Annual Report 2021

Redcliffe Peninsula Financial Services Limited

Community Bank
Margate

ABN 66 109 123 677

Contents

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 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!

Image 2 - Tigers AFL Club, proudly sponsored by Community Bank Margate

Image 1 - Peninsula Power Golf Day

Highlights

LOCAL IMPACT

COMMUNITY INVESTMENT

75 community groups and individuals supported since 2006

6 community groups or individuals supported in FY2021

$794,307 total community investments since inception (2006)

$22,450 total community investments in FY2021

Image 3 - Gavin and Suzy at the ROPE TV launch

Image 4 - Piggy at Pen Power football game

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 $790,000 to local community groups.'

Image 5 - 2021 'YES' recipient Ella Babarovich with our former Chairman, Serge Paggiaro

For my first report as your new Chairman, I will start by acknowledging the hard work, dedication and commitment of my predecessor, Mr Serge Paggiaro – who recently retired. Serge was a member of the original steering committee set up to establish a community bank in Margate, was a founding director when the branch opened in 2006 and has served as chair for the past 13 years. That's approximately 20 years of tireless service to our shareholders, customers and the local community, and I am sure you will join me in passing on our sincere thanks for a remarkable contribution.

The past year has been challenging to say the least, with COVID-19 continuing to disrupt our lives, our livelihoods and our businesses. Lockdowns and border closures have continued to wreak havoc on commercial enterprises of all shapes and sizes, and of course, this has had a flow on effect to our community company. Despite these challenges, our dedicated branch manager and staff have pushed on through these very trying times to look after our valued customers and to grow our bottom-line.

Despite the overall growth in our footings to $107.3 million, being an increase of 16%, we have once again decided not to declare a dividend due to the severe impact super-low interest rates and fierce lending competition has had on our margins. Under these tough operating circumstances, we decided it was prudent to continue our financial support to our community – albeit in a limited way. This after all is one of the mainstays of our charter and I believe the primary reason my fellow directors, our loyal customers and you, our shareholders, support the company. The financial component of this report tells the story for those that read it closely, and although some components are hard to digest there is also good news to be found that points to light at the end of the tunnel and a return to profitability a reality in the short-medium term.

While there have been trials and tribulations, our community company remains in a robust financial position with healthy capital reserves and a strong asset base. We have continued to support our community, volunteer and sporting groups wherever possible; and since our inception we have injected more than $790,000 into deserving causes within our community. This year we made community contributions of $22,450 which includes our annual Youth Education Scholarship which was awarded to Miss Ella Babarovich and the Bill Hoogwaertz Bursary for cancer research.

STRATEGY & VISION

Our vision remains firmly fixed on improving the level of revenue growth for the year ahead, cutting costs where possible and actively pursuing greater margin share. The board has taken action on several fronts in regard to these objectives and hope to see this reflected in results for FY22.

The Board and management review and refine our strategic plan each year and use it to continue to drive growth and bring us back to profitability which will enable us to continue to provide support to the groups in our local community and provide a sustainable return to our shareholders. We, in conjunction with Bendigo Bank, are currently reviewing the viability and in preliminary discussions with a potential new strategic relationship, which, if successful will be a monumental business partnership for our community company.

We understand the changing 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. Our staff take pride in knowing that they are able to create long-lasting relationships with our customers and truly knowing what they need.

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.

WHAT REALLY MATTERS

It takes a team to operate any successful business, 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 community company. Our Manager, Gavin Daw, 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 (Acting Customer Relationship Officer), Josh (Senior Customer Service Officer) Belinda (Senior Customer Service Officer) and Dominic (Customer Service Officer). Further, sadly we also said goodbye to Antonio and Jo who have taken on new and exciting positions within and 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 during difficult times.

2022 will no doubt present new opportunities as well as a new set of challenges, 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.

Stephen Hart
Chairperson
Redcliffe Peninsula Financial Services Limited

Image 6 - Piggy with our amazing staff, Carly and Suzy at Peninsula Power

Manager's Report

I have the privilege as Branch Manager of Community Bank Margate to report on the great success we have achieved over the last 12 months and contribute to what is our Annual Report.

Our focus remains on adding value to our existing customers while building new relationships in the community to ultimately grow our business and to be Redcliffe Peninsula's most customer connected bank.

Retail banking remains competitive and challenging with increased competition hitting the market almost every day 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 competitive products and services which we promote with our customers, community groups and local businesses. Our exceptional, personalised service sets us apart from our competition.

We continue to receive support from our partners at Bendigo and Adelaide Bank and our State Office team with which we have a very close working relationship.

Once again, the growth in our business has allowed Community Bank Margate to continue its charter of assisting local community groups and clubs. In the last year we have supported many local groups including Peninsula Power FC, Redcliffe Tigers AFC, Redcliffe Musical Theatre and Redcliffe Historical Society. We are enormously proud of these contributions.

Image 7- Piggy at Redcliffe Jetty

This financial year Community Bank Margate achieved a remarkable year of growth coming off the back of prior challenging years. Over the course of FY21, the branch grew by $14.9 million against a budget of $9.7 million. This is a very pleasing result for everyone involved from the staff, the Board members, our customers and our shareholders, but most of all a great result for our community.

TEAM MEMBERS

Gavin Daw
Branch Manager
Suzy Hill
Customer Relationship Officer
Carly Vanderwert
(Currently on maternity leave)
Customer Relationship Officer
Josh Hill
Senior Customer Service Officer
Belinda Fields
Senior Customer Service Officer
Dominic Cridland
Customer Service Officer

FY2021 TOTAL FOOTINGS
$107.3m

GROWTH
Year on Year Change

Deposit Growth

FY2021	6.0m	+25%
FY2020	4.8m	

Lending Growth

FY2021	8.6m	+219%
FY2020	-7.2m	

Other Business Growth

FY2021	0.23m	+102%
FY2020	-13.2m	

Total Growth

FY2021	14.9m	+16%

To continue building this business for the benefit of our community, 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.

I would like to acknowledge and thank all the team - Carly, Suzy, Josh, Belinda and Dominic - 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 Antonio and Jo, and I would like to thank them for all their hard work and support over the past 12 months.

I also reach out to thank our Board of Directors who dedicate many hours and work tirelessly in their roles to support me in my role as Branch Manager and to ensure the ongoing success of our business.

Gavin Daw
Branch Manager
Margate Community Bank, Bendigo Bank

Image 8 - RPFSL director Joel and branch staff Josh and Dom attending Pen Power game with Piggy

Bendigo & Adelaide Bank Message

On behalf of Bendigo and Adelaide Bank, thank you! As a shareholder of your local Community Bank company, you are playing an important role in supporting your community.

It has been a tumultuous year for every community across Australia, and across the world. For our business, recognition that banking is an essential service has meant that we've kept the doors open, albeit with conditions that none of us could ever imagine having to work with.

Face masks, perspex screens, signed documents to cross state borders, checking in customers with QR codes and ensuring hand sanitiser stations are filled aren't what you would expect as a bank employee.

Then there's the fact that while communities have been, and continue to go in and out of lockdown, digital and online banking has become the norm.

So, what does that mean for Bendigo Bank and the Community Bank that you are invested in both as a shareholder, and a customer?

What we're seeing is that your Community Bank is still as important, if not more so, than when you first invested as a shareholder. If the pandemic has taught us anything, it has taught us the importance of place, of our local community, our local economy, our community-based organisations, the importance of social connection and the importance or your local Community Enterprise – your Community Bank in providing, leadership, support, and assistance in these difficult times.

As we continue to adapt to this rapidly changing world one thing that continues to be important to us all is supporting each other and our strong sense of community.

Your continued support as a shareholder is essential to the success of your local community. Thank you for continuing to back your Community Bank company and your community.

Collin Brady
Head of Community Development
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 branch's location has and will continue to provide new opportunities for us to connect more with local business and the community – especially 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 and to focus on penetrating new home loan opportunities as a result of the growth in housing demand locally and across the peninsula.

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, translating into new business. 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 community 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.

Director Profiles

Steve Hart
Chairperson
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 member of the Community Engagement & Marketing Committee.

Rae Frawley
Deputy Chairperson
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.

Daniel Petravicius
Director & Company Secretary
Non-Executive
LLB(Hons). BBus(Econ). GDLP. CertGov&RiskMgt. GIA(Affiliated). J.P (Qual).

Daniel is currently an Assistant Company Secretary with Boardroom Pty Limited and is a qualified lawyer. Prior to his current appointment, Daniel spent several years' working within boutique commercial law firms in the capacity as a Paralegal and Senior Law Clerk assisting clients with commercial litigation, business transactions and general corporate governance. Daniel holds dual bachelor's degrees in Law (with honours) and Business (majoring in economics) from the Queensland University of Technology, a Graduate Diploma in Legal Practice from the College of Law and has completed a Certificate in Governance and Risk Management from the Governance Institute of Australia ("GIA"). In addition, Daniel is a qualified Justice of the Peace in Queensland and an Affiliated Member of GIA

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

Peter Morley
Director & Treasurer
Non-Executive
Dip. Financial Planning. Dip. Marketing. Cert. IV Workplace Training & Assessment. Cert. 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, including the current President of the Redcliffe Rotary Club.

Peter is a member of the Audit, Governance and Risk 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, Retail Manager of Toowong Village and Tower, and is currently the Retail Manager of Mt Ommaney Shopping Centre.

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
BA(Hons)

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 Chair of the Community Engagement & Marketing Committee and a member of the Public Relations and Events Committees.

Serge Paggiaro
Former Chairman
Non-Executive (resigned 1 September 2021)

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.

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, policies 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 outstanding matters. The Company Secretary oversees all low-volume market 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 – Bendigo and Adelaide Bank have incorporated the requirements of the Australian Privacy Principles a Privacy Policy that considers the privacy of shareholders, community groups and other stakeholders. Due to the size our company, we have adopted Bendigo and Adelaide Bank's Privacy Policy which our staff must adhere to.

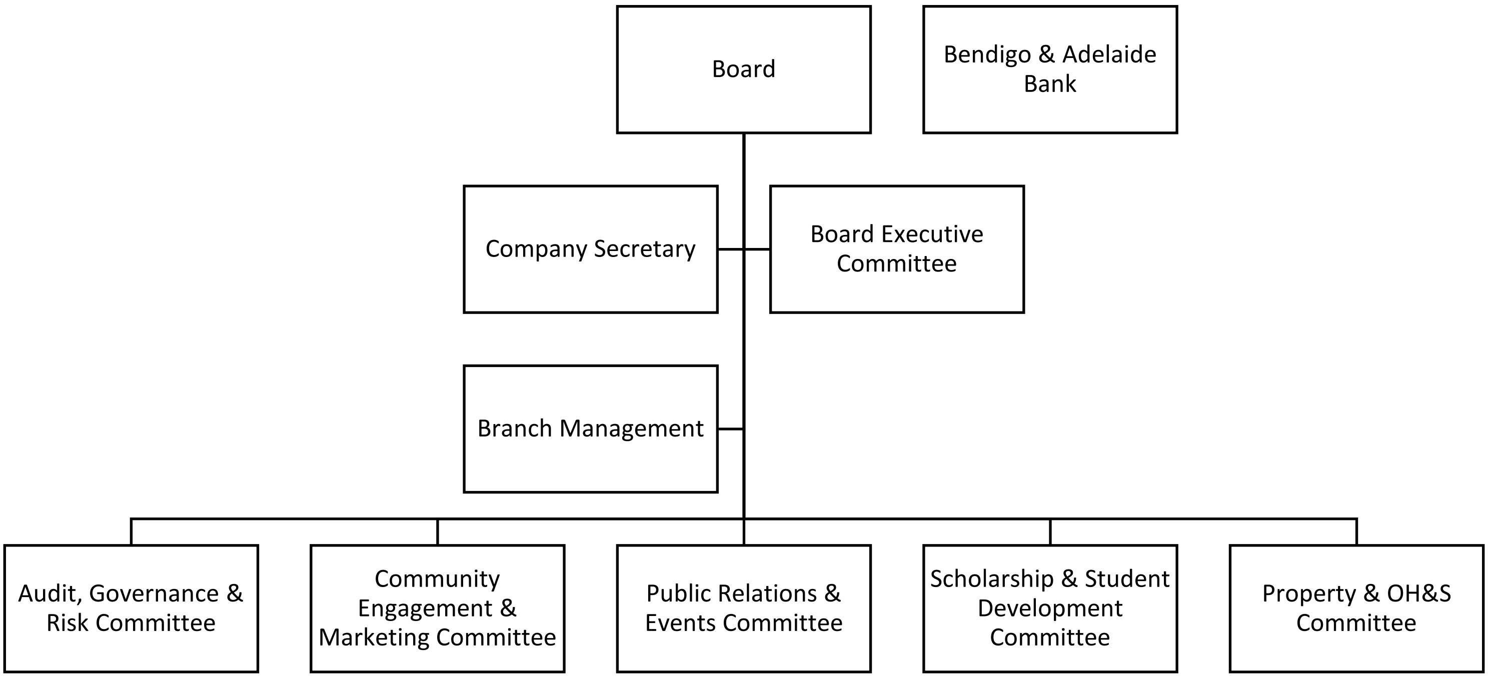
Audit, Governance & Risk Committee – this Board Committee has a special role in ensuring the Company complies with its corporate governance obligations and requirements.

Company Structure

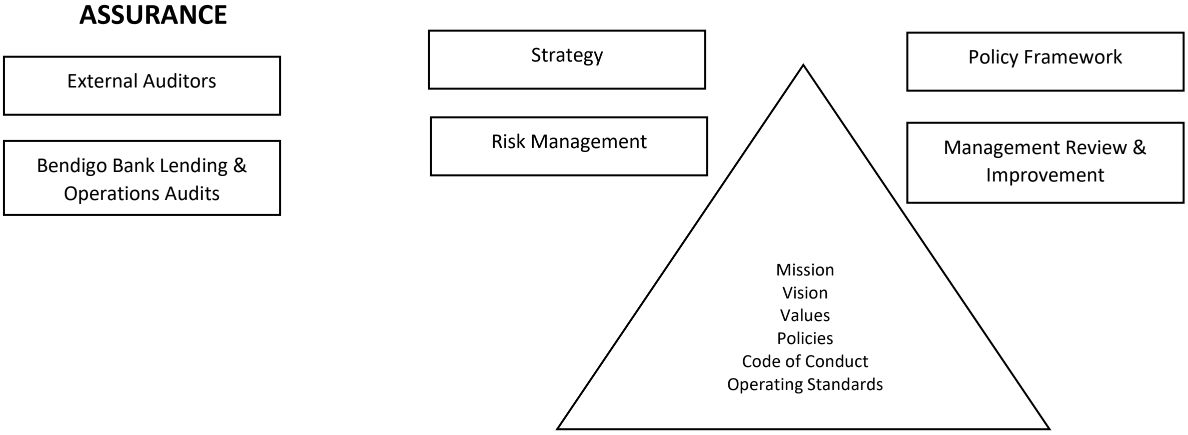
Our Company does not have an executive structure because of its scale and the desire of the Board to be directly connected to the local community. Accordingly, the Company has its Management, that is the Branch Manager as well as an Executive Committee of the Board of Directors which includes the Board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

The below figure depicts our current company structure:

COMPANY STRUCTURE



INDEPENDENT ASSURANCE **GOVERNANCE & ASSURANCE**



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 foes 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 2021.

Operating Results

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

Year ended 30 June 2021 $	Year ended 30 June 2020 $
(53,358)	(95,611)

Dividend

No dividends were declared or paid for the previous financial year and the directors recommend that no dividend be paid in the current financial year.

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

Since January 2020, COVID-19 has developed and spread globally. In response, the Commonwealth and State Government introduced a range of social isolation measures to limit the spread of the virus. Such measures have been revised, as appropriate, based on case numbers and the level of community transmission. Whilst there has been no significant changes on the company's financial performance so far, 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. Mr Petravicius was appointed to the position of secretary on 15 April 2019 and his biography can be located in the 'Director's Profiles' section of the Annual Report.

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 30 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.

Director Interests

	Fully Paid Ordinary Shares		
Director	**Balance Year Beginning**	**Changes**	**Balance Year End**
Serge Paggiaro	1	-	1
Stephen Hart	1001	-	1001
Daniel Petravicius	-	-	-
Peter Morley	-	-	-
Rae Frawley	-	-	-
Brent Campbell	-	-	-
Joel Hudson	-	-	-

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	8
Stephen John Hart	11	5
Daniel Petravicius	11	11
Peter Morley	11	11
Rae Frawley	11	10
Brent Campbell	11	10
Joel Hudson	11	9

There were five sub-committees between June 2020 to June 2021 (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 29 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 6.

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

……………………………………………………
Stephen Hart, Chairman
Dated this 27th day of September 2021

61 Bull Street
Bendigo VIC 3550

afs@afsbendigo.com.au
03 5443 0344

Independent 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 2021, 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: 27 September 2021

Adrian Downing
Lead Auditor

Financial Statements

Redcliffe Peninsula Financial Services Limited
Statement of Profit or Loss and Other Comprehensive Income
for the year ended 30 June 2021

	Notes	2021 $	2020 $
Revenue from contracts with customers	8	637,465	666,263
Other revenue	9	46,948	47,857
Finance income	10	4	1,586
Employee benefit expenses	11c)	(465,694)	(474,247)
Charitable donations, sponsorship, advertising and promotion		(17,753)	(41,884)
Occupancy and associated costs		(20,314)	(83,852)
Systems costs		(47,912)	(41,147)
Depreciation and amortisation expense	11a)	(119,945)	(97,054)
Finance costs	11b)	(15,059)	(8,922)
General administration expenses		(97,051)	(90,813)
Fair value gains/(losses) on investments or financial assets	11e)	26,870	(9,991)
Loss before income tax credit		**(72,441)**	**(132,204)**
Income tax credit	13a)	19,083	36,593
Loss after income tax credit		**(53,358)**	**(95,611)**
Total comprehensive income for the year attributable to the ordinary shareholders of the company:		**(53,358)**	**(95,611)**
Earnings per share		**¢**	**¢**
- Basic and diluted loss per share:	32a)	(7.83)	(14.03)

The accompanying notes form part of these financial statements

Redcliffe Peninsula Financial Services Limited
Statement of Financial Position
as at 30 June 2021

	Notes	2021 $	2020 $
ASSETS			
Current assets			
Cash and cash equivalents	14	2,774	91,475
Trade and other receivables	16a)	12,116	27,327
Current tax assets	20a)	-	7,578
Total current assets		**14,890**	**126,380**
Non-current assets			
Financial assets	14	178,959	149,493
Property, plant and equipment	17a)	238,228	297,833
Right-of-use assets	18a)	157,568	205,025
Intangible assets	19a)	44,841	57,909
Deferred tax asset	20b)	55,623	36,542
Total non-current assets		**675,219**	**746,802**
Total assets		**690,109**	**873,182**
LIABILITIES			
Current liabilities			
Trade and other payables	21a)	42,552	45,292
Loans and borrowings	22a)	42,540	42,540
Lease liabilities	23a)	42,138	37,906
Total current liabilities		**127,230**	**125,738**
Non-current liabilities			
Trade and other payables	21b)	30,444	45,665
Loans and borrowings	22b)	64,708	139,989
Lease liabilities	23b)	116,350	158,488
Provisions	24a)	30,697	29,264
Total non-current liabilities		**242,199**	**373,406**
Total liabilities		**369,429**	**499,144**
Net assets		**320,680**	**374,038**
EQUITY			
Issued capital	25a)	644,605	644,605
Accumulated losses	26	(323,925)	(270,567)
Total equity		**320,680**	**374,038**

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 2021

	Notes	Issued capital $	Accumulated losses $	Total equity $
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	31a)	-	(13,627)	(13,627)
Balance at 30 June 2020		**644,605**	**(270,567)**	**374,038**
Balance at 1 July 2020		644,605	(270,567)	374,038
Total comprehensive income for the year		-	(53,358)	(53,358)
Balance at 30 June 2021		**644,605**	**(323,925)**	**320,680**

The accompanying notes form part of these financial statements

Redcliffe Peninsula Financial Services Limited
Statement of Cash Flows
for the year ended 30 June 2021

	Notes	2021 $	2020 $
Cash flows from operating activities			
Receipts from customers		752,087	785,410
Payments to suppliers and employees		(688,621)	(805,466)
Interest received		4	1,586
Interest paid		(5,033)	(2,230)
Lease payments (interest component)	11b)	(8,593)	(6,693)
Lease payments not included in the measurement of lease liabilities	11d)	(21,076)	(21,837)
Dividends received		4,031	-
Income taxes refunded		7,578	1,215
Net cash provided by/(used in) operating activities	27	**40,377**	**(48,015)**
Cash flows from investing activities			
Payments for property, plant and equipment		-	(286,759)
Payments for intangible assets		(13,838)	(13,068)
Payments for financial assets		(2,238)	(9,000)
Proceeds from sale of investments		-	-
Net cash used in investing activities		**(16,076)**	**(308,827)**
Cash flows from financing activities			
Proceeds from loans and borrowings		-	191,000
Repayment of loans and borrowings		(75,282)	(8,471)
Lease payments (principal component)		(37,720)	(23,307)
Dividends paid	31a)	-	(13,627)
Net cash provided by/(used in) financing activities		**(113,002)**	**145,595**
Net cash decrease in cash held		**(88,701)**	**(211,247)**
Cash and cash equivalents at the beginning of the financial year		91,475	302,722
Cash and cash equivalents at the end of the financial year	14	**2,774**	**91,475**

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 2021 were authorised for issue in accordance with a resolution of the directors on 27 September 2021.

Note 3 Changes in accounting policies, standards and interpretations

There are a number of amendments to accounting standards issued by the AASB that became mandatorily effective for accounting periods beginning on or after 1 July 2020, and are therefore relevant for the current financial year. The amendments did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

Note 4 Summary of significant accounting policies

The company has consistently applied the following accounting policies to all periods presented in these financial statements.

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:

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

a) Revenue from contracts with customers

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

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.

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.

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

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

Ability to change financial return

Under the franchise agreement, Bendigo Bank may change the form and amount of financial return 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.

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).

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

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 sized businesses that employ staff and have been affected by the economic downturn associated with COVID-19.

The amounts received are 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.

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

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.

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

Bendigo Bank seconds employees to work for the company. Bendigo Bank charges the cost of these employees through the monthly profit share arrangement. The company recognises these expenses when recording the monthly invoice. No annual leave or long service leave liabilities are recognised for the company as these are Bendigo Bank employees.

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.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. 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 and deposits held with banks.

g) Property, plant and equipment

Items of property, plant and equipment are measured at cost or fair value as applicable, less accumulated depreciation. Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

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

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.

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

h) Intangible assets

Intangible assets of the company relate to the franchise fees paid to Bendigo Bank which conveys the right to operate the Community Bank franchise.

Intangible assets are measured on initial recognition at cost. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

The franchise fees paid by the company acquired 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 required.

i) Financial instruments

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

Trade receivables are initially recognised at the transaction price when they originated. All other financial assets and financial liabilities are initially measured at fair value plus, transaction costs (where applicable) when the company becomes a party to the contractual provisions of the instrument. These assets and liabilities are subsequently measured at amortised cost using the effective interest method, except for the equity securities which remain at fair value through profit or loss (FVTPL).

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the rights are transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and rewards associated with the asset. Financial liabilities are derecognised when its contractual obligations are discharged, cancelled, or expire. Any gain or loss on derecognition is recognised in profit or loss.

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

Expected credit losses (ECL) 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. At each reporting date, the entity recognises the movement in the ECL (if any) as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

The company's trade receivables are limited to the monthly profit share distribution from Bendigo Bank, which is received 10 business days post month end. Due to the reliance on Bendigo Bank the company has reviewed credit ratings provided by Standard & Poors, Moody's and Fitch Ratings to determine the level of credit exposure to the company. The company also performed a historical assessment of receivables from Bendigo Bank and found no instances of default. As a result no ECL has been made in relation to trade receivables as at 30 June 2021.

Non-financial assets

At each reporting date, the company reviews the carrying amounts of its tangible and intangible assets that have an indefinite useful life to determine whether there is any indication those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately.

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

k) Issued capital

Ordinary shares are recognised at the fair value of the consideration received by the company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

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 finance cost.

m) Leases

At inception of a contract, the company assesses whether a contract contains or is 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 and obtain substantially all the economic benefits from the use of that asset.

As a lessee

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 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 fixed or variable lease payments that depend on an index or rate and lease payments in a renewal option if the company is reasonably certain to exercise that option. For leases of property the company has elected not to separate lease and non-lease components when calculating the lease liability.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if the company changes its assessment of whether it will exercise an extension option or if there is a revised in-substance fixed lease payment.

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.

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.

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.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for 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. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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

m) Leases *(continued)*

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.

n) Fair value measurement

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

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

- Level 1 inputs are based on the quoted market price at the close of business at the end of the reporting period.
- Level 2 inputs are based on a valuation performed by a third party qualified valuer using quoted prices for similar assets in an active market.
- Level 3 inputs are unobservable inputs for the asset or liability.

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 23 - leases:	
a) control	a) whether a contract is or contains a lease at inception by assessing whether the company has the right to control the use of the identified asset for a period of time in exchange for consideration 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.

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

b) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at 30 June 2021 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 20 - recognition of deferred tax assets	availability of future taxable profit against which deductible temporary differences and carried-forward tax losses can be utilised;
- Note 28 - fair value	determining the fair value less costs to sell of the disposal group on the basis of significant unobservable inputs;
- Note 17 - estimation of useful lives of assets	key assumptions on historical experience and the condition of the asset;
- Note 24 - make-good provision	key assumptions on future cost estimates in restoring the leased premises in accordance with the lease agreement;

Note 6 Financial risk management

The company has exposure to credit, liquidity and market risk arising from financial instruments. 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 securities.

The company's franchise agreement limits the company's credit exposure to one financial institution, being Bendigo Bank. The company monitors credit worthiness through review of credit ratings of the bank.

b) Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting the obligations associated with its financial liabilities. 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.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities. The contractual cash flows amounts are gross and undiscounted.

30 June 2021

		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	107,248	42,540	64,708	-
Lease liabilities	158,488	48,825	123,328	-
Trade and other payables	72,996	42,552	30,444	-
	338,732	133,917	218,480	-

Note 6 Financial risk management *(continued)*

b) Liquidity risk *(continued)*

30 June 2020

Non-derivative financial liability	Carrying amount	Contractual cash flows: 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 and other payables	90,957	45,292	45,665	-
	469,880	134,332	357,807	-

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 and liabilities 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 $2,774 at 30 June 2021 (2020: $91,475). 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.

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 2021 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

	2021 $	2020 $
- Margin income	510,541	531,265
- Fee income	49,039	50,732
- Commission income	77,885	84,266
	637,465	666,263

Note 9 Other revenue

	2021 $	2020 $
- Dividend and distribution income	4,031	5,357
- Market development fund income	32,917	32,500
- Cash flow boost	10,000	10,000
	46,948	47,857

Note 10 Finance income

	2021 $	2020 $
- Term deposits	4	1,586

Note 11 Expenses

a) **Depreciation and amortisation expense**	2021 $	2020 $
Depreciation of non-current assets:		
- Leasehold improvements	57,142	36,082
- Plant and equipment	2,463	2,795
	59,605	38,877
Depreciation of right-of-use assets		
- Leased land and buildings	47,272	43,941
Amortisation of intangible assets:		
- Franchise fee	2,178	1,238
- Franchise establishment fee	-	6,805
- Franchise renewal process fee	10,890	6,193
	13,068	14,236
Total depreciation and amortisation expense	119,945	97,054

Note 11 Expenses *(continued)*

b) Finance costs

	2021 $	2020 $
- Bank loan interest paid or accrued	5,033	2,229
- Lease interest expense	8,593	6,693
- Other	1,433	-
	15,059	8,922

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

c) Employee benefit expenses

	2021 $	2020 $
Wages and salaries	340,406	364,675
Non-cash benefits	-	32
Contributions to defined contribution plans	38,921	39,684
Expenses related to long service leave	5,230	(8,670)
Other expenses	81,137	78,526
	465,694	474,247

d) Recognition exemption

The company pays for the right to use information technology equipment. The underlying assets have been assessed as low value and exempted from recognition under AASB 16 accounting. Expenses relating to low-value exempt leases are included in system costs expenses.

	2021 $	2020 $
Expenses relating to low-value leases	21,076	21,837

Note 12 Fair value gains/(losses) on investments or financial assets

	2021 $	2020 $
- At FVTPL - equity instruments	26,870	(9,991)

These amounts relate to the increase and decrease in the market value of investments or financial assets held by the company.

Note 13 Income tax expense

a) Amounts recognised in profit or loss

	2021 $	2020 $
Current tax expense/(credit)		
- Future income tax benefit attributable to losses	(25,121)	(36,725)
- Movement in deferred tax	3,813	(2,381)
- Adjustment to deferred tax to reflect reduction in tax rate in future periods	2,225	2,108
- Changes in estimates related to prior years	-	405
	(19,083)	(36,593)

b) *Prima facie* income tax reconciliation

	2021 $	2020 $
Operating loss before taxation	(72,441)	(132,204)
Prima facie tax on loss from ordinary activities at 26% (2020: 27.5%)	(18,835)	(36,356)
Tax effect of:		
- Non-deductible expenses	127	-
- Non-assessable income	-	(2,750)
- Temporary differences	(3,813)	2,381
- Other assessable income	(2,600)	-
- Movement in deferred tax	3,813	(2,381)
- Adjustment to deferred tax to reflect reduction in tax rate in future periods	2,225	2,108
- Changes in estimates related to prior years	-	405
	(19,083)	(36,593)

Note 14 Cash and cash equivalents

	2021 $	2020 $
- Cash at bank and on hand	2,774	91,475

Note 15 Financial assets

	2021 $	2020 $
Listed investments at fair value		
- IOOF Pursuit Core Managed Fund	178,959	149,493

Note 16 Trade and other receivables

a) Current assets

	2021 $	2020 $
Trade receivables	12,116	17,142
Prepayments	-	5,185
Other receivables and accruals	-	5,000
	12,116	27,327

Note 17 Property, plant and equipment

a) Carrying amounts

	2021 $	2020 $
Leasehold improvements		
At cost	393,477	393,477
Less: accumulated depreciation	(180,593)	(123,451)
	212,884	270,026
Plant and equipment		
At cost	145,107	145,107
Less: accumulated depreciation	(119,763)	(117,300)
	25,344	27,807
Total written down amount	238,228	297,833

b) Reconciliation of carrying amounts

Leasehold improvements		
Carrying amount at beginning	270,026	19,350
Disposals	-	286,758
Depreciation	(57,142)	(36,082)
	212,884	270,026
Plant and equipment		
Carrying amount at beginning	27,807	30,602
Depreciation	(2,463)	(2,795)
	25,344	27,807
Total written down amount	238,228	297,833

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 18 Right-of-use assets

a) Carrying amounts

	2021 $	2020 $
Leased land and buildings		
At cost	248,780	248,966
Less: accumulated depreciation	(91,212)	(43,941)
Total written down amount	157,568	205,025

b) Reconciliation of carrying amounts

Leased land and buildings		
Initial recognition on transition	205,025	219,701
Additional right-of-use assets recognised	-	29,265
Remeasurement adjustments	(185)	-
Depreciation	(47,272)	(43,941)
Total written down amount	157,568	205,025

Note 19 Intangible assets

a) Carrying amounts

	2021 $	2020 $
Franchise fee		
At cost	10,890	10,890
Less: accumulated depreciation	(3,416)	(1,238)
	7,474	9,652
Franchise renewal process fee		
At cost	54,450	54,450
Less: accumulated depreciation	(17,083)	(6,193)
	37,367	48,257
Total written down amount	44,841	57,909

b) Reconciliation of carrying amounts

	2021 $	2020 $
Franchise fee		
Carrying amount at beginning	9,652	-
Additions	-	10,890
Amortisation	(2,178)	(1,238)
	7,474	9,652
Franchise renewal process fee		
Carrying amount at beginning	48,257	-
Additions	-	54,450
Amortisation	(10,890)	(6,193)
Carrying amount at end	37,367	48,257
Total written down amount	44,841	57,909

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 20 Tax assets and liabilities

a) Current tax

	2021 $	2020 $
Income tax payable/(refundable)	-	(7,578)

b) Deferred tax

	2021 $	2020 $
Deferred tax assets		
- employee provisions	1,039	764
- make-good provision	7,674	7,609
- lease liability	39,622	51,063
- carried-forward tax losses	57,541	34,722
Total deferred tax assets	105,876	94,158
Deferred tax liabilities		
- fair value of investments	10,861	4,309
- right-of-use assets	39,392	53,307
Total deferred tax liabilities	50,253	57,616
Net deferred tax assets (liabilities)	55,623	36,542
Movement in deferred tax charged to Statement of Profit or Loss and Other Comprehensive Income	19,081	36,998

Note 21 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

	2021 $	2020 $
Trade creditors	14,507	14,360
Other creditors and accruals	28,045	30,932
	42,552	45,292

b) Non-current liabilities

	2021 $	2020 $
Other creditors and accruals	30,444	45,665

Note 22 Loans and borrowings

a) Current liabilities

	2021 $	2020 $
Secured bank loans	42,540	42,540

b) Non-current liabilities

	2021 $	2020 $
Secured bank loans	64,708	139,989

c) Terms and repayment schedule

	Nominal interest rate	Year of maturity	30 June 2021		30 June 2020	
			Face value	Carrying value	Face value	Carrying value
Secured bank loans	4.1%	2025	107,248	107,248	182,529	182,529

Note 23 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 company has applied judgement in estimating the remaining lease term including the effects of any extension options reasonably expected to be exercised, applying hindsight where appropriate.

The company's lease portfolio includes:

- Margate Branch — The lease agreement commenced on October 2019 and is a non-cancellable term of 5 years. As such, the lease term end date used in the calculation of the lease liability is October 2024.

a) Current lease liabilities

	2021 $	2020 $
Property lease liabilities	48,825	46,500
Unexpired interest	(6,687)	(8,594)
	42,138	37,906

b) Non-current lease liabilities

	2021 $	2020 $
Property lease liabilities	123,328	172,153
Unexpired interest	(6,978)	(13,665)
	116,350	158,488

c) Reconciliation of lease liabilities

	2021 $	2020 $
Balance at the beginning	196,394	-
Initial recognition on AASB 16 transition	-	219,701
Remeasurement adjustments	(186)	-
Lease interest expense	8,593	6,693
Lease payments - total cash outflow	(46,313)	(30,000)
	158,488	196,394

d) Maturity analysis

	2021 $	2020 $
- Not later than 12 months	48,825	46,500
- Between 12 months and 5 years	123,328	172,153
Total undiscounted lease payments	172,153	218,653
Unexpired interest	(13,665)	(22,259)
Present value of lease liabilities	158,488	196,394

Note 24 Provisions

a) Non-current liabilities

	2021 $	2020 $
Make-good on leased premises	30,697	29,264

In accordance with the branch lease agreement, the company must restore the leased premises to the original condition before the expiry of the lease term. The company has estimated the provision as at $36,000 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. 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 25 Issued capital

a) Issued capital

	2021		2020	
	Number	$	Number	$
Ordinary shares - fully paid	681,359	666,359	681,359	666,359
Less: equity raising costs	-	(21,754)	-	(21,754)
	681,359	644,605	681,359	644,605

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.*

Note 25 Issued capital *(continued)*

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

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.

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 26 Accumulated losses

	Note	2021 $	2020 $
Balance at beginning of reporting period		(270,567)	(161,329)
Net loss after tax from ordinary activities		(53,358)	(95,611)
Dividends provided for or paid	31a)	-	(13,627)
Balance at end of reporting period		(323,925)	(270,567)

Note 27 Reconciliation of cash flows from operating activities

	2021 $	2020 $
Net loss after tax from ordinary activities	(53,358)	(95,611)
Adjustments for:		
- Depreciation	106,877	82,818
- Amortisation	13,068	14,236
- income reinvested in financial assets	(358)	(2,638)
- (Increase)/decrease in fair value of equity instruments designated at FVTPL	(26,870)	9,991
Changes in assets and liabilities:		
- (Increase)/decrease in trade and other receivables	15,210	(17,350)
- (Increase)/decrease in other assets	(11,505)	(64,955)
- Increase/(decrease) in trade and other payables	(4,120)	(3,313)
- Increase/(decrease) in provisions	1,433	29,264
- Increase/(decrease) in tax liabilities	-	(457)
Net cash flows provided by/(used in) operating activities	40,377	(48,015)

Note 28 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.

		Carrying amount				Fair value level	
		2021 $	2021 $	2020 $	2020 $	2021 $	2020 $
	Note	FVTPL	At amortised cost	FVTPL	At amortised cost	Level 1	Level 1
Financial assets measured at fair value:							
Equity securities	14	178,959	-	149,493	-	178,959	149,493
Financial assets not measured at fair value:							
Cash and cash equivalents	13	-	2,774	-	91,475	-	-
Trade and other receivables	15	-	12,116	-	27,327	-	-
		-	14,890	-	118,802	-	-
Financial liabilities not measured at fair value:							
Trade and other payables	21	-	72,996	-	90,957	-	-
Secured bank loans	22	-	107,248	-	182,529	-	-
Lease liabilities	24	-	158,488	-	196,394	-	-
		-	338,732	-	469,880	-	-

Note 29 Auditor's remuneration

Amount received or due and receivable by the auditor of the company for the financial year.

	2021 $	2020 $
Audit and review services		
- Audit and review of financial statements	5,000	4,800
Non audit services		
- General advisory services	3,410	4,250
- Share registry services	2,500	3,192
Total auditor's remuneration	10,910	12,242

Note 30 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.	2021 $	2020 $
Short-term employee benefits	29,200	28,450
Post-employment benefits	3,265	-
	32,465	28,450

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

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	2021 $	2020 $
- Peter Morley provided the company with marketing services. The total benefit received was:	-	1,350
- Daniel Petravicius provided the company with governance consultancy services. The total benefit received was:	3,550	3,250
Total transactions with related parties	3,550	4,600

Note 31 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 2021		30 June 2020	
	Cents	$	Cents	$
Fully franked dividend	-	-	2.00	13,627

The tax rate at which dividends have been franked is 26% (2020: 27.5%).

b) Franking account balance

	2021	2020
	$	$
Franking credits available for subsequent reporting periods		
Franking account balance at the beginning of the financial year	36,928	43,384
Franking transactions during the financial year:		
- Franking credits (debits) arising from income taxes paid (refunded)	2,526	7,578
- franking credits/(debits) from the payment/(refund) of income tax following lodgement of annual income tax return	(10,104)	(8,865)
- Franking debits from the payment of franked distributions	-	(5,169)
Franking account balance at the end of the financial year	29,350	36,928
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)
Franking credits available for future reporting periods	29,350	29,350

The ability to utilise franking credits is dependent upon the company's ability to declare dividends. The tax rate at which future dividends will be franked is 25%.

Note 32 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.

	2021	2020
	$	$
Loss attributable to ordinary shareholders	(53,358)	(95,611)
	Number	Number
Weighted-average number of ordinary shares	681,359	681,359
	Cents	Cents
Basic and diluted loss per share	(7.83)	(14.03)

Note 33 Commitments

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

Note 34 Contingencies

Contingent liabilities at reporting date	2021 $	2020 $
Not otherwise provided for or disclosed in the financial statements:		
Contingent liabilities	27,500	-

Contingent liabilities related predominantly to actual or potential claims on the company for which amounts are reasonably estimated but the liability is not probable and therefore the company has not provided for such amount in these financial statements.

Assessing the amount or liabilities that are not probable is highly judgemental. Contingent liabilities are disclosed on the basis of the known maximum exposure.

Note 35 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.

Redcliffe Peninsula Financial Services Limited

Director's Declaration

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

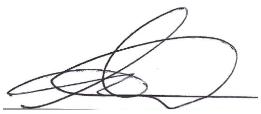
(a) the financial statements and notes of the company are in accordance with the *Corporations Act 2001* , including:

 (i) giving a true and fair view of the company's financial position as at 30 June 2021 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.



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Stephen Hart, Chairman

Dated this 27th day of September 2021

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03 5443 0344

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Redcliffe Peninsula Financial Services Limited's (the company), which comprises:

- Statement of financial position as at 30 June 2021
- Statement of profit or loss and other comprehensive income
- Statement of changes in equity
- Statement of cash flows
- Notes to the financial statements, including a summary of significant accounting policies
- The directors' declaration of the company.

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 2021 and of its financial performance for the year ended on that date; and
ii. complying with Australian Accounting Standards and the Corporations Regulations 2001.

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.

We are independent of the company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (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.

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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.

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.

Responsibilities of the Directors 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 responsibilities 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.

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As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 27 September 2021

Adrian Downing
Lead Auditor

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