

# 2006 annual report

Redcliffe Peninsula  
Financial Services Limited  
ABN 66 109 123 677



Margate **Community Bank**<sup>®</sup> Branch  
300 Oxley Avenue, Margate, QLD 4019  
Phone: (07) 3883 2399 Fax: (07) 3883 4377

Franchisee: Redcliffe Peninsula Financial Services Limited  
300 Oxley Avenue, Margate, QLD 4019  
ABN 66 109 123 677

[www.bendigobank.com.au](http://www.bendigobank.com.au)  
Bendigo Bank Limited, Fountain Court, Bendigo, VIC 3550  
ABN 11 068 049 178. AFSL 237879 (KKQ1012) (09/06)

Margate  
**Community Bank**<sup>®</sup> Branch  **Bendigo Bank**

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# Chairperson's report

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For year ending 30 June 2006

Dear Shareholders,

It's nice to share good news with friends and after reading our annual report I'm sure you will agree that this report shows a positive outlook for our **Community Bank®** branch. Our progress to date compares favourably to that of any **Community Bank®** company in Australia.

Our Branch Manager, Gavin McNab, has introduced a different approach to banking that has produced some significant business from larger type retail outlets and building companies. He has also been proactive in assisting local not for profit organisations in setting up Community Sector accounts specifically tailored for the benefit of these types of organisations.

We accept that competition is very strong in the market place as the big banks now realise what we are doing - offering people good old fashioned banking, offering superior service and face to face financial advice. With our friendly and motivated staff we will continue to actively engage with the local community.

The Board is working with management to raise the profile of the branch through the local community. We actively participated with the Margate Chamber of Commerce in the very successful Margate Festival, as well as participating in other community initiatives.

Our increased advertising with local publications has shown positive results with many people stopping me in the street to say "I saw your ad, looks good, how is the bank going?". This demonstrates that the community awareness to the Bank is growing all the time.

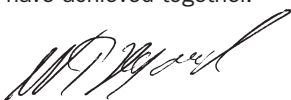
On a sad note the Board has lost one of its founding members Mr Chris O'Dare, who retired due to his increased work commitments. Chris has been a significant contributor to the Board and his efforts have been very much appreciated.

We have been fortunate to replace Chris with another local business person, Ms Eva Costello. Eva brings a lot of skills to the board after working in the accountancy and auditing field for many years. Eva is also very community minded being actively involved with various groups throughout the Peninsula.

It has been a challenging year, yet an enjoyable and encouraging one. We continue to build on our strong foundations for our future success.

In conclusion, I would like to thank my fellow Board Members for all their effort and support as well as the staff from Bendigo Bank who are always available and ready to assist. Thanks also go to Gavin, our Branch Manager, and his staff for their dedication and commitment.

As Chairman, I am proud to serve you, and on presenting this report to you, congratulate you on the success that we have achieved together.



**Bill Hoogwaerts**

**CHAIRMAN**



Back L-R: Serge Paggiaro, Will Fraser, Noel Little, Robert Orr, Norm Bowles.  
Front L-R : Lesley Parker, Bill Hoogwaerts (Chairman), Gavin McNab (Manager),  
Eva Costello.  
Absent : Chris O'Dare.

# Manager's report

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For year ending 30 June 2006

With our first full 12 month trading period to report on it is timely to reflect on the achievements of our community's own bank branch - Margate **Community Bank**<sup>®</sup> Branch.

It has been a solid year of growth and consolidation for the business, with the people of the Redcliffe Peninsula clearly welcoming the return of friendly and personal branch banking back to the Peninsula. But, the fact that the branch is community owned has contributed significantly to this success.

Over the last 12 months, we have seen our total book grow by approximately \$11.9 million bringing it to a total of \$25.9 million. Our customer numbers continue to grow with more than 840 this last financial year, bringing our total customer numbers to more than 1740. We continue to track well against our prospectus targets and would like to think we will be in a break even position later this year or early next year.

There are many people in our community that have contributed to this success. The obvious partners are you, the shareholders, and in particular those shareholders that have shown total commitment by transferring their personal and or business accounts to the bank branch.

If you haven't already done so, I urge you to consider the move - the earlier we reach profitability, the earlier we can return a dividend on your investment.

Should you wish to discuss any of your banking requirements please feel free to contact me.

I would like to acknowledge the efforts and support of Chairman Bill and his team of Directors. Many people don't realise the many hours of work that they have put in, not only in establishing the bank branch, but also in getting it to this level of business.

It's a huge commitment, made all the more significant because it's an unpaid position. The position is very difficult at times as Directors are asked to run a Company of which they are given little information due to privacy legislation.

Our Board is not permitted to see any personal accounts of any nature and have access only to normal Company reports and public information such as our share register from which to work.

In conclusion I would like to thank my staff, Roxanne, Kelly, Linda and Judy - they are the face of your **Community Bank**<sup>®</sup> branch and without their continued support, commitment and effort the branch would not have been able to report to you the success it has achieved to date.

I look forward to the opportunity to steer Margate **Community Bank**<sup>®</sup> Branch into another busy and successful 12 months.

Let your family and friends in on the Bendigo Way of banking, I'm sure they'll be pleasantly surprised.



**Gavin McNab**  
**Branch Manager**

# Message from Bendigo Bank Group Managing Director

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Eleven years since bank conversion (and eight years since introducing **Community Bank®**) it has been extremely pleasing to announce a further improvement in our profit performance – and to demonstrate how we are able to focus on enhancing the prospects for all stakeholders and produce solid returns for shareholders.

It has taken considerable commitment and effort by the Bank and its partners, but we have built a credible Australian banking alternative which is now producing improved outcomes for customers, for communities, and for other stakeholders associated with the Bendigo Group.

Our F06 result has shown the market that we have been able to sustainably improve profit performance while also undertaking substantial investments over the past eleven years. We have done so with a consistent strategy – and, while the \$100 million net profit is a milestone for us, the market continues to remind us that this is well under that being produced by the majors. We accept this, but we are making good progress.

Our ROE (*excluding significant item*) was 14.2% – where the majors are currently delivering higher returns. However, we are producing improved results year-on-year, and the prospects for our Group and our partners are even greater than when we started the strategy. Therefore we have not used up our credits, taken customers and communities for granted, or cut our cost base to produce our improved shareholder returns. This gives us greater opportunity to continue our progress.

The **Community Bank®** contribution has steadily improved. It is also helping to convince the financial markets that the model has merit, and that communities across Australia are able to respond to the challenge our model ascribes to our local partners. I have maintained my consistent message – that we have great partners and have never doubted the ability of communities to respond to this difficult task.

**Community Bank®** branches have now produced 27% of the Group's business footings and are contributing around 13% of our profit. As individual sites mature, I would expect the profit contribution to move closer to the overall business volumes serviced through the **Community Bank®** network.

In the past year Bendigo Bank has paid \$76 million to **Community Bank®** sites as their share in revenue, and the majority of this revenue now stays in the local community and its economy.

Many earlier **Community Bank®** sites are now generating solid surpluses and making distributions – not only to local shareholders but to local community projects and support services. We are now also able to leverage the sustainable revenue these communities are generating to multiply the money available for community activities.

Our Community Enterprise Foundation enables gifting to be undertaken tax-effectively, and the work we have been undertaking with the various governments is also enabling us to assist in seeking match-funding to further improve the amount of money available to direct to local projects. It is most pleasing to see this occur, and I expect many new strategic initiatives and projects will be undertaken in the coming decade.

I am extremely proud of all of the communities who have undertaken the difficult task of launching their own **Community Bank®** branch. I also fully understand the contribution made by the local leaders who are involved in the Community Banking network for and on behalf of their communities.

It is particularly pleasing that the market is now acknowledging the strength of this model – although they are still expressing some doubt concerning our joint ability to remain united as a strong collaborative force – or whether the model will be as effective if we experience less buoyant economic times. Of course, we believe we will be able to maintain our joint commitment in whatever economic environment emerges.



# Message from Bendigo Bank Group Managing Director continued

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We are convinced – even if this model is not being used anywhere else in the world – that the benefits for all stakeholders will be substantial and that the relationships developed in this Business & Community Partnership will be enduring.

I am confident we can remain united and committed to improve the prospects of communities – and this in turn will improve the local support for each **Community Bank®** site and strengthen the connection we have with customers and communities around Australia. This has to be good for our business – and I think the recent result is proving this.

At the Bendigo we are convinced it is possible to produce Triple Bottom Line outcomes on a sustainable basis – if the outcomes for the broader stakeholder base are a result of the particular strategy and business model rather than something pursued independently.

As our **Community Bank®** partners – *and as representatives for your local communities* – you are truly the local champions who are making this happen. I know how difficult it is to create a new business of any kind – let alone a new publicly-owned business shaped like the Community Enterprise that is **Community Bank®**.

I can confirm that Bendigo Bank, your business partner, is committed to the building of more prosperous local economies. If together we can build a sustainable local enterprise, we will have built a source of reliable local revenue that can be directed to the ongoing improvement of your local marketplace for many years to come.

When we built the **Community Bank®** business model we did so with great faith in community and its role in the future marketplace. Today we hold that same view – but also an ever-increasing belief that community has so much to offer in the development of the communities of the future.

We also believe that many of the things that challenge us can be addressed at the local level. I understand there is still much to be done to improve the financial outcomes for communities and for the Bendigo Group and we look forward to working with you on activities to secure our respective futures.

We will continue our efforts to identify and assist you to address many of these challenges and – on behalf of the Board and Management at Bendigo Bank – I thank you for the effort you have expended over the years on behalf of your community. We feel confident your community will profit from this effort for many years to come.

We have always held the belief that banks were originally formed (*back in the 1400s*) to help build a more prosperous village. We are confident our **Community Bank®** Business & Community Partnership is working to that same objective and that we will all benefit greatly from this joint commitment.

I wish you well in the future and pledge our ongoing support to help ensure your Community Enterprise develops into a sustainable entity and a lasting contributor to your local market.

Thanks for your efforts in F06 and for your ongoing commitment.

**Rob Hunt**  
**Managing Director**  
**Bendigo Bank Group**

18 August 2006

# Directors' report

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For year ending 30 June 2006

Your Directors submit the financial report of the Company for the financial year ended 30 June 2006.

## 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: 68

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.

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

Interests in shares: 5,501 Ordinary Shares

### Norman John Bowles

Director

Age: 61

Occupation: Self Employed

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

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

Interests in shares: 1 Ordinary Share

### 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.

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

Interests in shares: 1 Ordinary Share

### Christopher Robin O'Dare

Director

Age: 49

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.

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

Interests in shares: 1 Ordinary Share

### William Reginald Fraser

Director

Age: 53

Occupation: Self Employed Managing Director

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

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

Interests in shares: 1,501 Ordinary Shares

### Robert James Orr

Director

Age: 54

Occupation: Self employed Director

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

Special responsibilities: Member of the Human Resources Committee.

Interests in shares: 6,501 Shares

## Directors' report continued

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### **Noel George Little**

Director

Age: 59

Occupation: Self Employed Manager

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

Special responsibilities: Member of the Marketing Committee.

Interests in shares: 3,501 Ordinary Shares

### **Lesley Frances Parker**

Director

Age: 62

Occupation: Self Employed

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

Special responsibilities: Member of the Policies Committee.

Interests in shares: 2,500 Ordinary Shares

### **Eva Joan Costello**

Director (Appointed 28 March 2006)

Age: 75

Occupation: Self Employed Accountant

Experience and expertise: Accountant for the past 14 years. Employed as a bank auditor and with accounting firms for previous 45 years.

Other current directorships: Nil

Former Directorships in last 3 years: Nil

Special responsibilities: Member of the Policy Committee.

Interests in shares: 1,000 Ordinary Shares

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

Except for William Fraser, no Director has material interests in contracts or proposed contracts with the Company.

William Fraser is the Managing Director of Will Fraser & Co Pty Ltd, a Margate based CPA accounting practice. Will Fraser & Co Pty Ltd provides accounting services to the Company, based on discounted charge rates. Total fees charged during the 2005/06 year amounted to \$6,374.23.

### **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 continued

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## Operating Results

Operations have continued to perform in line with expectations. The loss of the Company for the financial year after provision for income tax was:

Year ended	Year ended
30 June 2006	30 June 2005
\$	\$
(117,775)	(136,295)

## Remuneration

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 \$58,000. 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.

## Matters subsequent to the end of the financial year

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

## 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 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.

## Directors' report continued

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William Fraser's firm, Will Fraser & Co Pty Ltd, provided accounting services to the Company (as disclosed in the Directors' 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 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	12	11
Norman John Bowles	12	11
Serge Paggiaro	12	10
Christopher Robin O'Dare	12	2
William Reginald Fraser	12	8
Robert James Orr	12	8
Noel George Little	12	12
Lesley Frances Parker	12	10
Eva Joan Costello ( <i>Appointed 28 March 2006</i> )	3	3

# Directors' report continued

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## 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, in accordance with the advice received from the audit committee and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

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

all non-audit services have been reviewed by the audit committee 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 11.

Signed in accordance with a resolution of the Board of Directors at Redcliffe on 22 August 2006.



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William Pierre Hoogwaerts, Chairman



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William Reginald Fraser, Director

# Directors' report continued

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## Auditor's Declaration

### **Auditor's Independence Declaration**

As lead auditor for the audit of Redcliffe Peninsula Financial Services Limited for the year ended 30 June 2006, 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 Partner**

**Andrew Frewin & Stewart**

**Bendigo**

4 September 2006

The accompanying notes form part of these financial statements.

# Financial statements

## Income Statement

For year ending 30 June 2006

	Notes	2006 \$	2005 \$
Revenues from continuing operations	3	217,818	54,329
Salaries and employee benefits expense		(220,479)	(126,899)
Advertising and promotion expenses		(3,108)	(583)
Occupancy and associated costs		(32,480)	(12,946)
Depreciation and amortisation expense	4	(28,271)	(14,823)
Finance costs	4	(654)	(87)
Other expenses from ordinary activities		(24,970)	(19,495)
General administration expenses		(72,934)	(71,301)
<b>Loss from ordinary activities before income tax expense/credit</b>		<b>(165,078)</b>	<b>(191,805)</b>
Income tax expense/credit	5	47,303	55,510
<b>Loss from ordinary activities after income tax expense/credit</b>		<b>(117,775)</b>	<b>(136,295)</b>
<b>Loss attributable to members of Redcliffe Peninsula Financial Services Limited</b>		<b>(117,775)</b>	<b>(136,295)</b>
<b>Earnings per share (cents per share)</b>			
- basic for profit for the year	17	(17.67)	(21.60)
- diluted for profit for the year		(17.79)	(66.94)

The accompanying notes form part of these financial statements.

# Financial statements continued

## Balance Sheet

As at 30 June 2006

	Notes	2006 \$	2005 \$
<b>Current Assets</b>			
Cash assets	6	42,396	167,857
Trade and other receivables	7	23,362	38,863
<b>Total Current Assets</b>		<b>65,758</b>	<b>206,720</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	8	188,691	196,617
Intangibles	9	42,465	54,465
Deferred tax assets	10	102,813	55,510
<b>Total Non-Current Assets</b>		<b>333,969</b>	<b>306,592</b>
<b>Total Assets</b>		<b>399,727</b>	<b>513,312</b>
<b>Current Liabilities</b>			
Trade and other payables	11	7,954	20,214
Share Applications		-	19,000
<b>Total Current Liabilities</b>		<b>7,954</b>	<b>39,214</b>
<b>Total Liabilities</b>		<b>7,954</b>	<b>39,214</b>
<b>Net Assets</b>		<b>391,773</b>	<b>474,098</b>
<b>Equity</b>			
Contributed equity	12	645,843	610,393
Accumulated losses	13	(254,070)	(136,295)
<b>Total Equity</b>		<b>391,773</b>	<b>474,098</b>



## Financial statements continued

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### Statement of changes in equity

For year ending 30 June 2006

	2006 \$	2005 \$
Total equity at the beginning of the financial year	474,098	-
Net loss for the year	(117,775)	(136,295)
Net income/expense recognised directly in equity	-	(20,516)
Dividends provided for or paid	-	-
Shares issued during period	35,450	630,909
Total equity at the end of the financial year	<b>391,773</b>	<b>474,098</b>

# Financial statements continued

## Statement of cash flows

For year ending 30 June 2006

		2006 \$	2005 \$
<b>Cash flows from operating activities</b>			
Cash received from customers		196,102	37,369
Cash paid to suppliers and employees		(339,526)	(236,868)
Interest received		10,512	3,955
Interest paid		(654)	(86)
<b>Net outflows from operating activities</b>	14(b)	<b>(133,566)</b>	<b>(195,630)</b>
<b>Cash Flows From Investing Activities</b>			
Payment for intangible assets		-	(61,238)
Payments for property plant and equipment		(8,345)	(204,668)
<b>Net cash outflows investing activities</b>		<b>(8,345)</b>	<b>(265,906)</b>
<b>Cash Flows From Financing Activities</b>			
Proceeds of share issues		16,450	630,909
Proceeds from share applications		-	19,000
Payment of share issue costs		-	(20,516)
<b>Net cash inflows financing activities</b>		<b>16,450</b>	<b>629,393</b>
<b>Net increase/(decrease) in cash held</b>		<b>(125,461)</b>	<b>167,857</b>
Cash at the beginning of the financial year		167,857	-
<b>Cash at the end of the financial year</b>	14(a)	<b>42,396</b>	<b>167,857</b>

# Notes to the financial statements

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## 1. Summary of significant accounting policies

### **Basis of preparation**

This general purpose financial report has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRSs), other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Corporations Act 2001.

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.

#### *Application of AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards (AIFRS)*

These financial statements are the first Redcliffe Peninsula Financial Services Limited financial statements to be prepared in accordance with AIFRSs. AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards has been applied in preparing these financial statements.

The Financial Statements of Redcliffe Peninsula Financial Services Limited until 30 June 2005 had been prepared in accordance with previous Australian Generally Accepted Accounting Principles (AGAAP). AGAAP differs in certain respects from AIFRS. When preparing Redcliffe Peninsula Financial Services Limited's 2006 financial statements, management amended certain accounting and valuation methods that are applied in the AGAAP financial statements to comply with AIFRS.

Reconciliations and descriptions of the effect of the transition from previous AGAAP to AIFRSs on the Company equity and its net income are given in note 18.

### **Revenue**

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

### **Income tax**

#### *Current tax*

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

# Notes to the financial statements continued

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## 1. Summary of significant accounting policies (continued)

### **Income tax (continued)**

#### *Deferred tax*

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities reflects the tax consequences that would follow from the manner in which the consolidated entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they related to income taxes levied by the same taxation authority and the Company/consolidated entity intends to settle its current tax assets and liabilities on a net basis.

#### *Current and deferred tax for the period*

Current and deferred tax is recognised as an expense or income in the income statement, except when it relates to items credited or debited to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

### **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 for the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

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

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

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

# Notes to the financial statements continued

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## 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.

### **Comparative figures**

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

### **Property, plant and equipment**

Plant and equipment, leasehold improvements and equipment under finance lease are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land. Depreciation is calculated on a straight line basis so as to write off the net cost of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated at the rate equivalent to the available building allowance using the straight line method. The estimated useful lives, residual values and depreciation method is reviewed at the end of each annual reporting period.

The following estimated useful lives are used in the calculation of depreciation:

- leasehold improvements 40 years
- plant and equipment 2.5 - 40 years
- furniture and fittings 4 - 40 years

# Notes to the financial statements continued

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## 1. Summary of significant accounting policies (continued)

### **Impairment of assets**

At each reporting date, the consolidated entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs. Goodwill is tested for impairment annually and whenever there is an indication that the asset may be impaired. An impairment of goodwill is not subsequently reversed.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

### **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.

### **Borrowings**

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



# Notes to the financial statements continued

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## 1. Summary of significant accounting policies (continued)

### **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.

## 2. Financial Risk Management

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

Risk management is carried out directly by the Board of Directors.

### (i) Market Risk

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

### (ii) Price Risk

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

### (iii) Credit Risk

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

### (iv) Liquidity Risk

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

# Notes to the financial statements continued

## (v) Cash flow and fair value interest rate risk

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

	2006 \$	2005 \$
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## 3. Revenue from ordinary activities

### Operating activities:

- services commissions	207,306	50,374
- other revenue	-	-
<b>Total revenue from operating activities</b>	<b>207,306</b>	<b>50,374</b>

### Non-operating activities:

- interest received	10,512	3,955
<b>Total revenue from non-operating activities</b>	<b>10,512</b>	<b>3,955</b>
<b>Total revenues from ordinary activities</b>	<b>217,818</b>	<b>54,329</b>

## 4. Expenses

### Depreciation of non-current assets:

- plant and equipment	13,604	6,544
- leasehold improvements	2,667	1,506

### Amortisation of non-current assets:

- franchise agreement	12,000	6,773
	<b>28,271</b>	<b>14,823</b>

### Borrowing expenses:

- interest paid	<b>654</b>	<b>87</b>
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## Notes to the financial statements continued

	2006 \$	2005 \$
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### 5. Income tax expense

The prima facie tax on loss from ordinary operations before income tax is reconciled to the income tax expense as follows:

Operating loss	(165,078)	(191,805)
Prima facie tax on loss from ordinary operations at 30%	(49,523)	(57,542)
Add tax effect of:		
- non-deductible expenses	2,220	2,032
<b>Income tax expense on operating loss</b>	<b>(47,303)</b>	<b>(55,510)</b>

### 6. Cash assets

Cash at bank and on hand	<b>42,396</b>	<b>167,857</b>
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### 7. Trade and other receivables

Trade receivables	2,921	7,690
Prepayments	20,441	31,173
	<b>23,362</b>	<b>38,863</b>

### 8. Property, plant and equipment

#### *Plant and equipment*

At cost	106,294	97,949
Less accumulated depreciation	(20,149)	(6,545)
	<b>86,145</b>	<b>91,404</b>

#### *Leasehold improvements*

At cost	106,719	106,719
Less accumulated depreciation	(4,173)	(1,506)
	102,547	105,213
<b>Total written down amount</b>	<b>188,692</b>	<b>196,617</b>

## Notes to the financial statements continued

	2006 \$	2005 \$
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### 8. Property, plant and equipment (continued)

#### Movements in carrying amounts:

##### *Plant and equipment*

Carrying amount at beginning	91,404	-
Additions	8,345	97,949
Disposals	-	-
Less: depreciation expense	(13,604)	(6,545)
<b>Carrying amount at end</b>	<b>86,145</b>	<b>91,404</b>

##### *Leasehold improvements*

Carrying amount at beginning	105,213	-
Additions	-	106,719
Disposals	-	-
Less: depreciation expense	(2,667)	(1,506)
Carrying amount at end	102,546	105,213
<b>Total written down amount</b>	<b>188,691</b>	<b>196,617</b>

### 9. Intangible assets

Company Formation	1,238	1,238
Franchise Fee		
At cost	60,000	60,000
Less: accumulated amortisation	(18,773)	(6,773)
	<b>42,465</b>	<b>54,465</b>

### 10. Deferred Tax Asset

#### Future income tax benefit

<b>Tax losses - revenue</b>	<b>102,813</b>	<b>55,510</b>
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## Notes to the financial statements continued

	2006 \$	2005 \$
<b>11. Trade and other payables</b>		
Trade Creditors	2,554	20,214
Other creditors & accruals	5,400	-
	<b>7,954</b>	<b>20,247</b>

	2006 Shares	2005 Shares	2006 \$	2005 \$
<b>12. Contributed equity</b>				
Ordinary shares at beginning of the financial year	630,909	-	630,909	-
Shares issued during financial year	50,450	630,909	35,450	630,909
Ordinary shares at end of the financial year	681,359	630,909	666,359	630,909
Less: equity raising expenses			(20,516)	(20,516)
			<b>645,843</b>	<b>610,393</b>

	2006 \$	2005 \$
<b>13. Accumulated losses</b>		
Balance at the beginning of the financial year	(136,295)	-
Net loss from ordinary activities after income tax	(117,775)	(136,295)
Dividends Paid	-	-
<b>Balance at the end of the financial year</b>	<b>(254,070)</b>	<b>(136,295)</b>

## Notes to the financial statements continued

	2006 \$	2005 \$
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### 14. Statement of cashflows

#### (a) Reconciliation of cash

Cash at bank and on hand	42,396	167,857
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#### (b) Reconciliation of loss from ordinary activities after tax to net cash used in operating activities

Loss from ordinary activities after income tax	(117,775)	(136,295)
Non cash items:		
- income tax	(47,303)	(55,510)
- amortisation	12,000	9,819
- depreciation	16,271	5,005
Changes in assets and liabilities:		
- (increase)/decrease in receivables	-	(13,005)
- (increase)/decrease in other assets	15,501	(38,863)
- increase/(decrease) in payables	(12,260)	33,219
<b>Net cashflows used in operating activities</b>	<b>(133,566)</b>	<b>(195,630)</b>

### 15. Auditors' remuneration

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

- audit & review services	3,300	900
- other services in relation to the Company	-	3,140
	<b>3,300</b>	<b>4,040</b>



# Notes to the financial statements continued

## 16. 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

William Reginald Fraser

Robert James Orr

Noel George Little

Lesley Frances Parker

Eva Joan Costello (Appointed 28 March 2006)

Except for William Fraser, who provided accounting services to the Company (as disclosed in the Director's Report), 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	2006	2005
William Pierre Hoogwaerts	5,501	5,501
Norman John Bowles	1	1
Serge Paggiaro	1	1
Christopher Robin O'Dare	1	1
William Reginald Fraser	1	1
Robert James Orr	6,501	6,501
Noel George Little	3,501	3,501
Lesley Frances Parker	500	500
Eva Joan Costello (Appointed 28 March 2006)	1,000	1,000

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

## 17. Earnings per Share

	c	c
Losses per share for the financial year were:	(17.28)	(21.60)

## Notes to the financial statements continued

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### 18. Reconciliation and equity reported under previous Australian Generally Accepted Accounting Principles (AGAAP) to equity under AIFRS

Entities complying with AIFRS for the first time are 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 would be made, retrospectively, against opening retained earnings as at 1 July 2004.

In the Company's opinion, there have been no material impacts in relation to the financial report for the year ended 30 June 2006. There are no impacts to be disclosed.

#### **Impact on the income statement**

Nil.

#### **Impact on the balance sheet**

Nil.

### 19. Subsequent events

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

### 20. Contingent liabilities

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

### 21. 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, Queensland.

### 22. Registered office/Principal place of business

The registered office and principal place of business is:

#### **Registered office**

Shop 1A, 300 Oxley Avenue  
Margate, QLD 4019

#### **Principal place of business**

Shop 1A, 300 Oxley Avenue  
Margate, QLD 4019

# Notes to the financial statements continued

## 23. 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	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%
<b>Financial assets</b>												
Cash assets	42,396	66,075	-	-	-	-	-	-	-	-	4.50	5.35
Investments	-	101,282	-	-	-	-	-	-	-	-	N/A	5.35
Receivables	-	-	-	-	-	-	-	-	23,362	38,863	N/A	N/A
<b>Financial liabilities</b>												
Payables	-	-	-	-	-	-	-	-	7,954	20,214	N/A	N/A

# Directors' declaration

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

In the opinion of the Directors:

- (a) the financial statements and notes of the Company are in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the Company's financial position as at 30 June 2006 and of its performance for the financial year ended on that date; and
  - (ii) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



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**William Pierre Hoogwaerts, Chairman**



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**William Reginald Fraser, Director**

Signed on the 22 August 2006.

# Independent audit report



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www.afsbendigo.com.au  
ABN 51 061 795 337

## **INDEPENDENT AUDIT REPORT**

To the members of Redcliffe Peninsula Financial Services Limited

### **Scope**

The financial report comprises the balance sheet, income statement, statement of changes in equity, cash flow statement, a summary of significant accounting policies and other explanatory notes and the directors' declaration for Redcliffe Peninsula Financial Services Limited for the financial year ended 30 June 2006.

The company has disclosed information about the compensation of key management personnel ("compensation disclosures"), as required by Accounting Standard AASB 124 Related Party Disclosures ("AASB 124") under the heading "remuneration report" in the directors' report as permitted by the ASIC class order 06/50. These compensation disclosures are identified in the directors' report as being subject to audit. The remuneration report also contains information not subject to audit.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with Accounting Standards in Australia and the Corporations Act 2001. This includes responsibility for the maintenance of adequate financial records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report. The directors are also responsible for the compensation disclosures contained in the directors' report.

### **Audit approach**

We have conducted an independent audit of the financial report and compensation disclosures in order to express an opinion on them 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 and the compensation disclosures comply with AASB 124. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal controls, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards in Australia and the Corporations Act 2001 so as to present a view which is consistent with our understanding of the company's financial position, and performance as represented by the results of its operations, its changes in equity and their cash flows and whether the compensation disclosures comply with AASB 124.

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 made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

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

### **Audit Opinion**

In our opinion:

1. the 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 2006 and of its performance for the year ended on that date; and
  - (ii) complying with Accounting Standards in Australia and the Corporations Regulations; and
2. the compensation disclosures that are contained in the directors' report under the heading "remuneration report" comply with Accounting Standard AASB 124 *Related Party Disclosures*.

  
**DAVID HUTCHINGS**

**ANDREW FREWIN & STEWART**  
61-65 Bull Street, Bendigo, VIC 3550  
Dated this 7<sup>th</sup> day of September 2006

# BSX report

## BSX Additional Information

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 14 August 2006.

### (a) Distribution of equity securities

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

Number of share held	Number of Shareholders
1 - 1,000	147
1,001 - 5,000	72
5,001 - 10,000	17
10,001 - 100,000	9
1000,001 and over	
<b>Total Shareholders</b>	<b>245</b>

There are currently 101 holders of parcels less than the minimum of 556, based on the current share price of \$0.90. Their holdings total 39,308 shares.

### (b) Ten largest Shareholders

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

Shareholder		Listed Ordinary Shares	Percentage of Capital
Emerald Constructions	Australia Pty Ltd	50,000	7.34%
Cleaver Holdings (Qld) Pty Ltd	<Superannuation Fund A/C>	20,000	2.94%
Dave's Electrical Service Pty Ltd		20,000	2.94%
Mr Clive T Kitchen &	Mrs Yvonne M Kitchen <Clive Kitchen S/Fund A/C>	20,000	2.94%
Mr Leonard Montes &	Mrs Emily Montes	20,000	2.94%
Ron Jelich Professional	Planning Pty Ltd <Jelich Super Fund A/C>	20,000	2.94%
Mr Edward Trevarthen &	Mrs Elaine Trevarthen <Trevarthen Super Fund A/C>	20,000	2.94%
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%



# BSX report continued

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## **(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.

The Board recognises the importance of a strong corporate governance focus and methodology. The Board has adopted an extensive set of policies and procedures, that are the primary reference for the governance of our Company. This policy framework assists in clarifying the future direction of our local Company and provides accountability and transparency for decision making.

The Board as 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.

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

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