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Directors (L-R) Bill Hoogwaerts (Chairman), Norm Bowles, Lesley Parker, Will Fraser, Chris O'Dare and Noel Little. Absent – Robert Orr & Serge Paggiaro.

# Chairperson's report

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For year ending 30 June 2005

Dear Shareholders,

It is with pride and joy that I reflect on what our Community Bank® branch, your bank, has achieved in its first six months of trading.

A great deal of time and effort by many people preceded the opening of your Community Bank® branch on the 7 December 2004. Firstly, the Steering Committee formed by the Margate Chamber of Commerce, then the formation of a Board of Directors. Under the guidance of Mr Tracy Wilson and Ms Tammy White from the Bendigo Bank Community Bank® team, we were able to get the job done.

To have the community contribute \$656,309 in capital, by way of a share issue, was not an easy task. However, Board determination and community spirit prevailed and the required capital was raised. This money, in part, was used in the fitting out of our modern new banking premises at 300 Oxley Avenue, Margate. My fellow Directors, our Branch Manager and his staff worked extremely hard to create awareness to make this new banking facility a success. Special thanks go to Steve Hart from the Redcliffe and Bayside Herald for his support and assistance.

At the time of writing this report, our current Manager Darren Smith, had tendered his resignation. Darren now intends touring Europe before returning to his native Victoria. On behalf of the Board I would like to thank Darren for his hard work and efforts in getting our Margate Community Bank® Branch up and running.

After approximately six months of trading, we reached \$13,980,000 of business (loans and deposits) with approximately 900 customers. We are currently around \$3,500,000 ahead of our Prospectus forecast of Total Portfolio value of \$20,965,000 by the end of our first 12 months of trading.

Our Net Loss before Income Tax to 30 June 2005 amounted to \$191,805 which is well ahead of our Prospectus forecast of a Net Loss of \$249,114 for the first full 12 months of trading.

With such encouraging results and continued support and effort by the community, our future looks assured. But, we cannot afford to sit back and take the future for granted. Everyone of us has a role to play in promoting the Community Bank® branch to our family and friends.

## Chairperson's report continued

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As a Board, we would like to see greater support from our Shareholders and the people of Redcliffe. At a recent meeting in Bendigo, it was reported that some Community Bank® branches were paying between \$25,000 to \$150,000 to Shareholders and local charities per year. Some of these banks have been operational for up to seven years. Their share value at present is up to \$6.00. These figures highlight that the Community Bank® concept is a profitable business and the rewards are many for all to enjoy – both financial and access to a local, friendly banking service.

In closing, I remind you that your Board of Directors are all volunteers, thus contributing to the overall savings and profitability of the Margate Community Bank® Branch. All Shareholders can choose to put their hand up for a position on the Board, as we are a public listed Company. The role of a Board Director is a very responsible one and I urge all of you to support your Board wherever possible.

I present this report to you with pride, as we all should be proud of what we have achieved.



**Bill Hoogwaerts**  
Chairman



Bank Chairman, Bill Hoogwaerts, welcomes new Branch Manager Gavin McNab.

# Manager's report 30 June 2005

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What a pleasure it is to write on the success of our local Community Bank® branch as at 30 June 2005.

With seven months wonderful growth under our belt, and our actual figures sitting above the target line, it is very pleasing indeed.

The success of YOUR Community Bank® branch is dependant on the banking support of Redcliffe Peninsula residents and YOU, our valued Shareholders.

As we sit above budget now after only a short period since opening, we need to ensure that we keep this momentum going by becoming ambassadors for the Community Bank® branch and that we tell of the Community Bank® concept and benefits of banking with YOUR Community Bank® branch.

Bendigo Bank's Community Bank® model is unique, in that it is a WIN/WIN for everyone in the communities in which these businesses operate.

What other banking institution is dedicated to return up to 50% of its profits back to Community?

What other banking institution donates it's workers time to deliver meals to the elderly (through Meals on Wheels)?

What other banking institution has beyond banking initiatives (youth projects, telecommunications, aggregation of water and power) that supports and assists local residents to achieve more?

The Margate Community Bank® branch is the new kid on the block when it comes to comparing banks. But the Bendigo Bank is certainly the leader in moral, ethical and value for money banking on the Redcliffe Peninsula and throughout Australia. Our 147 years of operating is evidence of this.

I urge you all to truly get behind YOUR Community Bank® branch and conduct as much of your banking, insurance and financial business with the branch as soon as possible. The sooner that we reach the required \$40 million of banking business, the sooner the Board of Directors can start writing dividend, sponsorship, grant or scholarship cheques for distribution to YOU, the Shareholders, and to Peninsula community organisations.

I thank YOU, our Shareholders, for your faith in establishing the Margate Community Bank® Branch, and I warmly thank all those Shareholders who have made the banking move to Bendigo and have contributed to the short term success that is currently evident.

All the staff at the Margate branch look forward to working with you over the coming years, to provide you all with personalised, professional banking that suits and meets your needs.



**Darren Smith**  
**Branch Manager**

# Bendigo Bank Ltd report

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Today, more than 150 communities are running their own Community Bank® branch. The Community Bank® brand is represented in a diverse range of communities. From your own community here in Margate, to communities such as Queenstown in Tasmania, Paradise Point on the Gold Coast, the Perth suburb of Gosnells, the NSW town of Narrandera and the Melbourne suburb of Flemington. All of these communities have one thing in common – a commitment to not only ensuring access to banking services, but a focus on sharing the profits of their business to the wider community.

When we first launched this banking model in 1998, it was to fill a gap in rural communities, where banks were withdrawing their services.

In 2005, you will very rarely read a media story about a community up in arms about a bank branch closure. The closures have literally dried up.

However, you will continue to read about communities undertaking a Community Bank® campaign, and more often than not, in a metropolitan suburb. At least once a fortnight, somewhere in Australia a community is celebrating the opening of the doors to their Community Bank® branch. There is no indication that this growth is slowing.

We are proud to be able to say that these communities are now returning more than simply banking services. Some of the statistics are very impressive.

- Communities have received \$159 million in revenue paid to them by Bendigo Bank, \$61 million of this in the past 12 months.
- More than 11,000 community shareholders have received dividends totalling almost \$3 million.
- Local Boards have paid out more than \$3 million in sponsorships, donations and contributions.
- In 2004/2005, communities spent \$27.3 million in their communities on wages, rent, accounting, cleaning and so on. Given a multiplier effect of three, this means branches inject nearly \$82 million into their communities every year.

These are significant numbers. They represent the hard work and dedication of communities like yours to help themselves. It also reinforces the commitment of Bendigo Bank to partner and work with communities.

You will often hear us say, “successful customers and successful communities create a successful bank, and in that order”. The figures above, which are impressive in themselves but which continue to grow, are proof that this strategy is working for communities across Australia, as well as for our Company.

That’s not to say this is an easy journey for Bendigo Bank, or for your community. It’s not. However, while we continue to follow through with our promises of providing a superior customer service experience and distributing profits to communities, both in dividends to shareholders and community projects and organisations, we will all continue to be successful.

Bendigo Bank is proud to partner Redcliffe Peninsula Financial Services Limited and congratulates you on a great year. You are a fabulous example of a community willing to work together to achieve great things and we are proud to continue to work with you.



**Tammy White**  
**Relationship Manager**  
**Bendigo Bank**

# Directors' report 30 June 2005

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Your Directors submit the financial report of the Company for the financial year ended 30 June 2005.

## Directors

The names and details of the Company's Directors who held office during or since the end of the financial year:

### **William Pierre Hoogwaerts**

Chairman

Age: 67

Occupation : Self Employed - Business Promotions

Experience and expertise:

Bill has been in business for 23 years, principally in fund raising activities. He has been Chairman of the Company since it was formed.

Other current Directorships : Nil

Former Directorships in last 3 years : Nil

Special responsibilities : Chairman of the Board; Marketing Committee (Chairman); and Corporate Governance & Audit Committee (Member).

Interests in shares : 5,501 Ordinary Shares

### **Christopher Robin O'Dare**

Director

Age: 48

Occupation : Self Employed Director

Experience and expertise:

Chris is a qualified Carpenter and Licensed Builder.

He is the Managing Director of Cavalier Homes (Aust) Pty Ltd. Founding Director.

Other current Directorships: Nil

Former Directorships in last 3 years: Nil

Special responsibilities: Member of the Marketing and Corporate Governance & Audit Committee.

Interests in shares : 1 Ordinary Share

### **Norman John Bowles**

Director

Age: 60

Occupation : Self Employed

Experience and expertise: Engineer in lighting, and later as a Quality Assurance Consultant. Founding Director.

Other current Directorships : Nil

Former Directorships in last 3 years : Nil

Special responsibilities: Company Secretary and member of the Marketing Committee.

Interests in shares : 1 Ordinary Share

### **William Reginald Fraser**

Director

Age: 52

Occupation : Self Employed Managing Director

Experience and expertise: Director of Will Fraser & Co Pty Ltd, Certified Practising Accountants and Financial Planners. Founding Director.

Other current Directorships: Nil

Former Directorships in last 3 years : Nil

Special responsibilities: Company Treasurer and Chair of the Corporate Governance & Audit Committee.

Interests in shares : 1,501 Ordinary Shares

### **Serge Paggiaro**

Director

Age: 55

Occupation : Company Director

Experience and expertise: Partner in a tour wholesale Company, running golf tours to Asia and the Pacific region. Founding Director.

Other current Directorships: Nil

Former Directorships in last 3 years: Nil

Special responsibilities: Chair of the Human Resources and Public Relations Committees.

Interests in shares : 1 Ordinary Share

### **Robert James Orr**

Director

Age: 53

Occupation : Self Employed Director

Experience and expertise: Owner of a retail stationery business for 14 years. Founding Director.

Other current Directorships: Nil

Former Directorships in last 3 years : Nil

Special responsibilities: Member of the Human Resources Committee.

Interests in shares : 6,501 Ordinary Shares

# Directors' report 30 June 2005 continued

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**Kevin James Hughes**

Director

Age: 48

Occupation : State Government Protection  
(Resigned 28 February 2005)

Experience and expertise: Served in the RAAF and  
flew as a commercial pilot. Founding Director.

Other current Directorships : Nil

Former Directorships in last 3 years : Nil

Special responsibilities : Nil

Interests in shares : 1,501 Ordinary Shares

**Noel George Little**

Director

Age: 58

Occupation : Self Employed Manager

Experience and expertise: Proprietor of a Caravan  
and Camping Equipment retail store. Founding Director.

Other current Directorships : Nil

Former Directorships in last 3 years : Nil

Special responsibilities: Member of the Marketing  
Committee

Interests in shares : 3,501 Ordinary Shares

**Stephen John Hart**

Director

Age: 53

Occupation : Manager

(Resigned 28 February 2005)

Experience and expertise: Manager of the Redcliffe  
and Bayside Herald. Founding Director.

Other current Directorships : Nil

Former Directorships in last 3 years : Nil

Special responsibilities : Company Secretary  
to 28 February 2005.

Interests in shares : 1,001 Ordinary Shares

**Lesley Frances Parker**

Director

Age: 61

Occupation : Self Employed

(Appointed 29 March 2005)

Experience and expertise: Proprietor of a Health  
Food retail business.

Other current Directorships : Nil

Former Directorships in last 3 years : Nil

Special responsibilities: Member of the Marketing  
Committee.

Interests in shares : 2,500 Ordinary Shares

Directors were in office for this entire year unless otherwise stated.

No Directors have material interests in contracts or proposed contracts with the Company.

**Company Secretary**

The Company secretary is Norman John Bowles. Norman was appointed to the position of Secretary on 28 February 2005. Norm is a founding Director and accepted appointment as Secretary following the resignation of Steve Hart. He is a Director of Deneg Pty Ltd and is a former Lighting Engineer and Quality Assurance Consultant.

**Principal activities**

The principal activities of the Company during the course of the financial year were in providing community banking services under management rights to operate a franchised branch of Bendigo Bank Limited.

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



# Directors' report 30 June 2005 continued

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## **Operating results**

The bank branch opened and commenced trading on 7 December 2004.

Operations have continued to perform in line with expectations. The loss of the Company for the financial year after provision for income tax was \$136,295 (2004: (\$0)).

## **Remuneration report**

No Director of the Company receives remuneration for services as a Company Director or Committee member

The Manager of the Bank receives a gross remuneration of \$58,066. Performance incentives do not form any part of the Manager's remuneration. He also receives employer superannuation support.

## **Dividends**

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

## **Significant changes in the state of affairs**

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

## **Significant events after the balance date**

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

## **Likely developments**

The Company will continue its policy of providing banking services to the community.

## **Environmental regulation**

The Company is not subject to any significant environmental regulation

## **Directors' benefits**

Except for William Reginald Fraser, 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. 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.

William Reginald Fraser is the Sole Director of an accounting practice, Will Fraser & Co Pty Ltd, which provides accounting and taxation services to the Company. Monthly fees charged for these services amount to \$275 (incl. GST).



# Directors' report 30 June 2005 continued

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## Indemnification and Insurance of Directors and Officers

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

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

## Directors meetings

The number of Directors meetings attended by each of the Directors of the Company during the year were:

	Number of Board Meetings	
	eligible to attend	Number attended
William Pierre Hoogwaerts	14	14
Norman John Bowles	14	12
Serge Paggiaro	14	12
Kevin James Hughes (Resigned 28 February 2005)	10	5
Stephen John Hart (Resigned 28 February 2005)	10	5
Christopher Robin O'Dare	14	5
William Reginald Fraser	14	10
Robert James Orr	14	13
Noel George Little	14	13
Lesley Frances Parker (Appointed 29 March 2005)	3	3

## Non audit services

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

The Board of Directors has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the provision of non-audit services by the auditor, as set out in

## Directors' report 30 June 2005 continued

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the notes, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed to ensure they do not impact on the impartiality and objectivity of the auditor;
- none of the services undermine the general principles relating to auditor independence as set out in Professional Statement F1, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risk and rewards.

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 27.

Signed in accordance with a resolution of the Board of Directors at Redcliffe on 22nd August 2005.



**William Pierre Hoogwaerts**  
**Chairman**



**William Reginald Fraser**  
**Director**

# Financial statements

## Statement of financial performance

For year ending 30 June 2005

	Note	2005 \$	2004 \$
Revenues from ordinary activities	2	54,329	-
General administration expenses		(71,301)	-
Salaries and employee benefits expense		(126,899)	-
Advertising and promotion expenses		(583)	-
Occupancy and associated costs		(12,946)	-
Depreciation and amortisation expense	3	(14,823)	-
Borrowing cost expense	3	(87)	-
Other expenses from ordinary activities		(19,495)	-
Profit/(Loss) from ordinary activities before income tax expense/credit		(191,805)	-
Income tax expense/credit relating to ordinary activities	4	55,510	-
Profit/(Loss) from ordinary activities after income tax expense/credit		(136,295)	-
Total changes in equity other than those resulting from transactions with owners as owners		(136,295)	-

# Financial statements continued

## Statement of financial position

As at 30 June 2005

	Note	2005 \$	2004 \$
CURRENT ASSETS			
Cash assets	5	167,857	-
Receivables	6	-	-
Prepayments		31,173	-
<b>Total Current Assets</b>		<b>199,031</b>	<b>-</b>
NON-CURRENT ASSETS			
Property, plant and equipment	7	196,617	-
Intangibles	8	54,465	-
Deferred tax assets	9	55,510	-
Total Non-Current Assets		306,592	-
<b>Total Assets</b>		<b>505,623</b>	<b>-</b>
CURRENT LIABILITIES			
Payables	10	20,214	-
Interest bearing liabilities	11	-	-
Current tax payable	4	(7,690)	-
Provisions	12		
Share Applications		19,000	-
Total Current Liabilities		31,524	-
Total Liabilities		31,524	-
<b>Net Assets</b>		<b>474,098</b>	<b>-</b>
EQUITY			
Contributed equity	13	630,909	-
Preliminary Expenses		(20,516)	-
Retained profits/(Accumulated losses)	14	(136,295)	-
<b>Total Equity</b>		<b>474,098</b>	<b>-</b>

# Financial statements continued

## Statement of cash flows

For the year ending 30 June 2005

	Note	2005 \$	2004 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received in the course of operations		37,369	
Cash paid in the course of operations		(236,868)	
Interest received		3,955	
Interest paid		(87)	
<b>Net cash provided by/(used in) operating activities</b>	<b>15(a)</b>	<b>(195,630)</b>	<b>-</b>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for intangible assets		61,238	
Purchase of property plant and equipment		204,668	
<b>Net cash provided by/(used in) investing activities</b>		<b>265,906</b>	<b>-</b>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds of share issues		630,909	
Proceeds from share applications		19,000	
Payment of share issue costs		(20,516)	
Dividends Paid		-	
<b>Net cash provided by financing activities</b>		<b>629,393</b>	<b>-</b>
Net increase/(decrease) in cash held		167,857	
Cash at the beginning of the financial year		-	
<b>Cash at the end of the financial year</b>	<b>15(b)</b>	<b>167,857</b>	<b>-</b>

# Notes to the financial statements

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For year ending 30 June 2005

## Note 1: Summary of significant accounting policies

### **Basis of preparation**

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 including applicable Accounting Standards. Other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) have also been complied with.

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The accounting policies are consistent with the previous year.

### **Income tax**

Income tax has been brought to account using the liability method of tax effect accounting whereby income tax expense is based on the profit from ordinary activities adjusted for any permanent differences.

Timing differences which arise due to the different accounting periods in which items of revenue and expenses are included in the determination of accounting profit and taxable income are brought to account as either a provision for deferred income tax or as a future income tax benefit at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefit.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised.

### **Goods and services tax**

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

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position. Cash flows are included in the statement of cash flows on a gross basis.

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

# Notes to the financial statements continued

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## Note 1: Summary of significant accounting policies continued

### Employee entitlements

The provision for employee benefits to wages, salaries and annual leave represents the amount which the Company has a present obligation to pay resulting from employees' services provided up to the balance date. The provision has been calculated on undiscounted amounts based on wage and salary rates expected to be paid and includes related on-costs.

The Company contributes to a defined contribution plan. Contributions to employee superannuation funds are charged against income as incurred.

### Intangibles

The cost of the Company's franchise fee has been recorded at cost and is amortised on a straight line basis at a rate of 20% per annum.

### Cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts.

### Property, plant and equipment

Property, plant and equipment are carried at cost or at independent or Directors' valuation, less where applicable any accumulated depreciation or amortisation. The carrying amount of property, plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of expected net cash flows that will be received from the assets employment and subsequent disposal.

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, are depreciated on a straight line basis over their estimated useful lives to the entity commencing from the time the asset is held ready for use.

Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of fixed assets	Depreciation rate (%)
Plant and equipment	2.5 - 25
Furniture and fittings	2.5 - 25

### Comparative figures

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.



# Notes to the financial statements continued

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## Note 1: Summary of significant accounting policies continued

### **Revenue**

Interest and fee revenue is recognised when earned. All revenue is stated net of the amount of Goods and Services Tax (GST).

### **Payment terms**

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

### **Receivables and payables**

Receivables are carried at their amounts due. The collectability of debts is assessed at balance date and specific provision is made for any doubtful accounts. Liabilities for trade creditors and other amounts are carried at cost that is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

### **Interest bearing liabilities**

All loans are measured at the principal amount. Interest is recognised as an expense as it accrues.

### **Provisions**

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

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

### **Contributed Capital**

Issued and paid up capital is recognised at the fair value of the consideration received by the Company.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

## Notes to the financial statements continued

	2005	2004
	\$	\$

### Note 2: Revenue from ordinary activities

#### Operating activities:

- services commissions	50,374	-
- other revenue	-	-
Total revenue from operating activities	50,374	-

#### Non-operating activities:

- interest received	3,955	-
- rental revenue	-	-
Total revenue from non-operating activities	3,955	-
<b>Total revenues from ordinary activities</b>	<b>54,329</b>	<b>-</b>

### Note 3: Expenses

#### Depreciation of non-current assets:

- plant and equipment	6,545	-
- leasehold improvements	1,506	-

#### Amortisation of non-current assets:

- intangibles	6,773	-
	<b>14,823</b>	<b>-</b>

#### Borrowing expenses:

- interest paid	87	-
Bad debts	-	-

## Notes to the financial statements continued

	2005	2004
	\$	\$

### Note 4: Income tax expense

The prima facie tax on profit/(loss) from ordinary activities before income tax is reconciled to the income tax expense as follows:

<b>Operating profit/(loss)</b>	<b>(191,805)</b>	
Prima facie tax on profit/(loss) from ordinary activities at 30%	(57,542)	
Add tax effect of:		
- non-deductible expenses	2,119	
<b>Income tax expense on operating profit/(loss)</b>	<b>(55,423)</b>	<b>-</b>

### Note 5: Cash assets

Cash at bank and on hand	167,657	
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### Note 6: Receivables

Trade receivables	13,005	
Prepayments	31,173	
	<b>44,178</b>	<b>-</b>

### Note 7: Property, plant and equipment

#### OFFICE FURNITURE AND EQUIPMENT

At cost	97,949	
Less accumulated depreciation	(6,545)	
	<b>91,403.80</b>	<b>-</b>

#### LEASEHOLD IMPROVEMENTS

At cost	106,719.00	
Less accumulated depreciation	(1,505.77)	
	105,213.23	-
<b>Total written down amount</b>	<b>196,617.03</b>	<b>-</b>

## Notes to the financial statements continued

	2005	2004
	\$	\$

### Note 7: Property, plant and equipment continued

#### MOVEMENTS IN CARRYING AMOUNTS:

##### OFFICE FURNITURE AND EQUIPMENT

Carrying amount at beginning	0	
Additions	97,948.80	
Disposals	-	
Less: depreciation expense	(6,545)	
<b>Carrying amount at end</b>	<b>91,403.80</b>	<b>-</b>

##### LEASEHOLD IMPROVEMENTS

Carrying amount at beginning	-	
Additions	106,719.00	
Disposals	-	
Less: depreciation expense	(1,505.77)	
<b>Carrying amount at end</b>	<b>105,213.23</b>	<b>-</b>

### Note 8: Intangible assets

#### FRANCHISE FEE

At cost	60,000.00	
Less: accumulated amortisation	(6,772.57)	
	<b>53,227.43</b>	<b>-</b>

### Note 9: Deferred tax benefit

Future income tax benefit	55,510	
Tax losses - revenue	-	

## Notes to the financial statements continued

	2005 \$	2004 \$
<b>Note 10: Payables</b>		
Trade Creditors	33,219	
Other creditors & accruals	-	
	<b>33,218.90</b>	-

## Note 11: Current interest bearing liabilities

Bank overdraft	-
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## Note 12: Provisions

Employee provisions	-
Number of employees at year end	0

## Note 13: Contributed equity

630,909 Ordinary shares fully paid of \$1 each	630,909	
Less preliminary expenses	(20,516)	
	<b>610,393</b>	-

## Note 14: Retained earnings/ Accumulated losses

Balance at the beginning of the financial year	-	-
Net profit/(loss) from ordinary activities after income tax	(136,295)	-
Dividends Paid	-	-
Balance at the end of the financial year	(136,295)	-

## Notes to the financial statements continued

	2005	2004
	\$	\$

### Note 15: Statement of cashflows

#### (a) Reconciliation of cash

Cash at bank and on hand	167,857	
Bank overdraft	-	
	<b>167,857</b>	<b>-</b>

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

<b>Profit/(Loss) from ordinary activities after income tax</b>	<b>(136,295)</b>	
Non cash items:		
- Income Tax Expense	(55,510)	
- depreciation	5,005	
- amortisation	9,818	
Changes in assets and liabilities:		
- (increase)/decrease in receivables	(13,005)	
- (increase)/decrease in other assets	(38,863)	
- increase/(decrease) in payables	33,219	
<b>Net cashflows provided by/(used in) operating activities</b>	<b>(195,630)</b>	<b>-</b>

### Note 16: Auditors' remuneration

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

- audit & review services	900	-
- other services in relation to the Company	3,140	-

## Notes to the financial statements continued

### Note 17: Director and Related party disclosures

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

William Pierre Hoogwaerts

Norman John Bowles

Serge Paggiaro

Christopher Robin O'Dare

Kevin James Hughes

William Reginald Fraser

Robert James Orr

Noel George Little

Stephen John Hart

Lesley Frances Parker

No Director or related entity has entered into a material contract with the Company. No Director's fees have been paid as the positions are held on a voluntary basis.

Directors shareholdings	2005	2004
William Pierre Hoogwaerts	5,501	-
Norman John Bowles	1	-
Serge Paggiaro	1	-
Christopher Robin O'Dare	1	-
Kevin James Hughes	1,501	-
William Reginald Fraser	1	-
Robert James Orr	6,501	-
Noel George Little	3,501	-
Stephen John Hart	1	-
Lesley Frances Parker	500	-

There was no movement in Directors shareholdings during the year. Each share held is valued at \$1 and is fully paid.

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### Note 18: Earnings per share

Earnings/(Losses) per share for the financial year were:	(21.60)	-
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## Notes to the financial statements continued

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### Note 19: International financial reporting standards - Impact of adopting Australian equivalents to IFRS

Entities complying with AIFRS for the first time will be required to restate their comparative financial statements to amounts reflecting the application of AIFRS to that comparative period. Most adjustments required on transition to AIFRS will be made, retrospectively, against opening retained earnings as at 1 July 2004.

The Company has established a project team to manage the transition to AIFRS, including training of staff and internal control changes necessary to gather all the required financial information.

The transition is currently on schedule.

In the Company's opinion, no material impacts are expected in relation to the financial report for the year ended 30 June 2005. There are no impacts to be disclosed.

Impact on the statements of financial performance	Nil
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Impact on the statements of financial position	Nil
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#### 19 (a) Income Tax

Under AASB 112 Income Taxes, deferred tax balances are determined using the balance sheet method which calculates temporary differences based on the carrying amounts of an entity's assets and liabilities in the statement of financial position and their associated tax bases. In addition, current and deferred taxes attributable to amounts recognised directly in equity are also recognised directly in equity.

This will result in a change to the current accounting policy, under which deferred tax balances are determined using the income statement method, items are only tax-effected if they are included in the determination of pre-tax accounting profit or loss and/or taxable income or loss and current and deferred taxes cannot be recognised directly in equity.

If the policy required by AASB 112 had been applied during the year ended 30 June 2005, there would have been no impact on the value of deferred tax assets or liabilities.

### Note 20: Subsequent events

There have been no events after the end of the financial year that would materially affect the financial statements.

### Note 21: Contingent liabilities

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

## Notes to the financial statements continued

### Note 22: Segment reporting

The economic entity operates in the financial services sector where it provides banking services to its clients.

The economic entity operates in one geographic area being Redcliffe Peninsula, Queensland.

### Note 23: Registered office/principal place of business

The registered office and principal place of business is: Shop 1A, 300 Oxley Avenue, Margate Qld 4019.

### Note 24: Financial instruments

#### Net fair values

The net fair values of financial assets and liabilities approximate the carrying values as disclosed in the Statement of Financial Position. The Company does not have any unrecognised financial instruments at the year end.

#### Credit risk

The maximum exposure to credit risk at balance date to recognised financial assets is the carrying amount of those assets as disclosed in the Statement of Financial Position and notes to the financial statements. There are no material credit risk exposures to any single debtor or group of debtors under financial instruments entered into by the economic entity.

#### Interest rate risk

			Fixed interest rate maturing in									
Financial instrument	Floating interest Rate		1 year or less		Over 1 to 5 years		Over 5 years		Non interest bearing		Weighted average effective interest rate	
	2005 \$	2004 \$	2005 \$	2004 \$	2005 \$	2004 \$	2005 \$	2004 \$	2005 \$	2004 \$	2005 %	2004 %
FINANCIAL ASSETS												
Cash assets	66,075	-	-	-	-	-	-	-	-	-	5.35	-
Investments	-	-	101,282	-	-	-	-	-	-	-	-	-
Receivables	-	-	-	-	-	-	-	-	13,005	-	N/A	N/A
FINANCIAL LIABILITIES												
Interest bearing liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Payables	-	-	-	-	-	-	-	-	33,219	-	N/A	N/A

# Directors' declaration

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In the Directors opinion:

- (1) the financial statements and notes of the Company are in accordance with the Corporations Act 2001, including
  - (i) complying with Accounting Standards and the Corporations Regulations 2001; and other mandatory professional reporting requirements; and
  - (ii) giving a true and fair view of the Company's financial position as at 30 June 2005 and of its performance as represented by the results of its operations and its cash flows for the financial year ended on that date; and
- (2) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer, as required by Section 295A of the Corporations Act 2001.



**William Pierre Hoogwaerts**  
**Chairman**



**William Reginald Fraser**  
**Director**

Signed on 22nd day of August 2005.

# Independent audit report

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## **INDEPENDENT AUDIT REPORT**

PO Box 454  
Bendigo VIC 3552  
61-65 Bull Street  
Bendigo VIC 3550  
Phone (03) 5443 0344  
Fax (03) 5443 5304  
afs@afsbendigo.com.au  
www.afsbendigo.com.au  
ABN 51 061 795 337

To the members of Redcliffe Peninsular Financial Services Limited

### **Scope**

We have audited the financial report of Redcliffe Peninsular Financial Services Limited for the financial year ended 30 June 2005 including the Directors' Declaration. The company's Directors are responsible for the financial report. We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements and statutory requirements in Australia, so as to present a view which is consistent with our understanding of the company's financial position and performance as presented by the results of its operations and cash flows.

The audit opinion expressed in this report has been formed on the above basis.

### **AUDIT OPINION**

In our opinion the financial report of Redcliffe Peninsular Financial Services Limited is in accordance with:

- (a) the Corporations Act 2001 including:
  - (i) giving a true and fair view of the company's financial position as at 30 June 2005 and of its performance for the year ended on that date; and
  - (ii) complying with Accounting Standards and the Corporations Regulations; and
- (b) other mandatory professional reporting requirements.

**DAVID HUTCHINGS**  
**ANDREW FREWIN & STEWART**  
61-65 Bull Street, Bendigo, 3550

Dated this 13<sup>th</sup> day of September 2005

# Auditor's independence declaration

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Redcliffe Peninsula Financial Services Limited  
ABN 66 109 123 677  
Auditor's Declaration

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PO Box 454  
Bendigo VIC 3552  
61-65 Bull Street  
Bendigo VIC 3550  
Phone (03) 5443 0344  
Fax (03) 5443 5304  
afs@afsbendigo.com.au  
www.afsbendigo.com.au  
ABN 51 061 795 337

12 September 2005

## Auditor's Independence Declaration

As lead auditor for the audit of Redcliffe Peninsula Financial Services Limited for the year ended 30 June 2005, I declare that, to the best of my knowledge and belief, there have been:

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

This declaration is in respect of Redcliffe Peninsula Financial Services Limited

David Hutchings  
Auditor

Andrew Frewin & Stewart  
Bendigo  
VIC 3550

# BSX report

Additional information required by the Bendigo Bank Stock Exchange and not shown elsewhere in this report is as follows. The information is current as at 20 September 2005.

## (a) Distribution of equity securities

The number of shareholders, by size of holding, are:

1 - 1,000	145
1,001 - 5,000	47
5,001 - 10,000	29
10,001 - 100,000	23
100,001 and over	-
<b>Total Shareholders</b>	<b>244</b>

There are currently 102 holders of parcels less than the minimum of 556, based on the current share price of \$0.90. Their holdings total 39,908 shares.

## (b) Ten largest shareholders

The names of the ten largest shareholders of quoted shares are:

Listed Ordinary Shares				
Emerald Constructions	Australia Pty Ltd		50,000	7.33%
Cleaver Holdings (Qld) Pty Ltd	Superannuation Fund A/C		20,000	2.93%
Dave's Electrical Service Pty	Ltd		20,000	2.93%
Mr Clive T Kitchen &	Mrs Yvonne M Kitchen	Clive Kitchen S/Fund A/C	20,000	2.93%
Mr Leonard Montes &	Mrs Emily Montes		20,000	2.93%
Ron Jelich Professional	Planning Pty Ltd	Jelich Super Fund A/C	20,000	2.93%
Mr Edward Trevarthen &	Mrs Elaine Trevarthen	Trevarthen Super Fund A/C	20,000	2.93%
Mr Gregory Willock McGilvery	Mrs Pauline Morris McGilvery	GW & JA McGilvery S/F A/C	15,000	2.20%
Redcliffe City Council			15,000	2.20%
Analytical Instruments Pty Ltd	Superannuation Fund A/C		10,000	1.47%

## (c) Voting rights

Each shareholder has one vote.

## (d) Corporate Governance Statement

The Board guides and monitors the business and affairs on behalf of the shareholders to whom they are accountable.

## BSX report continued

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The Board recognises the importance of a strong corporate governance focus and methodology. The Board is currently working towards adopting policies and procedures that will govern our Company into the future. We believe that building a policy framework will assist to clarify the future direction of our local Company, provide accountability and transparency and ensure there are guiding principles in place for future decision making.

The Board has a formally constituted Corporate Governance and Audit Committee.

**(e) Name of Company Secretary**

Norman John Bowles

**(f) Address and telephone number of registered office and principal place of business**

Shop 1A, 300 Oxley Avenue, Margate Qld 4019

Phone: (07) 3883 2399

Fax: (07) 3883 4377

**(g) Address and telephone number of office at which securities register is kept**

Bendigo Bank Limited, Share Registry Office, Fountain Court, Bendigo Vic 3552, phone 03 9664 0000

**(h) Number of restricted and unquoted securities**

There are no restricted securities on issue, nor are there any unquoted securities.







