

Annual Report 2023

Redcliffe Peninsula Financial
Services Limited

Community Bank
Margate

ABN 66 109 123 677

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A Little About Us

Sustaining, Building and Supporting our community

We opened our Community Bank Margate 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 model 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 financial products, systems and training, while Redcliffe Peninsula Financial Services Limited (**RPFSL**) 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 a passionate local company, working to support our customers, people, partners, and community through a successful, dependable, and sustainable local Community Bank.

We are very proud of our strong and valued brand, our commitment to great customer service and our role in the community. To date, RPFSL has invested more than \$845,000 back into our community. We provide economic and social value by funding more community groups and organisations, and our financial support and investment ensures many community projects remain viable.

The main reason that we can continue this good work is because of our loyal customers who choose to bank with us. Community Bank Margate 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!**

Key Business & Community Highlights – Year-on-Year Snapshot

	FY23	FY22	Change	
Revenue	\$1,116,176	\$694,696	60.67%	↑
Expenses <i>(excluding depreciation & amortisation)</i>	\$590,648	\$619,968	-4.73%	↓
Profit/(Loss) after tax	\$301,540	(\$51,427)	686.35%	↑
Book Value	\$135.9 million	\$118.4 million	14.78%	↑
Dividend	\$0.00	\$0.00	-	↔
Community Investment <i>(aggregate)</i>	\$845,535	\$818,786	3.27%	↑
Shareholders	222	222	-	↔
Directors	6	6	-	↔
Staff	6	6	-	↔
Customers	3,593	3,506	2.48%	↑

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 \$845,000 to local community groups and individuals – this is our mandate.'

Dear Shareholders,

It gives me great pleasure to be able present a much more optimistic and upbeat annual report for FY2023.

Reputation & Brand

Our Company and banking business are founded on the establishment of valuable community relationships and these relationships continue to develop between our shareholders, Board, branch manager, our banking team, our customers and the wider community. We continue to improve and expand our business through maximising these relationships. The Board and branch activities are focused on connecting with and servicing our customers, supporting and developing the capacity of our community by working with community organisations, sporting organisations and local schools. This approach achieves results for the business, customers, shareholders, and the wider community.

Community Bank Margate, in our franchise arrangement with Bendigo and Adelaide Bank, strives to achieve the bank's vision to be Australia's Bank of Choice. We aim to achieve this by helping our customers and the community in which we operate to be successful. Our purpose is to feed into the community's prosperity and not off it. This approach also enables us to create good brand awareness and reinforce our reputation in the community.

Performance

The past financial year saw a material increase in both revenue and profit as reflected in this year's annual report. In fact, for the first time since our humble beginnings, our income exceeded \$1.0 million for the year, increasing by over ~\$421,000 to ~\$1.11 million, while at the same time we increased our book value by more than 17% to ~\$135.9 million under the steadfast leadership of our Branch Manager, Gavin Daw. However, a significant part of this growth was from new deposits as lending softened during the tail end of the year due to interest rate rises.

This year has seen a significant uplift in our overall net profit after tax which amounted to \$301,540 for FY2023, being a 686.35% increase on the prior year. This uplift was the result of prudent fiscal management (including paying down debt, freezing noncritical staff hires and reducing community grants, sponsorships and donations) by the Board during the challenging times when COVID-19 and ultra-low interest rates were part of everyday life and the rapid increase in interest rates from the tail end of 2022 to the present day increasing our margins significantly.

Community Engagement

The Company to date has invested more than \$845,000 back into our local community which is an incredible achievement and a key mandate when the Company was established in 2006. This year saw an overall reduction in our spend on sponsorship and grants to local community

organisations due to the difficult fiscal decisions made by the Board. The Company has continued to support select organisation which we have a strong relationship with. The community organisations who were supported over the year include:

Organisation	Project	Amount
Bramble Bay Bowls Club	Score cards 2023	\$790.00
Humpybong State School	calendar	\$506.00
Peninsula Power Football Club	Club sponsorship	\$7,500.00
Redcliffe Musical Theatre	Musical and LED light sponsorship	\$5,800.00
Redcliffe Tigers AFL Club	Club sponsorship	\$10,000.00
Redcliffe Dolphins Soccer Club	Club sponsorship	\$3,000.00
	Total:	\$27,596.00

The Company has continued to contribute a significant amount of funds to the Community Enterprise Foundation, totalling \$30,000 for the year. These contributions enable the Board to carry out community project work under the Company's Community Engagement Program and reduce our tax liabilities. The Board continues to evaluate potential major community projects where our community Company would become a key project partner.

Our People

The success of Community Bank Margate would not be possible without our banking business partner, Bendigo and Adelaide Bank. It is through this close working relationship with the Bendigo and Adelaide Bank team that the Company can deliver to our shareholders and make a meaningful contribution to our community.

Of course, none of this can happen without the combined efforts of my fellow directors and particularly our amazing team at the Community Bank Margate branch. My sincere thanks all, but special mentions are required for our incredible Branch Manager Gavin Daw, and Customer Relationship Manager, Suzy Hill for their professionalism and dedication throughout the year.

The Company could not continue to succeed without the commitment of the Board of Directors who have devoted countless volunteer hours to ensure the business continues to grow and service the Redcliffe Peninsula community well. I would like to make special mention of our Company Secretary, Daniel Petravicius, who has worked tirelessly to ensure we are fulfilling all our governance requirements. I would also like to thank Peter Morley our esteemed Treasurer for his financial nous and diligent financial management during the challenging days of COVID-19.

I also extend my gratitude to our shareholders for their continued support of our Company and our community.

Lastly, I would like to thank my fellow Directors, our Branch Manager and banking team, for supporting me as Chair of the Board over the past 12 months. I look forward to working with the team, our customers, our shareholders, and our community to continue to build a sustainable banking business and to continue making a difference in our community.



Stephen Hart

Chairperson

Redcliffe Peninsula Financial Services Limited

Manager's Report



GAVIN DAW
Branch Manager

TEAM MEMBERS
Suzy Hill
Customer Relationship Manager
Carly Vanderwert
Customer Relationship Officer
James Underwood
Customer Service Officer
Hannah Keating
Customer Service Officer

	FY23	FY22	Change	
Book Value	\$135.9 million	\$118.4 million	14.8%	
Deposits	\$74.1 million	57.6 million	30.3%	
Loans	\$56.7 million	\$56.3 million	0.7%	
Other Business	\$4.7 million	\$4.3 million	9.3%	
Business Growth	\$17.5 million	11.1 million	57.66%	

I have the privilege as Branch Manager of Community Bank Margate to report on the great success we have achieved over the previous financial year.

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 increasing interest rates. 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. In addition, with the macro economy improving, we are optimistic for the future.

Once again, the growth in our business has allowed Community Bank Margate to continue its pursuit of assisting local community groups and clubs, even though this was at a lower level than previous years. In the last year Redcliffe Peninsula Financial Services Limited has supported many local groups including Peninsula Power FC, Redcliffe Tigers AFC & Redcliffe Musical Theatre. We are extremely proud of these contributions and will continue to develop & strengthen these partnerships and establish new relationships within the Margate community.

During FY2023, Community Bank Margate achieved a significant year of growth. Over the course of FY2023, the branch grew by \$17.5 million against a budget of \$12.9 million. This is a very exciting result for everyone involved from the staff, Directors, our customers and our shareholders. But most of all it is a great win for our Margate community.

To continue building this business, I ask all shareholders to consider whether they want their banking to contribute to the growth and development of our community. I invite you all to pose the same question to your friends and families and encourage them to consider moving their banking to us, where they will receive outstanding personal service and banking products while making an indirect contribution to their local community.

I would like to acknowledge and thank all the team – Suzy, Carly, Hannah & James - for their continuous dedication, teamwork, and enthusiasm over the last year. We did say goodbye to Dominic, Nancy and Shefali during the year, and I would like to thank them for all their support over the past 12 months.

I would like to 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.

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



Gavin Daw

Branch Manager

Community Bank Margate, Bendigo & Adelaide Bank



Bendigo & Adelaide Bank Message

Community and customer will always be at the heart of what we do at Bendigo and Adelaide Bank.

Together, we're setting up Community Banking for the future – growing our impact as a leading social impact movement to transform communities across Australia.

As we continue to evolve to meet the needs of our customers, we should feel proud that more Australians are choosing to do their banking with us and trust us with their financial goals. Our position as Australia's most trusted bank (Roy Morgan) reflects the esteem we are held in by our customers and communities.

This year has been particularly significant for us. After five years apart, we had the opportunity to come together in person and connect through our State Connect program and in Bendigo at our National Conference in September. It has also been a record-breaking year for Community Banks with more than \$32.0 million invested into local communities nationwide. This is our hugest year on record and underscores our ongoing commitment to our customers and communities.

Reflecting on the 25 years since we opened our first Community Bank, I'm grateful to the hard work of many passionate Directors (past and present). Everything we have done and continue to do is focused on our purpose to feed the prosperity of our customers and communities, not off it.

On behalf of the Bank, thank you for continuing to play an essential role in supporting your community. I look forward to seeing us grow together and make a positive impact for generations to come.

Warmest regards,



Justine Minne

Head of Community Banking
Bendigo and Adelaide Bank

Community Bank National Council Message

As a shareholder in your local Community Bank, you belong to an incredible social enterprise network that to date has reinvested more than \$300 million in our local communities.

And now, as we celebrate our 25th anniversary milestone, we are evolving even further by sharpening our focus on our community enterprises – separate to the banking side of the business. We are uniting our Community Bank companies through a shared vision of being the most influential network of social enterprises in Australia. This means we'll have a bigger and better story to tell about how we collectively deliver impact.

Our future is together because of our extraordinary strength and aligned partnership with each other, and with our partner, Bendigo and Adelaide Bank. Our partnership with the Bank has been fashioned out of shared effort, risk and reward and it continues to serve us well.

And now even with the digital evolution upon us, the foundation of our future still relies on the guiding principles of the Community Bank model. We are community enterprises and the custodians of this incredible model that collaborates with local communities for social good.

The objective of our Community Bank network remains the same. Our evolution will be evidenced by the channels that we use to connect with our customers and communities, digital by design and human where it matters.

The Community Bank network was a first mover in Australia with its unique social enterprise model. The first Community Bank opened its doors in 1998, and since then, the network has grown to 307 Community Bank branches. The network represents a diverse cross-section of Australia with 240 social enterprises, 70,000+ shareholders, 1600+ volunteer directors, 1600+ staff and 905,000 customers located in metro, regional, rural and remote locations across the country.

The Community Bank network creates impact through grants, donations and sponsorships that connect with and care for generations of Australians. Network investment ranges from sport, scholarships and school programs, through to community groups, cultural organisations and local councils. We also facilitate and attract partnerships to help support much needed community projects.

The Community Bank National Council (**CBNC**) is the voice of the Community Bank network. The role of the CBNC is to advocate and influence on behalf of the 240 community enterprises with its partner. It has also been the role of the CBNC to oversee the development of the Community Network Strategy which exists to ensure the ongoing sustainability of this unique collective of social enterprises.

In September this year our Community Bank network celebrates 25 years. It's a tremendous milestone and one which we're hugely proud of achieving. We have never been stronger and we look forward to continuing to serve our shareholders, customers and communities as we embrace our exciting future.

Warm regards,

Sarah Franklyn

Chairperson

Community Bank National Council

Director Profiles

The following persons were directors of the company during the whole of the financial year and up to the date of this report, unless otherwise stated:



Steve Hart
Director & Chairperson

Steve was appointed a Director of the Company in May 2004 and again in July 2007. Until recently, Steve was 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.

Special Responsibilities

Steve is Chairman of the Board and a member of the Community Engagement & Marketing Committee.



Rae Frawley
Director & Deputy Chairperson

Rae was appointed a Director of the Company in June 2007. 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.

Special Responsibilities

Rae is the Assistant Treasurer and Chair of the Audit, Governance and Risk Committee.



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

Daniel was appointed a Director of the Company in June 2018. Daniel is corporate governance professional and currently a Senior Assistant Company Secretary with Boardroom Pty Limited and is a qualified lawyer. Prior to his current position, Daniel spent several years' working within boutique commercial law firms 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.

Special Responsibilities

Daniel is the Company Secretary and is a member of the Audit, Governance and Risk Committee.



Peter Morley

Director & Treasurer

Dip. Financial Planning. Dip. Marketing. Cert. IV Workplace Training & Assessment. Cert. IV Mortgage Broking.

Peter was appointed a Director of the Company in January 2017. 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 organisations, including the past President of the Redcliffe Rotary Club. Peter holds a Diploma of Financial Planning, Diploma of Marketing, Certificate IV in Workplace Training & Assessment and a Certificate IV in Mortgage Broking.

Special Responsibilities

Peter is the Treasurer and a member of the Audit, Governance and Risk Committee.



Brent Campbell

Director

BCom.

Brent was appointed a Director of the Company in July 2012. 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 holds a Bachelor of Commerce from Griffith University.

Special Responsibilities

Brent is Chair of the OH&S and Property Committee and a member of the Community Engagement & Marketing Committee.



Joel Hudson

Director

BA(Hons)

Joel was first appointed a Director of the Company in September 2013 and reappointed in April 2019. 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 holds a Bachelor of Arts (with honours) from the Nottingham Trent University.

Special Responsibilities

Joel is Chair of the Community Engagement & Marketing Committee.

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.

Policies & 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 & Code of Conduct – the Board has identified and documented the roles and obligations of its Directors and Officers in a Board Governance Charter. The Board 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.

Whistleblower Policy – the Board is committed to promoting a culture of integrity and ethical behaviour, where our decisions, actions and conduct reflect and reinforce our values. Therefore, the Company has adopted a Whistleblower Policy allowing for concerns to be raised in a safe environment free from fear of personal detriment. All whistleblower concerns raised under this policy are treated seriously and are investigated carefully in conjunction with Bendigo and Adelaide Bank.

Workplace Health & Safety and Pandemic Policy – the Board takes workplace health and safety (WHS) as well as our business continuity planning, extremely seriously and is committed to dedicating an appropriate level of time and planning for instances that are beyond our control. We aim to ensure that the responsibilities of the Company are able to be maintained within the minimum amount of time, with minimal disruption and at minimal cost as well as maintaining a healthy and safe working environment.

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.

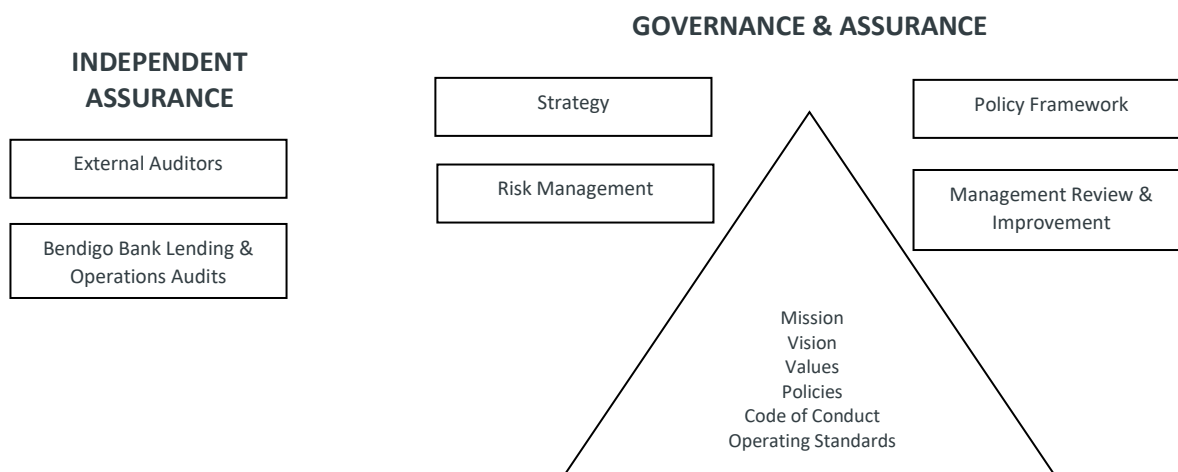
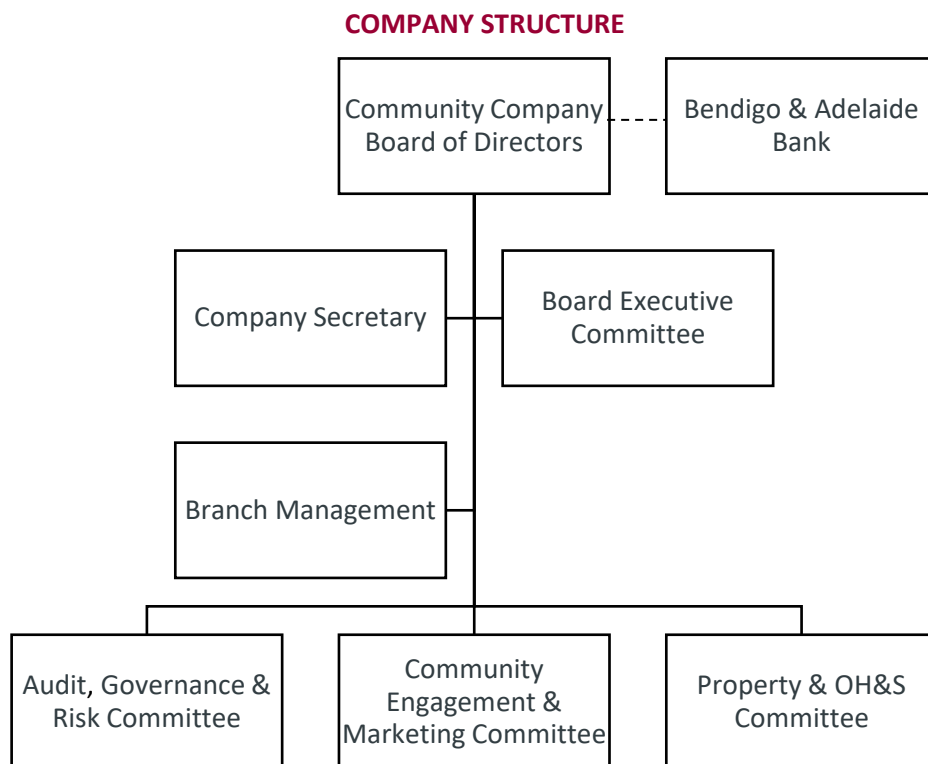
Privacy Policy – Bendigo and Adelaide Bank have incorporated the requirements of the Australian Privacy Principles a Privacy Policy that considers the privacy of shareholders, community groups and other stakeholders. Due to the size our company, we have adopted Bendigo and Adelaide Bank's Privacy Policy 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:



Due to the size and scale of the Company, Directors are involved in many practical roles such as financial management, marketing, community engagement as well as compliance 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 remuneration is governed by their special responsibilities (this is contained in the Company's 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 principal 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 will be an independent director where possible.

Role of the Branch Manager

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

Board Appointments

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

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

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

The Board does not have a formal diversity policy because of the scale of the Company and the small geographic area of 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 2023.

Review of operations

The profit of the Company for the financial year after provision for income tax was:

Year ended 30 June 2023	Year ended 30 June 2022
\$	\$
301,540	(51,427)

The company has seen a significant increase in its revenue during the financial year. This is a result of the Reserve Bank of Australia (RBA) increasing the cash rate by 3.25% during the financial year moving from 0.85% to 4.10% as at 30 June 2023. The increased cash rate has had a direct impact on the revenue received by the Company, increasing the net interest margin income received under the revenue share arrangement the company has with Bendigo Bank.

Dividend

No dividends were declared or 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.

Principal Activity

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 this activity 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.

Company Secretary

The company secretary is Mr 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.

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Indemnity and insurance of auditor

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Director Interests

The interest in company shareholdings for each director are:

Director	Fully Paid Ordinary Shares		
	Balance Year Beginning	Changes	Balance Year End
Stephen Hart	1001	-	1001
Daniel Petravicius	100	-	100
Peter Morley	100	-	100
Rae Frawley	100	-	100
Brent Campbell	100	-	100
Joel Hudson	100	-	100

Meetings of Directors

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

Environment Regulations

The company is not subject to any significant environmental regulation under Australian Commonwealth or State law.

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 26 and note 27 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.

Significant Changes in the State of Affairs

There were no significant changes in the state of affairs of the company during the financial year.

Board Meetings

	<u>Eligible</u>	<u>Attended</u>
Stephen Hart	10	8
Daniel Petravicius	10	10
Peter Morley	10	10
Rae Frawley	10	10
Brent Campbell	10	9
Joel Hudson	10	9

Non-Audit Services

The Company may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the company are important. Details of the amounts paid or payable to the auditor (Andrew Frewin Stewart) for audit and non-audit services provided during the year are set out in note 28 to the accounts.

The Board 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:

- 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
- 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

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

On behalf of the directors,



.....
Stephen Hart, Chairman
27 September 2023



Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550
ABN: 65 684 604 390
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 2023, I declare that, to the best of my knowledge and belief, there have been:

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

A handwritten signature in black ink, appearing to read 'Andrew Frewin Stewart', is positioned above the printed name.

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 27 September 2023

A handwritten signature in black ink, appearing to read 'Joshua Griffin', is positioned above the printed name.

Joshua Griffin
Lead Auditor

Redcliffe Peninsula Financial Services Limited
Statement of profit or loss and other comprehensive income For
the year ended 30 June 2023

	Note	2023 \$	2022 \$
Revenue from contracts with customers	6	1,094,990	680,354
Other revenue	7	12,658	21,233
Finance revenue		-	1,361
Fair value gains/(losses) on financial assets	8	8,528	(8,252)
Total revenue		<u>1,116,176</u>	<u>694,696</u>
Employee benefits expense	9	(433,709)	(439,280)
Advertising and marketing costs		(5,711)	(2,100)
Occupancy and associated costs		(18,980)	(15,356)
System costs		(34,259)	(44,025)
Depreciation and amortisation expense	9	(66,725)	(118,863)
Finance costs	9	(13,512)	(9,464)
General administration expenses		(84,477)	(109,743)
Total expenses before community contributions and income tax expense		<u>(657,373)</u>	<u>(738,831)</u>
Profit/(loss) before community contributions and income tax (expense)/benefit		458,803	(44,135)
Charitable donations, sponsorship and grants expense	9	<u>(56,749)</u>	<u>(23,968)</u>
Profit/(loss) before income tax (expense)/benefit		402,054	(68,103)
Income tax (expense)/benefit	10	<u>(100,514)</u>	16,676
Profit/(loss) after income tax (expense)/benefit for the year	22	301,540	(51,427)
Other comprehensive income for the year, net of tax		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u><u>301,540</u></u>	<u><u>(51,427)</u></u>
		Cents	Cents
Basic earnings per share	30	44.26	(7.55)
Diluted earnings per share	30	44.26	(7.55)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Redcliffe Peninsula Financial Services Limited
Statement of financial position
As at 30 June 2023

	Note	2023 \$	2022 \$
Assets			
Current assets			
Cash and cash equivalents	11	315,495	63,474
Trade and other receivables	12	74,874	41,281
Financial assets	13	93,751	83,146
Total current assets		<u>484,120</u>	<u>187,901</u>
Non-current assets			
Property, plant and equipment	14	166,843	178,641
Right-of-use assets	15	61,483	107,595
Intangible assets	16	25,240	31,773
Deferred tax assets	10	-	72,299
Total non-current assets		<u>253,566</u>	<u>390,308</u>
Total assets		<u>737,686</u>	<u>578,209</u>
Liabilities			
Current liabilities			
Trade and other payables	17	48,853	50,421
Borrowings	18	32	42,540
Lease liabilities	19	37,967	46,696
Current tax liabilities	10	25,486	-
Total current liabilities		<u>112,338</u>	<u>139,657</u>
Non-current liabilities			
Trade and other payables	17	-	15,222
Borrowings	18	-	52,222
Lease liabilities	19	18,051	69,655
Deferred tax liabilities	10	2,727	-
Lease make good provision	20	33,777	32,200
Total non-current liabilities		<u>54,555</u>	<u>169,299</u>
Total liabilities		<u>166,893</u>	<u>308,956</u>
Net assets		<u>570,793</u>	<u>269,253</u>
Equity			
Issued capital	21	644,605	644,605
Accumulated losses	22	<u>(73,812)</u>	<u>(375,352)</u>
Total equity		<u>570,793</u>	<u>269,253</u>

The above statement of financial position should be read in conjunction with the accompanying notes

Redcliffe Peninsula Financial Services Limited
Statement of changes in equity
For the year ended 30 June 2023

	Issued capital \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2021	644,605	(323,925)	320,680
Loss after income tax benefit	-	(51,427)	(51,427)
Other comprehensive income, net of tax	-	-	-
Total comprehensive income	-	(51,427)	(51,427)
Balance at 30 June 2022	<u>644,605</u>	<u>(375,352)</u>	<u>269,253</u>
Balance at 1 July 2022	644,605	(375,352)	269,253
Profit after income tax expense	-	301,540	301,540
Other comprehensive income, net of tax	-	-	-
Total comprehensive income	-	301,540	301,540
Balance at 30 June 2023	<u>644,605</u>	<u>(73,812)</u>	<u>570,793</u>

Redcliffe Peninsula Financial Services Limited
Statement of cash flows
For the year ended 30 June 2023

	Note	2023 \$	2022 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		1,182,591	739,965
Payments to suppliers and employees (inclusive of GST)		(750,110)	(707,775)
Dividends received		2,658	3,994
Interest received		-	1,361
Interest and other finance costs paid		(7,365)	(1,288)
Net cash provided by operating activities	29	<u>427,774</u>	<u>36,257</u>
Cash flows from investing activities			
Payments for property, plant and equipment		(2,282)	-
Payments for intangible assets		(13,838)	(13,838)
Proceeds from disposal of investments		-	95,813
Net cash provided by/(used in) investing activities		<u>(16,120)</u>	<u>81,975</u>
Cash flows from financing activities			
Repayment of lease liabilities	19	(64,903)	(45,046)
Repayment of borrowings		(94,730)	(12,486)
Net cash used in financing activities		<u>(159,633)</u>	<u>(57,532)</u>
Net increase in cash and cash equivalents		252,021	60,700
Cash and cash equivalents at the beginning of the financial year		<u>63,474</u>	<u>2,774</u>
Cash and cash equivalents at the end of the financial year	11	<u><u>315,495</u></u>	<u><u>63,474</u></u>

The above statement of cash flows should be read in conjunction with the accompanying notes

Redcliffe Peninsula Financial Services Limited

Notes to the financial statements

30 June 2023

Note 1. Reporting entity

The financial statements cover Redcliffe Peninsula Financial Services Limited (the company) as an individual entity.

The company is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is Shop 1A, 270 Oxley Avenue, Margate QLD 4019

A description of the nature of the company's operations and its principal activity is included in the directors' report, which is not part of the financial statements.

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 and are presented in Australian dollars, which is the company's functional and presentation currency.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 27 September 2023. The directors have the power to amend and reissue the financial statements.

Note 3. Significant accounting policies

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

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 2022, 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.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when, it is expected to be realised or intended to be sold or consumed in the company's normal operating cycle, it is held primarily for the purpose of trading, it is expected to be realised within 12 months after the reporting period or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when, it is either expected to be settled in the company's normal operating cycle, it is held primarily for the purpose of trading, it is due to be settled within 12 months after the reporting period or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Redcliffe Peninsula Financial Services Limited

Notes to the financial statements

30 June 2023

Note 3. Significant accounting policies (continued)

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 2023.

Non-financial assets

At each reporting date, the company reviews the carrying amounts of its tangible assets and intangible assets 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 any impairment loss.

If the recoverable amount of an asset 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.

Goods and Services Tax (GST)

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.

Note 4. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Fair value measurement hierarchy

The company is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

- 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: unobservable inputs for the asset or liability.

Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

Redcliffe Peninsula Financial Services Limited

Notes to the financial statements

30 June 2023

Note 4. Critical accounting judgements, estimates and assumptions (continued)

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

Estimation of useful lives of assets

The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives or assets that have been abandoned or sold will be written off or written down.

Impairment of non-financial assets

The company assesses impairment of non-financial assets at each reporting date by evaluating conditions specific to the company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the company considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the company's operations, comparison of terms and conditions to prevailing market rates, incurrence of significant penalties, existence of significant leasehold improvements and the costs and disruption to replace the asset. The company reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the company estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Lease make good provision

A provision has been made for the present value of anticipated costs for future restoration of leased premises. The provision includes future cost estimates associated with closure of the premises. The calculation of this provision requires assumptions such as application of closure dates and cost estimates. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting the asset and the provision. Reductions in the provision that exceed the carrying amount of the asset will be recognised in profit or loss.

Note 5. Economic dependency

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 in December 2024.

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.

Redcliffe Peninsula Financial Services Limited
Notes to the financial statements
30 June 2023

Note 5. Economic dependency (continued)

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 Bendigo Bank 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
- providing payroll services.

Note 6. Revenue from contracts with customers

	2023 \$	2022 \$
Margin income	981,751	548,950
Fee income	49,046	50,347
Commission income	64,193	81,057
	1,094,990	680,354

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:

<u>Revenue stream</u>	<u>Includes</u>	<u>Performance obligation</u>	<u>Timing of recognition</u>
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.

Redcliffe Peninsula Financial Services Limited

Notes to the financial statements

30 June 2023

Note 6. Revenue from contracts with customers (continued)

All revenue is stated net of the amount of 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 which are 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, interest rates and funds transfer pricing and other factors, such as economic and local conditions.

Margin Income

Margin income on core banking products 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 Bendigo Bank 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 Income

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 including fees for loan applications and account transactions.

Core banking products

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

Ability to change financial return

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

Redcliffe Peninsula Financial Services Limited
Notes to the financial statements
30 June 2023

Note 7. Other revenue

	2023	2022
	\$	\$
Market development fund	10,000	15,000
Dividend and distribution income	2,658	3,994
Other income	-	2,239
	<u>12,658</u>	<u>21,233</u>

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 stream

Discretionary financial contributions (also "Market development fund" or "MDF" income)

Dividend and distribution income

Revenue recognition policy

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.

Dividend and distribution income is recognised when the right to receive the payment is established.

All revenue is stated net of the amount of 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.

Note 8. Fair value gains/(losses) on financial assets

	2023	2022
	\$	\$
Fair value gains/(losses) on financial assets	<u>8,528</u>	<u>(8,252)</u>

These amounts relate to the increase/(decrease) in the market value of financial assets held by the company.

Note 9. Expenses

Employee benefits expense

	2023	2022
	\$	\$
Wages and salaries	326,300	330,042
Superannuation contributions	39,829	37,952
Expenses related to long service leave	1,153	2,322
Other expenses	66,427	68,964
	<u>433,709</u>	<u>439,280</u>

Redcliffe Peninsula Financial Services Limited
Notes to the financial statements
30 June 2023

Note 9. Expenses (continued)

Accounting policy for employee benefits

Bendigo Bank seconded 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.

Depreciation and amortisation expense

	2023	2022
	\$	\$
<i>Depreciation of non-current assets</i>		
Leasehold improvements	12,136	57,404
Plant and equipment	1,944	2,183
	<u>14,080</u>	<u>59,587</u>
<i>Depreciation of right-of-use assets</i>		
Leased land and buildings	46,112	46,208
<i>Amortisation of intangible assets</i>		
Franchise fee	1,089	2,178
Franchise renewal fee	5,444	10,890
	<u>6,533</u>	<u>13,068</u>
	<u><u>66,725</u></u>	<u><u>118,863</u></u>

Finance costs

	2023	2022
	\$	\$
Bank loan interest paid or accrued	7,365	1,288
Lease interest expense	4,570	6,673
Unwinding of make-good provision	1,577	1,503
	<u>13,512</u>	<u>9,464</u>

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

Leases recognition exemption

	2023	2022
	\$	\$
Expenses relating to low-value leases	<u>13,767</u>	<u>19,427</u>

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 Leases*. Expenses relating to low-value exempt leases are included in system costs expenses.

Charitable donations, sponsorships and grants expense

	2023	2022
	\$	\$
Direct donation, sponsorship and grant payments	26,749	23,967
Contribution to the Community Enterprise Foundation™	30,000	-
	<u>56,749</u>	<u>23,967</u>

Redcliffe Peninsula Financial Services Limited
Notes to the financial statements
30 June 2023

Note 9. Expenses (continued)

The overarching philosophy of the Community Bank model, is to support the local community in which the company operates. This is achieved by circulating the flow of financial capital into the local economy through community contributions (such as donations, sponsorships and grants).

The funds contributed to and held by the Community Enterprise Foundation™ (CEF) are available for distribution as grants to eligible applicants for a specific purpose in consultation with the directors.

When the company pays a contribution in to the CEF, the company loses control over the funds at that point. While the directors are involved in the payment of grants, the funds are not refundable to the company.

Note 10. Income tax

	2023 \$	2022 \$
<i>Income tax expense/(benefit)</i>		
Current tax	25,486	-
Movement in deferred tax	4,431	(3,620)
Recoupment of prior year tax losses	70,597	-
Future income tax benefit attributable to losses	-	(13,056)
	<u>100,514</u>	<u>(16,676)</u>
<i>Aggregate income tax expense/(benefit)</i>		
<i>Prima facie income tax reconciliation</i>		
Profit/(loss) before income tax (expense)/benefit	402,054	(68,103)
Tax at the statutory tax rate of 25%	100,514	(17,026)
Tax effect of:		
Non-deductible expenses	-	350
Income tax expense/(benefit)	<u>100,514</u>	<u>(16,676)</u>
	2023	2022
	\$	\$
<i>Deferred tax assets/(liabilities)</i>		
Employee benefits	1,125	261
Lease liabilities	14,005	29,088
Provision for lease make good	8,444	8,050
Carried-forward tax losses	-	70,597
Right-of-use assets	(15,371)	(26,899)
Fair value of investments	(10,930)	(8,798)
	<u>(2,727)</u>	<u>72,299</u>
<i>Deferred tax asset/(liability)</i>		
	2023	2022
	\$	\$
Provision for income tax	<u>25,486</u>	<u>-</u>

Accounting policy for income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Redcliffe Peninsula Financial Services Limited
Notes to the financial statements
30 June 2023

Note 10. Income tax (continued)

Accounting policy for current 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.

Accounting policy for 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.

Note 11. Cash and cash equivalents

	2023	2022
	\$	\$
Cash at bank and on hand	265,495	63,474
Term deposits	50,000	-
	<u>315,495</u>	<u>63,474</u>

Accounting policy for 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.

Note 12. Trade and other receivables

	2023	2022
	\$	\$
Trade receivables	61,836	31,025
Other receivables and accruals	-	5,000
Prepayments	13,038	5,256
	<u>74,874</u>	<u>41,281</u>

Accounting policy for trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Redcliffe Peninsula Financial Services Limited
Notes to the financial statements
30 June 2023

Note 13. Financial assets

	2023 \$	2022 \$
Equity securities - designated at fair value through profit or loss	<u>93,751</u>	<u>83,146</u>

The company classifies financial assets as a current asset when it expects to realise the asset, or intends to sell or consume it, no more than 12 months after the reporting period. All other financial assets are classified as non-current.

Accounting policy for financial assets

Financial assets are recognised at their market value. Financial assets are derecognised when the rights to receive cash flows have been transferred and the company has transferred substantially all the risks and rewards of ownership.

Note 14. Property, plant and equipment

	2023 \$	2022 \$
Leasehold improvements - at cost	286,758	286,758
Less: Accumulated depreciation	<u>(143,414)</u>	<u>(131,278)</u>
	143,344	155,480
Plant and equipment - at cost	147,389	145,107
Less: Accumulated depreciation	<u>(123,890)</u>	<u>(121,946)</u>
	23,499	23,161
	<u>166,843</u>	<u>178,641</u>

Reconciliations of the carrying values at the beginning and end of the current and previous financial year are set out below:

	Leasehold improvements \$	Plant and equipment \$	Total \$
Balance at 1 July 2021	212,884	25,344	238,228
Depreciation	<u>(57,404)</u>	<u>(2,183)</u>	<u>(59,587)</u>
Balance at 30 June 2022	155,480	23,161	178,641
Additions	-	2,282	2,282
Depreciation	<u>(12,136)</u>	<u>(1,944)</u>	<u>(14,080)</u>
Balance at 30 June 2023	<u>143,344</u>	<u>23,499</u>	<u>166,843</u>

Accounting policy for 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.

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

Leasehold improvements	5 to 15 years
Plant and equipment	2.5 to 27 years

Redcliffe Peninsula Financial Services Limited
Notes to the financial statements
30 June 2023

Note 14. Property, plant and equipment (continued)

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

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 15. Right-of-use assets

	2023	2022
	\$	\$
Land and buildings - right-of-use	245,015	245,015
Less: Accumulated depreciation	<u>(183,532)</u>	<u>(137,420)</u>
	<u><u>61,483</u></u>	<u><u>107,595</u></u>

Reconciliations of the carrying values at the beginning and end of the current and previous financial year are set out below:

	Land and buildings \$
Balance at 1 July 2021	157,568
Remeasurement adjustments	(3,765)
Depreciation expense	<u>(46,208)</u>
Balance at 30 June 2022	107,595
Depreciation expense	<u>(46,112)</u>
Balance at 30 June 2023	<u><u>61,483</u></u>

Accounting policy for right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. 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.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

Refer to note 19 for more information on lease arrangements.

Redcliffe Peninsula Financial Services Limited
Notes to the financial statements
30 June 2023

Note 16. Intangible assets

	2023	2022
	\$	\$
Franchise fee	10,890	10,890
Less: Accumulated amortisation	<u>(6,683)</u>	<u>(5,594)</u>
	<u>4,207</u>	<u>5,296</u>
Franchise renewal fee	54,450	54,450
Less: Accumulated amortisation	<u>(33,417)</u>	<u>(27,973)</u>
	<u>21,033</u>	<u>26,477</u>
	<u><u>25,240</u></u>	<u><u>31,773</u></u>

Reconciliations of the carrying values at the beginning and end of the current and previous financial year are set out below:

	Franchise fee	Franchise renewal fee	Total
	\$	\$	\$
Balance at 1 July 2021	7,474	37,367	44,841
Amortisation expense	<u>(2,178)</u>	<u>(10,890)</u>	<u>(13,068)</u>
Balance at 30 June 2022	5,296	26,477	31,773
Amortisation expense	<u>(1,089)</u>	<u>(5,444)</u>	<u>(6,533)</u>
Balance at 30 June 2023	<u><u>4,207</u></u>	<u><u>21,033</u></u>	<u><u>25,240</u></u>

Accounting policy for 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 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:

<u>Asset class</u>	<u>Method</u>	<u>Useful life</u>	<u>Expiry/renewal date</u>
Franchise fee	Straight-line	Over the franchise term (5 years)	December 2024
Franchise renewal fee	Straight-line	Over the franchise term (5 years)	December 2024

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

Change 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.

Redcliffe Peninsula Financial Services Limited
Notes to the financial statements
30 June 2023

Note 17. Trade and other payables

	2023	2022
	\$	\$
<i>Current liabilities</i>		
Trade payables	10,722	14,978
Other payables and accruals	38,131	35,443
	<u>48,853</u>	<u>50,421</u>
<i>Non-current liabilities</i>		
Other payables and accruals	-	15,222
	<u>-</u>	<u>15,222</u>

Accounting policy for trade and other payables

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

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

Note 18. Borrowings

	2023	2022
	\$	\$
<i>Current liabilities</i>		
Bank loans	32	42,540
	<u>32</u>	<u>42,540</u>
<i>Non-current liabilities</i>		
Bank loans	-	52,222
	<u>-</u>	<u>52,222</u>

Bank loans

Bank loans were mostly repaid in the period.

Accounting policy for borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Note 19. Lease liabilities

	2023	2022
	\$	\$
<i>Current liabilities</i>		
Land and buildings lease liabilities	40,194	51,266
Unexpired interest	(2,227)	(4,570)
	<u>37,967</u>	<u>46,696</u>
<i>Non-current liabilities</i>		
Land and buildings lease liabilities	18,232	72,062
Unexpired interest	(181)	(2,407)
	<u>18,051</u>	<u>69,655</u>

Redcliffe Peninsula Financial Services Limited
Notes to the financial statements
30 June 2023

Note 19. Lease liabilities (continued)

Reconciliation of lease liabilities

	2023	2022
	\$	\$
Opening balance	116,351	158,488
Remeasurement adjustments	-	(3,764)
Lease interest expense	4,570	6,673
Lease payments - total cash outflow	<u>(64,903)</u>	<u>(45,046)</u>
	<u>56,018</u>	<u>116,351</u>

Maturity analysis

	2023	2022
	\$	\$
Not later than 12 months	40,194	51,266
Between 12 months and 5 years	<u>18,232</u>	<u>72,062</u>
	<u>58,426</u>	<u>123,328</u>

Lease	Discount rate	Non-cancellable term	Renewal options available	Reasonably certain to exercise options	Lease term end date used in calculations
Margate Branch	4.79%	5 years	N/A	N/A	October 2024

Accounting policy for 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.

Lease payments included in the measurement of the lease liability comprise fixed lease payments that depend on a 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 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 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 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 nil.

Redcliffe Peninsula Financial Services Limited
Notes to the financial statements
30 June 2023

Note 20. Lease make good provision

	2023 \$	2022 \$
Lease make good	<u>33,777</u>	<u>32,200</u>

Lease make good

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 to be \$36,000 for the Margate branch lease, based on experience and consideration of the expected future costs to remove all fittings and the ATM as well as the 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.

Accounting policy for provisions

Provisions are recognised when the company has a present (legal or constructive) obligation as a result of a past event, it is probable the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. The provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Note 21. Issued capital

	2023 Shares	2022 Shares	2023 \$	2022 \$
Ordinary shares - fully paid	681,359	681,359	666,359	666,359
Less: Equity raising costs	-	-	(21,754)	(21,754)
	<u>681,359</u>	<u>681,359</u>	<u>644,605</u>	<u>644,605</u>

Accounting policy for issued capital

Ordinary shares are recognised at the fair value of the consideration received by the company being \$1 per share. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

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.

Redcliffe Peninsula Financial Services Limited
Notes to the financial statements
30 June 2023

Note 21. Issued capital (continued)

Dividends

Generally, dividends are payable to members in proportion to the amount of the share capital paid up on the shares held by them, subject to any special rights and restrictions for the time being attaching to shares. The franchise agreement with Bendigo Bank contains a limit on the level of profits or funds that may be distributed to shareholders. There is also a restriction on the payment of dividends to certain shareholders if they have a prohibited shareholding interest (see below).

Transfer

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

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

Prohibited shareholding interest

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

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

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

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

Where a person has a prohibited shareholding interest, the voting and dividend rights attaching to the shares in which the person (and their associates) has a prohibited shareholding interest in 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 22. Accumulated losses

	2023	2022
	\$	\$
Accumulated losses at the beginning of the financial year	(375,352)	(323,925)
Profit/(loss) after income tax (expense)/benefit for the year	301,540	(51,427)
Accumulated losses at the end of the financial year	<u>(73,812)</u>	<u>(375,352)</u>

Note 23. Capital management

The board's policy is to maintain a strong capital base so as to sustain future development of the company. The board 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.

Redcliffe Peninsula Financial Services Limited
Notes to the financial statements
30 June 2023

Note 23. Capital management (continued)

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:

- 20% of the profit or funds of the company otherwise available for distribution to shareholders in that 12 month period; and
- 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 financial year 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 24. Financial instruments

	2023 \$	2022 \$
Financial assets		
Trade and other receivables	61,836	36,025
Cash and cash equivalents	315,495	63,474
Financial assets	93,751	83,146
	<u>471,082</u>	<u>182,645</u>
Financial liabilities		
Trade and other payables	48,853	65,643
Lease liabilities	56,018	116,351
Bank loans	32	94,762
	<u>104,903</u>	<u>276,756</u>

Accounting policy for 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 debtors and creditors, cash and cash equivalents, borrowings, lease liabilities and equity securities.

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.

Redcliffe Peninsula Financial Services Limited
Notes to the financial statements
30 June 2023

Note 24. Financial instruments (continued)

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.

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.

Interest-bearing assets and liabilities are held with Bendigo Bank and earnings on those are subject to movements in market interest rates. 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 \$315,495 at 30 June 2023 (2022: \$63,474).

Price risk

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

Equity Price risk

All of the company's listed equity investments are listed on the Australian Stock Exchange (ASX). Changes in equity securities value is recognised through profit or loss or other comprehensive income.

	% change increase	Effect on profit before tax	Effect on equity	% change decrease	Effect on profit before tax	Effect on equity
2023						
Equity securities	10%	<u>9,375</u>	<u>7,031</u>	(10%)	<u>(9,375)</u>	<u>(7,031)</u>
2022						
Equity securities	10%	<u>8,315</u>	<u>6,236</u>	(10%)	<u>(8,315)</u>	<u>(6,326)</u>

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.

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, Bendigo Bank is rated BBB+ on Standard & Poor's credit ratings.

Liquidity risk

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

Redcliffe Peninsula Financial Services Limited
Notes to the financial statements
30 June 2023

Note 24. Financial instruments (continued)

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities. The contractual cash flow amounts are gross and undiscounted and therefore may differ from their carrying amount in the statement of financial position.

	1 year or less \$	Between 1 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
2023				
Bank loans	32	-	-	32
Trade and other payables	48,853	-	-	48,853
Lease liabilities	40,194	18,232	-	58,426
Total non-derivatives	<u>89,079</u>	<u>18,232</u>	<u>-</u>	<u>107,311</u>

	1 year or less \$	Between 1 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
2022				
Bank loans	42,540	52,222	-	94,762
Trade and other payables	50,421	15,222	-	65,643
Lease liabilities	51,266	72,062	-	123,328
Total non-derivatives	<u>144,227</u>	<u>139,506</u>	<u>-</u>	<u>283,733</u>

Note 25. Fair value measurement

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
2023				
<i>Assets</i>				
Equity securities	93,751	-	-	93,751
Total assets	<u>93,751</u>	<u>-</u>	<u>-</u>	<u>93,751</u>

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
2022				
<i>Assets</i>				
Equity securities	83,146	-	-	83,146
Total assets	<u>83,146</u>	<u>-</u>	<u>-</u>	<u>83,146</u>

There were no transfers between levels during the financial year.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

Note 26. Key management personnel disclosures

The following persons were directors of Redcliffe Peninsula Financial Services Limited during the financial year and/or up to the date of signing of these Financial Statements.

Stephen John Hart
Daniel Petravicus
Peter John Morley

Rae Amelda Frawley
Brent Anthony Campbell
Joel Lee Hudson

Redcliffe Peninsula Financial Services Limited
Notes to the financial statements
30 June 2023

Note 26. Key management personnel disclosures (continued)

Key management personnel compensation comprised the following.

	2023	2022
	\$	\$
Short-term employee benefits	25,700	22,114
Post-employment benefits	3,449	2,211
	<u>29,149</u>	<u>24,325</u>

Compensation of the company's key management personnel includes salaries and contributions to a post-employment superannuation fund.

Note 27. Related party transactions

The following transactions occurred with related parties:

	2023	2022
	\$	\$
A director provided governance consultancy services to the company below market rates.	3,795	2,950
A director provided business budget consulting to the company below market rates.	1,000	-

Note 28. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Andrew Frewin Stewart, the auditor of the company:

	2023	2022
	\$	\$
<i>Audit services</i>		
Audit or review of the financial statements	<u>6,400</u>	<u>5,200</u>
<i>Other services</i>		
General advisory services	4,300	3,680
Share registry services	<u>5,404</u>	<u>3,950</u>
	<u>9,704</u>	<u>7,630</u>
	<u>16,104</u>	<u>12,830</u>

Redcliffe Peninsula Financial Services Limited
Notes to the financial statements
30 June 2023

Note 29. Reconciliation of profit/(loss) after income tax to net cash provided by operating activities

	2023	2022
	\$	\$
Profit/(loss) after income tax (expense)/benefit for the year	301,540	(51,427)
Adjustments for:		
Depreciation and amortisation	66,725	118,863
Lease liabilities interest	4,570	6,673
(Increase)/decrease in fair value of equity instruments designated at FVTPL	(8,528)	8,252
Change in operating assets and liabilities:		
Increase in trade and other receivables	(35,670)	(37,417)
Decrease/(increase) in deferred tax assets	72,299	(16,676)
Increase/(decrease) in trade and other payables	(2,952)	6,486
Increase in provision for income tax	25,486	-
Increase in deferred tax liabilities	2,727	-
Increase in other provisions	1,577	1,503
Net cash provided by operating activities	<u>427,774</u>	<u>36,257</u>

Note 30. Earnings per share

	2023	2022
	\$	\$
Profit/(loss) after income tax	<u>301,540</u>	<u>(51,427)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>681,359</u>	<u>681,359</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>681,359</u>	<u>681,359</u>
	Cents	Cents
Basic earnings per share	44.26	(7.55)
Diluted earnings per share	44.26	(7.55)

Accounting policy for earnings per share

Basic and diluted earnings per share is calculated by dividing the profit attributable to the owners of Redcliffe Peninsula Financial Services Limited, by the weighted average number of ordinary shares outstanding during the financial year.

Note 31. Commitments

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

Note 32. Contingencies

There were no contingent liabilities or contingent assets at the date of this report.

Note 33. Events after the reporting period

No matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

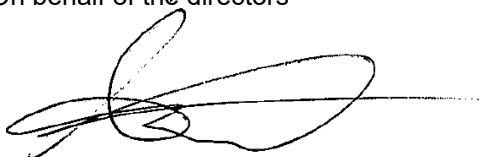
Redcliffe Peninsula Financial Services Limited
Directors' declaration
30 June 2023

In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in the notes to the financial statements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the *Corporations Act 2001*.

On behalf of the directors



Stephen John Hart
Chair

27 September 2023

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 (the company), which comprises:

- Statement of financial position as at 30 June 2023
- 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 2023 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 other information comprises the information included in the company's annual report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon. The annual report may also include "other information" on the company'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. We have nothing to report in this regard.

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.

The directors are responsible for overseeing the company's financial reporting process.

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.



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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.

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 2023

Joshua Griffin
Lead Auditor

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 **Bendigo Bank**