



Annual Report 2019

Redcliffe Peninsula
Financial Services Limited

ABN 66 109 123 677

Margate **Community Bank®** Branch

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Chairman’s report

For year ending 30 June 2019

I think that every year that I have been writing this report, the report has always started with the words “it’s been a difficult year”. Well this year, I can honestly say that it has being the most challenging one we have had. Nevertheless, your community company remains in a strong position and we are excited to continue the great work that our company does in our community.

However, as I alluded to, we started the year by having to close the branch for four days due to mould in the branch and an abhorrent odour. We took a cautious approach to this because of staff health concerns, which fundamentally meant we closed the branch to treat the mould and odour. Unfortunately, after about seven weeks we had similar reports and had to close the branch again for a period of three weeks. In that time, we had to carry out remediation work under the building to repair water leaks which, as they turned out, were not even our problem, but our landlords. We were unable to get any assistance. At our own expense and for the safety of staff and customers, we engaged tradesman from Bendigo Properties to carry out the necessary repairs. During this time the staff were deployed to other Bendigo branches, and managed to service our customers at these locations. There were a couple of instances where customers were visited to help them with transactions.

As a consequence of the problems with the building, we unfortunately lost two staff members and a director. These issues took up an inordinate amount of time for some board members. It wasn’t until the end of February 2019 that this matter was put to bed and the board was able to fully turn to running the bank and growing the business. We now have a full complement of staff, and a new and very committed Branch Manager in Gavin Daw.

I would like to congratulate our Branch Manager, Gavin. He has been instrumental in providing leadership to the team over the last five months. Under his leadership, the team have focused on improving our business, meeting customer expectations and also to create a culture within the branch that aligns with our values.

Given the difficulties we have faced this year, the company still managed to return a profit and pay a fully franked dividend to our shareholders of two cents. Running a business is a challenge and has being for a few years.

The threat of further reductions in interest rates will put us in uncharted waters as our earnings are commissioned based. To the average person on the street, the current climate is good for borrowing but difficult for those that are retired. In Germany right now if you have money in the bank, they charge you one half of a percent to hold your money.

Even though it is troubling times, the future remains exciting for our company. We are always looking forward to new ways and opportunities to develop the business but we still adhere to our duty to ensure the rights of shareholders are preserved and that they benefit from the best outcome. It is with this in mind that the Board has signed a new lease and will be relocating the branch to the Margate Shopping Centre. The branch will be located in the Northeast corner of the shopping centre which is currently part of Terry White Chemist.

Our company and banking business was founded on good community relationships, and this relationship continues today between the shareholders, Board, Branch Manager, our banking team, our customers and our community. We are focussed on connecting with our customers and supporting our community. This approach not only achieves good results for the business, customers and shareholders but also, and most importantly, the community.

The Board has been proactive, ensuring that we continue to engage with our community organisations and foster those relationships. We have invested \$39,531.00 in projects and sponsorships during the past twelve months. The following are some of the recipients:

Breakfast Club	\$ 1,200.00	Redcliffe Art Society	\$ 1,000.00
Chameleon House	\$ 1,500.00	Redcliffe Little Athletics	\$ 1,500.00
Coast Guard	\$ 1,500.00	Redcliffe & District Rugby League Old Boys	\$ 1,500.00
Kidney Support Network	\$ 1,100.00	Redcliffe Musical Theatre	\$ 1,500.00
Meals on Wheels	\$ 1,373.00	Redcliffe Seniors Citizens Association	\$ 1,000.00
Men’s Shed	\$ 1,500.00	Southern Cross School Swimming Club	\$ 1,000.00
Moreton Bay Community Legal Service	\$ 1,350.00	Zonta Club of Redcliffe Inc	\$ 2,000.00
Quota Club of Redcliffe	\$ 1,500.00		

Chairman’s report (continued)

We again awarded a scholarship this year valued at \$2,500.00. The worthy recipient was Connor Vallnagel from Muller College. He is currently attending the University of Queensland studying a Bachelors Degree in Biochemical Science. We congratulate Connor on his achievements to date and wish him further success in the future.

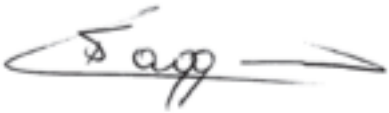
The University of Queensland Thoracic Research Centre at The Prince Charles Hospital was again the beneficiary of our annual \$10,000.00 bursary. This is given to the research centre for Cancer research. This bursary is given in remembrance of our founding Chairman, Bill Hoogwaertz, who sadly passed away from cancer.

I would like to thank, our Branch Manager, Gavin and banking team: Carly, Suzy, Jo, Antonio and Rebecca for the support they have given to the Board over the past 12 months. We held a combined meeting with them in May 2019 to discuss the future of our company and to share ideas on how we will get there. The whole Board was impressed with the level of involvement and ideas that came from the staff.

The company could not continue to succeed without the commitment of the Board of Directors. Special thank you to our Secretary, Daniel Petravicius and Treasurer, Peter Morley for going well beyond the call of duty. I also want to thank Brent, without who’s assistance, the problems we experienced in June 2018 and August 2018 would have been harder to resolve. To Steve Hart, thanks for his assistance in resolving what turned out to be a delicate situation around staff.

To all of our shareholders, thank you for your faith in us, your Board. We look forward to greater success in the future.

Finally, if you don’t bank with us, why not!



Serge Paggiaro
Chairman

Manager’s report

For year ending 30 June 2019

I am pleased to have the opportunity to contribute to this year’s Annual Report. As the new Branch Manager, I am excited to be joining you and the Board as we work together to make Margate **Community Bank®** Branch a valuable asset to the Redcliffe Peninsula and surrounding area.

Before sharing news from the branch and Bendigo Bank at large, I would like to introduce myself a little bit further. I joined Bendigo Bank in 2008 as a CSO and worked my way up through the ranks to Acting Branch Manager, a position I held at Acacia Ridge **Community Bank®** Branch prior to my transfer to Margate branch in April. Following my appointment, my partner and I relocated to Brisbane’s northside, and we are enjoying exploring this beautiful side of town.

I am not the only new face to the Margate team. In the last year we have farewelled Rita (Branch Manager) and CSOs - Mandy, Kara and Tracey, and welcomed CSOs - Antonio, Joanne and Rebecca, who join existing team members Carly (CRO) and Suzy (CSO). With each team member bringing enthusiasm and a wealth of knowledge and experience to their role, I have every confidence that the Margate team will exceed our 2019/20 financial year targets.

With over 1.7 million customers, Bendigo and Adelaide Bank is Australia’s fifth biggest retail bank, and for our customers, their banking is making a real difference. To date, Bendigo has returned \$205 million to communities and initiatives Australia-wide, and Margate **Community Bank®** Branch continues to play a big part in that, having returned in excess of \$800,000 back into our community.

Named the third most trusted Australian brand by Roy Morgan in July, Bendigo Bank continues to flex its muscles as The Better Big Bank. Mozo People’s Choice Award winners every year since 2012, this year our community focused bank has done it again, collecting a massive seven Mozo People’s Choice Awards in seven categories: Outstanding Customer Satisfaction, Excellent Customer Service, Highly Trusted, Staff Friendliness, Customer Satisfaction Bank Accounts, Customer Satisfaction Credit Cards and Most Recommended.

Our relocation to Margate Village Shopping Centre in November promises to attract a high volume of foot traffic to the branch, and the team is looking forward to engaging in meaningful, more profitable customer conversations thanks to the open, friendly layout and inclusion of Teller Cash Recycler (TCR) and coin counting machines in the design.

I would like to take this opportunity to acknowledge and thank our Board, staff and shareholders for their continued and instrumental contribution to our success.

We’re focused on growing our **Community Bank®** and I invite you to help us in bringing new business to our branch by spreading the message that Margate **Community Bank®** Branch is Redcliffe Peninsula’s Better Big Bank.



Gavin Daw
Branch Manager

Director’s report

Your directors submit the financial statements of the company for the financial year ended 30 June 2019.

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
Qualifications, experience and expertise: Founding Director and Chairman. Previously involved in the not for profit sector. Former Marketing Manager Redcliffe Hospital Foundation. Former Director of Sales and Marketing Golf ala Cart promoting golf tours to Asia and Hawaii. Partner and manager of travel agencies for 21 years. Member of and involved in various community organisation over the past 47 years. Past President Rotary Club of Kippa Ring. Past President Redcliffe Hockey Club. Redcliffe City Bicentennial Committee Member. Involved in various community and sporting organisations in Redcliffe Peninsula over the past 48 years.
Special responsibilities: Chairman of the Board; Chair of the Human Resources Committee; Member of the O H & S and Property Committee.
Interest in shares: 1 ordinary share

Stephen John Hart
Vice-Chair
Occupation: Property Consultant
Qualifications, experience and expertise: CEO of the Redcliffe Hospital Foundation 2007-2012. Manager of Redcliffe and Bayside Herald 200-2007. Managing Director and Co-Owner of The Magazine Publishing Company 1985-2000.
Special responsibilities: Chair of the Marketing and Business Development Committee.
Interest in shares: 1,001 ordinary shares

Daniel Petravicus
Secretary
Occupation: Law Clerk
Qualifications, experience and expertise: Daniel is currently completing dual Bachelor Degrees in Law and Business majoring in economics at the Queensland University of Technology and is a Justice of the Peace (Qualified). Daniel has over 5 years of experience in the legal and government sectors where he has assisted in: corporate litigation and dispute resolution, insolvency and bankruptcy, corporate recoveries as well as legislative review and editing. Daniel has been an active member of the community having volunteered his time to the RSPCA, Grace Lutheran College who he graduated from in 2013 and the Moreton Bay Community Legal Service where he advises on fundraising and provides administrative assistance. Over the past 5 years, Daniel has been involved with the Margate Community Bank as the 2014 Youth Education Scholarship Recipient, a Board Associate and now a Director.
Special responsibilities: Member of the Audit, Governance and Risk Committee; Member of the Human Resources Committee; Chairman of the Scholarship and Student Development Committee.
Interest in shares: Nil

Peter John Morley
Treasurer
Occupation: Financial Planner (Retired)
Qualifications, experience and expertise: He holds a Diploma of Financial Planning, Diploma of Marketing, Certificate IV Workplace Training & Assessment and Certificate IV Mortgage Broking. Peter is a former Director of Moreley Investment Group Pty Ltd Financial Planners.
Special responsibilities: Company Treasurer; Member of the Audit, Corporate Governance and Risk Committee.
Interest in shares: Nil

Director’s report (continued)

Directors (continued)

Rae Amelda Frawley
Assistant Treasurer
Occupation: Retired
Qualifications, experience and expertise: Elected local government representative 2004-2012. Redcliffe hospital - medical records and dental clinic clerk. Banking & finance, training & education, small business owner operator. Relief manager at Peninsula park retirement village 2016 - 2019.
Special responsibilities: Assistant Treasurer; Chair of the Audit, Risk and Governance Committee; Member of the Scholarship and Student Development Committee.
Interest in shares: Nil

Brent Anthony Campbell
Director
Occupation: Property Manager
Qualifications, experience and expertise: Brent graduated university in 2002 with a Bachelor of Commerce degree. Brent commenced employment with Retail First Pty Ltd in 2003, winning the Property Council of Australia’s Excellence in Marketing Award. Brent lived in Europe for approximately two years before returning to Australia and recommencing work for Retail First Pty Ltd. Brent has been Marketing Manager of Peninsula Fair and Margate Village, and Centre Manager of Bluewater Square in Redcliffe, and currently holds the position of Retail Manager of Toowong Village and Tower.
Special responsibilities: Member of the Marketing and Business Development Committee; Member of the O H & S and Property Committee; Member of the Scholarship and Student Development Committee.
Interest in shares: Nil

Joel Lee Hudson
Director (Appointed 23 April 2019)
Occupation: Chief Executive Officer
Qualifications, experience and expertise: Joel has extensive experience in business, management, sales and marketing. He is currently the CEO of the Australian Institute of Professional Coaches (“AIPC”). Prior to this, he held senior management positions within AIPC including Chief Operating Officer and National Careers Manager. Before commencing with AIPC, Joel held positions in sales and business development within the employment and property sectors as well as having lead local community papers. Joel is involved with local community sports clubs having volunteered at many events through the
Special responsibilities: Member of the Marketing and Business Development Committee; Member of the Human Resources Committee; Member of the Public Relations and Events Committee.
Interest in shares: Nil

Christine Julia Standfast
Director (Resigned 15 April 2019)
Occupation: Public Relations/Management
Qualifications, experience and expertise: Bachelor of Business (Communication), QUT. Part Company Administration from AICD. Worked in consulting for 35 years at Media Link Communication Group. 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 (3 years). She has consulted in most industries and in most fields of communication expertise including marketing & business strategy, community consultation and relations, media skills, publications, research, government relations and social media. Christine has a certificate in Governance & Risk Management, GIA.
Special responsibilities: Nil
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.

Director’s report (continued)

Company Secretary

The company secretary is Daniel Petravicius. Daniel was appointed to the position of secretary on 15 April 2019. The previous company secretary was Christine Julia Standfast.

Daniel is currently completing dual Bachelor Degrees in Law and Business majoring in economics at the Queensland University of Technology and is a Justice of the Peace. Daniel has over 5 years of experience in the legal and government sectors and has assisted in: corporate litigation and dispute resolution, insolvency and bankruptcy, corporate recoveries as well as legislative review and editing. Daniel has been an active member of the community having volunteered his time to the RSPCA, Grace Lutheran College who he graduated from in 2013 and the Moreton Bay Community Legal Service where he advises on fundraising and provides administrative assistance. Over the past 5 years, Daniel has been involved with Margate Community Bank as the 2014 Youth Education Scholarship Recipient, a Board Associate and now a Director.

Principal Activities

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

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

Operating results

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

	Year ended 30 June 2019	Year ended 30 June 2018
	\$	\$
	(14,717)	26,797
		Year ended 30 June 2019
Dividends		Cents \$
Dividends paid in the year		4 27,254

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

Subsequent to year end the company have come to an agreement with their current landlords to vacate their premises on the 15 November 2019. They have agreed to pay the landlords \$52,000 in make good costs to restore the old premises to its original condition.

The company has arranged for a new premises at Shop 13A, Margate Village Shopping Centre, 270. Oxley Avenue, Margate, QLD 4019. to be fit out and are in the process of finalising a lease agreement with a new landlord. The new lease agreement is expected to commence 1 October 2019 with a one month rent free period and rent of \$3,750 plus GST per month thereafter, on a five year term.

The new premises is to be refitted and plans are still being finalised with \$360,000 budgeted to complete works, \$180,000 has been put aside with Bendigo and Adelaide Bank Limited to provide a loan to the company for the remaining \$180,000.

There are no other 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.

Director’s report (continued)

Environmental regulation

The company is not subject to any significant environmental regulation.

Directors’ benefits

No director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a director, a firm which a director is a member or an entity in which a director has a substantial financial interest except as disclosed in note 20 and 22 to the financial statements. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the company’s accounts, or the fixed salary of a full-time employee of the company, controlled entity or related body corporate.

Indemnification and insurance of directors and officers

The company has indemnified all directors and the manager in respect of liabilities to other persons (other than the company or related body corporate) that may arise from their position as directors or manager of the company except where the liability arises out of conduct involving the lack of good faith.

Disclosure of the nature of the liability and the amount of the premium is prohibited by the confidentiality clause of the contract of insurance. The company has not provided any insurance for an auditor of the company or a related body corporate.

Directors’ Meetings

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

	Board Meetings Attended	
	Eligible	Attended
Serge Paggiaro	11	11
Stephen John Hart	11	9
Rae Amelda Frawley	11	10
Brent Campbell	11	10
Peter Morley	11	9
Daniel Petravicius	11	10
Joel Lee Hudson (<i>Appointed 23 April 2019</i>)	3	3
Christine Julia Standfast (<i>Resigned 15 April 2019</i>)	8	8

Sub Committees: There were six sub-committees between July 2018 and March 2019:

- Marketing and Business Development (four members)
- Human Resources (three members)
- Audit, Corporate Governance and Risk (three members)
- Scholarship (three members)
- Bill Hoogwaerts Memorial Bursary (two members)
- Property (two members)

Sub Committees: There were eight sub-committees between April 2019 and June 2019:

- Marketing and Business Development (three members)
- Community Liaison (two members)
- Human Resources (three members)
- Audit, Corporate Governance and Risk (three members)
- Scholarship and Student Development (two members)
- Bill Hoogwaerts Memorial Bursary (two members)
- O H & S and Property (two members)
- Public Relations and Events (three members)

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

Director’s report (continued)

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.

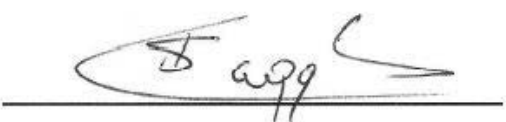
The directors are satisfied that the provision of non-audit services by the auditor, as set out in the notes did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the board 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 32.

Signed in accordance with a resolution of the board of directors at Margate, Queensland on 24 September 2019.



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 2019, 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.

Andrew Frewin Stewart
61 Bull Street, Bendigo Vic 3550
Dated: 24th September 2019

Joshua Griffin
Lead Auditor

Financial statements

Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2019

	Notes	2019 \$	2018 \$
Revenue from ordinary activities	4	799,222	823,400
Employee benefits expense		(479,255)	(439,619)
Charitable donations, sponsorship, advertising and promotion		(55,797)	(93,455)
Occupancy and associated costs		(56,000)	(69,516)
Systems costs		(20,132)	(20,440)
Depreciation and amortisation expense	5	(67,984)	(19,922)
Finance costs	5	(1,646)	-
General administration expenses		(141,518)	(145,501)
Profit/(loss) before income tax		(23,110)	34,947
Income tax (expense)/credit	6	8,393	(8,150)
Profit/(loss) after income tax		(14,717)	26,797
Total comprehensive income for the year attributable to the ordinary shareholders of the company:			
		(14,717)	26,797
Earnings per share		¢	¢
Basic earnings per share	23	(2.16)	3.93

Financial statements (continued)

Balance Sheet

as at 30 June 2019

	Notes	2019 \$	2018 \$
ASSETS			
Current assets			
Cash and cash equivalents	7	302,722	357,598
Trade and other receivables	8	9,976	37,876
Current tax asset	11	9,198	-
Total current assets		321,896	395,474
Non-current assets			
Property, plant and equipment	9	49,952	104,325
Intangible assets	10	6,805	20,417
Financial assets	12	147,846	123,585
Total non-current assets		204,603	248,327
Total assets		526,499	643,801
LIABILITIES			
Current liabilities			
Current tax liabilities	11	-	38,606
Trade and other payables	13	42,767	69,006
Total current liabilities		42,767	107,612
Non-current liabilities			
Deferred tax liabilities	11	456	10,942
Total non-current liabilities		456	10,942
Total liabilities		43,223	118,554
Net assets		483,276	525,247
EQUITY			
Issued capital	14	644,605	644,605
Accumulated losses	15	(161,329)	(119,358)
Total equity		483,276	525,247

The accompanying notes form part of these financial statements

Financial statements (continued)

Statement of Changes in Equity

for the year ended 30 June 2019

	Notes	Issued capital \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2017		644,605	(118,901)	525,704
Total comprehensive income for the year		-	26,797	26,797
Transactions with owners in their capacity as owners:				
Shares issued during period		-	-	-
Costs of issuing shares		-	-	-
Dividends provided for or paid	21	-	(27,254)	(27,254)
Balance at 30 June 2018		644,605	(119,358)	525,247
Balance at 1 July 2018		644,605	(119,358)	525,247
Total comprehensive income for the year		-	(14,717)	(14,717)
Transactions with owners in their capacity as owners:				
Shares issued during period		-	-	-
Costs of issuing shares		-	-	-
Dividends provided for or paid	21	-	(27,254)	(27,254)
Balance at 30 June 2019		644,605	(161,329)	483,276

The accompanying notes form part of these financial statements

Financial statements (continued)

Statement of Cash Flows

for the year ended 30 June 2019

	Notes	2019 \$	2018 \$
Cash flows from operating activities			
Receipts from customers		886,808	907,617
Payments to suppliers and employees		(856,932)	(845,064)
Interest received		6,045	3,065
Interest paid		(1,646)	(528)
Income taxes paid		(49,897)	(4,904)
Net cash provided by/(used in) operating activities	16	(15,622)	60,186
Cash flows from investing activities			
Payments for financial assets		(12,000)	(12,000)
Net cash used in investing activities		(12,000)	(12,000)
Cash flows from financing activities			
Dividends paid	21	(27,254)	(27,254)
Net cash used in financing activities		(27,254)	(27,254)
Net increase/(decrease) in cash held		(54,876)	20,932
Cash and cash equivalents at the beginning of the financial year		357,598	336,666
Cash and cash equivalents at the end of the financial year	7(a)	302,722	357,598

The accompanying notes form part of these financial statements

Notes to the Financial statements

for the year ended 30 June 2019

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 Standards Board (AASB) 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 which 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

There are two new accounting standards which have been issued by the AASB that became mandatorily effective for accounting periods beginning on or after 1 January 2018, and are therefore relevant for the current financial year.

AASB 15 Revenue from Contracts with Customers

AASB 15 replaces AASB 111 *Construction Contracts* , AASB 118 *Revenue* and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. AASB 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

AASB 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The existing revenue recognition through the monthly Bendigo and Adelaide Bank Limited profit share provides an accurate reflection of consideration received in exchange for the transfer of services to the customer. Therefore based on our assessment this accounting standard has not materially affected any of the amounts recognised in the current period and is not likely to affect future periods.

Notes to the Financial statements (continued)

for the year ended 30 June 2019

Note 1. Summary of significant accounting policies (continued)

a) Basis of preparation (continued)

AASB 9 Financial Instruments

AASB 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces *AASB 139 Financial Instruments: Recognition and Measurement*.

Based on our assessment this accounting standard has not had any impact on the carrying amounts of financial assets or liabilities at 1 July 2018. For additional information about accounting policies relating to financial instruments, see Note 1 k).

There are also a number of accounting standards and interpretations issued by the AASB that become effective in future accounting periods.

The company has elected not to apply any accounting standards or interpretations before their mandatory operative date for the annual reporting period beginning 1 July 2018. These future accounting standards and interpretations therefore have no impact on amounts recognised in the current period or any prior period.

AASB 16 Leases

Only AASB 16, effective for the annual reporting period beginning on or after 1 January 2019 is likely to impact the company. AASB 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

AASB 16 replaces existing leases guidance, including *AASB 117 Leases* and related Interpretations. This standard is mandatory for annual reporting periods beginning on or after 1 January 2019.

The company plans to apply AASB 16 initially on 1 July 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting AASB 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 July 2019, with no restatement of comparative information.

The company has assessed the estimated impact that initial application of AASB 16 will have on its financial statements. The actual impacts of adopting the standard on 1 July 2019 may change.

The company will recognise new assets and liabilities for operating leases of its branch. The nature of expenses related to these leases will now change as the company will recognise a depreciation charge for right-of-use assets and interest expense on lease liabilities. Previously, the company recognised operating lease expense on a straight-line basis over the term of the lease.

No significant impact is expected for the company’s finance leases.

Based on the information currently available, the company estimates that it will recognise additional lease liabilities and new right-of-use assets of \$17,768.

Economic dependency - Bendigo and Adelaide Bank Limited

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

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

Notes to the Financial statements (continued)

for the year ended 30 June 2019

Note 1. Summary of significant accounting policies (continued)

a) Basis of preparation (continued)

Economic dependency - Bendigo and Adelaide Bank Limited (continued)

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®** 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 and assistance in relation to:

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

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

b) Revenue

Revenue arises from the rendering of services through its franchise agreement with the Bendigo and Adelaide Bank Limited. The revenue recognised is measured by reference to the fair value of consideration received or receivable, excluding sales taxes, rebates, and trade discounts.

Interest and fee revenue is recognised when earned. The gain or loss on disposal of property, plant and equipment is recognised on a net basis and is classified as income rather than revenue. All revenue is stated net of the amount of Goods and Services Tax (GST).

Revenue calculation

The franchise agreement 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.

Notes to the Financial statements (continued)

for the year ended 30 June 2019

Note 1. Summary of significant accounting policies (continued)

b) Revenue (continued)

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.

Margin is paid on all core banking products. A funds transfer pricing model is used for the method of calculation of the cost of funds, deposit return and margin.

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.

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.

Discretionary financial contributions

In addition to margin, commission and fee income, and separate from the franchise agreement, Bendigo and Adelaide Bank Limited has also made discretionary financial payments to the company. These are referred to by Bendigo and Adelaide Bank Limited as a “Market Development Fund” (MDF).

The amount has been based on the volume of business attributed to a branch. The purpose of the discretionary payments is to assist with local market development activities, including community sponsorships and donations. It is for the board to decide how to use the MDF.

The payments from Bendigo and Adelaide Bank Limited are discretionary and Bendigo and Adelaide Bank Limited may change the amount or stop making them at any time.

Notes to the Financial statements (continued)

for the year ended 30 June 2019

Note 1. Summary of significant accounting policies (continued)

b) Revenue (continued)

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.

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.

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 payable (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 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 entity intends to settle its tax assets and liabilities on a net basis.

Notes to the Financial statements (continued)

for the year ended 30 June 2019

Note 1. Summary of significant accounting policies (continued)

c) Income tax (continued)

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the Statement of 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 gain from a bargain purchase.

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	5 - 15	years
- plant and equipment	2.5 - 40	years

Notes to the Financial statements (continued)

for the year ended 30 June 2019

Note 1. Summary of significant accounting policies (continued)

h) Intangibles

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

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

i) Payment terms

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

j) 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 (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified at fair value through profit or loss, in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in AASB 15.63.

Classification and subsequent measurement

(i) Financial liabilities

Financial liabilities include borrowings, trade and other payables and non-derivative financial liabilities (excluding financial guarantees). They are subsequently measured at amortised cost using the effective interest rate method.

The effective interest rate is the internal rate of return of the financial asset or liability, that is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

(ii) Financial assets

Financial assets are subsequently measured at:

- amortised cost;
- fair value through other comprehensive income (FVOCI); or
- fair value through profit and loss (FVTPL).

A financial asset is subsequently measured at amortised cost if it meets the following conditions:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principle amount outstanding on specified dates.

The company's trade and most other receivables are measured at amortised cost as well as deposits that were previously classified as held-to-maturity under AASB 139.

Notes to the Financial statements (continued)

for the year ended 30 June 2019

Note 1. Summary of significant accounting policies (continued)

j) Financial instruments (continued)

(ii) Financial assets (continued)

A financial asset is subsequently measured at FVOCI if it meets the following conditions:

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principle amount outstanding on specified dates; and
- the business model for managing the financial assets comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the conditions of amortised cost and FVOCI's measurement condition are subsequently measured at FVTPL.

The company's investments in equity instruments are measured at FVTPL unless the company irrevocably elects at inception to measure at FVOCI.

Derecognition

(i) Derecognition of financial liabilities

A liability is derecognised when it is extinguished (ie when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability, is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(ii) Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Impairment

The company recognises a loss allowance for expected credit losses on:

- financial assets that are measured at fair value through other comprehensive income;
- lease receivables;
- loan commitments that are not measured at fair value through profit or loss; and
- financial guarantee contracts that are not measured at fair value through profit or loss.

Loss allowance is not recognised for:

- financial assets measured at fair value through profit of loss; or
- equity instruments measured at fair value through other comprehensive income.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The company uses the simplified approach to impairment, as applicable under AASB 9. The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times.

Notes to the Financial statements (continued)

for the year ended 30 June 2019

Note 1. Summary of significant accounting policies (continued)

j) Financial instruments (continued)

(ii) Derecognition of financial assets (continued)

This approach is applicable to:

- trade receivables that result from transactions that are within the scope of AASB 15, that contain a significant financing component; and
- lease receivables.

In measuring the expected credit loss, a provision matrix for trade receivables is used, taking into consideration various data to get to an expected credit loss, (ie diversity of its customer base, appropriate groupings of its historical loss experience etc.).

Recognition of expected credit losses in financial statements

At each reporting date, the entity recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

Assets measured at fair value through other comprehensive income are recognised at fair value with changes in fair value recognised in other comprehensive income. The amount in relation to change in credit risk is transferred from other comprehensive income to profit or loss at every reporting period.

k) 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.

l) Provisions

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

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

m) Issued capital

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.

n) 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.

Notes to the Financial statements (continued)

for the year ended 30 June 2019

Note 1. Summary of significant accounting policies (continued)

o) Goods and Services Tax

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

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

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

Note 2. Financial risk management

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

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

(i) Market risk

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

(ii) Price risk

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

(iii) Credit risk

The company has no significant concentrations of credit risk. It has policies in place to ensure that customers have an appropriate credit history.

Expected credit loss assessment for Bendigo and Adelaide Bank Limited

The company's franchise agreement limits the company's credit exposure to one financial institution, being Bendigo and Adelaide Bank Limited. Due to the reliance on Bendigo and Adelaide Bank Limited the company has reviewed the credit ratings provided by Standard & Poors, Moody's and Fitch Ratings to determine the level of credit risk exposure of the company. The most recent credit rating provided by the ratings agencies is as follows:

Ratings Agency	Long-Term	Short-Term	Outlook
Standard & Poor's	BBB+	A-2	Stable
Fitch Ratings	A-	F2	Stable
Moody's	A3	P-2	Stable

Based on the above risk ratings the company has classified Bendigo and Adelaide Bank Limited as low risk.

The company has performed a historical assessment of receivables from Bendigo and Adelaide Bank Limited and found no instances of default. As a result no impairment loss allowance has been made in relation to the Bendigo & Adelaide Bank Limited receivable as at 30 June 2019.

Notes to the Financial statements (continued)

for the year ended 30 June 2019

Note 2. Financial risk management (continued)

Expected credit loss assessment for other customers (continued)

The company has performed a historical assessment of the revenue collected from other customers and found no instances of default. As a result no impairment loss allowance has been made in relation to other customers as at 30 June 2019.

(iv) Liquidity risk

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

(v) Cash flow and fair value interest rate risk

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

(vi) Capital management

The board's policy is to maintain a strong capital base so as to sustain future development of the company. The board of directors monitor the return on capital and the level of dividends to shareholders. Capital is represented by total equity as recorded in the Balance Sheet.

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

The distribution limit is the greater of:

- (a) 20% of the profit or funds of the franchisee otherwise available for distribution to shareholders in that 12 month period; and
- (b) subject to the availability of distributable profits, the relevant rate of return multiplied by the average level of share capital of the franchisee over that 12 month period where the relevant rate of return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

The board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the year ended 30 June 2019 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.

Notes to the Financial statements (continued)

for the year ended 30 June 2019

Note 3. Critical accounting estimates and judgements (continued)

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 carried-forward 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.

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 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.

Notes to the Financial statements (continued)

for the year ended 30 June 2019

Note 3. Critical accounting estimates and judgements (continued)

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.

Note 4. Revenue from ordinary activities	2019	2018
	\$	\$
Operating activities:		
- gross margin	575,164	606,111
- services commissions	110,981	109,084
- fee income	51,068	59,411
- market development fund	25,000	25,000
Total revenue from operating activities	<u>762,213</u>	<u>799,606</u>
Non-operating activities:		
- interest received	4,277	4,229
- distributions from available-for-sale financial assets	2,037	5,244
- increase in net market value of financial assets (FVTPL)	12,800	5,271
- ATM leasing revenue	17,895	9,050
Total revenue from non-operating activities	<u>37,009</u>	<u>23,794</u>
Total revenues from ordinary activities	<u><u>799,222</u></u>	<u><u>823,400</u></u>

Note 5. Expenses

Depreciation of non-current assets:		
- plant and equipment	3,193	3,643
- leasehold improvements	Note 9. 51,179	2,668
Amortisation of non-current assets:		
- franchise agreement	2,243	2,242
- franchise renewal fee	11,369	11,369
	<u>67,984</u>	<u>19,922</u>
Finance costs:		
- interest paid	<u>1,646</u>	<u>-</u>
Bad debts	<u>1,392</u>	<u>2,855</u>

Notes to the Financial statements (continued)

for the year ended 30 June 2019

Note 6.	Income tax expense/(credit)	2019	2018
		\$	\$
The components of tax expense/(credit) comprise:			
- Current tax		4,122	8,204
- Movement in deferred tax		(10,486)	1,419
- Over provision of tax in the prior period		(2,029)	(1,473)
		<u>(8,393)</u>	<u>8,150</u>
The prima facie tax on profit/(loss) from ordinary activities before income tax is reconciled to the income tax expense/(credit) as follows			
Operating profit/(loss)		(23,110)	34,947
Prima facie tax on profit from ordinary activities at 27.5% (2018: 27.5%)		(6,355)	9,610
Add tax effect of:			
- non-deductible expenses		-	22
- timing difference expenses		10,486	(1,419)
- other deductible expenses		(9)	(9)
		<u>4,122</u>	<u>8,204</u>
Movement in deferred tax		(10,486)	1,419
Over provision of income tax in the prior year		(2,029)	(1,473)
		<u>(8,393)</u>	<u>8,150</u>

Note 7. Cash and cash equivalents

Cash at bank and on hand	<u>302,722</u>	<u>357,598</u>
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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	116,566	177,487
Term Deposits	186,156	180,111
	<u>302,722</u>	<u>357,598</u>

Note 8. Trade and other receivables

Trade receivables	4,648	31,484
Prepayments	5,328	4,625
	<u>9,976</u>	<u>37,876</u>

Notes to the Financial statements (continued)

for the year ended 30 June 2019

Note 9.	Property, plant and equipment	2019	2018
		\$	\$
Leasehold improvements			
At cost		106,719	106,719
Less accumulated depreciation		(87,369)	(36,189)
		<u>19,350</u>	<u>70,530</u>
Plant and equipment			
At cost		145,107	145,107
Less accumulated depreciation		(114,505)	(111,312)
		<u>30,602</u>	<u>33,795</u>
Total written down amount		<u>49,952</u>	<u>104,325</u>

Movements in carrying amounts:

Leasehold improvements			
Carrying amount at beginning		70,530	73,198
Additions		-	-
Disposals		-	-
Less: depreciation expense		(51,180)	(2,668)
Carrying amount at end		<u>19,350</u>	<u>70,530</u>
Plant and equipment			
Carrying amount at beginning		33,795	37,438
Additions		-	-
Disposals		-	-
Less: depreciation expense		(3,193)	(3,643)
Carrying amount at end		<u>30,602</u>	<u>33,795</u>
Total written down amount		<u>49,952</u>	<u>104,325</u>

Subsequent to year end the company have come to an agreement with their current landlords to vacate their premises on the 15 November 2019. The leasehold improvements added to the property will not be moved to thier new premesis at Shop 13A, Margate Village Shopping Centre, 270 Oxley Avenue, Margate, QLD 4019. The depreciation on leasehold improvements has been accelarated as the end of the assets useful life will be 15 November 2019.

Note 10. Intangible assets

Franchise fee			
At cost		82,555	82,555
Less: accumulated amortisation		(92,816)	(90,573)
		<u>(10,261)</u>	<u>(8,018)</u>
Renewal processing fee			
At cost		112,769	112,769
Less: accumulated amortisation		(95,703)	(84,334)
		<u>17,066</u>	<u>28,435</u>
Total written down amount		<u>6,805</u>	<u>20,417</u>

Notes to the Financial statements (continued)

for the year ended 30 June 2019

Note 11. Tax		2019	2018
		\$	\$
Current:			
Income tax payable/(refundable)		<u>(9,198)</u>	<u>38,606</u>
Non-current:			
Deferred tax assets			
- accruals		223	613
- property, plant and equipment		6,625	-
		<u>6,848</u>	<u>613</u>
Deferred tax liability			
- accruals		-	486
- property, plant and equipment		7,304	11,069
		<u>7,304</u>	<u>11,555</u>
Net deferred tax liability		<u>(456)</u>	<u>(10,942)</u>
Movement in deferred tax charged to Statement of Profit or Loss and Other Comprehensive Income		<u>(10,486)</u>	<u>1,419</u>

Note 12. Financial assets			
Available-for-sale financial assets			
Unlisted investments at fair value			
IOOF Pursuit Core Managed Fund	Note 17.	<u>147,846</u>	<u>123,585</u>

Note 13. Trade and other payables			
Current:			
Trade creditors		4,379	11,535
Other creditors and accruals		38,388	57,471
		<u>42,767</u>	<u>69,006</u>

Note 14. Issued capital			
681,359 ordinary shares fully paid (2018: 681,359)		666,359	666,359
Less: equity raising expenses		(21,754)	(21,754)
		<u>644,605</u>	<u>644,605</u>

Notes to the Financial statements (continued)

for the year ended 30 June 2019

Note 14. Issued capital (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 <i>Corporations Act 2001</i> .	
Prohibited shareholding interest	
A person must not have a prohibited shareholding interest in the company.	
In summary, a person has a prohibited shareholding interest if they control or own 10% or more of the shares in the company (the "10% limit").	
As with voting rights, the purpose of this prohibited shareholding provision is to reflect the community-based nature of the company.	
Where a person has a prohibited shareholding interest, the voting and dividend rights attaching to the shares in which the person (and his or her associates) have a prohibited shareholding interest, are suspended.	
The board has the power to request information from a person who has (or is suspected by the board of having) a legal or beneficial interest in any shares in the company or any voting power in the company, for the purpose of determining whether a person has a prohibited shareholding interest. If the board becomes aware that a member has a prohibited shareholding interest, it must serve a notice requiring the member (or the member's associate) to dispose of the number of shares the board considers necessary to remedy the breach. If a person fails to comply with such a notice within a specified period (that must be between three and six months), the board is authorised to sell the specified shares on behalf of that person. The holder will be entitled to the consideration from the sale of the shares, less any expenses incurred by the board in selling or otherwise dealing with those shares.	
In the constitution, members acknowledge and recognise that the exercise of the powers given to the board may cause considerable disadvantage to individual members, but that such a result may be necessary to enforce the prohibition.	

Notes to the Financial statements (continued)

for the year ended 30 June 2019

Note 15. Accumulated losses	2019	2018
	\$	\$
Balance at the beginning of the financial year	(119,358)	(118,901)
Net profit/(loss) from ordinary activities after income tax	(14,717)	26,797
Dividends provided for or paid	(27,254)	(27,254)
Balance at the end of the financial year	<u>(161,329)</u>	<u>(119,358)</u>

Note 16. Statement of cash flows

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

Profit/(loss) from ordinary activities after income tax	(14,717)	26,797
Non cash items:		
- depreciation	54,372	6,311
- amortisation	13,612	13,611
- increase in net market value of investments	(12,261)	(8,272)

Changes in assets and liabilities:

- increase in receivables	27,900	1,217
- increase/(decrease) in payables	(26,238)	17,276
- increase/(decrease) in tax liabilities	(58,290)	3,246
Net cash flows provided by/(used in) operating activities	<u>(15,622)</u>	<u>60,186</u>

Note 17. Fair value measurement

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

At 30 June 2019	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Recurring fair value measurements:				
FVTPL financial assets				
IOOF Pursuit Core Managed Fund	147,846	-	-	147,846
Total assets at fair value	<u>147,846</u>	<u>-</u>	<u>-</u>	<u>147,846</u>

Notes to the Financial statements (continued)

for the year ended 30 June 2019

Note 17. Fair value measurement (continued)				
At 30 June 2018	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Recurring fair value measurements:				
FVTPL financial assets				
IOOF Pursuit Core Managed Fund	123,585	-	-	123,585
Total assets at fair value	<u>123,585</u>	<u>-</u>	<u>-</u>	<u>123,585</u>

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 FVTPL 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.

Note 18. Leases	2019	2018
	\$	\$
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	17,768	36,161
- between 12 months and 5 years	-	18,080
	<u>17,768</u>	<u>54,241</u>

The lease agreement on the branch premises is a non-cancellable lease with a five year term commencing on 7 December 2014 and expiring on 6 December 2019. The rent and outgoings payable is currently \$35,536 per annum plus GST, reviewed annually and adjusted based on CPI.

Note 19. Auditor's remuneration

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

- audit and review services	4,600	4,400
- share registry services	3,919	4,174
- non audit services	3,350	1,650
	<u>11,869</u>	<u>10,224</u>

Notes to the Financial statements (continued)

for the year ended 30 June 2019

Note 20. Director and related party disclosures

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

Serge Paggiaro
Stephen John Hart
Rae Amelda Frawley
Brent Campbell
Peter Morley
Daniel Petravicius
Joel Lee Hudson (*Appointed 23 April 2019*)
Christine Julia Standfast (*Resigned 15 April 2019*)

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

Transactions with related parties:	2019 \$	2018 \$
Christine Standfast provided:		
- marketing and administration services	9,494	8,600
Peter Morley provided:		
- marketing services	1,909	7,200
Daniel Petravicius provided:		
- administration services	1,822	-

Directors Shareholdings

	2019	2018
Serge Paggiaro	1	1
Stephen John Hart	1,001	1,001
Rae Amelda Frawley	-	300
Brent Campbell	-	-
Peter Morley	-	-
Daniel Petravicius	-	-
Joel Lee Hudson (<i>Appointed 23 April 2019</i>)	-	-
Christine Julia Standfast (<i>Resigned 15 April 2019</i>)	-	-

Rae Amelda Frawley sold 300 shares during the 2018-2019 financial year.

Note 21. Dividends provided for or paid

	2019 \$	2018 \$
a. Dividends paid during the year		
Current year dividend		
100% (2018: 100%) franked dividend - 4 cents (2018: 4 cents) per share	27,254	27,254

The tax rate at which dividends have been franked is 27.5% (2018: 27.5%).

Notes to the Financial statements (continued)

for the year ended 30 June 2019

Note 21. Dividends provided for or paid (continued)

	2019 \$	2018 \$
b. Franking account balance		
Franking credits available for subsequent reporting periods are:		
- franking account balance as at the end of the financial year	43,384	40,604
- franking credits/(debits) that will arise from payment/(refund) of income tax as at the end of the financial year	(9,198)	38,606
- franking debits that will arise from the payment of dividends recognised as a liability at the end of the financial year	-	-
Franking credits available for future financial reporting periods:	34,186	79,210
- franking debits that will arise from payment of dividends proposed or declared before the financial report was authorised for use but not recognised as a distribution to equity holders during the period	-	-
Net franking credits available	34,186	79,210

Note 22. Key management personnel disclosures

The directors received remuneration including superannuation, as follows:

Serge Paggiaro	5,600	5,100
Stephen John Hart	3,200	3,100
Rae Amelda Frawley	1,800	1,600
Brent Campbell	1,800	1,600
Peter Morley	3,600	3,600
Daniel Petravicius	2,300	-
Joel Lee Hudson (<i>Appointed 23 April 2019</i>)	500	-
Christine Julia Standfast (<i>Resigned 15 April 2019</i>)	3,200	3,600
	22,000	18,600

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 \$67 for the year ended 30 June 2019 (2018: \$12).

Notes to the Financial statements (continued)

for the year ended 30 June 2019

Note 23. Earnings per share		2019	2018
		\$	\$
(a)	Profit/(loss) attributable to the ordinary equity holders of the company used in calculating earnings per share	(14,717)	26,797
		Number	Number
(b)	Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	681,359	681,359

Note 24. Events occurring after the reporting date

Subsequent to year end the company have come to an agreement with their current landlords to vacate their premises on the 15 November 2019. They have agreed to pay the landlords \$52,000 in make good costs to restore the old premises to its original condition.

The company has arranged for a new premises at Shop 13A, Margate Village Shopping Centre, 270. Oxley Avenue, Margate, QLD 4019. to be fit out and are in the process of finalising a lease agreement with a new landlord. The new lease agreement is expected to commence 1 October 2019 with a one month rent free period and rent of \$3,750 plus GST per month thereafter, on a five year term.

The new premises is to be refitted and plans still being finalised with \$360,000 budgeted to complete works, \$180,000 has been put aside with Bendigo and Adelaide Bank Limited to provide a loan to the company for the remaining \$180,000.

Note 25. Contingent liabilities and contingent assets

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

Note 26. 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 27. 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	Shop 1A, 300 Oxley Avenue
Margate QLD 4019	Margate QLD 4019

Notes to the Financial statements (continued)

for the year ended 30 June 2019

Note 28. 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					
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%
Financial assets												
Cash and cash equivalents	116,266	177,187	186,156	180,111	-	-	-	-	300	300	1.39	1.60
Receivables	-	-	-	-	-	-	-	-	4,648	31,484	N/A	N/A
Financial liabilities												
Payables	-	-	-	-	-	-	-	-	4,379	11,535	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.

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 2019, the effect on profit and equity as a result of changes in interest rate, with all other variables remaining constant would be as follows:

	2019	2018
	\$	\$
Change in profit/(loss)		
Increase in interest rate by 1%	3,024	3,573
Decrease in interest rate by 1%	(3,024)	(3,573)
Change in equity		
Increase in interest rate by 1%	3,024	3,573
Decrease in interest rate by 1%	(3,024)	(3,573)

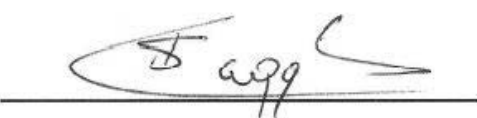
Director's declaration

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

In the opinion of the directors:

- (a) the financial statements and notes of the company are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2019 and of its performance for the financial year ended on that date; and
 - (ii) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
- (c) the audited remuneration disclosures set out in the remuneration report section of the directors' report comply with Accounting Standard AASB124 Related Party Disclosures and the Corporations Regulations 2001.

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



Serge Paggiaro, Chairman

Signed on the 24th of September 2019.

Independent audit report



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

Report on the audit of the financial report

Our opinion

In our opinion, the accompanying financial report of Redcliffe Peninsula Financial Services Limited, is in accordance with the *Corporations Act 2001*, including:

- i. giving a true and fair view of the company's financial position as at 30 June 2019 and of its financial performance for the year ended; and
- ii. complying with Australian Accounting Standards.

What we have audited

Redcliffe Peninsula Financial Services Limited's (the company) financial report comprises the:

- ✓ Statement of profit or loss and other comprehensive income
- ✓ Balance sheet
- ✓ Statement of changes in equity
- ✓ Statement of cash flows
- ✓ Notes comprising a summary of significant accounting policies and other explanatory notes
- ✓ The directors' declaration of the company.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report.

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We are independent of the company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Other information

The company usually prepares an annual report that will include the financial statements, directors' report and declaration and our independence declaration and audit report (the financial report). The annual report may also include "other information" on the entity's operations and financial results and financial position as set out in the financial report, typically in a Chairman's report and Manager's report, and reports covering governance and shareholder matters.

Independent audit report (continued)

The directors are responsible for the other information. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and accordingly we will not express any form of assurance conclusion thereon.

Our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If we identify that a material inconsistency appears to exist when we read the annual report (or become aware that the other information appears to be materially misstated), we will discuss the matter with the directors and where we believe that a material misstatement of the other information exists, we will request management to correct the other information.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that it gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or cease operations, or have no realistic alternative but to do so.

Auditor's responsibility for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatement can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/home.aspx>. This description forms part of our auditor's report.



Andrew Frewin Stewart
61 Bull Street, Bendigo, 3550
Dated: 24th September 2019



Joshua Griffin
Lead Auditor

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