Annual Report 2022

Pinjarra Community Financial Services Limited

Community Bank
Pinjarra

ABN 31 097 389 547

Contents

Chairman's report

For year ending 30 June 2022

On behalf of the Pinjarra Community Financial Services Pty Limited Board, it is my pleasure to present the Chairman's report of the Community Bank Pinjarra performance and activities for the 2022 financial year.

This Annual Report provides opportunities to communicate the benefits that can be achieved by our Community Bank.

2021/22 has been a year of continuous challenge and change as the industry continues to encounter difficult market conditions, and low interest rates. With disruptions from COVID-19 easing, our Branch Manager and her team have managed to increase their presence in the community and we are seeing more traffic through the doors again.

Our Community Bank continues to prioritise our culture of high-quality customer service and accountability, under the very capable leadership of our Branch Manager Natalie Myers supported by her dedicated staff.

It gives me great pleasure to announce that our financial position as at the 30 June 2022 shows an after-tax profit of $64,538. The result can be attributed to the continuing priority of our staff to place the customer focussed values of Community Bank Pinjarra front and centre in their dealings with our customers and the community.

Our Marketing Committee which continued to be led by Director Shane Rowley, has worked diligently to use funds effectively in order to benefit our local community.

We continue to spread the Community Bank model, "Community Banking is based on a 'profit-with-purpose' model, which means our profits are returned directly to the community that has generated them".

More than $19 million in funding has been distributed to local community projects and initiatives across Australia this financial year, with WA Community Bank branches contributing more than $2.7 million to this milestone.

Some of the projects which have benefitted from your Community Bank marketing budget this year are:

Dwellingup Community Compact	Pinjarra Croquet Club
Fishability	Friends of Edenvale
Shire of Waroona	Murray Adult Riders
Pinjarra Football & Netball Club	Yunderup Sport & Recreation Club
Coolup Campdraft	Pinjarra Community Men's Shed
Preston Beach Community Gardens	Pinjarra Harness Racing Club
Lions Club of Pinjarra	Homestead for Youth
Waroona Agricultural Society	Diamonds 2 Dust Barrel Racing

These are some of the community groups which we have supported during the financial year, showing the diversity of projects that have been supported.

In total, the amount contributed to our community this year is $40,000.

The Board saw the departure of Director Lindsay Stacpoole who was a valuable asset to the Board specifically in the Marketing Committee. Lindsay was a dedicated Board member and was particularly involved with the community groups we supported. She will be missed but we wish her the best with her future endeavours.

We do however welcome two new Board members; James Wilkinson and Tiffany Franklin, both of whom bring their own set of valuable experience and knowledge to the Board.

I would like to express my sincere appreciation to all of our Board members who volunteer their time and expertise to the company and to myself, in my role of chairman. I would like to acknowledge their commitment to the Board, and also thank their families, for, as we know, such a commitment affects both their personal and business lives.

I would especially like to thank our Company Secretary (Michael Kidd), Branch Manager (Natalie Myers), Marketing Chair (Shane Rowley) and our Administration Officer (Tessa Davies) for their support during the year.

All members contribute to the smooth running of the Board, assisted by the staff. We could not serve the community the way we do without them.

Once again, despite this highly competitive environment we were able to pay a fully franked dividend of five cents per share. Since 2013 Pinjarra Community Financial Services Limited has been able to pay a dividend to shareholders.

Without the support of our shareholders Pinjarra Community Financial Services Limited would not exist, so a great big thank you for your continuing support.

This year we reached a huge milestone and celebrated our 20 year anniversary of banking in the Pinjarra community. We celebrated with our community by putting on a free community event with rides, food trucks, live entertainment and more at the Edenvale Homestead. This was well received by the community with a huge turnout. Our Board of Directors and branch staff were honoured to celebrate such a milestone with the community who have supported us by banking local over the last 20 years.

Whilst there will be ongoing economic challenges which will inevitably affect our Community Bank, you can be assured that your Board of Directors and our branch staff, will continue our efforts to uphold the success of our brand and our business as we have done in the past.

We look forward to continuing to support our community through the 2023 financial year.

Stephen (Steve) Lee
Chairman

Manager’s report

For year ending 30 June 2022

Community Bank Pinjarra has had an exciting and very strong year.

I am extremely pleased to announce that we ended the 2022 financial year in a strong growth position. The branch saw $39 million in growth and has a strong potential growth pipeline for the 2023 financial year.

Community Bank Pinjarra were able to contribute $40,000 into the local community through our community partnership program.

This is possible thanks to the support and commitment from our community members banking local.

Although times are changing our approach and values are consistent. We continue to pride ourselves in delivering “old fashioned” face-to-face customer service.

We are however, also ensuring we are keeping up with the times, providing digital platforms and a mobile, more accessible service to the community.

Bendigo Bank has been recognised as Australia most trusted bank (*Roy Morgan Risk Monitor, May 2022). Trust is central to how Bendigo Bank operates, which is why we are proud to be named #1 trusted bank in Australia.

Thank you for being part of Australia’s most trusted bank.

This last year has seen a change in staff with Renae joining the team as a full time Customer Service Officer. Renae was previously at the Halls Head branch and brings with her years of knowledge and skills within the banking industry.

We still have our long serving staff Lisa and Jess who have contributed towards the success of the branch with their extensive knowledge of our products and outstanding customer service.

The team has worked consistently throughout the year to ensure we succeed in business growth and prominence within the Community.

I would like to thank the staff for their hard work and continued commitment to the branch. The service you give to not only our customers but also our community is next to none. You each bring with you your own knowledge, skills, and personalities and together we make a great team.

I would also like to say “Thank you” to the Community Bank Pinjarra Board members. You all bring so much to the table, and I really appreciate the time and energy you put into this voluntary role.

To the shareholders, “Thank you” for your continuing support which ensures the ongoing success of our Community Bank.

I am confident that the Community Bank Pinjarra is entering the 2023 financial year on very solid ground and look forward to another challenging and successful year.

“Thank you” for being part of the Community Bank Pinjarra.

Natalie Myers
Branch Manager

Community Bank National Council report

For year ending 30 June 2022

As a shareholder in your local Community Bank, you are part of this incredible social network that is playing an increasingly important role in the Australian economy.

The Community Bank network was a first mover in Australia with its unique social enterprise model. The first Community Bank opened its doors in 1998, and since then, the network has grown to 307 Community Bank branches.

The network represents a diverse cross-section of Australia with 240 social enterprises, 70,000+ shareholders, 1600+ volunteer Directors, 1600+ staff and 905,000 customers located in metro, regional, rural and remote locations across the country. It's not uncommon to visit a country town and see the Community Bank logo affixed to public amenities; at the front of schools, and on the perimeter of sporting clubs – such is the breadth and depth of our investments over the years.

The Community Bank network invests via grants, donations and sponsorships that connect with and care for generations of Australians. Funding programs range from sport, scholarships and school programs, through to community groups, cultural organisations and local councils. The Community Bank influence further extends to facilitating and attracting other partners to help subsidise much needed community projects.

The relationship with the Bank, which has been fashioned out of shared effort, risk and reward, is clearly a philosophy that works. Also supporting the network, is the Community Bank National Council (CBNC), which advocates and influences on behalf of the 240 community enterprises with its partners.

The three strategic pillars of the 2022-23 CBNC strategy are to:

- Develop a community network strategy to ensure the ongoing sustainability of our community enterprises
- Advocate for and champion the uniqueness and value of our social enterprises
- Unite the network to leverage our community presence and amplify our community impact

All Directors and shareholders should feel proud of the network which has collectively delivered enormous impact in our local communities.

We are community builders and investors with a national presence, whilst still retaining grass roots community connections. It's through this unique point of difference, and the commitment of our directors and shareholders, that we are well positioned to embrace the change that is upon us.

Next year our Community Bank network celebrates 25 years, but in many respects, it's only the beginning for our collective of social enterprises.

Warm regards

Sarah Franklyn
CBNC Chair

Directors' report

The directors present their report, together with the financial statements, on the company for the year ended 30 June 2022.

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

Name:	Stephen Donald Lee
Title:	Chair
Experience and expertise:	Shire of Murray Councillor since 2013. Former Deputy Shire President. Retired Manager Administration and Finance, Education Department of Western Australia. Treasurer Friends of Edenvale Inc. Chairperson Ravenswood Community Group Inc. Councillor Rivers Regional Council. Member and former Treasurer Lions Club of Pinjarra.
Special responsibilities:	Chair, Member Finance committee, HR Committee and Marketing Committee.

Name:	Ernest Albert Hiddlestone
Title:	Non-executive director
Experience and expertise:	Previously a primary school teacher for 37 years including Deputy Principal for 15 years. Has also been a self employed lawn mowing contractor. Treasurer for the Rotary Club of Kenwick (five years).
Special responsibilities:	Member Marketing Committee and Finance Committee.

Name:	Michael Frank Kidd
Title:	Non-executive director
Experience and expertise:	40 years experience in senior Financial Management roles in England, Papua New Guinea and Australia in the private sector and Local and State Government.
Special responsibilities:	Treasurer, Company Secretary, Chairman Finance Committee, Member HR Committee.

Name:	Laurence Ian Galloway
Title:	Non-executive director
Experience and expertise:	Business owner for over 40 years and a Rotary member for 27 years. Director of Pinjarra Auto Group and Galloway Engine Reconditioning.
Special responsibilities:	Member HR committee.

Name:	Donald Francis Repacholi
Title:	Non-executive director
Experience and expertise:	National Sales and Marketing with Mercedes Benz (Aust) Pty Ltd. Holds a Certificate of Registration with the Real Estate Institute of Western Australia and Financial Planning Association Accreditation. Director Peel Zoo Foundation Pty Ltd, Chairman Ravenswood Community Group Inc. and 'Rodoreda Heights' Survey Strata Plan. Bendigo's Bushfire Advisory Committee.
Special responsibilities:	Deputy Chair, Member Marketing committee and HR Committee.

Name:	Shane Robert Rowley
Title:	Non-executive director
Experience and expertise:	Local business owner and lifetime resident in the area.
Special responsibilities:	Member Marketing Committee.

Name:	Mervyn Williams
Title:	Non-executive director
Experience and expertise:	Commenced training as a Chartered Accountant in 1969 and qualified in 1979. Since that time Mervyn worked in various roles in the accounting profession and commercial organisations. The last 27 years he spent as Chief Financial Officer for Rocky Bay, a Not for Profit Organisation in the disability services sector. Mervyn has been involved in various roles within a number of sporting organisations and is currently president of the Rotary Club of Pinjarra.
Special responsibilities:	Member Finance Committee.

Name:	James Matthew Wilkinson
Title:	Non-executive director *(appointed 16 August 2022)*
Experience and expertise:	Former radio broadcaster with extensive experience in digital communications and marketing, having run campaigns and PR teams at Western Australia's largest PR & Strategic Communications firm. James has experience sitting on a range of committees, helping organisations to better prepare themselves for the future, usually through a digital-lens.
Special responsibilities:	N/A

Name:	Tiffany Gaye Franklin
Title:	Non-executive director (appointed 20 September 2022)
Experience and expertise:	Business experience of over 33 years, 20 years in the financial services sector and 13 years in hospitality, small business and non for profit sector within the local community. Currently the General manager of the Pinjarra Golf Club Inc. Heavily involved in supporting local business in the Peel/Pinjarra Region.
Special responsibilities:	N/A

Name:	Lindsay Gay Stacpoole
Title:	Non-executive director *(resigned 28 July 2022)*
Experience and expertise:	During my six years at the Peel Chamber of Commerce and Industry Lindsay built strong community relationships and made mutually beneficial connections with local businesses. Lindsay has a Disploma of Tourism and experience in event management and sponsorship.
Special responsibilities:	Member Marketing Committee.

No directors have material interest in contracts or proposed contracts with the company.

Company secretary
The company secretary is Michael Frank Kidd. Michael was appointed to the position of secretary on 1 April 2015.

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

There have been no significant changes in the nature of this activity during the financial year.

Review of operations
The profit for the company after providing for income tax amounted to $64,538 (30 June 2021: $56,104).

Operations have continued to perform in line with expectations.

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

	2022 $
Fully franked dividend of 5 cents per share (2021: 5 cents)	19,708

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

Matters subsequent to the end of the financial year
No matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

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

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

Meetings of directors
The number of directors meetings (including meetings of committees of directors) attended by each of the directors' of the company during the financial year were:

	Board		Marketing Committee		HR Committee		Finance Committee	
	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended
Stephen Lee	11	10	3	3	1	1	3	3
Ernest Hiddlestone	11	8	3	2	-	-	3	3
Michael Kidd	11	11	-	-	1	1	3	3
Laurence Galloway	11	8	-	-	1	-	-	-
Donald Repacholi	11	11	3	3	1	1	-	-
Shane Rowley	11	9	3	3	-	-	-	-
Mervyn Williams	11	7	-	-	-	-	3	3
James Wilkinson	-	-	-	-	-	-	-	-
Lindsay Stacpoole	11	6	3	3	-	-	-	-
Tiffany Faye Franklin	-	-	-	-	-	-	-	-

Directors' benefits
No director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a director, a firm which a director is a member or an entity in which a director has a substantial financial interest except as disclosed in notes 28 to the financial statements. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the company's accounts, or the fixed salary of a full-time employee of the company, controlled entity or related body corporate.

Directors' interests
The interest in company shareholdings for each director are:

	Balance at the start of the year $	Changes $	Balance at the end of the year $
Stephen Donald Lee	1,000	-	1,000
Ernest Albert Hiddlestone	300	-	300
Michael Frank Kidd	-	-	-
Laurence Ian Galloway	2,000	-	2,000
Donald Francis Repacholi	-	-	-
Shane Robert Rowley	-	-	-
Mervyn Williams	-	-	-
James Wilkinson	-	-	-
Lindsay Gay Stacpoole	-	-	-
Tiffany Faye Franklin	-	-	-

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

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

Proceedings on behalf of the company
No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the *Corporations Act 2001*.

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

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

Non-audit services
The company may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the company are important. Details of the amounts paid or payable to the auditor (Andrew Frewin Stewart) for audit and non-audit services provided during the year are set out in note 30 to the accounts.

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

- all non-audit services have been reviewed by the Board to ensure they do not impact on the impartiality, integrity and objectivity of the auditor
- none of the services undermine the general principles relating to auditor independence as set out in *APES 110 Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the company, acting as an advocate for the company or jointly sharing risks and rewards.

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

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

On behalf of the directors

Stephen Donald Lee
Chairman

28 September 2022

Auditor’s independence declaration

Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550

afs@afsbendigo.com.au
03 5443 0344

Independent auditor’s independence declaration under section 307C of the *Corporations Act 2001* to the Directors of Pinjarra Community Financial Services Limited

As lead auditor for the audit of Pinjarra Community Financial Services Limited for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been:

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 28 September 2022

Adrian Downing
Lead Auditor

Financial statements

Pinjarra Community Financial Services Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2022

	Note	2022 $	2021 $
Revenue from contracts with customers	6	827,097	827,827
Other revenue	7	16,843	60,473
Finance revenue		122	4,111
Fair value gains/(losses) on financial assets	8	(11,517)	17,838
Employee benefits expense	9	(426,569)	(465,791)
Advertising and marketing costs		(25,907)	(5,034)
Occupancy and associated costs		(32,159)	(35,104)
System costs		(27,583)	(32,233)
Depreciation and amortisation expense	9	(67,745)	(121,769)
Finance costs	9	(31,852)	(33,428)
General administration expenses		(111,219)	(112,113)
Profit before community contributions and income tax expense		109,511	104,777
Charitable donations and sponsorships expense		(24,789)	(35,150)
Profit before income tax expense		84,722	69,627
Income tax expense	10	(20,184)	(13,523)
Profit after income tax expense for the year	24	64,538	56,104
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		64,538	56,104
		Cents	**Cents**
Basic earnings per share	32	16.37	14.23
Diluted earnings per share	32	16.37	14.23

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

Pinjarra Community Financial Services Limited
Statement of financial position
As at 30 June 2022

	Note	2022 $	2021 $
Assets			
Current assets			
Cash and cash equivalents	11	713,129	635,888
Trade and other receivables	12	94,344	70,792
Current tax assets	10	-	10,033
Total current assets		807,473	716,713
Non-current assets			
Financial assets	15	73,567	85,084
Investment properties	16	26,667	35,790
Property, plant and equipment	13	51,144	71,345
Right-of-use assets	14	375,460	397,470
Intangibles	17	57,990	4,667
Deferred tax assets	10	99,077	89,017
Total non-current assets		683,905	683,373
Total assets		1,491,378	1,400,086
Liabilities			
Current liabilities			
Trade and other payables	18	74,676	50,656
Borrowings	19	23,232	23,136
Lease liabilities	20	17,714	14,858
Current tax liabilities	10	11,991	-
Employee benefits	21	29,099	27,942
Total current liabilities		156,712	116,592
Non-current liabilities			
Trade and other payables	18	44,780	-
Borrowings	19	49,840	68,277
Lease liabilities	20	537,000	554,710
Employee benefits	21	9,151	11,819
Provisions	22	8,121	7,744
Total non-current liabilities		648,892	642,550
Total liabilities		805,604	759,142
Net assets		685,774	640,944
Equity			
Issued capital	23	385,805	385,805
Retained earnings	24	299,969	255,139
Total equity		685,774	640,944

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

Pinjarra Community Financial Services Limited
Statement of changes in equity
For the year ended 30 June 2022

	Note	Issued capital $	Retained earnings $	Total equity $
Balance at 1 July 2020		385,805	218,743	604,548
Profit after income tax expense		-	56,104	56,104
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	56,104	56,104
Transactions with owners in their capacity as owners:				
Dividends provided for	26	-	(19,708)	(19,708)
Balance at 30 June 2021		385,805	255,139	640,944

	Note	Issued capital $	Retained earnings $	Total equity $
Balance at 1 July 2021		385,805	255,139	640,944
Profit after income tax expense		-	64,538	64,538
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	64,538	64,538
Transactions with owners in their capacity as owners:				
Dividends provided for	26	-	(19,708)	(19,708)
Balance at 30 June 2022		385,805	299,969	685,774

The above statement of changes in equity should be read in conjunction with the accompanying notes

Pinjarra Community Financial Services Limited
Statement of cash flows
For the year ended 30 June 2022

	Note	2022 $	2021 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		881,700	990,780
Payments to suppliers and employees (inclusive of GST)		(688,932)	(774,092)
		192,768	216,688
Dividends received		4,299	2,271
Interest received		996	3,605
Interest and other finance costs paid		(5,054)	(5,636)
Income taxes paid		(17,056)	(35,538)
Net cash provided by operating activities	31	175,953	181,390
Cash flows from investing activities			
Payments for investments		-	(39,992)
Payments for property, plant and equipment		(4,084)	(31,616)
Payments for intangibles		(14,927)	-
Net cash used in investing activities		(19,011)	(71,608)
Cash flows from financing activities			
Repayment of borrowings		(18,341)	(17,380)
Dividends paid	26	(19,708)	(19,708)
Repayment of lease liabilities	20	(41,652)	(39,669)
Net cash used in financing activities		(79,701)	(76,757)
Net increase in cash and cash equivalents		77,241	33,025
Cash and cash equivalents at the beginning of the financial year		635,888	602,863
Cash and cash equivalents at the end of the financial year	11	713,129	635,888

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

Notes to the financial statements

For the year ended 30 June 2022

Note 1. Reporting entity

The financial statements cover Pinjarra Community Financial Services Limited (the company) as an individual entity. The financial statements are presented in Australian dollars, which is the company's functional and presentation currency.

The company is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is 35 George Street, Pinjarra WA 6208.

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 28 September 2022. The directors have the power to amend and reissue the financial statements.

Note 2. Basis of preparation and statement of compliance

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

Note 3. Significant accounting policies

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

Changes in accounting policies, standards and interpretations
There are a number of amendments to accounting standards issued by the AASB that became mandatorily effective for accounting periods beginning on or after 1 July 2021, and are therefore relevant for the current financial year. The amendments did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

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

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

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

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

Impairment
Non-derivative financial assets
Expected credit losses (ECL) are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received. At each reporting date, the entity recognises the movement in the ECL (if any) as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

Note 3. Significant accounting policies (continued)

The company's trade receivables are limited to the monthly profit share distribution from Bendigo Bank, which is received 10 business days post month end. Due to the reliance on Bendigo Bank the company has reviewed credit ratings provided by Standard & Poors, Moody's and Fitch Ratings to determine the level of credit exposure to the company. The company also performed a historical assessment of receivables from Bendigo Bank and found no instances of default. As a result no ECL has been made in relation to trade receivables as at 30 June 2022.

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

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

Goods and Services Tax (GST)
Revenues, expenses and assets are recognised net of the amount of GST, except when the amount of GST incurred on a sale or purchase of assets or services is not payable to or recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the revenue or expense item.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

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

Note 4. Critical accounting judgements, estimates and assumptions

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

Coronavirus (COVID-19) pandemic
Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the company based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the company operates. There does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the company unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

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

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

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

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

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

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

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

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

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

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

Sublease classification
Judgement is required to determine the classification of the sublease as either an operating or a finance sublease.

Employee benefits provision
The liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and inflation have been taken into account.

The company uses historical employee attrition rates in determining the probability of an employee, at a given date, achieving continuous employment eligible for entitlement in accordance with long service leave legislation.

In the absence of sufficient historical employee attrition rates, the company applies a benchmark probability rate from across the Community Bank network to factor in estimating the probability of an employee, at a given date, achieving continuous employment eligible for entitlement in accordance with legislation.

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

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

Note 5. Economic dependency

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

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

All deposits are made with Bendigo Bank, and all personal and investment products are products of Bendigo Bank, with the company facilitating the provision of those products. All loans, leases or hire purchase transactions, issues of new credit or debit cards, temporary or bridging finance and any other transaction that involves creating a new debt, or increasing or changing the terms of an existing debt owed to Bendigo Bank, must be approved by Bendigo Bank. All credit transactions are made with Bendigo Bank, and all credit products are products of Bendigo Bank.

The company promotes and sells the products and services, but is not a party to the transaction.

The credit risk (i.e. the risk that a customer will not make repayments) is for Bendigo Bank to bear as long as the company has complied with the appropriate procedures and relevant obligations and has not exercised a discretion in granting or extending credit.

Bendigo Bank provides significant assistance in establishing and maintaining the Community Bank franchise operations. It also continues to provide ongoing management and operational support and other assistance and guidance in relation to all aspects of the franchise operation, including advice and assistance in relation to:
- the design, layout and fit out of the Community Bank premises
- training for the branch manager and other employees in banking, management systems and interface protocol
- methods and procedures for the sale of products and provision of services
- security and cash logistic controls
- calculation of company revenue and payment of many operating and administrative expenses
- the formulation and implementation of advertising and promotional programs
- sales techniques and proper customer relations
- providing payroll services.

Note 6. Revenue from contracts with customers

	2022 $	2021 $
Margin income	667,681	687,500
Fee income	73,021	65,544
Commission income	86,395	74,783
Revenue from contracts with customers	827,097	827,827

Note 6. Revenue from contracts with customers (continued)

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

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

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

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

All revenue is stated net of the amount of GST. There was no revenue from contracts with customers recognised over time during the financial year.

Revenue calculation
The franchise agreement provides that three forms of revenue may be earned by the company which are margin, commission and fee income. Bendigo Bank decides the form of revenue the company earns on different types of products and services. The revenue earned by the company is dependent on the business that it generates. It may also be affected by other factors, such as economic and local conditions, for example, interest rates.

Margin
Margin is arrived at through the following calculation:

	Interest paid by customers on loans less interest paid to customers on deposits
plus:	any deposit returns i.e. interest return applied by Bendigo Bank for a deposit
minus:	any costs of funds i.e. interest applied by Bendigo Bank to fund a loan.

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

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

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

Fee income
Fee income is a share of what is commonly referred to as 'bank fees and charges' charged to customers by Bendigo and Adelaide Bank Group entities including fees for loan applications and account transactions.

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

Note 6. Revenue from contracts with customers (continued)

Ability to change financial return
Under the franchise agreement, Bendigo Bank may change the form and amount of financial return the company receives. The reasons it may make a change include changes in industry or economic conditions or changes in the way Bendigo Bank earns revenue.

The change may be to the method of calculation of margin, the amount of margin, commission and fee income or a change of a margin to a commission or vice versa. This may affect the amount of revenue the company receives on a particular product or service.

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

Note 7. Other revenue

	2022 $	2021 $
Market development fund	-	16,875
Cash flow boost	-	29,703
Dividend and distribution income	4,299	2,271
Rental income	12,205	11,624
Other income	339	-
Other revenue	16,843	60,473

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

Revenue stream	Revenue recognition policy
Discretionary financial contributions (also "Market development fund" or "MDF" income)	MDF income is recognised when the right to receive the payment is established. MDF income is discretionary and provided and receivable at month-end and paid within 14 days after month-end.
Cash flow boost	Cash flow boost income is recognised when the right to the payment is established (e.g. monthly or quarterly in the activity statement).
Rental income	Rental income from right-of-use assets subleased, is accounted for on a straight-line basis over the lease term. If not received at balance date, revenue is reflected on the balance sheet as a receivable and carried at its recoverable amount.
Dividend and distribution income	Dividend and distribution income is recognised when the right to receive the payment is established.
Other income	All other revenues that did not contain contracts with customers are recognised as goods and services are provided.

All revenue is stated net of the amount of GST.

Discretionary financial contributions
In addition to margin, commission and fee income, and separate from the franchise agreement, Bendigo Bank has made MDF payments to the company in the prior year.

The amount was been based on the volume of business attributed to a branch. The purpose of the discretionary payments is to assist with local market development activities, including community sponsorships and grants. It is for the Board to decide how to use the MDF.

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

Note 7. Other revenue (continued)

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

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

The amounts are not assessable for tax purposes and there is no obligation to repay the amounts.

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

	2022 $	**2021 $**
Fair value gains/(losses) on financial assets	(11,517)	17,838

These amounts relate to the increase/decrease in the market value of financial assets held by the company at the reporting date.

Note 9. Expenses

Depreciation and amortisation expense

	2022 $	**2021 $**
Depreciation of non-current assets		
Leasehold improvements	14,515	60,333
Plant and equipment	5,090	14,464
Motor vehicles	4,680	4,680
	24,285	79,477
Depreciation of right-of-use assets		
Leased land and buildings	31,133	31,132
Amortisation of intangible assets		
Franchise fee	5,944	11,160
Franchise renewal fee	6,383	-
	12,327	11,160
	67,745	121,769

Finance costs

	2022 $	**2021 $**
Bank loan interest paid or accrued	4,677	5,636
Lease interest expense	26,798	27,433
Unwinding of make-good provision	377	359
	31,852	33,428

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

Note 9. Expenses (continued)

Employee benefits expense

	2022 $	2021 $
Wages and salaries	370,745	404,814
Non-cash benefits	8,555	5,788
Superannuation contributions	37,890	36,889
Expenses related to long service leave	(1,948)	8,230
Other expenses	11,327	10,070
	426,569	465,791

Leases recognition exemption

	2022 $	2021 $
Expenses relating to low-value leases	12,231	14,248

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

Note 10. Income tax

	2022 $	2021 $
Income tax expense		
Current tax	32,086	26,283
Movement in deferred tax	(10,060)	(15,348)
Recoupment of prior year tax losses	-	3,561
Net benefit of franking credits on dividends received	(1,842)	(973)
Aggregate income tax expense	20,184	13,523
Prima facie income tax reconciliation		
Profit before income tax expense	84,722	69,627
Tax at the statutory tax rate of 25% (2021: 26%)	21,181	18,103
Tax effect of:		
Non-deductible expenses	384	172
Non-assessable income	-	(7,593)
Reduction in company tax rate	-	3,561
Other assessable income	461	253
Net benefit of franking credits on dividends received	(1,842)	(973)
Income tax expense	20,184	13,523

Note 10. Income tax (continued)

	2022 $	2021 $
Deferred tax assets/(liabilities)		
Property, plant and equipment	50,492	47,285
Employee benefits	9,703	10,082
Lease liabilities	138,679	142,392
Provision for lease make good	2,030	1,936
Income accruals	(135)	(353)
Right-of-use assets	(100,532)	(108,315)
Financial assets at fair value through profit or loss	1,598	(1,281)
Prepayments	(2,758)	(2,729)
Deferred tax asset	99,077	89,017

	2022 $	2021 $
Income tax refund due	-	10,033

	2022 $	2021 $
Provision for income tax	11,991	-

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

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

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

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

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

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax and when the balances relate to taxes levied by the same taxation authority and the entity intends to settle its tax assets and liabilities on a net basis.

Note 11. Cash and cash equivalents

	2022 $	2021 $
Cash at bank and on hand	143,086	66,841
Term deposits	570,043	569,047
	713,129	635,888

Accounting policy for cash and cash equivalents
For the purposes of the Statement of Financial Position and Statement of Cash Flows, cash and cash equivalents comprise cash on hand and deposits held with banks.

Note 12. Trade and other receivables

	2022 $	2021 $
Trade receivables	78,476	58,462
Other receivables and accruals	4,299	-
Accrued income	539	1,413
Prepayments	11,030	10,917
	15,868	12,330
	94,344	70,792

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

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

Note 13. Property, plant and equipment

	2022 $	2021 $
Leasehold improvements - at cost	321,300	321,100
Less: Accumulated depreciation	(301,346)	(286,831)
	19,954	34,269
Plant and equipment - at cost	96,483	92,599
Less: Accumulated depreciation	(78,091)	(73,001)
	18,392	19,598
Motor vehicles - at cost	23,402	23,402
Less: Accumulated depreciation	(10,604)	(5,924)
	12,798	17,478
	51,144	71,345

Note 13. Property, plant and equipment (continued)

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

	Leasehold improvements $	Plant and equipment $	Motor vehicles $	Total $
Balance at 1 July 2020	75,169	21,879	22,158	119,206
Additions	19,433	12,183	-	31,616
Depreciation	(60,333)	(14,464)	(4,680)	(79,477)
Balance at 30 June 2021	34,269	19,598	17,478	71,345
Additions	200	3,884	-	4,084
Depreciation	(14,515)	(5,090)	(4,680)	(24,285)
Balance at 30 June 2022	19,954	18,392	12,798	51,144

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

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

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

Leasehold improvements	5 to 10 years
Plant and equipment	1 to 10 years
Motor vehicles	5 years

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

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

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

Changes in estimates
During the financial year, the company assessed estimates used for property, plant and equipment including useful lives, residual values, and depreciation methods. There were no changes in estimates for the current reporting period.

Note 14. Right-of-use assets

	2022 $	**2021 $**
Land and buildings - right-of-use	531,424	531,424
Less: Accumulated depreciation	(155,964)	(133,954)
	375,460	397,470

Note 14. Right-of-use assets (continued)

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

	Land and buildings $	Total $
Balance at 1 July 2020	419,530	419,530
Depreciation expense	(22,060)	(22,060)
Balance at 30 June 2021	397,470	397,470
Depreciation expense	(22,010)	(22,010)
Balance at 30 June 2022	375,460	375,460

Accounting policy for right-of-use assets
A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

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

Refer to note 20 for more information on lease arrangements.

Note 15. Financial assets

	2022 $	**2021 $**
Equity securities - designated at fair value through profit or loss	73,567	85,084

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

Opening carrying amount	85,084	27,254
Additions	-	39,992
Revaluation increments	-	17,838
Revaluation decrements	(11,517)	-
Closing carrying amount	73,567	85,084

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

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

Note 16. Investment properties

	2022 $	2021 $
Investment property - sublease - at cost	91,225	91,225
Less: Accumulated depreciation	(64,558)	(55,435)
	26,667	35,790

Reconciliation
Reconciliation of the beginning and end of the current and previous financial year are set out below:

	2022 $	2021 $
Opening amount	35,790	44,863
Depreciation expense	(9,123)	(9,073)
Closing amount	26,667	35,790

Maturity analysis

	2022 $	2021 $
Minimum lease commitments receivable but not recognised in the financial statements:		
1 year or less	12,762	12,154
Between 1 and 3 years	25,524	36,462
	38,286	48,616

The operating sublease is a 5 year lease which commenced June 2020. The above table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

Accounting policy for investment properties - sublease
The company subleases some of its property. The company initially measures the head lease in accordance with the accounting polices in note 20 'Lease liabilities' and note 14 'Right-of-use assets' before separately identifying the sublease portion under *AASB 140: Investment property*. The investment property is initially measured at cost under *AASB 16: leases* and subsequently measured at cost less accumulated depreciation under *AASB 140: investment properties*. The separately identifiable portion is calculated based on the sublease term and size of subleased area as a percentage of the head lease term and area.

When the company acts as a lessor, it determines at lease inception whether each lease is a finance or operating lease.

To classify each lease, the company makes an overall assessment of whether the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the company considers certain indicators such as whether the lease is for the major part of the economic life of the asset. Given the term of the sublease is less than the head lease term, the sublease does not meet the definition of a finance sublease and as such is an operating lease.

During the sublease term the company recognises sublease income in other revenue when earned. Depreciation on the right-of-use asset and interest on the lease liability is recognised under the head lease. The company recognise the sublease portion of the right-of-use asset within investment property.

Note 17. Intangibles

	2022 $	2021 $
Franchise fee	216,903	205,961
Less: Accumulated amortisation	(207,238)	(201,294)
	9,665	4,667
Franchise renewal fee	54,708	-
Less: Accumulated amortisation	(6,383)	-
	48,325	-
	57,990	4,667

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

	Franchise fee $	Franchise renewal fee $	Total $
Balance at 1 July 2020	15,827	-	15,827
Amortisation expense	(11,160)	-	(11,160)
Balance at 30 June 2021	4,667	-	4,667
Additions	10,942	54,708	65,650
Amortisation expense	(5,944)	(6,383)	(12,327)
Balance at 30 June 2022	9,665	48,325	57,990

Additions
During the current financial year, Pinjarra branch franchise fees were renewed. This is to be amortised over five years to December 2026.

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

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

The franchise fees paid by the company are amortised over their useful life and assessed for impairment whenever impairment indicators are present.

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

Asset class	Method	Useful life	Expiry/renewal date
Franchise fee	Straight-line	Over the franchise term (5 years)	December 2026
Franchise renewal fee	Straight-line	Over the franchise term (5 years)	December 2026

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

Change in estimates
During the financial year, the company assessed estimates used for intangible assets including useful lives, residual values, and amortisation methods. There were no changes in estimates for the current reporting period.

Note 18. Trade and other payables

	2022 $	2021 $
Current liabilities		
Trade payables	7,237	6,096
Other payables and accruals	67,439	44,560
	74,676	50,656
Non-current liabilities		
Other payables and accruals	44,780	-

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

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

Note 19. Borrowings

	2022 $	2021 $
Current liabilities		
Bank loans	23,232	23,136
Non-current liabilities		
Bank loans	49,840	68,277

Bank loans
Bank loans are repayable monthly with the final instalment due on January 2026**.** Interest is recognised at a rate of 6.39% (2021: 5.67%). The loans are secured by a fixed and floating charge over the company's assets.

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

Note 20. Lease liabilities

	2022 $	2021 $
Current liabilities		
Land and buildings lease liabilities	43,735	41,652
Unexpired interest	(26,021)	(26,794)
	17,714	14,858
Non-current liabilities		
Land and buildings lease liabilities	724,092	767,827
Unexpired interest	(187,092)	(213,117)
	537,000	554,710

Note 20. Lease liabilities (continued)

Reconciliation of lease liabilities

	2022 $	2021 $
Opening balance	569,568	581,804
Lease interest expense	26,798	27,433
Lease payments - total cash outflow	(41,652)	(39,669)
	554,714	569,568

Maturity analysis

	2022 $	2021 $
Not later than 12 months	43,735	41,652
Between 12 months and 5 years	197,927	188,502
Greater than 5 years	526,165	579,325
	767,827	809,479

Accounting policy for lease liabilities
Lease liabilities were measured at amounts equal to the present value of enforceable future payments of the term reasonably expected to be exercised, discounted at the appropriate incremental borrowing rate.

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

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

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

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

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

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

The company's lease portfolio includes:

Pinjarra branch	The lease agreement commenced in June 2015. A 5 year renewal option was exercised in June 2020. The company has 1 x 10 year renewal option available which for AASB 16: Leases purposes they are reasonably certain to exercise. As such, the lease term end date used in the calculation of the lease liability is June 2035. The discount rate used in calculations is 4.76%.

Note 21. Employee benefits

	2022 $	2021 $
Current liabilities		
Annual leave	19,154	18,717
Long service leave	9,945	9,225
	29,099	27,942
Non-current liabilities		
Long service leave	9,151	11,819

Accounting policy for employee benefits
Short-term employee benefits are expensed as the related service is provided. A liability is recognised for salary and wages where the employee has provided the service but payment has not yet occurred at the reporting date. They are measured at amounts expected to be paid, plus related on-costs. Non-accumulating sick leave is expensed when the leave is taken and measured at the rates paid or payable.

An annual leave liability is recognised for the amount expected to be paid if the company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be reliably estimated. The company's obligations for short-term employee benefits such as salaries and wages are recognised as part of current trade and other payables in the statement of financial position. The company's obligations for employees' annual leave and long service leave entitlements are recognised in employee benefits in the statement of financial position.

Superannuation contributions
Contributions to superannuation plans are expensed in the period in which they are incurred.

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

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

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

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

Note 22. Provisions

	2022 $	2021 $
Lease make good	8,121	7,744

Lease make good
In accordance with the branch lease agreement, the company must restore the leased premises to the original condition before the expiry of the lease term. The company has estimated the provision to be $15,000 for the Pinjarra Branch lease, based on experience and consideration of the expected future costs to remove all fittings and the ATM as well as cost to remedy any damages caused during the removal process. The lease is due to expire on 31 May 2035 at which time it is expected the face-value costs to restore the premises will fall due.

Note 22. Provisions (continued)

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

Note 23. Issued capital

	2022 Shares	2021 Shares	2022 $	2021 $
Ordinary shares - fully paid	394,160	394,160	394,160	394,160
Less: Equity raising costs	-	-	(8,355)	(8,355)
	394,160	394,160	385,805	385,805

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

Rights attached to issued capital

Ordinary shares
Voting rights
Subject to some limited exceptions, each member has the right to vote at a general meeting.

On a show of hands or a poll, each member attending the meeting (whether they are attending the meeting in person or by attorney, corporate representative or proxy) has one vote, regardless of the number of shares held. However, where a person attends a meeting in person and is entitled to vote in more than one capacity (for example, the person is a member and has also been appointed as proxy for another member) that person may only exercise one vote on a show of hands. On a poll, that person may exercise one vote as a member and one vote for each other member that person represents as duly appointed attorney, corporate representative or proxy.

The purpose of giving each member only one vote, regardless of the number of shares held, is to reflect the nature of the company as a community based company, by providing that all members of the community who have contributed to the establishment and ongoing operation of the Community Bank branch have the same ability to influence the operation of the company.

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

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

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

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

Note 23. Issued capital (continued)

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

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the Board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").
- Where the person is a shareholder, after the transfer of shares in the company to that person the number of shareholders in the company is (or would be) lower than the base number (the "base number test"). The base number is 243. As at the date of this report, the company had 252 shareholders (2021: 259 shareholders).

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

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

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

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

Note 24. Retained earnings

	2022 $	2021 $
Retained earnings at the beginning of the financial year	255,139	218,743
Profit after income tax expense for the year	64,538	56,104
Dividends paid (note 26)	(19,708)	(19,708)
Retained earnings at the end of the financial year	299,969	255,139

Note 25. Capital management

The Board's policy is to maintain a strong capital base so as to sustain future development of the company. The Board monitor the return on capital and the level of distributions to shareholders. Capital is represented by total equity as recorded in the statement of financial position.

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

The distribution limit is the greater of:

- 20% of the profit or funds of the company otherwise available for distribution to shareholders in that 12 month period; and
- subject to the availability of distributable profits, the relevant rate of return multiplied by the average level of share capital of the company over that 12 month period where the relevant rate of return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

Note 25. Capital management (continued)

The board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the financial year can be seen in the statement of profit or loss and other comprehensive Income.

There were no changes in the company's approach to capital management during the year.

Note 26. Dividends

The following dividends were provided for and paid to shareholders during the financial year as presented in the Statement of changes in equity and Statement of cash flows.

	2022 $	2021 $
Fully franked dividend of 5 cents per share (2021: 5 cents)	19,708	19,708

Franking credits

	2022 $	2021 $
Franking account balance at the beginning of the financial year	234,483	204,896
Franking credits (debits) arising from income taxes paid (refunded)	17,054	35,538
Franking debits from the payment of franked distributions	(6,569)	(6,924)
Franking credits from franked distributions received	1,842	973
	246,810	234,483
Franking transactions that will arise subsequent to the financial year end:		
Balance at the end of the financial year	246,810	234,483
Franking credits (debits) that will arise from payment (refund) of income tax	11,991	(10,033)
Franking credits available for future reporting periods	258,801	224,450

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

Accounting policy for dividends
Dividends are recognised in the financial year they are declared.

Note 27. Financial instruments

	2022 $	2021 $
Financial assets		
Trade and other receivables	83,314	59,875
Cash and cash equivalents	713,129	635,888
Financial assets	73,567	85,084
	870,010	780,847
Financial liabilities		
Trade and other payables	119,456	50,656
Lease liabilities	554,714	569,568
Bank loans	73,072	91,413
	747,242	711,637

Note 27. Financial instruments (continued)

Accounting policy for financial instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The company's financial instruments include trade debtors and creditors, cash and cash equivalents, borrowings, lease liabilities and equity securities.

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

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

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

Financial risk management
The company has exposure to credit, liquidity and market risk arising from financial instruments. The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the company. The company does not use derivative instruments. Risk management is carried out directly by the Board.

Market risk
Market risk is the risk that changes in market prices - e.g. foreign exchange rates, interest rates, and equity prices - will affect the company's income or the value of its holdings in financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The company has no exposure to any transactions denominated in a currency other than Australian dollars.

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

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

2022	**% change increase**	**Effect on profit before tax**	**Effect on equity**	**% change decrease**	**Effect on profit before tax**	**Effect on equity**
Equity securities	10%	7,357	5,518	(10%)	(7,357)	(5,518)

2021	**% change increase**	**Effect on profit before tax**	**Effect on equity**	**% change decrease**	**Effect on profit before tax**	**Effect on equity**
Equity securities	10%	8,508	6,296	(10%)	(8,508)	(6,296)

Note 27. Financial instruments (continued)

Cash flow and fair value interest rate risk
Interest-bearing assets and liabilities are held with Bendigo Bank and subject to movements in market interest. Interest-rate risk could also arise from long-term borrowings. Borrowings issued at variable rates expose the company to cash flow interest-rate risk.

The company held cash and cash equivalents of $713,129 at 30 June 2022 (2021: $635,888). The cash and cash equivalents are held with Bendigo Bank, which are rated BBB+ on Standard & Poor's credit ratings.

As at the reporting date, the company had the following variable rate borrowings outstanding:

	2022		2021	
	Nominal interest rate %	**Balance $**	**Nominal interest rate %**	**Balance $**
Bank loans	6.39%	73,072	5.67%	91,413
Net exposure to cash flow interest rate risk		73,072		91,413

An analysis by remaining contractual maturities is shown in 'liquidity risk' below.

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

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

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

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

2022	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives				
Bank loans	23,232	49,840	-	73,072
Trade and other payables	74,676	44,780	-	119,456
Lease liabilities	43,735	197,927	526,165	767,827
Total non-derivatives	141,643	292,547	526,165	960,355

Note 27. Financial instruments (continued)

2021	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives				
Bank loans	23,136	68,277	-	91,413
Trade and other payables	50,656	-	-	50,656
Lease liabilities	41,652	188,502	579,325	809,479
Total non-derivatives	115,444	256,779	579,325	951,548

Note 28. Key management personnel disclosures

The following persons were directors of Pinjarra Community Financial Services Limited during the financial year:

Stephen Donald Lee
Ernest Albert Hiddlestone
Michael Frank Kidd
Laurence Ian Galloway
Donald Francis Repacholi
Shane Robert Rowley
Mervyn Williams
Lindsay Gay Stacpoole
Laurie Galloway

Compensation
Key management personnel compensation comprised the following.

	2022 $	**2021 $**
Short-term employee benefits	1,600	-

Compensation of the company's key management personnel includes honorarium.

Note 29. Related party transactions

The following transactions occurred with related parties:

	2022 $	**2021 $**
The company paid one of the directors family owned business. The total benefit received was:	500	-

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Note 30. Remuneration of auditors

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

	2022 $	2021 $
Audit services		
Audit or review of the financial statements	5,200	5,000
Other services		
Taxation advice and tax compliance services	2,725	1,300
General advisory services	2,890	2,495
Share registry services	3,397	3,195
	9,012	6,990
	14,212	11,990

Note 31. Reconciliation of profit after income tax to net cash provided by operating activities

	2022 $	2021 $
Profit after income tax expense for the year	64,538	56,104
Adjustments for:		
Depreciation and amortisation	67,745	121,769
Decrease/(increase) in fair value of equity instruments designated at FVTPL	11,517	(17,838)
Lease liabilities interest	26,798	27,433
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(29,495)	17,528
Decrease in income tax refund due	10,033	-
Increase in deferred tax assets	(10,060)	(21,647)
Increase/(decrease) in trade and other payables	24,020	(382)
Increase/(decrease) in provision for income tax	11,991	(9,031)
Increase/(decrease) in employee benefits	(1,511)	7,267
Increase in other provisions	377	187
Net cash provided by operating activities	175,953	181,390

Note 32. Earnings per share

	2022 $	2021 $
Profit after income tax	64,538	56,104
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	394,160	394,160
Weighted average number of ordinary shares used in calculating diluted earnings per share	394,160	394,160

Note 32. Earnings per share (continued)

	Cents	Cents
Basic earnings per share	16.37	14.23
Diluted earnings per share	16.37	14.23

Accounting policy for earnings per share
Basic and diluted earnings per share is calculated by dividing the profit attributable to the owners of Pinjarra Community Financial Services Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year.

Note 33. Commitments

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

Note 34. Contingencies

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

Note 35. Events after the reporting period

No matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Directors' declaration

For the financial year ended 30 June 2022

In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in the notes to the financial statements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors

Stephen Donald Lee
Chairman

28 September 2022

Independent audit report

Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550

afs@afsbendigo.com.au
03 5443 0344

Independent auditor's report to the Directors of Pinjarra Community Financial Services Limited

Report on the Audit of the Financial Report

Opinion

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

- Statement of financial position as at 30 June 2022
- Statement of profit or loss and other comprehensive income
- Statement of changes in equity
- Statement of cash flows
- Notes to the financial statements, including a summary of significant accounting policies
- The directors' declaration of the company.

In our opinion, the accompanying financial report of Pinjarra Community 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 2022 and of its financial performance for the year ended on that date; and
ii. complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report.

We are independent of the company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550

afs@afsbendigo.com.au
03 5443 0344

Other Information

The company usually prepares an annual report that will include the financial statements, directors' report and declaration and our independence declaration and audit report (the financial report). The annual report may also include "other information" on the entity's operations and financial results and financial position as set out in the financial report, typically in a Chairman's report and Manager's report, and reports covering governance and shareholder matters.

The directors are responsible for the other information. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and accordingly we will not express any form of assurance conclusion thereon.

Our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If we identify that a material inconsistency appears to exist when we read the annual report (or become aware that the other information appears to be materially misstated), we will discuss the matter with the directors and where we believe that a material misstatement of the other information exists, we will request management to correct the other information.

Responsibilities of the Directors for the Financial Report

The directors of the company are responsible for the preparation of the financial report that it gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatement can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550

afs@afsbendigo.com.au
03 5443 0344

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

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

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

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

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

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

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 28 September 2022

Adrian Downing
Lead Auditor

Community Bank · Pinjarra
35 George Street, Pinjarra WA 6208
Phone: (08) 9531 4470 Fax: (08) 9531 4480
Email: pinjarramailbox@bendigoadelaide.com.au
Web: bendigobank.com.au/pinjarra

Franchisee: Pinjarra Community Financial Services Limited
ABN: 31 097 389 547
35 George Street, Pinjarra WA 6208
Phone: (08) 9531 4470 Fax: (08) 9531 4480

/communitybankpinjarra

Bendigo Bank