SUPPORTING OUR

Community

Redcliffe Peninsula Financial Services Limited
Annual Report 2020

Margate Community Bank® branch

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A Little About Us

We are a passionate local company, working to support our customers, people, partners, and community through a successful, dependable, and sustainable Community Bank.

Sustaining, Building and Supporting our community

We opened our Margate Community Bank in 2006 to fill the gap created when other banks closed their doors.

We are working to build a sustainable and resilient community and to help local people create the place in which they want to live. We strive to create and share value with everyone connected to our business.

Bendigo Bank introduced the Community Bank network to empower local communities - giving them direct equity in their banking service provider, as well as the scale advantage associated with an established banking brand. Bendigo Bank provides the balance sheet, the financial products, systems and training, while the local community provides the premises, equipment and staff.

At heart, we are a community business that focuses on supporting our community. We have three main objectives:

1. provide exceptional banking services to our community;
2. grow our capacity to invest in community projects; and
3. provide a reasonable financial return to shareholders, many of whom live locally.

We are very proud of our strong and valued brand, our commitment to great customer service and our role in the community. To date, we have invested more than $750,000 back into the community. We provide economic and social value by funding more than community groups and organisations. Indeed, our financial support and investment ensures many community projects remain viable.

The main reasons that we can continue this good work is because of our loyal customers who choose to bank with us. Backed by Bendigo Bank, we can provide robust banking solutions - home loans, personal and business banking, and insurance - as well as exceptional personalised customer service. In short, we are a genuine banking option for all. So, make sure you help us tell our story!

Highlights

LOCAL IMPACT

COMMUNITY INVESTMENT

67 community groups supported since 2006

10 community groups supported in FY2020

$771,857 total community investments since inception (2006)

$31,173 total community investments in FY2020

MARGATE COMMUNITY BENDIGO BANK

ADVERTISING FEATURE

Moving to serve you better

ON the eve of its 15-year anniversary of operations, the Margate Community Bank Branch Bendigo Bank is moving into new, purpose-built premises at the Margate Village Shopping Centre.

Chairman of the company which runs the branch, Redcliffe Peninsula Financial Services, Serge Paggiaro, said the previous premises had been a great launching pad for the fledgling branch on 2004.

However, it now no longer met the company's requirements in terms of space and technology.

"Banking has changed disruptively over the past 15 years," Mr Paggiaro said.

"People expect to be able to come into a branch and sit down with their customer service officer, have a chat, update their banking, without de-humanising security glass and barriers – and equally, if they just want to get in and out quickly, they want to be able to do that as fast as possible, too," Mr Paggiaro said.

"Our new branch will be a welcoming place for customers, and can double as a meeting space after hours, as well as being a place to meet before shopping or grabbing a cup of coffee from any of the fabulous cafes in Margate."

Branch Manager, Gavin Daw, said the new branch highlighted the history of the Peninsula and provided a true local banking service.

"We're still the only bank in Margate, 15 years after we opened, and we plan to be here for another 15 years," Mr Daw said.

"While Bendigo Bank offers a comprehensive on-line service, so our customers don't really need to even step foot inside of the branch if they refer not to, we know from experience people like to know who their branch manager is, and know there's a real person they can for help, when needed.

"We just heard the other day of yet another bank leaving the peninsula – we're bucking the trend and we say if you live or work on the Peninsula, consider moving to your local bank!"

The branch will be up and running by Tuesday November

GRAND OPENING
Where: Margate Village Shopping Centre, 270 Oxley Ave, Margate
When: November 23, 2019
Time: 10am-noon
Activities: Sausage sizzle, face painting, Santa, official cake cutting

Margate Community Bank board Chairman Serge Paggiaro (right) and Deputy Chair Steve Hart helping with the move to the new premises. Inset: The fitout at the new branch.

Chair's Report

'Supporting our Community is why our directors become involved with the company. We are committed to growing the company and maintain our role in supporting local communities through investments and funding. Since our company began in 2006, we have provided more than $750,000 to local community groups.'

What a year it has been!

Over the previous 12 months we have seen many changes, both within our community company, but also around the country and the world. We started off the year with much excitement moving into our new and modern branch at Margate Shopping Village. Staff and customers have been thrilled with the new layout and location! However, this was short lived as the COVID-19 pandemic swept across the globe resulting in not only less foot traffic coming into the branch, but also an unprecedented shock to the economy. Nevertheless, the branch staff have remained stoic and continued operating the branch and serving our valued customers. Thankfully, we have not had any significant outbreaks locally.

Between the COVID-19 pandemic, historic low interest rates and the closure of many local businesses, our margins have been tighter than ever resulting in negative growth for the 2020 financial year which is disapointing. In addition to these external factors, there have been significant shifts in footings due to the sale of Bendigo Bank Financial Planning to Bridges Financial Planning as well as a number of corporate loans being redomiciled to other Bendigo Bank branches.

You will have noticed that we did not pay a dividend this year. There are two main reasons for this. First, the Australian Prudential Regulation Authority has advised Australian banks and financial institutions to reduce payment of dividends this year because of the unknown effect of Banks forgiving customers delinquent in payment of their mortgage repayments due to COVID-19 as well as the general economic uncertainty. The reduction of dividends provides us a greater financial buffer in case of mortgage defaults or payment delays in the future. Secondly, is the cost of moving the branch which cost approximately $351,000. Between the execution of our growth plan, being the moving of the branch as well as the challenges faced this year, there has been an impact on our cashflow. As you will appreciate, we had little choice but to move branch when we did and have had no control of the macro environment.

Nevertheless, your community company remains in a strong financial position with a healthy cash balance. We have also continued to engage in our charitable endeavours, albeit at a lower scale compared to previous years. This year we provided donations, grants and sponsorships in the sum of approximately $31,000 which included our annual scholarship which was awarded to Cameron Powers as well as the Bill Hoogwaertz Bursary for cancer research. The Bill Hoogwaertz Bursary was established in memory of our inaugural chairman Bill Hoogwaertz who sadly passed as a result of cancer.

Even in tough times, we believe that we still need to help out in our community, it is part of who we are and why we do what we do.

STRATEGY & VISION

Given these challenges, the level of revenue growth for the year ahead is uncertain, but we are working to overcome these challenges, in both the short term and the longer term.

The Board and management have been working on our strategic plan to ensure we continue to drive growth, return to profitability, and enable us to continue to provide support to the groups in our local community.

We understand the challenging needs of our customers and potential customers, including the need for a personal level of banking. We believe that one of our key points of difference is the ability for our customers to contact someone they know at the Margate branch, rather than dealing with an impersonal call centre or people they don't know.

As part of our strategic plan, we have deeply considered how the 'branch of the future' can continue to deliver services our customers need. One major step that we have taken is moving our branch to the Margate Shopping Village. Not only is the new branch design open so that our staff can continue to develop their relationships with our customers, but also the position will be critical in our growth strategy. Plus, our customers are loving how they can easily park and access the branch now! However, moving the branch location is only a small part of our overall growth plan, other strategic initiatives include:

- developing a long-term marketing strategy, including identifying ways to deepen relationships with community groups, developing new promotion and incentive schemes, and harnessing social media.
- Continuing to develop relationships with our largest community groups to ensure that we obtain benefit from our sponsorships in the form of increased banking activity.
- Providing more professional development opportunities for our staff.
- Improving communication with shareholders.

BROAD COMMUNITY SUPPORT

We have longstanding sponsorship relationships with many large sporting and arts groups, and target them with a variety of incentive programs to encourage their members to bank with us. We have also allocated responsibility to specific directors and staff to support and develop these relationships.

We also provide support local youth through our Youth Education Scholarship which gives a community focussed and talented high school graduate a leg up to help them with the transition from high school to university. We are also working on beginning a youth foundation to provide grants for youth led projects. This is an exciting medium-term initiative that our Scholarship and Youth Development committee are spear heading.

WHAT REALLY MATTERS

It takes a team to operate any successful company, and I am grateful to the team of dedicated people who work with me.

Firstly, I'd like to thank my fellow directors for their commitment to strengthening both our bank and our community. They bring an unparalleled mix of skills and experience to the boardroom, as well as their enthusiasm for developing a stronger community.

Secondly, I'd like to thank our staff who are the professional face of our company. Our Manager, Gavin Daw, who oversees the Margate branch operations and is actively involved within our community. Gavin is supported by our dedicated, talented and enthusiastic team of staff, Carly (Customer Relationship Officer), Suzy (Senior Customer Service Officer), Joanne (Customer Service Officer) and Antonio (Customer Service Officer). Further, sadly we also said goodbye to Rebecca earlier this year who has taken on a new and exciting position external to Bendigo Bank. To our staff, we appreciate your high level of service, professionalism and commitment to our community.

Finally, I would like to thank you, our shareholders, for your continued support for our bank and our community.

2021 will be a challenging, but the Board, staff and I will continue to strive to deliver high quality and personalised banking services as well as supporting our local community.

Serge Paggiaro
Chairman – Non-Executive
Redcliffe Peninsula Financial Services Limited

Manager's Report

TEAM MEMBERS

Gavin Daw
Branch Manager
Carly Vanderwert
Customer Relationship Officer
Suzy Hill
Senior Customer Service Officer
Antonio Nuno Montiel
Customer Service Officer
Joanne Neilsen
Customer Service Officer

FY2020 TOTAL FOOTINGS

$87.7m

GROWTH

Deposit Growth

FY2020	4.8m	+13%
FY2019	-7.8m	

Lending Growth

FY2020	-7.2m	-13%
FY2019	-7.8m	

Other Business Growth

FY2020	-13.2m	-81%
FY2019	-1.3m	

Total Growth

FY2020	-15.6m	-16%

Retail banking remains competitive and challenging with increased competition hitting the market almost everyday as well as the unprecedented impacts from the COVID-19 pandemic. We are addressing these challenges by focussing on better connecting with our customers and community groups. We offer a full range of products and services which we promote with our customers, community groups and local businesses. Our exceptional, personalised service sets us apart from our competition. This commitment to our customers will lead to growth in lending and deposit as well as insurance products.

Since the branch's relocation to Margate Village Shopping Centre in November 2019, our staff have been actively promoting Community Bank Margate by speaking to potential customers keen to find out more about our Bank. Like any business, we are having to look for new opportunities to continue to grow in this location, however the open plan layout of the branch is very welcoming and customer friendly, and the introduction of the TCR and coin counting machines has enabled staff to foster stronger connections with our customers through deeper conversations. The staff are very happy with our branch, and the feedback from customers has been very positive.

I would like to acknowledge and thank all the team - Carly Vanderwert, Suzy Hill, Antonio Nuno Monteil and Jo Neilsen - for their continuous dedication, teamwork and enthusiasm over the last year. They should all feel very proud of their achievements. We did say goodbye to Rebecca Fawcett-Smith, and I would like to thank her for all her hard work and support over the past 12 months.

At board level, there has been continued support for the branch and community. We have a terrifically active board of Directors led by the passionate Serge Paggiaro, and I would like to pass on my thanks to each Director.

We continue to give back to the Community. Our standout partnerships with Peninsula Power FC, Redcliffe Tigers AFC, Redcliffe Musical Theatre and many more not-for-profit organisations has been a highlight.

While our 2019/20 results reflect the challenging year we have had, we have a solid lending pipeline going into 2020/21, and we are confident that Bendigo Bank's selection to participate in the Federal Government's First Home Loan Deposit Scheme will only help to improve these results.

To continue building this business for the benefit of our region, I ask all shareholders to consider whether they want their banking to contribute to the growth and development of our community (if it doesn't already). I invite you all to pose the same question to your friends, families and neighbours, and encourage them to consider moving their banking to Community Bank Margate where they will receive outstanding personal service and banking products.

Thank you to everyone for your support, and I look forward to working with you all during the coming year as we continue to grow and positively impact our community.

Gavin Daw
Branch Manager
Margate Community Bank, Bendigo Bank

Bendigo & Adelaide Bank Report

In the 20-plus years since the opening of the very first Community Bank branch, it's fair to say we haven't seen a year quite like 2020.

After many years of drought, the 2019 calendar year ended with bushfires burning across several states. A number of our Community Bank companies were faced with an unprecedented natural disaster that impacted lives, homes, businesses and schools in local communities. As fires took hold, Bendigo and Adelaide Bank's head office phones started to ring, emails came in from all over the world and our customers, and non-customers, headed into our branches to donate to an appeal that we were still in the process of setting up.

Our reputation as Australia's most trusted bank and the goodwill established by 321 Community Bank branches across the country meant that people instinctively knew that Bendigo, and our Community Bank partners, would be there to help. An appeal was established, and donations were received in branch and online from 135,000 donors from all around the world. More than $45 million was donated.

Just as the fires had been extinguished and the Bank's Community Enterprise Foundation was working with government, not-for-profit organisations, and impacted communities to distribute donations, the global COVID-19 pandemic arrived. The impact of this pandemic was, and continues to be, more than about health. The impacts are far-reaching, and banking is not immune. Your support as a shareholder, and as a customer, of your local Community Bank company has never been so important.

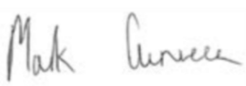
Your Community Bank company, led by your local directors, were committed to supporting local economies. Often it was the little things like purchasing coffees and meals from local cafes, not only for their branch staff but f or other essential workers (teachers, nurses, hospital support staff, ambulance and police officers and aged care workers). This not only supported essential workers also supported many local businesses when they needed it the most.

What we've discovered in 2020 is that in times of crisis, Australia's Community Bank network has unofficially become Australia's 'second responder'. Local organisations and clubs look to their local Community Bank companies not only for financial assistance, but to take the lead in connecting groups and leading the community through a crisis.

So, what does this all mean? For Bendigo and Adelaide Bank, it reinforces the fact that you are a shareholder of a unique and caring company – run by locals to benefit not only your community but those in need.

As Australia's 5th largest bank with more than 1.9 million customers we are proud to partner with your community.

If 2020 has shown us anything, it's that we're stronger for the partnerships we have with the communities we operate in. On behalf of Bendigo and Adelaide Bank, we thank all of our Community Bank company directors and shareholders and your branch staff and customers for your continued support throughout the year.



Mark Cunneen
Head of Community Support
Bendigo and Adelaide Bank

Future Focus

Growing the Business

Over the past year, we focussed on ensuring we have the right structure and team to keep growing our business. Further developing our team's capabilities remains important for the year ahead. We aim to generate new business through increased community outreached where our staff will become more front and centre within the community. In addition, personalised banking service will continue to be one of our greatest assets.

The Margate branches new location will also provide new opportunities for us to connect more with local business and the community – especially now as we are in the heart of Margate's shopping and business district.

We will keep working to increase the number of products held by our customers. We will support and train staff so that they can promote our full suite of products to both new and existing customers.

Community focus will continue to be pivotal in the next 12 months. That's why we work with community groups to promote the Margate Community Bank branch and our story will ensure that our message gets across to new audiences. We will support the community groups who promote us and our services, by providing marketing support and materials.

We will look to drive business growth through traditional advertising channels, using both print and digital platforms. We will use social media to share our community stories, promote our community investment programs as well as our products.

"Generating meaningful and successful partnerships will remain the focus of our marketing initiatives"

Investing in the community

Over the next 12 months, we will keep engaging with our local comm unity groups who receive sponsorships and grants through our community investment program. Generating meaningful and successful partnerships will remain the focus of our marketing efforts, particularly with our core sponsorship partners. We will ensure our community groups understand what is possible through a mutually beneficial relationship, and how much the community can benefit. We are excited that our staff will be playing a larger role in developing these relationships over the next 12 months. Further, we will identify new sporting opportunities which will help us deliver greater returns.

We will also keep supporting groups that help disadvantaged members of our community, such as the elderly, homeless and those with disabilities. We have a strong and ongoing commitment to support these crucial organisations.

Adapting to change

The banking landscape continues to evolve rapidly, particularly competition from micro-lenders and "fin-tech" start-ups as well as continuing regulatory change. Though banking technology is reducing foot-traffic in the majority of bank branches, we continue to see high levels of people coming into our branch. We have embraced new technologies in the branch to help streamline services but also to allow our staff to engage in more meaningful discussions with our customers. This is critical as we believe that regardless of technological change, a strong, personalised and friendly customer service strategy remains relevant and important.

Director Profiles

Serge Paggiaro
Chairman – Non-Executive

Serge is a founding Director and current Chairman of Redcliffe Peninsula Financial Services. 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.

Serge is currently a member of the Audit, Governance and Risk Committee, OH&S and Property Committee as well as the Public Relations and Events Committee.

Steve Hart
Deputy Chairman – Non-Executive

Steve is currently a property consultant after having spent 5 years as the CEO of the Redcliffe Hospital Foundation until 2012. Prior to this he was the Manager of Redcliffe and Bayside Herald and Managing Director and Co-Owner of The Magazine Publishing Company. Steve brings significant experience to the company from his vast experience in marketing, strategy and community relations.

Steve is currently a chair of the Community Engagement & Marketing Committee.

Daniel Petravicius
Director & Company Secretary – Non-Executive
CertGovPrac&RiskMgt; J.P.

Daniel is currently completing duel bachelor's degrees in law and business majoring in economics at the Queensland University of Technology. Further, Daniel is a graduate of the Governance Institute of Australia having obtained a Certificate in Governance and Risk Management. Daniel has over 5 years' experience in the legal and government sectors and has been an active member of the community having previously volunteered his time to the RSPCA, Grace Lutheran College where he graduated from in 2013 and the Moreton Bay Community Legal Service where he advised 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.

Daniel is currently chair of the Scholarship & Student Development Committee as well as a member of the Audit, Governance and Risk Committee.

Treasurer

Peter Morley
Director – Non-Executive
Diploma of Financial Planning; Diploma of Marketing; Certificate IV Workplace Training & Assessment and Certificate IV Mortgage Broking.

Peter has had an extensive career as a finance professional having been a financial planner and is a former Director of Morley Investment Group Pty Ltd. In addition to this, he is a passionate and active member of several not-for-profit organisation.

Rae Frawley
Director – Non-Executive

Rae has had an extensive career as an elected local government representative where she was a Councillor for 8 years until her retirement in 2012. In addition to this, Rae has worked for the Redcliffe hospital as a medical records and dental clinic clerk as well as being a small business operator. More recently, Rae was the Relief Manager of Peninsula Park Retirement Village.

Rae is chair of the Audit, Governance and Risk Committee as well as being a member of the Scholarship & Student Development Committee.

Brent Campbell
Director – Non-Executive
BCom

Brent has had an extensive career in property management having commenced employment with Retail First in 2003. Between his significant experience in property management, Brent is also a trusted marketing advisor having received the Property Council of Australia's Excellence in Marketing Award. During his career at Retail First he has been a Marketing Manager of Peninsula Fair shopping centre and Margate Village, Centre Manager of Bluewater Square in Redcliffe, and currently the Retail Manager of Toowong Village and Tower.

Brent is chair of the OH&S and Property Committee as well as a member of both the Scholarship & Student Development and Community Engagement & Marketing Committees.

Joel Hudson
Director – Non-Executive

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 led local community newspapers. Joel is involved with local community sports clubs having volunteered at many events through the community.

Joel is a member of both the Community Engagement & Marketing and Public Relations and Events Committees.

Governance Report

The Company places great importance on its governance framework, adopting a proactive approach to ensure the structures, values and behaviours of the Company have the interests of its stakeholders as a primary focus.

Polices & Procedures to ensure compliance with the law

The Company has adopted the following governance strategies, polices and procedures to ensure it complies with the law as well as our obligations under our franchise agreement with Bendigo & Adelaide Bank Group.

Board Charter – the Board has identified and documented the roles and obligations of its Directors and Officers in a Board Governance Charter. The Board Governance Charter promotes ethical, considered and independent judgement of matters before the Board. In addition, the Boards responsibilities are further enshrined in the Company Code of Conduct which affects both the Board as well as staff. These documents highlight the statutory and common law obligations of Directors and Officeholders generally and also sets out the expectations that are placed on them in terms of the time dedicated to the Company's affairs.

Monthly Secretary Reports – the Company Secretary provides a report to the Board at each monthly Board meeting regarding the various compliance obligations and notes that outstanding matters. The Company Secretary oversees all low-volume mark coordination and compliance as well as manages ASIC reporting (in conjunction with the Treasurer), and monitors compliance with the Franchise Agreement and Company Constitution.

Compliance Calendar – the compliance requirements of the company have been defined and listed in a Compliance/Company Calendar, which is reviewed by the Audit, Governance & Risk Committee on an ongoing basis. The individual items due for completion are reported by the Committee and the Company Secretary to the Board each month.

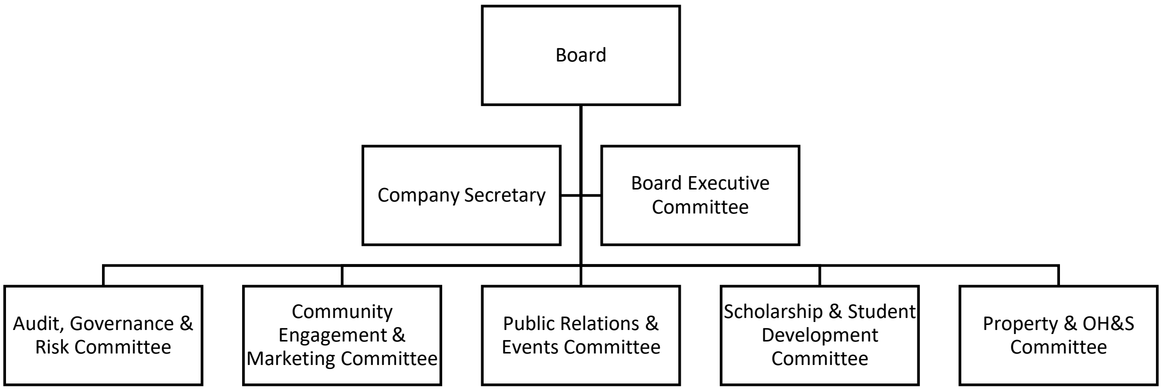
Privacy Policy – the requirements of the Australian Privacy Principles have been incorporated into a Privacy Policy hat considers the privacy of shareholders, community groups and other stakeholders.

Audit, Governance & Risk Committee – this Board Committee has a special role in ensuring the Company complies with its corporate governance obligations and requirements.

Company Structure

Our Company does not have an extensive executive structure because of its scale and the desire of the Board to be directly connected to the local community. Accordingly, the Company has its Management, that is the Branch Manager as well as an Executive Committee of the Board of Directors which includes the Board Chair and Deputy Chair, Treasurer and Company Secretary.

COMPANY STRUCTURE



Due to the size and scale of the Company, Directors are involved in many practical roles such as marketing, community engagement and risk management. These types of roles are usually overseen by an executive in a larger corporation. Directors are not specifically remunerated for this, rather renumeration is governed by their memberships on committees (this is outlined in the Non-Executive Director Remuneration Policy).

Role of the Chairman

The Chairman's role is defined in the Board Charter and is responsible for a range of roles that deal with leadership of the Board and the Company, generally. The principle role is to facilitate effective discussion and decision making at the Board level of materially relevant issues to the conduct of the Company. The Chairman must be an independent, non-executive director.

Role of the Manager

The Manager provides leadership to the Company and is responsible for the operational aspect of the Company. The Manager is responsible for the implantation of strategy, business growth, asset management, communications, and community relations. The Manager is responsible for the banking operations and provides the Board with a direct link to Bendigo Bank and its systems and procedures.

Board Appointments

The Board has prepared a Skills Matrix to identify the various skills and experience of its current members and to assist it in identifying the skills that need to be required to the Board in the future. The Board does not have a standing Nominations Committee, rather the Risk, Governance and Risk Committee will fill in this role from time to time when considering the apportionment of a new director. All new Directors must satisfy a comprehensive due diligence process that meets the requirements of the Company's and Bendigo Bank's risk management systems.

Directors are elected by shareholders for a maximum of three years, with retirements on a rotating basis. The Chairman, as part of their annual discussion with Directors, will canvas each Director's view of their future plans to remain on the Board. The Board Charter considers the ongoing succession planning for the Board composition.

An induction procedure is in place to ensure all new Directors are able to learn as much about the company as possible in a short time frame and to be able to contribute to the Board's functions as soon as possible.

The Board does not have a formal diversity policy because of the scale of the Company and the small geographic are the Company services. The Board does have an aspiration to have greater gender balance on the Board but is mindful that service on the Board is not remunerated on commercial terms and the limitations this creates.

Director's Report

Your Directors submit their report of the Company for the financial year ended 30 June 2020.

Operating Results

The loss of the company for the financial year after provision for income tax was:

Year ended 30 June 2020 $	Year ended 30 June 2019 $
(95,611)	(14,717)

Dividend

During the 2020 financial year, the following dividends were provided for and paid. The dividends have been provided for in the financial statements.

	Cents per share	**Total amount $**
Final fully franked dividend	2.0	13,627
Total amount	2.0	13,627

Directors

The names of the Company's Directors in office during the financial year and since the end of the financial year, including their skills, experience, qualifications and responsibilities are set out in the Directors Profile section.

No Directors have material interests in contracts or proposed contracts with the Company unless otherwise specified in the Annual Report.

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.

Principal Activities

The principal activity of the company during the financial year was facilitating Community Bank services under management rights of Bendigo and Adelaide Bank Limited (Bendigo Bank).

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

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.

Likely Developments

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

Significant Changes in the State of Affairs

During the financial year, the Australian economy was greatly impacted by COVID-19. Bendigo Bank, as franchisor, announced a suite of measures aimed at providing relief to customers affected by the COVID-19 pandemic. The relief support and uncertain economic conditions has not materially impacted the company's earnings for the financial year. As the pandemic continues to affect the economic environment, uncertainty remains on the future impact of COVID 19 to the company's operations.

In the opinion of the directors there were no other significant changes in the state of affairs of the company that occurred during the financial year under review not otherwise disclosed in this report or the financial statements.

Events Since the End of the Financial Year

There are no matters or circumstances that have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the company the results of those operations or the state of affairs of the company, in future years.

Company Secretary

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

Environment Regulations

The Company is not subject to any significant environmental regulations.

New Accounting Standards Implemented

The company has implemented a new accounting standard which has come into effect and is included in the results. AASB 16: Leases (AASB 16) has been applied retrospectively without restatement of comparatives. The company has elected to measure the right-of-use asset at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition as allowed under the transition provisions. As a result, there was no impact on retained earnings. The comparative information has not been restated and continues to be reported under AASB 117: Leases. See note 4 for further details.

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 29 to the financial statements. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the company's accounts, or the fixed salary of a full-time employee of the company, controlled entity or related body corporate.

Directors' Meetings

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

	Board Meetings Attended	
	Eligible	*Attended*
Serge Paggiaro	11	11
Stephen John Hart	11	8
Daniel Petravicius	11	11
Peter John Morley	11	11
Rae Amelda Frawley	11	10
Brent Anthony Campbell	11	10
Joel Lee Hudson	11	9

There were five sub-committees between June 2019 to June 2020 (inclusive) however attendance was not recorded. Sub-committees were: Marketing and Community Engagement (four members), Audit, Corporate Governance and Risk (three members), Scholarship and Student Development (three members), OH & S and Property (two members), and Public Relations and Events (two members).

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 note 28 to the accounts.

The board of directors has considered the non-audit services provided during the year by the auditor and is satisfied that the provision of the non-audit services is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

1. all non-audit services have been reviewed by the board to ensure they do not impact on the impartiality, integrity and objectivity of the auditor; and

2. none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the company, acting as an advocate for the company or jointly sharing risks and rewards.

Auditor's Indepedence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 18.

Signed in accordance with a resolution of the directors at Margate, Queensland.

S Pagg

……………………………………………………
Serge Paggiaro, Chairman
Dated this 28th day of September 2020

Independent Auditors Declaration

Partners in success
Chartered Accountants

61 Bull Street, Bendigo 3550
PO Box 454, Bendigo 3552
03 5443 0344
afsbendigo.com.au

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 2020, 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: 28 September 2020

Joshua Griffin
Lead Auditor

Financial Statements

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Redcliffe Peninsula Financial Services Limited
Statement of Profit or Loss and Other Comprehensive Income
for the year ended 30 June 2020

	Notes	2020 $	2019 $
Revenue from contracts with customers	8	666,263	737,213
Other revenue	9	47,857	57,732
Finance income	10	1,586	4,277
Employee benefit expenses	11c)	(445,797)	(479,255)
Charitable donations, sponsorship, advertising and promotion		(41,884)	(55,797)
Occupancy and associated costs		(83,852)	(56,000)
Systems costs		(41,147)	(20,132)
Depreciation and amortisation expense	11a)	(97,054)	(67,984)
Finance costs	11b)	(8,922)	(1,646)
General administration expenses		(119,263)	(141,518)
Other expenses	11e)	(9,991)	-
Loss before income tax credit		(132,204)	(23,110)
Income tax credit	12a)	36,593	8,393
Loss after income tax credit		(95,611)	(14,717)
Total comprehensive income for the year attributable to the ordinary shareholders of the company:		(95,611)	(14,717)
Earnings per share		¢	¢
- Basic and diluted loss per share:	31a)	(14.03)	(2.16)

The accompanying notes form part of these financial statements

Redcliffe Peninsula Financial Services Limited
Statement of Financial Position
as at 30 June 2020

	Notes	2020 $	2019 $
ASSETS			
Current assets			
Cash and cash equivalents	13a)	91,475	302,722
Trade and other receivables	15a)	27,327	9,976
Current tax assets	19a)	7,578	9,198
Total current assets		126,380	321,896
Non-current assets			
Financial assets	14	149,493	147,846
Property, plant and equipment	16a)	297,833	49,952
Right-of-use assets	17a)	205,025	-
Intangible assets	18a)	57,909	6,805
Deferred tax asset	19b)	36,542	-
Total non-current assets		746,802	204,603
Total assets		873,182	526,499
LIABILITIES			
Current liabilities			
Trade and other payables	20a)	45,292	42,767
Loans and borrowings	21a)	42,540	-
Lease liabilities	22b)	37,906	-
Total current liabilities		125,738	42,767
Non-current liabilities			
Trade and other payables	20b)	45,665	-
Loans and borrowings	21b)	139,989	-
Lease liabilities	22c)	158,488	-
Provisions	23a)	29,264	-
Deferred tax liability	19b)	-	456
Total non-current liabilities		373,406	456
Total liabilities		499,144	43,223
Net assets		374,038	483,276
EQUITY			
Issued capital	24a)	644,605	644,605
Accumulated losses	25	(270,567)	(161,329)
Total equity		374,038	483,276

The accompanying notes form part of these financial statements

Redcliffe Peninsula Financial Services Limited
Statement of Changes in Equity
for the year ended 30 June 2020

	Notes	Issued capital $	Accumulated losses $	Total equity $
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:				
Dividends provided for or paid	30a)	-	(27,254)	(27,254)
Balance at 30 June 2019		**644,605**	**(161,329)**	**483,276**
Balance at 1 July 2019		644,605	(161,329)	483,276
Total comprehensive income for the year		-	(95,611)	(95,611)
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	30a)	-	(13,627)	(13,627)
Balance at 30 June 2020		**644,605**	**(270,567)**	**374,038**

The accompanying notes form part of these financial statements

Redcliffe Peninsula Financial Services Limited
Statement of Cash Flows
for the year ended 30 June 2020

	Notes	2020 $	2019 $
Cash flows from operating activities			
Receipts from customers		785,410	886,808
Payments to suppliers and employees		(805,466)	(856,932)
Interest received		1,586	6,045
Interest paid		(2,230)	(1,646)
Lease payments (interest component)	11b)	(6,693)	-
Lease payments not included in the measurement of lease liabilities	11d)	(21,837)	-
Income taxes (paid)/refunded		1,215	(49,897)
Net cash used in operating activities	26	**(48,015)**	**(15,622)**
Cash flows from investing activities			
Payments for property, plant and equipment		(286,759)	-
Payments for intangible assets		(13,068)	-
Payments for financial assets		(9,000)	(12,000)
Net cash used in investing activities		**(308,827)**	**(12,000)**
Cash flows from financing activities			
Proceeds from loans and borrowings		191,000	-
Repayment of loans and borrowings		(8,471)	-
Lease payments (principal component)	22a)	(23,307)	-
Dividends paid	30a)	(13,627)	(27,254)
Net cash provided by/(used in) financing activities		**145,595**	**(27,254)**
Net cash decrease in cash held		**(211,247)**	**(54,876)**
Cash and cash equivalents at the beginning of the financial year		302,722	357,598
Cash and cash equivalents at the end of the financial year	13a)	**91,475**	**302,722**

The accompanying notes form part of these financial statements

Note 1 Reporting entity

This is the financial report for Redcliffe Peninsula Financial Services Limited (the company). The company is a for profit entity limited by shares, and incorporated and domiciled in Australia. The registered office and principal place of business is:

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

Further information on the nature of the operations and principal activity of the company is provided in the directors' report. Information on the company's related party relationships is provided in Note 29.

Note 2 Basis of preparation and statement of compliance

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards and Interpretations adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001.* The financial statements comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB).

The financial statements have been prepared on an accrual and historical cost basis, except for certain properties, financial instruments, and equity financial assets that are measured at revalued amounts or fair values at the end of each reporting period.

The financial report is presented in Australian dollars and all values are rounded to the nearest dollar, unless otherwise stated.

These financial statements for the year ended 30 June 2020 were authorised for issue in accordance with a resolution of the directors on 28 September 2020.

Note 3 Changes in accounting policies, standards and interpretations

The company initially applied AASB 16 *Leases* from 1 July 2019. AASB Interpretation 23 *Uncertainty over Income Tax Treatments* is also effective from 1 July 2019 but is not expected to have a material impact on the company's financial statements. The company's existing policy for uncertain income tax treatments is consistent with the requirements in Interpretation 23.

The company has implemented a new Accounting Standard which has come into effect and is included in the results. AASB 16: Leases (AASB 16) has been applied retrospectively without restatement of comparatives. The company has elected to measure the right-of-use asset at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition as allowed under the transition provisions. As a result, there was no impact on retained earnings. The comparative information has not been restated and continues to be reported under AASB 117: Leases.

a) Definition of a lease

Previously, the company determined at contract inception whether an arrangement was or contained a lease under Interpretation 4 *Determining whether an Arrangement contains a Lease.* The company now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in Note 22.

On transition to AASB 16, the company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The company applied AASB 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under AASB 117 and Interpretation 4 were not reassessed for whether there is a lease under AASB 16. Therefore, the definition of a lease under AASB 16 was applied only to contracts entered into or changed on or after 1 July 2019.

Note 3 Changes in accounting policies, standards and interpretations *(continued)*

b) As a lessee

As a lessee, the company leases assets including property and IT equipment. The company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to the ownership of the underlying asset to the company. Under AASB 16, the company recognises right-of-use assets and lease liabilities for most of these leases (i.e. these leases are on balance sheet).

Leases classified as operating leases under AASB 117

Previously, the company classified property and IT equipment leases as operating leases under AASB 117. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the company's incremental borrowing rate as at 1 July 2019.

Right-of-use assets are measured at either:

- their carrying amount as if AASB 16 had been applied since the lease commencement date, discounted using the company's incremental borrowing rate at the date of initial application: the company applied this approach to its property lease; or
- an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments; the company applied this approach to all other leases.

The company has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

The company has used a number of practical expedients when applying AASB 16 to leases previously classified as operating leases under AASB 117. The practical expedients include that the company:

- did not recognise right-of-use assets and liabilities for leases which the lease term ends within 12 months of the date of initial application;
- did not recognise right-of-use assets and liabilities for leases of low value assets (e.g. office equipment and IT equipment);
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term on contracts that have options to extend or terminate.

c) As a lessor

The company is not a party in an arrangement where it is a lessor. The company is not required to make any adjustments on transition to AASB 16 for leases in which it acts as a lessor.

Note 3 Changes in accounting policies, standards and interpretations *(continued)*

d) Impact on financial statements

On transition to AASB 16, the company recognised additional right-of-use assets, and additional lease liabilities, recognising the difference in retained earnings. The impact on transition is summarised below.

	Note	1 October 2019 $
Asset		
Right-of-use assets - land and buildings	17b)	219,701
Liability		
Lease liabilities	22a)	(219,701)
Equity		
Accumulated losses		-

When measuring lease liabilities for leases that were classified as operating leases, the company discounted lease payments using its incremental borrowing rate at 1 July 2019. The weighted average rate applied is 4.79%.

Lease liabilities reconciliation on transition

Operating lease disclosure as at June 2019	17,768
Less: lease exempt as short-term	(17,768)
Less: present value discounting	219,701
Lease liability as at 1 July 2019	219,701

Note 4 Summary of significant accounting policies

The company has consistently applied the following accounting policies to all periods presented in these financial statements, except if mentioned otherwise (see also Note 3).

a) Revenue from contracts with customers

The company has entered into a franchise agreement with Bendigo Bank. The company delivers banking and financial services of Bendigo Bank to its community. The franchise agreement provides for a share of interest, fee, and commission revenue earned by the company. Interest margin share is based on a funds transfer pricing methodology which recognises that income is derived from deposits held, and that loans granted incur a funding cost. Fees are based on the company's current fee schedule and commissions are based on the agreements in place. All margin revenue is recorded as non-interest income when the company's right to receive the payment is established.

The company acts as an agent under the franchise agreement and revenue arises from the rendering of services through its franchise agreement.

Revenue is recognised on an accruals basis, at the fair value of consideration specified in the franchise agreement. Under AASB 15 *Revenue from Contracts with Customers* (AASB 15), revenue recognition for the company's revenue stream is as follows:

Revenue	Includes	Performance obligation	Timing of recognition
Franchise agreement profit share	Margin, commission, and fee income	When the company satisfies its obligation to arrange for the services to be provided to the customer by the supplier (Bendigo Bank as franchisor).	On completion of the provision of the relevant service. Revenue is accrued monthly and paid within 10 business days after the end of each month.

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 Bank 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.

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 Bank for a deposit,
- *minus* any costs of funds i.e. interest applied by to fund a loan.

The company is entitled to a share of the margin earned by Bendigo Bank. If this reflects a loss, the company incurs a share of that loss.

Commission

Commission revenue is in the form of commission generated for products and services sold. This commission is recognised at a point in time which reflects when the company has fulfilled its performance obligation.

The company receives trailing commission for products and services sold. Ongoing trailing commission payments are recognised on receipt as there is insufficient detail readily available to estimate the most likely amount of income without a high probability of significant reversal in a subsequent reporting period. The receipt of ongoing trailing commission income is outside the control of the company, and is a significant judgement area.

Note 4 Summary of significant accounting policies *(continued)*

a) Revenue from contracts with customers *(continued)*

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.

Core banking products

Bendigo Bank has identified some 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.

Ability to change financial return

Under the franchise agreement, Bendigo Bank 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 Bank 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.

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

b) Other revenue

The company's activities include the generation of income from sources other than the core products under the franchise agreement. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and can be reliably measured.

Revenue	Revenue recognition policy
Dividend and distribution income	Dividend and distribution income is recognised when the right to receive the payment is established.
Discretionary financial contributions (also "Market Development Fund" or "MDF" income)	MDF income is recognised when the right to receive the payment is established. MDF income is discretionary and provided and receivable at month-end and paid within 14 days after month-end.
Cash flow boost	Cash flow boost income is recognised when the right to the payment is established (e.g. monthly or quarterly in the activity statement).
Other income	All other revenues that did not contain contracts with customers are recognised as goods and services are provided.

All revenue is stated net of the amount of Goods and Services Tax (GST).

Note 4 Summary of significant accounting policies *(continued)*

b) Other revenue *(continued)*

Discretionary financial contributions

In addition to margin, commission and fee income, and separate from the franchise agreement, Bendigo Bank has also made MDF payments to the company.

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 grants. It is for the board to decide how to use the MDF.

The payments from Bendigo Bank are discretionary and may change the amount or stop making them at any time. The company retains control over the funds, the funds are not refundable to Bendigo Bank.

Cash flow boost

During the financial year, in response to the COVID-19 outbreak, *Boosting Cash Flow for Employers (Coronavirus Economic Response Package) Act 2020* (CFB Act) was enacted. The purpose was to provide temporary cash flow to small and medium businesses that employ staff and have been affected by the economic downturn associated with COVID-19.

The amounts received or receivable is in relation to amounts withheld as withholding tax reported in the activity statement. This essentially subsidises the company's obligation to remit withholding tax to the Australian Taxation Office. For reporting purposes, the amounts subsidised are recognised as revenue.

The amounts are not assessable for tax purposes and there is no obligation to repay the amounts when the cash flow of the company improves.

c) Economic dependency - Bendigo Bank

The company has entered into a franchise agreement with Bendigo Bank that governs the management of the Community Bank.

The company is economically dependent on the ongoing receipt of income under the franchise agreement with Bendigo Bank. The directors have no reason to believe a new franchise arrangement under mutually acceptable terms will not be forthcoming following expiry.

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

All deposits are made with Bendigo Bank, and all personal and investment products are products of Bendigo Bank, 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 Bank, must be approved by Bendigo Bank. All credit transactions are made with Bendigo Bank, and all credit products are products of Bendigo Bank.

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 Bank 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.

Note 4 Summary of significant accounting policies *(continued)*

c) Economic dependency - Bendigo Bank *(continued)*

Bendigo Bank provides significant assistance in establishing and maintaining the Community Bank 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:

- the design, layout and fit out of the Community Bank premises
- 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.

d) Employee benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for salary and wages (including non-monetary benefits), annual leave, and sick leave which are expected to be wholly settled within 12 months of the reporting date. They are measured at amounts expected to be paid when the liabilities are settled, plus related on-costs. Expenses for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

An annual leave liability is recognised for the amount expected to be paid if the company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be reliably estimated.

Defined superannuation contribution plans

The company contributes to a defined contribution plan. Obligations for superannuation contributions to defined contribution plans are expensed as the related service is provided.

Contributions to a defined contribution plan are expected to be settled wholly before 12 months after the end of the financial year in which the employees render the related service.

Other long-term employee benefits

The company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior reporting periods.

That benefit is discounted to determine its present value. Consideration is given to expected future wage and salary levels plus related on-costs, experience of employee departures, and years of service achieved. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimate future cash outflows.

Remeasurements are recognised in profit or loss in the period in which they arise.

e) Taxes

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income.

Current income tax

Current tax assets and liabilities are measured at amounts expected to be recovered from or paid to the taxation authorities. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Note 4 Summary of significant accounting policies *(continued)*

e) Taxes *(continued)*

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are recognised for all deductible temporary differences, carried-forward tax losses, and unused tax credits to the extent that it is probable that future taxable profits will be available against which they can be used.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax is measured at the rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any.

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.

Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except:

- when the amount of GST incurred on a sale or purchase of assets or services is not payable to or 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 revenue or expense item.
- when 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 statement of financial position. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

f) Cash and cash equivalents

For the purposes of the statement of financial position and statement of cash flows, cash and cash equivalents comprise: cash on hand, deposits held with banks, and short-term, highly liquid investments (mainly money market funds) that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

g) Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost or fair value as applicable, which includes capitalised borrowings costs, less accumulated depreciation and any accumulated impairment losses.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the company.

Note 4 Summary of significant accounting policies *(continued)*

g) Property, plant and equipment *(continued)*

Depreciation

Depreciation is calculated to write-off the cost of items of property, plant and equipment less their estimated residual values using straight-line method over their estimated useful lives, and is recognised in profit or loss.

The estimated useful lives of property, plant and equipment for the current and comparative periods are as follows:

Asset class	Method	Useful life
Leasehold improvements	Straight-line	5 to 15 years
Plant and equipment	Straight-line	2.5 to 5 years

Depreciation methods, useful life, and residual values are reviewed at each reporting date and adjusted if appropriate.

h) Intangible assets

Intangible assets of the company include the franchise fees paid to Bendigo Bank conveying the right to operate the Community Bank franchise.

Recognition and measurement

Intangible assets acquired separately are measured on initial recognition at cost.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill, is recognised in profit or loss as

Amortisation

Intangible assets are amortised over their useful life and assessed for impairment whenever impairment indicators are present.

The estimated useful life and amortisation method for the current and comparative periods are as follows:

Asset class	Method	Useful life
Franchise fee	Straight-line	Over the franchise term (5 years)
Franchise renewal process fee	Straight-line	Over the franchise term (5 years)

Amortisation methods, useful life, and residual values are reviewed at each reporting date and adjusted if appropriate.

i) Financial instruments

A financial instrument is any contract that gives rise to a financial asset or one entity and a financial liability or equity instrument of another entity. The company's financial instruments include trade debtors and creditors, cash and cash equivalents, leases, equity securities (managed funds).

Sub-note i) and j) refer to the following acronyms:

Acronym	Meaning
FVTPL	Fair value through profit or loss
FVTOCI	Fair value through other comprehensive income
SPPI	Solely payments of principal and interest
ECL	Expected credit loss
CGU	Cash-generating unit

Note 4 Summary of significant accounting policies *(continued)*

i) Financial instruments *(continued)*

Recognition and initial measurement

Trade receivables are initially recognised when they originated. All other financial assets and financial liabilities are initially recognised when the company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to the acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost, FVTOCI - debt investment; FVTOCI - equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVTOCI as described above are measured at FVTPL. On initial recognition, the company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or FVTOCI as FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets - business model assessment

The company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets - subsequent measurement and gains and losses

- Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
- Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities - classification, subsequent measurement and gains and losses

Borrowings and other financial liabilities (including trade payables) are classified as measured at amortised cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Any gain or loss on derecognition is also recognised in profit or loss.

Note 4 Summary of significant accounting policies *(continued)*

i) Financial instruments *(continued)*

Derecognition

Financial assets

The company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Where the company enters into transactions where it transfers assets recognised in the statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred asset, the transferred assets are not derecognised.

Financial liabilities

The company derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire. The company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the company currently has a legally enforceable right to set off the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

j) Impairment

Non-derivative financial assets

The company recognises a loss allowance for ECL on:

- financial assets that are measured at FVTOCI;
- lease receivables;
- loan commitments that are not measured at FVTPL; and
- financial guarantee contracts that are not measured at FVTPL.

Loss allowance is not recognised for:

- financial assets measured at FVTPL; or
- equity instruments measured at FVTOCI.

ECL's 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. The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime ECL at all times.

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

Note 4 Summary of significant accounting policies *(continued)*

j) Impairment *(continued)*

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.

The directors have assessed the ECL and noted it is not material.

Non-financial assets

At each reporting date, the company reviews the carrying amount of its non-financial assets (other than investment property, contracts assets, and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The company has assessed for impairment indicators and noted no material impacts on the carrying amount of non-financial assets.

k) Issued capital

Ordinary shares

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.

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 or other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a

The estimated provisions for the current and comparative periods are to restore the premises under a 'make-good' clause.

The company is required to restore the leased premises to its original condition before the end of the lease term. A provision has been recognised for the present value of the estimated expenditure required to remove any leasehold improvements, ATM installed at the branch, and incidental damage caused from the removal of assets.

m) Leases

The company has applied AASB 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under AASB 117 and Interpretation 4. The details of accounting policies under AASB 117 and Interpretation 4 are disclosed separately.

Policy applicable from 1 July 2019

At inception of a contract, the company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the company uses the definition of a lease in AASB 16.

This policy is applied to contracts entered into, on or after 1 July 2019.

Note 4 Summary of significant accounting policies *(continued)*

m) Leases *(continued)*

Policy applicable from 1 July 2019 (continued)

As a lessee

At commencement or on modification of a contract that contains a lease component, the company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for leases of property the company has elected not to separate lease and non-lease components and account for the lease and non-lease components as a single lease component.

The company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the company by the end of the lease term or the costs of the right-of-use asset reflects that the company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate.

The company determines its incremental borrowing rate by obtaining interest rates from funding sources and where necessary makes certain adjustments to reflect the terms of the lease and type of asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual guarantee; and
- the exercise price under a purchase option the company is reasonable certain to exercise, lease payments in an option renewal period if the company is reasonably certain to exercise that option, and penalties for early termination of a lease unless the company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the company's estimate of the amount expected to be payable under a residual value guarantee, if the company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The company has elected not to recognise right-of-use assets and lease liabilities for leases of short-term leases and low-value assets, including IT equipment. The company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

A short-term lease is a lease that, at commencement date, has a lease term of 12 months or less.

Note 4 Summary of significant accounting policies *(continued)*

m) Leases *(continued)*

As a lessor

The company is not a party in an arrangement where it is a lessor. The company is not required to make any adjustments on transition to AASB 16 for leases in which it acts as a lessor.

Policy applicable before 1 July 2019

For contracts entered into before 1 July 2019, the company determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed the right to use an asset. An arrangement conveyed the right to use the asset if one of the following was met:
  - the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
  - the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
  - facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

As a lessee

In the comparative period, as a lessee the company classified leases that transferred substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent. Subsequent to initial recognition, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognised in the company's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

As a lessor

The company has not been a party in an arrangement where it is a lessor.

n) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the company has access at that date. The fair value of a liability reflects its non-performance risk.

The company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

The best evidence of the fair value of a financial instrument on initial recognition is the transaction price - i.e. the fair value of the consideration given or received.

Note 4 Summary of significant accounting policies *(continued)*

o) Standards issued but not yet effective

A number of new standards are effective for annual reporting periods beginning after 1 January 2019, however the changes are not expected to have a significant impact on the company's financial statements.

Note 5 Significant accounting judgements, estimates, and assumptions

In preparing these financial statements, management has made judgements and estimates that affect the application of the company's accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

a) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

Note	Judgement
- Note 8 - revenue recognition	whether revenue is recognised over time or at a point in time;
- Note 22 - leases:	
a) control	a) whether a contract is or contains a lease at inception by assessing whether the company has the right to direct the use of the identified asset and obtain substantially all the economic benefits from the use of that asset;
b) lease term	b) whether the company is reasonably certain to exercise extension options, termination periods, and purchase options;
c) discount rates	c) judgement is required to determine the discount rate, where the discount rate is the company's incremental borrowing rate if the rate implicit in the lease cannot be readily determined. The incremental borrowing rate is determined with reference to factors specific to the company and underlying asset including: - the amount; - the lease term; - economic environment; and - other relevant factors.

b) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at 30 June 2020 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

Note	Assumptions
- Note 19 - recognition of deferred tax assets	availability of future taxable profit against which deductible temporary differences and carried-forward tax losses can be utilised;
- Note 27 - fair value	determining the fair value less costs to sell of the disposal group on the basis of significant unobservable inputs;
- Note 16 - estimation of useful lives of assets	key assumptions on historical experience and the condition of the asset;
- Note 23 - make-good provision	key assumptions on future cost estimates in restoring the leased premises in accordance with the lease agreement;

Note 5 Significant accounting judgements, estimates, and assumptions *(continued)*

c) Measurement of fair values

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- *Level 1:* quoted prices (unadjusted) in active markets for identical assets or liabilities.
- *Level 2:* inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- *Level 3:* inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The company recognises transfers between levels of the fair value hierarchy at the end of each reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 27 - financial instruments;

Note 6 Financial risk management

The company has exposure to the following risks arising from financial instruments:

- credit risk;
- liquidity risk; and
- market risk (including currency, price, cash flow and fair value interest rate).

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 company. The company does not use derivative instruments.

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

a) Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's receivables from customers and investments in debt

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

b) Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

The company believes that its sound relationship with Bendigo Bank mitigates this risk significantly.

Note 6 Financial risk management *(continued)*

b) Liquidity risk *(continued)*

The following are the remaining contractual maturities of financial liabilities. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements.

30 June 2020

		Contractual cash flows		
Non-derivative financial liability	Carrying amount	Not later than 12 months	Between 12 months and five years	Greater than five years
Bank loans	182,529	42,540	139,989	-
Lease liabilities	196,394	46,500	172,153	-
Trade payables	14,360	14,360	-	-
	393,283	103,400	312,142	-

30 June 2019

		Contractual cash flows		
Non-derivative financial liability	Carrying amount	Not later than 12 months	Between 12 months and five years	Greater than five years
Trade payables	4,379	4,379	-	-
	4,379	4,379	-	-

c) Market risk

Market risk

Market risk is the risk that changes in market prices - e.g. foreign exchange rates, interest rates, and equity prices - will affect the company's income or the value of its holdings in financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

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

Price risk

The primary goal of the company's investment in equity securities is to hold the investments for the long term for strategic purposes.

Cash flow and fair value interest rate risk

Interest-bearing assets are held with Bendigo Bank 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 held cash and cash equivalents of $91,475 at 30 June 2020 (2019: $302,722). The cash and cash equivalents are held with Bendigo Bank, which are rated BBB on Standard & Poor's credit ratings.

Note 7 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 distributions to shareholders. Capital is represented by total equity as recorded in the statement of financial position.

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

Note 7 Capital management *(continued)*

The distribution limit is the greater of:

(a) 20% of the profit or funds of the company 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 company 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 2020 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 8 Revenue from contracts with customers

The company generates revenue primarily from facilitating community banking services under a franchise agreement with Bendigo Bank. The company is entitled to a share of the margin earned by Bendigo Bank.

Revenue from contracts with customers	2020 $	2019 $
Revenue:		
- Revenue from contracts with customers	666,263	737,213
	666,263	737,213

Disaggregation of revenue from contracts with customers

At a point in time:		
- Margin income	531,265	575,164
- Fee income	50,732	51,068
- Commission income	84,266	110,981
	666,263	737,213

There was no revenue from contracts with customers recognised over time during the financial year.

Note 9 Other revenue

The company generated other sources of revenue from distributions of financial instruments, discretionary contributions received from the franchisor and Cash flow boost income from the Australian Government.

Other revenue	2020 $	2019 $
Revenue:		
- Dividend and distribution income	5,357	2,037
- Market development fund income	32,500	25,000
- Cash flow boost	10,000	-
- At FVTPL - equity instruments	-	12,800
- Other income	-	17,895
	47,857	57,732

Note 10 Finance income

The company holds financial instruments measured at amortised cost. Interest income is recognised at the effective interest

Term deposits which can be readily converted to a known amount of cash and subject to an insignificant risk of change may qualify as a cash equivalent.

Finance income	2020 $	2019 $
At amortised cost:		
- Term deposits	1,586	4,277
	1,586	4,277

Note 11 Expenses

a) Depreciation and amortisation expense	2020 $	2019 $
Depreciation of non-current assets:		
- Leasehold improvements	36,082	51,179
- Plant and equipment	2,795	3,193
	38,877	54,372
Depreciation of right-of-use assets		
- Leased land and buildings	43,941	-
	43,941	-
Amortisation of intangible assets:		
- Franchise fee	2,372	2,267
- Franchise renewal process fee	11,864	11,345
	14,236	13,612
Total depreciation and amortisation expense	97,054	67,984

The non-current tangible and intangible assets listed above are depreciated and amortised in accordance with the company's accounting policy (see Note 4g and 4h).

b) Finance costs	Note	2020 $	2019 $
Finance costs:			
- Bank loan interest paid or accrued		2,229	-
- Lease interest expense	22a)	6,693	-
- Other		-	1,646
		8,922	1,646

Finance costs are recognised as expenses when incurred using the effective interest rate.

Note 11 Expenses *(continued)*

c) Employee benefit expenses

	2020 $	2019 $
Wages and salaries	364,675	361,349
Non-cash benefits	32	-
Contributions to defined contribution plans	39,684	36,800
Expenses related to long service leave	(8,670)	8,720
Other expenses	50,076	72,386
	445,797	479,255

d) Recognition exemption

The company has elected to exempt leases from recognition where the underlying asset is assessed as low-value or the lease term is 12 months or less.

	2020 $	2019 $
Expenses relating to low-value leases	21,837	-
	21,837	-

Expenses relating to leases exempt from recognition are included in system costs.

The company pays for the right to use information technology equipment. The underlying assets have been assessed as low value and exempted from recognition.

e) Other expenses

	2020 $	2019 $
- At FVTPL - equity instruments	9,991	-

The company has investments a managed fund. This expense represents the market movement during the financial year.

Note 12 Income tax expense

Income tax expense comprises current and deferred tax. Attributable current and deferred tax expense is recognised in the other comprehensive income or directly in equity as appropriate.

a) Amounts recognised in profit or loss

	2020 $	2019 $
Current tax expense/(credit)		
- Current tax	-	4,122
- Future income tax benefit attributable to losses	(36,725)	-
- Movement in deferred tax	(2,381)	(10,486)
- Adjustment to deferred tax to reflect reduction in tax rate in future periods	2,108	-
- Changes in estimates related to prior years	405	(2,029)
	(36,593)	(8,393)

Progressive changes to the company tax rate have been enacted. Consequently, as of 1 July 2020, the company tax rate will be reduced from 27.5% to 26%. This change resulted in a loss of $2,108 related to the remeasurement of deferred tax assets and liabilities of the company.

Note 12 Income tax expense *(continued)*

b) *Prima facie* income tax reconciliation	2020 $	2019 $
Operating loss before taxation	(132,204)	(23,110)
Prima facie tax on loss from ordinary activities at 27.5% (2019: 27.5%)	(36,356)	(6,355)
Tax effect of:		
- Non-assessable income	(2,750)	-
- Other deductible expenses	-	(9)
- Temporary differences	2,381	10,486
- Movement in deferred tax	(2,381)	(10,486)
- Adjustment to deferred tax to reflect reduction in tax rate in future periods	2,108	-
- Changes in estimates related to prior years	405	(2,029)
	(36,593)	(8,393)

Note 13 Cash and cash equivalents

a) Cash and cash equivalents

Cash and cash equivalents includes cash on hand and in banks. Term deposits which can be readily converted to a known amount of cash and subject to an insignificant risk of change may qualify as a cash equivalent.

	2020 $	2019 $
- Cash at bank and on hand	91,475	116,566
- Term deposits	-	186,156
	91,475	302,722

Note 14 Financial assets

	2020 $	2019 $
Listed investments at fair value		
IOOF Pursuit Core Managed Fund	149,493	147,846

Note 15 Trade and other receivables

a) Current assets	2020 $	2019 $
Trade receivables	17,142	4,648
Prepayments	5,185	5,328
Other receivables and accruals	5,000	-
	27,327	9,976

Note 16 Property, plant and equipment

a) Carrying amounts

	2020	2019
	$	$
Leasehold improvements		
At cost	393,477	106,719
Less: accumulated depreciation	(123,451)	(87,369)
	270,026	19,350
Plant and equipment		
At cost	145,107	145,107
Less: accumulated depreciation	(117,300)	(114,505)
	27,807	30,602
Total written down amount	297,833	49,952

The directors do not believe the carrying amount exceeds the recoverable amount of the above assets. The directors therefore believe the carrying amount is not impaired.

b) Reconciliation of carrying amounts

	2020	2019
	$	$
Leasehold improvements		
Carrying amount at beginning	19,350	70,530
Disposals	286,758	-
Depreciation	(36,082)	(51,180)
Carrying amount at end	270,026	19,350
Plant and equipment		
Carrying amount at beginning	30,602	33,795
Depreciation	(2,795)	(3,193)
Carrying amount at end	27,807	30,602
Total written down amount	297,833	49,952

c) Changes in estimates

During the financial year, the company assessed estimates used for property, plant and equipment including useful lives, residual values, and depreciation methods.

There were no changes in estimates for the current reporting period.

Note 17 Right-of-use assets

Right-of-use assets are measured at amounts equal to the present value of enforceable future payments on the adoption date, adjusted for lease incentives, make-good provisions, and initial direct costs.

The company derecognises right-of-use assets at the termination of the lease period or when no future economic benefits are expected to be derived from the use of the underlying asset.

Note 17 Right-of-use assets *(continued)*

a) Carrying amounts

	Note	2020 $	2019 $
Leased land and buildings			
At cost		248,966	-
Less: accumulated depreciation		(43,941)	-
Total written down amount		205,025	-

b) Reconciliation of carrying amounts

	Note	2020 $	2019 $
Leased land and buildings			
Carrying amount at beginning		-	-
Initial recognition on transition	3d)	219,701	-
Additional right-of-use assets recognised		29,265	-
Depreciation		(43,941)	-
Total written down amount		205,025	-

Note 18 Intangible assets

a) Carrying amounts

	2020 $	2019 $
Franchise fee		
At cost	93,444	82,554
Less: accumulated depreciation	(83,792)	(81,420)
	9,652	1,134
Franchise renewal process fee		
At cost	167,220	112,770
Less: accumulated depreciation	(118,963)	(107,099)
	48,257	5,671
Total written down amount	57,909	6,805

b) Reconciliation of carrying amounts

	2020 $	2019 $
Franchise fee		
Carrying amount at beginning	1,134	3,401
Additions	10,890	-
Amortisation	(2,372)	(2,267)
Carrying amount at end	9,652	1,134
Franchise renewal process fee		
Carrying amount at beginning	5,671	17,016
Additions	54,450	-
Amortisation	(11,864)	(11,345)
Carrying amount at end	48,257	5,671
Total written down amount	57,909	6,805

Note 18 Intangible assets *(continued)*

c) Changes in estimates

During the financial year, the company assessed estimates used for intangible assets including useful lives, residual values, and amortisation methods.

There were no changes in estimates for the current reporting period.

Note 19 Tax assets and liabilities

a) Current tax

	2020 $	2019 $
Income tax refundable	(7,578)	(9,198)

b) Deferred tax

Movement in the company's deferred tax balances for the year ended 30 June 2020:

	30 June 2019	Recognised in profit or loss	30 June 2020
Deferred tax assets	$		$
- expense accruals	223	(223)	-
- employee provisions	-	764	764
- make-good provision	-	7,609	7,609
- lease liability	-	51,063	51,063
- carried-forward tax losses	6,625	28,097	34,722
Total deferred tax assets	6,848	87,310	94,158
Deferred tax liabilities			
- fair value of investments	-	4,309	4,309
- property, plant and equipment	7,304	(7,304)	-
- right-of-use assets	-	53,307	53,307
Total deferred tax liabilities	7,304	50,312	57,616
Net deferred tax assets (liabilities)	(456)	36,998	36,542

Note 19 Tax assets and liabilities *(continued)*

b) Deferred tax *(continued)*

Movement in the company's deferred tax balances for the year ended 30 June 2019:

	30 June 2018	Recognised in profit or loss	30 June 2019
Deferred tax assets	$	$	$
- expense accruals	613	(390)	223
- carried-forward tax losses	-	6,625	6,625
Total deferred tax assets	613	6,235	6,848
Deferred tax liabilities			
- income accruals	486	(486)	-
- property, plant and equipment	11,069	(3,765)	7,304
Total deferred tax liabilities	11,555	(4,251)	7,304
Net deferred tax assets (liabilities)	(10,942)	10,486	(456)

c) Uncertainty over income tax treatments

As at balance date, there are no tax rulings, or interpretations of tax law, which may result in tax treatments being over-ruled by the taxation authorities.

The company believes that its accrual for income taxes is adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience.

Note 20 Trade creditors and other payables

Where the company is liable to settle an amount within 12 months of reporting date, the liability is classified as current. All other obligations are classified as non-current.

a) Current liabilities	2020 $	2019 $
Trade creditors	14,360	4,379
Other creditors and accruals	30,932	38,388
	45,292	42,767
b) Non-current liabilities		
Other creditors and accruals	45,665	-
	45,665	-

Note 21 Loans and borrowings

a) Current liabilities	2020 $	2019 $
Secured bank loans	42,540	-
	42,540	-

b) Non-current liabilities	2020 $	2019 $
Secured bank loans	139,989	-
	139,989	-

c) Terms and repayment schedule

	Nominal interest rate	Year of maturity	30 June 2020 Face value	30 June 2020 Carrying value	30 June 2019 Face value	30 June 2019 Carrying value
Secured bank loans	3.4%	2025	182,529	182,529	-	-

Note 22 Lease liabilities

Lease liabilities were measured at amounts equal to the present value of enforceable future payments of the term reasonably expected to be exercised, discounted at the appropriate incremental borrowing rate on the adoption date. The discount rate used on recognition was 4.79%.

The discount rate used in calculating the present value of enforceable future payments takes into account the particular circumstances applicable to the underlying leased assets (including the amount, lease term, economic environment, and other relevant factors).

The company has applied judgement in estimating the remaining lease term including the effects of any extension or termination options reasonably expected to be exercised, applying hindsight where appropriate.

Lease portfolio

The company's lease portfolio includes:

- Margate Branch — The lease agreement is a non-cancellable lease with an initial term of five years which commenced in October 2019. The lease has no further extension options available.

The company assesses at the lease commencement date whether it is reasonably certain to exercise extension options. The company reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

a) Lease liability measurement

Where the company is a lessee for the premises to conduct its business, extension options are included in the lease term except when the company is reasonably certain not to exercise the extension option. This is due to the significant disruption of relocating premises and the loss on disposal of leasehold improvements fitted out in the demised leased premises.

Lease liabilities on transition	Note	2020 $	2019 $
Balance at the beginning (finance lease liabilities)		-	-
Initial recognition on AASB 16 transition	3d)	219,701	-
Lease payments - interest		6,693	-
Lease payments		(30,000)	-
		196,394	-

Note 22 Lease liabilities *(continued)*

b) Current lease liabilities	2020 $	2019 $
Property lease liabilities	46,500	-
Unexpired interest	(8,594)	-
	37,906	-

c) Non-current lease liabilities		
Property lease liabilities	172,153	-
Unexpired interest	(13,665)	-
	158,488	-

d) Maturity analysis		
- Not later than 12 months	46,500	-
- Between 12 months and 5 years	172,153	-
Total undiscounted lease payments	218,653	-
Unexpired interest	(22,259)	-
Present value of lease liabilities	196,394	-

e) Impact on the current reporting period

During the financial year, the company has mandatorily adopted AASB 16 for the measurement and recognition of its leases. The primary impact on the profit or loss is that lease payments are split between interest and principal payments and the right-of-use asset depreciates. This is in contrast to the comparative reporting period where lease payments under AASB 117 were expensed as incurred. The following note presents the impact on the profit or loss for the current reporting period.

Comparison under current AASB 16 and former AASB 117

The net impact for the current reporting period is a decrease in profit after tax of $14,960.

Profit or loss - increase (decrease) in expenses	AASB 117 expense not recognised	Impact on current reporting period	AASB 16 expense now recognised
- Occupancy and associated costs	30,000	(30,000)	-
- Depreciation and amortisation expense	-	43,941	43,941
- Finance costs	-	6,693	6,693
Increase in expenses - before tax	30,000	20,634	50,634
- Income tax expense / (credit) - current	(8,250)	8,250	-
- Income tax expense / (credit) - deferred	-	(13,924)	(13,924)
Increase in expenses - after tax	21,750	14,960	36,710

Note 23 Provisions

As at the reporting date, the make-good of the leased premises is not expected to be wholly settled within 12 months. The balance is classified as non-current.

a) Non-current liabilities

	2020 $	2019 $
Make-good on leased premises	29,264	-
	29,264	-

b) Make-good provision

In accordance with the branch lease agreements, the company must restore the leased premises to their original condition before the expiry of the lease term.

The company has estimated the provision based on experience and consideration of the expected future costs to remove all fittings and the ATM as well as cost to remedy any damages caused during the removal process.

Provision	2020 $	2019 $
Balance at the beginning	-	-
Provision remeasurements	29,264	-
	29,264	-

c) Changes in estimates

During the financial year, the company re-assessed the lease agreement with respect to the make-good and restoration clauses. The estimated costs were revised with respect to an analysis of restoration costs of bank branches completed by Bendigo Bank's property team. The provision was previously assessed as nil or immaterial with no provision recognised in the accounts.

The lease is due to expire on 31 October 2024 at which time it is expected the face-value costs to restore the premises will fall due.

Note 24 Issued capital

a) Issued capital

	2020		2019	
	Number	$	Number	$
Ordinary shares - fully paid	681,659	666,359	681,659	666,359
Less: equity raising costs	-	(21,754)	-	(21,754)
	681,659	644,605	681,659	644,605

Note 24 Issued capital *(continued)*

b) Rights attached to issued capital

Ordinary shares

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.

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 Bank 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).

Transfer

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

Subject to the foregoing, shareholders may transfer shares by a proper transfer effected in accordance with the company's constitution and the *Corporations Act 2001*.

Prohibited shareholding interest

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

In summary, a person has a prohibited shareholding interest if any of the following applies:

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").

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

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

Note 24 Issued capital *(continued)*

b) Rights attached to issued capital *(continued)*

Prohibited shareholding interest (continued)

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

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

Note 25 Accumulated losses

	Note	2020 $	2019 $
Balance at beginning of reporting period		(161,329)	(119,358)
Net loss after tax from ordinary activities		(95,611)	(14,717)
Dividends provided for or paid	30a)	(13,627)	(27,254)
Balance at end of reporting period		(270,567)	(161,329)

Note 26 Reconciliation of cash flows from operating activities

	2020 $	2019 $
Net loss after tax from ordinary activities	(95,611)	(14,717)
Adjustments for:		
- Depreciation	82,818	54,372
- Amortisation	14,236	13,612
- income reinvested in financial assets	(2,638)	-
- (Increase)/decrease in fair value of equity instruments designated at FVTPL	9,991	(12,261)
Changes in assets and liabilities:		
- (Increase)/decrease in trade and other receivables	(17,350)	27,900
- (Increase)/decrease in other assets	(64,955)	-
- Increase/(decrease) in trade and other payables	(3,313)	(26,238)
- Increase/(decrease) in provisions	29,264	-
- Increase/(decrease) in tax liabilities	(457)	(58,290)
Net cash flows used in operating activities	(48,015)	(15,622)

Note 27 Financial instruments - fair value

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Accounting classifications and fair values for the year ended 30 June 2020:

		Carrying amount			Fair value		
	Note	FVTPL	At amortised cost	Total	Level 1	Level 2	Total
Financial assets measured at fair value:							
Equity securities	14	149,493	-	149,493	149,493	-	149,493
		149,493	-	149,493	149,493	-	149,493
Financial assets not measured at fair value:							
Trade and other receivables	15	-	17,142	17,142	-	-	-
Cash and cash	13	-	91,475	91,475	-	-	-
		-	108,617	108,617	-	-	-
Financial liabilities not measured at fair value:							
Trade and other payables	20	-	14,360	14,360	-	-	-
Secured bank loans	21	-	182,529	182,529	-	-	-
		-	196,889	196,889	-	-	-

Accounting classifications and fair values for the year ended 30 June 2019:

		Carrying amount			Fair value		
	Note	FVTPL	At amortised cost	Total	Level 1	Level 2	Total
Financial assets measured at fair value:							
Equity securities	14	147,846	-	147,846	147,846	-	147,846
		147,846	-	147,846	147,846	-	147,846
Financial assets not measured at fair value:							
Trade and other receivables	15	-	4,648	4,648	-	-	-
Cash and cash	13	-	116,566	116,566	-	-	-
Term deposits	13	-	186,156	186,156	-	-	-
		-	307,370	307,370	-	-	-
Financial liabilities not measured at fair value:							
Trade and other payables	20	-	4,379	4,379	-	-	-
		-	4,379	4,379	-	-	-

Note 27 Financial instruments - fair value *(continued)*

Valuation techniques and significant unobservable inputs

There were no Level 2 or Level 3 classifications held during the relevant financial years.

Transfers between Levels 1 and 2

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

Note 28 Auditor's remuneration

Amount received or due and receivable by the auditor of the company for the financial year.	2020 $	2019 $
Audit and review services		
- Audit and review of financial statements	4,800	4,600
	4,800	4,600
Non audit services		
- General advisory services	4,250	3,350
- Share registry services	3,192	3,919
	7,442	7,269
Total auditor's remuneration	12,242	11,869

Note 29 Related parties

a) Details of key management personnel

The directors of the company during the financial year were:

Serge Paggiaro
Stephen John Hart
Daniel Petravicius
Peter John Morley
Rae Amelda Frawley
Brent Anthony Campbell
Joel Lee Hudson

b) Key management personnel compensation

Key management personnel compensation comprised the following.	2020 $	2019 $
Short-term employee benefits	28,450	22,000
	28,450	22,000

Compensation of the company's key management personnel includes salaries, non-cash benefits, contributions to a post-employment defined contribution plan.

Note 29 Related parties *(continued)*

c) Related party transactions

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	2020 $	2019 $
- Peter Morley provided the company with marketing services. The total benefit received was:	1,350	1,909
- Daniel Petravicius provided the company with governance consultancy services. The total benefit received was:	3,250	1,822
Total transactions with related parties	4,600	3,731

Note 30 Dividends provided for or paid

a) Dividends provided for and paid during the period

The following dividends were paid to shareholders during the reporting period as presented in the Statement of Changes in Equity and Statement of Cash Flows.

	30 June 2020		30 June 2019	
	Cents	$	Cents	$
Fully franked dividend	2.00	13,627	4.00	27,254
Total dividends paid during the financial year	2.00	13,627	4.00	27,254

The tax rate at which dividends have been franked is 27.5% (2019: 27.5%).

b) Franking account balance

	2020 $	2019 $
Franking credits available for subsequent reporting periods		
Franking account balance at the beginning of the financial year	43,384	40,604
Franking transactions during the financial year:		
- Franking credits (debits) arising from income taxes paid (refunded)	7,578	11,843
- franking credits/(debits) from the payment/(refund) of income tax following lodgement of annual income tax return	(8,865)	1,275
- Franking debits from the payment of franked distributions	(5,169)	(10,338)
Franking account balance at the end of the financial year	36,928	43,384
Franking transactions that will arise subsequent to the financial year end:		
- Franking credits (debits) that will arise from payment (refund) of income tax	(7,578)	(9,198)
Franking credits available for future reporting periods	29,350	34,186

The ability to utilise franking credits is dependent upon the company's ability to declare dividends.

Note 31 Earnings per share

a) Basic and diluted earnings per share

The calculation of basic and diluted earnings per share has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding.

	2020	2019
	$	$
Loss attributable to ordinary shareholders	(95,611)	(14,717)
	Number	Number
Weighted-average number of ordinary shares	681,359	681,359
	Cents	Cents
Basic and diluted loss per share	(14.03)	(2.16)

Note 32 Commitments

a) Lease commitments

Following adoption of AASB 16 as of 1 July 2019, all lease commitment information and amounts for the financial year ending 30 June 2020 can now be found in 'Lease liabilities' (Note 22).

	2020	2019
Operating lease commitments - lessee		
Non-cancellable operating leases contracted for but not capitalised in the financial statements	$	$
Payable - minimum lease payments:		
- not later than 12 months	-	17,768
Minimum lease payments payable	-	17,768

b) Other commitments

The company has no other commitments contracted for which would be provided for in future reporting periods.

Note 33 Contingencies

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

Note 34 Subsequent events

There have been no significant events occurring after the reporting period which may affect either the company's operations or the results of those operations or the company's state of affairs.

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 2020 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.

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

Serge Paggiaro, Chair

Dated this 28th day of September 2020

Partners in success
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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 2020 and of its financial performance for the year ended; and
ii. complying with Australian Accounting Standards and the Corporations Regulations 2001.

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
✓ Statement of financial position
✓ 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 *APE*S 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (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.

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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: 28 September 2020

Joshua Griffin
Lead Auditor

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