total revenues from ordinary activities</b>	<b>753,246</b>	<b>795,437</b>

## Note 5. Expenses

Depreciation of non-current assets:

- plant and equipment	5,993	7,154
- leasehold improvements	2,668	2,668

Amortisation of non-current assets:

- franchise agreement	2,242	2,242
- franchise renewal fee	10,424	11,211
	<b>21,327</b>	<b>23,275</b>

Finance costs:

<b>- interest paid</b>	<b>3</b>	<b>318</b>
<b>Bad debts</b>	<b>685</b>	<b>835</b>

## Note 6. Income tax expense

The components of tax expense comprise:

- Current tax	5,770	27,736
- Movement in deferred tax	2,345	2,954
- Over provision of tax in the prior period	(714)	-
	<b>7,401</b>	<b>30,690</b>

## Notes to the financial statements (continued)

	2015 \$	2014 \$
<b>Note 6. Income tax expense (continued)</b>		
The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows		
Operating profit	24,486	99,798
Prima facie tax on profit from ordinary activities at 30%	7,346	33,635
Add tax effect of:		
- non-deductible expenses	770	750
- non-assessable income	(836)	(590)
- timing difference expenses	(1,510)	(6,059)
	<b>5,770</b>	<b>27,736</b>
Movement in deferred tax	2,345	2,954
Over provision of tax in the prior period	(714)	-
	<b>7,401</b>	<b>30,690</b>

## Note 7. Cash and cash equivalents

Cash at bank and on hand	209,661	123,994
Term deposits	-	185,491
	<b>209,661</b>	<b>309,485</b>

### 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:

Cash at bank and on hand	209,661	123,994
Term deposits	-	185,491
	<b>209,661</b>	<b>309,485</b>

## Note 8. Trade and other receivables

Trade receivables	30,785	28,436
Other receivables and accruals	1	716
Prepayments	-	6,407
	<b>30,786</b>	<b>35,559</b>

## Notes to the financial statements (continued)

	2015 \$	2014 \$
<b>Note 9. Property, plant and equipment</b>		
Leasehold improvements		
At cost	106,719	106,719
Less accumulated depreciation	(28,185)	(25,517)
	<b>78,534</b>	<b>81,202</b>
Plant and equipment		
At cost	145,107	145,107
Less accumulated depreciation	(98,352)	(92,358)
	<b>46,755</b>	<b>52,749</b>
<b>Total written down amount</b>	<b>125,289</b>	<b>133,951</b>
<b>Movements in carrying amounts:</b>		
Leasehold improvements		
Carrying amount at beginning	81,202	83,870
Additions	-	-
Disposals	-	-
Less: depreciation expense	(2,668)	(2,668)
<b>Carrying amount at end</b>	<b>78,534</b>	<b>81,202</b>
Plant and equipment		
Carrying amount at beginning	52,749	59,903
Additions	-	-
Disposals	-	-
Less: depreciation expense	(5,994)	(7,154)
<b>Carrying amount at end</b>	<b>46,755</b>	<b>52,749</b>
<b>Total written down amount</b>	<b>125,289</b>	<b>133,951</b>

## Note 10. Intangible assets

Franchise fee		
At cost	82,554	71,211
Less: accumulated amortisation	(72,477)	(70,235)
	<b>10,077</b>	<b>976</b>

## Notes to the financial statements (continued)

	2015 \$	2014 \$
Note 10. Intangible assets (continued)		
Renewal processing fee		
At cost	112,769	56,056
Less: accumulated amortisation	(61,596)	(51,172)
	<b>51,173</b>	<b>4,884</b>
<b>Total written down amount</b>	<b>61,250</b>	<b>5,860</b>

## Note 11. Tax

### Current:

<b>Income tax payable</b>	<b>2,869</b>	<b>4,616</b>
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### Non-Current:

Deferred tax liability		
- accruals	5,128	2,783
	<b>5,128</b>	<b>2,783</b>
<b>Net deferred tax liability</b>	<b>5,128</b>	<b>2,783</b>
<b>Movement in deferred tax charged to Statement of Profit or Loss and Other Comprehensive Income</b>	<b>(2,345)</b>	<b>(2,954)</b>

## Note 12. Financial assets

### Available-for-sale financial assets

Unlisted investments at fair value		
<b>IOOF Pursuit Core Fund</b>	<b>74,572</b>	<b>58,992</b>

## Note 13. Trade and other payables

### Current:

Trade creditors	2,891	11,816
Other creditors and accruals	27,023	26,014
	<b>29,914</b>	<b>37,830</b>

## Note 14. Contributed equity

681,359 ordinary shares fully paid (2014: 681,359)	666,359	666,359
Less: equity raising expenses	(21,754)	(21,754)
	<b>644,605</b>	<b>644,605</b>

# Notes to the financial statements (continued)

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## Note 14. Contributed equity (continued)

### 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 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.

# Notes to the financial statements (continued)

## Note 14. Contributed equity (continued)

### Prohibited shareholding interest (continued)

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.

	2015 \$	2014 \$
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## Note 15. Accumulated losses

Balance at the beginning of the financial year	(145,987)	(160,586)
Net profit from ordinary activities after income tax	17,085	69,108
Dividends paid or provided for	(52,056)	(54,509)
<b>Balance at the end of the financial year</b>	<b>(180,958)</b>	<b>(145,987)</b>

## 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	17,085	69,108
Non cash items:		
- depreciation	8,661	9,822
- amortisation	12,666	13,453
- increase in market value of investments	(3,580)	(4,040)
Changes in assets and liabilities:		
- (increase)/decrease in receivables	4,773	6,595
- (increase)/decrease in other assets	2,345	29,300
- increase/(decrease) in payables	(7,916)	16,682
- (increase)/decrease in other liabilities	(1,747)	7,399
<b>Net cash flows provided by operating activities</b>	<b>32,287</b>	<b>148,319</b>

## 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.

# Notes to the financial statements (continued)

## Note 17. Fair value measurement (continued)

<b>At 30 June 2015</b>	<b>Level 1 \$</b>	<b>Level 2 \$</b>	<b>Level 3 \$</b>	<b>Total \$</b>
Recurring fair value measurements:				
Available-for-sale financial assets				
IOOF Pursuit Core Fund	74,572	-	-	74,572
	<b>74,572</b>	-	-	<b>74,572</b>
<b>Total assets at fair value</b>	<b>74,572</b>	-	-	<b>74,572</b>

<b>At 30 June 2015</b>	<b>Level 1 \$</b>	<b>Level 2 \$</b>	<b>Level 3 \$</b>	<b>Total \$</b>
Recurring fair value measurements:				
Available-for-sale financial assets				
IOOF Pursuit Core Fund	58,992	-	-	58,992
	<b>58,992</b>	-	-	<b>58,992</b>
<b>Total assets at fair value</b>	<b>58,992</b>	-	-	<b>58,992</b>

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: The fair value of property, plant and equipment is based on a valuation performed by a third party qualified valuer using quoted prices for similar assets in an active market.

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

	<b>2014 \$</b>	<b>2013 \$</b>
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## Note 18. 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	30,286	20,408
- between 12 months and 5 years	106,000	-
- greater than 5 years	-	-
	<b>136,286</b>	<b>20,408</b>



# Notes to the financial statements (continued)

## Note 18. Leases (continued)

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.

	2015 \$	2014 \$
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## Note 19. Auditor's remuneration

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

- audit and review services	5,050	4,950
- share registry services	3,669	2,856
- non audit services	1,250	700
	<b>9,969</b>	<b>8,506</b>

## Note 20. Director and related party disclosures

### Key Management Personnel Remuneration

Short-term employee benefits	22,530	21,058
	<b>22,530</b>	<b>21,058</b>

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

### Transactions with Key Management Personnel

Robert Orr, in the capacity of office supplies business owner, supplied copy paper and stationery to the value of	-	1,117
Christine Standfast provided marketing services	3,830	1,571

	2015	2014
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### Key Management Personnel Shareholdings

Ordinary shares fully paid	7,504	7,504
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Detailed shareholding disclosures are provided in the remuneration report, included as part of the directors' report.

## Notes to the financial statements (continued)

	2015 \$	2014 \$
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### Note 21. Dividends paid or provided

#### a. Dividends paid during the year

Current year dividend		
<b>Franked dividend - 7.64 cents (2014: 8 cents) per share</b>	<b>52,056</b>	<b>54,509</b>
The tax rate at which dividends have been franked is 30% (2014: 30%).		

#### b. Franking account balance

Franking credits available for subsequent reporting periods are:		
- franking account balance as at the end of the financial year	14,174	29,682
- franking credits that will arise from payment of income tax as at the end of the financial year	544	4,616
- franking debits that will arise from the payment of dividends recognised as a liability at the end of the financial year	-	-
<b>Franking credits available for future financial reporting periods:</b>	<b>14,718</b>	<b>34,298</b>
- 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	-	-
<b>Net franking credits available</b>	<b>14,718</b>	<b>34,298</b>

### Note 22. Earnings per share

		2015 \$	2014 \$
(a)	Profit attributable to the ordinary equity holders of the company used in calculating earnings per share	17,085	69,108
		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					
	2015 \$	2014 \$	2015 \$	2014 \$	2015 \$	2014 \$	2015 \$	2014 \$	2015 \$	2014 \$	2015 %	2014 %
Financial assets												
Cash and cash equivalents	209,234	123,474	-	185,491	-	-	-	-	427	520	0.75	2.51
Receivables	-	-	-	-	-	-	-	-	30,785	28,436	N/A	N/A
Financial liabilities												
Payables	-	-	-	-	-	-	-	-	2,891	11,816	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.

# Notes to the financial statements (continued)

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## 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 2015, the effect on profit and equity as a result of changes in interest rate, with all other variables remaining constant would be as follows:

	<b>2015 \$</b>	<b>2014 \$</b>
Change in profit/(loss)		
Increase in interest rate by 1%	2,092	3,090
Decrease in interest rate by 1%	2,092	3,090
Change in equity		
Increase in interest rate by 1%	2,092	3,090
Decrease in interest rate by 1%	2,092	3,090

# Directors' declaration

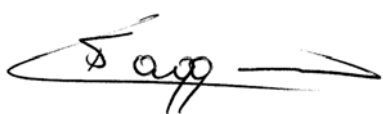
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In accordance with a resolution of the directors of Redcliffe Peninsula Financial Services Limited, we state that:

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 2015 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.

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

**Serge Paggiaro,**  
**Chairman**

Signed on the 21st of September 2015.

# 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 2015, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows 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 that gives a true and fair view 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 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 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 fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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: 51 061 795 337.

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# Independent audit report (continued)

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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 2015 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 2015. 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 2015, complies with section 300A of the *Corporations Act 2001*.



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



**David Hutchings**  
Lead Auditor

Dated: 22 September 2015

Margate **Community Bank®** Branch  
300 Oxley Avenue, Margate QLD 4019  
Phone: (07) 3883 2399

Franchisee:  
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